



## Role of Technology and Its Impact on the Customer Satisfaction - A Study with Reference to Banking Sector

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### ABSTRACT

*The study has been designed to analyze the satisfaction of customers with reference to banking services. A sample of 150 respondents visiting the banks have been selected and studied with reference to various factors that cause satisfaction to customers. The study identified that location of branch, charges on the services offered in the banks, Internet banking and commercialization and modernization of the banks are the factors occupied highest priority in providing satisfaction to customers, followed by procedure of withdrawal of cash, processing charges on loans, ATM services, and courtesy in the bank. Further, the study also identifies some of the factors which give least satisfaction to customers. These factors include procedure to apply for loan, interest on the loans taken, debit and credit cards, mobile banking and complaints solving system etc.*

**Keywords : ATM services, Internet banking, location of branch, mobile banking.**

### INTRODUCTION:

The banking sector has undergone drastic changes over the past few years mainly due to rapid improvements in technology. Developments in information technology, telecommunication and internet usage paved the way for the transformation of relationship focused activities into data oriented operations. In accordance to this, banking sector as a part of the global financial institutions that provide various financial services to large number of customers have also undergone many changes. The recent changes in web based transactions and data processing have altered the bank products and its services to a large extent. The various changes that have involved in banking and financial sectors include ATM, NEFT, RTGS, ECS, EFT, retail banking, debit and credit cards, payment of utility bills, fund transfers, internet banking, issue of cheque books, travelers cheque, and many other value added services are within the reach of a customer.

In addition technology has been a motivating factor, for many of the recent bank mergers as institutions with less efficient technology management seek out merger partners with better technology management. The study made by Keerthi and Vijaya (2009) on customer satisfaction with reference to banking sector identified that the satisfaction depends on demographic profile such as gender, age, marital status, educational qualifications, family income and occupation etc. Another study conducted by Balakrishnan and Gayathri (2010) also opined the similar view. He also opined that the value of services should be measured in terms of quality and quantity.

### SIGNIFICANCE OF THE STUDY:

Profit is the ultimate objective of any organization. For the achievement of profit, banks plan various strategies and implement them to attract the customers and to retain them. Every bank has its own policies to achieve the objectives. To study the factors that influence the satisfaction, attention is focused on various factors which are directly related to the customer satisfaction. The need for the study is to ascertain specific factors and their influence on the attitude of the customers. The present study will help to develop more appropriate strategies to understand the behavior of customers and it can be incorporated into a well designed set of policies and also helps as one of the sources for the secondary data for future research on this related area.

### OBJECTIVES OF THE STUDY:

As the main aim of the study is to know the impact of technology on the satisfaction of customers, the following research

objectives have been formulated to guide the study.

1. To study the satisfaction of the customers on the bases of the services offered by the banks,
2. To offer suggestions for the improvement of banking services, to attract and retain the customers.

### RESEARCH METHODOLOGY:

#### Instrument used:

The instrument used in this study consists of a questionnaire with two parts. The first part deals with the demographic profile of the respondents such as gender, age, marital status, educational level, occupation and annual income etc. Part two of the questionnaire deals with the dimensions which are considered most important by the customers for satisfaction (Seshagiri 2012). The various factors that are considered for the study includes convenience, cost, facilities provided and the general services offered in the banks. It consists of 20 statements. Each of which is measured on a four point Likert's scale ranging from 1 to 4, in which, 1 indicated "strongly disagree", 2 indicated "disagree", 3 indicated "agree" and 4 indicated "strongly agree".

#### Data collection:

Convenient sampling technique was employed in the selection of banks located in and around Nellore district of Andrapradesh state and Personal interview method was adopted to collect the primary data from the respondents. According to Nunnally (1978), a sample size of 100 to 300 respondents is sufficient to test measurement scales. Hence, a total of 150 respondents were selected randomly from the customers visiting the banks to receive their services during the period between May 2012 and June 2012. Further, perfect representative respondents should be a microcosm of the total population from which it is drawn, reflecting the entire characteristics of the population in all the way (Cavana et al., 2001).

#### Analysis of data:

The primary data collected have been sorted, classified and tabulated in a format amenable for analysis. The data were analyzed by using statistical package for social sciences (SPSS16.0). Appropriate statistical procedures like mean, standard deviation, and coefficient of variation were used to analyze the data and to interpret the results.

