

## CUSTOMER AWARENESS AND SATISFACTION ON INNOVATIVE BANKING SERVICES - AN ASSESSMENT

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### **Abstract**

*With the development of information technology, the world has become global village. IT has brought a revolution in the banking industry. The banks appear to be on fast track for IT based products and services. Deregulation and liberalization in the financial sector have stimulated financial innovations. Technology has become the fuel for rapid changes. IT is no longer considered as mere transaction processing or confined to management information system. The new technology has radically altered the traditional ways of doing banking business. Increasingly, the customers in retail sector are doing business with their banks from the comfortable confines of their homes or offices. Customers can view their accounts, get account statements, transfer funds, purchase drafts by just making a few key punches. Availability of ATM cards and plastic cards to large extent avoid customers going to branch premises.*

*In this paper an attempt has been made to assess the level of satisfaction of customers on various innovative banking services. It also tries to identify the factors influencing the use of innovative banking services. For this purpose, a sample of 100 customers operating bank accounts in the district of Calicut has been selected and surveyed. The data have been collected with the help a pre tested interview schedule. The analysis of data has been done with the help of selected variables by employing mathematical and statistical tools namely percentages and Chi-square test.*

**Key words:** *Innovative Banking Services, ATM, plastic cards, Internet Banking.*

### **1. Introduction**

Banks are the major participants of the financial system in India. Banks offer several opportunities and facilities. Since the nationalization of banks in 1969 and 1980, the public sector or nationalized banks, owned by the government, had acquired a place of prominence. It leads a tremendous progress in banking sector. The need to be highly customer focused has forced the slow moving public sector banks to adopt a fast track approach. Without a sound and effective banking system, India cannot have a healthy economy. The Rangarajan Committee report in the early 1980s was the first step towards computerization of banks in India. Banks started exploring the idea of Total Bank Automation (TBA). Although thus titled; TBA was, in most cases, confined to branch automation. With centralized infrastructure and numerous connectivity options banks started exploring multiple delivery channels such as ATM, internet banking, m banking, Tele-banking. This helps banks to reduce cost per transactions.

Banks are looking at newer ways to make a customer's banking experience more convenient, efficient and effective. Technology has makes it easier for any company with the right channel infrastructure and money services to get into banking. Traditionally, banks used their retail outlets to provide services to the individual customer. Now with ATM, internet banking and telebanking replacing traditional service channels, banks are more focused on enhancing customer value through branches. They are using their existing networks of branches to advice on and sell how new financial instruments. They are also using branches to inform and educate customers about other more efficient channels to conduct common transactions for example cash withdrawal, balance check, etc. Core issues faced by banks today are on customer's service expectations, cutting operational costs and managing completion. Technology can help banks in meeting these objectives. IT has become central to

banking. Automation is the basic thing that banks need to have a place. It involves a combination of networks, operations and core banking automation.

Satisfied customer is the best guarantee for stability of the organization in the long-run. Banks can satisfy their customers only by providing customized, cost effective and timely services. With the help of technology banks are able to provide plethora of products and services to their customers which suit them. Major services provided by the Indian banks that are of international standards are Any Time Banking, remote banking interface, remote balancing service, Anywhere banking, Global ATM and Credit Cards, Internet banking facility etc.

## 2. Objectives of the study

This study examines the level of satisfaction of customers on various innovative banking services. It also tries to identify the factors influencing customers for the use of innovative banking services in Kozhikode Taluk. The main objectives of the study are as follows.

1. To study the awareness level of customers towards innovative banking services and
2. To examine the satisfaction level of customers towards innovative banking services.

## 3. Hypotheses

The following hypotheses have been set up for the study

- H1: There is no significant difference between age of the customers and awareness level about innovative banking services.
- H2: there is no significant difference between gender of the customers and usage of innovative banking services .
- H3: there is no significant difference between educational qualification of the customers and satisfaction level about innovative banking services .
- H4: there is no significant difference between residence of the customers and level of satisfaction towards innovative banking services.

