



Customer Satisfaction of New Generation Banks in Kerala: An Empirical Study

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ABSTRACT:

The rise of New Generation Banks, often known as private sector banks, has significantly changed the banking landscape in India. These banks have completely changed how people think about and do banking thanks to their cutting-edge technology, customer-focused philosophy, and creative financial offerings. The arrival of these banks in Kerala has changed the banking experiences and expectations of customers, especially in the Trivandrum District. With a particular emphasis on the Trivandrum District, this study attempts to present an empirical examination of customer satisfaction in Kerala's New Generation Banks. By analyzing both the functional and technological facets of service quality, the research's main goal is to gauge customer satisfaction levels. The effectiveness and dependability of banking technology, including digital payment systems, ATMs, mobile banking apps, and online banking, are referred to as technical service quality. Conversely, functional service quality includes staff conduct, customer service, transaction simplicity, and responsiveness to customer needs. Understanding how successfully these banks satisfy the needs of their contemporary clientele—who are demanding more speed, security, and ease in their banking interactions—requires this dual approach. (Key Words: Functional service quality, Mobile Banking, Customer centric approach).

Introduction

Technology breakthroughs and the growing desire for improved customer service have significantly changed the banking industry in India in recent decades. A change in the way banking is done has been brought about by the rise of new generation banks, which are distinguished by their cutting-edge, technologically advanced services. These banks, which are frequently referred to as "tech-savvy" or "digital-first" banks, provide a variety of cutting-edge services to meet the demands of a continually changing clientele. The emergence of digital banking solutions is redefining the conventional brick-and-mortar banking system by providing easy, round-the-clock access to banking services via internet platforms, mobile apps, and customer-focused innovations. Kerala, a state renowned for its progressive stance and high literacy rate, has seen a notable increase in the adoption of these newgeneration banking services. The capital district of Trivandrum is leading the way in this revolution in digital banking. However, customer expectations for service quality have changed as a result of the growing reliance on digital channels. These days, the effectiveness of these institutions is evaluated based on the quality of their functional services, which include customer service, usability, and overall satisfaction, in addition to their technical proficiency, which includes the efficacy, security, and utility of their digital platforms. The banking industry has seen tremendous transformation in recent decades, particularly with the emergence of New Generation Banks. These banks have adopted cutting-edge technologies like automated customer support systems, mobile banking, and online banking. Their advanced technological infrastructure and customer-focused service strategies are often what set them apart. The rapid expansion of these banks in Kerala has changed customer expectations and heightened competition. In Trivandrum, the capital district, New Generation Banks are transforming the banking experience through enhanced accessibility, more convenience, and personalised financial solutions. This study intends to examine customer satisfaction with Kerala's New Generation Banks, with a focus on both the functional and technological aspects of service quality. Technical service quality includes the efficiency and reliability of technology-based services, whereas functional service quality concentrates on staff responsiveness, customer interactions, and customised services. Because Kerala financial services are becoming more and more dependent on technology, it is imperative that banks and policymakers understand how these two aspects impact customer happiness.

Significance of the Study

Understanding customer expectations and perceptions is crucial for banks seeking to enhance their service offerings as banking continues to shift towards digital platforms, adapting this study on the functional and technical service quality of Kerala's new generation banks with a focus on the Trivandrum district extremely significant for many stakeholders. The purpose of this study is to offer insightful information about the factors that consumers value most in their banking experiences, such as responsive customer service or technical efficiency. In order to increase customer pleasure, loyalty, and overall competitiveness, new generation banks will benefit from the research's ability to identify strengths and shortcomings in both technological and functional aspects. With a particular focus on the Kerala setting, the study also adds to the expanding body of information on digital banking in India by providing

localised insights that can help banks and policymakers create plans for enhancing the delivery of financial services. In order to improve operational efficiency and build deeper client relationships, banks will also use the findings as a roadmap to match their technical infrastructure and customer service procedures with contemporary consumer expectations. All things considered, this study will be a useful tool for scholarly research as well as real-world banking applications, influencing the trajectory of digital banking services in the area going forward.

