



# A STUDY ON CUSTOMER'S PERCEPTION OF POST-PANDEMIC PRICING STRATEGY OF BANKS

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## ABSTRACT

*The COVID-19 pandemic has spurred changes in service delivery practices around the world. It is commonly acknowledged that COVID-19 will continue to cause uncertainty for the foreseeable future. Massive modifications in banks marketing strategies were made during the pandemic period to meet unexpected conditions. Customers expect their banks to provide higher quality services at a reasonable price, which if met, might lead to increased customer satisfaction and retention. As the pandemic progresses, banks and other non-financial companies around the world are left with no choice but to reconsider their future marketing tactics, as traditional marketing methods have been hampered by the lockdown. Due to the lockdown for a long period, many people lost their livelihoods for some time or permanently. Some have already suffered salary cutbacks and practically everyone's assessments are being delayed - employees are apprehensive and concerned about their future as a result of the pandemic issue and lockdown. This study aims to identify what the customers are now expecting from their bank regarding interest charged or paid or any penalty or other price paid or charged by the bank which will directly influence them. Such analysis shall help to suggest an appropriate pricing policy to form according to customers' expectations.*

**KEYWORDS:** Pandemic, Customers perception, pricing strategies

## 1. INTRODUCTION

Pricing of a financial product can take several forms; some are evident, while others are not. Some are based on monetary worth, while others are not. The interest rate on a loan, the notice necessary to withdraw money from an account, a fee charged for any advice given and commission paid to an intermediary such as a broker, the tax paid on interest earned on savings and so on are all examples of the price of a financial product.

According to **Kotler et al. (2008)** "Price is the amount of money charged for a product or service or the total values that customers exchange for the benefits of having or using the product or services". It is more difficult to price services than it is to price goods. Because of the intangibility of services, price becomes a critical quality measure.

One approach for marketers to interact with clients is through "Price". It is seen as revenue-oriented as it is the only marketing mix component that generates income.

**Winkler (1995:439)** defines price as the amount of money which is sacrificed to obtain something. In the banking industry, price refers to interest rates and service fees. Because financial products have such a complex price structure, preserving openness without hidden fees is a must for differentiating bank services.

## 1. REVIEW OF LITERATURE

Value (Price) is thought to have a minor impact on bank customer satisfaction, according to **Nasser, Jamel & A.L. Khatib (1999)** and **Chen and Chang (2005)**, but it should not be overlooked because value plays an important role in improvising customers satisfaction and retention in retail banking. As a result, a connection has been established between price and customer satisfaction.

**Homburg et.al. (2005)** revealed in their study that there exists a positive relationship between customer satisfaction and willingness to pay.

According to **Peter and Donnelly (2007)**, Price is the issue on which customers focus more than other attributes when making purchase decisions. Customers frequently consider whether or not they got their money's worth when considering whether or not to repurchase from a service provider.

**Sarker et.al. (2012)** investigated the effect of the marketing mix variable on tourist satisfaction. Six of the seven service marketing mix aspects were shown to be positively associated with tourist satisfaction in the study, but the price enforced by the authorities was found to be unsatisfactory by the visitors.

## 2. Scope of the study

The study focuses on the expectations of customers from their bank and how they perceive it. It will be helpful to know what consumer is expecting regarding the pricing strategies of banks after the pandemic.

### 3. Limitations of the study

The sample size is taken as 100 respondents and the data has been collected by random sampling as some of the customers were very hesitant to give exact information.

### 4. DATA ANALYSIS AND INTERPRETATION

The data were collected by administering a structured questionnaire to the bank customers. The questionnaire was divided into two parts first containing the demographical details of the customers. The second part contained statements related to customers' expectations regarding pricing. All the variables were measured by using five points Likert Scale. The response for each statement ranges as 1= Highly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Highly Agree.

