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Clients' perceptions towards Service quality of New Regime Bank in India- ESAF Small Finance Bank

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Abstract

In the face of rising competition, SFBs must strengthen their customer attention and service integrity. This study analyses the relationship between clients' perceptions of the quality of service and performance. The study investigated the attitudes of the bank's clients toward various facets of the service strategy effects of its microfinance-based programs. The findings could help banks raise their customer service standards in the future. Service strategies and social performance outcomes are the subjects of descriptive and analytical research. A combination of primary and secondary sources was used to get the data. Based on clients' opinions on the aspects of the service quality indicators, latent constructs were created. Friedman test, ANOVA, and t-test were used to examine the values on a sample of 200 clients from ESAF small finance banks in Kerala. The findings allowed for the necessary assumptions to be made in order to discriminate between service quality techniques that have a marginal impact on certain socio-economic outcomes and those that have a bigger impact. It was suggested that the bank maintain service quality, design customer service packages, and improve its marketing planning skills, particularly in the area of service quality. The field-level data would provide microfinance practitioners additional understanding of how customers perceive service marketing strategies and social performance outcomes. The ESAF SFB can adjust their service practices to be more client-responsive.

Keywords: Service quality, Client's perception, Microfinance, ESAF, Small finance bank

1. Introduction

The need for a second microfinance revolution in which Microfinance Institutions (MFIs) serve the needs of their clients rather than organizational needs, is being pushed by microfinance practitioners and scholars as a result of increasing competition. Initially, the Government of India through the Reserve Bank of India (RBI) in August 1996, the Small Finance Bank (SFB) concept tested by providing licenses to local area banks (LABs) can provide low-cost, streamlined, and innovative financial services in semi-urban and rural India. Because LABs are not scheduled banks, they are unable to borrow cash from the RBI. Despite the fact that the RBI granted licenses to ten LABs, only four are now running successfully. Later, in September 2015, the RBI gave temporary licenses to ten organizations, largely microfinance institutions, to transform them into SFBs within a year. As of today, all of these licensed entities have been converted into SFBs, including Evangelical Social Action Forum (ESAF).

Clients were just treated as statistics in the 1990s, assessed by rates of payback and subsequent borrowing. However, the current microfinance paradigm has evolved to a client-centered approach, with an increased emphasis on the quality of services delivered. Financial service organizations' customer service standards often include a combination of quantifiable and non-quantifiable variables. Quantifiable elements may include service speed and efficiency (although it's vital to recognize the differences between centralized and decentralized decision-making and how they affect speed and efficiency) and product, system, and process expertise, among other things. Professionalism, politeness, and attitude of staff workers are less quantitative variables.

Understanding customer behavior at ESAF Small Finance Bank is not merely a data-driven exercise but a commitment to serving customers better. By harnessing insights from their clients' interactions and preferences, ESAF Small Finance Bank is not only meeting their customers' financial needs but also setting the standard for personalized, customer-centric banking. As the financial landscape continues to evolve, ESAF Small Finance Bank remains dedicated to staying ahead of the curve, ensuring that their customers receive a banking experience that is both secure and tailored to their unique requirements.

Due to the arrival of players focused on making money, Microfinance institutions operating in competitive regions have started to reevaluate their methods. Innovative loan agreements and administration techniques have appeared in microfinance market places in a variety of nations, which is important for MFI marketing tactics. Due to the intangible character of services, clients' views of service quality and relationship ideas would likewise gain credibility (Gremler and Gwinner, 2000). The greatest influence on customer satisfaction came from reliable products, which in turn had a statistically significant effect on good word-of-mouth (Arasli, Salime et. al., 2005). The clients will be satisfied if they get a quick response (Mariam Setapa, Liziana Kamarul Zaman, 2020).

Marketing methods have the potential to influence the perceived costs and rewards of intended behavior. A similar logic would apply in the microfinance business, where MFIs might devise marketing techniques to lower the perceived costs of a desirable behaviour change among their clients (Rothschild, 1999).

The behavioral effects of service quality at the level of a specific client have also gained prominence (Zeithaml, et. al., 1996). Given the frequent interactions between MFI customers and loan officers, consumers' impressions of marketing-related issues would be pertinent in the microfinance industry. While the disparity While the variance in customer satisfaction based on earnings and branch recommends a varied approach for lending techniques and marketing rollout, MFIs should focus more efforts on providing current services in order to avoid ruthless product diversification (consolidation strategy)(Eddy, B. K., 2013).