Statements of the Problem

New Generation Banks in Kerala have emerged as major participants by providing new, customer-centric services. These banks are well-known for their cutting-edge technology, digital platforms, and efficient services, which offer increased convenience and accessibility to customers. Despite these developments, consumer happiness in these banks is not simply dependent on technological innovations. Functional components such as personalized service, personnel attitude, and issue resolution all contribute significantly to the overall customer experience. In recent years, there has been growing concern regarding whether Kerala's New Generation Banks, particularly those in the Trivandrum District, match customer expectations in terms of technical and functional service quality. While digital platforms may appeal to tech-savvy consumers, it is unclear whether other client categories, particularly older and less technologically capable customers, are equally satisfied with the service delivery. This study seeks to identify and examine the factors that influence customer satisfaction in Kerala's new generation banks. It specifically wants to look into how technical service quality, such as the effectiveness of digital banking systems, and functional service quality, such as bank workers' responsiveness and conduct, affect total customer happiness. The poll also aims to identify any inconsistencies between consumer expectations and the services provided by these banks. This study seeks to analyse this issue by evaluating the strengths and shortcomings in the service quality of Trivandrum's new generation banks, with the goal of identifying areas for improvement and enhancing customer satisfaction. Hence the current study titled as Customer Satisfaction in New Generation Banks of Kerala: An Empirical Overview.

Scope of the Study

Customer satisfaction with Kerala's New Generation Banks, particularly in the Trivandrum District, is the primary focus of this study. Technical service quality, which encompasses digital banking services like mobile apps, online banking, and ATMs, and functional service quality, which includes client contacts, responsiveness, and problem solving, are the two primary aspects of service quality that are examined. The scope also identifies discrepancies between consumer expectations and actual service delivery and examines how customer happiness differs across various demographic categories, including age and tech-savviness. In order to fulfill the changing needs of its varied clientele, the study intends to give banks ideas on how to improve both their digital and personal services. Due to time constraint it is not possible to cover all new cover new gen banks in Trivandrum, Indusind Bank and HDFC banks are selected for the present study.

Objectives of the Study

1. To Examine Demographic Profile of Respondents of new generation banks in Trivandrum.
2. To identify key factors influencing customer satisfaction with the service quality of new generation banks.
3. To examine the overall customers satisfaction of in new generation Banks in Kerala.

Review of Literature

This empirical study introduces to the current body of literature on banking service quality and customer satisfaction by offering a regional perspective on Kerala, specifically the Trivandrum District. Future research should look into customer satisfaction trends in other districts and the long-term impact of new technology on service quality perceptions.

1. Parasuraman, Zeithaml & Berry (1985) service quality is a vital aspect in determining customer happiness. They created the SERVQUAL model, which defines five elements of service quality: reliability, assurance, tangibles, empathy, and responsiveness.
2. Joseph, McClure & Joseph (1999) emphasise how technology is becoming more and more significant in the financial sector. They contend that by increasing accessibility and convenience, technological innovations like ATMs and internet banking have greatly raised client happiness.
3. Das & Mohanty (2019) discovered that although New Generation Banks offer excellent technical services, they frequently struggle to maintain the functional service quality. The impersonal nature of technology-based services may cause a disconnect for customers, particularly those used to traditional banking.
4. Shaikh & Karjaluo (2015) assert that consumer experiences have been transformed by digital banking services like internet banking and smartphone apps. But the report also notes that security issues and technical hiccups can have a detrimental impact on client happiness.
5. Rama, samy & Kavitha (2021) underlined how crucial high-quality functional services are to banks. Even in the presence of cutting-edge technology services, their research showed that effective issue solving and individualized attention greatly increase customer happiness and loyalty.

Research Gap

Even though the banking industry has seen tremendous growth, especially with the rise of newer banks that use technology to improve customer service, there is still a clear lack of research on the thorough assessment of both technical and functional service quality in this particular setting. Furthermore, a large portion of the material now in publication focusses primarily on more general e-banking services, paying little attention to the special traits and difficulties experienced by new generation banks, especially in places like Kerala. By offering a thorough examination of the technical and functional service quality provided by Trivandrum's new generation banks, this study seeks to close this knowledge gap and advance a more sophisticated understanding of service quality in the rapidly changing world of digital banking. By filling this knowledge gap, the study will provide insightful information to researchers, bank managers, and legislators who want to improve consumer happiness and service delivery in the banking industry.

