

**CUSTOMERS PERCEPTION TOWARDS MERGER OF BANKS WITH SPECIAL REFERENCE
TO PALAKKAD DISTRICT IN KERALA STATE**

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Abstract:

Finance plays a remarkable position in any type of the sector and also a significant part of the success of the organization. Banks are the major source of finance. Due to deregulation and technology advancement there is a huge change in the Indian banking sector. To adapt these changes and to become more competitive banks are adopted several strategies and among them the most important is the merger and acquisition. Merger means the combination of two or more firms in to one. The reforms in banking sector leads to an effect on its customers. These effects are mainly due to technological up gradation and changes in the management style. Merger and acquisition has a strong impact on customers, employees, shareholders and around the world market. This paper mainly focused on customers and highlights the customer's awareness and perception towards bank merger. In addition to that the study also identifies the main challenges faced by the customers due to merger. The data mainly composed of both primary and secondary. The data were collected from 115 employees from different branches of SBI through direct interview. The collected data were analyzed by using statistical tools composed of Chi-square test, ANOVA and 3 point Likert scale. The study find out that most of the customers were aware about merger of SBI bank and are satisfied with the bank merger and at the same time majority of the customers faced so many problems due to merger. The outcome of the study gives immense contribution to the banking sectors that were going to merger on future dates. Customers are the back bone of every industry and take suitable actions to safeguard the interest of customers.

Key words: SBI merger, Customers perception, Customer's awareness, Technology development, Customers satisfaction.

1. Introduction:

Banking sector performing an important task in the financial improvement of the nation and it contribute 7.7% of G.D.P. Indian banking sector consists of 27 public sector banks, 22 private and 46 foreign banks along with thousands of credit co-operatives. All these banks are providing different types of loans and advances to agriculture and for commercial purposes. In addition to providing loans and advances banks performs a fundamental role in the economic prosperity of the nation.

In recent years there are vast changes in the banking sector due to de-regulation and technology up gradation. These changes affect the structure of the banking sectors both internally and externally. Various strategies were adopted by the bank to exist efficiently and effectively. Merger and acquisition as the most widely accepted restructuring strategy by the bank to create competitiveness. There are so many reasons behind the bank merger i.e., to create the financial synergies, increase the capital structure, technology development, increase the value of shares etc. The mega merger in the history of banking sector is the merger of SBI with its associates and Bharatiya mahila bank. Due to this merger the bank have enter in the

group of 50 of international bank with its balance sheet size, number of branches and ATMs etc. Human resource is the key factor for the success of every organization. SBI has a large customer base of above one crore and their perception towards bank merger is different. This study mainly focused on the customer's perception towards bank merger.

2. Review of Literature:

Dr. Jayashree R Kotnal (2016) in her study on "The economic impact of M&A on profitability of SBI" mainly analyzes the financial position of bank on the basis of operating and net productivity and in terms of ROI. The study highlights the influence of bank consolidation on working capital proportion and examines the effect of amalgamation on value share shareholders in terms of EPS and market share price. The study concluded that there is no enhancement in the productivity of the bank after consolidation. Ashish Kumar Gupta and Pawandeep Kaur (2017) in their study titled "The Impact of SBI merger on banking sector" mainly focused on the impact of SBI merger on financial conditions, benefits of merger and to know the various challenges faced in the implementation of merger. There is a positive effect in the financial performance and because of single management, efficiency and effectiveness of the business process was increased. Sanjay Sharma and Sahil Sidana (2017) carried out a study titled "Impact of SBI merger on financial condition of SBI" analyze the financial condition of SBI after merger. Gross NPA and Net NPA of combined entity show a negative effect but at the same time number of branches have been increased. Customer confidence increases because SBI is having a good report for all its customers. Because of single management efficiency and effectiveness of the bank will be increased and exhibit a good internal control system. Megha Aggarwal (2018) analyzes the monetary operations of ICICI bank pre and post merger period and find out that there is a considerable enhancement in country's return on equity, interest coverage, EPA and dividend per share in post reconstruction period. Jyoti H. Lahoti (2016) in her study understands the purpose, benefit, effects and recognizes banking awareness regarding M&A in general. The essential principle of merger is to attain quicker expansion of the business. It helps to increase the managerial skills and acquiring new technology. It recommended that the merger of bank helps to enhance the size as well as operational strength of the banks.