### RESULTS AND ANALYSIS:

#### Profile of the respondents:

Of those responding to the questionnaire, it was found that

56.67 percent (85) were male while 43.33 percent (65) were female. It shows that the respondents selected for the study are male dominated. Out of which 14.67 percent (22) of the respondents are below 25 years of age, 30.67 percent (46) are in the age group of 25 to 35 years, 36.66 percent (55) are in the age group of 35 to 45 years and 18 percent (27) respondents are with above 45 years of age. The educational level of the respondents shows that 10 percent (15) are under graduates, 38 percent (57) are graduates, 45.34 percent (68) are post graduates and the remaining 6.66 percent (10)

belongs to others category. Similarly, the income levels of the respondents indicates that 19.34 percent (29) are with less than Rs.25000, 23.33 percent (35) are in Rs.25000 to Rs.35000, 31.33 percent (47) are in Rs.35000 to Rs.45000 and the remaining 26 percent (39) are in the category of above Rs.45000. An analysis of the socioeconomic and demographic profile of the sample respondents indicate that majority of them are male in the age group of 35-45 years, whose educational background is post graduation and their annual income is Rs.35000 to Rs.45000.

**Table 1 about here.**

Table 1. Mean, SD and CV of Sample Respondents on different Factors--

Factors	Strongly Disagree	Disagree	Agree	Strongly Agree	Mean	SD	CV in %
<b>1. Convenience:</b>							
Procedure of depositing cash	10	18	55	67	3.25	1.201	41.2
Procedure of withdrawal of cash	8	25	49	68	3.29	1.129	28.2
Procedure to apply for loan	20	25	51	54	2.21	1.937	45.6
System to repay loan	18	24	49	59	3.18	1.324	39.2
Location of the branch	12	27	50	61	3.31	1.192	22.3
<b>2. Cost:</b>							
Processing charges on loans	11	19	55	65	3.31	1.12	27.2
Interest on the loans taken	19	27	49	55	2.99	1.987	49.6
charges for collecting outside check	10	23	52	65	3.29	1.335	38.2
Charges on the services offered in the banks	16	22	51	61	3.35	1.078	22.6
Penalties for non meeting the bank requirements	15	21	47	67	3.22	1.315	32.5
<b>3. Facilities:</b>							
Debit and credit cards	21	29	46	54	2.36	1.766	48.5
ATM service	17	25	52	56	3.39	0.352	25.7
Mobile banking	20	29	49	52	2.28	1.878	39.2
Internet banking	20	27	51	52	3.41	1.091	29.2
Traveler's cheques	18	23	54	55	3.11	1.289	34.6
Other facilities	19	25	51	55	3.32	1.535	35.2
<b>4. General factors:</b>							
Courtesy in the bank	15	22	53	60	3.18	1.248	39.7
Accuracy and prompt transactions	17	25	53	55	3.31	1.216	33.7
Complaints solving system	25	26	47	52	2.26	1.754	45.9
Commercialization and modernization of the bank	17	26	45	62	3.37	1.189	31.5

It is clear from the above table that majority of customers are satisfied with services being offered by the banks. In general the higher the value of mean, the higher will be the satisfaction and lower the standard deviation, the higher will be the satisfaction. Similarly the lower the coefficient of variance, higher will be the satisfaction. An analysis of the above table in terms of convenience dimension shows that, location of branch is occupied highest priority item with 3.31 mean, standard deviation of 1.192 and a coefficient of variance of 22.3 percent, followed by procedure of withdrawal of cash with a mean of 3.29, standard deviation of 1.129 with a coefficient of variance of 28.2 percent. An analysis of cost dimension shows that, charges on the services offered in the banks is occupied highest priority item with 3.35 mean, standard deviation of 1.078 and a coefficient of variance of 22.6 percent, followed by processing charges on loans with a mean of 3.31, standard deviation of 1.12 with a coefficient of variance of 27.2 percent. An analysis of the facilities dimension shows that, Internet banking is occupied highest priority item with 3.41 mean, standard deviation of 1.091 and a coefficient of variance of 29.2 percent, followed by ATM service with a mean of 3.39, standard deviation of 0.352 with a coefficient of variance of 25.7 percent. Similarly an analysis of general factors shows that, commercialization and modernization of the bank is occupied highest priority item with 3.37 mean, standard deviation of 1.189 and a coefficient of variance of

31.5 percent, followed by courtesy in the bank with a mean of 3.18, standard deviation of 1.248 with a coefficient of variance of 39.7 percent.

#### SUGGESTIONS AND CONCLUSION:

The present study on customer satisfaction with reference to role of technology reveal that majority of customers are satisfied with the services they are receiving in the banks. However, the following suggestions may be considered to improve their services. Some of the customers are not satisfied with the services like procedure to apply for loan, interest on the loans taken, debit and credit cards, mobile banking and complaints solving system etc. It is therefore required that the bank authorities should look into these areas where customers are feeling dissatisfaction.

It is assumed that the procedures related to taking the loan is causing dissatisfaction to some of the customers, hence bank authorities are required to look into this factor and some of the complicated procedures which involved in the sanctioning of loan may be relaxed to certain extent. Similarly, the problems related to debit cards and credit cards must be taken seriously as some of the customers are facing problems with these services. Further, the banks should develop efficient complaint solving system with innovative modern advance technology as it enhances the satisfaction of the customers.

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