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A Study on Customers' Awareness, Perception, and the Level of Satisfaction with Regard to Virtual Banking Services Offered by Private Banks in India with Special Reference to Bangalore

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KEYWORDS:

INTRODUCTION

Indian Banking industry is witnessing an unprecedented competition. To stay ahead, Banks are coming up with plethora of services to lure customers. Services like 24hour banking, Service at door step, Telephone banking, Internet banking, Extended Business Hours (EBH), Speedy processing are only a few to mention. Greater part of today's bank transactions take place somewhere else other than in branch premises. This shows the growth of "virtual" banks in India.

Though, the aim of these services is to satisfy customers, there is a need to understand customer awareness, perception and importantly the level of satisfaction. In this paper we measured these issues on four virtual banking services offered by Indian private banks in Bangalore city. These services include Automated Teller Machine (ATM), Telephone Banking, Internet Banking and Integrated Voice Response System (IVRS). Based on findings of the study, we conclude that, banks have to do a lot to take advantage of virtual banking services. We also penned down few suggestions that would help banks to provide better service.

OBJECTIVE OF THE STUDY

The objective of this study was to measure the customers' awareness, perception, and the level of satisfaction with regard to virtual banking services offered by the Indian private banks in the city of Bangalore.

QUESTIONNAIRE DEVELOPMENT

A structured questionnaire was developed in two stages. In the first stage, an exploratory study was carried out using personal and focus group interviews to understand the factors influencing customers' preferences. In the second stage, based on findings of the exploratory study, a 30-item 3-point Likert scale was developed. Items in the questionnaire covered four important services i.e., Telephone Banking, IVRS, Internet Banking, and ATM services offered by Indian private banks.

DATA COLLECTION

Primary Data: The Structured questionnaire was used to collect the primary data.

Secondary Data: Research papers, journals and magazines were referred.

SAMPLING TECHNIQUE

Simple random sampling method was used to collect data from 200 customers of various Indian private banks during September to October 2012. The questionnaire was administered near the banks' branch premises and ATM's in the city of Bangalore. Of the total sample size, 170 customers returned the questionnaires. 10 questionnaires were found incomplete and were withdrawn. A total of One Hundred and Sixty (N=160) questionnaires were found suitable for the study. This represents 80% of the total sample size.

LIMITATIONS OF THE STUDY

This study suffers from few limitations.

- The study was restricted to sample of 160 and within the city of Bangalore.
- Perceptions, attitudes, and time constraints of the customers would have influenced their responses.

DATA ANALYSIS & INTERPRETATION

DEMOGRAPHIC VARIABLES

Table 1: Age wise classification of respondents

Under Graduate	Graduate	Post Graduate	Others
18 (11.25%)	108 (67.5%)	29 (18.12%)	5 (3.12%)

67.5% are Graduates and 18.12% are Post Graduates (18.1%). This states that banking customers in Bangalore are well qualified.

Table 2: Nature of Employment of respondents

Unemployed	Self Employed	Govt. Service	Private service
11(6.87%)	19 (11.87%)	43 (26.87%)	87 (54.37%)

54.37% work in Private Sector, 26.87% work in Government Sector and 11.87% are Self Employed whereas 6.87% are unemployed.

Table 3: Type of relationship with bank

Savings a/c	Salary a/c	Current a/c	Demat a/c
61 (38.12%)	83 (51.87%)	11(6.87%)	5 (3.12%)

51.87% have a Salary a/c, 38.12% have Savings a/c and 6.87% Current a/c whereas 3.12% have Demat a/c.

Table 4: Monthly income of the respondents

< Rs.5000	Rs.5000-Rs.10000	Rs.10000-Rs.15000	>Rs.15000
23 (14.37%)	116 (72.5%)	14 (8.75%)	7 (4.37%)

73% were in the income group of Rs.5000-Rs.10000 and less than 5% have an income above Rs.15000.

Table 5: Time period associated with the bank

< 1yr	1 -- 3	3 – 5	> 5
56 (35%)	85 (53.12%)	13 (8.12%)	6 (3.75%)

Half of the Respondents have 1year to 3 years association with their banks. 35% associate themselves with their bank for a period less than 1 year.

