

AN ANALYTICAL STUDY OF CUSTOMER SATISFACTION TOWARDS PAYMENT BANKS

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Abstract: Digitalization has made a huge impact on the banking sectors, which lead to the birth of the payment banks. Customers are now trying to go cashless than the traditional methods, penetration of the mobile and the internet in the customers make them to adopt the new banking services. The payment banks are making their services available in each corner to build their particular brand in customers mind. The customers now become more quality sensitive than price sensitive. They expect better service from their service providers. The payment bank players are attracting the customers by giving more and more offers to the customer.

Key words: Payment bank, banking sector, digitalization, brand

I. INTRODUCTION

The payment banks are the new revolution in Indian banking system, which was introduced in August 2015 by RBI giving approval for 11 organisations. Payment banks are the latest initiative from the Reserve Bank of India (RBI) with the primary motive to promote digital, paperless and cashless banking in our nation. It is an approach in which other non-banking financial organisations are granted the authority to offer basic bank services to every Indian citizen. A payment bank is a differentiated bank with the specific objective of catering to the unbanked and under banked. Although the PradhanMantri Jan DhanYojana has brought down the number of unbanked individuals in the country, there are still millions who do not have bank accounts. According to a World Bank report, India is home to 11% of the world's unbanked adults.

Payment banks penetrate the market through price and service differentiation by providing various choices to the customers. They rely more on volume than margins for earning profit. These players should understand what customers really need and according to that they should provide different offerings. Traditional banks can do everything payments banks can, but due to their structures and business priorities they may be unable to cater to certain segments and geographies. For instance, while it's impossible for a bank to open branches in every village across the country, payments banks can fill this gap through the use of mobile phones. There are some services which cannot be provided by the payment banks as compared to the traditional banks; they can't provide loans and other credit services to the customers. Payment banks are banks which will offer selected services as compared to full-fledged banks.

The main advantages of Payment Banks over Traditional Banks are Interest Rates. The interest rate for a commercial bank is between 4 and 7 percent. Payment banks are offering really good deal in the case of interest rate with the highest being 7.25%.

Payment banks have a statutory limit of RS 1L per account from individuals and small businesses. The other one is Zero balance account, where payment banks offer a zero balance account or a no minimum balance account without any extra or hidden charge, unlike a commercial bank who levy charges if the customer doesn't hold a minimum balance in their account. They also provide services like ATM cards, Debit card, Net banking and Mobile banking etc., which act as a driving force for attracting customers into payment banks.

Now-a-days where everything is going digital, there is immense scope for payment banks. Payment banks have more chances for expansion in rural areas where people still make transactions in cash. With more than 60% of India's population residing in rural area, there is tremendous scope for payment banks to grow their business. Payment banks attract customers by providing various offers and discounts. Each payment banks delivers different values to the customers.

The payment banks have to focus on the good technology, providing huge discounts and introducing the marketing strategies to aware the customers about the efficiency of these systems and motivate the customers to use the banking channel as much as possible for making their operational transactions. The Payment banks can make the use of the existing retailer's distribution network especially in the under banked rural areas for making the transactions, where the customers are reluctant to travel to the far away bank branches to withdraw and deposit their savings. This will definitely increase the banking penetration in the country and helps the economy to become a cashless economy.

II. OBJECTIVES

- To find out the driving factors that influences the consumer behaviour towards payment banks.
- To find out the additional facilities that consumers expect from payment banks.

III. HYPOTHESIS

H0: There is no significant relationship between the features provided by the payment banks and the customer's preference towards the same.

H1: There is significant relationship between the features provided by the payment banks and the customer's preference towards the same.

