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CUSTOMER–CENTRIC BANKING: A STUDY OF SATISFACTION AND SERVICE DELIVERY AT CAPITAL SMALL FINANCE BANK

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ABSTRACT
This research paper explores the significance of customer-centric banking in the context of capital small finance banks (CSFB), focusing on how satisfaction and service delivery contribute to the overall customer experience. As the banking sector becomes increasingly competitive, customer satisfaction has emerged as a crucial differentiator. CSFB, being a pioneer in small finance banking, aims to deliver personalized and inclusive financial service, especially in underserved regions. The paper analyzes the service quality dimensions, banking technologies grievance redressals mechanisms, and overall responsiveness to customer needs at CSFB. The study uses survey in secondary data to evaluate the bank approach to enhancing customer loyalty and trust. Results suggest that efficient service delivery, digital innovation, and empathetic relationship management significantly affect customer satisfaction and long-term loyalty in small finance bank
KEYWORDS: *Customer-centric banking, small finance bank, service delivery, customer satisfaction, capital small finance bank.*

INTRODUCTION
With rising competition in the Indian banking sector and rising expectations from consumer, banks are shifting their focus from product-based strategy to customer-focused approaches. Traditional banking models prioritise standardisation and operational efficiency, often overlooking the unique needs and preferences of individual customers. However, the modern banking landscape has witnessed a paradigm shift where personalised experience, accessibility, convenience, and trust have become key differentiators.
Customer-centric banking emphasizes understanding customer needs, delivering tailored services, and building long-term relationships. It involves pro-active communication, transparent policy, user-friendly digital platforms, and efficient problem resolution. This approach not only improves customer satisfaction but also enhances loyalty, brand reputation, and market share for the bank.

BACKGROUND
Traditional banking often revolved around rigid systems, limited accessibility, and generalised service. However, customer-centric banking places the customer at the core of all decisions and strategies. CSFB is known for understanding the unique needs of rural and semi-urban clients, offering products tailored for individuals, MSMEs, and agriculturists, thus bridging gaps in financial access.

HISTORICAL DEVELOPMENT
- Pre–2000s: Conventional banking systems with limited digital integration, rural outreach was minimal
- 2000-2015: Rise of digital banking and financial literacy, NBFCs gain traction in smaller cities
- 2016: CSFB transitioned from Capital local area bank to India's first small finance bank
- Post-2016: CSFB rapidly expanded with customer-centric policies, tech-driven services, and inclusion-focused products.

DEFINITONS AND KEY TERMS
Customer-Centric banking: A strategic approach where a bank designs products and services tailored to meet customer needs and preferences
Small finance bank: A niche banking institution regulated by RBI, aimed at financial inclusion by serving small business units, farmers, and low-income households.
Service delivery: The manner in which banking services are offered, including efficiency, accessibility, and responsiveness.
Customer Satisfaction: A measure of how banking services meet or exceed customer expectations.

RESEARCH GAPS
While large-scale banks have been extensively studied for customer satisfaction, there is limited research focused on small finance banks and their unique approaches to service delivery. Few studies emphasize the role of personalised customer interactions, rural outreach, and microfinance services in building trust and satisfaction among unserved populations.

RESEARCH OBJECTIVES
- To evaluate the service delivery system of capital small finance bank.
- To measure customer satisfaction across various services.

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- To assess the role of digital innovation in customer-centric banking.
- To identify key factors influencing customer loyalty.
- To recommend strategies for enhancing service experience in small finance banks.

MATERIALS AND METHODS

1. Survey Design: A structured questionnaire was developed to gather responses on customer satisfaction
2. Sample Selection: 100 customers from urban and rural branches of CSFB were selected using random sampling
3. Data collection: Primary data was collected through physical and online surveys; secondary data was sourced from CSFB reports and RBI publications
4. Service Quality Analysis: Dimensions such as reliability, assurance, responsiveness, empathy, and tangibility were studied.
5. Data interpretation: Statistical tools were used to interpret satisfaction levels and trends.

RESOURCES

- Primary sources: Customer feedback surveys, interview with staff
- Secondary sources: Annual reports of CSFB, RBI guidelines, banking journals, and research articles on service quality
- Tools Used: Likert scale analysis, Excel for data entry and charts

FINDINGS AND RESULTS

IMPORTANCE

Customer-centric banking is critical for:

- Retention: Satisfied customers are more likely to continue and recommend services
- Inclusion: CSFB's outreach has brought first-time customers into the formal banking system
- Loyalty and Trust: Personalised service builds an emotional connection with the bank

METHODS

Key methods applied to interpret findings:

- Satisfaction Index: Derived from average scores across 5 service dimensions
- Comparative Analysis: Compared CSFB services with other local banks.
- Service Gap Analysis: Identified gaps between customer expectations and perceptions

IMPACTS

- Enhanced Access: CSFB branches in remote areas provide personalized attention
- Digital Ease: Mobile apps and internet banking made processes smoother
- Empathetic Staff: Customers appreciated the helpful and polite nature of staff
- Responsive Service: Quick grievance resolution was rated positively
- Product Range: Loan products for farmers and MSMEs are well received

CONCLUSION

Capital Small Finance Bank has successfully demonstrated that a customer-centric model can lead to higher satisfaction, better financial inclusion, and long-term loyalty, especially in underserved segments. Their personalized services, innovative digital platforms, and empathetic customer handling stand out in the small finance sector

KEY FINDINGS

- Over 80% of surveyed customers rated their satisfaction as high or very high
- Service quality dimensions like responsiveness and empathy scored the highest
- The bank's rural outreach and digital tools have significantly improved accessibility
- Staff behaviour and personalised services play a vital role in customer loyalty

IMPLICATIONS

- For Banks: Investing in staff training and customer relationship tools can enhance satisfaction
- For Policymakers: Supportive frameworks can strengthen small finance banks operations
- For Future Research: Studies can explore the long-term impact of digital banking in rural economies
- For Technology Providers: Building intuitive platforms for small finance institutions is crucial

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