Table 6: Respondents ATM service usage

Regularly		Once in a Week		Once in a Month		Never	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
115	71.88	27	16.88	18	11.25	0	0.00

72% use ATM service regularly, 16.88% use ATM once in a week and 11.25% use ATM once in a month.

Table 7: Transaction time at ATM

Less Than 1Minute		1-3 Minutes		3-5 Minutes		More than 5 Minutes	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
10	6.25	104	65.00	25	15.63	21	13.13

65% feel that it will take 1-3 minute's time to finish their transaction. 15.63% time taken at ATM is 3-5 minute's. 6.25% felt that they spend less than 1 minute to complete their transaction.

Table 8: Awareness of all ATM Locations of the bank in Bangalore city

Yes		No	
Respondents	%	Respondents	%
119	74.38	41	25.63

74% are aware of all the ATM locations in the city of their respective banks and 26% are unaware.

Table 9: Frequently Used ATM Location

Near to home		Near to office		at your branch		Anywhere in the city	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
101	63.13	23	14.38	13	8.13	23	14.38

Most of the respondents use ATMs which are nearer to their home. Next preferable ATM location is the one nearer to Office and any other location in the city. Customers using ATMs at their bank branch is found negligible.

Table 10: Level of Satisfaction with ATM service

	Not Satisfied		Satisfied		Very Satisfied	
	Respondents	%	Respondents	%	Respondents	%
ATM banking services	7	4.38	117	73.13	36	22.50
Continuous Service	81	50.63	41	25.63	38	23.75
Variety of Transactions	53	33.13	84	52.50	23	14.38
Ease of Screen use	75	46.88	61	38.13	24	15.00

73% were satisfied with the overall ATM services, 51% were not satisfied with continuous service, 47% with Ease of screen use and 33% with variety of transactions. The level of satisfaction was found more with 53% in variety of transaction being offered through ATM, followed by Ease of Screen use (38%) and Continuous Service (26%). Surprisingly, on all the dimensions, less than 25% were found very satisfied.

Table 11: Telephone-banking Usage

Regularly		Once in a Week		Once in a Month		Never	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
47	29.38	19	11.88	17	10.63	77	48.13

29% regularly use Telephone-banking in Bangalore city whereas 48% never used Telephone-banking.

Table 12: Average Call answering time

Less Than 1Minute		1-3 Minutes		3-5 Minutes		More than 5 Minutes	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
8	9.41	16	18.82	43	50.59	18	21.18

51% opined that the average time taken to answer a telephone call is 3-5 minutes. 21% said that it takes more than 5 minutes. Very few respondents had an experience of receiving an answer to their calls in a time less than 1 minute.

Table 13: Level of satisfaction on telephone banking

Regularly		Once in a Week		Once in a Month		Never	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
37	23.13	14	8.75	7	4.37	102	63.75

55% were found satisfied with the customer service representative attending the telephone-call, 54% are very satisfied with the product knowledge of representatives, 48% are satisfied with the speed of operations. Only 54% (30.5% +23.5%) of the respondents replied affirmative when asked about satisfaction on replies of representatives to their questions. 38% were not satisfied with the communication skills of the representatives.

Table 14: Access Internet Banking

	Not Satisfied		Satisfied		Very Satisfied	
	Respondents	%	Respondents	%	Respondents	%
Customer Service Rep.	32	37.65	47	55.29	6	7.06
Speed of Operations	18	21.18	41	48.24	26	30.59
Knowledge about Products	12	14.12	27	31.76	46	54.12
Replying Queries	39	45.88	26	30.59	20	23.53
Communication Skill	33	38.82	29	34.12	23	27.06

64% reported having never used to internet banking, 9% use internet banking once in a week, 4% use once in a month and 23% use internet banking regularly.

