



Customer Satisfaction of Himachal Pradesh Gramin Bank: A Case Study of Bilaspur District

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ABSTRACT :

This study examines customer satisfaction at Himachal Pradesh Gramin Bank, focusing on the Bilaspur District. It evaluates the awareness and satisfaction levels of customers regarding various banking services. The research reveals that respondents are highly aware about the basic banking products like savings accounts and ATM services, but less aware about loans and credit facilities. It also found from the study that respondents satisfaction varies across services, with high satisfaction in savings accounts and ATM/debit card services, but lower satisfaction in current accounts and personal loans. The findings suggest a need for banks to improve awareness and satisfaction for lesser-known products to enhance customer loyalty and financial inclusion.

Keywords: Customer Satisfaction, Awareness, Himachal Pradesh Gramin Bank

1. Introduction

Banks are essential to the economic growth of a nation because they combine savings and direct them towards investments. They create new demand deposits by investing in securities and issuing loans. Banks facilitate both local and foreign trade by taking in and offsetting bills of exchange. They also improve capital mobility. (Saini & Sandhu, 2014).

Regional Rural Banks (RRBs) are a critical component of the Indian banking system, particularly in rural and semi-urban areas, contributing significantly to financial inclusion and rural development (Kher, 2013). They serve as a vital link between formal banking services and the rural population, providing access to credit, savings, and other financial services to farmers, artisans, and small traders. RRBs play a pivotal role in promoting agricultural activities by providing credit to small and marginal farmers, thus supporting rural livelihoods and contributing to overall rural development (Ibrahim, 2010). Moreover, RRBs are key players in implementing various government schemes aimed at rural development and poverty alleviation, further highlighting their importance (Singh, 2015). They facilitate the flow of credit to priority sectors such as agriculture, small-scale industries, and entrepreneurship, thereby fostering economic growth and employment generation in rural areas. In conclusion, RRBs are essential institutions that play a crucial role in promoting financial inclusion, rural development, and economic growth in India (Gautam & Kanoujiya, 2022).

Customer satisfaction is crucial for the success of Regional Rural Banks (RRBs) in catering to rural and semi-urban populations. Rural Regional Banks (RRBs) meet the specific banking requirements of these regions through customised services such as agriculture and small business loans (Mishra, 2015). Emphasising accessibility, RRBs are setting up branches and outlets in outlying areas. Utilising technology like mobile banking and ATMs improves convenience. RRBs prioritise consumer education by offering financial literacy programmes (Paul & Barman, 2010). Providing exceptional customer service, which involves promptly addressing inquiries and complaints, is a priority. Community engagement enhances trust and loyalty. By catering to the unique requirements of rural consumers and offering exceptional service, RRBs may guarantee elevated customer satisfaction levels and support rural economic growth (Sharma, 2012).

2. Literature Review

Paul (2013) conducted an analysis of service quality in commercial banks, specifically focusing on the State Bank of India in the Mayurbhanj district. The study found that responsiveness and empathy play crucial roles in determining the service quality provided by SBI. Additionally, it revealed that a significant disparity exists between the expected service quality and the actual service quality for satisfied customers. Ali and Raza (2015) in their study, explore the relationship between service quality and customer satisfaction within the context of Pakistani Islamic banks. The study shows that all six dimensions of service quality (compliance, assurance, responsiveness, tangible, empathy, and reliability) had a positive and significant impact on customer satisfaction within the Islamic banking sector. Rabbani et al. (2017) examined the variables that impact customer satisfaction in both public and private sector banks in India. They found that loyalty programs, customer satisfaction, and service quality are crucial for enhancing customer loyalty. Further, the study found that loyalty programs are mainly offered to corporate clients, not the general public, in Indian banks. Famiyeh et al. (2018) in their study investigated the relationship between service quality, customer satisfaction, and loyalty in the Ghanaian banking sector. They