3. Statement of the problem:

Merger and acquisition is the most complicated and complex method of corporate reorganization. The process involves huge amount of finance and it also extends the organizational activities. Merger and acquisition resolution were basically rely on financial and economic prosperity of the organization. It broadens the scope of the organization but at the same time it also brings so many issues and challenges. There are so many national and international studies were conducted relating to performance of the bank. No in-depth studies have been conducted to recognize the influence of merger on customers. So this study mainly focused on the perception of customers towards SBI bank merger and customer's awareness, level of satisfaction and problems faced due to bank merging.

4. Scope of the work

Technology innovation and deregulation leads to enormous changes in banking sector and banks are in a state of great effort. This is mainly due to change in the customer's behavior and severe competition. To adapt these changes banks adopt so many strategies and among them most important is the merger and acquisition. The economic prosperity of the nation is widely depending upon the healthiest banking system. SBI is the largest Indian Bank with a customer base of 45 crore from above 22,000 branches. The article typically analyzes the customer's perception regarding the merger of banks and it also identifies the

customer's awareness about merger. The study conducted on different SBI segments in Palakkad district. The main samples are preferred from clients of Palakkad district.

5. Objectives of the study:

1. To investigate perception of customers towards bank merging.
2. To identify the customers awareness about bank merging.
3. To assess the level of satisfaction of customers towards bank merging
4. To evaluate the major problems faced by the customer due to bank merging

6. Hypotheses of the study:

1. H0: There is no variation among age and awareness about merger
2. H0: Education and knowledge about merger and acquisition are not uniform
3. H0: There is no significance among age and post merger satisfaction
4. H0: There is no differentiation among the education and post merger satisfaction
5. H0: There is no association among age with information regarding bank merger.
6. H0: There is no difference in mean score of age and perception towards merger

7. Importance of the study:

Due to merger there is a huge changes in the structure, perception, culture, philosophy and functioning of the banks. Human resources are the essential part of a business concept. Any changes in the business have a strong impact on customer's behavior and it may be positive or negative depending upon the prevailing market conditions. So the consideration of human resources is more important in the merger and acquisition process. The attitude of customers was different about the process of merger. In order to understand more about the customer's perception and satisfaction towards bank merger, the study is more significant.

8. Research Methodology:

8.1. Research Design:

The main aspire of this paper is to investigate the customer's insight towards the bank merger with special reference to SBI bank merger. The study also analyzes the customer's awareness and satisfaction towards merger of banks. The respondents were confined to Palakkad district only. The study is descriptive in nature.

8.2. Sampling design:

The researcher considered various SBI groups in Palakkad district. Respondents comprised of SBI customers in Palakkad district who have witnessed the merger of SBI. A sample of 115 SBI customers was selected through simple random method.

8.3. Data Sources and Collection tools:

The study data composed both primary and secondary. Primary data collected through interview schedule and secondary data from various journals, articles etc.

8.4. Statistical tools:

The major tools used for analyzing the data were descriptive statistics, ANOVA and Chi-square and 3 point Likert scale.

9. Analysis and interpretation:

Table.9.1.Awareness about merger and acquisition Awareness about merger and acquisition

	Frequency	Percentage
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Strongly unaware	4	3.5
Unaware	6	5.2
Neutral	11	9.6
Aware	73	63.5
Strongly aware	21	18.3
Total	115	100

(Source: primary data)

Best part of the clients were aware about merger and acquisition of the bank

Table 9.2. Information about merger

	Frequency	Percent
Bank	15	13.0
News paper	53	46.1
Mass media	20	17.4
Friends/Relatives	11	9.60
Colleagues	10	8.70
Other sources	06	5.20
Total	115	100

(Source: prime data)

Majority of the customers got the information about the merger from news paper

Table.9.3. Public notice about bank

	Frequency	Percent
Yes	74	64.30
No	41	35.70
Total	115	100.00

(Resource: prime facts)

Most of the customers got the public notice from the bank regarding the merger of the banks.

