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Measuring Awareness and Satisfaction Level of Innovative Banking Users in South Gujarat Region

KEYWORDS: E-Banking, ATM, Internet banking, Credit cards, Mobile banking, Traditional banking, Customer satisfaction, awareness level.

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ABSTRACT *The research paper is explaining about the various approaches of doing banking electronically. The center point of the paper is to customers who are in Gujarat Region. The paper has intended to measure the level of awareness and the satisfaction level of innovative banking users South Gujarat Region. The research has divided into four area of e-banking such as ATM, Internet banking, Mobile banking and credit cards. This paper covers all both private as well as public sector bank for measuring the satisfaction level of the Customers.*

Introduction

The Indian Banking industry, which is governed by the Banking Regulation Act of India, 1949 can be broadly classified into two major categories, non-scheduled banks and scheduled banks. Scheduled banks comprise commercial banks and the co-operative banks. In terms of ownership, commercial banks can be further grouped into nationalized banks, the State Bank of India and its group banks, regional rural banks and private sector banks (the old/ new domestic and foreign). These banks have over 67,000 branches spread across the country.

The first phase of financial reforms resulted in the nationalization of 14 major banks in 1969 and resulted in a shift from Class banking to Mass banking. This in turn resulted in a significant growth in the geographical coverage of banks. Every bank had to earmark a minimum percentage of their loan portfolio to sectors identified as "priority sectors". The manufacturing sector also grew during the 1970s in protected environs and the banking sector was a critical source. The next wave of reforms saw the nationalization of 6 more commercial banks in 1980. Since then the number of scheduled commercial banks increased four-fold and the number of bank branches increased eight-fold.

After the second phase of financial sector reforms and liberalization of the sector in the early nineties, the Public Sector Banks (PSB) s found it extremely difficult to compete with the new private sector banks and the foreign banks. The new private sector banks first made their appearance after the guidelines permitting them were issued in January 1993. Eight new private sector banks are presently in operation. These banks due to their late start have access to state-of-the-art technology, which in turn helps them to save on manpower costs and provide better services.

During the year 2000, the State Bank Of India (SBI) and its 7 associates accounted for a 25 percent share in deposits and 28.1 percent share in credit. The 20 nationalized banks accounted for 53.2 percent of the deposits and 47.5 percent of credit during the same period. The share of foreign banks (numbering 42), regional rural banks and other scheduled commercial banks accounted for 5.7 percent, 3.9 percent and 12.2 percent respectively in deposits and 8.41 percent, 3.14 percent and 12.85 percent respectively in credit during the year 2000.

Current Scenario

The industry is currently in a transition phase. On the one hand, the PSBs, which are the mainstay of the Indian Banking system are in the process of shedding their flab in terms of excessive manpower, excessive non Performing Assets (Npas) and excessive governmental equity, while on the other hand the private sector banks are consolidating themselves through mergers and acquisitions.

PSBs, which currently account for more than 78 percent of total banking industry assets are saddled with NPAs (a mind-boggling Rs 830 billion in 2000), falling revenues from traditional sources, lack of modern technology and a massive workforce while the new private sector banks are forging ahead and rewriting the traditional banking business model by way of their sheer innovation and service. The PSBs are of course currently working out challenging strategies even as 20 percent of their massive employee strength has dwindled in the wake of the successful Voluntary Retirement Schemes (VRS) schemes.

The private players however cannot match the PSB's great reach, great size and access to low cost deposits. Therefore one of the means for them to combat the PSBs has been through the merger and acquisition (M& A) route. Over the last two years, the industry has witnessed several such instances. For instance, Hdfc Bank's merger with Times Bank Icici Bank's acquisition of ITC Classic, Anagram Finance and Bank of Madura. Centurion Bank, Indusind Bank, Bank of Punjab, Vysya Bank are said to be on the lookout. The UTI bank- Global Trust Bank merger however opened a pandora's box and brought about the realization that all was not well in the functioning of many of the private sector banks.