#### SCORING RANGE OF THE LIKERT SCALE IN THE PRESENT STUDY

Responses	value	Range
Highly Disagree	1	1.00-1.80
Disagree	2	1.81-2.60
Neutral	3	2.61-3.40
Agree	4	3.41-4.20
Highly Agree	5	4.21-5.00

#### 4.1. DEMOGRAPHIC PROFILE OF THE CUSTOMERS

TABLE 1: AGE AND GENDER

AGE GROUP	MALE	FEMALE
18-25	2	NIL
25-40	30	30
40-60	22	10
Above 60	2	4
TOTAL = 100	56	44

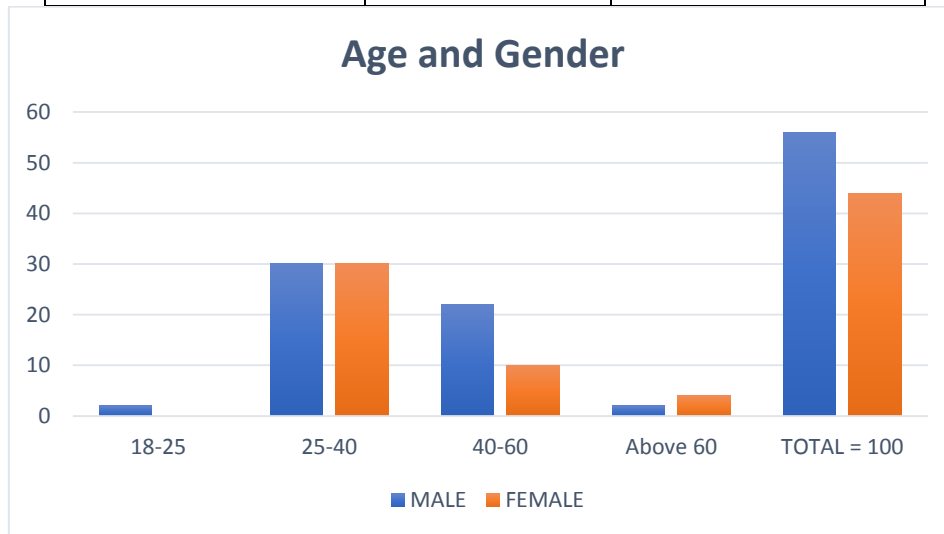


Table 1 illustrates that out of a total of 100 respondents, 56 are male and 44 are female and a majority of the respondents were in the age group 25-40 both male and female. In the first group (18-25), 2 males and no females are there. In group (25-40), 30 males and 30 females and group (40-60), 22 males and 10 females are there. 2 males and 4 females are of above 60 years.

TABLE 2: EDUCATION AND MARITAL STATUS

EDUCATION	MALE		FEMALE	
	MARRIED	UNMARRIED	MARRIED	UNMARRIED
HIGHSCHOOL	2	-	4	-
INTERMEDIATE	12	-	2	-
GRADUATE	12	6	4	-
POST-GRADUATE	8	10	26	4
OTHERS	2	4	4	-
TOTAL	36	20	40	4

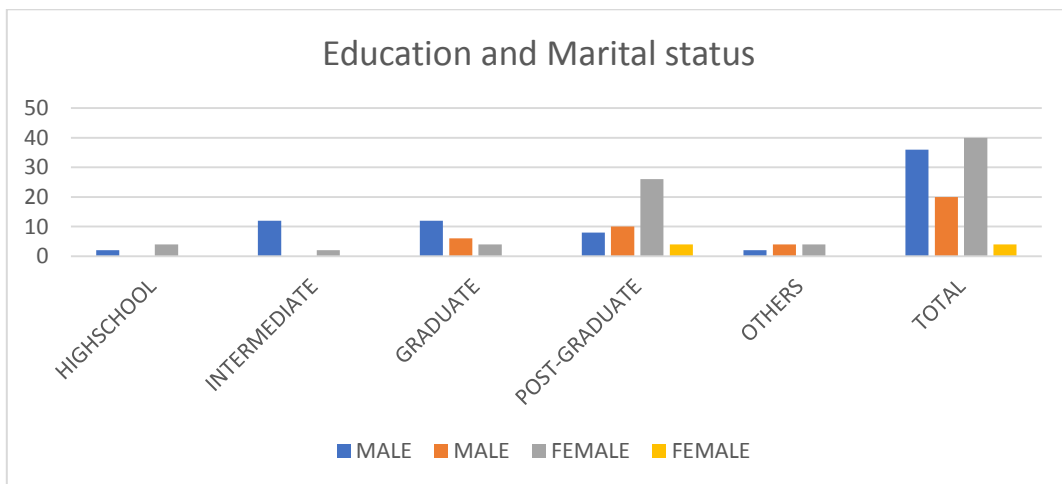


Table 2 shows the education level of the total 100 respondents who are classified as male and female also. Out of the total males, 36 are married and 20 are unmarried while in females 40 are married and 4 are unmarried. In the married male majority of respondents are intermediate and graduate. Of unmarried males, 10 are postgraduates. In the married females, the majority of the respondents are postgraduates which are 26 in number. And in unmarried females, all 4 are postgraduates.

