

A Study on the Role of Technologies in the Development of Public Sector Banks Based Customers Perception

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1. INTRODUCTION

Technology has played a vital role in the evolution of Indian banking sector through speed creation, accuracy and efficiency of operation, and reduction in the transaction cost. Banking services are now oriented to “anyhow, anywhere, and any type” banking. This paper aims at studying awareness, expectation and acceptance levels of the customers with respect to the use and effectiveness of the new technologies in public sector banks. Technology access, up gradations and innovations in various functional areas of banking are of the highest level in India. One of the fastest growing sectors of the Indian economy, where technology is customer-oriented service, is banking. Over the years, Indian banking has moved from a traditional model of customer service to a modern one, where banks can reach the customers at any point with their services. Now, banks are luring the customers by visiting them. The banking sector is in the process of undergoing revolutionary changes in the way it functions and delivers its services to the customers. Now, banks are depending more and more on technology and are gradually moving towards an age of high-tech banking. Technology helps banks to reduce transaction cost and time. The banks, in turn, pass the benefit on to customers by slashing service charges and the time taken to issue demand drafts, make telegraphic transfers and clear cheques. The other benefits are faster branch reconciliation. For instance, the timeframe for reconciling branches at BoB has come down from around six months to one month. PNB now takes 42 days for reconciliation. Once CBS is in place, banks can prepare their balance sheets virtually every day.

2. REVIEW OF LITERATURE:

All banking services, as electronic payments, loans, deposits, or securities have become heavily dependant on information and telecommunication technology. This is the main reason why banks are the biggest users of IT equipment. Due to the complexity of banking services, every opportunity to speed up their performance or to make them more accessible for customers is very well welcomed by banks. However, with improvements of the quality of services, the important question appears if this process can provide the economic value for banks? Unfortunately not every increase in the customers satisfaction transfers into the higher bank profits, especially in the case of very expensive investments in IT and telecommunication equipment.

i. Anil Dutta and Kirti Dutta in their paper reveal the expectations and perceptions of the consumers across the

three banking sectors in India. The study revealed that gap varies across the banking sector with public sector banks showing the widest gap and foreign banks showing a narrow gap. It is important for the service providers to know the level of customer expectations so that they can meet and even exceed them to gain maximum customer satisfaction.

ii. In the study of Mark Durkin et al., customer satisfaction questionnaire was issued to over 2,000 retail customers. Twenty-five senior branch bank managers were then asked to rank the same set of issues to ascertain what they felt to be the key influencers to customer registration for internet banking. The three factors that the managers failed to identify fell into two broad categories: relationship management status and comfort with new technology.

iii. Due to increasing competition in retail banking, understanding the customer perception about service quality is becoming indispensable. The private sector banks are posing a very stiff competition to the public sector banks through their initiatives for meeting customer expectations and gaining a cutting edge. This is reflected by the increasing market share and better profitability of private banks in comparison to that of public sector banks. At the same time, public sector banks have also responded to the challenges posed by the private sector banks through conscious efforts to enhance their service quality. This study (R.A.Ravi) compares public sector banks and private sector banks in terms of user perception of their retail banking services.

iv. With the growth of the Indian economy over the past few years, the retail-banking sector in India has also witnessed phenomenal growth. It has faced up to the need of the hour and introduced anytime, anywhere banking, for its customers through ATMs, mobile and internet banking. It has also offered services like D-MAT, plastic money (credit and debit cards), online transfers, etc. The concept of CBS (Core Banking Solution), which allows a customer to fulfill a wide range of banking operation online, has come alive during the past few years. This has not only helped in reducing operational costs but also facilitated greater conveniences to its customers and so the customer preferences have to be taken care of constantly in the retail banking business.

3. OBJECTIVES AND RESEARCH METHODOLOGY

3.1 Objectives

1. To understand the role of technologies in the development of banks.

2. To study consumer perception towards the available banking technologies.
3. To identify how internet banking helps customer's relationship with banks.
4. To find out the problems faced by the customers in the use of technologies.

3.2 Data source:

a. Primary Data: This research includes surveys and fact-finding enquiries of different persons in nationalized banks such as IOB, Canara Bank, State Bank of India and some of the State bank groups. The data collection was carried out using survey method through direct contact with the help of questionnaire consisted of open ended questions, closed ended questions, multiple choice questions and some more direct questions to the employees and the customers in the banks. **b. Secondary Data:** In this study, the secondary data was collected from the published websites.

