

Customer Perception towards Computerization in Indian Banks - A Study of Select Banks

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ABSTRACT- *More than three decade pass since, introduction of computerisation in India are adopting Information Technology in their banking operations. Since, it is expected that computerization can radically transform not only the process of transaction and services but also bring significant improvement in the financial and operational performance of banks. In this back drop there is a need to examine the impact of computerization on performance of Indian banks, more so in case of public sector banks. Further, there is a need to evaluate the impact of computerisation on banking performance from the view point of its stakeholders i.e., customers employees, management, government etc., Keeping this in view, the present study of "Impact of Computerisation on Performance of Public Sector Banks – A Study of Select Banks" with special reference to two major public sector banks in Andhra Pradesh, namely State Bank of Hyderabad and Andhra Bank is undertaken.*

Key words:

Introduction

More than three decade pass since, introduction of computerisation in India are adopting Information Technology in their banking operations. Since, it is expected that computerization can radically transform not only the process of transaction and services but also bring significant improvement in the financial and operational performance of

banks. In this back drop there is a need to examine the impact of computerization on performance of Indian banks, more so in case of public sector banks. Further, there is a need to evaluate the impact of computerisation on banking performance from the view point of its stakeholders i.e., customers employees, management, government etc., Keeping this in view, the present study of "Impact of Computerisation on Performance of Public Sector Banks – A Study of Select Banks" with special reference to two major public sector banks in Andhra Pradesh, namely State Bank of Hyderabad and Andhra Bank is undertaken.

Review Literature

Chaudhary H.C¹ (1988) in his article entitled "Marketing Information System in Banks" presents importance of marketing in banking services, different marketing decision areas in banks and information needs for making marketing decisions in banks, The author, on the basis of survey of nationalized commercial banks in India, suggests usefulness of a systematic marketing information system to commercial banks and various factors which can make the informational base of the bank strong and authentic.

V.K.Chopra² (2001) in his research article entitled "Emerging challenges, strategies and solutions in Indian public sector banks" highlighted Post VRS Scenario, shrinking of profitability, new products like

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tele-banking, mobile banking, Internet banking, e-commerce related products & non-performing assets. He pointed out the synergy of Mergers & Acquisitions and some of the challenges before the Indian Public Sector Banks.

S.Syamali³ (2004) in her article entitled “Customize, compete and conquer through technology” highlighted that, “As the degree of uncertainty is more in banking sector they have to depend more on building “Customer Relationship”, which is a permanent asset bringing regular income rather than mere hardware which have obsolescence as a critical factor. “Technology shall be prudently used more as a means to achieve the end result”.

P. Siva Rama Prasad⁴ (2005) in his research paper entitled “Is ATM Cost Effective?” Attempted to discuss the Technology and Its Implications on banks, Reduction of Cost is Profit, Automated Teller Machine – a Cost Control Device to the Commercial Banks,

K. N. C. Nair⁵ (2005) in his research paper entitled “E-Banking: Growing Big” discussed the recent trends in E-banking, and he focused on federal bank – IT initiatives, our recent IT initiatives, Achievements of IT in banks and problems of E-banking. The author concluded that banking being highly information-intensive, it is only logical to use IT as an effective enabler and facilitator for meeting the requirement of banks and their customers. With the changing lifestyle of customers, they need new products and convenient delivery channels, which can be provided only by enabling technology.

Dr. Ganti Subrahmanyam⁶ (2006) in his article entitled “Technological Divide and Future of Retail Banking” discussed some of the issues pertaining to implications of E-Commerce for banking industry. The author concluded that banking can provide customers a seamless route to access retail financial services with low transaction cost. He felt that it is popular only in a few parts of the world. According to him with the growing use of internet and other electronic channels in India, scope for retailing through these channels is increasing.

V.P. Gulati and M.V. Sivakumaran⁷ (2006) in their research paper entitled “E-Learning in Banking: Perspectives and Initiatives”, discussed about the emerging

perspectives in e-learning are discussed. The need to re-orient traditional training systems to offer web-based learning by taking full advantage of the internet technology. He suggested the IDRBT initiatives in providing e-learning to bankers in India and the emerging challenges for the training system in this regard are considered and commented upon. The paper emphasizes the paramount need for organizations to get into the continuous learning mode to succeed and survive in the knowledge era.

Thus, an examination of the above review of literature suggests that the studies on computerization in banking are very few. Even these studies have not made any attempt to examine the impact of computerization on performance of banks, which is an important issue in the present context, considering this in view, the present study makes a modest attempt to examine the Impact of Computerization in Public Sector Banks in Andhra Pradesh with special reference to Andhra Bank and State Bank of Hyderabad.

