EFFECTIVENESS OF DIRECT BANKING CHANNELS IN MINIMIZING THE DOWNTIME: A STUDY WITH SPECIFIC REFERENCE TO AXIS BANK LIMITED

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INTRODUCTION

Banking in India is considered as fairly mature in terms of supply, product range and reach- even though reach in rural India still remains a challenge for the private sector and foreign banks. Even in terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets-as compared to other banks in comparable economies in its region. The Reserve Bank of India is an autonomous body, with minimal pressure from the government. The stated policy of the Bank on the Indian Rupee is to manage volatility-without any stated exchange rate-and this has mostly been true. With the growth in the Indian economy expected to be strong for quite some time-especially in its services sector, the demand for banking services-especially retail banking, mortgages and investment services are expected to be strong. M&As, takeovers, asset sales and much more action (as it is unravelling in China) will happen on this front in India.

Scope of Retail Banking in India

1) All round increase in economic activity.

2) Increase in the purchasing power. The rural areas have the large purchasing power at their disposal and this is an opportunity to market Retail Banking.

3) India has 200 million households and 400 million middleclass population more than 90% of the savings come from the house hold sector. Falling interest rates have resulted in a shift. "Now People Want To Save Less And Spend More."

4) Nuclear family concept is gaining much importance which may lead to large savings, large number of banking services to be provided are day-by-day increasing.

5) Tax benefits are available, for example, in case of housing loans the borrower can avail tax benefits for the loan repayment and the interest charged for the loan.

LITRATURE REVIEW

Barodiya & Chauhan (2015), Retail banking is when a bank executes transactions directly with consumers, rather than corporations or other banks. Services offered include savings and transactional accounts, mortgages, personal loans, debit cards, and cards. Today, retail banking is being considered as one of the most innovative financial services provided by the various commercial Public Sector Banks, private sector and foreign banks. **Rao (2014)**, Retail lending across the globe has been a showcase of innovative services in the commercial banking sector. Countries, like China and India, have emerged as potential markets with changing investment opportunities.

Singh (2014), The rapid growth of Information Technology (IT) has tremendously changed the way banking is done worldwide. For obtaining service the customers need not to visit Brick and mortars structure of the Bank. All the services of the Bank can be utilized by alternate channels sitting at any location away from Bank. The influence of IT on banking enables the customer to get all major operations/decisions with regard to deposits, withdrawals, and investments by just clicking of a mouse on a computer or at an Automatic Teller Machine (ATM) or mobile.

Akyurt (2014), These digital channels are the future of banking. A growing number of customers don't have time or simply don't want to go to a branch or call a representative. Online banking is becoming a standard channel for many consumers. A 2013 Pew Research Centre study found 61 percent of U.S. Internet users bank online, up from 58 percent in 2010. Worldwide, it's more than one in four adults, according to research from comScore Media Metrix.

Kumar & Parashuramulu (2013), Banks play a vital role in spearheading the economic development of the nation and are the main stimulus of the economic progress. The highly regulated and directed banking system has transformed itself into one characterized by openness, competition and prudence. This development conforms to the liberalization and globalization needs of the Indian economy. As gradual up gradation of skills and technology and restructuring and re-engineering processes are attempted by both foreign and private sector banks, public sector banks in India face new challenges.

Sharma (2013), Retail banking in India has fast emerged as one of the major drivers of the overall banking industry and has witnessed enormous growth in the recent past. The Retail Banking Report encompasses extensive study & analysis of this rapidly growing sector. It primarily covers analysis of the present status, current trends, major issues & challenges in the growth of the retail banking sector.

Mishra & Sahu (2013), The banking industry in India has this huge picture in account, which covers the traditional banking practices from the time of British to the reforms period, nationalization to privatization of banks and now increasing foreign banks in India. Banking industry in India has achieved a new height in terms of Retail Banking. The use of technology has brought a revolution in the working style of banks.

Chavan & Ahmed (2013), Banking is regarded as a consumer-oriented services industry and banks have started realizing that their business increasingly depends on the quality of the consumer service provided and overall satisfaction of the customer. Relationship marketing has become the most critical aspect to corporate banking success. Today, customers expect higher quality services from banks which, if fulfilled, could result in significantly improved customer satisfaction, and potentially retention levels.