Service quality is viewed as a strategic element of marketing plans by organisations in the service sector (Spathis, C., Petridou, E., & Glaveli, N., 2004). Organizations may achieve a greater level of performance, a higher degree of customer satisfaction, and a persistent competitive edge by improving service quality (Meuter, M. L., Ostrom, A. L., Roundtree, R. I., & Bitner, M. J., 2000).

2. Statement of the Problem

In the past, banks have contributed significantly to the development of both big cities and small towns. The major goal of the study is to pinpoint marketing tactics and social performance results in relation to ESAF bank services.

Customer happiness is regarded as being essential to success in today's fiercely competitive banking sector (Siddiqi, K. O. , 2010). The study aims to identify client expectations, which are critical for the company's successful expansion and depend on the bank's service marketing plans and performance result facilities. Future service quality improvements can be made using the study's findings. This study is being done to determine why people's attitudes regarding the ESAF bank are changing.

3. Literature Review

By concentrating on the social marketing, service quality, and bank marketing principles that may be used in ESAF Microfinance bank, this study adds to the body of literature. Conceptual connections have also been made between socio-marketing and socio-economic effects on the Bottom of the Pyramid.

Great customer service supports continued business success. Additionally, it demonstrated how consumer complaints in public sector banks are continually rising, which adversely affects consumer satisfaction and performance. Opening a customer service center in each bank would aid in resolving consumer concerns in a timely manner (Uppal, R. K., 2010).

A high degree of service quality is a key goal for retail banks. It looks on the levels of perceived customer service quality in central South African retail banks. Clients believe the levels of service they receive are higher than what the contract crew believes they are receiving. The physical environment was shown to be a crucial feature of retail clients' perceived quality of service. An explicit micro-market technique is adaptable and tailored to the specifics of the branch's location (Coetzee, J., Van Zyl, H., & Tait,M, 2013).

The responsiveness and waiting time areas were where the client opinion of service quality suffered the most. By assuring fast service delivery, management should take steps to increase the responsiveness of services (Ogunnowo, B. E., Olufunlayo, T. F., & Sule, S.S., 2015).

The study "Influence of Microfinance Services on Entrepreneurial Success of Women in Sri Lanka, examines how these services affect their clients' success in business, who are mostly low-income women focused solely on the effects of microfinance services on the business success of women entrepreneurs. Microcredit and micro-savings have a significant correlation with women's entrepreneurial performance, however micro insurance does not (Bernard, D.K., & Khin, A. A., 2017).

The values related to cost, quality and time might be regarded key client values, but they are no longer the sole parameters used to measure contractor performance. Construction companies are concerned about the health and safety of their contractors, guarantees, inventiveness, and minimal environmental effect, value for money, technology transfer, reliability, and tangibles. Furthermore, they admire their contractors' demeanor, attitude, and professionalism (Aliakbarlou et. al., 2018).

Price fairness is a multidimensional construct with six dimensions, according to the study on its influence on consumers' trust and switching intentions in microfinance institutions, suggesting that the construct has not been adequately captured in past studies. Furthermore, pricing fairness has a considerable impact on consumer trust and happiness, and both characteristics serve as a mediator between price fairness and customer switching intentions. The strategic importance of pricing fairness, trust, and switching intention in the microfinance business is now characterized by consumer interest rate sensitivity and distrust of MFIs (Chubaka Mushagalusa et al., 2022).

4. Research Gap

Few studies have been conducted to examine clients' perceptions on service quality in the financial sector. The findings will give a baseline on the present state of care quality as perceived by customers. The majority of research were conducted in healthcare, tourism, and retail banking. It will also reveal areas of strength and weakness in services as viewed by clients. The study's findings will be valuable in developing strategies to improve the overall quality of ESAF SFB. This is especially crucial given the new emphasis on continuous quality improvement and comprehensive quality management. The aim of this study was to evaluate clients' perceptions on the service quality provided by ESAF Small Finance Bank in Kerala.

5. Objectives of the Study

(i) To identify the awareness among the customers towards the ESAF baking facilities;
(ii) To identify the client perception towards service quality of ESAF SFB;
(iii) To evaluate the effect of client perception on service quality of ESAF SFB.

6. Significance of the Study

The study is conducted to know service strategies and social outcomes towards ESAF. The study focuses on several factors of ESAF like its client perception on marketing strategies of service quality in the finance sector market. It will help the bank in the future development of its services. The study provides complete feedback on ESAF which may help to give a sincere backup for their future. This study highlights a few crucial factors and associated qualities on which banking and regulatory organizations should focus their efforts to raise standards.