ANOVA: 9.4.Age and awareness about merger

H0: There is no variation among age and awareness about merger.

H1: There is a variation among age and awareness about merger.

Table 9.4. Age and awareness about merger

ANOVA					
Awareness about merger and acquisition					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.162	3	1.387	1.788	.154
Within Groups	86.133	112	.776		
Total	90.296	115			

(Source: primary data)

It is clear from the above table that awareness about merger scores are not statistically significant at the 5% level of significant ($f=1.778, p=.154 > .05$). The null hypothesis was accept and there is a variation in the mean scores obtained for the variable “age and awareness about merger”.

9.5. Education and awareness about merger and acquisition

H0: Education and knowledge about merger and acquisition are not uniform

H1: Education and knowledge about merger and acquisition are uniform

Table.9.5.Education and awareness about merger and acquisition

ANOVA					
Awareness about merger and acquisition					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.827	4	.276	.342	.795
Within Groups	89.469	111	.806		
Total	90.296	115			

It is cleared that awareness about merger and acquisition of the mean scores are not statistically significant at the 5% level of significant ($f=.342$, $p=.795>0.05$). So we agree to the void assumption “there is no uniformity in the mean scores obtained for the variable education and awareness about merger”

9.6. Age and Post merger satisfaction

H0: There is no significance among age and post merger satisfaction

H1: There is significance among age and post merger satisfaction

Table.9.6. Age and Post merger satisfaction

ANOVA					
Post Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	12.963	4	4.321	5.907	.001
Within Groups	81.197	111	.732		
Total	94.160	114			

It is cleared that age and post merger satisfaction of the mean scores are statistically significant at the 5% level of significant ($f=5.907$, $p=.001<0.05$). So we eliminate the null hypothesis. The result showed that post merger satisfaction is different among the different age groups.

9.7. Education and post merger satisfaction

H0: There is no differentiation among the education and post merger satisfaction.

H1: There is a differentiation among the education and post merger satisfaction.

Table.9.7. Education and post merger satisfaction.

ANOVA					
Post Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.422	3	2.807	3.634	.015
Within Groups	85.738	111	.772		

Total	94.160	114			
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It is clear from the above table that education and post merger satisfaction of the mean scores are not statistically significant at the 5% level of significant ($f=.342$, $p=.795>0.05$). As a result we accept the H_0 “there is no variation in the mean scores obtained for the variables “education and post merger satisfaction”

chi -square

9.8. Age and information about the bank merger

H_0 : There is no association among age with information regarding bank merger.

H_1 : There is an association among age with information regarding bank merger.

Table .9.8 Age and information about the bank merger

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.769 ^a	14	.041
Likelihood Ratio	26.765	15	.031
Linear-by-Linear Association	.534	1	.465
N of Valid Cases	115		

The result was found to be non-significant with that $LR=26.765$, chi-square 25.796 , $p=.041<.05$. Hence the relationship explained in the above table is statistically significant. So there is relationship between the age and source of information about merger.

9.9. Age and perception:

H_0 : There is no difference in mean score of age and perception towards merger.

H_1 : There is a difference in man score of age and perception towards merger.

Table 9.9. Age and Perception

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Perception on Products Services	Between Groups	2.186	3	.729	1.356	.260
	Within Groups	59.651	111	.537		
	Total	61.837	114			
Perception on Customer Service	Between Groups	7.219	3	2.406	3.712	.014
	Within Groups	71.955	111	.648		
	Total	79.175	114			
Perception on Service Quality	Between	.554	3	.185	.445	.722

Perception on Employee	Groups					
	Within Groups	46.134	111	.416		
	Total	46.689	114			
	Between Groups	6.577	3	2.192	4.206	.007
	Within Groups	57.858	111	.521		
	Total	64.435	114			

(Resource: primary data.)

It is clear from the above table that age and perception towards merger of the mean scores are not statistically significant at the 5% level of significant of perception towards product and services ($f=1.356$, $p=.260>0.05$), perception towards service quality ($f=.445$, $p=.722>0.05$), So we accept the null hypotheses in perception towards the product and services and service quality “there is no variation in the mean scores obtained for the variables “age and perception towards merger”. The mean score obtained is statistically significant at the 5% level of significant of perception towards customer services ($f=3.712$, $p=.014<0.05$), perception towards employee performance ($f=4.206$, $p=.007<0.05$). So we reject the null hypotheses in perception towards customer services and employee performance.