## 4. Research Methodology

This study is embodied with both primary data and secondary data. The primary data was collected from a sample of 100 customers operating bank accounts in the district of Calicut has been selected and surveyed. The data have been collected with the help a pre tested interview schedule. The analysis of data has been done with the help of selected variables by employing mathematical and statistical tools namely percentages and Chi-square test. In this regard, the bank account holders could give their rating to various factors by using the Likert- Type scale. The typical likert type scale consists of various parameters indicating each parameter by quoting the priority numbers.ie.,

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Can't Say
- 4 = Agree and
- 5 = Strongly Agree.

## 5. Results of the Analysis

The results of the analysis based on the selected variables are briefly explained below.

### 5.1. Demographic characteristics of the sample respondents

The table 1 presents the demographic factors of the respondents.

**TABLE 1 : DEMOGRAPHIC FACTORS OF THE RESPONDENTS**

<b>Age</b>						
	<b>18-25 Years</b>	<b>26-35 Years</b>	<b>36-45 Years</b>	<b>46-55 Years</b>	<b>56 And Above</b>	<b>total</b>
No. of Respondents	16	41	10	17	16	100
Percentage	16	41	10	17	16	100
<b>Gender</b>						
	<b>Male</b>		<b>Female</b>		<b>Total</b>	
No. of Respondents	64		36		100	
Percentage	64		36		100	
<b>Marital Status</b>						
	<b>Single</b>		<b>Married</b>		<b>Total</b>	
No. Of Respondents	41		59		100	
Percentage	41		59		100	
<b>Educational Qualification</b>						
	<b>Up To10</b>	<b>12th</b>	<b>Graduation</b>	<b>Post Graduate</b>	<b>Total</b>	
No. of Respondents	21	22	34	23	100	
Percentage	21	22	34	23	100	
<b>Occupation</b>						
	<b>Govt. Employee</b>	<b>Pvt. Employee</b>	<b>Self Employed</b>	<b>Home Maker</b>	<b>Total</b>	
No. of Respondents	30	22	32	16	100	
Percentage	30	22	32	16	100	
<b>Annual Income</b>						
	<b>&lt;200000</b>	<b>200001-500000</b>	<b>500001-800000</b>	<b>&gt;800001</b>	<b>Total</b>	
No. of Respondents	37	42	11	10	100	
Percentage	37	42	11	10	100	
<b>Nature of Residential Location</b>						
	<b>Urban</b>	<b>Semi- Urban</b>	<b>Rural</b>	<b>Total</b>		
No. of Respondents	10	38	52	100		
Percentage	10	38	52	100		
<i>Source : Primary Data</i>						

The age wise analysis of the respondents shows that majority fall the age group of 18 and 35 years. It is also found that 64 per cent of the respondents are male customers. Fifty seven per cent customers are graduates and post graduates and their average annual income falls between 2 to 5 lakhs. Fifty two per cent of the sample customers are residents of rural location.

## 5.2. Internal Consistency Reliability

The Cronbach's alpha reliability test has been used to identify the validity of items used in survey. The coefficient of alpha or Cronbatch's alpha is actually a mean reliability coefficient for all the different ways of splitting the items included in measuring instruments (Naval Bajpai 2013). According to Hendrickson et al (1993), McGraw Wong (1996) and Naval Bajpai (2013) the alpha of a scale should be greater than 700 for items to be used

together as a scale. Therefore minimum 0.700 coefficient alpha values accepted to finalize the item validity. As per shown in Table No 2 shows that all dimensions have appropriate reliability.

Constructs	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
Awareness level	.972	.971	20
Satisfaction level	.880	.882	9

Source: primary data.

### 5.3. Assessment of Usage of Innovative Banking Services

As frequency of usage of innovative banking services will give a picture of awareness level of banking customers about innovative banking services. If a customer is a regular user of innovative banking service, which indicates, he has more knowledge about those services. Table No.3 presents a consolidated picture of regular usage of innovative banking services categorized into yes or no. The total score of the respondents reflect that 83 percent customers out of 100 customers having knowledge about innovative banking services.

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Yes	83	83	83.0	83.0
	No	17	17	17.0	100.0
	Total	100	100	100.0	
Total		101	100.0		

### Testing of hypothesis

H0: There is no significant difference between age of the customers and awareness level about innovative banking services.