7. Research Methodology

The study of Service strategies and social performance outcomes is descriptive and analytical in nature. The population for the study is the customers of ESAF SFB in central Kerala. The population, therefore, comprises all customers who have used any of the services offered by the ESAF SFB. A Sample of 200 customers is selected using a stratified random sampling method. Descriptive analysis and independent sample t-test were used for analysis. Friedman test, one way ANOVA, two way ANOVA, Independent sample t-test were used to evaluate the effect of client perception on service quality.

8. Limitations of the Study

Tools used for the study are based on some assumptions; these assumptions will negatively impact on the study. Statistical tools analyze the data but it does not consider the logic behind it.

9. Result and Discussion

9.1. Demographic profile of customers

The profile of sample on selected demographic features of respondents is tabled below-

Table 1: Demographic profile on customers

Demographic factors	Categories	Number of Respondent	Percentage	Cumulative Percentage
Age	Below 20	8	22.9	22.9
	20-30	14	40.0	62.9
	31-40	6	17.1	80.0
	Above 40	7	20.0	100.0
	Total	35	100.0	
Gender	Male	21	60.0	60.0
	Female	14	40.0	100.0
	Total	35	100.0	
Educational Qualification	Up to Primary	3	8.6	8.6
	Up to +2	15	42.9	51.4
	Graduate	16	45.7	97.1
	Professional	1	2.9	100.0
	Total	35	100.0	
Occupation	Government Employee	4	11.4	11.4
	Agriculture	3	8.6	20.0
	Private Employee	4	11.4	31.4
	Salaried	8	22.9	54.3
	Business/profession	16	45.7	100.0
	Total	35	100.0	
Type of Family	Joint	9	25.7	25.7
	Nuclear	22	62.9	88.6
	Extended	4	11.4	100.0
	Total	35	100.0	
Area	Rural	11	31.4	31.4
	Urban	10	28.6	60.0
	Semi urban	14	40.0	100.0
	Total	35	100.0	
Income group	APL	21	60.0	60.0
	BPL	14	40.0	100.0
	Total	35	100.0	
Average monthly income	below 5000	6	17.1	17.1
	5001- 10000	11	31.4	48.6
	10001- 20000	6	17.1	65.7
	above 20000	12	34.3	100.0
	Total	35	100.0	

Source: Primary data

It is observed from the table 4.1 that out of 35 selected customers female constitutes 40 percent and male come to 60 percent. Majority of the respondents (40 percent) belonging to the age group of 20-30. About 40 percent of respondent from semi-rural area and belong to the income group of BPL. As to educational qualification (51.4 percent) of the respondent had below up to plus two. The monthly income classification of the respondent reveals that the 34.3 percent of the customers have a monthly income above 20000**.**

9.2. Customer profile on ESAF

Table 2: Customer profile on ESAF

	Category	Number of Respondents	Percentage	Cumulative Percentage
Type of account	Savings	23	65.7	65.7
	Current	5	14.3	80.0
	Recurring	5	14.3	94.3
	Fixed deposit	2	5.7	100.0
	Total	35	100.0	
Period of Banking Services	Below 1	5	14.3	14.3
	1-5	14	40.0	54.3
	6-10	11	31.4	85.7
	Above 10	5	14.3	100.0
	Total	35	100.0	
Accessibility of services	Excellent	18	51.4	51.4
	Good	12	34.3	85.7
	Average	3	8.6	94.3
	Poor	1	2.9	97.1
	Very poor	1	2.9	100.0
	Total	35	100.0	

Source: Primary data

It is observed that from the table 4.2 that out of 35 selected customers' majority of the respondents using the banking services belonging to the 1 to 5 years. About 65.7 percent are using saving bank account. The accessibility of services is considered to be excellent for 51.4 percent of respondents.

9.3. Customer behavior on ESAF

Friedman test is used to find out the influence factors in making aware of ESAF and to test the following hypothesis.

H_0: There is no difference in preference as to source of awareness on ESAF among the selected customers.

H_1: There is difference in preference as to source of awareness on ESAF among the selected customers.

Table 3: Mean rank obtained for the factors for awareness

Source of information	Mean Rank	Rank
Neighbours	2.84	3
Friends	2.31	1
Relatives	3.66	5
Word of mouth	3.40	4
Magazines/Journals	2.79	2

Source: Primary data

The mean rank obtained for five factors influencing the awareness of ESAF are stated above. The lower rank will be having higher performance. As per table 4.3.1 given above, the highest preference is to friends (Mean rank 2.31).