Private sector Banks have pioneered internet banking, phone banking, anywhere banking, mobile banking, debit cards, Automatic Teller Machines (ATMs) and combined various other services and integrated them into the mainstream banking arena, while the PSBs are still grappling with disgruntled employees in the aftermath of successful VRS schemes. Also, following India's commitment to the W To agreement in respect of the services sector, foreign banks, including both new and the existing ones, have been permitted to open up to 12 branches a year with effect from 1998-99 as against the earlier stipulation of 8 branches.

Talks of government diluting their equity from 51 percent to 33 percent in November 2000 has also opened up a new opportunity for the takeover of even the PSBs. The FDI rules being more rationalized in Q1FY02 may also pave the way for foreign banks taking the M& A route to acquire willing Indian partners.

Meanwhile the economic and corporate sector slowdown has led to an increasing number of banks focusing on the retail segment. Many of them are also entering the new vis-

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tas of Insurance. Banks with their phenomenal reach and a regular interface with the retail investor are the best placed to enter into the insurance sector. Banks in India have been allowed to provide fee-based insurance services without risk participation, invest in an insurance company for providing infrastructure and services support and set up of a separate joint-venture insurance company with risk participation.

Harris and Spence (2002), in their paper, explored the ethics of business to business electronic commerce with focus on banking sector. The researchers had chosen a case study of online foreign exchange developments at an investment bank. The important areas include freedom of choice, trust and transparency of business-to-business transaction and limits to responsibility with regard to facilitation of fraud. The authors found that e-banking had forced the banking sector to recognize, restructure and reconsider its institutional arrangements. The challenges of e-banking services would be successful for banks only if fraudulent activities could be controlled, transparency in transaction could be maintained, ethical rules and regulation to be followed so that ebanking could be widely acceptable among customers.

Birch and Young (1997) argue that the internet may be exploited as a new delivery channel by the financial services industry to completely reorganize the structure of banks. The use of solely electronic channels (without physical channels) threatens traditional retail banks as pure internet banks can compete with lower overheads. Moreover, non-bank competitors may use electronic channels to bypass retail banks completely

Jayawardhena and Foley (2000) explore the internet as a new delivery channel arguing that internet websites may help to overcome the inherent disadvantages of a traditional branch. The provision and the implementation of internet banking has been slow, probably due to the limited range of services offered at that time. However the authors point out that the internet may act as a facilitator in payment systems as it provides a broader range of services at all times, and thus assists the growth of electronic commerce. Finally, internet has been analysed as a substitute/complementary channel in delivering certain bank products, like current accounts.

DeYoung (2005) analyzes the performance of a dozen pure internet banks that started up between 1997 and 2001. This paper attempts to identify which features of the pure online banking model have been effective, why some banks have been able to deploy this model more successfully than others, and whether the internet-only business model could be economically sustainable in the long run. The empirical results confirm the low average level of profits at pure internet banks. Nonetheless the study reveals that typical internet startups offer better prices than the average traditional banking startups and grow faster as well. The problem is that the expected reduction in overheads and other expenses does not materialize and hence reduces profits because of insufficient scale in the operations. Finally, the evidence shows the existence of some technology-specific scale effects, suggesting the need for a pure online competitor to grow larger in order to survive. The study concludes that the internet-only banking model is potentially viable but its market share is likely to be limited.

Mohammed Al-Hawari, Nicole Hartley and Tony Ward(2005), in their paper, mentioned that Automated service quality has been recognized as the factor which determines the success or failure of electronic commerce. Those models currently available to measure automated service quality are limited in their focus, encompassing only one electronic channel – the internet – thereby ignoring attributes of the other automated service channels. In relation to the banking sector, research has identified that bank customers tend to use a combination of automated service channels. As such, this research strives to develop a comprehensive model of banking automated service quality taking into consideration the unique attributes of each delivery channel and other dimensions that have a potential influence on quality issues. The proposed model has been empirically tested for unidimensionality, reliability, and validity using confirmatory factor analysis.

Objective of the study:

- The present study aims to examine the progress of innovative banking south Gujarat region. In this broader framework, an attempt is made to achieve the following specific objectives:
- To analyze the present innovative banking scenario concerned with ATM, Internet banking, Mobile banking and Credit cards among customers
- To examine the impact of ATM, Internet banking, Mobile banking and Credit cards on customer satisfaction by analyzing the problems faced by the customers.

