

**CUSTOMER PREFERENCE FOR BANKS:
A Comparative study of Public
and
Private Banks of Bangladesh.**

M.Phil.

A DISSERTATION
submitted to the University of Dhaka for the degree
of Master of Philosophy (M.Phil.) in marketing.

Submitted By:

Ataur Rahman
M.Phil. Registration No- 460/1996-'97
Department of Marketing
University of Dhaka
July -2001.

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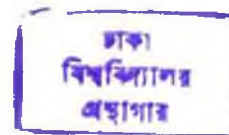
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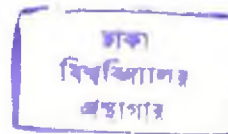
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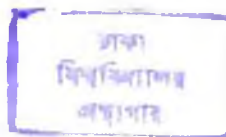
CERTIFICATE

This is to certify that the research work embodying the results reported in this thesis has been carried out under my guidance and supervision.

This is further certified that the research work presented here in is original and suitable for submission for awarding the degree of Master of Philosophy.

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EXECUTIVE SUMMARY

Economic Development of a country is very much dependent on the Banking system. Be it nationalized or private sector bank, its role to the economic reconstruction of a developing country like Bangladesh can never be ignored. Bank usually deals in money and credit. It collects the surplus earning of the people through bank account and makes it available to invest firms or business houses. The investment firms or business houses, on the other hand, makes it available to productive sector which acts as an important determinant of production and employment and determines the course of economic development in a country like Bangladesh.

The bankers should know "Customer is the king, with him we rise and with him fall. He provides bread and butter to the Banker". So customer is the only hope and the party to depend on. The customers can prefer a private bank or public bank for their financial deals.

The main objectives of the study are as follows: (i) To determine the factors that influence the preference of private banks and public banks of Bangladesh by bank

customers. (ii) Analysis of level of satisfaction regarding various bank services private & public banks as perceived by borrowers and depositors. (iii) Analysis of level of satisfaction regarding various customers' services as perceived by bank executives of private and public banks. (iv) Finding and comparing the gap if any, in the services rendered and received by respective customers of two category of banks (v) Suggesting ways to fill in the gaps.

Initially the population of the survey represents all the nationalized and private commercial banks operating in Bangladesh. After consulting with supervisor, Sonali Bank from the nationalized sector and National Bank Ltd. (NBL) from the private sector have been selected for convenience of the study.

Three sets of questionnaires were used to collect information for the research study. The study includes three groups of respondents: (1) Bank Executives, (2) Borrowers and (3) Depositors, separate set was specially designed for each group of respondents. Every attempt was made to make these questionnaires all inclusive i.e., all necessary questions as well as all possible answers were given in the questionnaire. 20 executives, 20 borrowers and 20 depositors were interviewed with the help of these

questionnaires. Several hypotheses were developed and tested with rank correlation co-efficient, Chi-square test and T test.

It is seen that there are differences of demographic characteristics of the customers of Nationalized and private banks, but statistically no such difference influenced the preference for the banks.

The comparatively affluent depositors prefer National Bank than Sonali Bank, although there exists no significant difference to prefer a private or public bank on the basis of their monthly expenditure.

It has been found that preference for private banks by the customers is largely because of financial condition & banks management quality. But the respondents identified only the financial soundness as number one factor for preferring the public sector bank.

The customers of public banks are influenced by the factors of (i) Location of the bank branch and security. But the customers of the private bank are influenced by the factors of (i) Personal relationship with bank employees, (ii) physical facilitates, (iii) Reputation of the bank.

Customers are equally influenced by other two factors (i) Financial conditions of the bank, (ii) nature of ownership of the bank.

The expectations of the customers of public banks are comparatively more than that of private banks. The customers of public banks are not very much satisfied with the services they get from the banks. The customers of private banks are satisfied according to their expectation but not fully. It means that private banks offer better services than public bank, but the customers expect more heterogeneous services from private banks.

Introducer collecting problems in private banks are more than that of public banks. But the delay problem in public banks are more than that of private bank when withdrawing money from the banks and depositing money in the banks.

The behaviors of the staffs of the private banks are better than those of public banks. During the last 12 months, the percentages of the customers' complaints are more in the sector of public bank than that of private bank.

Bank executives' evaluation about their customer services may differ with the expectation of the borrowers and depositors. Another thing is that the impression about the standard of service may differ among the borrowers-depositors of private and public bank and executives of private and public bank.

The following measures should be undertaken, if possible, to improve the banking business in Bangladesh.

- i) As it is observed that bank executives have little idea about their customers' behavior, attempts should be made to bring customer orientation in banking management. Training programs should be undertaken to develop the interpersonal dealings of bank employees. It is unanimously expressed that customers expect better dealings from bank executives.
- ii) It is noted that "delay in service" is one of the problems faced by bank customers. Attempts should be made to straighten the banking procedure. Cashiers may be empowered to entertain cheques up to a certain limit on an experimental basis which will save time and cost on the one hand and improve the banking service on the other.
- iii) Commercial bank may open specialized section to render advisory and agency services to bank customers.

- iv) Proper incentive system should be introduced to motivate bank executives for rendering better services.
- v) As the demand of the people are changing with the change of time, generally the bankers are to perform the following duties:
 - a) To treat the customers with honour and dignity.
 - b) To serve the customers with due respect.
 - c) To keep social contact with the customers.
 - d) To understand the problems of the customers and try to help them as far as possible.
 - e) To give business advice to the customers, if necessary.
 - f) To discuss with the customers and advise them to grow banking habit and its usefulness.
 - g) To make them understand that their savings are the most valuable contribution to the economic development of the nation.
 - h) To introduce credit card system.
 - i) To introduce ATM services.
 - j) To introduce 24 hour services.
 - k) To introduce one table services.
 - l) To introduce mobile bank services.
 - m) To introduce Dive-in-bank.

Most of the private banks are city centered and engaged to offer services to limited number of customers. Their role in country's overall economy is also insignificant. These banks have identified their customers from the urban, educated and probably solvent segment of the society. So, accordingly they have to develop their marketing strategy to cater the needs of these segments. On the contrary, the public banks have a different mission to serve the common people; in line with the government welfare policy. The branches of the public banks are to reach every nook and corner of the country to serve all the classes and sections of the people. It is really a difficult and challenging task but it is not impossible. The public banks in addition to normal banking services, perform some important services to the society like disbursement of monthly salaries to the government, non-government and autonomous institution employees. They also accept electricity bill, water bill, gas bill, telephone bill etc. Therefore, inspite of all the criticisms, it can be concluded that private banks offer wide range of services than public banks. Both private banks and public banks should take proper step to fulfill the customers demand.

CHAPTER ONE

CHAPTER ONE

INTRODUCTION

1.1 Background and the Problem:

A well-organized Banking system is one of the essential requirements for development of any country whether it is a developed, underdeveloped or developing one. Commercial Banks play a vital role in the economic development of Bangladesh as well as any other country of the world. In the context of free market economy in Bangladesh, much emphasis is given on the efficient performance of commercial banks as financial institutions. Banking services are not only expanded as institutional activities, but also emerged as a medium for socio-economic advancement. Banks are called "The life Blood and the Heart" of modern economy. Banking services are expanding rapidly. A bank usually deals in money and credit. It collects the surplus earnings of the people through bank account and makes it available to investment firms or business houses. The investment firms or business houses, on the other hand, makes it available to productive sector which acts as an important determinant

of production and employment and determines the course of economic development in a country like Bangladesh.

A commercial bank offers services to three main parties (a) depositors (b) borrowers (c) and the nation as a whole. It is the normal function of commercial banks to collect savings from general public and to re-channel the savings to the productive sector of the economy in the form of loans and advances. Thus, in the course of its activities, a bank comes in contact with two main groups of people (i) suppliers of funds and (ii) users of funds. Both these groups of people are known as customers.

Relationship among different parties could be shown as follows:

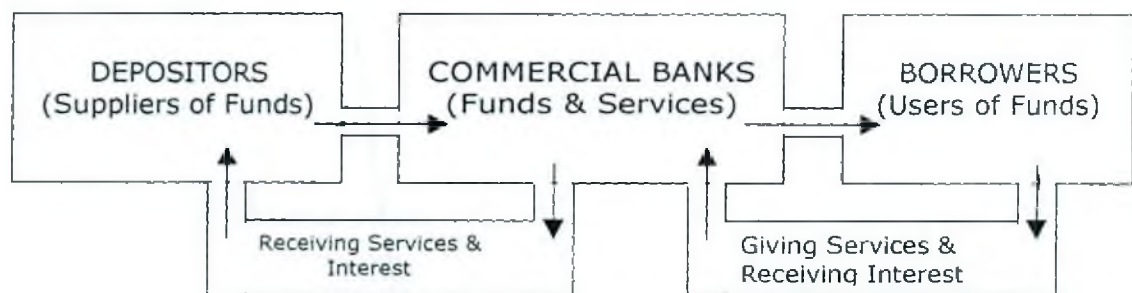


Figure-1: Relationship Diagram (adopted from Ghosh et al, 1981).

If a commercial banker wants to become successful in his own business, it must try to attract both the groups of people i.e. Suppliers of funds and users of funds. In the modern civilization, when a customer selects a bank, he considers certain factors. For this reason, Bank executives should know the factors, which influence the selection of banks by customers, they try to improve those factors in relation to their banks in order to make their banks more attractive. (Journal of the BIBM: Volume 36-41, December-1992, June - 1995)

Bank management, Depositors, borrowers and other customer are involved in banking business. In service business, the customers interact with the service provider whose service quality is subject to variation. The service outcome is affected not just by the service provider, but by the whole supporting production process. The service firm must effectively train and motivate its employees and all other supporting service people to work as a team. All employees must practice a customer orientation. Employees must be satisfied. If employees love their jobs and feel a sense of pride in the bank, they will serve customers well. Satisfied customers will return frequently to the bank. Moreover, dealing with happy customers will make employees

even more satisfied, resulting in better service and still greater repeat business, all of which will yield a level of profits which will satisfy Bank stockholder. (Philip kotlar et al, 1991). The bank management formulates principles and policies for sound functioning of its business and that function must be customer oriented. It has been revealed from various studies that the following factors influence the preference of private and public banks of Bangladesh by customers: (a) Financial condition of banks, (b) Quality of bank management, (c) Location of the bank branch, (d) Reputation of the bank, (e) Personal relationship with bank employees, (f) Ownership of the bank, (g) Environmental constraints, (h) Interest rate, (i) Exerting force by the lending bank, (j) physical facilities available in the branch, (k) Social constraints (theft or robbery (Ghosh et. al 1981), (l) Behavior of the officer and other employees, (m) service time of the bank (Day or night and day), (n) New Technological services of the bank (computer, ATM, credit card etc.) and (o) Others. A customer seriously considers these factors when he wants to open an account in private or public bank of Bangladesh. Bank executives gather certain ideas about factors influencing the selection of banks by customers. It is of interest to know whether different types of customers are influenced by

different factors or not. More over, it is also needed to know whether ideas of executives regarding customers selection of factors are too far from the fact.

Each customer wants certain types of service from his banker after selecting a bank. So, a banker always tries to render those services to his customers. The services and formalities, which influence the attitude of customers towards a private or a public bank are: (i) Formalities followed at the time of opening an account, (ii) promptness of cheque encashment, (iii) quickness of cash deposit, (iv) promptness of collection of cheques and other instrument, (v) Inter personal behavior of bank employees, (vi) Types of advises given, (vii) Quality of advice given, (viii) Loan negotiation, (ix) Remittance facilities, (x) Attitude towards risk, (xi) Quality and job knowledge of bank personal, (xii) back-up system and procedures. In nutshell, the five elements of good delivery could be termed as: speed, timeliness, accuracy, courtesy and concern.

Bankers have to know the level of satisfaction of customers in each type of services. The Bank executives, in rendering services, may build up certain idea about the level of satisfaction of their customers. The problem area for the

study is to know whether executive idea about the level of satisfaction of customers differs from the customer's expectation about their actual level of satisfaction. The other problem area is to analyse the comparative gaps in the actual level of satisfaction as perceived by the customers of a private and a public bank.

For that purpose it becomes necessary to know the general idea of three groups of people (1) Depositors, (2) Borrowers and (3) Bank executives about the present banking practice of the country.

1.2 Objectives of the Study:

Main objectives of the study are as follows:

1. To determine the factors that influence the preference of private banks and public banks of Bangladesh by bank customers.
2. Analysis of level of satisfaction regarding various bank services private & public banks as perceived by borrowers and depositors.
3. Analysis of level of satisfaction regarding various customer's services as perceived by bank executives of private and public banks.

4. Finding and comparing the gap if any, in the services rendered and received by respective customers of two banks.
5. Suggesting ways to fill in the gaps.