Table 4: Friedman test

N	35
Chi-Square	16.692
Df	4
Asymp. Sig.	.002

Source: Primary data
*significant at 5 per cent level

The chi square test statistic provides a values of 16.692, which is significant at 5 per cent level ($p=.000<.005$). There for the null hypothesis of, there is no significance difference between in the mean scores obtained for the various source of information about ESAF among the selected customers is rejected.

9.4. Reason for selecting the ESAF bank

The one-way ANOVA is used to determine whether there are any significant difference among the means of one independent group. It is a way to test the equality of means at one time by using variances, and it is used to test the variation of scores in the reason for selecting ESAF bank. The reason for selecting the ESAF bank is analyzed using one way ANOVA and related tables are given below:

H_0: There is no variation on the means score obtained for selecting reasons of choosing ESAF bank based on average monthly income.

H_1: There is variation on the means score obtained for selecting reasons of choosing ESAF bank based on average monthly income.

Table 5: Descriptive statistics (mean and standard deviation)

Category		Number of Respondent	Mean	Std. Deviation
	below 5000	6	3.00	1.414
	5001- 10000	11	4.18	1.250

Simple procedure for loans and advance	10001- 20000	6	4.67	.516
	above 20000	12	4.42	.793
	Total	35	4.14	1.141
High Interest rate for deposits	below 5000	6	2.67	1.366
	5001- 10000	11	3.91	1.221
	10001- 20000	6	4.17	.983
	above 20000	12	4.42	.996
	Total	35	3.91	1.245
Low Interest rate for loans	below 5000	6	2.17	1.602
	5001- 10000	11	4.18	1.168
	10001- 20000	6	4.17	.753
	above 20000	12	4.25	.965
	Total	35	3.86	1.332
Any time banking	below 5000	6	3.50	1.517
	5001- 10000	11	3.64	1.629
	10001- 20000	6	4.17	.753
	above 20000	12	4.08	.900
	Total	35	3.86	1.240
Nearness to office/residence	below 5000	6	3.83	1.472
	5001- 10000	11	3.45	1.695
	10001- 20000	6	4.67	.516
	above 20000	12	4.33	.888
	Total	35	4.03	1.294
Tax savings	below 5000	6	3.17	1.472
	5001- 10000	11	3.82	1.401
	10001- 20000	6	4.17	.983
	above 20000	12	4.33	.888
	Total	35	3.94	1.211
Better online services	below 5000	6	3.50	1.378
	5001- 10000	11	3.82	1.250
	10001- 20000	6	4.33	.816
	above 20000	12	4.33	.888
	Total	35	4.03	1.098
Speed processing	below 5000	6	3.17	1.722
	5001- 10000	11	3.82	1.328
	10001- 20000	6	4.67	.816
	above 20000	12	4.50	.674
	Total	35	4.09	1.222
Convenience	below 5000	6	3.50	1.378
	5001- 10000	11	3.73	1.421
	10001- 20000	6	4.67	.816

	above 20000	12	4.33	.651
	Total	35	4.06	1.136
Transaction efficiency	below 5000	6	3.50	1.378
	5001- 10000	11	4.09	1.221
	10001- 20000	6	4.50	.837
	above 20000	12	4.42	.900
	Total	35	4.17	1.098
Customer-friendly	below 5000	6	3.50	1.378
	5001- 10000	11	3.73	1.421
	10001- 20000	6	4.50	.837
	above 20000	12	4.50	.674
	Total	35	4.09	1.147
Easy repayment terms	below 5000	6	3.50	1.378
	5001- 10000	11	3.91	1.375
	10001- 20000	6	4.50	.837
	above 20000	12	4.58	.793
	Total	35	4.17	1.150

Source: Primary data
*Significance at 5 percent level

Table 6: ANOVA

Category		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Simple procedure for loans and advance	Between Groups	10.399	3	3.466	3.171	.038
	Within Groups	33.886	31	1.093		
	Total	44.286	34			
High Interest rate for deposits	Between Groups	12.750	3	4.250	3.294	.033
	Within Groups	39.992	31	1.290		
	Total	52.743	34			
Low Interest rate for loans	Between Groups	20.733	3	6.911	5.416	.004
	Within Groups	39.553	31	1.276		
	Total	60.286	34			
Any time banking	Between Groups	2.490	3	.830	.517	.674
	Within	49.795	31	1.606		

