CUSTOMERS' PERCEPTION ON DELIVERY CHANNELS OF RETAIL BANKING

(A study with special reference to Indian Bank Tirunelveli)

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Introduction

Banking system occupies an important place in a nation's economy. It plays a vital role in accelerating the rate of economic growth by mobilizing the existing or potential savings and by making the disbursement of credit to commercial undertakings and priority areas. Bank's activities can be divided into Retail Banking, dealing directly with individuals and small businesses. The term "Retail Banking" encompasses various financial products (different types of deposit accounts, consumer loan, housing loan, auto loan and other type of loan accounts, Demat facilities, Insurance, Mutual Funds, Debit and Credit cards, ATMs and other technology based services, stock broking, payment of utility bills and reservation of railway tickets etc.) catering to diverse the customer groups, offering a host of financial services mostly to individuals. In other words, it takes care of the diverse banking needs of an individual. The banking organization is seeking ways to increase automated access to a wide range of products. The promise of lower transaction cost, increased sales productivity and more convenient service has lured banks to setup new delivery channels. In India, banks are yet to exploit the delivery channels to the maximum extent the technology permits. The technological advancement has led to increase in off-site and on-site delivery channels, which brings new product development, speed of transaction processing and reduction in the transaction cost. The multiple channels of distribution are Branch, Automated Teller Machines, Internet Banking, Mobile Banking, Telephone Banking and Call Centres.

Literature review

Rajni Sofat and Preeti Hiro (2007) in the paper "*Creativity and Innovation in Retail Banking Products: A Comparative Analysis of HDFC and ICICI Bank*" have made an attempt to analyze the creativity and innovation in retail banking products. The authors make use of the brochures, official websites, journals and magazines for the collection of secondary data and also with discussion and counter questioning interview with the bank officials. The banks are required to introduce the consolidated ATMs in which the services should be provided by making a provision to offer swipes from the ATM of other banks in order to enhance customer convenience. As per the usage of plastic money, there should be the constant awareness provided to the clients regarding the exploitative implications of plastic money on one' savings and any creative needs and innovative product to be launched by these banks should be done catering to the needs and the technology adaptability of the customers of each and every stratum.

Problem Focus

The development of communication technology today allows the banking services to be delivered in a number of ways. Convenience banking in the form of Debit cards, Credit Cards, Internet Banking, Telephone Banking, Mobile Banking and Anytime, Anyhow, Anywhere (AAA) Banking has attracted many new customers in the banking field. The uses of ATMs and other technological based services have brought the growth of Retail Banking in India.

In this context, the present study is a modest attempt to identify the services offered by Indian Bank through the multi-delivery channels of Retail Banking. The research is designed mainly to study the customers' perception and level of satisfaction towards the quality of service rendered by the delivery channels and to enhance the customers contribution to achieve the aim of lower transaction cost and higher productivity.

Objectives

- To identify the purposes for using the different delivery channels by different type of Account holders.
- To identify the customers' perception on the various delivery channels of Retail Banking.
- To offer viable suggestions to improve the service quality of the delivery channels of Retail Banking.

Hypotheses

H_0:   Type of Accounts does not influence the perception on service quality of delivery channels of Retail Banking.

H_0:   Type of Accounts do not influence the benefits offered by the delivery channels of Retail Banking.

Sampling

The population for the study consists of the customers of Indian Bank in Tirunelveli. The sample for the study was selected by adopting the Stratified Random Sampling method. The desired sample size of the study was 50 respondents, randomly chosen from the stratified population.

Sources of Data

Both Primary data and Secondary data were used for the study.

Primary Data

Data regarding the customers' perception and level of satisfaction were collected from the sample respondents by administering a specially designed questionnaire. The data were collected from the customers of Indian Bank in Tirunelveli.

Secondary Data

Secondary data were obtained from the Bank, books, Journals and Internet.

Tools for data collection

Primary data were collected from the respondents by administering a specially designed questionnaire. The questions were grouped in a systematic manner and the questionnaire was segmented into nine parts and examines various parameters regarding five delivery channels such as Branch, ATMs, Internet Banking, Mobile Banking and Call Centres.

Statistical Tools

Simple Percentage, Mean Score and One-way ANOVA

Analysis

Table 1

Distribution of sample respondents based on personal variables

S.No	Personal Variables	Category	Sample respondents	Total
1	Age	Less than 30	14(28)	**50(100)**
		30-40	21(42)	
		40-50	11(22)	
		Above 50	4(8)	
2	Occupation	Govt Employees	16(32)	**50(100)**
		Pvt Employees	20(40)	
		Professionals	12(24)	
		Pensioners	2(4)	
3	Annual Income	Less than 2 Lakh	27(54)	**50(100)**
		2 to 5 Lakh	20(40)	
		Above 5 Lakh	3(6)	
4	Type of Account	Savings Bank A/C	35(70)	**50(100)**
		Current A/C	9(18)	
		Both	6(12)	

Note: Figures in the parenthesis indicate percentage

Table 2
Customers Preference of Delivery Channels

Personal Variables	Delivery Channels					
	Branch	ATMs	Internet/ Mobile Banking	All Channels	More than one	Total
Occupation						
Govt Employees	3(18.75)	1(6.250)	1(6.25)	4(25.00)	7(43.75)	**16(100)**
Pvt Employees	4(20.00)	3(15.00)	1(5.00)	4(20.00)	8(40.00)	**20(100)**
Professionals	3(25.00)	2(16.67)	1(8.33)	2(16.67)	4(33.33)	**12(100)**
Pensioners	1(50.00)	0(0)	0(0)	0(0)	1(50.00)	**2(100)**
Annual Income						
Less than 2 Lakh	6(22.22)	4(14.81)	2(7.41)	3(11.11)	12(44.44)	**27(100)**
2 Lakh to 5 Lakh	4(20.00)	2(10.00)	1(5.00)	6(30.00)	7(35.00)	**20(100)**
Above 5,00,000	1(33.33)	0(0)	0(0)	1(33.34)	1(33.33)	**3(100)**
Type of Account						

