

A STUDY ON BANKING CUSTOMERS PERCEPTION LEVEL OF SERVICE QUALITY OF IT ENABLED SERVICES IN INDIAN BANKING SECTOR REFERENCE TO CHENNAI CITY

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1.1 INTRODUCTION

Information technology (IT) is playing a crucial role in contemporary society. It has transformed the whole world into a global village with a global economy, which is increasingly dependent on the creative management and distribution of information. Globalization of world economies has greatly enhanced the values of information to business organizations and has offered new business opportunities. Today, IT provides the communication and analytical power that organizations need for conducting trade and managing business at global level with much ease. To coordinate their worldwide network of suppliers, distributors and consumers, organizations have developed global information systems that can track orders, deliveries, and payments round the clock. This has been possible because of the development of IT in its present form. In the broadest sense, information technology refers to both the hardware and software that are used to store, retrieve, and manipulate information. At the lowest level you have the servers each with an operating system. Installed on these servers are things like database and web serving software.

With the globalization trends world over it is difficult for any nation big or small, developed or developing, to remain isolated from what is happening around. For a country like India, which is one of the most promising emerging markets, such isolation is nearly impossible. More particularly in the area of Information technology, where India has definitely an edge over its competitors, remaining away or uniformity of the world trends is untenable. Financial sector in general and banking industry in particular is the largest spender and beneficiary from information technology.

This endeavors to relate the international trends in it with the Indian banking industry. The last lot includes possibly all foreign banks and newly established Private sector banks, which have fully computerized all the operations. With these variations in the level of information technology in Indian banks, it is useful to take account of the trends in Information technology internationally as also to see the comparative position with Indian banks. All the trends in IT sector are then discussed to see their relevance to the status of Indian banks.

1.2 STATEMENT OF THE PROBLEM

The banking industry has demonstrated a fair amount of competence in the application of IT. Some banks were at the cutting edge of IT and have a clear vision of how IT could be furthered applied successfully. Banks have spent millions of rupees on IT every year in a bid to fully automate its operations and services to customers. The industry recognizes that IT was a major key to its development. The research brought to light the fact that IT has increased competition within the industry. The realization that the market size is not really increasing has made banks more competitive. Also, the expectation of their customers is very high and in response banks using IT to satisfy the demand for quality services and products. However, there is an increasing outside threat to the banking industry from the non-banking sector. Deregulation of the banking industry has introduced more competition but the low cost of computer technology has made it easier to enter the industry. Non-banks can now pick up off the shelf IT solutions for the services they want to provide.

1.3 OBJECTIVES OF THE STUDY

1. To identify the various information technologies that adopted by the banking sector.
2. To find out the benefit/satisfaction level of the service quality of IT enabled services.
3. To identify the constraints and safety involved in the current IT system with respect to the current banking system.
4. To know the perceptions of bank employees regarding e-services.

1.4 METHODOLOGY

Research Methodology is the systematic way to solve the research problem. It gives an idea about various steps adopted by the researcher in a systematic manner with an objective to determine various manners.

1.5 SAMPLING SIZE

It indicates the numbers of people to be surveyed. Though large samples give more reliable results than small samples but due to constraint of time, the sample size was restricted to 100 respondents who're customers of various banks . The respondents belong to different income group and profession.

2.1 REVIEW OF LITERATURE

A study on banks and their study shows that quality gap between expectations of consumers and perceptions of service delivered is highest in public sector banks and lowest in private sector banks (using gap 5). Another study found out that public sector banks are better than private sector banks. Other studies and their findings are given below

Dos et al. (1993) studied statistical correlation between IT spending and performance measures such as profitability or stock's value. It is found that there is an insignificant correlation between IT spending and profitability measures, implying thereby that IT spending is unproductive.

Kailash M (2012) the paper compares public and private sector banks in Vijayawada city using SERVQUAL model. The findings revealed that private sector banks have good services to customers and they retained customers by providing better facilities. The study finds out importance of new products and services for banks for retaining customers.

Studies Related to Customers

Flavian et al. (2006) explored how customers' perception of traditional bank influence their decision to adopt the services of the internet. The researchers found that if the customer trusts in brick and mortar bank then it was possible that they feel more motivated to use the online services offered by the same bank due to trustworthiness of the customer in the traditional banking system. The results of the study suggested that to use internet banking; trust, income, age, sex, education and employment were the most affecting factors for the use of online banking services and the banks can reduce their costs and widen their market through online banking adoption.