Research hypothesis
Hypothesis:
H01: There is no significant difference in the present e-banking scenario ofATM, Internet banking, Mobile banking and Credit cards in south Gujarat region

Ha1: There is a significant difference in the present e-banking scenario of ATM, Internet banking, Mobile banking and Credit cards in south Gujarat region

H*02:* There is no significant difference in the impact of ATM, Internet banking, Mobile banking and Credit cards on customer in south Gujarat Region.

H *02*: There is a significant difference in the impact of ATM, Internet Banking, Mobile banking and Credit cards on customer in south Gujarat Region.

Research Methodology
Data collection:
The study is of analytical nature. The primary data is being collected from the number of customer residing in south Gujarat region. The primary data is being collected with the help of the structured questionnaire and also sometimes face to face interview.

Convenient sampling is being used to select the sample among the population. A 100 numbers of customer were selected among south Gujarat region.

Data analysis:
The data collected is being analyzed and interpreted with the help of graphical and statistical tools. In order to verify and study the data with the objectives various techniques is being used such as chi-square and percentage method. The data is being collected on 4 parameters of the banking facilities such ATM, credit card, internet banking and mobile banking.

Analysis and interpretation
The analysis and interpretation is the being done on the 4 parameter such ATM, credit card, Internet banking and mobile banking. This parameter is being measure on criteria such years of usage, complaints, grievance handling, reliability of services and overall satisfaction.

Years of usage
Ho : No relationship exist between the length of usage and service provided by the bank to customer

H1: Relationship exist between the length of usage and service provided by the bank to customer

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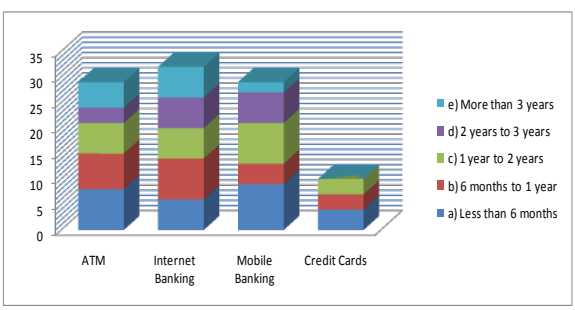
Table 1: Year of usages

	ATM	Internet Banking	Mobile Banking	Credit Cards	Total
a) Less than 6 months	8(28)	6 (19)	9 (31)	4 (40)	27
b) 6 months to 1 year	7 (24	8 (25)	4 (14)	3 (30)	22
c) 1 year to 2 years	6(21)	6 (19)	8 (28)	3(30)	23
d) 2 years to 3 years	3 (10)	6 (19)	6 (21)	0 (0)	15
e) More than 3 years	5 (17)	6 (19)	2 (7)	0 (0)	13
Total	29	32	29	10	100
Chi Square 11.26, DF 12, Tab value: 2.179					

To study whether there is a significant association between length of usage and services of the respondent, chi-square test of association was applied for hypothesis. The difference was found to be significant at 5%. The calculated value is less than the table value. Hence we accept the null hypothesis (HO). So we can conclude that there is no significant relationship between the length of usage and service provided by the bank to customer.

Figure 1: Year of usage



From the above chart and table, it can be interpreted that more number of customers are using ATM services since 3 years. ATM usage is very easy, that's the reason many of the respondent are using it since many years. And moreover respondents are more savvy with internet and its application, so also they are using internet banking but they are using its since very less number of years. Mobile banking is not being used by more number of customers as compared to ATM and internet banking. Usage of credit card is very less among the customers because all the customers cannot have a credit card.