IV. LITERATURE REVIEW

Most of the research papers are giving insights about the payment banks and how they works with different offer, the study said that the payment banks are working with more offers and better services as compared to the traditional banks. The paper published by the ShaliniMittala, AnoopPanta, Shailesh Singh Bhadauria explains that the convenience or ease in use of technology has a positive impact on the use of payment banks, but other factors like gender, qualification and occupation also impact the customer to avail the services of a payment bank. It is further observed that, a bank can retain a customer with many products and services, but he/she can also be using the services of other banks too as the need of the customer from different banks can be entirely different. The customer typically use payment banks for services such as mobile recharge and payment of bills, while they still prefer universal banks for savings. The mind-set of the customers can be changed with proper promotion and awareness by the payment banks. Since RBI has put many restrictions on payment banks with regards to their operations they can be made more competitive by easing some restrictions [1]

NipunAggarwal, Dr.DyalBhatnagar in their paper explained about the challenges given by the payment bank to the traditional bank, in this they said that "the 6 C's including Customer Engagement, Channels for providing services, Cost, Capital, Culture and Collaboration. The Payment Banks provide higher customer engagement by providing them 24 X 7 accesses to the different kinds of services for making their transactions at the minimum cost at their doorsteps which are accessible to them anytime. Also, they are adaptive, dynamic and innovative as they are less capital intensive system and do maximum transactions on electronic media rather than opening branches at various locations which are too capital intensive and hence static in nature." They explained about the collaborations which will help in improving the services of the payment banks and the impact that payment banks create through value additions. [2]

"The inclusion of Payment Banks in India is a big positive disruption to the banking sector and would surely see the cost associated with transfer of money or settlements diminish dramatically for end users. Payment banks have been bounded in banking operations, as they will not be allowed to do a business of lending activities. Indeed there is a question about who will take care of the credit needs of the unbanked. RBI evoke that Payment Banks will serve as a channel to allow people to eventually migrate to full-service banks" the study was done by the SabaAbid in his research work [3]

Paper published by the BhansaliShrey, Bhatt Tanmayee and their colleagues are revealing the scope and opportunities of the payment banks on small business and the small income personals, they were saying about the awareness required for the payment banking and what kind of the marketing strategies which should be adopted by the payment banks to reach the customers. Customers are keen to adopt the new banking facilities because of the ease of use and convenience. The main problem which faced by the payment banks are the accessibility and the awareness of the services [4]

Financial Inclusion of Payment Banks in India is the paper published by Dr.G.sabhitasrinivas. She is talking about the advantages of payment banks over the traditional banks, which said that the mobile banking will help in the cost reduction for the services as compared to the traditional banking system. With the advent of computers and electronic communications a large number of alternative electronic payment systems have emerged. These include debit cards, credit cards, electronic funds transfers, direct credits, direct debits, internet banking and e-commerce payment systems. Some payment systems include credit mechanisms, but that is essentially a different aspect of payment. Payment systems are used in lieu of tendering cash in domestic and international transactions and consist of a major service provided by banks and other financial institutions. [5]

V. METHODOLOGY

In this study we are focusing to find out the consumer preference of the payment banks and what are the factors which influence the customer towards the payment bank. Here we did primary research as well as the secondary research. In primary research we took a sample of 200 respondents and collected the data from the respondent through the questionnaire. Questionnaire was prepaid in such a way as to understand the preference of the customer. Secondary research is done with the help of various Research papers, Journals, and various books which helps to find out the details about the payment banks and their business model.