found that customer satisfaction is positively correlated with dependability, atmosphere, and social aspects. However, it does not significantly correlate with employee assurance or responsiveness. Alolayyan et al. (2018) conducted a study on Jordanian commercial banks to analyze the impact of service quality and customer satisfaction using structural equation modeling. They found that assurance, reliability, tangibles, empathy, and responsiveness are the key aspects of service quality, with assurance being the most important. Customer satisfaction is significantly influenced by the quality of services provided, and customers in Jordanian commercial banks expressed high satisfaction across all five service quality categories. The study suggests that bank managers should prioritize enhancing service quality, particularly assurance, to increase customer satisfaction. Srivastava et al. (2019) compared the service quality of public and private sector banks, concluding that private sector banks provide better products and services to their clients than public sector banks. Fida et al. (2020) explore the impact of service quality on customer loyalty and customer satisfaction using the SERVQUAL model within the context of four main Islamic banks in the Sultanate of Oman. The study found that there was a significant relationship among the three variables: service quality, customer satisfaction, and customer loyalty. Further, the study highlighted that empathy and responsiveness dimensions significantly and positively impact customer satisfaction. Supriyanto et al. (2021) found that service quality has a significant impact on customer satisfaction, which subsequently affected customer loyalty. Further, the study found that although service quality may not directly affect customer loyalty, it plays a crucial role in enhancing consumer satisfaction, which ultimately leads to increased customer loyalty in banks. The study suggested that bank management focus on consistently providing high levels of service quality to maintain customer satisfaction and loyalty. Novitasari et al. (2024) in their study found that service quality improves customer loyalty in Indonesia's sharia banks during the COVID-19 pandemic, affecting satisfaction and confidence. Loyalty depends on customer happiness and trust. As mediators, contentment and trust were crucial to the relationship between service quality and customer loyalty. The study also suggests that Indonesian sharia banks should improve service quality to retain consumer satisfaction and trust, which will increase customer loyalty.

RESEARCH GAP

Existing literature suggests that the majority of studies have concentrated on assessing the performance of Regional Rural Banks, while there is a limited number of studies examining the performance evaluation of Himachal Pradesh Gramin Bank. However, there is a lack of research on the customer satisfaction of Himachal Pradesh Gramin Bank. Therefore, the present study aims to investigate the "Customer Satisfaction of Himachal Pradesh Gramin Bank: A Case Study of Bilaspur District."

Objective of the Study

- To study the awareness level of customers regarding different banking services provided by Himachal Pradesh Gramin Bank.
- To study the satisfaction level of customers in Himachal Pradesh Gramin Bank regarding different banking services provided by Himachal Pradesh Gramin Bank.

Research Methodology

The present study, which is descriptive research, is primarily based on field survey, with the help of self-administered schedule to gather information from the sample respondents. Multistage sampling method was used to select 110 respondents, 40 respondents from Bilaspur branch, 40 respondents from Ghumarwin branch, and 30 respondents from Kothipura Branch. Awareness and Satisfaction level of customers of Himachal Pradesh Gramin Bank regarding services provided by bank was analyzed with the help of descriptive statistics by using Five Points Likert Scale, mean, standard deviation, skewness, kurtosis and chi square test.

Results and Discussion

AWARENESS LEVEL OF RESPONDENTS REGARDING VARIOUS PRODUCTS AND SERVICES OF BANKS

Table 1

Awareness Level of Respondents regarding various Products and Services of Banks

Statements	Awareness of respondents				Mean	S. D	S _k	Kurt.	X ²	p. value
	Fully Aware	Partial Aware	Not Aware	Total						
Saving account	98 (89.1)	8 (7.3)	4 (3.6)	110 (100)	2.85	.446	-3.183	9.574	154.109	.000
Current account	27 (24.5)	24 (21.8)	59 (53.6)	110 (100)	2.29	.839	-.596	-1.321	20.527	.000
Fixed deposits	61 (55.5)	37 (33.6)	12 (10.9)	110 (100)	2.45	.685	-.846	-.463	32.745	.000
Recurring Deposits	63 (57.3)	29 (26.4)	18 (16.4)	110 (100)	2.41	.758	-.845	-.749	30.018	.000

House loans	27 (24.5)	49(44.6)	34 (30.9)	110 (100)	1.94	0.75	0.10	-1.178	8.418	.015
MUDRA loans	22 (20.0)	52 (47.3)	36 (32.7)	110 (100)	1.87	.718	.194	-1.028	12.291	.002
Personal loan	15 (13.6)	45 (40.9)	50 (45.5)	110 (100)	1.68	.703	.537	-.839	19.545	.000
ATM	93 (84.5)	10 (9.1)	7 (6.4)	110 (100)	2.78	.548	-2.462	4.909	129.945	.000
Debit/Credit card	88 (80.0)	12 (10.9)	10 (9.1)	110 (100)	2.71	.626	-1.984	2.539	107.855	.000