1.3. Survey of Literature and the Research Gap:

While developing the conceptual framework for the present study, a wide range of gap has been identified between the early research works and the changed circumstances which triggered the need for present study. From literature review it has been appeared that previous studies have investigated a range of issues including performance of commercial Banks in Bangladesh (Ahmed, 1995). Sarker (1996) makes a comparative critical evaluation of the credit management performances of the public and private sector banks. Ghosh et al (1981) explained three main issues: (i) Choice of banks by customers, (ii) Customers service and (iii) Credit policy. From those studies our bankers would be able to know the factors which influence the choice of Banks by customers, the satisfaction level of their customers about the services rendered by them and the borrowers feeling about the credit policy followed by nationalized commercial banks of Bangladesh. It would also help them to understand the existing gap between their

perception in these areas and customers feeling. Uddin et al (1998) evaluated the comparative progress of sample banks during the periods of nationalization and denationalization with special references to: (i) Equity position, (ii) deposit mobilization, (iii) Loans and advances position, (iv) Liquidity position, (v) Investment position, (vi) Branch expansion and (vii) profit performance. Ahmed (1995) argued about the performance of commercial banks in Bangladesh. Khan (1995) analyzed the competitive feature of banking industry. Warren Henry (1923) argued that customers consider the following five factors in choosing a bank: (a) The amount of its paid-up capital, (b) The amount of its reserve fund, (c) The proportion of cash held to deposits, (d) The amount of reserve liability, (e) The amount of its investments. Stawart (1960) found that the financial condition of the banks was mostly considered by business. Sufy (1977) found that the banks while conducting their business have three main goals: (i) to retain the existing customers, (ii) To get additional business from existing customers, (iii) to secure new business for the banks. These can be best achieved through "customer service".

Thus, previous studies have made substantial contributions to the understanding of different aspects of commercial banks. But up to this time no research work has been done about the different aspect of customer preference of private or public sector banks of Bangladesh. So this research is an attempt to examine the different aspect of customer preference of private or public sector banks of Bangladesh.

It is also observed that current professional service marketing researchers have emphasized on the level of satisfaction regarding various bank services as perceived by bank borrowers and depositors. But no such research work has been under taken from marketing viewpoint to highlight the comparative gap in the level of satisfaction of the customers of public and private banks of Bangladesh.

In earlier studies, there had been very little light thrown on comparison of customers perceptions of the services of two types of Banks i.e. private and public.

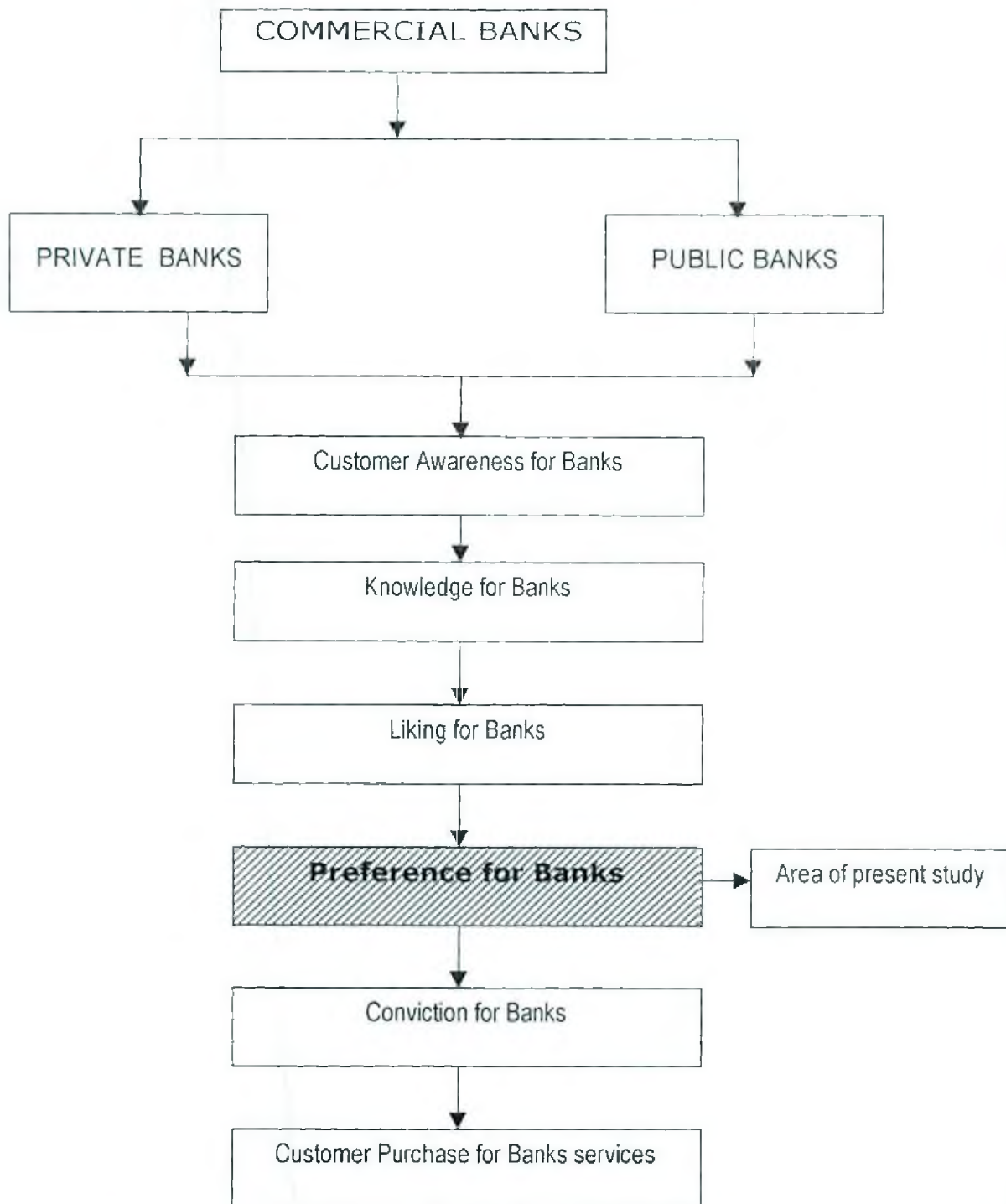
The perceptual aspects of services have not been focused in any of the above mentioned research works leaving a scope for conducting a study highlighting this important aspect.

1.4 The Conceptual Framework on Customer Preference For Banks.

To achieve the objectives, the conceptual framework is used in the study as in figure-2 considering buyer readiness stages, awareness, knowledge, Liking, preference, conviction or purchase which are shown in figure-2 (Kotler et al -1991).

A marketing communicator starts with a clear target audience in mind. The audience may be potential buyers or current users, those who make the buying decision or those who influence it. The target audience will heavily affect the communicator's decisions on what will be said, how it will be said, when it will be said, where it will be said and who will say it. (kotlar et al-1991)

Once the target audience has been defined, the marketing communicator must decide what response is sought of course, in most lasses, the final response is purchase. But purchase is the result of a long process of consumer decision making which already showed. According to that process, preference is the main stage and this study also showed on the importance of this stage. The marketing communicator needs to know where the target audience now stands and what stage is needed to be moved.

Figure-2: Relationship Diagram

Source: Concept adopted from Kotlar et al- 1991;

According to the Figure-2, it is shown that the target audience (customer) may be in any of six buyer readiness stage.

Factors Influencing the Customer preference for Banks:

The target audience might like the product (private or public banks) but may not prefer it to others. In this case, the marketing communicator of banks must try to build consumer preference. The communicator will promote the products quality, value, performance, and other features. The communicator can check on the campaign's success by measuring the audience's preference again after the campaign. This research will be investigated the factors which influence the customer preference for banks. Why does a customer go to private banks or public banks. It is expected that the following factors influence the preference of banks by customers (i) Financial condition of banks, (ii) Quality of banks management, (iii) Location of the banks branch, (iv) Reputation of the bank, (v) Personal relationship with bank employees, (vi) Ownership of the bank (foreign or nationalized), (vii) Environmental constraints, (viii) Interest rate, (ix) Forced by the lending bank, (x) Physical facilities available in the branch, (xi) Social constraints (theft, robbery) (Ghosh et al - 1981), (xii) Environment of the branch, (xiv) 24 hours services (Fazul- 1992), (xv) The element of good delivery (to be

speed, liveliness, accuracy, courtesy and concerns), (xvi) Demand on, and expectation form banks, (xvii) Quality and job knowledge of bank personal, (xviii) Attitude and motivation of bank employees, (xix) Back up system and procedures, (xx) Smart, tidy and well groomed counter personnel, (xxi) Specifying the reason of returning slip, (xxii) Secrecy of the customer accounts (M. Taheruddin-1986), (xxiii) Honour and dignity of the customers (M. khaled – 1985). The Bankers should know, “customer is the king, with him we rise and with him fall. He provides bread and butter to the banker.” So customer is the only hope and the party to depend on.

CHAPTER TWO

CHAPTER TWO

Research Methodology

2.1. Population and Sample:

The population defined for this research study was limited to the list of Dhaka City Branches of National Bank and Sonali Bank. This survey covers up to 30th July, 2000. Initially the population of the survey represents all the nationalized and private commercial banks operating in Bangladesh. After consulting with my supervisor, Sonali Bank from the nationalized sector and National Bank Ltd. (NBL) from the private sector have been selected for convenience of the study. Sonali Bank is the biggest commercial bank in the country in terms of its number of branches and also in terms of its volume of operation and activities. Besides these, the growing importance of Sonali Bank in the national economy is beyond question. On the other hand, NBL represents the private sector banks; because NBL is the first private commercial bank which started its operation in the country. Moreover, among the private sector banks, it has the highest number of branches spread over different trade and commercial centers of the country. It was decided to take only the

Table-2.1:**Branches of Sonali and National Bank:**

Branches Banks	Country Total Branch	Dhaka Branch	Sample Branch
1. Sonali	1313	114	3
2. National	66	15	3

Source: National Bank Annual Report-1998 & Sonali Bank Annual Report- 1996.

Dhaka branches as samples from each banking sectors. Simple random sampling technique was applied for drawing the sample. Sample was drawn using "Random Number table".

2.2. Questionnaires:

Three sets of questionnaires were used to collect information for the research study. The study includes three groups of respondents: (1) Bank Executives, (2) Borrowers and (3) Depositors, separate set was specially designed for each group of respondents. Every attempt was made to make these questionnaires all inclusive i.e., all necessary questions as well as all possible answers were

given in the questionnaire. 20 executives, 20 borrowers and 20 depositors were interviewed with the help of these questionnaires.

The main features of the study were (1) Factors influencing the preference for banks and (2) Opinion about customer service. Special attempt was made to develop questions relating to these aspects.

Borrowers, executives and depositors are asked to rank 8 possible factors, which may influence the preference. The factors are (i) Financial condition of the bank; (ii) Location of the bank branch; (iii) Reputation of the bank; (iv) Personal relationship with bank employees; (v) Environmental constraints; (vi) Interest rate; (vii) Physical facilities available in the branch and (viii) Others.

Types of customer's services are (i) Formalities followed for opening an account, (ii) Promptness of cheque encashment, (iii) Quickness of cash deposits, (iv) Promptness of collection of cheques and other instruments, (v) Interpersonal behavior of bank employees, (vi) Types of advice given, (vii) Quality of advice given, (viii) Loan

negotiation, (ix) Remittance facilities, (x) Attitude towards risks and (xi) Others. Respondents asked to identify the level of their satisfaction in a 5 point scale for each type of services.

2.3. Procedure:

After preliminary development, the questionnaires were given to some top ranking officials of the Sonali Bank and the National Bank. Officials who participated in the testing of questionnaires were not below the rank of Assistant General Manager. Their recommendations were given proper care. As the field of study was limited within Dhaka City, it was decided that information would be collected through direct interviews. The researcher himself collected information.

2.4. Statistical tools used:

Several hypotheses were developed and tested with rank correlation co-efficient, Chi-square test and T test.

CHAPTER THREE

CHAPTER THREE

BANK CUSTOMER'S GENERAL DEMOGRAPHIC CHARACTERISTICS

Individuals' age, educational qualification even gender usually influences one's bank preference. In this chapter, we shall analyze in what extent these variables impact an individual and consequently, whether he will select private bank or public bank.

3.1.a(i) Depositors of Sonali Bank and National Bank are classified according to gender:

Depositors are the important customers in any bank. The customers may be male or female. In such a context, an attempt was made to see the comparative position of male and female depositors of Sonali Bank and National Bank. Following table shows the picture clearly:

Table-3.1.a (i)

Depositors of Sonali Bank and National Bank classified according to gender:

Banks Gender	Depositors of Sonali Bank		Depositors of National Bank		Total
	Respondents	Percentage	Respondents	Percentage	
Male	16	80	18	90	34
Female	4	20	2	10	6
Total	20	100	20	100	40

Source: Field survey.

The above table shows that sample male and female depositors of Sonali Bank were 80% and 20% respectively. The table also shows that male and female depositors of National Bank are 90% and 10% respectively. Twenty depositors from each of the banks were interviewed. The above table shows that female depositors are more in number in Sonali Bank than those of National Bank.

Hypothesis in respect of gender preference for banks shows that in respect of making choice of type in the private and in the nationalized banks, there exists no real difference according to gender (Ref.H#1 at the appendix-2). The observed difference is found to be insignificant. It establishes that, neither nationalized bank nor private bank bears any specific preference for the male or the female customers separately.