Objectives of the Study

The objectives of the present paper is to evaluate the consumer's perceptions with regard to Objectives of computerization, Purpose of visiting the banks, Frequency of visiting the bank, Awareness and usage of computerised banking services, The level of satisfaction for computerised banking services, Benefits of computerisation in banks, Problems of computerisation in banks and Customers perception about impact of computerisation

Sources of data and methodology:

The present study is mainly based on primary data and secondary data. The primary data collected from sample customers from sample branches of State Bank of Hyderabad and Andhra Banks through questionnaires. In the selecting the sample of customers, the following methodology is adopted in different stages. In the first stage, two banks have been selected purposively i.e:- 1) State Bank of Hyderabad, (from State Bank Group) and 2) Andhra Bank (from nationalised banks). The reason for selecting these two banks is that they are major public sector banks operating in Andhra Pradesh. At the second stage, five computerized branches under each bank have been selected from the four cities namely, Hyderabad, Warangal, Karimnagar and

Khammam. From each of these branches, 30 customers were selected on random basis. Thus, the sample of customers is arrived at 300 (2 Banks x 5 Branches each bank x 30 customers each branch). The secondary data is collected from the official records of the banks like weekly abstracts, circulars and statistics of various banks published by RBI bulletins, the annual reports of the Banks, Annual Action Plan prepared by lead Bank Officers, information collected from Libraries of the Institutes and Universities and Banking journals published by Indian Banks Association.

Statistical Tools Applied:

To analyze the data, statistical tools applied such as percentages and Arithmetic mean are used to analyze the primary data.

Limitations of the Study:

The study is limited to Andhra Bank and SBH branches in Warangal, Karimnagar and Khammam districts of Andhra Pradesh only.

Customer Perceptions about Objectives of Computerisation

In order to understand the objectives of computerisation in selected banks from view point of the customers, an attempt is made to collect their responses about the major objectives for computerisation in the banks. The objectives indicated by them have been grouped into eight and their responses have been shown in Table No.1

Table No – 1
OBJECTIVES OF COMPUTERISATION – CUSTOMER PERCEPTIONS

Sl.No	Variables	No. of Respondents	%
1	Anywhere Banking	85	28.30
2	Better and Efficient Customer Service	90	30.00
3	Reducing the operations cost	24	8.00
4	Offering multiple delivery channels	20	6.70
5	Centralizing the bank end processes	13	4.30
6	Creating a customer profile database	11	3.70
7	Speedy operations	46	15.30
8	To create new customers	11	3.70
Total		300	100.00

Source: Field Survey

Purpose of visiting the banks

It may be observed from the table that customers perceived “Better Customer Services (30%)”, “Anywhere Banking (28.30%)” and “Speedy Operations (15.30%)” as the major objectives of the computerisation in banks. Other objectives in order of priority include “Reduction in Operation Cost”, “Multiple Delivery Channels”, “and Centralization of Backend Process” etc.

The impact of computerisation of banking services on customers is influenced by the purpose for which the customers are visiting the bank. In order to know customer’s purpose in visiting the banks the sample respondents were asked to indicate their responses. These responses have been analysed and presented in Table No. 2

Table No - 2
PURPOSE OF VISITING THE BANK

Sl.No.	Variables	No of responses	%
1	Deposit/Withdrawal of cash	300	22.51
2	Demand Draft/Pay Orders	264	19.80
3	Credit Cards transactions	94	7.05
4	Updating of passbook	194	14.55
5	Cash credit operations	195	14.63

6	Locker facilities	106	7.95
7	Loan services	180	13.50
	TOTAL	1333	100.00

Source: Field Survey

It may be observed that almost all the respondents are visiting the bank for avail “Deposit/Withdrawal of Cash (22.51%)”. Other purposes include “Demand Draft/Pay Orders (19.80%)” followed by “Cash Credits Operations (14.63%)”, “Updating of Passbook (14.55%)”, Loans Services (13.5%)”, “Locker Facilities (7.92%)”. Respondents visiting the bank for “Credit Card Transactions” are found to be low in percentage. Since computers are used for

processing of all these services, computerisation influences customers visiting the banks with any of the purpose.

Frequency of Visiting the Bank

Availing of banking services also depends upon frequency of visiting the bank. Computerisation helps in speedy operations as reduction of time in providing services to customers. Here an attempt is made to examine customers practices regarding frequency of visit to bank to avail services are shown in the Table No. 3

Table No - 3
FREQUENCY OF VISITING TO THE BANK

S.No.	Particulars	Frequency	%
1	Daily	24	8.00
2	Once in a week	73	24.33
3	Once in a month	128	42.67
4	Once in three months	75	25.00
	Total	300	100.00

Source: From Field Survey

It may be observed from the table that most of the customers (42.67%) visit once in a month followed by “Once in three month (25%)”, “Once in a week (24.33%)” and few respondents are visiting the bank every day.