Sample design

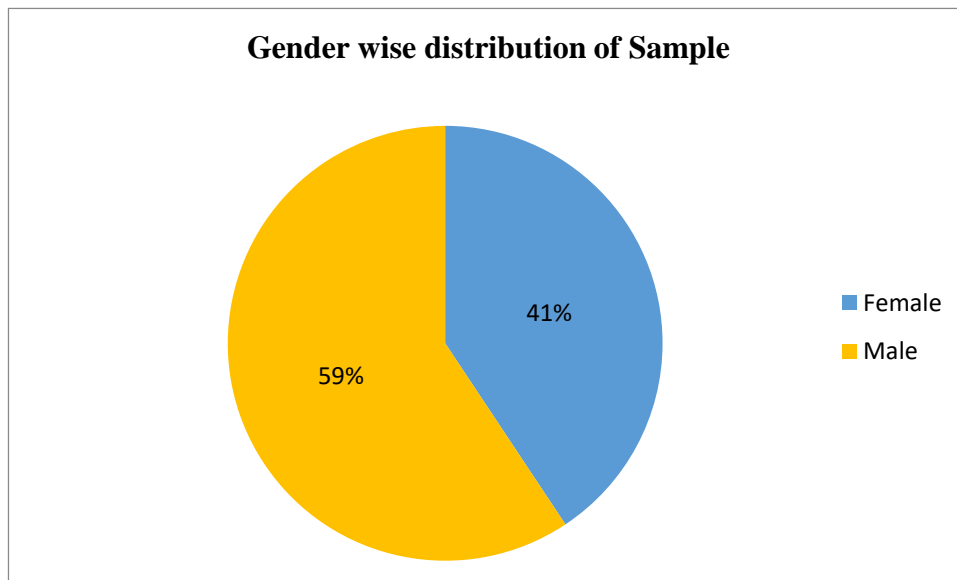
1. Sampling technique used
 - In this Research Convenience sampling is used for collection of data.
2. Sample size
 - For this study a sample size of 200 has been taken.
3. Data collection instrument:
 - Questionnaire is used for collection of data.

VI. LIMITATION OF THE STUDY

1. The sample size is limited to 200, which may not represent behaviour of the all the consumers of the area.
2. The survey was conducted within limited time period that is from February 2019 to March 2019
3. The accuracy of survey depends on the responses of the respondents.