AJ (2011), The major banks in India are increasingly providing services through electronic channels such as ATMs, internet banking, tele banking and mobile banking. The paper is an attempt to examine the various usage patterns by customers of these technology enabled services provided. A survey research is conducted among the customers of some of the leading banks in India who are residing in the selected metro and urban banked centres in India.

Dasgupta, Paul, & Fuloria (2011), Providing banking services through mobile devices is an emerging channel of service delivery by commercial banks to their customers especially, in a developing country such as India. This study investigates the antecedents to behavioural intention of mobile banking usage of Indian customers. An exploratory factor analysis is undertaken to investigate the antecedents of behavioural intentions of mobile banking services. Further, a multiple regression analysis is undertaken to ascertain the impact of the antecedents over the behavioural intentions of mobile banking usage.

OBJECTIVES

- To find out the effectiveness of the direct banking channels in the services being provided to the satisfaction level of customers of Axis Bank.
- To find out the most preferred direct banking channel by Axis Bank customers.
- To study the reach (awareness) of the different direct banking channels provided by Axis Bank.
- To find out the most frequently used services by Axis Bank customers.
- To study the impact of Direct channels on the Transaction time.

RESEARCH METHODOLOGY

Sources of Data Collection:

Primary - Questionnaire-minimum 100 respondents Secondary - Internet journals

Type of Research:

The research is descriptive. The data will be collected through questionnaire from at least 100 Axis Bank customers

Type of Sampling

The **CONVENIENCE SAMPLING** method will be adopted for the study.

Convenience sampling attempts to obtain a sample of convenient elements. The selection of sampling units is left primarily to the interviewer. Often the respondents are selected because they happen to be at the right place at the right time.

Random Sampling in statistical terms a random sample is a set of items that have been drawn from a population in such a way that each time an item was selected, every item in the population had an equal opportunity to appear in the sample.

Sampling Unit/Size

The study consists of Sample size of 100 responses of Axis Bank customers.

DATA ANALYSIS & INTERPRETATION

STATISTICAL TOOLS

Validity is described as the degree to which a research study measures what it intends to measure. There are two main types of validity, internal and external. Internal validity refers to the validity of the measurement and test itself, whereas external validity refers to the ability to generalise the findings to the target population. Both are very important in analysing the appropriateness, meaningfulness and usefulness of a research study

Significance of validity and reliability test. If the results of a study are not deemed to be valid then they are meaningless to our study. If it does not measure what we want it to measure then the results cannot be used to answer the research question, which is the main aim of the study. These results cannot then be used to generalise any findings and become a waste of time and effort. It is important to remember that just because a study is valid in one instance it does not mean that it is valid for measuring something else. Validity's relationship to Reliability It is important to ensure that validity and reliability do not get confused. Reliability is the consistency of results when the experiment is replicated under the same conditions, which is very different to validity.
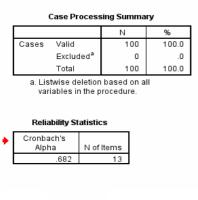
Cronbach's alpha is the most common measure of internal consistency ("reliability"). It is most commonly used

when you have multiple Likert questions in a survey/questionnaire that forma scale and you wish to determine if the scale is reliable.

Reliability

[DataSet1]

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	100	100.0
	Excluded[a]	0	.0
	Total	100	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.682	13

Interpretation: For a data to be reliable the Cronbach alpha should be between .5 and .7, and in the above findings we have Cronbach alpha of .682 which suggest that the questionnaire and the above data is reliable

FACTOR ANALYSIS

Communalities

	Initial	Extraction
Gender	1.000	.557
Age	1.000	.761
Occupation	1.000	.466
Where do you prefer to do your banking transaction?	1.000	.715
Which is your preferred channel?	1.000	.503
How frequently do you transact using any of the Direct Banking channels?	1.000	.666
Have you ever faced any difficulty in any of the direct services provided by your bank?	1.000	.909
which is the service you faced difficulty in	1.000	.889
What was your prime motive behind registering for any of the direct channels?	1.000	.452
Does the bank solve your direct service related queries?	1.000	.740
Are you happy with the 5 provided by your bank for the online banking Services?	1.000	.691
Does the bank communicate about their recent banking schemes to you?	1.000	.722
Does these Direct channels able to reduce the transaction Time?	1.000	.698

Table 4.8

Extraction Method: Principal Component Analysis.