Awareness and Usage of Computerised Banking Services

The benefits of computerisation in the banks can reach the customers if customers are aware

of these services. Further the rate of usage of services among aware customers also indicates the effectiveness of computerized services in the banks. Therefore, an attempt is made here to know about the number of customers who are aware of computerised services and also the extent of usage of services among customers. The percentage figures of aware customers and those who use these services are presented in the Table No 4.

Table No - 4
CUSTOMER’S LEVEL OF AWARENESS AND USAGE OF COMPUTERISED SERVICES

Source: Field Survey

It may be observed from the table that average percentage of awareness about computerised services is high (76.29%), but the percentage of customers using these services is relatively low (54.44%). About 63.63% of respondents who are aware are using these services. Highest level of awareness is found in case of cash withdrawals and cash deposits followed by demand drafts/pay orders, ATM's cheques deposits etc., lowest awareness is found in case of financial services.

The Level of Satisfaction for Computerised Banking Services

A prime objective of computerisation is to serve the customer effectively and give

them full satisfaction. It is expected that customer's satisfaction level increases with computerisation of services, since it results in accurate prompt and reliable services to the customers.

With a view to examine the level of satisfaction customers after computerisation in the selected banks, they have been asked to indicate their satisfaction level for selected services on a five point Liker's Scale with the responses – 1) Highly Satisfied 2) Satisfied 3) Neither Satisfied Nor Dissatisfied 4) Dissatisfied and 5) Highly Dissatisfied.

The following weights have been assigned for their responses.

S.No	Particulars	Aware %	Usage %	% of usage among awareness
1	Cash Withdrawals	100.00	98.70	98.70
2	Cash Deposits	100.00	99.70	99.70
3	Demand Drafts/Pay orders	91.00	77.00	84.62
4	Cheque Deposits	91.30	85.00	93.10
5	ATM/Debit card facilities	99.30	95.00	95.67
6	Credit card facilities	74.70	29.70	39.76
7	Lockers Facilities	66.30	21.00	31.67
8	Loans	83.70	39.70	47.43
9	Internet Banking	63.30	22.70	35.86
10	Anywhere Banking	61.30	28.00	45.68
11	Financial Services	8.30	2.30	27.71
AVERAGE % OF AWARENESS AND USAGE		76.29	54.44	63.63

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<u>Scale</u>	<u>Weights</u>
Highly Satisfied	5
Satisfied	4
Neither Satisfied Nor Dissatisfied	3
Dissatisfied	2
Highly Dissatisfied	1

Weighted scores have been computed by multiplying number of responses with the number with their concerned weights. Sum of these weighted scores are calculated for each type of service provided by banks. Weighted average scores have been computed and shown in the following Table No.5

Table No – 5
LEVEL OF SATISFACTION OF COMPUTERISATION

S.No	Variables	Weighted Scores	Average Score
1	Multi-service on a single counter	1105	3.68
2	ATM/Debit Card Services	1285	4.28
3	Credit Card Services	1094	3.65
4	Anywhere Banking	1218	4.06
5	Internet Banking	1169	3.90
6	Fund Transfer	1100	3.67
7	Electronic Cheque	1021	3.40
TOTAL WEIGHTED SCORE		7992	
TOTAL WEIGHTED AVARGE		3.81	

Source: Field Survey

It may be observed from the table that weighted averages of all the variables selected are above 2.5, which means that customer's satisfaction level is above average. Average of combined scores also represents fairly high level of satisfaction (3.81). Highest satisfaction is noticed in case of ATM/Debit card services followed by Anywhere Banking, Internet Banking and other variables.

order to identify the benefits from customers view point, they were asked to obtained. For this purpose, twelve benefits have been identified based on discussion with customers and review of literature. The sample customers were asked to rank their preferences. Weights have been assigned to the ranks. Weighted cores have been computed for each of the identified benefit and ranks are assigned according to the scores obtained. These are shown in Table. 6

Benefits of Computerisation in Banks

Computerisation plays a vital role in banks since it offers many benefits to customers. In

Table No - 6
BENEFITS OF COMPUTERISATION IN BANKS

S.No	Particulars	Score	Ranks
1	Time saving	3596	1
2	Fastness in services	3159	2
3	Home Banking facilities	2023	6
4	Easy payments of dues through bank	1718	9
5	Transparency in facilities	1625	11
6	Better transfer of funds	2338	4
7	Easy clearances	2426	3

8	Easy balance enquiry	1948	7
9	Round the clock services	1551	12
10	Minimizing chances of fraud	1657	10
11	Hassle free in handling of cash	1918	8
12	Improved customer services	2059	5

Source: Field Survey

It may be observed from the above table that majority of respondents felt that “Time Saving” is top most benefit, followed by “Fastness in service”, “Easy clearances”, “Easy transfer of funds”, “Improved customer services” etc.