Source: Field survey

Saving Account: The analysis of awareness about saving accounts reveals a mean value of 2.85, indicating that respondents are more than partially aware. The low standard deviation of 0.446 suggests minimal variation in responses, ranging from partial to fully aware. The negative skewness indicates that most of the variation are tends towards the upper side of the mean. The high kurtosis of 9.574 suggests a leptokurtic distribution, with more values clustered around the tails than a normal distribution. Furthermore, the chi-square test result of 154.0 with a p-value of 0.000 indicates that the null hypothesis is rejected, suggesting that the distribution of responses is not equally distributed over the three-point scale. These findings collectively indicate a significant level of awareness about saving accounts among respondents, with a tendency towards higher levels of awareness and a non-uniform distribution of responses across the awareness scale.

Current Account: The analysis of awareness about current accounts shows a mean value of 2.29, indicating that respondents are leaning towards the fully aware side on the 3-point Likert scale. The low standard deviation of 0.839 suggests minimal variation in responses, ranging from partial to fully aware. The negative skewness of -0.596 indicates that values are skewed towards the upper side of the mean, suggesting a higher concentration of responses indicating higher levels of awareness. Furthermore, the chi-square test result indicating that the distribution of responses is not equally distributed over the three-point scale. These findings collectively suggest a significant level of awareness about current accounts among respondents, with a tendency towards higher awareness levels and a non-uniform distribution of responses across the awareness scale.

Fixed Deposit: It is clear from the above table that 55.5 percent of the total respondents are fully aware about the fixed deposit statement followed by 33.6 percent respondents who are partial aware and 10.9 percent respondents are not aware. The mean score is 2.45 which is higher than the average standard score 2 on the three-point Likert's scale and it is showing that the opinion of the respondents is shifting towards partial to fully aware side. The value of standard deviation shows that there is a variation of .685 on an average to mean. The calculated value of skewness i.e. -.846 shows that distribution is negatively skewed. The calculated value of chi square 32.745 is more than the table value at 5 percent level of significance. Thus, the null hypothesis is rejected. It reveals that the distribution of responses regarding the awareness about the fixed deposits is not equally distributed over three-point Likert's scale which further supports the above analysis.

Recurring Deposits: The analysis of customer awareness about recurring deposits indicates that a majority of respondents (57.3%) are fully aware, 26.4% are partially aware, and 16.4% are not aware. The mean score of 2.41 suggests a tendency towards partial to full awareness, with a standard deviation of 0.758 indicating some variation around the mean. The distribution is negatively skewed (-0.845) and platykurtic (-0.749), implying a distribution with a longer left tail and flatter peak than the normal distribution. The chi-square test result of 30.018 exceeds the critical value at the 5 percent significance level, leading to the rejection of the null hypothesis. This finding demonstrates that the responses regarding awareness of recurring deposits are not uniformly distributed across the three-point Likert scale, corroborating the initial analysis.

House Loans: The mean value for house loans is 2.01, indicating that the awareness level regarding house loans tends towards partial awareness. The standard deviation of 0.736 suggests there is some variation around the mean, ranging from not aware to fully aware. The calculated skewness value of -0.014 indicates a slight tendency for the distribution to be skewed towards the higher end of the awareness scale, with most values clustering around the upper side of the mean. The computed value of chi square test for goodness of fit is 8.418 having p value 0.015 which is less than 0.05. Hence, null hypothesis is rejected at 5% level of significance which further supports the above analysis.

Mudra Loan: The mean value for Mudra loans is 1.87 which lies in between not aware and partial aware, which means that the awareness level regarding mudra loan is towards partial aware. Whereas standard deviation stands at .718 which indicates the variation above and below mean from not aware to partial aware. The calculated value of skewness is .184 which means that most of the values of distribution are tend towards lower side of mean. The negative value of the kurtosis shows that distribution is platy Kurtic. The computed value of chi square test for goodness of fit is 12.291 having p value 0.002 which is less than 0.05. Hence, null hypothesis is rejected at 5% level of significance which means the responses of respondents are not equally distributed over 3-point Likert scale.