Interpretation: From the above analysis we found out that any difficulty faced during the transaction period is the major factor that determines the effectiveness of the Direct Channels of Axis Bank with a extraction factor of .909, Location of transaction and Banks ability to address customer queries are also major factors with .715 and .740 respectively. Motive and Preference of customers are the factors with least effect.
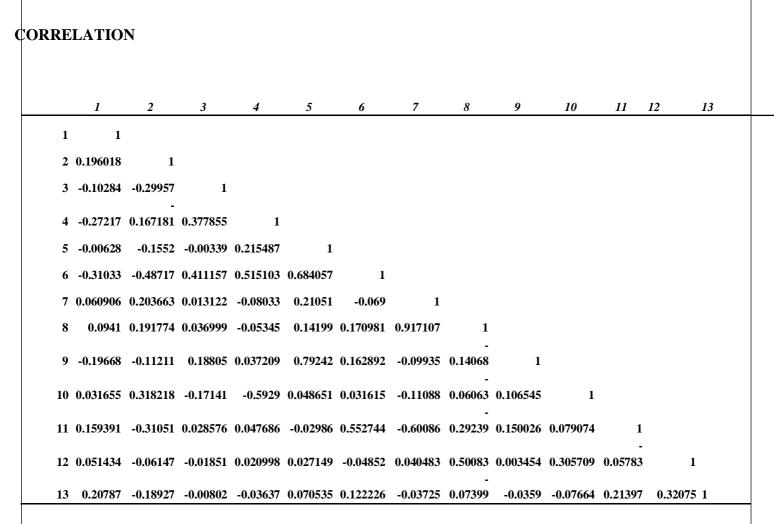
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.823	21.712	21.712	2.823	21.712	21.712
2	2.048	15.756	37.468	2.048	15.756	37.468
3	1.481	11.394	48.861	1.481	11.394	48.861
4	1.317	10.129	58.990	1.317	10.129	58.990
5	1.100	8.462	67.452	1.100	8.462	67.452
6	.915	7.036	74.489			
7	.881	6.780	81.269			
8	.729	5.607	86.875			
9	.628	4.828	91.703			
10	.487	3.747	95.450			
11	.317	2.442	97.893			
12	.203	1.564	99.457			
13	.071	.543	100.000			

Extraction Method: Principal Component Analysis.   **Table 4.9**

Interpretation: An eigenvalue greater than 1 means that the factor explains less variance than a single variable, and therefore should not be considered to be a meaningful factor. From the above analysis we found out that first five factors like age, gender, occupation, preference, and location has a eigenvalue of more than 1 and therefore it explains less variance than a single variable. Thus these five factors mentioned in the questionnaire are not considered to be meaningful factor.

Data is collected in the form of a questionnaire from 100 random Axis Bank customers.

CORRELATION

	1	2	3	4	5	6	7	8	9	10	11	12	13
1	1												
2	0.196018	1											
3	-0.10284	-0.29957	1										
4	-0.27217	0.167181	0.377855	1									
5	-0.00628	-0.1552	-0.00339	0.215487	1								
6	-0.31033	-0.48717	0.411157	0.515103	0.684057	1							
7	0.060906	0.203663	0.013122	-0.08033	0.21051	-0.069	1						
8	0.0941	0.191774	0.036999	-0.05345	0.14199	0.170981	0.917107	1					
9	-0.19668	-0.11211	0.18805	0.037209	0.79242	0.162892	-0.09935	-0.14068	1				
10	0.031655	0.318218	-0.17141	-0.5929	0.048651	0.031615	-0.11088	0.06063	-0.106545	1			
11	0.159391	-0.31051	0.028576	0.047686	-0.02986	0.552744	-0.60086	0.29239	0.150026	-0.079074	1		
12	0.051434	-0.06147	-0.01851	0.020998	0.027149	-0.04852	0.040483	0.50083	0.003454	0.305709	-0.05783	1	
13	0.20787	-0.18927	-0.00802	-0.03637	0.070535	0.122226	-0.03725	0.07399	-0.0359	-0.07664	0.21397	0.32075	1

Variables

1) Gender

2) Age

3) Occupation

4) Where do you prefer to do your banking transaction?