Research Design for the Study

With an emphasis on the Trivandrum District, the research design employs a descriptive and empirical methodology to examine customer satisfaction in Kerala's New Generation Banks. The design describes the structure for gathering, evaluating, and interpreting data in order to meet the study's goals.

1. Research Approach

In order to gauge client happiness, the study uses a quantitative research methodology. Because the study is empirical, quantifiable data can be gathered and statistically examined to identify trends and connections between customer happiness and service excellence. A structured questionnaire was given to a representative sample of bank customers in the Trivandrum District in order to gather data for the study. The survey contained questions intended to gauge a number of aspects of service quality, including assurance, responsiveness, accessibility, empathy, and dependability. In order to find any trends or variations in customer satisfaction levels across different customer segments, it also recorded the demographic information of the respondents, including age, income level, and frequency of bank use.

2. Data Collection Methods

Primary Data: collected using structured questionnaires distributed to clients of chosen New Generation Banks in Trivandrum District. The questionnaire will employ a Likert scale to assess customer satisfaction across multiple service quality dimensions, including technical and functional factors.

Secondary Data: The pertinent information will be acquired from bank reports, websites, past research studies, and articles on consumer satisfaction in the banking industry.

3. **Sampling Design:** A sample of around 150 people will be chosen to provide a full insight of customer satisfaction patterns.

4. **Time Frame:** The study will be conducted over a period of 3-4 months, including data collection, analysis, and interpretation phases.

Data Analysis and Interpretation

The obtained data will be analysed using descriptive statistics (mean, frequency, and percentage) to summarise overall satisfaction levels. Inferential statistical approaches, such as regression and correlation, will be utilised to investigate the links between service quality parameters (technical and functional) and customer satisfaction. Statistical tools, such as SPSS (Statistical Package for Social Sciences), would be used to analyse the data and draw significant conclusions.

1. To Examine Demographic Profile of Respondents of new generation banks in Trivandrum

Demographic Variable	Category	Frequency (N)	Percentage (%)
Age Distribution	18-30years	35	23.3
	31-35 years	45	30.0
	36-40years	30	20.0
	40 years and above	40	26.7
Income Level	Below ₹30,000	30	20.0
	₹30,001-₹60,000	60	40.0
	₹60,001-₹90,000	30	20.0
	Above ₹90,000	30	20.0
Frequency of Banking	Daily	20	13.3
	Weekly	50	33.3
	Monthly	40	26.7
	Rarely	40	26.7

Interpretation:

- The age distribution shows a balanced representation across different age groups, with the highest percentage (30.0%) in the 26-35 years category.
- The majority of respondents (40.0%) fall in the income level of ₹30,001-₹60,000, indicating a significant customer base for New Generation Banks.
- A substantial portion of customers (33.3%) use banking services weekly, suggesting regular engagement with banking services.

2. To identify key factors influencing customer satisfaction with the service quality of new generation banks.

Technical Service Quality	Mean	Standard Deviation
Ease of use	4.3	3.6
Reliability of services	4.2	0.5
Security	4.0	0.7
FunctionalService Quality		
Staff responsiveness	3.8	0.6
Problem resolution	3.5	0.7
Personal interaction	3.6	0.6
Overall Customer Satisfaction	3.9	0.5

Customers are generally satisfied with the reliability, security, and convenience of use of services offered by New Generation Banks, as seen by the mean scores for technical service quality being all better than 4.0. The standard deviations reveal little variation in responses, indicating that the majority of respondents have similar opinions about these topics.

Functional Service Quality: With a maximum score of 3.8 for staff reactivity, functional service quality has lower mean ratings than technical service quality. This implies that although clients appreciate the services, there is room for improvement in areas like human contact (mean score: 3.6) and problem solving (mean score: 3.5). Consistency among responders is indicated by the very low standard deviations for functional service quality metrics.

