# A STUDY ON AUTOMATED TECHNOLOGY SERVICES OFFERED BY PRIVATE BANKS IN CHENNAI

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**ABSTRACT**

In order to improve the banking services automated technology services are espoused by bank. It allows faster transfer of funds diminishes paper work and allows remote access to manipulate ones' own accountingsThe impact of customer attitude towards the role of automated technology have established little attention, as scholars have focused on quality, factors and problems while using automated technology services. This study begins by showing the impression of automated technology services offered by private banks. The purpose of this research paper is to examine the motivating factors and customer satisfaction level while using automated services. The results of this study confirm the usage of ATM cards and mobile banking is preferred by the customers associated to other services and the security and Privacyfollowed by the server connectivityis the foremost problem customer faces while using automated technology.

**KEY WORDS:** Automated Technology, NEFT, ECS, RTGS, Smart Card and Debit Card.

## 1.1 INTRODUCTION

Automated Technology is otherwise called as E banking. Electronic banking (E-banking) is a generic term encircling internet banking, telephone banking, mobile banking, NEFT, RTGS etc. in other words; it is a process of delivery of banking services and harvests through electronic channels such as telephone, internet, cell phone etc. the concept and scope of E- banking is still evolving.

Several initiatives taken by the Government of India as well as RBI have facilitated the development of E-banking in India, as a regulator and supervisor, the RBI has made considerable progress in consolidating the existing payment and settlement systems, and in upgrading technology with a view to inaugurating an effectual, integrated and secure system operational in a real- time environment, which auxiliary helped the development of E- banking in India. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000, which provides legal recognition to microelectronic transactions and other means of electronic commerce.

Since its inception, E-banking has experienced strong and unrelenting growth. "With rigid controls is giving way to deregulation, banks are gearing up their communications infrastructure to obtain a competitive edge from E-banking. Thus it is fast becoming a reality in India. "E-banking is fast becoming a strategic inevitability for most commercial banks, as strugglesurges from private banks and NBFIs".

## TYPES OF AUTOMATED SERVICES

- **ATM / DEBIT CARD**

  An automated teller machine or automatic teller machine (ATM) is an electronic computerized telecommunications expedient that allows a financial institution's customers to unswervingly use a protected method of communication to access their bank accounts, order or make cash withdrawals (or cash advances using a credit card) and check their account balances without the need for a human bank teller.

- **CREDIT/ SMART CARD**

  Smart cards are rectangular slice of plastic encrypted with a magnetic strip that contains the details like name of the user, PIN number, etc. it is small card. It even looks and almost feels like a visiting card. But in effect, this innocuous looking piece of plastic allows you the flexibility to convey all the money you have in your bank all the time, no matter where the account is held and never mind where you go. In last few years plastic insurgency has taken place. Paper is passé, plastic is in. Lately several innovations helped to simplify consumer payment, which of course includes plastic money.

  Advantages of smart cards are opportunities in shopping- no need to carry cash, no need to approach branch for transactions, AAA banking- (Anytime, Anywhere, Anyhow), fast and proficient service, 24 x 7 access availability of over 1,04,500 (till October 2018) ATMs in the country, etc

- **INTERNET BANKING**

  It is also known as Web Banking or PC Banking or eBanking. The informal approachability to internet ability and availability of computer lead the banks to provide their products and services through new delivery medium i.e. internet. Today, all private and public sector banks are providing Ebanking services to their clients

- **MOBILE BANKING**

  Various banks have introduced phone banking with dissimilar geographies for meeting the specific requirement of customers. Under such patterns, the bank customers can dial up the designated twigs of banks and by using the ID number which will enable the customer to get connectivity with the customer asking him to dial the code number of service obligatory by him and shall befittingly answer his query. With the use of automatic voice recorders for simple queries and transaction and manned phone terminals for intricate queries and transactions, the customer can actually conduct many transactions on phone.

- **RTGS/ NEFT/ EFT/ECS**

**a.) NEFT**

NEFT is a payment system that enables electronic transfer of funds from one bank to another bank account. Money transfer can be made by an different or company to an individual or company's bank account with any bank that is a member of the NEFT scheme, according to the Reserve Bank of India (RBI). Information on bank branches currently part of the NEFT system can be accessed on the RBI website. Currently, most banks in the country sustenance NEFT payments. In NEFT, transactions are executed in half-hourly batches. At present, there are twenty three half-hourly settlement batches, which run from 8 am to 7 pm on all working days of week excepting the second and fourth Saturday of the month, according to the RBI's website.

There is no limit on the amount of funds that could be transferred using NEFT. "However, maximum amount per transaction is limited to Rs. 50,000 for cash-based remittances within India and also for remittances to Nepal under the Indo-Nepal Remittance Facility Scheme," according to the RBI.