3.1.a.(ii) Borrowers of Sonali Bank and National Bank classified according to gender:

Borrowers are also the important customers of Bank. These customers may be male or female. In such a context, an attempt was made to observe the comparative position of male and female depositors of Sonali Bank and National Bank. Following table shows the picture clearly.

Table-3.1. a (ii)

Borrowers of Sonali Bank and National Bank classified according to gender:

Banks Gender	Depositors of Sonali Bank		Depositors of National Bank		Total
	Respondents	Percentage	Respondents	Percentage	
Male	18	90	19	95	37
Female	2	10	1	5	3
Total	20	100	20	100	40

Source: Field survey.

The above table shows that male and female borrowers of Sonali Bank are 90% and 10% respectively. The table also shows that male and female borrowers of National Bank is 95% and 5% respectively. From the above table it is clear that male borrowers are comparatively more in number than female borrowers in National Bank. However, statistical analyses have shown that there exists

no real difference between the male and female portion of borrowers getting services both from nationalized and private banks (Ref. H#2, at the appendix-2).

3.1.b(i) Depositors of Sonali Bank and National Bank classified according to their educational qualifications:

There are various types of depositors involved in transacting in Banks. Following table shows the depositors according to their education.

Table –3.1. b (i)

Depositors of Sonali Bank and National Bank classified according to their educational qualifications.

Banks Educational Qualifications	Depositors of Sonali Bank		Depositors of National Bank		Total
	Respondents	Percentage	Respondents	Percentage	
Master	6	30	7	35	13
Graduate	7	35	7	35	14
Undergraduate	7	35	6	30	13
Total	20	100	20	100	40

Source: Field survey.

The table shows that master, Graduate and undergraduate depositors of Sonali Bank are 30%, 35% and 35% respectively. The table also shows that master, graduate and undergraduate depositors of National Bank are 35%, 35% and 30% respectively. From the above table it appears that educational qualification is not so much effective factor for choosing a bank. X^2 test also confirmed that there exists no real advantage to prefer a private or public bank on the basis of their educational qualifications (Ref. H#3, at the appendix-2).

3.1.b (ii) Borrowers of Sonali and National Banks classified according to their educational qualifications:

Borrowers have been classified according to their educational qualifications. Following table shows the borrowers according to their education level.

Table-3.1.b (ii)

Borrowers of Sonali and National Banks classified according to their educational qualifications.

Educational Qualifications	Borrowers of Sonali Bank		Borrowers of National Bank		Total
	Respondents	Percentage	Respondents	Percentage	
Master	6	30	7	35	13
Graduate	6	30	7	35	13
Undergraduate	8	40	6	30	14
Total	20	100	20	100	40

Source: Field survey

The table shows that master, graduate and under graduate borrowers of Sonali bank are 30%, 30% and 40% respectively. The table also shows that master, graduate and under graduate borrowers of national bank are 35%, 35% and 30% respectively. From the above table it appears that educational qualification does not influence so much to prefer a bank. Although the percentage of highly educated person is comparatively higher in National Bank than that of Sonali Bank but the difference of the percentage between two banks is very insignificant.

For statistical validity, χ^2 test has been applied and it has been confirmed that there exists no real advantage to prefer a private or public bank on the basis of the borrowers' educational qualifications (Ref. H#4, at the appendix-2).

3.1.c (i): The Depositors have been classified according to their age structure.

The age structure of the depositors of Sonali and National Banks may be different. Following table shows the picture:

Table-3.1.c (i)

Depositors of Sonali Bank and National Bank classified according to their age.

Banks \ Age structure	Depositors of Sonali Bank		Depositors of National Bank		Total
	Respondents	Percentage	Respondents	Percentage	
20-30 years	2	10	3	15	5
30-40 years	10	50	10	50	20
above40 years	8	40	7	35	15
Total	20	100	20	100	40

Source: Field survey.

The table shows that age structures of 20-30 years, 30-40 years and above 40 years of the depositors of Sonali Bank are 10%, 50% and 40% respectively. The table also shows that age structures of 20-30 years, 30-40 years and

above 40 years of the depositors of National bank are 15%, 50% and 35% respectively. From the above table it is clear that young generation is more in number in National Bank than that of Sonali Bank.

However, X^2 test has confirmed that there exists no real difference to prefer a private bank or public bank on the basis of the customers' age structure (Ref. H#5, at the appendix-2).

3.1.c (ii): Borrowers of Sonali Bank and National Bank classified according to the age.

Following table shows the borrowers and their age:

Table-3.1.C (ii)

Borrowers of Sonali Bank and National Bank classified according to their age.

Banks	Borrowers of Sonali Bank		Borrowers of National Bank		Total
	Respondents	Percentage	Respondents	Percentage	
Age structure					
20-30 years	4	20	3	15	7
30-40 years	8	40	9	45	17
above40 years	8	40	8	40	16
Total	20	100	20	100	40

Source: Field survey.

The table shows that age structures of 20-30 years, 30-40 years and above 40 years of the borrowers of Sonali Banks are 20%, 40% and 40% respectively. The table also

shows that age structures of 20-30 years, 30-40 years and above 40 years of the depositors of National bank are 15%, 45% and 40% respectively. The percentage of young generation is more in number in Sonali Bank and the percentage of middle age is more in number in National Bank in receiving loan.

However, statistically it was proven that there exists no real difference to prefer a private bank or public bank on the basis of the customers' age structure (Ref. H#6, at the appendix-2).

3.1.(d) Monthly total expenditure of the depositors of both Sonali Bank and National Bank.

Table # 3.1.(d)

shows monthly expenditure pattern of the depositors.

Amount of expenditure (Tk.)	Banks		Total		
	Depositors of Sonali Bank	Depositors of National bank	Respondents	Percentage	
Below-5,000	2	10	1	5	3
5,000-10,000	6	30	4	20	10
10,000-15,000	8	40	8	40	16
15,000-20,000	2	10	3	15	5
20,000-25,000	1	5	2	10	3
25,000-above	1	5	2	10	3
Total	20	100	20	100	40

Source: Field survey.

Some 40 customers were asked about their monthly expenditure. From the above table, it is apparent that the depositors' monthly expenditure of National Bank is comparatively more than that of Sonali Bank. It indicates that comparatively affluent depositors prefer National Bank than Sonali Bank, although there exists no significant difference to prefer a private or public bank on the basis of their monthly expenditure (Ref. H#7, at the appendix-2).

In conclusion, it can be said that although apparently there are differences of demographic characteristics of the customers of nationalized and private banks, but statistically no such difference influenced the preference for the banks.

CHAPTER FOUR

CHAPTER FOUR

REASONS FOR SELECTING BANKS BY CUSTOMERS

An individual may open an account to certain Bank or branch for different causes-such as security, better services, nearness to the residence, reputation of the bank or branch, financial condition of the bank, personal relationship with the bank/branch employees etc. In this chapter we shall explore and clarify the factors that influence one borrower or depositor whether he will select Sonali Bank or National Bank.

4.1: Depositors of Sonali Bank and National Bank classified according to reasons of their opening an account.

Depositors are important customers in the bank. The following factors influence them to open an account in the bank.

Table- 4.1

Causes of opening an account by the depositors of Sonali Bank and National Bank.

Factors	Depositors of Sonali Bank		Depositors of National Bank	
	Respondents	Percentage of Respondents	Respondents	Percentage of Respondents
i) Security	6	30	4	20
ii) Nearness to the residence	5	25	4	20
iii) Business Purpose	3	15	4	20
iv) Availability of Referees	2	10	1	5
v) Better services	1	5	3	15
vi) Personal relationship with bank employees	1	5	2	10
vii) Reputation of the Bank	1	5	1	5
viii) Financial condition of the bank.	1	5	1	5

Source: Field survey

The table shows that the customers of both the banks identified

- ★ security.
- ★ nearness to the residence.
- ★ purpose of business and
- ★ better services as more important factors.

However, security and nearness to their residence were the most two important factors for opening accounts with Sonali bank. This is probably because of two main reasons:

1. Sonali bank is a public bank, therefore more secured than private banks.
2. Sonali bank has an intensive distribution network with highest number of branches; thereby making their services available to the customers at their door step.

On the contrary, it is clear that the depositors of National Bank prefer their bank for the causes of better services and personal relationship with bank employees.

In order to find out causes fraction (gap) of opening an account between depositors of Sonali Bank and the depositors of National Bank on the basis of some factors. Rank correlation co-efficient has been calculated for this justification. The negative value of the Rank correlation co-efficient indicates that data do not provide any evidence of similarity of attitude of the depositors of private and nationalized Banks. This indicates dissimilarity of their attitude due to reasons stated before, which demand further investigation (Ref. H#8, at the appendix-2).

4.2(a): Types of depositors and factors influencing the choice of Banks.

There are various kinds of depositors. Their choice also differences. When they choice any bank they are influenced by various factors.

Table- 4.2(a)

The table shows the respondents and ranks given by depositors.

Factors \ Banks	Depositors of Sonali Banks			Depositors of National Banks		
	Responses	Percentage of Response	Rank	Responses	Percentage of Response	Rank
Location of the bank branch	6	30	1	5	25	1
Financial condition of the Bank	3	15	3	2	10	4
Reputation of the Bank	2	10	4	1	5	5
Personal Relationship with bank employees	1	5	5	3	15	3
Physical facilities available	1	5	5	3	15	3
Ownership of the Bank	2	10	4	2	10	4
Security	5	25	2	4	20	2

Source: Field survey.

Respondents were given 11 factors to rank in order of preference but it is observed that they ranked only 7

factors. It is found that (i) Location of the bank branch, (ii) Security, (iii) Financial condition of the Bank, (iv) Reputation of the Bank (v), Ownership of the bank, (vi) Personal relationship with bank employees and (vii) Physical facilities available are normally considered by most of the respondents. So, for our analysis only these factors were taken into account.

Table # 4.2 (a) Shows that location of the bank branch and security have got the first and second rank in both cases (both of the depositors of Sonali bank and National bank). But according to the table it is clear that location factors and security influence more depositors in the sector of Sonali Bank than those of National Bank.

In case of Sonali Bank, financial condition of the bank got third rank. But it got 4th rank in case of National Bank. In case of national bank, both personal relationship with bank employees and the physical facilities available got third rank. But for Sonali Bank both the factors were ranked at fifth position.

In 1960, economist W.C. stewart undertook one study in the U.S.A to identify the factors, which influence the

choice of banks by business (Shanti et al.-1981). It was found that the financial condition of the bank was first factor to be considered before selecting a bank. Other factors in preferential order were (i) Quality of bank management, (ii) Location, (iii) Size, (iv) Reputation and (v) Personal relationship with bank employees. In this study, the respondents considered financial condition of the bank as third or 4th rank. But location factor got first rank.

The Table # 4.2 (a) shows that the ranking of factors by depositors of different bank is also different. Statistical analyses have showed that there is a high degree of positive correlation in ranking assigned by the depositors of private and public bank on the basis of the influencing factors (Ref. H#9, at the appendix-2).

4.2 (b): Types of Borrowers and factors influencing the choice of bank.

There are various kinds of borrowers. Their choice also differences. When they choice any bank they are influenced by various factors.

Table 4.2 (b)

The table shows the respondents and ranks given by borrowers.

Banks	Borrowers of Sonali Bank			Borrowers of National Bank		
	Respondents	Percentage of Respondents	Rank	Respondents	Percentage of Respondents	Rank
i) Financial condition of the Bank	6	30	1	5	25	1
ii) Quality of the Bank Management	3	15	3	5	25	1
iii) Location of the bank branch	1	5	5	1	5	4
iv) Reputation of the Bank	3	15	3	3	15	3
v) Personal relationship with bank employees	4	20	2	4	20	2
vi) Ownership of the Bank	2	10	4	1	5	4
vii) Physical facilities available	1	5	5	1	5	4

Source: Field survey.

Table # 4.2(b) Shows that in case of "Sonali Bank" 30% borrower respondents consider "financial condition of

the bank” as the first and most important factor at the time of selecting a bank. In case of National Bank the borrower respondents also consider it as the first and most important factor at the time of selecting a bank. Both Sonali Bank and National Bank borrower respondents consider personal relationship with the bank employees and reputation of the bank as the second and the third rank respectively. In case of Sonali Bank, borrower respondents consider “quality of the bank management” as the third rank but in case of National Bank, the respondents consider it as the first and most important factor. From the table, it is seen that; both financial conditions and bank management quality have been identified by the respondents as most important factors in case of private sector bank. But the borrower-respondents identified only the financial soundness as number one factor for preferring the public sector bank.

Table # 4.2(b) shows that the ranking of factors by borrowers between Sonali Bank and National bank are different. Rank correlation method confirms that there is high degree of positive correlation because of its positive value. The preference of these two types of borrowers (National Bank and Sonali Bank) or the basis of the factors, which show table # 4.2 (b) supports their opinions very closely. Although some factors arise some difference but that is not significant (Ref. H#10, at the appendix).

CHAPTER FIVE

CHAPTER FIVE

CUSTOMERS' EXPECTATION AND THE GAP (Expectations, Satisfactions, Problems, Suggestions)

Usually customers want to get maximum service from a bank and the bank officers also want to provide maximum customers' satisfaction. In this chapter, we shall focus on the extent of expectation of customers, the state of getting services from the bank and the dimensions of problems, the customers facing during the exchanges. Finally we shall also outline some suggestions for bankers that will improve the customers bankers relation.