**TABLE3: PROFESSION**

PROFESSION	MALE	FEMALE
Govt. employee	14	6
Private employee	28	16
Own business	12	10
housewife	-	12
Retired	2	-
total	56	44

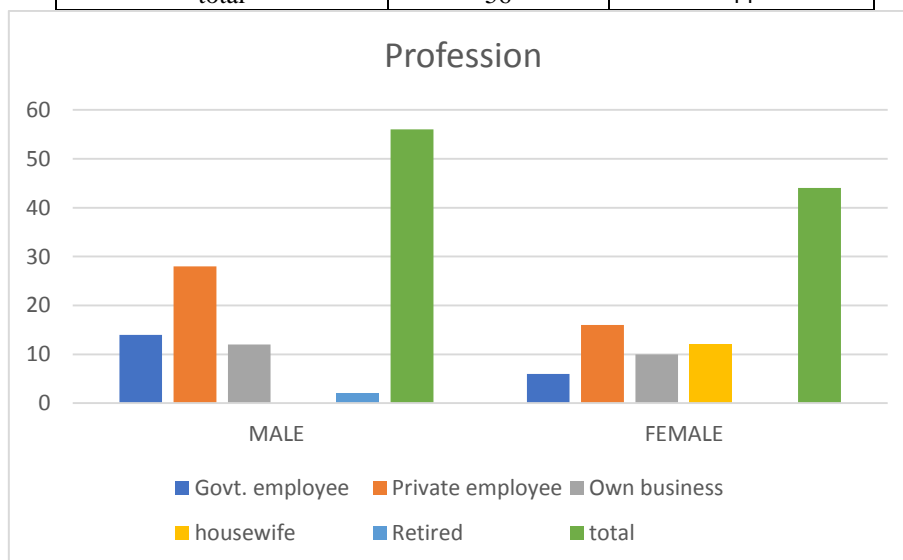


Table 3 shows the profession of the respondents. 14 males and 6 females are employed in government jobs. The majority of the respondent both male and female are in the private sector (28 males and 16 female). 12 male and 10 female respondents are involved in their own business. 12 females are housewives while 2 males are retired government employees.

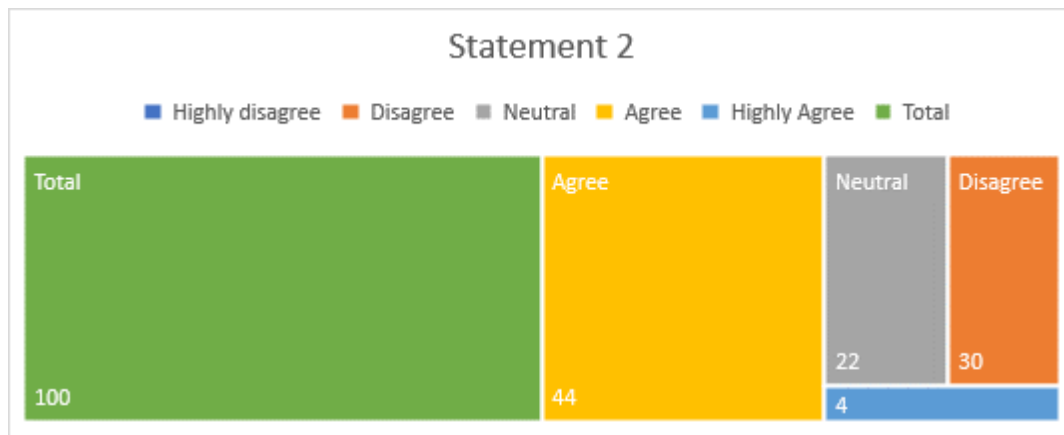
**Statement 1. My bank offers a competitive interest rate on a savings bank account.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	0	0
Disagree	2	20	40
Neutral	3	20	60
Agree	4	46	184
Highly Agree	5	14	70
Total		100	354

The above table is showing the responses of the customers to the interest rate offered by their bank. 20 out of 100 customers disagree with the above statement, and 20 are indifferent to the statement. 46 customers agreed and 14 customers highly agreed with the statement. *By calculating the weighted mean of the total responses, we got 3.54, which lies within the range “3.41-4.20”. which shows that most of the customers are agreed with the statement. The bank is offering a competitive interest rate on saving bank accounts.*