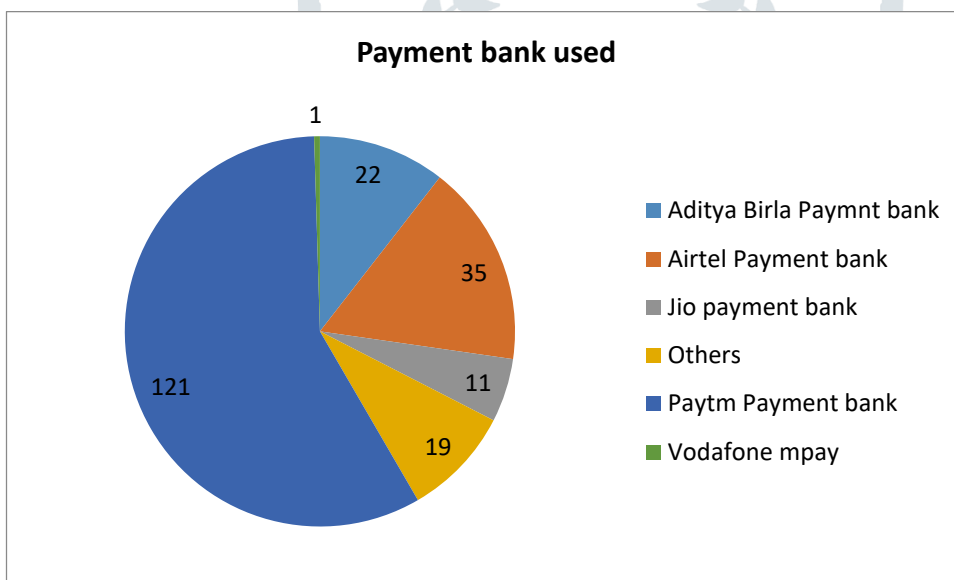
VII. FINDINGS AND INTERPRETATION

1. GENDER WISE DISTRIBUTION OF THE RESPONDENTS



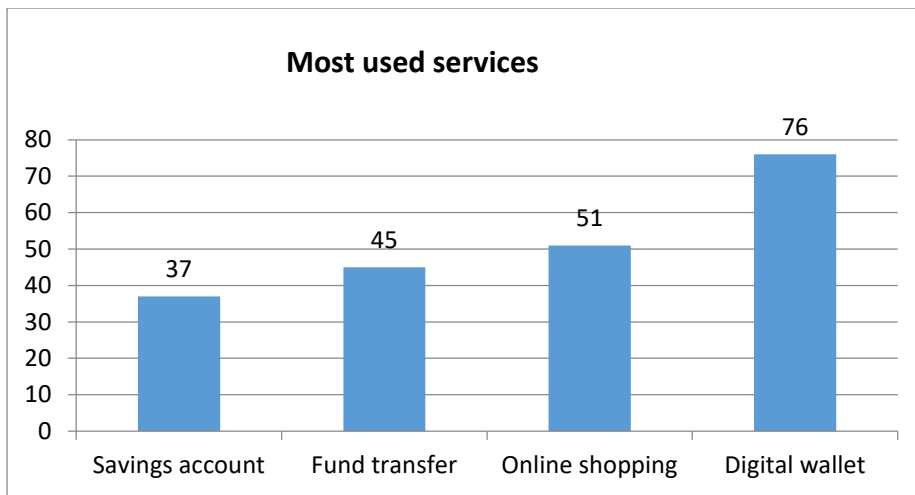
In this study, the sample taken was 209. Among the sample 59% of the respondents were male and 41% of the respondents were female.

2. PREFERRED PAYMENT BANKS BY THE CUSTOMERS



The survey helps to find out which payment bank is most commonly used by the customers. In this study, we came to know that Paytm Payment Bank is the most popular among customers. Form this sample 58% of the respondents were using Paytm Payment Bank services. Airtel Payment Bank service came second in the survey. This may be because of popularity and the method of brand positioning they adopted. Aditya Birla Payment Bank and the newly introduced Jio Payment Bank are also significantly contributing to the payment banking sector.

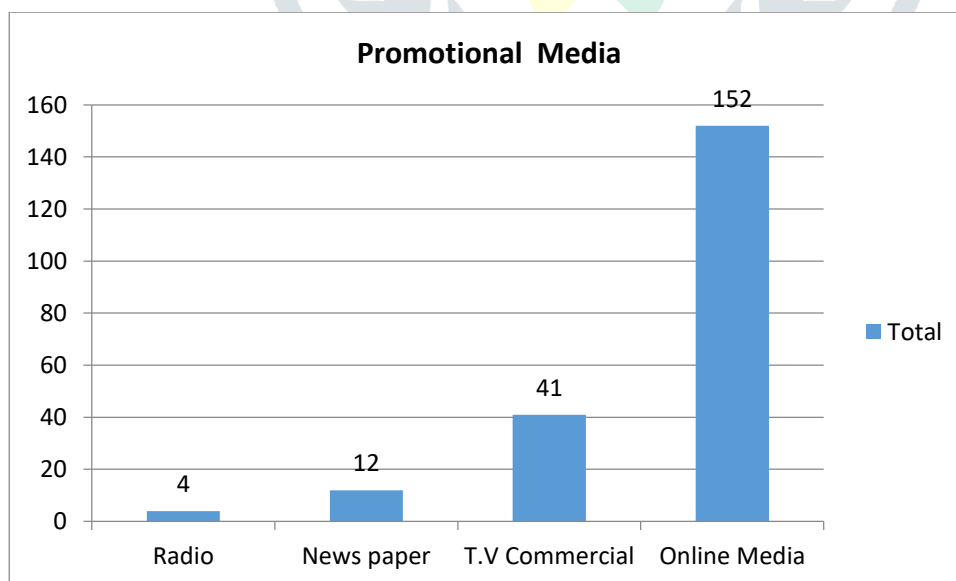
3. MOST USED SERVICES OF PAYMENT BANKS



This research helps to find out the service which customer mainly looks for in a payment bank. We found that most of the customers were using the digital wallet service of payment bank. In the survey, 76 respondents chose digital wallet as most used service. This may be because of accessibility which is provided by every payment bank service provider. Today banking sector is changing to digital. Customers prefer to go cashless, each payment bank player is trying to make their services available in small retail shops. This will increase the accessibility of particular brand and promote the digital wallet transaction. Many companies give cash back and other offers to attract the customers.