Expectation of the Customers:

In this section we shall discuss the expected service of depositors and borrowers, whether they are satisfied with the present service offered by the banks or not; which bank (private or public) gives them best service.

5.1(a): Depositors' expectation to get services from Banks.

Depositors want a number of services from banks such as "short formalities followed for opening an account, promptness of cheque encashment, quickness of cash deposit, promptness of collection of cheque and other instruments, good behavior from bank employees,

remittance facilities, free from risk, advice given by bankers, Loan negotiation, 24 hour services, one table services, all through computerized system, ATM services, credit card system, telephone service etc.

Table 5.1(a)

Shows depositors expectations to get services from Banks.

Bank Factors	Depositors of Sonali bank	Depositors of National Bank
(i) Short formalities followed for opening an account.	6 (30%)	5 (25%)
(ii) Promptness of cheque encashment	15 (75%)	14 (70%)
(iii) Quickness of cash deposit	14 (70%)	13 (65%)
(iv) Promptness of collection of cheque and other instruments.	14 (70%)	12 (60%)
(v) Good behavior of bank employees	16 (80%)	8 (40%)
(vi) Remittance facilities	15 (75%)	12 (60%)
(vii) Free from risk	19 (95%)	20 (100%)
(viii) Advice given by bankers	13 (65%)	11 (55%)
(ix) Loan negotiation	12 (60%)	10 (50%)
(x) 24 hour services.	10 (50%)	12 (60%)
(xi) One table services	8 (40%)	12 (60%)
(xii) All through computerized system	18 (90%)	15 (75%)
(xiii) ATM services	10 (50%)	13 (65%)
(xiv) Credit card system	12 (60%)	15 (75%)
(xv) Telephone services.	6 (30%)	10 (50%)

Source: Field survey.

The table # 5.1 (a) shows that the number of depositors of Sonali Bank who want comparatively good services from the following factors than those of National

Bank are (i) short formalities followed for opening an account, (ii) promptness of cheque encashment, (iii) quickness of cash deposit, (iv) promptness of collection of cheque and other instruments, (v) good behavior of bank employees, (vi) remittance facilities, (vii) advice given by bankers, (viii) loan negotiation and (ix) all through computerized system. From the above picture it is clear that National Bank offers comparatively good services to those factors.

The number of depositors of National Bank who want more services from the following factors than those of Sonali Bank are (i) free from risk, (ii) 24 hour services, (iii) one table services, (iv) ATM services, (v) credit card system and (vi) telephone services. From the above picture it is clear that the depositors of private bank is comparatively more susceptible to risk factor than those of Sonali Bank. Besides, in case of other five factors, the expectations of depositors of National Bank are more than those of Sonali Bank. It may happen so because of the awareness of new technological advancement by the customers of private banks like National Banks. Depositors of National bank are comparatively more aware about the new technological advancement, their expectation is more and more in case of these five factors.

5.1 (b) : Borrowers' expectations to get services from Bank.

Borrowers want a number of services from banks such as short formalities followed for opening an account, promptness of cheque encashment, quickness of collection of cheque and other instruments, good behavior of bank employees, free from risk, advice given by bankers, loan negotiation, 24 hour services, one table services, all through computerized system, telephone services.

Table-5.1 (b)

Borrowers' expected services from Bank.

Factors \ Banks	Borrowers of Sonali Bank	Borrowers of National Bank
i) Short formalities followed for opening an account	6 (30%)	5 (25%)
ii) Promptness of cheque encashment	15 (75%)	13 (65%)
iii) Promptness of collection of cheque and other instruments	15 (75%)	13 (65%)
iv) Good behavior of bank employees	15 (75%)	8 (40%)
v) Free from risk.	14 (70%)	16 (80%)
vi) Advice given by bankers	15 (75%)	13 (65%)
vii) Loan negotiation	16 (80%)	14 (70%)
viii) 24 hour services	8 (40%)	11 (55%)
ix) One table services	10 (50%)	13 (65%)
x) All through computerized system	18 (90%)	15 (75%)
xi) Telephone services	4 (20%)	6 (30%)

Source: Field survey.

It was observed that the borrowers of Sonali Bank expected more services in terms of “short formalities followed for opening an account, promptness of cheque encashment, promptness of collection of cheque and other instruments, good behavior of bank employees, advice given by bankers, loan negotiation, all through computerized system. It is clear that the borrowers of Sonali Bank had the feeling of getting comparatively less services than those of National Bank.

On the contrary, more borrowers of National Bank preferred to get more services in terms of “free from risk, 24 hour services, one table services and telephone services.” Another three factors (24 hour services, one table services, telephone services) of course, are same. But it is observed that these factors are sometimes widely evaluated by the high expectation of the borrowers who have education, income, occupation, culture etc. It is concluded that private bank can give comparatively more services than the nationalized bank. But the proportion is very less. So it can be said that borrowers are not fully satisfied with these two banks.

Satisfactions of the Customers:

The borrowers and depositors getting services from private banks and public banks are not equally satisfied. Which bank ensures comparatively high satisfaction is now our focus of discussion.

5.2(a): Depositors of Sonali Bank and National Bank classified according to their satisfaction level.

Depositors of the two banks (Sonali Bank and National Bank) were asked to indicate in a five point scale the level of their satisfaction of various customer services rendered by their banks. Assumed mean satisfaction level of 3 is taken on the assumption that in a 5 point scale the point '3' means the satisfaction levels which is average i.e., neither too good nor bad.

From table # 5.2(a), it is observed that the depositors of Sonali Bank are not satisfied (at the average level of 3) with the factors of (i) formalities followed for opening an account (2.85), (ii) promptness of cheque encashment (1.95), (iii) quickness of cash deposit (2.85), (iv) promptness of collection of cheque and other instruments (1.45), (v) inter personal behavior of bank employees

(2.65), (vi) types of advice given such as utilization of surplus fund (2.5), (vii) quality of advice given (2.5), (viii) loan negotiation (2.2). But the depositors of National Bank are satisfied (at the average level of satisfaction = 3) with the factors of (i) formalities followed for opening an account (3), (ii) promptness of cheque encashment (3), (iii) quickness of cash deposit (3.25), (iv) promptness of collection of cheque and other instruments (3.2), (v) interpersonal behavior of bank employees (3.8), (vii) quality of advice given (3.05).

Table # 5.2 (a)**Shows the depositors overall satisfaction level.**

Banks Factors	Average satisfaction level of the depositors of Sonali Bank	Average satisfaction level of the depositors of National bank	Calculated value of t-test between the satisfaction level of the depositors of private and public bank on the basis of the factors.	Table value at 5% level of significance for 8 d.f.	Hypothesis accepted = A Hypothesis rejected = R
i) Formalities followed for opening an account	2.85	3	-0.096	1.86	A
ii) Promptness of cheque encashment	1.95	3	-0.21	1.86	A
iii) Quickness of cash deposit	2.85	3.25	-0.16	1.86	A
iv) Promptness of collection of cheque and other instruments	1.45	3.2	-0.23	1.86	A
v) Inter personal behavior of bank employees	2.65	3.8	-0.43	1.86	A
vi) Types of advice given such as utilization of surplus fund.	2.5	2.95	-0.15	1.86	A
vii) Quality of advice given	2.5	3.05	-0.19	1.86	A
viii) Loan negotiation	2.2	2.9	-0.27	1.86	A
ix) Remittance facilities available	3.05	3.05	0	1.86	A
x) Attitude toward risk.	4.15	2.95	0.28	1.86	A

Source: Field survey.

So in case of these 6 factors National Bank appears to provide better services.

In case of the factors of (vi) types of given advice such as utilization of surplus fund, (viii) loan negotiation, the depositors of both the banks are not satisfied. In case

of (ix) remittance facilities, all of the depositors are satisfied.

In case of (x) attitude toward risk (4.15), the depositors of Sonali Bank are comparatively more satisfied than those of National Bank (2.95).

Now the attempt is made to test the significance of the difference observed. For the test of significance, t-test has been applied. The hypothesis has been taken that there is no difference between the satisfaction level of the depositors of Sonali Bank and that of the National Bank on the basis of the factors which have been shown in table # 5.2 (a). The table shows that the calculated values are less than the table value on the basis of the factors which are shown in # 5.2 (a) table. So hypothesis has been accepted in every factors. Hence we can conclude that there exists no significant difference between the satisfaction level of the depositors of Sonali Bank and the depositors of National Bank on the basis of the factors are shown in the table # 5.2 (a). (Ref.H#11, at the appendix-2).

5.2. (b): Borrowers of Soanli Bank and National Bank classified according to their satisfaction level.

Borrowers of the two banks (Sonali Bank and National Bank) were also asked to indicate in a five-point scale the level of their satisfaction of various customer services rendered by their banks. Here the satisfaction level of '3' is taken on assumption; In a 5 point scale the point '3' means the satisfaction level which is neither good nor bad.

Table # 5.2 (b)

Shows the borrowers overall satisfaction level.

Banks	Average satisfaction level of the borrowers of Sonali Bank	Average satisfaction level of the borrowers of National bank	Calculated value of t-test between the satisfaction level of the borrowers of private and public bank on the basis of the factors.	Table value at 5% level of significance for 8 d.f.	Hypothesis accepted = A Hypothesis rejected = R
Factors					
i) Formalities followed for opening an account	3	3.75	-0.18	1.86	A
ii) Promptness of cheque encashment	2.9	3.3	-0.13	1.86	A
iii) Quickness of cash deposit	2.95	3.3	-0.14	1.86	A
iv) Promptness of collection of cheque and other instruments	2.85	3.25	-0.12	1.86	A
v) Inter personal behavior of bank employees	2.8	3.25	-0.14	1.86	A
vi) Types of advice given such as utilization of surplus fund.	2.8	3.1	-0.09	1.86	A
vii) Quality of advice given	2.95	3.2	-0.04	1.86	A
viii) Loan negotiation	3.35	3.35	-0.04	1.86	A
ix) Remittance facilities available	3	3.35	-0.10	1.86	A
x) Attitude toward risk.	3.6	2.55	0.35	1.86	A

Source: Field survey.

Form the table # 5.2 (b), it is observed that the borrowers of Sonali Bank are not satisfied (at the average level of 3) with the factors of (ii) promptness of cheque encashment (2.9), (iii) quickness of cash deposit (2.95), (iv) promptness of collection of cheque and other instruments (2.85), (v) inter personal behavior of bank employees (2.8), (vi) types of advice given (2.8), (vii) quality of advice given (2.95). But the borrowers of National Bank are satisfied (at the average level of '3') with the factors of: (i) formalities followed for opening an account (3.75), (ii) promptness of cheque encashment (3.3), (iii) quickness of cash deposit (3.3), (iv) promptness of collection of cheques and other instruments (3.25), (v) interpersonal behavior of bank employees (3.25), (vi) types of advice given (3.1), (vii) quality of advice given (3.2), (viii) loan negotiation (3.35), (ix) remittance facilities (3.35). From the discussion it is clear that in case of 7 factors National Bank gives comparatively better services. In case of attitude toward risk Sonali Bank gives comparatively better services than the National Bank. But the service difference of the average level of satisfaction is very less. So the statistical investigation is necessary. T-test has been applied for justification.

Hypothesis has been taken that there is no significant difference between the satisfaction level of the borrowers of Sonali Bank and that of the National Bank on the basis of the factors which have been shown in the table # 5.2 (b).

The calculated value of 't' is less than the table value on the basis of the factors which have been shown in the table # 5.2 (b). Hence hypothesis is accepted. So there is no significant difference between the satisfaction level of the borrowers of Sonali Bank and that of the National Bank on the basis of the factors which have been shown in the table # 5.2 (b). (Ref. H#12, at the appendix-2).

From the above discussion it is clear that the borrowers of both private and public bank are not so much satisfied with the services they get from banks. Although the private sector bank gives comparatively better services, it is not highly significant.

Problems identified by the customers:

In this section we will focus on the dimension of problems encountered by the depositors and borrowers during the exchanges. In this regard, we shall also compare these between two Banks (Private & Public).

5.3. Classification of depositors according to the types of problems they have been facing.

Depositors mentioned that at the time of opening an account they had faced the problem of introduction and the problem of observing many formalities. At the time of withdrawals, they faced the delay problem. At the time of deposit, the main problem faced by the depositors was the “delay in receipt”.

Table # 5.3

Show the problems faced by depositors.

Factors	Banks	Depositors of Sonali Bank			Depositors of National Banks			Total
		Introducer Collecting Problem	Delay problem	No Problem	Introducer Collecting Problem	Delay problem	No Problem	
(i) Opening an account		6 (30%)	4 (20%)	10 (50%)	8 (40%)	1 (5%)	11 (55%)	40
(ii) Withdrawing money problem from bank		-	16 (80%)	4 (20%)	-	8 (40%)	12 (60%)	40
(iii) Depositing money in the bank		-	7 (35%)	13 (65%)	-	3 (15%)	17 (85%)	40
Total		6	27	27	8	12	40	120

Source: Field survey.