Complaint regarding the facilities

Ho: No relationship exist between the number of complaints and service provided by the bank to the customers

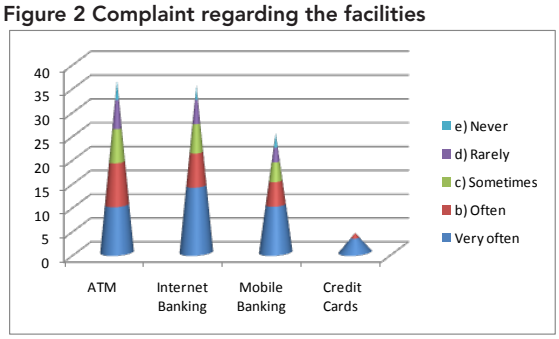
H1: Relationship exist between the number of complaints and service provided by the bank to the Customers

Table 2 Complaint regarding the facilities

	ATM	Internet Banking	Mobile Banking	Credit Cards	Total
Very often	10 (28)	14(40)	10(40)	3(75)	37
b) Often	9(25)	7(20)	5(20)	1(25)	22
c) Sometimes	7(19)	6(17)	4(16)	0(0)	17
d) Rarely	6(17)	5(14)	3(12)	0(0)	14
e) Never	4(11)	3(9)	3(12)	0(0)	10
Total	36	35	25	4	100
Chi- square 5.016, DF 12, Table value: 2.179					

To study whether there is a significant association between number of complaints and service provided by the bank to customers, chi-square test of association was applied for hypothesis. The difference was found to be significant at 5%. The calculated value is more than the table value. Hence we reject the null hypothesis (HO). So we can conclude that there is a significant relationship between the complaints and service provided by the bank to the customers

Figure 2 Complaint regarding the facilities



From the above chart and graph, it indicates that more number of customers have complaints about ATM and internet banking. As the usage of ATM and internet banking is more, so the complaint is also more about the same facilities. As the credit card usage is very less among the customers, so there would be no complaints. From the observation, it has being interpreted that customers are facing problem about the ATM such as lost of card and difference in balance. They also have complaints about the internet banking because many times they face network problem or server connectivity. As the credit card is not so used by the customers, number of complaint is very less among them.

Grievances handling

Ho: Grievances is not handled in better manner for all the service provided by the bank to the customers

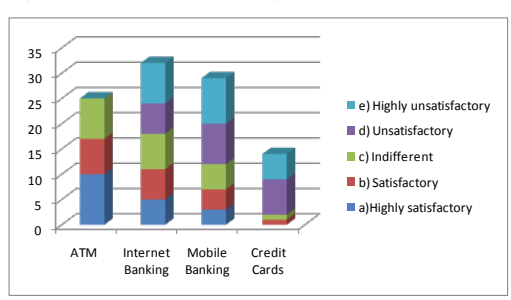
H1: Grievances is handled in better manner for all the service provided by the bank to the customers

Table 3 Grievance handling

	ATM	Internet Banking	Mobile Banking	Credit Cards	Total
a)Highly satisfactory	10(40)	5(16)	3(10)	0	18
b) Satisfactory	7(28)	6(19)	4(14)	1(7)	18
c) Indifferent	8	7	5	1	21
d) Unsatisfactory	0	6(19)	8(28)	7(50)	21
e) Highly unsatisfactory	0(0)	8(25)	9(31)	5(36)	22
Total	25	32	29	14	100
Chi square : 35.13148, DF 12, table value 2.447					

To study the statistics of Grievances handling for service provided by the bank to the Customers , chi-square test of association was applied for hypothesis. The difference was found to be significant at 5%. The calculated value is more than the table value. Hence we reject the null hypothesis (HO). So we can conclude that Grievances handling are handled in better manner

Figure 3 Grievance handling



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Above table and chart indicates the grievance handling which is being made by customers regarding the ATM, Internet banking, mobile banking and credit cards. As we have seen in the previous many of the complaints were for ATM and internet banking among the customers, here in this chart the grievance handling ratio indicates that ATM complaints are handled very nicely and many of the customers are highly satisfied with the grievance handling of ATM complaints. And up to good extent the customers are satisfied with grievance handling.