Customers use payment bank for online shopping as well; which is the secondly most preferred choice of the respondents from the survey. This is also because of the various offers provided by the payment banks. Payment banks are also used for transferring funds. 45 respondents mainly use payment banks as a fund transferring medium. Savings account facility provided by payment banks are also widely preferred by the customers.

4. POPULAR PROMOTIONAL MEDIAS



This study helps to identify the promotional media through which the customers watch the advertisement. The world is changing from traditional to the digital, the influence of the internet has become one of the main factors for this change. This study clearly reflects that 152 out of 209 respondents watch advertisements through online media; that is more than 50% of the respondents. Mobile phones are making a huge impact on the customers. They mainly watch commercials through the online media. In this

digital world the companies should understand the preference of the customers and should focus on online media to undertake their promotional activities. The influence of the TV commercial is decreasing. Only 42 people prefer TV commercial as the main source of information.

5. Garret Ranking

Respondents are 209 where the ranks are unique. That is the respondent does not rank two attributes equally (Can be done on multiple single ranks). We have to calculate the % position of the ranks by the following formula.

$$\text{Percent position} = 100 * ((R_{ij} - 0.5) / N_j)$$

Where

R_{ij} is the rank (That is 1, 2, 3, 4 & 5 in this case)

N_j is the total ranks that is in this case 5

Calculate the Garrett Value from the Garrett Table. Then multiply the value with the scores in each Rank for the 6 attributes in this case. Calculate the score of the Garrett Rank by dividing the value by the number of respondents. That is in this case 209.

Garrett Value

	1	2	3	4	5
Ease of use	60	114	29	4	2
Brand	88	86	27	6	2
Offers	47	101	54	6	1
Security	24	53	81	36	15
Interest rate	17	58	72	31	31

Rank Position	% Position	Garrett Value
1	19%	68
2	39%	56
3	59%	46
4	79%	35
5	99%	9

	1	2	3	4	5	Total	Average	Rank
Ease of use	4080	6384	1334	140	18	11956	2391.2	2
Brand	5984	4816	1242	210	18	12270	2454	1
Offers	3196	5656	2484	210	9	11555	2311	3
Security	1632	2968	3726	1260	135	9721	1944.2	4
Interest rate	1156	3248	3312	1085	279	9080	1816	5

Out of the 5 attributes, brand value of the payment bank is ranked number 1, Ease of use is ranked as the number 2 and offers are ranked as number 3. If the Particular company wants to focus on 3 factors to improve the market share they should focus on creating a good brand image in the customers mind and make the particular brand as their preference by positioning through their values. Customers also preferring comfort ability of the use so the platform which they are using should be easily handled one and the transactions what they are offering should be customer friendly, there should not be any gate way problems happened. Offers are another concerned of the customers the payment bank which provide better offer become the point of attraction of the customer. When more offers are provided by the payment bank the customer's ability to do transaction with that payment bank will increase. They should also use these three attributes in creating point of difference (POD) for their brand.

VIII. CONCLUSION

Customers are mainly focusing on the quality of the service provided by the payment banks. Offers and discounts are the driving factors to adopt payment banks by the customers. There is large influence of digitalization on the growth of payment banks. The payment bank service providers are trying to make their services available in each and every corner of the country to increase their market share in the competitive market. There are some areas which the payment bank players should focus, the age group which mainly use this service is between 20 -30. The people who use this service above 50 years of age are limited. Here is a huge scope for the payment bank players, those who are above middle age and the retired people are not using the payment bank services much. They are also the companies potential customers, payment bank players can approach them and make available service for them because sometime they will not prefer to go to bank and to do the transactions in that case it is better to make the service available to them. In this digital world, the penetration of the digitalization is still pending the rural market. It is important that the acquisition of the rural market by the payment bank players because in rural India the distance between the banks location is high and customers have to travel lot to make the service available. If the accessibility of the payment bank service is increase in the rural villages with the awareness then the payment banking sectors have huge potential.

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