The table shows that the introducer problem is faced comparatively more by the depositors of National Bank than those of Sonali Bank.

Again, delay problem in Sonali Bank is more than that of National Bank when withdrawing money from the bank and depositing money in the bank.

But the customers of both the banks are not totally satisfied about the factor of prompt services when they deposit money in the bank withdraw it from the bank.

5.4 (a): Comparative behavior of the staff of both Sonali Bank and National Bank from the depositors' viewpoint:

Behavior is very important in service marketing. The table # 5.4 (a) shows that 40%, 35% and 25% depositors of Sonali Bank have informed that the staff offer polite, personal and helpful, impersonal and not helpful behavior

Table # 5.4 (a)

Shows comparative behavior pattern of the staff to depositors.

Factors \ Banks	Depositors of Sonali Bank	Depositors of National bank	Total
	Respondents	Respondents	
i) Polite	8 (40%)	14 (70%)	22
ii) Impersonal but helpful	7 (35%)	4 (20%)	11
iii) Impersonal and not helpful	5 (25%)	2 (10%)	7
Total	20	20	40

Source: Field survey.

respectively. On the other hand 70%, 20%, 10% depositors of National Bank have informed that the staff offers polite, personal but helpful, impersonal and not helpful behavior respectively. From the discussion, it is clear that the behavior of the staff of National Bank is comparatively good than that of Sonali Bank. Now the question arises whether it is statistically significant or not.

χ^2 test has been applied for this justification. Hypothesis has been taken that there is no difference between behavior of the staff of Sonali Bank and National Bank to the depositors. The calculated value of χ^2 is less than the table value. Hypothesis is accepted. So there is no statistically significant difference of behavior between two bank staff to the depositors of two banks. (Ref. H#13, at the appendix-2).

5.4 (b): Comparative behavior patterns of the staff of both sonali Bank and National Bank from the borrowers view point:

Table # 5.4 (b) shows that 40%, 40% and 20% borrowers of Sonali Bank have informed that the staff offer polite, impersonal but helpful, impersonal and not helpful behavior respectively. On the other hand 55%, 40%, 5% borrowers of National Bank have informed that the staff

offers polite, impersonal but helpful, impersonal and not helpful behavior respectively. From the above discussion it is clear that the behavior of the National Bank staff is better than that of Sonali Bank.

Table # 5.4 (b)

Shows comparative behavior pattern of the staff to borrowers.

Factors	Banks	Borrowers of Sonali Bank	Borrowers of National bank	Total
		Respondents	Respondents	
i) Polite		8 (40%)	11 (55%)	19
ii) Impersonal but helpful		8 (40%)	8 (40%)	16
iii) Impersonal and not helpful		4 (20%)	1 (5%)	5
Total		20	20	40

Source: Field survey.

For the statistical justification on this statement, X^2 test method has been applied. Hypothesis has been taken that there is no difference between the behavior of the staff of Sonali bank and that of National bank to the borrowers. The calculated value of X^2 test is less than the table value. Hypothesis is accepted. So there exists no significant difference between the behavior of the staff of Sonali bank and that of National Bank to the borrowers. (Ref. H#14, at the appendix).

5.5: Nature of Complaints lodged by the depositors during last 12 months.

The table # 5.5 shows that 50% depositors of Sonali Bank did not complain during the last 12 months. The table # 5.5 also shows that 70% depositors of National Bank did not complain during the last 12 months.

Table # 5.5

Shows depositors complaints against branch officers.

	Depositors of Sonali Bank					Depositors of National Bank				
	Complained				Not Complained	Complained				Not Complained
	Promptly attended to and problem solved	Sympathetically considered but problem not solved	Not attended	Total		Total	Promptly attended to and problem solved	Sympathetically considered but problem not solved	Not attended	
i) Misbehavior	0	1 (5%)	2(10%)	3(15%)	4(20%)	2(10%)	0	0	2(10%)	4(20%)
ii) Error	4(20%)	0	0	4(20%)	4(20%)	2(10%)	0	0	2(10%)	8(40%)
iii) Delay	0	2(10%)	1(5%)	3(15%)	2(10%)	2(10%)	0	0	2(10%)	2(10%)
Total	4(20%)	3(15%)	3(15%)	10(50%)	10(50%)	6(30%)	0	0	6(30%)	14(70%)

Source: Field survey.

From the discussion it is clear that the percentage of the complainant depositors is more in the sector of Sonali Bank than that of National Bank. So misbehavior, error and delay problems are more in Sonali Bank than those of National bank.

Suggestions by the customers:

This section is an attempt to determine some recommendations on the basis of the expectation, satisfaction of the customer's through which the bank may provide topmost services and the customers may be satisfied fully.

5.6. Opinions of respondents to prefer a Bank.

It is observed that 80%, 75%, 70%, 80%, 80%, and 65% depositors prefer National Bank for better services, better environment, efficient and services, prompt

Table # 5.6

Shows the opinion of respondents to prefer a Bank.

Factors	Banks	Depositors of Sonali Bank	Depositors of National Bank
		Respondents	Respondents
i) Better services		4 (20%)	16 (80%)
ii) Better environment		5 (25%)	15 (75%)
iii) Efficient services		6 (30%)	14 (70%)
iv) Prompt. services		4 (20%)	16 (80%)
v) Security		18 (90%)	2 (10%)
vi) Better behavior		4 (20%)	16 (80%)
vii) Helpful mind		7 (35%)	13 (65%)

Source: Field survey.

services, better behavior and helpful mind respectively. On the other hand 20%, 25%, 30%, 20%, 20%, and 35% depositor of Sonali Bank prefer their bank for better services, better environment, efficient and services, prompt. Services, better behavior and helpful mind respectively. From the table # 5.6, it is clear that the depositors' percentage proportion of National Bank is comparatively more than that of Sonali Bank. So the depositors of National Bank get more opportunity than the Sonali Bank on the basis of the factors which have already been shown in the table #5.6.

But in case of the factor of security, the depositors' percentage proportion of Sonali Bank (90%) is more than the National Bank (10%). So the depositors of Soanli Bank have more confidence in the factor of security than the National Bank.

5.7: Depositors' visualization of quick services.

The table # 5.7 shows that 75%, 90%, 75%, 40%, 50%, 55%, 40% and 75% depositors of Sonali Bank's visualization for quick services are: (I) less number of customer, (ii) air-conditioned office, (iii) computerized

system, (iv) security guard, (v) ATM services, (vi) credit card system, (vii) telephone services and (viii) a remarkable number of officers respectively.

Table # 5.7

Shows depositors' visualization of quick services.

Factors	Banks	Depositors of Sonali Bank	Depositors of National Bank
		Respondents	Respondents
i) Less number of customers		15 (75%)	5 (25%)
ii) Air conditioned office		18 (90%)	2 (10%)
iii) Computerized system		15 (75%)	12 (60%)
iv) Security guard		8 (40%)	6 (30%)
v) ATM services		10 (50%)	14 (70%)
vi) Credit card		11 (55%)	15 (75%)
vii) Telephone services		8 (40%)	12 (60%)
viii) A remarkable number of office.		15 (75%)	10 (50%)

Source: Field survey.

On the other hand 25%, 10%, 60%, 30%, 70%, 75%, 60%, 50% depositors of National Bank's visualization about quick services are: (I) less number of customers, (ii) air-conditioned office, (iii) computerized system, (iv) security guard, (v) ATM services, (vi) credit card system,

(vii) telephone services, (viii) a remarkable number of officers respectively.

The percentage of the respondents of Sonali Bank is comparatively more on the basis of the factors of (i) less number of customers, (ii) air-conditioned office, (iii) computerized system, (iv) security guard, (v) a remarkable number of officers than that of National Bank. So National Bank depositors get better services from those factors.

The percentage of the respondents of National Bank is comparatively more on the basis of the factors of (i) ATM services (ii) credit card system (iii) telephone services than those of Sonali Bank. So, it can be said that the depositors of Sonali Bank get better services to than the National Bank. But these three services are yet to be introduced in both the banks. So it is concluded that knowledge about these three services is found more in the depositors of National Bank than those of Sonali Bank.

In modern age, people are involved in various types of activities. So they become very busy. ATM services and credit card system are such kinds of technological advancement in the banking sector which can recover their time and risk. About 40 respondents were asked if they

were aware of these factors or not and also asked what their view point to these matters.

5.8. Awareness of credit card and ATM services and its impact extracted from the depositors of both Sonali Bank and National Bank of Bangladesh.

In case of credit card system, 60% and 5% depositors of Sonali Bank have given positive and negative arguments respectively. 35% of them are not aware of the credit card

Table # 5.8

Shows depositors awareness of credit card and ATM services.

Banks Factors	Depositors of Sonali Bank			Depositors of National Bank		
	Aware		Unaware	Aware		Unaware
	Positive argument of respondents	Negative argument of respondents	respondents	Positive argument of respondents	Negative arguments of respondents	respondents
Credit card	12(60%)	1(5%)	7(35%)	18(90%)	0	2(10%)
ATM services	14(70%)	0	6(30%)	15(75%)	0	5(25%)

Source: Field survey.

system. But 90% depositors of National Bank give positive argument on the credit card system. There is no negative argument on this matter. 10% of the customers are not

aware of the credit card system. So, the depositors of National Bank are comparatively more aware of the credit card system and also give absolutely positive argument on this matter.

In case of ATM services the depositors of National Bank are comparatively more aware (75%) than those of Sonali Bank (70%) and they have given positive argument.

5.9: Depositors' suggestion for increasing the overall efficiency of Sonali Bank and National Bank.

Depositors suggest in many ways to increase the overall efficiency of Sonali Bank and National Bank. The following recommendation are mentioned to identify the types of services suggested by bank-customers to be rendered for increasing the overall efficiency of Sonali Bank and National Bank:

Table # 5.9

Shows depositors suggestion for increasing the overall efficiency of Sonali Bank and National Bank.

Factors	Banks	Depositors of Sonali Bank	Depositors of National Bank
	Respondents	Respondents	Respondents
i) Quick services		14(70%)	12(60%)
ii) 24 hour services		6(30%)	8(40%)
iii) One table services		6(30%)	10(50%)
iv) Overall computerized system		14(70%)	16(80%)
v) ATM services		10(50%)	12(60%)
vi) Credit card services		8(40%)	16(80%)
vii) Telephone services		4(20%)	10(50%)
viii) Employees should be more trained		14(70%)	4(20%)
ix) Employees who are concerned about consumer behavior are to be appointed		10(50%)	8(40%)
x) Increasing employees		12(60%)	8(40%)
xi) Increasing employees' remuneration.		8(40%)	2(10%)
xii) Increase bank institution		2(10%)	2(10%)

Source: Field survey.

Suggestions by depositors of Sonlai Bank:

- i. Quick service (70%), 24 hour service (30%), one table service (70%), ATM services (50%), credit card

- service (10%), Telephone service (20%) should be introduced immediately.
- ii. Overall computerized system should be developed (70%).
 - iii. Employees should be more trained (70%).
 - iv. Employees concerned about customer satisfaction should be appointed (50%).
 - v. Number of employees should be increased (60%).
 - vi. Employees' remuneration should be increased (40%).
 - vii. Bank institution should be increased (10%).

Depositors' suggestions of National Bank:

- i) Quick services (60%), 24 hour services (40%), one table services (50%), ATM services (60%), credit card services (80%), Telephone services (50%) should be introduced immediately.
- ii) Overall computerized system should be developed (80%).
- iii) Employees should be more trained (20%).
- iv) Employees who are concerned about consumer behavior are to be appointed (40%).
- v) Number of employees should be increased (40%).
- vi) Employees remuneration should be increased (10%).
- vii) Bank institution should be increased (10%).

CHAPTER SIX

CHAPTER SIX

BANK EXECUTIVES' PERCEPTION ABOUT CUSTOMER PREFERENCES.

Man prefers to think per se. Therefore, bank executives' evaluation about their customer services may differ with the expectation of the borrowers and depositors. Another thing is that the impression about the standard of service may differ among the borrowers-depositors of private and public bank and executives of private and public bank. In this chapter we shall focus on, whether these are difference or not.

6.1 (a) Executives' perception about factors influencing the choice of Banks by Bank customers:

Bank executives were asked to identify their perception about factors which are considered by bank customers, both borrowers and depositors, at the time of selecting bank branches. The following table shows it:

Table-6.1 (a)

Shows the executives' perception about the factors considered by customers at the time of selecting Banks.

Factors \ Banks	Sonali Bank		National Bank	
	Depositors	Borrowers	Depositors	Borrowers
i) Reputation of the bank	1	1	2	4
ii) Location of the branch	2	1	6	7
iii) Quality of the mgt.	3	5	4	1
iv) financial condition of the bank	4	3	1	5
v) ownership of the bank	5	6	5	6
vi) personal relationship with bank employees	6	4	7	2
vii) Interest rate	7	7	3	3

(Note: 1 being the first rank)

Source: Field survey.

According to Sonali Bank executives, both the borrowers and depositors value reputation of Bank as number one factor; but the National Bank executives think that to depositors, financial aspects of the bank and to borrowers, quality of management are the most important factors. In case of Sonali Bank, the executives feel that location of the bank branch is another important factor for preferring a bank by the customer. And they think that rate of interest is the least important factor. But in case of

National Bank, the executives think that rate of interest is a very important factor both to the depositors and borrowers along with reputation of bank (depositors) and personal relationship with Bankers (borrowers).

