

# CUSTOMER'S SATISFACTION TOWARDS DEPOSIT SCHEMES OF STATE BANK OF INDIA IN THOOTHUKUDI DISTRICT

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## ABSTRACT

The purpose of this research article is to evaluate the customer's satisfaction towards the deposit schemes offered by State Bank of India in Thoothukudi district. Employee behaviour, deposit schemes, banking performance, infrastructure facility, loan-oriented services, and other value-added services were all examined as elements that influence customer satisfaction. The Chi-square test was used to do the analysis. The findings demonstrate that there is a substantial association between customer satisfaction and State Bank of India deposit programmes, with customers reporting a medium level of satisfaction.

**Key words:** *State Bank of India, Deposits, Customer's satisfaction, Performance, Loan.*

## INTRODUCTION

A bank is an institution which deals in money. It means that the bank receives money from public and lends money for the development of trade and commerce. Prof. Hart says that "a banker is one who in the ordinary course of his business receives money which he repays by honoring the cheques of persons from whom or on whose account he receives".

Banks perform two important functions; one is accepting the deposits and the other is lending the deposits to the needy people. The purpose of accepting the deposits is lending. An institution performing these two functions only is called as bank. For example, the "Sahukars" in India perform these two functions, yet they are not called bankers. They are simply called as money lenders. Banking Regulation Act 1949, Section 5(6) define banking "Accepting deposits for the purpose of lending or investment of deposit from the public repayable on demand or otherwise and withdraw by cheque, draft, order or otherwise".

The business of bank is that of an intermediary between the savings and investment operations of the public. The essential function of banking institution is then to link the two types of economic units. It collects the savings of the surplus spenders and channelize them to the deficit spenders. Serving simply as middle men, the banks are intermediaries.

Banks perform various functions. Some of them are,

1. Accepting deposits from public.
2. Giving loans and advances.
3. Agency utility services.

Banks have become an integral part of our lives in recent years. There was a time when only city dwellers could benefit from their services. Banks now provide access to even the average person, and their activities have expanded to hitherto untapped areas. Different banks are being started for covering all the purposes of the customers. Customers' satisfaction is the prime criteria for the success of every bank. Among all the cropping up banks, only some banks gains popularity by satisfying their customers within a short period of time. One such bank which gained popularity within a short period is State Bank of India.

## ORIGIN OF SBI

State Bank of India was formed on 1<sup>st</sup> July 1955 with the passing of the SBI act by taking over the assets and liabilities of the Imperial Bank of India. When SBI took over the assets of the Imperial Bank it had Rs. 225 crores worth of deposits and Rs. 106 crores of advances.

State Bank's management is delegated to a Central Board of Directors. The Board is made up of the following members:

1. A Chairman and a Vice Chairman who are selected by the government in collaboration with the RBI.
2. The Board appoints two managing directors with the consent of the central government.
3. Other than RBI, six directors will be elected by the shareholders.
4. The federal government appoints one director.
5. RBI has nominated one director.

6. The central government, in consultation with the Reserve Bank, will appoint eight directors who will represent economic and territorial interests and have special working knowledge and experience in various fields such as finance, banking, industry, commerce, and at least two of them will have a specific knowledge of rural economy and cooperation.
7. The bank's officials and workers are represented by two directors.

## **FUNCTIONS**

The State Bank of India's functions are outlined in Section 33 of the State Bank of India Act.

1. The bank accepts deposits, makes loans, sends remittances, and issues letters of credit, among other things.
2. It functions as the Reserve Bank's agent in areas where there are no RBI branches.
3. It operates as an agent for co-operative banks that are registered.
4. It is subscribed for gold and silver purchases and sales.
5. It backs the issuance of stocks, bonds, and other securities.
6. It serves as an executor/trustee for the customer's estate management.
7. It has the authority to represent the federal government, any state government, or any firm in housing initiatives.
8. It has the authority to provide financial assistance to enterprises that provide advances on a hire-purchase basis secured by book debts.
9. In the capital market, it is permissible to subscribe to share capital or to buy or sell shares in any financial company. It is also permitted to establish and operate subsidiary banking firms.

## **DEPOSITS**

State Bank introduced many new schemes with a view to cultivating savings habit among the public. In order to promote the habit in rural areas and to be of special use for small industrial unit, The SBI had launched upon a very ambitious scheme of branch banking.

The bank had opened 78.65 lakhs new savings bank account during the year as against 62.40 lakhs previous year.

The banks use the deposits they have collected to provide

- i. loans and advances.
  - ii. Investing in government and other recognized securities to meet liquidity requirements
  - iii. Investing in commercial papers, stocks, and debentures up to a certain limit.
- SBI recently launched the "Surabhi" deposit scheme. The scheme's unique feature is that it lacks the ability to auto-sweep or reverse-sweep.

## **GENERAL INFORMATION ON DEPOSITS**

### **Opening and operation:**

1. Any Indian resident in India can open a bank account in his or her own name or in a joint name with a variety of financial possibilities.
2. An introduction is necessary, as well as two passport-size pictures.
3. A facility for nomination is available.
4. Account transfers from one branch to another are possible.
5. Deposits are kept in safe custody and are automatically renewed.
6. Cash key is a one-of-a-kind loan programme that works with all sorts of term deposits.

### **Banking Services of SBI**

- 1) Senior citizen deposit scheme.
- 2) Kamakdhara.
- 3) No frills account.
- 4) Savings plus account.
- 5) SBI Vishesh (Product for Mass Affluent customers).
- 6) SBI Tiny.
- 7) SBI Tax savings scheme 206.
- 8) SBI Gold debit card.
- 9) Capgains plus.
- 10) SME-Power Jyothi.