H1: There is significant difference between age of the customers and awareness level about innovative banking services

To find out the significant relationship between age of the customers and awareness level about innovative banking services analysis of variance was applied. Independent variable is age and dependent variables are cash withdrawal, fast cash, pin change, balance enquiry, mini statement, card to card transfer, credit card payment, mobile top up, cheque book request, bill payment, mobile banking registration, 24\*7 services, and deposit facility

		Sum of Squares	df	Mean Square	F	Sig.
Cash withdrawal	Between Groups	2.689	4	.672	6.348	.000
	Within Groups	10.061	95	.106		
	Total	12.750	99			
Fast cash	Between Groups	7.791	4	1.948	10.809	.000
	Within Groups	17.119	95	.180		
	Total	24.910	99			
Pin change	Between Groups	4.732	4	1.183	6.600	.000
	Within Groups	17.028	95	.179		
	Total	21.760	99			
Balance enquiry	Between Groups	7.143	4	1.786	24.351	.000
	Within Groups	6.967	95	.073		

	Total	14.110	99			
Card to card transfer	Between Groups	7.759	4	1.940	14.859	.000
	Within Groups	12.401	95	.131		
	Total	20.160	99			
Credit card payment	Between Groups	7.759	4	1.940	14.859	.000
	Within Groups	12.401	95	.131		
	Total	20.160	99			
Mobile top –up	Between Groups	7.759	4	1.940	14.859	.000
	Within Groups	12.401	95	.131		
	Total	20.160	99			
Chequebook request	Between Groups	5.621	4	1.405	11.043	.000
	Within Groups	12.089	95	.127		
	Total	17.710	99			
Bill payment	Between Groups	7.759	4	1.940	14.859	.000
	Within Groups	12.401	95	.131		
	Total	20.160	99			
Mobile banking registration	Between Groups	6.782	4	1.695	10.508	.000
	Within Groups	15.328	95	.161		
	Total	22.110	99			
24*7 service	Between Groups	9.881	4	2.470	32.237	.000
	Within Groups	7.279	95	.077		
	Total	17.160	99			
Deposit facility	Between Groups	6.289	4	1.572	9.247	.000
	Within Groups	16.151	95	.170		
	Total	22.440	99			

### Testing of hypothesis 2

The result of the analysis of variance shows that there significance difference in age of the customers and awareness about innovative banking services. Table No. 4 indicates that there is significant difference i.e.,  $P < .05$  it leads to reject the null hypothesis .There was a statistically significant difference in age of the customers and awareness about innovative banking services.

**H0:** there is no significant difference between gender of the customers and usage of innovative banking services.

**H1:** there is significant difference between gender of the customers and usage of innovative banking services.

Mann-Whitney U test was used to find out the relationship between gender of the customers and usage of innovative banking services.

**Table no: 5 Mann-Whitney U Test**

		Ranks		
	.Gender	N	Mean Rank	Sum of Ranks
Regular User of ATM	Male	64	50.59	3238.00
	female	36	50.33	1812.00
	Total	100		

	regular user of ATM
	1146.000
Wilcoxon W	1812.000
Z	-.066
Asymp. Sig. (2-tailed)	.947
a. Grouping Variable: .Gender	

The result of the Mann-Whitney Test shows that there is no significance difference in gender of the customers and usage of innovative banking services Table No. 3 indicates that there is no significant difference i.e.,  $P > .05$  ( $p=.947$ ) it leads to accept null hypothesis .

### Testing of hypothesis 3

H0: there is no significant difference between educational qualification of the customers and satisfaction level about innovative banking services

H1: there is significant difference between educational qualification of the customers and

### Kruskal-Wallis Test

Kruskal-Wallis Test is the non parametric alternative to one way ANOVA. Table No.7 provides ranks for educational qualification of customers in relation with satisfaction level about innovative banking services. Educational qualification is given as grouping variable and availability of ATM, privacy in transaction, improve customer access, instruction given to access the ATM, facilitate more services, increase customer loyalty, attract new customers, more cost effective are as test variable.