Statistical analyses have shown that there is a positive correlation in ranking assigned by the depositors of private and public bank on the basis of the influencing factors, which are perceived by executives (Ref. H#15, at the appendix-2).

6.1(b): Consensus between Bank executives and Bank customers:

The success of a commercial bank depends mainly on its ability to attract more and more deposits and profitable investment of collected deposits. It is natural that a successful bank manager will always try to bring more customers to his branch. In doing so a manager must know the factors which are guiding the customers in choosing banks. An attempt was made to find out the relationship among "Borrowers' preference", "Depositors' preference" and "Executives' perception about customers preference".

Table # 6.1 (b)

Shows ranking of factors by executives, Depositors and Borrowers.

Respondents Factors	Executives' perception about customers ranking	Depositors' rankings	Borrowers' rankings
i) Reputation of the bank	1	2	3
ii) Location of the branch	4	1	4
iii) Quality of the mgt.	2	4	5
iv) Financial condition of the bank	3	3	1
v) Ownership of the bank	7	5	4
vi) Personal relationship with bank employees	5	6	2
vii) Interest rate	6	7	6

Source: Field survey.

Table # 6.1 (b) shows that depositors gave the first rank to "location of the bank branch" and the second rank to "reputation of the bank", whereas borrowers selected "financial condition of the bank" as the first factor and personal relationship with bank employees as the second factor. It is clear that depositors give importance to place

whereas the borrowers give importance to financial condition of the bank. More surprising point is that executives feel that customers select bank branches on the basis of the overall reputation of the bank. Here it becomes clear that executives have a different perspective in understanding the borrowers' and depositors' perception in choosing their bank. According to depositors' viewpoint, if a branch can be set up in a suitable place, then the executives would be able to attract more customers.

According to borrowers viewpoint, if the branch executives, by their day-to-day operations, can build up an image of having good financial condition of their bank, then they can attract more customers.

The spearman correlation co-efficient method also confirms that bank executives fail to judge their customers but that is not significant. In this situation, it is advisable that bank executives should change their attitude and try to study their customers properly. This will help them in attracting more depositors and more borrowers to invest more profitably (Ref. H#16, at the appendix-2).

6.2(a) Bank-Executives' perception about customers' level of satisfaction.

It was intended to identify the executives' perception about the levels of satisfaction of their customers relating to the services rendered by them. Executives were asked to indicate their perception about the level of customers' satisfaction in a given 5- point scale. Assumed mean satisfaction level of 3 is taken on the assumption that in a 5 point scale the point '3' means the average satisfaction level.

From table # 6.2(a), it is observed that, according to the executives' perception, the customers of sonali bank are not satisfied with (at the average level of 3) the factors of (i) formalities followed for opening an account, (ii) promptness of cheque encashment, (iii) quickness of cash deposit, (iv) promptness of collection of cheque and other instruments, (v) interpersonal behavior of bank employees, (vi) types of advice given.

But the customers of national bank are satisfied (at the average level of 3) with the factors of (i) formalities followed for opening an account, (ii) promptness of cheque encashment, (iii) quickness of cash deposit, (iv)

promptness of collection of cheque and other instruments, (v) interpersonal behavior of bank employees, (vi) types of advice given.

Now the attempt is made to test the significance of the difference observed. For the test of significance 't' test has been applied. The hypothesis

Table # 6.2(a)

Shows the executives perception about customer's level of satisfaction.

E-perception about Services Factors	E-perception of average satisfaction level about the customers of the sonali bank	E-perception of average satisfaction level of the depositors of National bank	Calculated value of t-test between the satisfaction level of the customers of both the banks by executives perception.	Table value at 5% level of significance for 8 d.f.	Hypothesis accepted = A Hypothesis rejected = R
i) Formalities followed for opening an account	2.95	3.45	-0.15	1.86	A
ii) Promptness of cheque encashment	2.35	3.85	-0.35	1.86	A
iii) Quickness of cash deposit	2.9	3.95	-0.79	1.86	A
iv) Promptness of collection of cheque and other instruments	2.8	3.7	-0.32	1.86	A
v) Inter personal behavior of bank employees	2.9	4.35	-0.25	1.86	A
vi) Types of advice given such as utilization of surplus fund.	2.85	4.2	-0.35	1.86	A

E= Executives

Source: Field survey.

has been taken that there is no difference between the satisfaction level of the customers of sonali bank and that of the national bank on the basis of the factors which have been shown in table # 6.2(a) according to the executives' perception. statistical analyses have shown that there exists no significant difference between the satisfaction level of the customers of sonali bank and that of the national bank on the basis of the factors shown in the table # 6.2(a) according to the executives' perception (Ref. H#17, at the appendix-2).

6.2.b(i) Consensus between bank executives and bank customers of sonali bank:

Table # 6.2.b(i)

Shows consensus between bank executives and bank customers of sonali bank:

Level of satisfaction Services & Behavior	Customers' level of satisfaction	Executives' perception about customers' satisfaction
i) Formalities followed for opening an account	2.75	2.95
ii) Promptness of cheque encashment	2.45	2.65
iii) Quickness of cash deposit	2.9	2.9
iv) Promptness of collection of cheque and other instruments	2.15	2.8
v) Interpersonal behavior of bank employees	2.73	2.9
vi) Types of advice given	2.65	2.85

Source: Field survey.

From the table # 6.2.b(i) shows that the customers are not satisfied (at the average level of 3) with the factors of (i) formalities followed for opening an account, (ii)

promptness of cheque encashment, (iii) quickness of cash deposit and other instruments, (iv) promptness of collection of cheque and other instruments, (v) interpersonal behavior of bank employees, (vi) types of advice given. The table also shows that executives' perception about customers' satisfaction is not satisfactory (at the average level of 3) on the basis of the described factors. But the perception of the executives about customers' satisfaction is comparatively high than that of consumer's level of satisfaction. Executives should take steps to improve their services. They should motivate their staff to serve the customers well.

The spearman correlation co-efficient method has shown that executives of Sonali Bank failed to judge their customers but that is not significant. It is advisable in this case that bank executives should change their attitude and try to study customers properly (Ref. H#18, at the appendix-2).

6.2.b (ii) Consensus between Bank executives and Bank customers of National Bank:

Table # 6.2.b (ii)

Shows consensus between Bank executives and Bank customers of National Bank:

Level of satisfaction Services & Behavior	Customers' level of satisfaction	Executives' perception about customers' satisfaction
i) Formalities followed for opening an account	3.38	3.45
ii) Promptness of cheque encashment	3.15	3.85
iii) Quickness of cash deposit	3.28	3.95
iv) Promptness of collection of cheque and other instruments	3.23	3.7
v) Interpersonal behavior of bank employees	3.53	4.35
vi) Types of advice given	2.88	4.2

Source: Field survey.

The table # 6.2.b (ii) shows that the customers are satisfied with (at the average level of 3) the factors of (i) formalities followed for opening an account, (ii)

promptness of cheque encashment, (iii) quality of advice given, (iv) promptness of collection of cheque and other instruments, (v) interpersonal behavior of bank employees. But customers are not satisfied with the factor of types of advice given.

The table also shows that the executives' perception about customers' satisfaction is that they are satisfied with (at the average level of 3) the described factors. But the perception of the executives about customers' satisfaction is higher than that of consumer level of satisfaction in the national bank.

For statistical validity, Spearman correlation coefficient method had been applied and it has been confirmed that executives of national bank failed to judge their customers but that is not significant. It is advisable in this case that bank executives should change their attitude and try to study customers properly (Ref. H#19, at the appendix-2).

CHAPTER SEVEN

CHAPTER SEVEN

Conclusion

7.1 Summary of findings:

Economic development of a country is very much dependent on the Banking System. Be it nationalized or private sector bank, its role to the economic reconstruction of a developing country like Bangladesh can never be underscored. From the present study, it is clear that both banks have some merits and demerits when they serve people. The branches of the public banks are spreaded over whole of the country to serve the common people, specially those living in the village. But the private banks are seen to operate mainly in the cities and towns. Now a days it is often said that the standard of services of the nationalized bank is deteriorating. From the discussion this conjecture seems to be true. The private banks offer comparatively good services than the nationalized banks but those are not statistically significant. Beside, as most of the private banks are city-centered and are engaged in offering services to a limited customers, their role in country's overall economy is also insignificant. These banks have identified their customer from among the urban,

educated and probably solvent segments of the society. So, accordingly they have to develop their marketing strategy to cater the needs of these segments. On the contrary, the public banks have a different mission to serve the common people; in live with the government's welfare policy. Consequently for their volume and direction of operations, it is not possible for them to offer same service standard like the private banks.

However, from the discussion it is clear that customers of public banks are influenced by the factors of (i) location of the bank Branch and (ii) security. But the customers of the private bank are influenced by the factors of (i) personal relationship with bank employees, (ii) physical facilities, (iii) Reputation of the bank. Customers are equally influenced by another two factors: (i) financial conditions of the bank (ii) nature of ownership of the bank.

Most of the customers choose their bank branch near to their office/business place.

Although statistically this is insignificant, but it is a fact that the customers of Sonali Bank face the problems of

(i) opening an account, (ii) problems of withdrawing money from bank, (iii) depositing money in the bank. But this is not statistically significant.

The depositors expectations to get services from bank are (i) short formalities followed for opening an account, (ii) promptness of cheque encashment, (iii) quickness of cash deposit, (iv) promptness of collection of cheque and other instruments, (v) good behavior from bank employees, (vi) remittance facilities, (vii) free from risk, (viii) advice given by bankers, (ix) loan negotiation, (x) 24 hour services, (xi) one table services, (xii) all through computerized system, (xiii) ATM services, (xiv) credit card system, (xv) telephone services.

The customers of Sonali Bank are not satisfied with the following factors: (i) formalities followed for opening an account, (ii) promptness of cheque incashment, (iii) quickness of cash deposit, (iv) promptness of collection of cheque and other instruments, (v) Interpersonal behavior of bank employees, (vi) types of advice given, (vii) quality of advice given, (viii) loan negotiation. But the customers of Sonali Bank are satisfied with the following factors. The

factors are (ix) remittance facilities and (x) Risk element. However, Sonali Bank has some distinct advantage over National Bank in relation to two factors.

The misbehavior, error and delay problems are more in public bank than private bank. But this finding is not statistically significant.

7.2: LIMITATIONS

In undertaking the project, a number of problems were faced. Thus the study has several limitations. The limitations are:

- a) The study is limited by the size of sample.
- b) In ranking factors, respondents on the average are considered only on 7 factors. As the number of factors are less than 10, statistical test does not give correct picture.
- c) As the sample size is very small, geographical and regional difference is not included.
- d) Only one bank is taken from public sector and one bank is taken from private sector as sample. So comments do not give appropriate results.

7.3: RECOMMENDATIONS

The researcher feels that following measures should be undertaken, if possible, to improve the banking business in Bangladesh.

- i) As it is observed that bank executives have little idea about their customers' behavior, attempts should be taken to bring customers orientation in banking managements. Training programs should be undertaken to develop the interpersonal dealings of bank employees. It is unanimously expressed that customers expect better dealings from bank executives.
- ii) It is noted that "delay in service" is one of the problems faced by bank customers. Attempts should be made to straighten the banking procedure. Cashiers may be empowered to entertain cheques up to a certain limit on an experimental basis which will save time and cost on the one hand and improve the banking service on the other.
- iii) Commercial bank may open specialized section to render advisory and agency services to bank customers.

- iv) Proper incentive system should be introduced to motivate bank executives for rendering better services.
- v) As the demand of the people are changing with the change of time, generally the bankers are to perform the following duties:
 - a) To treat the customers with honour and dignity.
 - b) To serve the customers with due respect.
 - c) To keep social contact with the customers.
 - d) To understand the problems of the customers and to try of help them as far as possible.
 - e) To give business advice to the customers, if necessary.
 - f) To discuss with the customers and advise them to grow banking habit and its usefulness.
 - g) To make them understand that their savings are the most valuable contribution to the economic development of the nation.
 - h) To introduce credit card system.
 - i) To introduce ATM services.
 - j) To introduce 24 hour services.
 - k) To introduce one table services.
 - l) To introduce mobile bank services.
 - m) To introduce Dive-in-bank.

APPENDICES

APPENDIX-1

Glossary

Bank: A bank performs an essentially distributive task, service or acts as an intermediary between borrowers & lender sense, however, a bank can be considered the heart of a complex financial structure.

Another way, the financial institution which earn profit through acceptance of deposit, extending credit, issuing notes & cheques, receiving & paying interest is called Bank.

Global Bank: A bank that is pursuing a strategy where one is servicing the world centers of economic activities with a full range of financial services-retail banking, mortgage, corporate and some case investment banking services.

Bank Wire: An electronic communication network owned by an association of banks and used to transfer messages between subscribing bank.

Banker: Any person carrying on the business of banking is banker.

Bankrupt: The situation in which a borrower is unable to pay obligated debts.