	Groups					
	Total	52.286	34			
Nearness to office /Residence	Between Groups	7.411	3	2.470	1.545	.223
	Within Groups	49.561	31	1.599		
	Total	56.971	34			
Tax savings	Between Groups	5.916	3	1.972	1.390	.264
	Within Groups	43.970	31	1.418		
	Total	49.886	34			
Better online services	Between Groups	3.835	3	1.278	1.067	.377
	Within Groups	37.136	31	1.198		
	Total	40.971	34			
Speed processing	Between Groups	9.940	3	3.313	2.517	.076
	Within Groups	40.803	31	1.316		
	Total	50.743	34			
Convenience	Between Groups	6.204	3	2.068	1.701	.187
	Within Groups	37.682	31	1.216		
	Total	43.886	34			
Transaction efficiency	Between Groups	4.146	3	1.382	1.163	.339
	Within Groups	36.826	31	1.188		
	Total	40.971	34			
Customer-friendly	Between Groups	6.561	3	2.187	1.776	.172
	Within Groups	38.182	31	1.232		
	Total	44.743	34			
Easy repayment terms	Between Groups	6.146	3	2.049	1.636	.201
	Within Groups	38.826	31	1.252		
	Total	44.971	34			

Source: Primary data
Significant at 5 per cent level

In the above table, descriptive statistics show the mean value of the reason for selecting the ESAF bank. Here the factor "Transaction efficiency" and " Easy repayment term" shows higher mean value (mean value 4.17) and the factor "low interest rate for loan" and " Any time banking" shows the least mean value (mean value 3.86).

The results of one-way ANOVA for the variable reasons for selecting ESAF banking services among average monthly income-wise classification of the respondent give f values of 0.517, 1.067, 1.163, 1.376, 1.390, 1.1540, 1.636, 1.701, 2.517, 3.171, 3.294 respectively, which are found to be significant at 5 percent level (p<=0.05). Hence the null hypothesis was not rejected, in case of all other reasons p value is not found to be significant at 5 percent level(p>=0.05). Hence the null hypothesis was not rejected. This implies that there is a difference in the mean score obtained for the various reasons stated above based on average monthly income.

9.5. Client's perception on Service quality of ESAF SFB

The client's perception on ESAF Service strategies is analyzed using independent sample t test.

H0: There is no significant difference in the mean score of the client's perception on Service quality of ESAF with respect to income group of customers.

H1: There is significant difference in the mean score of the client's perception on service quality of ESAF with respect to income group of customers.

Table 7: Descriptive statistics on client's perception on service quality of ESAF SFB

Particulars	Income Group	Number of Respondent	Mean	Standard Deviation
Repay the loan on monthly basis	APL	21	1.86	1.195
	BPL	14	2.43	1.158
Loan repayment schedule suits Income flow	APL	21	1.67	1.017
	BPL	14	2.36	1.082
Officer seeks feedback about the interest rate	APL	21	1.67	1.111
	BPL	14	2.29	1.139
Interest rate charged suits income flow	APL	21	1.81	1.030
	BPL	14	2.36	1.082
Loan meet expenditure on education	APL	21	1.81	1.030
	BPL	14	2.50	1.345
Loan meet expenditure on housing	APL	21	1.81	1.030
	BPL	14	2.21	.802
Loan meet expenditure on health care	APL	21	1.67	1.017
	BPL	14	2.57	1.399
ESAF's insurance policies are beneficial	APL	21	1.95	1.071
	BPL	14	2.29	1.069
ESAF distributes schemes from Insurance	APL	21	1.71	.956

companies	BPL	14	2.79	1.424
Quick to process loan applications	APL	21	1.86	1.062
	BPL	14	2.14	1.027
Mobile phone is a convenient tool to carry out transaction	APL	21	1.62	.973
	BPL	14	2.57	1.089
ESAF's interest rate is lower compared to others	APL	21	1.76	1.044
	BPL	14	2.71	1.204
Officials guide to calculate interest rates	APL	21	1.71	1.007
	BPL	14	2.57	1.342
Officials guide how to manage business	APL	21	1.76	1.091
	BPL	14	2.29	.914
ESAF bank is committed towards serving communities	APL	21	1.57	.978
	BPL	14	2.36	.929
ESAF bank is widely Recognized	APL	21	1.76	1.044
	BPL	14	2.71	1.204

Source: Primary Data

Table 8. Independent sample t-test of client's perception on Service quality of ESAF small finance bank

