



AWARENESS AND PERCEPTION OF CUSTOMERS TOWARDS SERVICES OF NEW GENERATION BANKS

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ABSTRACT

Banking sector has been the key sector for the growth of a country from the time immemorial. The banks act as an intermediary between the people who have surplus funds and the people who need funds. The major functions of banks include collecting deposits and lending loans to the customers. Banking sector has witnessed several dimensions since independence of the country. The first phase of nationalization of banks took place in 1969. During that phase, 14 banks were nationalized. During the year 1980, six more banks were nationalized in the second phase. However, economic reforms initiated in India during 1991 have opened the gates for the private players. The entry of private banks has given a new avatar for banking sector. The banks entered during the post reform period have been termed as new generation banks. For the purpose of the present study, ICICI, HDFC and AXIS banks have been considered. The awareness and perception of customers towards the services rendered by these new generation banks have been discussed in this paper.

KEYWORDS : New generation banks, awareness, perception, services.

INTRODUCTION

The economic development of a nation depends mainly on the banking sector since the development of every sector – industrial sector, agricultural sector, etc. needs the support of banking sector. In the early periods, the funds required by the industrial sector and agricultural sector were provided by private money lenders. They used to collect huge rate of interest which has affected the borrowers to a greater extent. The banking sector has become a boon for the other sectors in providing loans and financial assistance at reasonable rates of interest. The banking sector plays a vital role in the development of industrial sector.

The industrial units require financial assistance for the establishment of new units and expansion of existing units. The funds required by these units have been provided by the banks by following certain norms. The services rendered by banks have been increased from time to time. The exorbitant interest charged by private money lenders paved the way for nationalization of banks. The first phase of nationalization of banks has taken place during the year 1969. In this phase of nationalization, 14 banks were nationalized. It was followed by the nationalization of 6 more banks in the second phase during the year 1980.

India has initiated the economic reforms during the year 1991 which has liberalized the policies for starting banks and new private sector banks have entered into the sector accordingly. Due to the entry of new generation banks and foreign banks, the existing banks including nationalized banks and old private sector banks have been facing stiff competition. The survival has become essential for the nationalized banks and private sector banks. Thus, the banks have started opening new branches in rural areas and providing modern retail banking services with technology like ATM, e-banking, mobile banking, etc. The financial inclusion by nationalized banks is taken up with the intention of freeing the rural people from the clutches of private money lenders charging exorbitant interest rates.

STATEMENT OF THE PROBLEM

It is made clear that the role of banking sector has become crucial in the economic development of the country. For the purpose of survival in the competitive environment, the banks have been rendering various services to the customers. However, the services rendered by banks could reach the customers only if they become aware of these services. Under these circumstances, it is a question whether the customers are aware of services rendered by the banks. The present study has probed the questions – what is the level of awareness of customers towards services rendered by banks and what do they perceive regarding the services rendered by banks. Hence, the present

study is undertaken to discuss about the awareness and perception of customers towards services of new generation banks.

SCOPE OF THE STUDY

The present study has considered three major new generation banks – ICICI, HDFC and AXIS only. The awareness of customers towards the services rendered by these new generation banks has been analyzed in this study. The study has also made an attempt to understand the perception of the customers towards the services rendered by these new generation banks.

OBJECTIVES OF THE STUDY

The main objective of the study is to understand the awareness and perception of customers towards the services rendered by new generation banks. Hence, the following objectives have been framed for the present study:

- To assess the level of awareness of customers towards services rendered by the selected new generation banks.
- To understand the perception of customers towards services rendered by the selected new generation banks and
- To offer suggestions for increasing the level of awareness and improving the perception of customers towards services rendered by the selected new generation banks.

RESEARCH METHODOLOGY

The research methodology forms the basis for smooth conduct of every research. It describes the step by step process and acts like a flow chart of the research to be carried out. It includes the data source, data collection, sampling method, sample size and tools of analysis.

DATA SOURCE

The data required for a research study could be collected from primary and secondary sources. The data collected by the researcher for fulfilling the objectives of his study are known as primary data and the data obtained by others for their own purposes and used by the researcher are called secondary data. The present study is mainly dependent on primary data obtained from the sample respondents.

DATA COLLECTION

The researchers have collected the data required for the present study through primary sources. In this regard, a structured questionnaire was prepared and administered among the sample respondents. The sample respondents were asked to state their level of awareness and perception towards the services rendered by the selected new generation banks.

SAMPLING METHOD

It is the manner in which the samples are selected from the population. There are various methods of sampling – probability and non-probability sampling. When the population size is finite and small, each sample could be given equal chances. In such a case, probability sampling method shall be followed. In the event of large and infinite population, non-probability sampling method shall be used. In the case of present study, the population is quite large and infinite. Hence, one of the methods of non-probability sampling – convenient sampling method is chosen for selecting the sample respondents.

SAMPLE SIZE

The sample size of a research study shall be determined on the basis of the size of population. However, representation shall be given to all the classes of respondents. In the case of present study, the sample size is determined to be 600, i.e., 200 customers of each of the selected new generation banks have been selected under the convenient sampling method.

TOOLS OF ANALYSIS

The data so obtained from the sample respondents were subject to statistical analysis for drawing valid conclusion. Statistical tools like mean, range, standard deviation, chi square test and analysis of variance (ANOVA) have been used for analyzing the data.

HYPOTHESES

The following null hypotheses have been framed to test the relationship between demographic variables and level of awareness and the relationship between the banks and perception towards services rendered by new generation banks:

Null Hypothesis 1: There is no significant relationship between demographic variables and level of awareness on services rendered by new generation banks.

Null Hypothesis 2: There is no significant difference between the customers of selected new generation banks with reference to perception towards services rendered by new generation banks.