Reliability of the services

Ho: The service provided by the bank is not reliable

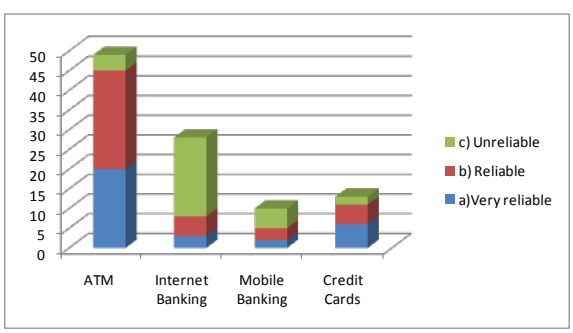
H1: The service provided by the bank is reliable

Table 4 Reliability of the services

	ATM	Internet Banking	Mobile Banking	Credit Cards	Total
a)Very reliable	20(41)	3(11)	2(20)	6(46)	31
b) Reliable	25(51)	5(18)	3(30)	5(38)	38
c) Unreliable	4(8)	20(71)	5(50)	2(15)	31
Total	49	28	10	13	100
Chi square : 37.13, DF 6, 2.447					

To study the statistics of Reliability of services provided by the bank to the Customers, chi-square test was applied for hypothesis. The difference was found to be significant at 5%. The calculated value is more than the table value. Hence we reject the null hypothesis (HO). So we can conclude that mostly all the services are reliable.

Figure 4 Reliability of the services



From the above chart and table, it is being interpreted that more of the customers are very reliable on the ATM among all the four services whereas customers are less reliable on the internet banking, mobile banking. And for credit card, very less reliability is being showed by the customers.

Level of satisfaction

Ho: The respondents are not satisfied by the service provided.

H1: The respondents are satisfied by the service provided.

Table 5 Overall Satisfactions

	ATM	Internet Banking	Mobile Banking	Credit Cards	
Very satisfied	13(33)	1(6)	0(0)	8(35)	22
b) Satisfied	16(41)	2(13)	0(0)	5(22)	23
c) Indifferent	6(15)	2(13)	5(23)	6(26)	19
d) Dissatisfied	2(5)	5(31)	8(36)	2(9)	17
e) Very unsatisfied	2(5)	6(38)	9(41)	2(9)	19
Total	39	16	22	23	100
Chi Square : 47.97, DF 12, Table value 2.179					

To study the statistics of overall satisfaction for the services provided by the bank to the Customers, chi-square test was applied for hypothesis. The difference was found to be significant at 5%. The calculated value is more than the table value. Hence we reject the null hypothesis (HO). So we can conclude that overall the respondent are satisfied from the services.

Figure 5 Level of Satisfaction

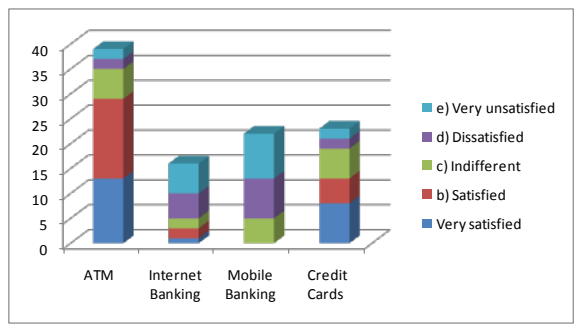


Table 5 and figure 5 indicates about the level of satisfaction about the four services i.e. ATM, internet banking, mobile banking and credit card. This shows that on the basis five parameters i.e. highly satisfied, satisfied, indifferent, dissatisfied and unsatisfied. Customers are highly satisfied by the ATM services and relatively they are dissatisfied by the internet banking and mobile banking. As the credit card is not so used by them so the response is neutral.

Conclusion

From the above findings, it can be interpreted that on the basis of parameters such as reliability, complaint regarding the facilities, usage of services ,Grievance handling, level of satisfaction is being judged by the respondent for 4 services i.e. ATM, Internet Banking, Credit card, mobile banking of banks. It has being found that respondents are having less complaint about ATM services as compared to other services. Even if the respondent has complaints about the ATM, the ATM complaints are solved very easily and quickly. It has being observed that most of the respondents are using ATM rather than the other services such as credit card, internet banking and mobile banking. It has being observed that most of the respondents are complaining about the internet banking because many of the time the they cannot access it because of network problem or some security reasons. Less number of respondent use mobile banking, just they are using it when they are travelling. From all of this it can be concluded that most of respondent are familiar about the ATM and using it as compared to other services.

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