Table 9.10 Problems faced by the customers:

Basis	Statements	High Problem (%)	Low Problem (%)	No Problem (%)	Total (%)
Performance Related	Difficulty in depositing and withdrawing money	55(48)	40(35)	20(17)	115(100)
	Limited channels and strategies	44(38)	24(21)	47(41)	115(100)
	Not providing personalized services	65(56)	34(30)	16(14)	115(100)
	Complicated formalities	70(61)	42(36)	3(3)	115(100)
	Need for repeated visit to bank	50(43)	35(30)	30(26)	115(100)
	Lack of proper guidance	34(30)	25(22)	56(49)	115(100)
	Failure to honour their promises	60(52)	35(30)	20(17)	115(100)
Customer Relations	Unfavorable attitude of bank officials	45(39)	30(26)	40(35)	115(100)
	Bad customer services	55(48)	40(35)	25(22)	115(100)
	Delay in handling grievances	45(39)	50(43)	20(17)	115(100)
	Less knowledge about product and services	30(26)	25(22)	60(52)	115(100)
	Poor customer relationship management	60(52)	40(35)	15(13)	115(100)
	Favoritism	55(48)	32(28)	28(24)	115(100)

Banking Facility related problems	Excessive/hidden fee	73(63)	32(28)	10(9)	115(100)
	Cheque /funds bouncing	34(30)	25(22)	56(48)	115(100)
	Mortgage/loan issues	46(40)	49(43)	20(17)	115(100)
	Huge errors/mistake	20(17)	34(30)	61(53)	115(100)
	Less choice on product and services	55(48)	40(35)	20(17)	115(100)
	Large amount of minimum balance	50(43)	44(38)	21(18)	115(100)
	Lack of promptness in service delivery	35(30)	42(36)	38(33)	115(100)
Technology related	Cards gets blocked	25(22)	35(30)	55(48)	115(100)
	Machine out of cash	70(61)	40(35)	5(4)	115(100)
	Non-printing statements	40(35)	32(28)	43(37)	115(100)
	Out dated technology	24(21)	37(32)	54(50)	115(100)
	High processing time	52(45)	38(33)	35(30)	115(100)
	Less number of ATMs	30(26)	41(36)	44(38)	115(100)
	Network issues	72(63)	35(30)	8(7)	115(100)

(Source: Primary data)

From the above table 9.10 inferred the main problems faced by the customers due to merger. There are various problems related aspects such as performance related aspects, customer relations related aspects, banking facility related aspects and technology related aspects. The result of the analysis proved that majority of the customers faced the performance related problems such as Difficulty in depositing and withdrawing money, Limited channels and strategies ,Not providing personalized services ,Complicated formalities, Need for repeated visit to bank ,Lack of proper guidance ,Failure to honour their promises at higher level.

Performance related problems:

Difficulty in depositing and withdrawing money: 55 customers (48%) faced high problems, 40 customers (35%) faced low problem and 20 customers (17%) have no problem.

Limited channels and strategies: 44 customers (38%) faced high problem, 24 customers (21%) faced low problems and 47 customers (41%) have no problems.

Not providing personalized services: 65 customers (56%) faced high problem, 34 customers (30%) faced low problem and 16 customers (14%) have no problem.

Complicated formalities: 70 customers (61%) faced high problem, 42 customers (36%) faced low problem and 3 customers (3%) have no problem.

Need for repeated visit to bank: 50 customers (43%) faced high problem, 35 customers (30%) faced low problem and 30 customers (26%) have no problem.

Lack of proper guidance: 34 customers (30%) faced high problem, 25 customers (22%) faced low problem and 56 customers (49%) have no problem.

Failure to honour their promises: 60customers (52%) faced high problem, 35 customers (30%) faced low problem and 20 customers (17%) have no problem.

Customer Relations:

Unfavorable attitude of bank officials: 45customers (39%) faced high problem, 30 customers (26%) faced low problem and 40 customers (35%) have no problem.