Category		**Levene's Test for Equality of Variances**				
		F	**Sig.**	**t**	**df**	**Sig.(2 tailed)**
Repay the loan on monthly basis	Equal variances assumed	.519	.476	-1.403	33	.170
	Equal variances not assumed			-1.412	28.637	.169
Loan repayment schedule suits Income flow	Equal variances assumed	.663	.421	-1.919	33	.064
	Equal variances not assumed			-1.895	26.778	.069
Officer seek feedback about the interest rate	Equal variances assumed	.639	.430	-1.599	33	.119
	Equal variances not assumed			-1.591	27.521	.123
Interest rate charged suits income flow	Equal variances assumed	1.596	.215	-1.510	33	.141
	Equal variances not assumed			-1.495	27.051	.146

Loan meet expenditure on	Equal variances assumed	2.744	.107	-1.719	33	.095
Education	Equal variances not assumed			-1.629	22.894	.117
Loan meet expenditure on	Equal variances assumed	.245	.624	-1.239	33	.224
Housing	Equal variances not assumed			-1.303	32.097	.202
Loan meet expenditure on	Equal variances assumed	3.983	.054	-2.219	33	**.033**
health care	Equal variances not assumed			-2.082	21.996	.049
ESAF's Insurance	Equal variances assumed	.517	.477	-.903	33	.373
policies are beneficial	Equal variances not assumed			-.903	28.058	.374
ESAF Distributes	Equal variances assumed	3.344	.076	-2.670	33	**.012**
schemes from Insurance companies	Equal variances not assumed			-2.469	20.771	.022
Quick to process loan applications	Equal variances assumed	.090	.766	-.790	33	.435
	Equal variances not assumed			-.795	28.675	.433
Mobile phone is a convenient	Equal variances assumed	1.022	.319	-2.704	33	**.011**
tool to carryout transaction	Equal variances not assumed			-2.642	25.776	.014
ESAF's interest rate is lower	Equal variances assumed	.658	.423	-2.486	33	**.018**
compared to others	Equal variances not assumed			-2.415	25.184	.023
Officials guide to Calculate interest	Equal variances assumed	2.710	.109	-2.158	33	**.038**
Rates	Equal variances not assumed			-2.037	22.524	.054

Officials guide how to manage Business	Equal variances assumed	.087	.770	-1.481	33	.148
	Equal variances not assumed			-1.536	31.158	.135
ESAF bank is Committed towards serving communities	Equal variances assumed	.151	.700	-2.374	33	**.024**
	Equal variances not assumed			-2.400	29.023	.023
ESAF bank is Widely Recognized	Equal variances assumed	.367	.549	-2.486	33	**.018**
	Equal variances not assumed			-2.415	25.184	.023

Source: Primary data

*Significant at 5 per cent level

The result of the independent sample t test of client's perception on service quality of ESAF bank with respect to income group of customers shows that there is significant difference in case of "repay the loan on monthly basis" (0.070), "loan meet expenditure on healthcare" (0.033), "ESAF's insurance policy are beneficial" (0.073), "ESAF distributes schemes from insurance company"(0.012), "quick to process loan application" (0.076), "mobile phone is a convenient tool to carry out" (0.101), "ESAF bank is to carryout transaction" (0.018), "officials guide to calculate interest rates" (0.038), "officials guide how to manage the business" (0.014), "ESAF bank is committed towards serving communities" (0.024), "ESAF bank is widely recognized" (0.018). Here, there is significance because (p value<o.o5). Therefore null hypothesis is rejected. While referring to the mean scores of these listed clients perception on service quality of ESAF bank "interest rate charged by ESAF bank in relation to income group" (0.96) is found to be indifferent.

10. Conclusions

ESAF Small Finance Bank's approach to understanding and leveraging customer behavior has undoubtedly contributed to its growth and success in the competitive banking sector. By effectively segmenting their customer base, embracing digital engagement, promoting cross-selling, and actively seeking feedback, the bank ensures a customer-centric approach. Moreover, their dedication to security and compliance has built trust with customers. As ESAF Small Finance Bank continues to evolve, it remains a prime example of how analyzing and adapting to customer behavior can lead to customer satisfaction and long-term success. The results suggest a close relationship between the ESAF SFBs' and the components of their service approach. According to the empirical study, customer interaction and service quality are less important to social performance than product development and positioning strategy aspects. The results also attest to the noticeable socio-economic transformation that has been induced by ESAFs' service techniques. Client interaction and service delivery techniques have been shown to be necessary within the scope of this study. However, only customer perceptions have been used to measure each component of the service approach. A study on the service quality of ESAF SFBs personnel can further support the client’s impressions.

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