3.3 Sampling Size, Sampling Techniques & Statistical Tools:

The sample size that was found to be appropriate for the study was 250, non-probability or non-random sampling method has been selected, and convenient sampling technique is being used. The area of the research was concentrated in Chennai and the period of study is from 2009-2010.

Simple percentage analysis and Chi-Square test are the main statistical tools used for the study. Following study is based on the hypothesis that Customer's perception based on gender has significance in the use of technology in banking or not.

3.4 Limitation of the study:

Although many customers perceived usefulness and ease of use as benefits of the technology, they have not transferred this attitude towards the application of the technology to bank operations. Many bank customers are reluctant to use technology in banking. Some customers simply do not like the technology at all, and others fear their computer will garble their accounts.

3.5 Scope for future research

It is well known that the technology in banking has made a dramatic change in banking fields and in other fields for past decades. A study that identifies and explains factors that affect technology in banking to both customers and the bankers can be attempted.

4. ANALYSIS AND FINDINGS

Table 4.1 General survey based on the respondents' age

Interpretation: From this chart it is found that the ages of the respondents were of 46% below 30 age group, 6% of age group from 30-40, 15% of age group from 40-50, 30% of age group from 50-60 & 3% of age group are above

60. Table 4.2 General survey based on the respondents' experience

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Interpretation: From this chart it is found that the experience of the respondents in technology based banking from 1-5 years were of 49% ,2% of 5-10 years experience, 4% of 10-15 years experience & 45% of them have experience above 15 years.

Table 4.3 Using technologies in banking would increase the output of banking transaction

Interpretation: From this chart, it is found that 93% of the respondents have accepted the fact that the output of the banking has increased. Only 7% of the respondents have not accepted the fact that the banking output has increased by the use technology in banking.

Table 4.4 Using technology in banking would increase strong relationship with customers

Interpretation: From this chart it is found that 67% of the respondents have agreed that the relationship with customer & the banker have increased by the use of technology in banking & 33% of the respondents have not accepted that the technology in banking have increased the relationship with the customer & the banker.

Table 4.5 Using technology in banking would increase the performance

Interpretation: From this chart it is known that 94% of the respondents have accepted that the banking performance has been increased by the use of technology & 6% of the respondents have not accepted that the banking performance have been increased by the use of technology.

4.6 HYPOTHESIS: CUSTOMER'S PERCEPTION BASED ON GENDER HAS SIGNIFICANCE IN THE USE OF TECHNOLOGY IN BANKING

H₀ - customer's perception based on gender has no significance in the use of technology in banking.

H₁ - customer's perception based on gender has significance in the use of technology in banking.

CUSTOMER PERCEPTION	MALE	FEMALE	TOTAL
AGREE	140	30	170
DISAGREE	60	20	80
TOTAL	200	50	250

Table 4.6.1 Observed frequency for gender and customer perception

	MALE	FEMALE	TOTAL
AGREE	136	34	170
DISAGREE	64	16	80
TOTAL	200	50	250

Table 4.6.2 Expected frequency for gender and customer perception

OBSERVED FREQUENCY (O)	EXPECTED FREQUENCY (E)	(O-E) ²	(O-E) ² /E
140	136	16	0.118
60	64	16	0.250
30	34	16	0.471
20	16	16	1.000
[(O - E) ² / E] 1.839			

DEGREE OF FREEDOM	1
SIGNIFICANCE LEVEL	5%
TABLE VALUE	3.84

Since the calculated value of Chi-Square 1.839 which is less than the table value 3.84 for degree of freedom 1 at 5% significance level. We accept the null hypothesis (H_0) and reject the alternative hypothesis (H_1). Thus, customer's perception based on gender has no significance in the use of technology in banking.

5. SUGGESTION & CONCLUSION

In some public sector banks the traditional branch based technologies remains the most widespread method for conducting banking transactions. However, technology is rapidly changing the way personal financial services are being designed and delivered. Competition among the private and public banks and even among the public bank itself is driving the acceptance of technologies. Technology based e-banking system will improve their operations and reduce costs. Despite all their efforts aimed at developing better and easier technology based banking system, these systems remained largely unnoticed by the customers. Certainly, they were seriously underused in spite of their availability. Therefore, there is a need to understand user's acceptance of technology-based banking and the need to identify the factors that affect the intention to use technology based banking. This issue is important because the answer holds the clue that will help the banking industry to help to formulate their marketing strategies to promote new forms of technology based banking system in the future.

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