## **STATEMENT OF THE PROBLEM**

Banking has become a highly competitive business in recent years. Competitions from savings, loan associations and other factors caused banks to offer higher interest rate on deposits.

As it is an era of keen competition among banks, the study is undertaken to know the customers' satisfaction with regard to various deposit schemes provided by the state bank of India.

## **OBJECTIVES**

1. To analyze the socio-economic profile of the sample respondents.
2. To review the deposit schemes provided by the bank.
3. To identify the factors influencing the respondents.
4. To study the level of customers satisfaction towards deposit schemes of State Bank of India in Thoothukudi district.

### HYPOTHESIS

In tune with the objectives of the study, hypothesis were formulated that there exists no significant associate between customers' satisfaction towards deposit mobilization of SBI and the various independent variables relating to the sample respondents such as family size, income, age.

### NULL HYPOTHESIS

H<sub>0</sub> - There is no significant associate between the customers' satisfaction towards deposit schemes of State Bank of India and the various independent variables like income, age, size of the family and gender.

### ALTERNATIVE HYPOTHESIS

H<sub>1</sub> - There is a significant associate between the customers' satisfaction towards deposit schemes of State Bank of India and the various independent variables like income, age, size of the family and gender.

$$\chi^2_c = \sum \frac{(O_i - E_i)^2}{E_i}$$

The test statistic is given by

**TABLE:1.1-INCOME WISE CLASSIFICATION**

Income	High	Medium	Low	Total
Rs.10000-Rs.30000	10	21	8	39
Rs.30000-Rs.50000	3	5	1	9
Above Rs.50000	5	6	1	12
<b>Total</b>	<b>18</b>	<b>32</b>	<b>10</b>	<b>60</b>

V = 4

The table value at 4 degrees of freedom at 5% level of significance is 9.488. Chi square value is 1.882. The calculated value is less than the table value, hence the result is independent. The researcher concludes that the income wise classification does not affect the customers' satisfaction towards deposit schemes of SBI.

Therefore, Null hypothesis (H<sub>0</sub>) is accepted.

**TABLE:1.2-AGE WISE CLASSIFICATION**

Age	High	Medium	Low	Total
20-30	5	10	2	17
30-40	6	12	1	19
40-50	4	6	2	12
Above 50	5	4	3	12
<b>Total</b>	<b>20</b>	<b>32</b>	<b>8</b>	<b>60</b>

V = 6

The table value at 6 degrees of freedom at 5% level of significance is 12.592. Chi square value is 3.925. The calculated value is less than the table value, hence the result is independent. The researcher concludes that the age wise classification does not affect the customers' satisfaction towards deposit schemes of SBI.

Therefore, Null hypothesis (H<sub>0</sub>) is accepted.

**TABLE:1.3-SIZE OF THE FAMILY**

Size of the family	High	Medium	Low	Total
Below 3	1	14	3	18
3-5	8	20	1	29
Above 5	2	9	2	13
<b>Total</b>	<b>11</b>	<b>43</b>	<b>6</b>	<b>60</b>

V = 4

The table value at 4 degrees of freedom at 5% level of significance is 9.488. Chi square value is 5.35. The calculated value is less than the table value, hence the result is independent. The researcher concludes that size of the family does not affect the customers' satisfaction towards deposit schemes of SBI.

Therefore, Null hypothesis (H<sub>0</sub>) is accepted.

**TABLE:1.4-GENDER WISE CLASSIFICATION**

Sex	High	Medium	Low	Total
Male	9	22	3	34
Female	8	13	5	26
<b>Total</b>	<b>17</b>	<b>35</b>	<b>8</b>	<b>60</b>

V = 2

The table value at 2 degrees of freedom at 5% level of significance is 5.99. Chi square value is 1.64.

The calculated value is less than the table value, hence the result is independent. The researcher concludes that gender wise classification does not affect the customers' satisfaction towards deposit schemes of SBI.

Therefore, Null hypothesis (Ho) is accepted.

## **FINDINGS**

1. Income and customer satisfaction towards deposit scheme are observed to be independent which means that income is not a factor affecting consumer satisfaction.
2. It is found that there is no significant variation between sex and customers' satisfaction towards deposit schemes (i.e.,) that there is no difference between attitudes of customer whether male/female towards the satisfaction of deposit schemes of SBI.
3. Age wise classification shows that all categories of people are satisfied with the deposit schemes provided by the bank.
4. On considering the size of the family, it is observed to be independent which means there is no difference in the attitude of customers' satisfaction towards the deposit schemes.

## **SUGGESTIONS**

1. The bank should provide more incentives to encourage the customers to deposit in their bank.
2. The bank should increase the rate of interest on deposits.
3. There should be a marketing executive in each bank to clear the information of the customers regarding the deposit schemes.
4. The penalty change must be informed to the customers if the account is closed before one year.
5. Some additional facilities can be provided by the bank for the deposit schemes like term deposit.
6. The information given in the document should be easily understood by an illiterate people. So, it should be precise and clear.
7. More importance should be given for advertising the new deposit schemes introduced by the bank.

## **CONCLUSION**

The seeds of present-day State Bank of India which were sown by 1955 have grown into a full-fledged tree. The bank has firmly stood by the principle laid down by its founder.

Today, the bank provides a wide array of services to its diverse client groups, the customer needs are fulfilled efficiently by the bank. The success of a bank is normally judged by the number of customers it has and SBI proved it to be true by its services. Serving, its customer is regarded as its sole object. This clearly shows that SBI has firmly stood by its goal. Since, there is a stiff competition among bank, the State Bank of India should create awareness among public by making more advertisement.

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