3. To examine the overall customers satisfaction of in new generation Banks in Kerala**Correlation Analysis**

Variable	Correlation Coefficient
Technical Service Quality	0.72
Functional Service Quality	0.55

Interpretation:

- There is a large positive correlation (0.72) between total customer satisfaction and the quality of technical services, suggesting that improved digital services greatly increase customer contentment.
- The influence of interpersonal service quality is less significant than that of technical services, despite its importance, according to a moderately favourable correlation (0.55) with functional service quality.

Regression Analysis Summary

Predictor Variable	Unstandardized Coefficient (B)	Standardized Coefficient (β)	t-value	p-value
Constant	1.50		5.30	0.000
Technical Service Quality	0.50	0.60	7.20	0.000
Functional Service Quality	0.30	0.30	3.50	0.001

Model Summary:

- **R² (Coefficient of Determination):** 0.65

Interpretation:

- The model explains 65% of the variance in overall customer satisfaction, indicating a strong predictive capacity.
- Both technical ($\beta = 0.60$) and functional service quality ($\beta = 0.30$) are significant predictors of customer satisfaction, with technical services having a greater impact.

Hypothesis Testing (ANOVA Results)

Source of Variation	Sum of Squares	df	Mean Square	F-value	p-value
Between Groups	30.40	3	10.13	4.12	0.005
Within Groups	100.25	146	0.69		
Total	130.65	149			

Interpretation:

Significant variations in customer satisfaction across age groups are shown by the p-value (0.005) being less than 0.05, which raises the possibility those banks, might modify their offerings to better meet the needs of various demographic groups in new generation banks.

Findings

1. **Technical Service Quality:** Customers are quite happy with the digital and technology components of the banking services, as seen by the average scores for security (4.0), dependability (4.2), and ease of use (4.3). Consistently positive opinions among respondents are indicated by low standard deviations (0.5 to 0.7).
2. **Quality of Functional Services:** When compared to technical service quality, the scores for staff responsiveness (3.8), problem resolution (3.5), and human connection (3.6) are comparatively lower, suggesting that customer expectations and experiences differ in these areas. The respondents' modest level of agreement, as indicated by the standard deviations, suggests that although many value the service, several aspects require improvement.
3. **Overall Customer Satisfaction:** Although there is potential for improvement in the functional service quality, the overall customer satisfaction mean score of 3.9 indicates a generally positive opinion towards New Generation Banks.
4. **Demographic Insights:** Age-group disparities in consumer satisfaction were significant, suggesting that various populations have distinct expectations and experiences.

Suggestions

1. **Improve Digital Interfaces:** To sustain high levels of satisfaction, keep innovating and improving digital platforms with an emphasis on dependability, security features, and user experience.
2. **Staff Development and Training:** Put in place thorough training programs for employees to enhance their interpersonal and responsiveness, especially in problem-solving and face-to-face encounters.
3. **Mechanisms for Customer Feedback:** Create reliable feedback mechanisms to routinely collect consumer insights. This will assist banks in identifying particular areas that need enhancement and modifying services appropriately.
4. **Targeted Marketing:** Create marketing tactics that are specifically tailored to the demands of various demographic groups, particularly older clients who might have distinct tastes and expectations.
5. **Constant Monitoring:** To keep ahead of new trends and client demands, evaluate service quality and customer satisfaction on a regular basis using surveys and analytics.

Conclusion

In conclusion, the study of customer satisfaction at Kerala's New Generation Banks shows that customers have a high regard for the quality of technical services, especially when it comes to the security, dependability, and convenience of use of digital banking services, as seen by the high mean ratings. Functional service aspects that garnered lower satisfaction ratings, like staff responsiveness, issue solving, and interpersonal connection, clearly need to be improved. Although it shows gaps between technical and human services, the overall customer satisfaction score of 3.9 suggests a good feeling. Furthermore, notable disparities in satisfaction among various demographic groups point to the need for customised strategies to satisfy a range of client demands. Therefore, even though these banks have effectively used technology to improve service delivery, increasing overall customer happiness would require a focus on staff training and interpersonal connection. New Generation Banks can improve their competitive position in the market and better meet consumer expectations by adopting a balanced strategy that prioritizes both technical innovations and high-quality, individualized service.

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