Robbins (2006) tried to evaluate whether the adoption of e-banking by the banks affected the importance of bank location. The study looked into the state of consumer adoption of e-banking products and growth of e-banking products since 1995. The study also investigated whether consumer choice had changed as a result of increased e-banking use and how banks had responded. The study also questioned why location was still important today. The author focused that e-banking was not a perfect substitute of physical presence of banks in the market. Consumers want the convenience of e-banking products but only of those banks which fall close to their place. So, the location of a bank branch and electronic banking were complementary to each other.

Studies Related to Technology

Laforet and Li (2005), in their study investigated the market status of online /mobile banking in China. The objective of the study was to identify the target customers for online and mobile banking, and to compare the attitude of users and non-users towards e-banking with respect to a number of factors such as technology, security, convenience, etc. The authors selected a sample of 300 respondents from six major cities of China. The results showed that online and mobile banking users were predominantly males not necessarily young and highly educated. Security was the most important factor that motivated Chinese consumer for the adoption of online banking. But the main problems faced by the customers of Chinese banks in online banking were perception of risks, computer & technological skills, and lack of awareness.

Ashiya (2006) evaluated developments made by electronic payments. The author evaluated different modes of e-payment used across the globe. The main objective of the study was to find the current offerings and development provided by electronic payments. The author evaluated different modes of e-payment such as plastic cards, debit cards, credit cards, smart cards, electronic cheques etc. These electronic ways provided an excellent instrument for payment system. The author analyzed that security was the main concern among electronic payments. However, e-payment this sophisticated technology could be used as a tool for the enhancement of customer loyalty and business of banks as it had reduced the risk & cost and could increase the customer loyalty.

3.1 FINDINGS

Demographic Factors

- Majority of the respondents are male which accounts to 59%
- Majority of the respondents are from the 26-30 years age category, (i.e.) 35%
- Majority of the respondents are degree holders (i.e.) 57%
- Majority of the respondents are employed with private firms (i.e.) 56%
- Majority of the respondents have been using the banking services for about 1-5 years (i.e.) 45%
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Other KEY Factors

- Majority of the respondents value the quality of service provided by their banks (i.e.) 33%
- Majority of the respondents, (i.e.) 66% feel that the ease of use promotes them to use the new techniques in banking.
- Majority of the respondents, (i.e.) 80% use ATM/debit card services and 79% use online banking services, only 36% of the respondents use credit card services which is a good sign.
- Majority of the respondents, when given a choice, prefer to go for internet banking and ATM services when compared to telephone, mobile banking. With the latest technology in hand, the respondents try to avoid branch banking to a larger extent.
- Majority of the respondents, are satisfied with the ATM services like quality of currency notes and the location of the ATM's.
- Majority of the respondents, in the telephone banking services category, are content with the Clear instructions and Voice directions / on line directions for new users; nevertheless some respondents were neutral in their opinion.
- About 70% of the respondents had no dissatisfaction regarding mobile banking services like Prepaid Mobile Recharge and checking the status of their transactions.
- Customers don't prefer phone banking is that people are kept on waiting mode for a long time.
- Majority of the respondents, (i.e) 43% have strongly agreed that E-banking services are generally faster than traditional banking, 54% have agreed to the same.
- Majority of the respondents, 16% have strongly agreed that Some Banks charge high fees on using E-banking services, 50% have agreed to the same, and 29% are neutral in their opinion, 5% are disagree the fact that high fees have been charged by banks.
- 2% have strongly agreed that E-banking services do not have privacy of customer information, 35% have agreed to the same, and 32% are neutral in their opinion, 31% disagree the fact that customers don't have privacy of information.
- While using the ATM services, it was found that Majority of the respondents experienced some problem or the other like Cards get blocked, Machine out of cash, Non-printing of statement which gives a view on the objective regarding safety to use ATM.
- 64% felt that the machines are out of order and that they have to wait for a long time in the queue.
- Majority of the respondents, disagreed the fact that there has been a reduction in balance without cash payment.
- While using the internet banking services, it was found that respondents felt that rarely did they experience some problem like not providing information, not being able to maintain security and leaving the operation unfinished.
- Some respondents felt that Internet banking can never be tampered with by others but that they had to wait for long time for conducting of transactions.
- While using mobile banking, it was found that, some respondents felt that the login and sign off were sometimes difficult due to improper connection. They also felt that they could use this kind of banking only if they had the appropriate software which mayn't be available with a layman.
- Majority of the respondents, were satisfied with the tangibility of the bank and responses giving by banks on various issues and problems.