Branch Banking: An organization structure in which a bank maintains facilities that are part of the bank in offices different from its home office.

Consumer Bank: A bank that does not make commercial loans.

Debit Card: A plastic card, that when used, immediately reduces the balance in a customer's transactions deposit.

Draft: A signed written order directed by one person (drawer) to another person (drawee) ordering the latter to pay a specified amount of money to the order of a third person.

Exchange Rate: The exchange relationship (ratio) between specific currencies.

Home Banking: The use of computer terminals in the home to access bank accounts and execute transactions.

Letter of credit: A bank's guarantee of payment, indicated by a document that describes the handling of a specific transaction.

Mortgage: A contract whereby a borrower provides a lender with a lien on real property as security against a loan.

Reserve: Qualifying assets to meet reserve requirements, including vault cash and deposit balances held at the central Bank.

Electronic Banking: Electronic banking systems are electronic systems that transfer money and record data relating to these transfers.

Current accounts: The current account is the archetypal bank account. The balance of a current account is withdrawable on demand either by way of cash withdrawals or through the use of cheques, which are the principal identifying feature of the current account. Standing orders and direct debit facilities are also available for making payments out of a current account.

Overdrafts: These become available through the use of the current account, the customer being permitted to draw cheques or other orders of the payment of funds in excess of the balance standing to the account. Interest is charged on a day-to-day basis on the outstanding overdrawn balance.

Statements of the account: These are sent to the customer at regular intervals; the commonest frequency is quarterly, although many customers prefer to receive them monthly to help them control their finances.

Interest-bearing current account: A recent development has been the introduction of interest bearing current accounts which combine the facility of using a chequebook (and other money transmission services) with the payment of interest on credit balance. These accounts are something of a hybrid between traditional current accounts and normal deposit accounts, which we shall be looking at shortly.

High interest current accounts: The first examples of this type of account to be introduced were known as high interest current accounts. The main feature of these accounts is that credit interest is paid only on substantial balances.

Interest paying current accounts: The latest development has been to offer interest paying current accounts which allow even more flexibility. These accounts do not have a minimum balance, and indeed they incorporate a guaranteed overdraft facility.

Deposit accounts: While current accounts are designed to facilitate the processing of short-term funds flows, deposit accounts are for the holding of medium-term and long-term surpluses of funds. Cheques are not available for use with deposit accounts, which therefore provide the banks with a much less volatile source of funds for use in lending. Payments into a deposit account may be made in cash, by credit transfer, by transfer from a current account or by cheque.

Credit interest: This is paid on the balances standing to the credit of a deposit account. Deposit rate generally follows the fluctuations of base rate, being between $1\frac{1}{2}$ per cent to 3 per cent below it at any one time.

High interest accounts: Most banks offer accounts with higher interest rates for customers who can keep their deposits above a minimum level, commonly £2000. These accounts, sometimes also called gold deposit accounts, may also permit withdrawals on demand and without penalty.

Investment accounts: Different banks have different investment account schemes but they all revolve around the idea of paying more attractive rates of interest for more stable deposits from small savers.

Savings accounts: These are similar to 'ordinary' deposit accounts in that interest is paid at only a moderate rate on credit balances and the use of chequebooks is not permitted.

Loan accounts: This is the other traditional method of lending and it differs quite significantly in operation from the overdraft. When a loan account facility is granted, a separate loan account is opened in the borrower's name; the full amount of the loan is debited to the account and the funds credited to the current account for use.

Personal loan accounts: These have largely superseded the traditional loan so far as the private customer is concerned. The principal difference between the two types of loan account is in the method by which interest is calculated and applied. On a personal loan, the interest is calculated at a float rate percentage on the original amount of the loan multiplied by the number of years over which the loan is granted.

House purchase loans: These are usually long-term loans over periods of 15 to 25 years and take the form of mortgages secured against the property.

Budget accounts: Budget accounts are a modern, formalised version of the overdraft. They are designed to help customers plan for and meet their regular expenses by ironing out temporary excesses of expenditure over income. There are two variants: traditional and cashflow accounts.

“Traditional” budget accounts: These require the customer to complete an analysis of all regular payments (gas and electricity bills, mortgage payments, insurance policies and so on) which are to be made out of the budget account over the next 12 months.

Cashflow accounts: These are a more modern variant of the budget account. Under this arrangement the customer agrees to make a regular monthly payment, usually a minimum of £20, to a special account which is marked with a borrowing limit of thirty times the monthly contribution.

Cheque cards: Probably the most striking development in the banking world in the last twenty years has been the proliferation of different types of plastic cards which are offered to the customers of the banks and other financial institutions. Generally these cards relate to one or both of the traditional bank services of money transfer or borrowing facilitates.

Credit Cards: While cheque cards are specifically a bank service related to the operation of current accounts, a credit card scheme may be offered by a non-banking organisation.

Use of a credit card: A credit card can be used to purchase goods and services from suppliers, known as 'outlets', who participate in the system. It can also be used to obtain cash at branches of participating banks and recent developments have enabled these cards to be used in bank automated teller machines. For each transaction a charge voucher is prepared showing the nature of the transaction, the amount due and the details of the cardholder's account with the credit card company. These latter details are impressed on the voucher direct from the card, using a special imprinter machine with which each outlet is supplied. An account is maintained centrally for each cardholder; this account is separate from the cardholder's bank accounts and, indeed, some cardholders do not have bank accounts at all. At the end of the day, the supplier totals all the charge vouchers collected from the holders of a particular credit card and arranges for them to be remitted to the appropriate operating company. This can be done by handing them in at a branch of a

participating bank together with a bank giro credit for the supplier's own bank account.

Charge Cards: Charge cards comprise items such as Diners' Club cards (300 000 UK cards) and American Express cards (1.2 million UK cards). In use they are very similar to credit cards, the cardholder presenting the card when paying for goods or services which have been supplied.

Gold Cards: These are a development of the charge card. They are intended for use by people earning £20 000 or more per year and, as well as the normal charge card facilities, they offer extensive cash withdrawal facilities and 'automatic overdraft' services. The banks have participated with the charge card companies in finding potential users of these cards.

Automated teller machines: These machines are in effect online computer terminals operated by the customers. To gain access to the service required, customers insert their ATM card and key in their Personal Identification Number (PIN). At the end of the transaction the card will be returned by the machine.

EFTPOS: Electronic Funds Transfer at Point of Sale (EFTPOS for short) is another possible development in the computerization of banking, and is one, which has been exciting comment for some years. The retailer would 'read' the details from the card into the terminal and key in the amount due; the customer would key in their personal identity number (PIN) and the account would be debited immediately.

Home banking: Using electronic methods to allow customers access to their bank accounts without even leaving home. Generally, the services that can be made available are: Balance enquiries, chequebook requests, transfers between accounts, and payment of bills. A 'print' is taken of the customer's voice which is matched with a recording. Commands can be made only when the voice has been identified.

Travellers cheques: Travellers cheques are the most widely known service to travellers. They can be exchanged for cash or used directly to pay for goods and services throughout the world.

Monetary policy: Monetary policy involves the direction of economic activity through control of the supply and price of money. The government can attempt to influence the

economy by varying the quantity of money available to the country or by raising and lowering interest rates. Generally, it is assumed that increasing the supply of money will stimulate the economy while restricting it will depress the economy.

Inflation: Allowing uncontrolled expansion of the money supply.

Deflation: Rapid contraction of the money supply.

Reflation: Allowing a mild form of inflation designed to gently stimulate the economy.

Disinflation: A mild form of deflation designed to slow down economic activity without causing a severe depression.

The banker-customer relationship: The relationship between you and your customers is basically contractual. It is fundamentally the relationship of debtor (the banker) and creditor (the customer) with the position reversed where the banker makes a loan to the customer.

ABBREVIATIONS OF ELECTRONIC BANKING:

1. ATM= Automated teller Machine.
2. ACHs= Automated clearing House services.
3. CHIPS= Clearinghouse Inter bank payment service.
4. CD= Cash dispenser.
5. DTC= Depository transfer check.
6. DVU= Digital value units.
7. EFTs= Electronic fund transfer system.
8. It = Information technology.
9. L/C= Letter of credit.
10. MIS= Marketing information system.
11. NACHA= National automated clearinghouse association.
12. PC= Personal computer.
13. PIN= Personal identification number.
14. POS= Point of sale.
15. SET= Secured electronic transaction.
16. SSL= Secured socket Layer.
17. SWIFT= society for world wide inter bank financial telecommunication.
18. VHB= Video home banking.
19. W.W.W.= World wide web.

APPENDIX-2

Hypotheses developed & test Results

H#1: Statistical method has been applied here. Hypothesis has been taken that there exists no real difference between the male and female portion of customers getting services both from nationalized and private banks.

X^2 results: 0.66

Table value of $x^2_{0.05}$ (d.f.1) = 3.84.

The calculated value of x^2 test is less than that of table value. So the hypothesis is accepted.

H#2: X^2 test has been applied. Hypothesis has been taken that there exists no real difference between the male the female portion of borrowers getting services both from nationalized and private banks.

X^2 results: 1

Table value of $x^2_{0.05}$ (d.f.1) is 3.84.

The calculated value of x^2 is less than the table value. The hypothesis is accepted. So there exists no real difference between the male and female portion of borrowers getting services both from nationalized and private bank.

H# 3: χ^2 test has been applied here. Hypothesis has been taken that there exists no real advantage to prefer a private or public bank on the basis of their educational qualifications.

χ^2 results: 4.04

Table value of $\chi^2_{0.05}$ (d.f.2) is 5.99.

The calculated value of χ^2 test is less than that of the table value. The hypothesis is accepted. So there exists no significant difference in preferring a private or a public bank on the basis of their educational qualifications.

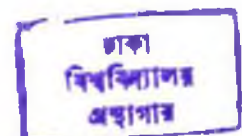
H# 4: χ^2 test has been applied. Hypothesis has been taken that there exists no real advantage to prefer a private or public bank on the basis of the borrowers' educational qualifications.

χ^2 results: 0.46

384659

Table value of $\chi^2_{0.05}$ (d.f.2) = 5.99.

The calculated value of χ^2 test is less than that of table value. So the hypothesis is accepted. Hence, there exists no significant difference to prefer a private or public bank on the basis of customers' educational qualification.



H# 5 : χ^2 test has been applied. Hypothesis has been taken that there exists no real difference to prefer a private bank or public bank on the basis of the customers` age structure.

χ^2 results: (0.27)

Table value of $\chi^2_{0.05}$ (d.f.2) = 5.99.

The calculated value of χ^2 test is less than that of table value. The hypothesis is accepted. So there exists no significant difference to prefer a private or public bank on the basis of the customers` age structure.

H#6: Hypothesis has been taken that there exists no real difference to prefer a private bank or public bank on the basis of the customers` age structure.

χ^2 results: (0.2016)

Table value of $\chi^2_{0.05}$ (d.f.2)=5.99.

The calculated value of χ^2 test is less than that of table value. Hypothesis is accepted. Hence there exists no significant difference, which will prefer a private or public bank on the basis of the customers` age structure.

H#7: Now the question arises whether it is statistically significant or not. χ^2 test has been applied. Hypothesis has been taken that there exists no real difference to prefer a

private or public bank on the basis of their amount of total monthly expenditure.

χ^2 results: (1.5)

Table value ($\chi^2_{0.05}$; d.f.5=11.07).

The calculated value of χ^2 test is less than that of table value. The hypothesis is accepted.

H#8: In order to find out causes fraction (gap) of opening an account between depositors of Sonali Bank and the depositors of National Bank on the basis of some factors, Rank correlation co-efficient has been calculated for this justification. Here $\rightarrow R = -1.1428$. It indicates that data do not provide any evidence of similarity of attitude of the depositors of private and nationalized Banks. This indicates dissimilarity of their attitude due to reasons stated before, which demand further investigation.

H#9: The Table # 4.2 (a) shows that the ranking of factors by depositors of different bank is also different. Now, the question arises whether the difference in ranking is statistically significant or not. Rank correlation method has been applied for this. The calculated value of rank correlation $\rightarrow R = 0.8393$. This positive value indicates that there is a high degree of positive correlation in ranking

assigned by the depositors of private and public bank on the basis of the influencing factors.

H#10: Table # 4.2 (b) shows that the ranking of factors by borrowers between Sonali Bank and National bank are different. Now the question arises, whether the differentiation of ranking is statistically significant or not. Rank correlation has been applied for this justification. The calculated value of rank correlation is $r = 0.8929$. There is high degree of positive correlation because of its positive value.

H#11: Now the attempt is made to test the significance of the difference observed. For the test of significance, t-test has been applied. The hypothesis has been taken that there is no difference between the satisfaction level of the depositors of Sonali Bank and that of the National Bank on the basis of the factors which have been shown in table # 5.2 (a). The table shows that the calculated values are (-0.96, -0.21, -0.16, -0.23, -0.43, -0.15, -0.19, -0.27, 0, 0.28) less than the table value (d.f.8, $t_{0.05} = 1.86$ for every factors) on the basis of the factors which are shown in # 5.2 (a) table. So hypothesis has been accepted in every factors. Hence we can conclude that there exists no significant difference between the satisfaction level of the depositors of Sonali Bank and the depositors of National Bank on the basis of the factors are shown in the table # 5.2 (a).