Problems of Computerisation in Banks

Having examined the responses of customers about the benefits of computerisation, an attempt is made here to understand perception of customers about problems faced by sample customers on computerisation in banks. For this purpose they were asked to mention the problems in order of preference. Weights have been assigned to these responses. The weighted scores and their ranks are shown in Table No. 7

Table No - 7
PROBLEMS OF COMPUTERISATION IN BANKS

S.No	Particulars	Score	Ranks
1	Security Concern Problems	1254	3
2	Machine Failures	1731	1
3	Lack of computer knowledge	1200	4
4	Increase in services charges	1381	2
5	Loosing personal contact with bank staff	1022	6
6	Electricity disturbances	1172	5
7	Absence of special laws	702	7
TOTAL		8462	

Source: Field Survey

It may be observed from the above table that “Machine Failure” is ranked as major problem followed by “Increase in services charges”, “Security Problems”, “Increase in service charges” etc. “Electrical failures”, “loosing of personal contact with bank staff” etc., are other problems mentioned by the respondents.

Customers Perception about Impact of Computerisation

Computerisation in the banks as a major impact on Customers, Employees and Bank performance, here an attempt is made to study the impact of computerisation on these three

categories from the view point of selected bank customer’s their responses have been arranged on five point rating scale ranging 1. Excellent 2. Good 3. Little Impact 4. No Impact 5. Adverse. For this purpose an appropriate weight ages have been given for these responses.

Weighted scores and averages have been computed by multiplying with the number of respondent’s and with concerned weights. Sum of these weighted scores are calculated for each variable to know the impact of computerisation on customers, on employees and on bank performance, weighted average scores and averages have been computed and shown in the following Table No.8

Table No - 8
IMPACT OF COMPUTERISATION

S.No	Particulars	Weighted Score	Average Score
1	On Customers	1251	4.17
2	On Employees	1170	3.90
3	On Banks Performance	1322	4.41
TOTAL WEIGHTED SCORE		3743	

TOTAL WEIGHTED AVERAGE	4.16
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Source: Field Survey

It may be observed from the table that sample customers feels that impact of computerisation is much “On banks performance (4.41%)” followed by “On customers (4.17%)” and “On employees (3.9%)”. On the whole it is observed that the sample customers are satisfied more on bank performance on account of computerisation in banks.

CONCLUSION

The conclusions derived from the analysis from the customers opinions are:

1. The customer’s opinions about the objectives of computerization in the selected banks revealed that the main purpose of computerization is for offering better and efficient customer services in the banks, the other objectives in order of their preference include anywhere banking, speedy operations and reduction of operational cost etc.
2. In order to know customers purpose in visiting the banks, the sample respondents were asked to indicate their responses. The analysis of their opinions revealed that most of the customers visit the banks for the purpose of depositing or withdrawal of cash. The other purposes in order of preference include getting DDs, Cash Credits, Updating of passbook, loan services, credit card transactions etc.,
3. An attempt was made to know the frequency of visiting the bank by the customers. The responses of the customers revealed that most of the customers (42.67%) visit the bank once in a month. while about 25% of the respondents visit once in three months. The respondents regularly visiting the bank are relatively less (32%).
4. The percentage of usage among the aware customers showed that average of 63.3% of aware customers are using computerized services in the banks. The lowest percentage was noticed incase of financial services (27.7%) and highest percentage was in case of

cash withdrawals and cash deposits (98.7%).

5. In order to know the level of satisfaction of customers about computerized services in banks they were asked to indicate their satisfaction it is found that a high level of satisfaction (the weighted average of 3.81) exists about the computerized services in banks. Regarding the satisfaction of individual computerized services, the level of satisfaction varied between the average 3.4 (Electronic cheque) to 4.28 (ATM services).
6. The customers were asked to indicate the benefits of computerisation in banks in order of preference. The ranks given by them indicate that the most important benefit of computerisation is saving of time in banking transactions. The other benefits in order of importance include fastness in service, easy clearance, better transfer of funds, improved customer services, home banking facilities etc.,
7. The customers were asked to indicate the problems faced by them in availing computerized banking services. The major problem indicated by them was machine failures and consequent inconvenience to the customers. The other problems in order of preference include high service charges, security concerns, lack of computer knowledge to the customers, power failures; lose of personal touch with bank staff and absence of special laws to prevent cyber crimes.
8. Regarding the impact of computerisation in banks on customers, employees and the bank management, the respondents felt that impact was indicated in case of bank performance (4.41) and lower impact incase of employees (3.90).there is a high level of impact on bank performance. Customers as well as bank employees. Relatively higher

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