**Statement 2. Bank charges are appropriate for the services provided by the bank.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	0	0
Disagree	2	30	60
Neutral	3	22	66
Agree	4	44	176
Highly Agree	5	4	20
Total		100	322



The above table is showing the responses of the customers regarding bank charges of their bank. Out of 100 customers, 30 disagreed with the charges of the bank. 22 are neutral towards the charges of their banks. The majority of 44 customers agreed with the statement that bank charges are appropriate and 4 customers highly agreed with the above statement. *By calculating the weighted average of the total responses, we got 3.22, which comes within the range “2.61-3.40”.*

**Statement 3. The bank should revise its charging policy.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	0	0
Disagree	2	8	16
Neutral	3	56	168
Agree	4	26	104
Highly Agree	5	10	50
Total		100	338



The above table shows the responses to whether the bank should revise its charging policy or not. Out of 100 customers, 8 disagreed and 56 are neutral towards the charging policy. 26 customers are agreed and 10 customers are highly agreed with the above statement. *The weighted mean of the responses after the calculation is 3.38, which comes within the range “2.61-3.40”.*

**Statement 4. I am happy with the penalty on the account balance less than the minimum limit in the account.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	4	4
Disagree	2	28	56
Neutral	3	46	138
Agree	4	16	64
Highly Agree	5	6	30
Total		100	292

The above table shows the responses of the customers regarding penalties on their account balance less than the minimum limit. 4 out of the total 100 customers highly disagree and 56 customers disagree with this. The majority of 46 customers are neutral about the above statement. 16 customers agreed and 6 customers highly agreed with this. *After calculating the weighted mean of the total responses, we got 2.92, which falls within the range “2.61-3.40”. majority of the customers are neutral about the penalties on the minimum account balance.*

**Statement 5. Educated youth should get the loan at lower interest for self-employment.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	0	0
Disagree	2	2	4
Neutral	3	8	24
Agree	4	26	104
Highly Agree	5	64	320
Total		100	452

The above table is showing the views of the customers regarding the lower interest rate on loans for youth for self-employment. Out of 100 customers, 2 disagreed upon the above while 8 are indifferent towards this, 26 customers agreed upon this and the majority of 64 customers highly agreed on this. *By calculating the weighted average, we got 4.52, which lies within the range “4.21-5.00”. majority of the customers are in favour of the statement that educated youth should get a loan at a lower interest rate for self-employment.*

**Statement 6. ATM charges must be lower.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	0	0
Disagree	2	0	0
Neutral	3	18	54
Agree	4	26	104
Highly Agree	5	56	280
Total		100	438

The above table is showing that whether the customer wants the ATM charges to be lower down or not or whether customers are indifferent about it. 18 out of 100 customers are neutral about it. 26 customers agreed while a majority of 56 customers highly agreed with this. *By calculating the weighted average of the responses, we got 4.38, which lies within the range “4.21-5.00”. The majority of the customers want the ATM charges to be lower.*

**Statement 7. Transaction fees must be low or zero in some special cases.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	2	2
Disagree	2	0	0
Neutral	3	22	66
Agree	4	20	80
Highly Agree	5	56	280
Total		100	428



The above table shows the customers' responses for transaction fees, whether it must be low or zero for some special cases. 2 out of 100 customers disagreed with this. 22 customers are neutral; 20 customers are agreed with this while a majority of 56 customers are highly agreed with this. *While calculating the weighted average of the responses we got 4.28, which comes within the range "4.21-5.00". It means the majority of customers want transaction fees must be low or zero in some special cases.*

**Statement 8. The monthly transactions limit from the bank account should increase.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	0	0
Disagree	2	4	8
Neutral	3	38	114
Agree	4	16	64
Highly Agree	5	42	210
Total		100	396

The above table shows whether customers want the monthly transaction limit from a bank account should increase or not. Out of the total of 100 customers, 4 disagreed, and 38 are neutral towards it.