H#12: Hypothesis has been taken that there is no significant difference between the satisfaction level of the borrowers of Sonali Bank and that of the National Bank on the basis of the factors which have been shown in the table # 5.2 (b).

The calculated value of 't' is (-0.18, -0.13, -0.14, -0.12, -0.14, -0.09, -0.04, -0.04, -0.10, 0.25) less than the table value (d.f.8, $t_{0.05} = 1.86$ for every factors) on the basis of the factors which have been shown in the table # 5.2 (b). Hence hypothesis is accepted. So there is no significant difference between the satisfaction level of the borrowers of Sonali Bank and that of the National Bank on the basis of the factors which have been shown in the table # 5.2 (b).

H#13: X^2 test has been applied for this justification. Hypothesis has been taken that there is no difference between behavior of the staff of Sonali Bank and National Bank to the depositors. The calculated value of X^2 (3.75) is less than the table value ($X^2_{0.05}$, d.f.5 = 5.99). Hypothesis is accepted. So there is no statistically significant difference of behavior between two bank staff to the depositors of two banks.

H#14: For the statistical justification on this statement, X^2 test method has been applied. Hypothesis has been taken that there is no difference between the behavior of the

staff of Sonali bank and that of National bank to the borrowers. The calculated value of X^2 (2.28) is less than the table value ($X^2_{0.05}$, d.f.2 = 5.9). Hypothesis is accepted. So there exists no significant difference between the behavior of the staff of Sonali bank and that of National Bank to the borrowers.

H#15: Now, the question arises whether the difference in ranking is statistically significant or not. Rank correlation method has been applied for this. The calculated value in the sector of depositors is $R=0.214$. This positive value indicates that there is a high degree of positive correlation in ranking assigned by the depositors of private and public bank on the basis of the influencing factors, which are perceived by executives.

H# 16: It is observed that the spearman correlation coefficient between "Borrowers of executives" ranking, "Depositors of executives" ranking are (0.37 and 0.64 respectively) positive. The rankings of "Depositors" and "Borrowers" are (0.214 and 0.43 respectively) positively correlated. This is a good sign. It shows that bank executives fail to judge their customers but that is not significant.

H#17: The table shows that the calculated value are (-0.15, -0.35, -0.79, -0.32, -0.25, -0.35) less than the table value (d.f.8, $t_{0.05}$ = 1.86 for every factors) on the

basis of the factors which are shown in table 6.2 (a) according to the executives' perception. So hypothesis has been accepted in every factor. Hence we can conclude that there exists on significant difference between the satisfaction level of the customers of sonali bank and that of the national bank on the basis of the factors shown in the table # 6.2 (a) according to the executives' perception.

H#18: It is observed that the spearman correlation co-efficient between "customers' level of satisfaction" ranking and "executives' perception about customers satisfaction" are positively correlated ($R = 0.88$). This is a good sign. It shows that executives of Sonali Bank failed to judge their customers but that is not significant. It is advisable in this case that bank executives should change their attitude and try to study customers properly.

H#19: Now the question arises whether it is statistically significant or not. Spearman correlation co-efficient method has been applied. It is then observed that "customer level of satisfaction" ranking and "executives' perception about customers' satisfaction" are positively correlated ($R=0.54$). This positive sign indicates that executives of national bank failed to judge their customers but that is not significant. It is advisable in this case that bank executives should change their attitude and try to study customers properly.

Questionnaire-1
(For Depositors)

1. Please indicate the groups to which you belong.

(a) Sex:

- i. Male
- ii. Female

(b) Education:

- i. Masters
- ii. Honours
- iii. Post Graduate
- iv. Graduate
- v. Under Graduate

(c) Age:

- i. Below 20 years
- ii. 20 years to 30 years
- iii. 30 years to 40 years
- iv. Above 40 years

(d) Types of Accounts which you
are operating:

- i. Service holders
- ii. House wives
- iii. Professionals
- iv. Retailers
- v. Others

2. Why have you opened an account (current or savings) with
this bank?

3. (a) Have you considered any factor mentioned below at the time of opening an account (current or savings) with banks? Yes No

(b) If your answer in (a) is yes, please rank the following factors in order of preference (Rank for the most important factor as 1).

Types of Factors and Reasons:

- | | | |
|------|--|--------------------------|
| i. | Financial conditions of the bank | <input type="checkbox"/> |
| ii. | Location of the bank branch | <input type="checkbox"/> |
| iii. | Reputation of the bank | <input type="checkbox"/> |
| iv. | Personal relationship with bank employees | <input type="checkbox"/> |
| v. | Environmental constraints
(Forced by employer or business counterparts) | <input type="checkbox"/> |
| vi. | Interest Rate | <input type="checkbox"/> |
| vii. | Physical facilities available in the branch | <input type="checkbox"/> |
- (c) Which location will you prefer most?

- (i) Near to the residence
- (ii) Near to the business place / office

4. Mention the problems, if any, faced by you at the time of:

- i. Opening an account

1
2
3

- ii. Withdrawing money from bank

1
2
3

Depositing money in the bank

--

5. What are the services, you think, a bank can and should render to you?

1
2
3
4
5

6. Would you please identify the level of your satisfaction regarding various bank services? (Consider 5 as the highest level of satisfaction. Use \surd marks)

Services and Behavior	Level of Satisfaction				
	1	2	3	4	5
(i) Formalities followed for opening an account					
(ii) Promptness of cheque encasement					
(iii) Quickness of cash deposit					
(iv) Promptness of collection of cheques and other instrument					
(v) Interpersonal behavior of Bank employees					
(vi) Types of advices given (such as utilization of surplus fund.					
(vii) Quality of advice given					
(viii) Loan negotiation					
(ix) Remittance facilities (inward & outward including international)					
(x) Attitude towards risk (conservative or progressive)					
(xi) Other (specify)					
	Totally unsatisfied	Unsatisfied	Satisfied	More than Satisfied	Fully satisfied

7. What steps would you consider necessary for increasing the overall efficiency of your bank?

1
2
3
4
5

8. Do you prefer to consider the Ownership of the bank (Foreign, nationalized, private) for your monetary transaction? Yes No

If yes, why?

1
2
3

9. (i) Do you think that foreign banks have superiority in respect of efficiency and services?

- (a) Over Nationalized Bank Yes No
- (b) Over domestic Private Bank Yes No

(ii) If your answer is yes, please mention some reasons.

1
2
3
4
5

10. Are you aware about the ATM services recently introduced in some banks? Yes No

If yes, what is your view about this recent technological advancement?

1
2
3
4
5

11. Are you aware about the Credit Card services recently introduced in some banks? Yes No

If yes, what is your view about this recent technological advancement?

1
2
3
4
5

Thanks more.

Questionnaire-2

(For Borrowers)

Bank:

Date :

Location :

1. Please indicate the groups to which you belong.

(a) Sex :

i) Male

ii) Female

(b) Education:

i) Masters

ii) Honours

iii) Post Graduate

iv) Graduate

v) Under Graduate

(c) Age :

i) Below 20 years

ii) 20 years to 30 years

iii) 30 years to 40 years

iv) Above 40 years

2.a) Have you considered any factor mentioned below at the time of choosing a bank? Yes No

b) If your answer in (a) is 'yes', please rank the following factors in order of preference (Rank 1 to the most preferable factor)

Factors or Reasons	Ranks
--------------------	-------

- i) Financial condition of the bank.
- ii) Quality of the bank management
- iii) Location of the bank branch
- iv) Reputation of the bank
- v) Personal relationship with the bank employees
- vi) Ownership of the bank (Private or nationalised)
- vii) Environmental constraints forced by the business counterparts
- viii) Interest rate
- ix) Forced by the lending banks
- x) Physical facilities available in the branch
- xi) Social constraints (Theft, Robbery)
- xii) Others (specify).

3) Which location will you prefer most?

- i) Near to the residence
- ii) Near to the business place
- iii) Near to the office
- iv) Others

4) Would you please identify the level of your satisfaction regarding various bank services? (Consider 5 as the highest level of satisfaction)

Services & Behavior	Levels of satisfaction				
	1	2	3	4	5
i) Formalities followed for opening an account.					
ii) Promptness of cheque encashment					
iii) Quickness of cash deposit					
iv) Promptness of collection of cheques & other instruments					
v) Interpersonal behaviour of bank employees					
vi) Types of advices given					
vii) Quality of advice given					
viii) Loan negotiation					
ix) Remittance facilities (Inward and outward including international)					
x) Attitude towards risk (conservative and progressive)					
	Totally unsatisfied	Unsatisfied	Satisfied	More than satisfied	Fully satisfied
xi) Others (specify)					

5) What are the services, you think, banks can and should render to you?

--

6) i) Do you want any special type of advice from banks

Yes No

ii) If your answer is yes, please note the areas regarding which you need bank advice.

--

7) What are the different form of loans you get from banks.

Purpose	Time period	Terms & condition

8) What statements and/or documents are required to be submitted to the bank at the time of taking loan from banks? (You have submitted different documents at the time of taking loan. Of those documents which one you think not really needed /or least related for a long)

9) i) Are you satisfied with the present system (Method/procedure) followed by your bank at the time of sanctioning loan?

Yes No

ii) If your answer is 'no' what are the reasons of your being dissatisfied?

iii) What measures a bank should take for improving the system.

10) Do you think that private banks have superiority over the nationalized commercial banks in respect of services and efficiency?

Yes No

if no, why :

--

11) In your opinion, what the qualities an ideal and efficient bank executive should have?

--

12) Please indicate the time taken in days by various stages in respect of your recent loan proposal.

Time elapsed between submission of application and its sanction

13) Did you have to apply influence of any sort at any stage to facilitate availability of credit ?

Yes No

If yes, please indicate so (✓)

- i) Using intermediary or consultancy service
- ii) Applying political influence
- iii) Approaching through bank staff or executives.
- iv) Others.

14) Generally, how does the staff at the branch at all level treat you?

- a. Polite Yes No
- b. Impersonal but helpful Yes No
- c. Impersonal and not helpful Yes No
- d. Not courteous Yes No

15) During the last 12 months, did you have to complain to the branch officials?

If yes, what was the nature of the complaint?

- a) Misbehavior Yes No

b) Error Yes No

c) Delay Yes No

d) Others

16) How was the complaint dealt with :

a) Promptly attended to and problem solved Yes No

b) Sympathetically considered but problem not resolved Yes No

c) Not attended to Yes No

d) Others

Thanks.

Questionnaire-3

(For Bank Executive)

Bank:

Date:

Location:

Please give the following information:

1. Please indicate the bank in which are you employed?

* Sonali Bank * National Bank

2. What is the position held by you?

3. What is the length of your experience?

a) Banking: Less than 5 years

5 years to 10 years

More than 10 years

b) Others:

4. a) Do you think that bank customers are guided by certain factors in selecting their banks?

Yes No

- b) If your answer is yes, please rank the following factors on the average for each type of customers.

(Rank the most important factors as 1 and soon up to 12)

Factors & Reasons	Types of A/C	Depositors	Borrowers
		Ranks	Ranks
i) Financial condition of the bank			
ii) Location of the branch			
iii) Reputation of the bank			
iv) Quality of the bank mgt. (Branch concerned)			
v) Personal relation with the bank employees			
vi) Ownership of the bank (Private or nationalized)			
vii) Environmental constraints (Forced by the employer or by the business counter-parts)			
viii) Interest Rate			
ix) Forced by the lending banks			
x) Physical facilities available in the branch			
xi) Social constraints (theft or Robbery)			
xii) Others			

5. As a bank executive you are giving various services to the bank customers. Would you please indicate the level of satisfaction of bank customers? (Consider 5 as the highest level of satisfaction. Use Tick marks.)

Level of satisfaction services & behavior Factors	Totally unsatisfied	Unsatisfied	Satisfied	More than satisfied	Fully satisfied
i) Formalities followed for opening an account					
ii) Promptness of cheque encashment					
iii) Quickness of cash Deposit					
iv) Promptness of collection of cheque & other instruments					
v) Inter personal behavior of the bank employees					
vi) Types of advice given (such as utilization of surplus funds					
vii) Others (specify)					

6. According to your perception, what are the problems faced by the customers in your bank.

Level of satisfaction services & behavior	Very strong	Stong	Moderate	No problem	No comment
Factors					
i) Introducer problem					
ii) Misbehavior					
iii) Error					
iv) Customer's attitude					
v) Delay in withdrawing & depositing money					
vi) Interpersonal behavior of the bank employees					
vii) Formalities followed for opening an account					
viii) Others (specify)					

7. Please mention the qualities that a good and efficient bank executive should possess.

- 1.
- 2.
- 3.
- 4.
- 5.

8. a) At the time of opening a bank account: (a) how many forms and papers are to be filled in by customers.

- 1.
- 2.
- 3.
- 4.
- 5.

- b) What are other requirements.

- 1.
- 2.
- 3.
- 4.
- 5.

9. What steps you consider necessary for improving overall services/efficiency of your bank?

- 1.
- 2.
- 3.
- 4.
- 5.

Thanks.

APPENDIX-4

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