- Majority of the respondents, are pleased with the efficiency with regard to speed of logging in, performance of cards and EFT. And with regard to the accuracy, they were pleased with the error-free transaction records and bill payments.
- Majority of the respondents were dissatisfied with the amount of service charges that has been charged.
- When it comes to branch banking, the customers are dissatisfied with the waiting time.
- Customers don't prefer to use ATM card as the minimum balance is high for a savings account.
- Some respondents, especially women weren't satisfied with the security for ATMs,
- Majority of the respondents (i.e.) 89% were satisfied with the overall technological services.
- Majority of the respondents (i.e.) 86% felt that the contribution of new technology has added to the success of the banks.

4.1 RECOMMENDATION

Suggestions were asked to the respondents on how they could improve the e-banking services and the following responses were recorded:

- ✓ Measures to improve effective utilisation of technology in banking services.
- ✓ People still have a grit to deposit cash through ATM's. Therefore banks can create awareness among people to effectively utilize the technology provided. Banks can list the instruction procedures on all ATM outlets so that people can use it effectively.
- ✓ Installing more ATMs at convenient locations, providing security, fast network services and issue inexpensive e-channels in lesser time for further perfection in e-banking services.
- ✓ People don't prefer to use phone banking as language is a major constraint. Banks can consider state language as their first priority instead of national language. This not only refers to the customer service representatives but also statements can be provided in their preferred language.
- ✓ Another major hurdle why people don't prefer phone banking is that people are kept on waiting mode 'for a long time. Banks shall take this into consideration and help people to make effective utilization phone banking.
- ✓ People don't prefer to use ATM card as the minimum balance is high for a savings account. It is difficult to maintain the same amount. But it is not in the case of salary account as they provide zero balance. This facility should be available to all accounts so that there would be more usage of ATM.
- ✓ Banks should embrace computerization fully, considering the immense benefits that accrue from its use.
- ✓ Banks should study extensively the systems available before choosing the one to adopt in order to avoid the huge cost implication of changing from one computerization system to another.
- ✓ Banks should map out a good training program for their staff to help them keep abreast of developments in computer technology, as it relates to banking operations.
- ✓ Banks should ensure availability of trained personnel to man their computer departments.
- ✓ Banks should ensure adequate back-up procedures as regards the availability of computer spare parts, hardware and software.
- ✓ To make it more secure, so that there are no chances of forgery or hacking.
- ✓ Improve the connectivity and locations in remote areas.
- ✓ Indian banking needs more automation. For example for changing the mobile number the person is asked to visit his/her account branch directly. Human intervention needs to be reduced a lot.
- ✓ Technology should be developed in a way that even less educated people can also use online banking in a simple way. And also the customer care's recorded instructions are annoying in emergency requirement which could include a direct option to contact respective supporters in customer care.
- ✓ All banks should be tech savvy and promote internet and mobile banking.
- ✓ Reduction in the service charges
- ✓ Development should not be at a nominal cost. By dissuading customers from visiting their branches, encouraging them to use all the other options, you can reduce your manpower and the money thus saved can be utilised for further up gradation of technology. And can reduce carbon prints to a great extent.

5.1 CONCLUSION

This project study proves that technological advancements in the banking sector have tremendously improved the way we bank. Most customers are aware of ATMs, credit cards and internet banking and the same channels are preferred by them in availing e-banking services due to their cost effectiveness, security and convenient access. Customers who are well versed with technology opt for banks that are tech savvy in order to save time and ensure security. Customers majorly use ATMs to withdraw cash, whereas other services, such as Tele-banking, mobile banking and internet banking, are used for balance enquiry. Internet banking is widely used to initiate fund transfers and online transactions, and credit cards are used for shopping. Customers are most satisfied with ATM services.

Information technology and E-Systems are majorly responsible for transforming the Indian banking system. However, electronic systems have raised concerns about poor banker-customer relationships. Like all electronic systems, e-banking services also have some disadvantages, as customers face issues with card blockage, machine out of cash and technical glitches. High service charges are a key concern for e-banking customers as banks levy high interest rates for debit and credit cards, online fund transfers and other online transactions. Slow transmission of data through mobile banking and Tele-banking make it unpopular compared to other e-services. However, only few customers raise complaints against e-banking services and leave feedback to improve the same, while the majority choose to remain silent. Nevertheless, e-banking has a bright future as it improves efficiency and saves time. It can be concluded that for better performance, Indian banks need to keep themselves abreast with the latest technology to retain customers.

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