Savings Bank A/c	8(22.86)	4(11.43)	2(5.71)	6(17.14)	15(42.86)	**35(100)**
Current A/C	2(22.22)	2(22.22)	0(0)	3(33.33)	2(22.22)	**9(100)**
Both	1(16.67)	0(0)	1(16.67)	1(16.67)	3(50.00)	**6(100)**
Overall	**11(22.00)**	**6(12.00)**	**3(6.00)**	**10(20.00)**	**19(38.00)**	**50(100)**

Source: Primary Data

Table 3
Customers' perception on the service quality of Delivery channels

Personal Variables	Delivery Channels			
	Branch	**ATMs**	**Internet Banking**	**Mobile Banking**
Occupation				
Govt Employees	4.57	3.81	3.25	3.52
Pvt Employees	4.15	3.65	3.45	3.05
Professionals	3.58	3.75	4.17	3.00
Pensioners	4.00	4.50	3.00	3.50
Annual Income				
Less than 2 Lakh	4.15	3.89	3.33	3.03
2 Lakh to 5 Lakh	4.15	3.75	3.70	3.05
Above 5,00,000	4.00	3.67	4.33	3.67
Type of Account				
Savings Bank A/C	4.30	3.86	3.37	3.31
Current A/C	3.56	3.56	3.89	2.89
Both	3.83	4.17	4.00	3.33

Source: Primary Data
Note: Figures in the cells indicate the Mean Scores of the respondents

Table 4
Type of Accounts and Perception on the Service Quality of Delivery Channels

H_0: Type of Accounts does not influence the perception on the service quality of delivery channels.
Test Used: One-way ANOVA

Personal Variables	Delivery Channels				
	Branch	**ATMs**	**Internet Banking**	**Mobile Banking**	**F-Ratio**
Type of Account					
Savings Bank A/C	4.30	3.86	3.37	3.31	
Current A/C	3.56	3.56	3.89	2.89	
Both	3.83	4.17	4.00	3.33	3.29*

* H_0 is accepted at 5% level of significance

Table 5
Type of Account and Perception on the Benefits offered by the Delivery Channels

H_0: Type of Accounts does not influence the perception on benefits offered by the delivery channels of Retail Banking.
Test used: One-way ANOVA

Personal Variables	Benefits offered by the Delivery Channels						
	Convenience	**Processing Speed**	**Security**	**Customer service**	**Proximity**	**Wide range of services**	**F-Ratio**
Type of Account							
Savings Bank A/C	2.94	3.89	3.46	4.23	3.28	3.74	
Current A/C	3.56	4.00	3.78	4.00	3.00	3.67	
Both	3.50	3.83	4.33	4.00	3.67	3.83	3.89*

* H_0 is rejected at 5% level of significance

Findings and Suggestion

- It was found that 42% of the respondents belong to the age group of 30-40 followed by 28% of respondents in the age group of below 30, 22% of the respondents belong to 40-50 years of age and 8% of the respondents falls in the age group of above 50. Thus, it was found that majority of respondents belong to the age group of 30-40 which shows a great opportunity for the success of Retail Banking.

- When the respondents are classified on the basis of occupation, it was found that 40% of respondents were employed in private concerns, 32% were government employees, 24% of the respondents were professional people and 4% were pensioners.

- The study revealed that 54% of the respondents belong to low-income group, 40% of respondents belong to middle-income group and 6% of the respondents belong to high-income group.

- In general, most of the respondents prefer the Branch for their retail banking transactions. It was found that, although the convenience banking in the form of Internet and Mobile banking and other technological based services are in vogue, the customers still prefer the personal touch of their branch banks.

- From the study, it was found that the perception of the respondents with regard to Branch, ATMs and Internet banking were good and Mobile banking was satisfactory. This shows that the mobile banking was not popular among the respondents in the study area. When the analysis -was done by applying the test of one-way ANOVA. It was found that the type of accounts were not significant in determining the customers perception on the service quality of delivery channels.

Suggestion

- The banks are offering more comprehensive, convenient and other technological based services to the customers through the multi-delivery channels of Retail Banking. It has been suggested that the customers should come forward to use all the channels without any fear or hesitation.

- The Retail Banking was concerned with providing a host of financial products and services to cater the needs of individual customers. Therefore, the main objective of the banks engaged in retail business should be to take care of the banking needs of individual customer in an integrated manner.

Conclusion

       The Retail Banking environment is changing fast. Customers are seeking products and services that help them to simplify and take control of their lives. The greatest challenge for the retail banks will be to provide a wide variety of services to retain their customers. The present study is designed to study the customers' perception on the services offered by Indian Bank through the multi-delivery channels (Branch, Internet, Kiosks and Mobile banking). Retail users sign into many different applications and systems including e-mail, network and database requiring own security measures. The system should be developed in such a way that the customers can use the distribution channels to the maximum possible extent. This is done by having a best-of-breed business experience at each of the channel touch points and combining that with an integrated Customer Relationship Management system.