Table 15: Preferred place to access Internet Banking

	Respondents	%	Respondents	%	Respondents	%
Internet Banking Services	35	60.34	12	20.69	11	18.97
Page Setup	43	74.14	14	24.14	1	1.72
Ease use	34	58.62	13	22.41	11	18.97
Speed Loading	9	15.52	11	18.97	38	65.52
Sufficiency	28	48.28	25	43.10	5	8.62
Transactions	10	17.24	38	65.52	10	17.24
Visual design	38	65.52	9	15.52	11	18.97

62% are operating internet banking from home, 17% check it at cyber cafes and 4% at office. 14% use their mobiles to access internet banking.

Table 16: Level of satisfaction related to Internet banking

At Cyber Café		At Home		At Office		With Mobile Phone	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
10	17.24	36	62.07	4	6.90	8	13.79

60% were not satisfied with overall internet banking services. 65% were found very satisfied with the speed of page loading, 74% were not satisfied with page setup, 59% with ease of usage, 66% with visual design and 48% with content and sufficiency. 66% reported satisfaction with variety of transactions being offered over internet.

Table 17: Customers using IVRS

Regularly		Once in a Week		Once in a Month		Never	
Respondents	%	Respondents	%	Respondents	%	Respondents	%
17	10.63	8	5.00	13	8.13	122	76.25

76% never used IVRS and only 11% use it regularly. The usage of IVRS once in a week and once in a month is found negligible.

Table 18: IVRS Replying

Not Effective		Effective		Very Effective	
Respondents	%	Respondents	%	Respondents	%
23	60.53	9	23.68	6	15.79

61% rated as not effective in replying to the questions of the respondents. This is followed by a rating of 24% for effective and 16% for very effective.

Table 19: Respondents level of satisfaction on IVRS

	Not Satisfied		Satisfied		Very Satisfied	
	Respondents	%	Respondents	%	Respondents	%
Understandable	31	81.58	5	13.16	2	5.26
Transactions	21	55.26	14	36.84	3	7.89
User- friendliness	28	73.68	6	15.79	4	10.53
View IVE	24	63.16	11	28.95	3	7.89

The respondents were asked to rate on understandable menu, user friendliness and sufficient choice of transactions in IVRS along with respondents views of the concept of IVRS. 63% were not satisfied with the IVRS. 29% were satisfied and 8% were very satisfied. Regarding understandable menu, 82% rated not satisfied. 74% were not satisfied with user friendliness and 55% with variety of transactions. Except on variety of transactions, where 37% rated satisfied, percentage of respondents being satisfied and very satisfied was below 30% on all the issues of IVRS.

FINDINGS

ATM usage was found regular and more than once in a week. On the contrary, ¾ of the respondents never used IVRS. Usage of the internet banking and telephone banking was found notably low at 64% and 48% respectively.

The average time spent at ATM's varies between 1-5 minutes and in telephone banking, the time spent was 3-5 minutes and above. ATMs that are nearer to their home are preferred. Home is the preferred place for 62% of the respondents to access internet banking. About 25% of the customers were unaware of all the ATM locations of their banks in the city.

Customers expressed satisfaction with the overall ATM banking services. However, they were not satisfied with continuous service of ATMs. It was found that there was difficulty in using the ATM screen.

Regarding telephone banking, respondents expressed satisfaction on CSR's speed of operations, knowledge about products and communication skills. An interesting point to note though was that customers were not satisfied with the replies of CSR's to their queries.

The overall level of satisfaction on Internet banking was found unsatisfactory and they expressed their inconvenience on issues like content sufficiency, page setup, ease of use and visual design. On the other hand, they were satisfied with variety of transactions and loading speed of web pages.

The customers were not satisfied with IVRS. Surprisingly, all attributes like understandable menu, choice of transactions, user friendliness and faster service were rated unsatisfactory.

CONCLUSION

Banks should focus on creating further awareness on availability of their ATM locations, other than the one that customers regularly use. This result in lower waiting time spent at ATMs and avoidance of customer inconvenience due to system break down or money feeding process.

The overall satisfaction level of customers on Internet banking services is found unsatisfactory. Customers' expressed their inconvenience on issues like content sufficiency, page setup, ease of use and visual design. Nevertheless, they are satisfied with variety of transactions and page loading speed aspects of Internet banking. Banks should concentrate on redesigning their websites.

REFERENCES

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