



A Study On Customer Perception Towards Banking Services Of State Bank Of India: An Empirical Analysis

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Abstract

India's banking sector is growing fast and is considered one of the most preferred banking destinations in the world. Indian market provides growth opportunities, which are unlikely to be matched by the mature banking markets worldwide. The banking sector is the backbone of any economy. The stronger and more efficient the banking sector in an economy, the easier business can occur; it is a more attractive market for companies and beneficial for the customer. SBI provides a wide range of goods and services to individual, commercial enterprises, major corporations, public entities, and institutional consumers. Without sacrificing its core values of service, transparency, ethics, civility, and sustainability, the bank strives to lead the way in embracing change.

Key words: customer perception, SBI services

1. Introduction

State Bank of India is the largest bank in India. Because of its size and importance, it has become the most prominent Public Sector Bank. It is a multinational supplier of banking and financial services with its headquarters in India. State Bank of India (SBI), which has been operating for 200 years, is the largest commercial bank in India in terms of assets, deposits, profits, branches, customers, and employees.

State Bank of India and its five affiliate banks, State Bank of Bikaner and Jaipur (SBBJ), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM), State Bank of Patiala (SBP), and State Bank of Travancore (SBT), merged in the most recent and consequential banking industry merger in history. SBI launched as "one bank" on April 1st, 2017, and it will carry on with business as usual following the merger. Following the merger, SBI joined the top 50 international banks; it currently serves over 42 crore customers with 24,017 branches and 59,263 ATMs. With an asset book over Rs 37 lakh crore, SBI has grown into a banking giant. The combined company will control a quarter of the deposit and

lending market, and its asset base is now five times bigger than that of ICICI Bank, the second-largest bank in India. With millions of loyal customers from all walks of life In terms of assets, deposits, branches, and clients, the State Bank of India is the largest commercial bank in India. Through its numerous offices and outlets, joint ventures, subsidiaries, and associate firms, SBI, which has its headquarters in Mumbai, offers a broad range of goods and services to individuals, commercial enterprises, major corporations, public entities, and institutional consumers. SBI combined with its affiliated banks in order to expand economies of scale and balance sheets.

By expanding its local units and leveraging the National Bank for Agriculture and Rural Development's (NABARD) microfinance facilities, the Indian government took steps to assert this. As technology advanced, traditional bank branch banking was supplanted by online banking. It allows them to select their bankers from a number of banks that provide high-quality services and a variety of offerings. Market familiarity and customer friendliness are the main goals of the nation's commercialized banking system. In order to increase their competitiveness and satisfy clients, they improve the quality of their services. Customer happiness determines the best performance and financial returns. For the past 20 years, business organizations all over the world have been elevating the role of customers as a primary stakeholder. Clients are seen as individuals whose satisfaction with the company must be ingrained in the overall strategy. The key to success is tracking the indirect calculation of awards and customer satisfaction. In order to better understand consumer perception, businesses can determine what steps are necessary to meet the needs of their customers. It assists in determining its advantages and disadvantages and can map out the path for future improvements and advancements.

2. REVIEW OF LITERATURE

Jasmine (2018) analysed Customers' perception of current CRM practices at SBI: A case study of State Bank of India, Patna District, Bihar. The service quality with respect to banking services was assessed. SBI provided various services to the customers. It was found that CRM practices played a major role in banks as they represented service quality of the SBI and customers satisfaction level to the banking services. These factors improve the image of bank.

Kumudha and Saravanan (2019) opined that the article focus on customer satisfaction and services in State Bank of India. The survey exhibits customers are not satisfied towards SBI services in Madurai city. The tools used were five key dimensions of SERVQUAL so SBI improve service quality and awareness to the available services in banks and concentrate to the old and new customers' needs and necessities.

Prabhakar K. et al. (2020) in their paper titled "A Study on the Customer Perception Towards Bank Merger and the Recent Developments with Reference to Public Sector Banks" opined Finance plays a major role in any of the sector and also acts as an important component for success. The major source of finance providers to the economy are the banks. The recent development in the banking sector with respect to Public Sector Banks has had an effect on its customers and its stakeholders. Developments that include the mergers of various PSBs', the technological upgradation, the changes in the management, have left us with an unresolved question of the perception of customers and stakeholders towards these changes. This paper provides information on the awareness and the conception of the customers on the recent bank mergers. The data obtained was from primary sources, from the customers of PSBs' and duly analyzed to form conclusions. To understand the post effect of the merger and technological advancements undertaken by the banks, certain demographic variables, merger related components and e-banking services provided, were studied and represented diagrammatically.

Sathish & Subbaiah (2022) evaluated the customer experience in selected Indian banks, with a particular focus on the digital experience, which is a crucial resource, especially for younger

generations. In the digital age, banks are increasingly gaining or losing customers based on their digital interactions. The customer experience encompasses the digital experience, and customers are more likely to switch to another bank if they cannot conduct transactions on their terms. It is essential for banks to avoid the pitfall of delivering a digital experience that meets only the bare minimum. Instead, they should strive to provide an outstanding customer experience. The shift to digital channels has made customer experience a key differentiator for banks. Many consumers, particularly millennials, perceive little difference between banks, viewing them as offering similar products and services. As a result, the quality of customer experience has become the primary factor that distinguishes one bank from another. This study focuses on examining the factors that influence customer engagement and their impact on customer satisfaction with banks and banking products. By analyzing these influences, the research aims to provide insights into how banks can enhance their customer experience to retain and attract customers in a competitive digital landscape.