Personal Loan: The results regarding customer awareness levels of personal loans provided by Himachal Gramin Bank are presented in Table-1. The data reveals that the majority of respondents (45.5%) are not aware of the personal loan schemes, while only 13.6% are fully aware. The mean score is 1.68, which is below the midpoint score of 2 on the three-point Likert scale, indicating a general lack of awareness. The standard deviation is 0.703, suggesting an average variation of ± 0.703 from the mean, ranging from not aware to partially aware. The skewness value of 0.537 indicates a positive skew, meaning the distribution tends more towards the lower side of the awareness scale. The computed p-value for chi-square is 0.000 which is less

than 0.05. Hence, the null hypothesis is rejected. Hence, it can be concluded that the distribution of responses regarding awareness about personal loan is not equally distributed over the three-point scale.

ATM (Automated Teller Machine): The results presented in Table-1 reveal that the majority of respondents (84.5%) are fully aware of ATM services, followed by 9.1% who are partially aware and 6.4% who are not aware. The mean awareness score for ATM services is 2.78, indicating a high level of awareness among respondents. The standard deviation is 0.548, suggesting low variability around the mean, with awareness levels ranging from high to very high. The skewness value of -2.462 indicates that most of the responses regarding awareness of ATM are concentrated on the higher side of the mean. The kurtosis value, which is negative, shows that the distribution is platykurtic. The chi-square test result shows a significance level of 0.000, which is less than 0.05. This leads to the rejection of the null hypothesis, confirming that the distribution of responses regarding ATM service awareness is not equally distributed across the three-point scale. This finding supports the overall analysis of high awareness levels among respondents.

DEBIT/CREDIT CARD: The data in Table- 1 reveal that the majority of respondents (80.0%) are fully aware of debit/credit card services, followed by 10.9% who are partially aware and 9.1% who are not aware. The mean awareness score for debit/credit card services is 2.71, indicating a high level of awareness among respondents. The standard deviation is 0.626, suggesting low variability around the mean, with awareness levels ranging from partial to full awareness. The skewness value of -1.084 indicates that most of the responses are lies on the higher side of the mean. The kurtosis value of -1.984 indicates a platykurtic distribution. The value of Chi -Square indicates that the significance level is equal to 0.000 which is less than 0.05 (i.e. 5% level of significance), hence it can be said that the Null Hypothesis has been rejected. So, it can be concluded that the distribution of responses regarding awareness about Debit/credit card service is not equally distributed over the three-point scale which further supports the above analysis.

SATISFACTION LEVEL OF RESPONDENTS REGARDING VARIOUS SERVICES PROVIDES BY BANK

Table 2

Satisfaction Level of Respondents regarding various Services provides by Bank

Statements	Satisfaction Level of Respondents					TOTAL	Mean	S. D	S _k	Kurt.	X ²	p. value
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied							
Saving account	45(40.9)	16(14.5)	6(5.5)	27(24.5)	16(14.5)	110(100)	3.43	1.565	-.316	-1.557	40.091	.000
Current account	15(13.6)	19(17.3)	67(60.9)	5(4.6)	4(3.6)	110(100)	3.33	.900	.148	.689	122.545	.000
Fixed Deposits	21(19.1)	55(50.0)	24(21.8)	7(6.4)	3(2.7)	110(100)	3.76	.928	-.842	.840	76.364	.000
Recurring Deposits	21(19.1)	48(43.6)	31(21.8)	8(7.3)	2(1.8)	110(100)	3.71	.922	-.529	.166	61.545	.000
Loans	20(18.2)	13(11.8)	68(61.8)	6(5.5)	3(2.7)	110(100)	3.37	.937	.344	.183	128.091	.000
ATM/ Debit Card	48(43.6)	26(23.6)	14(12.7)	19(17.3)	3(2.7)	110(100)	3.88	1.225	-.717	-.806	17.000	.002

Source: Field survey

In the above table responses of customers regarding satisfaction with different services provided by Himachal Pradesh Gramin Bank have been depicted.