**Table No. 7**

	Availability of ATM	Privacy in Transaction	Instruction Given to Access the ATM	Maximum Withdrawal Limit	Improve customer access	Facilitate more services	Increase customer loyalty	Attract new customers	More cost effective
Chi-Square	1.930	3.852	13.389	9.201	15.780	14.588	6.756	15.026	24.508
df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.587	.278	.004	.027	.001	.002	.080	.002	.000
a. Kruskal Wallis Test									
b. Grouping Variable: Educational qualification									

Kruskal-Wallis H test showed that there is no statistically significant difference in customer satisfaction and the educational qualifications of the respondents. Availability of ATM ( $\chi^2=1.930, p = .587$ ), privacy in transaction( $\chi^2=3.852, p = .278$ ), increase customer loyalty( $\chi^2 = 6.756, p = .080$ ), have p value greater than .05. which indicates that we can accept the null hypothesis. But all in other cases i.e. Instruction Given to Access the ATM( $\chi^2=13.389, p = .004$ ), Maximum Withdrawal Limit( $\chi^2=9.201, p = .027$ ), Improve customer access( $\chi^2=15.780, p = .001$ ), Attract new customers( $\chi^2=15.780, p = .002$ ), increase more services( $\chi^2=14.588, p = .002$ ), More cost effective( $\chi^2 = 24.508, p = .000$ ) we reject the null hypothesis.

### Testing of hypothesis 4

H0: there is no significant difference between residence of the customers and level of satisfaction towards innovative banking services .

H0: there is no significant difference between residence of the customers and level of satisfaction towards innovative banking services.

For testing the hypothesis Kruskal Wallis Test was applied. Location of residence considered as grouping variable and availability of ATM, privacy in transaction, improve customer access, instruction given to access the ATM, facilitate more services, increase customer loyalty, attract new customers, more cost effective are as test variable.

Table No.8 Test Statistics <sup>a,b</sup>									
	Availability of ATM	Privacy in Transaction	Instruction Given to Access the ATM	Maximum Withdrawal Limit	Improve customer access	Facilitate more services	Increase customer loyalty	Attract new customers	More cost effective
Chi-Square	26.578	21.635	36.120	46.211	17.590	18.851	15.022	.055	1.368
df	2	2	2	2	2	2	2	2	2
Asymp. Sig.	.000	.000	.000	.000	.000	.000	.001	.973	.504
a. Kruskal Wallis Test									
b. Grouping Variable: residence									

Kruskal-Wallis H test showed that there is statistically significant difference in customer satisfaction and the location of residence of the respondents. Attract new customers ( $\chi^2=.055, p = .973$ ), More cost effective ( $\chi^2=1.368, p = .504$ ), have p value greater than .05. which that means that we accept the null hypothesis. But all in other cases i.e. Availability of ATM( $\chi^2=26.578, p = .000$ ), Privacy in Transaction ( $\chi^2=21.635, p = .000$ ) Instruction Given to Access the ATM( $\chi^2=36.120, p = .000$ ), Maximum Withdrawal Limit( $\chi^2=44.211, p = .000$ ), Improve customer access( $\chi^2=15.022, p = .000$ ), facilitate more services( $\chi^2=18.851, p = .000$ ) increase customer loyalty( $\chi^2 = 15.022, p = .000$ ), p value less than or equal to .05. So we reject the null hypotheses.

## 6. Conclusion

The Indian banking industry is one of the largest in the world. The banking sector is the second largest spender on IT, which is also in the international scenario. A combination of regulatory and competitive reasons has led to increasing importance of total banking automation in the industry. The customers of bank of today have a virtual menu of options as far as delivery channels are concerned and all these are benefits of technology, with the most visible benefits happening in the areas of payments for retail transactions. A variety of cards, ATMs, electronic fund transfers, internet banking mobile banking are some of the latest technology. The present study was conducted in order to know the awareness and satisfaction level customers about innovative banking services. A banker can do his banking any time anywhere. All banks are gearing to adopt the new method to retain and expand customer base. The concept of anywhere any time banking is making independent of distance and also seamless. Now a day's debit cards and credit cards are used by large number of customers. Customers can access information from online under the facility of internet banking. Internet banking has been provided all security measures like encryption key, coding system, digital signature etc. The study revealed that most of the sample respondents are aware of innovative banking services like, , fast cash, pin change, balance enquiry, mini statement, card to card transfer, credit card payment, mobile top up, cheque book request, bill payment, mobile banking registration, 24\*7 services, and deposit facility through ATM. It is found that most of the respondents are satisfied with innovative banking services by different banks.

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