5) Which is your preferred channel?

6) How frequently do you transact using any of the Direct Banking channels?

7) Have you ever faced any difficulty in any of the direct services provided by your bank?

8) Which is the service you faced difficulty in ?

9) What was your prime motive behind registering for any of the direct channels?

10) Does the bank solves your direct service related queries?

11) Are you happy with the 5 provided by your bank for the online banking Services?

12) Does the bank communicates about their recent banking schemes to you?

13) Does these Direct channels able to reduce the transaction Time?

Interpretation: The variable of Difficulty and the service in which the difficulty is faced has close to perfect relationship with .917, the variables of preference of location and frequency of usage has a relation of .684. Prime motive of registration and preferred channel has a moderate linear relation of .792. The variable 'does the bank communicates about the recent schemes' has no linear relation with the other variables.

FINDINGS

The collected data is analysed and discussed at different levels and appropriate places revealed certain inferences, which constitute the findings and suggestions of the study, they are as below **Age Group**

It is found that out of 100 respondents

1) 38% are in the age group of 18-25

2) 36% are in the age group of 26-35

3) 16% are in the age group of 36-45

4) 8% are in the age group of 46-55

5) 2% are in the age group of >55

Occupation

It is found that out of 100 respondents

1) 96% of the respondents were Employed

2) 22% of the respondents had their own Business

3) 38% of the respondents were Professional

4) 36% of the respondents were Students

Preferred Mode of Banking

It is found that out of 100 respondents

1) 46% prefers to do banking with direct channels.

2) 38 prefers in both bank premises and direct channels

3) 16% prefers in bank premises.

Awareness

It is found that out of 100 respondents

1) 70 out of 100 respondents were aware of Phone Banking

2) 98 out of 100 respondents were aware of Debit Card

3) 96 out of 100 respondents were aware of Mobile Banking

4) 86 out of 100respondents were aware of Net Banking.

5) 0 out of 100 respondents were unaware of all the Channels

Respondents Registered for Direct Banking Channels

It is found that out of 100 respondents

1) 32 out of 100 respondents have registered for Phone Banking

2) 98 out of 100 respondents have registered for Debit Card

3) 54 out of 100 respondents have registered for Mobile Banking

4) 36 out of 100 respondents have registered for Net Banking

5) 0 out of 100 respondents have not registered for any of the Direct Channel

Most Preferred Direct Banking Channel

It is found that out of 100 respondents

1) 0% prefers Phone banking

2) 78% prefer Debit Card

3) 16% prefer Mobile Banking

4) 6% prefer Net Banking

Frequency of Usage

It is found that out of the 100 respondents

1) 20% use it only once a week.

2) 40% use it twice a week.

3) 32% use it 3-5 times a week

4) 8% use it more than 5 times

Phone Banking Services

It is found that out of 100 respondents

1) 11 have tried Balance Inquiry

2) 2 have tried Statement Request

3) 0 have tried Bill Payment

4) 18 have tried Cheque Book Request

5) 26 have tried customer support

6) 70 have not used any service.

Debit Card Services

It is found that out of 100 respondents

1) 100 out of the 100 respondents have tried Cash Withdrawal

2) 96 out of the 100 respondents have tried Balance Inquiry

3) 94 out of the 100 respondents have tried Purchases

4) 12 out of the 100 respondents have tried Using it Abroad

5) 38 out of the 100 respondents have tried fund transfer

6) 32 out of the 100 respondents have tried Mini Statement

Mobile banking service

It is found that out of 100 respondents

1) 46 out of 100 respondents have tried Balance Inquiry

2) 30 out of 100 respondents have tried mini statement

3) 48 out of 100 respondents have tried bill payment

4) 26 out of 100 respondents have tried fund transfer

5) 2 out of 100 respondents have tried customer support

6) 46 out of 100 respondents have not tried anything at all.