SAVING ACCOUNT: The analysis of table-2 indicates that 40.9% of respondents are highly satisfied with their saving accounts, followed by 24.5% who are dissatisfied, 14.5% who are highly dissatisfied, and 5.5% who are neutral. The mean satisfaction score for saving accounts is 3.43 with 1.565 standard deviation, indicating a moderate level of satisfaction. The distribution is negatively skewed which shows that most of the frequencies lies towards highly satisfied. Further, the chi-square test indicates that the distribution of responses regarding satisfaction with saving account is not equally distributed over five-point Likert's scale.

CURRENT ACCOUNT: The analysis of table-2 shows that 60.9% of respondents are neutral about their current accounts, followed by 17.3% who are satisfied, 13.6% who are highly satisfied, and only 3.6% who are highly dissatisfied. The mean satisfaction score for current accounts is 3.33, indicating a tendency towards neutral to satisfied opinions among respondents. The distribution is positively skewed depicts that most of the frequencies lies towards lower side of the mean i.e. towards dissatisfaction side. The chi-square test reveals that the distribution of responses regarding satisfaction with current account is not equally distributed over five-point Likert's scale.

FIXED DEPOSIT: The data suggests that a majority of respondents are satisfied with the fixed deposit service. The mean satisfaction score of 3.76 indicates a higher-than-average satisfaction level. The standard deviation of 0.929 suggests some variation in opinions among respondents. The negative skewness indicates that responses are skewed towards the upper side of the mean. The kurtosis value of 0.840 suggests a platykurtic distribution, indicating a flatter distribution than a normal curve. The chi-square indicates that the distribution of responses regarding satisfaction with fixed deposits is not equally distributed over the five-point scale.

RECURRING DEPOSIT: The table-2 presents the satisfaction levels of respondents regarding recurring deposits. The majority, 43.6% respondents are satisfied, followed by 21.8% neutral, 19.1% highly satisfied, and 1.8% highly dissatisfied. The mean satisfaction score is 3.71, indicating that respondents are generally neutral or satisfied. The negative skewness of -0.529 suggests that responses are skewed towards the upper side of the scale. The kurtosis of 0.166 indicates a platykurtic distribution, meaning it is flatter than a normal distribution.

LOAN: From table 2, it's evident that 61.8% of respondents are neutral about loans, with 18.2% highly satisfied, 11.8% satisfied, and only 2.7% highly dissatisfied. The mean satisfaction score for loans is 3.37, indicating a leaning towards neutral to satisfied. The standard deviation of 0.937 suggests some variation in responses. The positive skewness of 0.344 indicates that responses are skewed towards the dissatisfied end. The chi-square test is significant at a 5% level, suggesting that satisfaction with loans is not evenly distributed across the five-point Likert scale.

ATM/ DEBIT CARD: Most of the respondents (43.6%) are highly satisfied with ATM/Debit card services, followed by 23.6% who are satisfied, 17.3% who are dissatisfied, and 2.7% who are highly dissatisfied. The mean satisfaction score is 3.88 with a standard deviation of 1.225. The distribution is negatively skewed, which shows that most values are concentrated towards upper side of the mean. The distribution is also platykurtic, meaning it is flatter than a normal distribution. The chi-square test indicates that the distribution of responses regarding satisfaction with ATM/Debit card service is not equally distributed over the five-point scale which further supports the above analysis.

Conclusion

The study on customer satisfaction at Himachal Pradesh Gramin Bank in Bilaspur District reveals significant insights into the awareness and satisfaction levels of customers regarding various banking services. The research indicates that while customers are highly aware of basic banking products like Savings Accounts, Fixed Deposit, Recurring Deposits, ATM, and Debit Cards, there is a notable lack of awareness about products such as House Loan, MUDRA loans and Personal Loan. Satisfaction levels varied across different services. Customers were generally high satisfied with Saving Account, ATM/Debit Card services and Fixed Deposits, while the satisfaction for Current Accounts and Personal Loans was comparatively lower. The study underscores the need for the bank to enhance customer awareness and satisfaction for less-known products, which could lead to increased customer loyalty and better financial inclusion. Future research should focus on longitudinal studies to track changes in customer perceptions over time and the impact of targeted interventions by the bank to improve service quality.

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