LIMITATIONS OF THE STUDY

Due to the economic and time constraints of the researchers, the study has been confined to 600 respondents only. The study is mainly based on the responses given by the customers of new generation banks which could vary from time to time and hence, care should be taken while generalizing the results of this study. The study has been conducted among the customers of the selected three new generation banks only.

ANALYSIS AND INTERPRETATION

The present study has evaluated the awareness and perception of customers towards the services rendered by new generation banks. In this regard, twelve questions have been framed regarding awareness of various services rendered by new generation banks which include: Core Banking Solution, Automated Teller Machine (ATM), Real Time Gross Settlement (RTGS), Electronic Clearing Services (ECS), International Visa Debit/Credit Card, Home Loans and Mortgages, Micro Small Medium Enterprises (MSME) Loans, Gold Loans, Agricultural Short Term Loans, NRI Accounts, Factoring Services and Merchant Banking. The customers were asked to state their level of awareness as 'Not Aware', 'Aware' and 'Fully Aware'. The responses were assigned scores as 1 for not aware, 2 for aware and 3 for fully aware. The total scores for the twelve questions ranged between 12 and 36. The scores between 12 and 20 were referred to as low level of awareness while the scores between 21 and 28 were regarded as medium level of awareness and the scores above 28 up to 36 were considered as high level of awareness. The average scores of awareness of customers of each of the selected banks have been computed and presented in the following table:

TABLE 1: AVERAGE SCORES OF AWARENESS

Name of the bank	N	% of Total N	Mean	Minimum	Maximum	Std. Deviation
ICICI	200	33.33	23.0	14	32	3.428
HDFC	200	33.33	23.9	16	31	2.905
AXIS	200	33.34	24.2	16	32	3.257
Total	600	100	23.7	14	32	3.243

Table 1 shows that the average score of awareness of the customers of ICICI bank was 23 while the average score of the customers of HDFC bank was found to be 23.9 and that of the customers of AXIS bank was determined to be 24.2. It implies that the average score of awareness was high among the customers of AXIS bank.

The relationship between demographic variables of the customers of new generation banks and their level of awareness has been measured by using chi square test. The results have been furnished in the following table:

TABLE 2: DEMOGRAPHIC VARIABLES AND LEVEL OF AWARENESS

Factor	Chi square value	DF	p value	Result
Gender	3.286	2	0.193	NS
Age group	3.227	6	0.780	NS
Marital Status	0.183	2	0.913	NS
Educational Level	1.549	6	0.956	NS
Occupational Status	8.599	8	0.377	NS
Monthly Income	14.048	6	0.029	Significant @ 5%

According to the Table 2, the p value of relationship between gender and level of awareness was 0.193 and the p value of relationship between age group of the customers and their level of awareness was 0.780. It implies that there is no significant relationship between gender and level of awareness and the age group of the customers and level of awareness has been found to be insignificant. There existed an insignificant relationship between marital status and level of awareness as denoted by the p value of 0.913. It is noted that the relationship between educational level of the respondents and their level of awareness was not significant as indicated by the p value of 0.956. There is no statistically significant relationship between occupational status and demographic variables. However, monthly income is significantly related to the level of awareness at 5% level of significance.

For the purpose of measuring the perception of customers towards the services rendered by the selected new generation banks, six major services have been identified and included in this study. They are: Account Opening Formalities, Working Hours, Products Offered, Interest rate on Deposits, Loan Sanctioning Procedure and Quantum of Loans Sanctioned.

TABLE 3: BANKS AND PERCEPTION TOWARDS SERVICES

Factor	F	p value	Result
Account Opening Formalities	13.66	0.00	Significant @ 1%
Working Hours	0.66	0.52	NS
Products Offered	3.27	0.04	Significant @ 5%
Interest rate on Deposits	0.07	0.93	NS
Loan Sanctioning Procedure	0.07	0.94	NS
Quantum of Loans Sanctioned	0.35	0.70	NS

According to Table 3, there is a significant difference among the customers with reference to the perception towards account opening formalities of new generation banks. However, there is no significant difference among the customers with reference to their perception on working hours, interest rate on deposits, loan sanctioning procedure and quantum of loans sanctioned. There exists a significant difference among the customers in respect of perception towards products offered.

FINDINGS AND SUGGESTIONS

The following are the key findings of the study:

- Higher level of awareness towards services rendered by new generation banks is found among the customers of AXIS bank than the customers of other two banks under study.
- The customers of ICICI Bank have low level of awareness towards services rendered by the banks.
- Age and gender of the customers do not have significant relationship with the level of awareness towards services rendered by new generation banks.
- No significant relationship is found between marital status of the respondents and their level of awareness towards services rendered by new generation banks.
- Educational level and occupational status could not have established significant relationship with the level of awareness
- There exists a statistically significant relationship between monthly income of the customers of new generation banks and their level of awareness towards services rendered by them.
- It is found that the customers of new generation banks have significantly different perception towards account opening formalities.
- A significantly different perception was observed among the customers of new generation banks with reference to products offered.

SUGGESTIONS

On the basis of the key findings observed from the analysis, the researchers have put forth the following suggestions:

- ICICI bank has to launch awareness campaign for its customers with a view to make its customers aware of various services rendered by the bank.
- ICICI bank has initiated the account opening at door steps within a few minutes. It could be well appreciated by the customers. The similar practices shall be followed by other banks too regarding account opening.
- The new generation banks have to introduce or offer more varieties of products for the benefit of their customers.

CONCLUSION

In the competitive environment, the functioning of new generation banks has been one of the challenges faced by other banks. Despite the innovative services offered by new generation banks, the customers are not fully aware of these services. The new generation banks have to take immediate steps to popularize their services among the customers without causing any inconvenience to them.

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