Net Banking Services

It is found that out of 100 respondents

1) 12 out of the 100 respondents have tried Balance Inquiry

2) 10 out of the 100 respondents have tried mini statement

3) 32 out of the 100 respondents have tried bill payment

4) 28 out of the 100 respondents have tried fund transfer

5) 34 out of the 100 respondents have tried online purchase

6) 64 out of the 100 respondents have not tried at all.

Difficulty Faced

It is found that out of 100 respondents

1) 22% faced technical difficulty using Direct Channels.

2) 2% feel some of the services are time consuming

3) 8% feel some of the services are not user friendly

4) 68% have not faced any difficulty

Motive behind registration

It is found that out of 100 respondents

1)   60% of the respondents has mark convenience as there motive.

2)   20% has marked fast transaction as there motive.

3)   14% has marked easy to use. **Does the Bank address the queries?** It is found that out of 100

respondents

1) 70% of the respondents says that Axis Bank solves there direct banking realted queries.

2) 28% says only sometimes the bank solves there queries.

3) Only 2% says that bank rarely solves their queries

Security provided by the bank

It is found that out of 100 respondents

1) 82% of the respondents are happy with the security provided by axis bank.

2) 16% says there's a need of improvement.

3) 2% are not happy with the security.

Service in which the difficulty is faced

It is found that out of 100 respondents

1) 66% has not faced any kind of difficulty while using any Axis bank direct channel.

2) 10% has faced in debit card and net banking each.

3) 6% has faced in phone banking.

4) 8% has faced a difficulty in mobile banking.

Communication of recent banking schemes by bank

It is found that out of 100 respondents

1) 62% says that Axis bank communicates about the recent schemes.

2) 34% says only sometimes the bank communicates.

3) 4% says rarely the bank communicates.

Does Direct Channels able to reduce the transaction time?

1) 90% respondents think that direct banking channels are able to reduce the transaction time.

2) 10% thinks direct channels rarely makes a difference

3) None of the respondents thinks that the direct channels does not reduce time.

SUGGESTIONS

- Phone banking system installed in branch needs to directly connect to the phone banking server or operator instead of giving the dial tone to avoid misuse by customers

- Appointment of a customer support office / executive to receive the customers in the front office of all branches

- Announce gifts to the customers who register and use the Direct Banking Channel regularly

- Online feature specific help is to be given to the customers using net banking

- Provision of a drop down list of the cities where demand draft is payable while requesting for a Demand Draft through net banking

- Specification of the maximum amount if applicable through net banking for all features

- Provision of checking the current interest rates list, to be provided in the option of opening a new fixed deposit through net banking

- Online calculation of interest on fixed deposit for the specified period of fixed deposit

- A separate ATM coordinator to be appointed for all ATM related queries and problems for the customers in all branches where there is an ATM machine installed.

- Reduce workload at branches by installing more ATMs

- Open branches in untapped areas

- Create awareness camp in specific places where the bank has a prospect of getting more customers

LIMITATIONS

- Must have basic computer skills and Internet knowledge

- Must be comfortable using a computer

- Need an account with an Internet Service Provider (ISP)

- Security concerns, like "hackers" accessing your bank accounts

- Number of ATM is limited in rural areas.

- No awareness of direct banking in rural areas.

- Numbers of branches are limited in rural areas.

- No specific coordinator is appointed for specific queries related to ATM, mobile banking.

- Delay in ATM transaction and getting stuck at the time of transaction.

CONCLUSION

The banks are making every attempt to serve the customers well through various services like mobile banking, internet banking, phone banking, debit card etc. As per the above study done on different customers it shows that most of the customers are aware about all the services offered by the banks, but different customers use the various services depending on the convenience. Most of the customers are registered to use more than one service.

The above study suggest that almost everyone was aware of all the modern channels but none of them were registered for all the channels that could be because banks have a good communication channel and therefore customers are aware of these channels but as banks does not prioritize direct channels over brick and mortar channels. With the above study done most of the sample customers who were aware about all the banking services offered by the bank are the customers from the urban population. Well, the urban customers having been using the banks modern services in the recent past.

But the problem lies in rural customers who need to be educated about all the banking services. In some case with the rural customers who are aware of the services but still face a problem related to technology. Most of the banks are doing the best attempt to overcome the problems faced by both urban and rural customers and also educating about their services to the customers who are not aware of various services offered by the banks.

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