16 customers agreed while the majority of 42 customers highly agreed with this statement. *By calculating the weighted average of the responses, we got 3.96, which lies within the range "3.41-4.20". it shows that majority of customers agreed to the limit increment of the monthly transaction from their bank account.*

**Statement 9. The bank should provide Health insurance cover for its customers at a low premium.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	0	0
Disagree	2	0	0
Neutral	3	16	48
Agree	4	42	168
Highly Agree	5	42	210
Total		100	426

The above statement shows whether customers want their bank should provide a Health insurance cover for them at a lower premium. Out of 100 customers, 16 are neutral and the majority of 42 customers are highly agreed with this statement. *By calculating the weighted average, we got 4.26, which lies within the range "4.21-5.00". majority of the customers are in favour of getting a Health insurance policy from their bank at a low premium.*

**Statement 10. The behaviour of bank employees is good.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	0	0
Disagree	2	8	16
Neutral	3	52	156
Agree	4	30	120
Highly Agree	5	10	50
Total		100	342

The above table is showing the responses of the customers about the behaviour of bank employees. 8 out of 100 customers disagreed with the statement that the behaviour of the employees is good, 30 customers agreed and 10 customers highly agreed with it. The majority of 52 customers are neutral. *After calculating the weighted average, we got 3.42, which lies within the range "3.41-4.20".*

**Statement 11. There is a help desk at the bank for assisting the employees.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	4	4
Disagree	2	16	32
Neutral	3	52	156
Agree	4	22	88
Highly Agree	5	6	30
Total		100	310



The above table is showing the responses on whether there is a help desk at the bank for assisting the employees. Out of 100 responses, 4 highly disagree with this, 16 disagree and the majority of 52 responses are indifferent. 22 customers agreed and 6 customers highly agreed with this. *By calculating the weighted average of the response, we got 3.10, which lies within the range "2.61-3.40". it shows that majority of the customers are neutral with this statement.*

**Statement 12. My bank has a well-defined customer grievance redressed system.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	2	2
Disagree	2	34	68
Neutral	3	38	114
Agree	4	22	88
Highly Agree	5	4	20
Total		100	292

The above table shows the responses to whether the bank has a well-defined customer grievance redressed system or not. Out of the total of 100 respondents, 2 customers highly disagree and 34 customers disagree with the statement. The majority of the responses are neutral i.e. 38. Agreed customers are 22 and highly agreed are 4. *While calculating the weighted average, we got 2.92, which lies within the range "2.61-3.40". most of the customers are indifferent to the consumer grievance redressed system of their bank.*

**Statement 13. Bank runs a sufficient number of programmes for customer awareness.**

Responses	Weight (W)	No. of respondents (R)	W*R
Highly disagree	1	0	0
Disagree	2	16	32
Neutral	3	56	168
Agree	4	22	88
Highly Agree	5	6	30
Total		100	318

The above table shows whether the customers are aware of the number of programmes bank for customer awareness. 16 out of 100 customers disagreed and 22 customers agreed while 6 customers highly agreed. The majority of 56 customers are neutral about this statement. *By calculating the weighted average of the responses, we got 3.18, which lies within the range "2.61-3.40". most of the customers are indifferent towards the programmes of banks running for customer awareness.*

**5. SUMMARY OF FINDINGS**

The summarization of the findings of the present study is as follows-

- Most of the customers of the bank are agreed to the statement that their bank offers a competitive rate of interest on saving bank accounts and they perceive that the charges applied by their bank for its services are appropriate.
- The majority of the customers are indifferent to the penalties imposed by the bank for not maintaining a minimum balance in their savings bank account.
- Most of the customers are highly agreed with the point that educated youth must get a loan for self-employment at a low-interest rate and they also consider that the ATM charges and transaction fees for some special cases must be low or zero.
- The majority of the customers also agreed with the statement that the monthly transaction limit from a bank account should increase.
- More than 80% of the customers highly agreed with the statement that the bank must provide a "Health insurance cover" for its customers at a low premium.
- Most of the customers are neutral about the behaviour of the employees of the bank and they are also unaware of the help-desk for the employees and customers Grievance Redressed system available at their bank

**6. CONCLUSION**

The present evaluation revealed that the customers are convinced with some pricing strategies of the bank. They are agreed with the interest paid on the savings bank account and interest charged for the services provided by the bank. While considering the threat of any pandemic in near future, most of the customers suggested that banks must have a Health Insurance Cover with low premium for their customers so that they can make security against any casualty. Because of the tedious period of lockdown in previous years, many people are now looking for new jobs and some are making efforts for their start-ups. Customers expect a loan with a low rate of interest. Customers who have been hit by the expenses during the pandemic, expect low ATM charges and transaction fees. Finally, it is suggested that banks must initiate some awareness programmes for the customers to make them aware and informed about bank's policies and facilities available at their bank so that they can take advantage of them.





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