Bad customer services: 55customers (48%) faced high problem, 40 customers (35%) faced low problem and 25customers (22%) have no problem.

Delay on handling grievances: 45customers (39%) faced high problem, 50 customers (43%) faced low problem and 20 customers (17%) have no problem.

Less knowledge about product and services: 30customers (26%) faced high problem, 25customers (22%) faced low problem and 60 customers (52%) have no problem.

Poor customer relationship management: 60customers (52%) faced high problem, 40 customers (35%) faced low problem and 15customers (13%) have no problem.

Favoritism: 55customers (48%) faced high problem, 32 customers (28%) faced low problem and 28 customers (24%) have no problem

Banking facility related problems:

Excessive/hidden fee: 73customers (63%) faced high problem, 32 customers (28%) faced low problem and 10 customers (9%) have no problem.

Cheque/funds bouncing: 34 customers (30%) faced high problem, 25 customers (22%) faced low problem and 56 customers (48%) have no problem.

Mortgage/loan issues: 46 customers (40%) faced high problem, 49 customers (43%) faced low problem and 20 customers (17%) have no problem.

Huge errors/mistakes: 20customers (17%) faced high problem, 34 customers (30%) faced low problem and 61 customers (53%) have no problem.

Less choice on product and services: 55 customers (48%) faced high problem, 4 customers (35%) faced low problem and 20 customers (17%) have no problem.

Large amount of minimum balance: 50 customers (43%) faced high problem, 44 customers (38%) faced low problem and 21 customers (18%) have no problem.

Lack of promptness in service delivery: 35customers (30%) faced high problem, 42 customers (36%) faced low problem and 38 customers (33%) have no problem

Technology related problems:

Cards get blocked: 25customers (22%) faced high problem, 35 customers (30%) faced low problem and 55 customers (48%) have no problem.

Machine out of cash: 70customers (61%) faced high problem, 40 customers (35%) faced low problem and 55 customers (48%) have no problem.

Non-printing statements: 40customers (35%) faced high problem, 32 customers (28%) faced low problem and 343customers (37%) have no problem.

Out dated technology: 24customers (21%) faced high problem, 37 customers (32%) faced low problem and 54 customers (50%) have no problem.

High processing time: 52customers (45%) faced high problem, 38customers (33%) faced low problem and 35customers (30%) have no problem.

Less number of ATMs: 30 customers (26%) faced high problem, 41 customers (36%) faced low problem and 44 customers (38%) have no problem.

Network issues: 72customers (63%) faced high problem, 35 customers (30%) faced low problem and 8 customers (7%) have no problem

10. Findings:

1. Most of the respondents were aware about merger and acquisition of the bank.
2. Majority of the respondents got the information about the merger from news paper.
4. The study result proves that age and awareness about merger are not statistically significant.

5. The result of study reveals there is no significant among education and knowledge about merger and acquisition.
6. There is a considerable variation between the age and post merger contentment.
7. Education and post merger satisfaction is not statistically significant.
8. There is a relationship between age and information about the bank merger
9. It is found that there is no major difference among the age and perception towards product and services and service quality.
10. There is a difference among age groups and perception regarding employee performance and customer services.
11. Majority of the employees faced high problem due to merger.

11. Conclusion:

Due to globalization and fastest change in the technology the world is in the state of flux. Due to these firms also facing intense competition and to face this competition and utilize the opportunities in maximum firms using various strategies. Among them most important is the merger and acquisition. The biggest merger in the history of banking business is the merger of SBI with its associates. This study mainly based on the customer's perception towards SBI bank merger. The study also identifies the customer's awareness and satisfaction towards bank merger. Customers from different branches in Palakkad district is selected as a area of the study. The study concluded that most of the customers have knowledge about bank merger and are satisfied with the bank merger. The customers also faced some problems like bank performance related problems, customer relations related problems, banking facility related problems and technology related problems.

Future Scope of the study:

The study is confined to Palakkad District and information collected through direct interview. The interested candidates may widen their study to other districts and expand their study to other key areas. Employees also play a significant role in the merger of banks. The success and failure of the organization mainly depend upon the performance of the employees. There is a scope for future study to concentrates on employees, shareholders etc.

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