3. OBJECTIVES OF THE STUDY

1. To assess the customer perception towards services of SBI.
2. To evaluate the challenges faced by customers while transitioning from SBI associate bank to SBI.

3. STATEMENT OF THE PROBLEM

With respect to the literature review, it is found that the research work is done regarding the analysis of service quality, customer perception, and customer relationship management practices towards the SBI merger with its associates. The review outlines the concept of the SBI merger in a holistic way. Research over the merger of SBI subsidiaries with SBI and Customer Relationship Management (CRM) practices after the merger of these banks is an untapped area of research. In addition, Service quality plays a vital role in the banking sector. The service quality differs from one bank to another based on the perception of its customers. So, the literature review clarifies that no specific research has been conducted on the customer perception concerning pre-merger & post-merger subsidiaries of SBI with SBI. Recent years have seen a series of significant mergers and acquisitions in the banking sector, which have led to the emergence of several international players. For the merging banks, mergers result in increased cost efficiencies.

4. RESEARCH METHODOLOGY

This research study focuses on analysing customer perceptions, Customer Relationship Management (CRM) practices, and the impact of the pre- and post-merger service quality of SBI's subsidiaries within the state of Karnataka. Primary and secondary sources of data were gathered for this investigation. Official SBI reports, periodicals, websites, scholarly journals, and internet resources were among the many outlets from which secondary data was gathered.

5. DATA ANALYSIS AND INTERPRETATION

Table 5.1: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	CUSTOMER Pre – merger services	3.53478	100	.275293	.027529
	CUSTOMER Post – merger services	4.12435	100	.204401	.020440

The average perception score for other customers before the merger is 3.534783. The average perception score for other customers after the merger is 4.124354. The standard deviation for pre-merger perception is 0.275293, while for post-merger perception, it is 0.2044010. The standard error of the mean for pre-merger perception is 0.0275290, and for post-merger perception, it is 0.0204400.

Table 5.2: Paired Samples Test

		Paired Differences					T	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95per cent Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	CUSTOMER perception - Pre -merger & Post – merger	-.589565	.308821	.030882	-.650842	-.528288	-19.091	99	.000

Strong proof customers' perceptions have significantly improved after SBI's merger with its affiliate banks may be found in the findings of the paired samples t-test. The higher post-merger mean score indicates that customers perceive the quality of service or their overall experience with SBI more positively after the merger. This significant improvement could be attributed to various factors such as enhanced service quality, better customer engagement, or more streamlined operations post-merger. SBI's strategic efforts to unify and improve services across its network seem to have positively impacted customer perceptions, as evidenced by the statistical analysis.

Table 5.3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.068	.141		.485	.628		
	TANGIBILITY	.069	.019	.057	3.691	.000	.998	1.002
	RELIABILITY	.336	.032	.283	10.438	.000	.328	3.051
	RESPONSIVENESS	.575	.026	.693	21.866	.000	.239	4.179
	ASSURANCE	.037	.016	.046	2.272	.023	.592	1.688
	EMPATHY	-.008	.019	-.006	-.414	.679	.993	1.007
a. Dependent Variable: CUSTOMER SATISFACTION								

According to the Table, the variance inflation factor (VIF) values are less than 10; therefore, there is no severe Multicollinearity issue with the independent variables under the study.

The equation for the regression line is the Customer Satisfaction on SBI service quality in post-merger scenario $(Y) = \beta_0 + \beta_1 X_1$ (Tangibility) + $\beta_2 X_2$ (Reliability) + $\beta_3 X_3$ (Responsiveness) + $\beta_4 X_4$ (Assurance) + $\beta_5 X_5$ (Empathy). $R^2 = .833$ indicates that 83.3 per cent of the variance in Customer Satisfaction is explained by the service quality dimensions.

The **Responsiveness** is the first service quality dimension influencing more on the customer satisfaction is ($p < 0.05$, $t = 21.866$). **Reliability** dimension is Second influencing factor ($p < 0.05$, $t = 10.438$). The **Tangibility** third influencing factor on the customer satisfaction ($p < 0.05$, $t = 3.691$) and **Assurance** has least influence on the customer satisfaction ($p < 0.05$, $t = 2.272$). on other hand **Empathy** statistically non-significant impact on the customer Satisfaction ($p > 0.05$, $t = -.414$).

6. CONCLUSION

The state of the economy and global conditions forced banks to grow in size in order to attain optimal efficiency across a range of metrics. Small and weak banks' interests are safeguarded and strengthened when they merge with larger banks Since April 1, 2017, when SBI's five partner banks merged with State Bank of India, the Indian economy has benefited. Nonetheless, it is anticipated that SBI's post-merger performance will increase at the same pace as metrics like as net profit, ROA, ROE, CRAR, branch efficiency, and personnel efficiency—all of which exhibit positive indications of recovery from the combined state prior to the merger. SBI must endure hardship for a few years in order to resolve the problems brought about by the merger, particularly in order to safeguard the interests of the country. However, given the urgency of the situation, the merger is necessary.

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