**b.) RTGS**

RTGS, principally meant for large value money transfers, is a payment system that empowers instant transfer of funds. Unlike NEFT, RTGS processes the instructions at the time they are received rather than at a later time. Currently, more than 1 lakh bank branches offer the RTGS facility, according to the RBI. Information on these branches can be accessed from the RBI website. RTGS transactions can be made from 9.00 am to 4.30 pm on weekdays and from 9:00 am to 2:00 pm on Saturdays for settlement at the RBI-end, according to the central bank. However, the timings that the banks follow may vary depending on the customer timings of the bank branches, it noted.

The RTGS service window for customer's transactions is available to banks from 9:00 am to 4:30 pm on weekdays and from 9:00 am to 2:00 pm on Saturdays for settlement at the RBI-end. However, the timings that the banks follow may vary conditional on the customer timings of the bank branches, the central bank noted.

The minimum amount to be remitted through RTGS is Rs. 2 lakh. There is no upper ceiling for RTGS transactions.

**c.) IMPS**

IMPS is a payment facility managed by the National Payments Corporation of India (NPCI). This service enables individuals to make money transfer suddenly through banks and RBI-authorized Prepaid Payment Instrument Issuers (PPI) across the country. Unlike NEFT and RTGS, IMPS is available round the clock throughout the year, even on bank holidays. Currently, there are 53 commercial banks and 101 rural, district, urban and obliging banks that support the IMPS service, according to the NPCI website. An IMPS transaction can be commenced from a mobile phone, through internet or an ATM, wherein ratification of debit or credit is sent by an SMS.

**d.) EFT**

EFT is a system whereby the remittance can be easily made from any branches of the contributing banks at designated center to any other branch of the same or any other sharing bank at the same or any other designated on the very next working day itself through the system of computers and communication network.

EFT has been defined as the series of transactions beginning with the remitter‘s payment order to remitting branch made for the purpose of making payment to the beneficiary. The EFT is accomplished when the remitting branch receives an acknowledgement from the destination branch which signposts payment have been made to beneficiary or a reimbursement made by the destination branch due to failure to make the payment to the beneficiary for any of the valid object for non- payment.

**e.)ECS**

ECS provides alternative method of effecting bulk payment transactions of repetitive nature without the need of issuing and handling paper utensils. Payment such as interests, dividends, salaries, pensions, etc. may be done against a single debit to an account. Under this scheme the user provide details of bulk payment transactions on captivating tape or floppy in a identical format including the endpoint account holders who have opted for reception payment through this system.

The sponsor bank passes these to the National Clearing Cell of RBI. NCC after generation of validation report and confirmation will process the information and send the same to service branches of destination banks. The service branch of the destination banks harvest hard copies of the clearing reports and send it to the concerned branches for credit of individual accounts of the customers.

## 2.1 REVIEW OF LITERATURE

The literature review is attentive on providing the reader with the information about the literature coupled to the research problem associated with how customers evaluate the banks before choosing their bank, the degree of importance given by customers to e-banking based services and customers overall satisfaction with technology based services provided by their banks. E-banking services are increasingly becoming part and parcel of the business atmosphere. The development of information technology, the ever changing consumer lifestyle and predilections, and liberalization of the financial sector have served to substitute stiff struggle among financial institutions. Banks should be able to appreciate all possible benefits that may derive from the introduction of e-banking facilities to fully exploit the looming of e-banking services.

**Kleiner et al (1995)** opined that Applications of modern technology help service excellence, by improving operating processes and helping to gather and collate more information both about and for the

customers, so that the banks can provide customers with better and more appropriate products and services.

Customers traditionally build trust based on the image and status of service providers. **Shinwell et al**contends that the more a customer trusts a service provider, the more likely they are to continue the relationship and decrease the professed inherent risk.

As stated by **Rubino (2000)**, e-banking / internet banking offers banking services outside of the normal opening hours as in fact, it has effectually "opened" banks for business twenty-four hours a day, and seven days a week.

**Thulani et al (2009)** refer Internet Banking as systems that enable bank customers to get access to their accounts and general information on bank products and services through the use of bank's website, without the intervention or inopportuneness of sending letters, faxes, original signatures and telephone approvals. It is the types of services through which bank customers can request information and carry out most traditional retail banking services such as opening an account or transferring funds to different accounts, and new banking services, such as electronic online payments via a telecommunication network without leaving their homes or administrations (Aladwani, 2001; Daniel, 1999; Mols, 1998; Sathye, 1999).

In another perspective, **Peter and Babatunde (2012)** viewed e-payment system as any form of fund transfer via the internet. Correspondingly, according to **Adeoti and Osotimehin (2012)**, electronic payment system refers to an electronic means of making payments for goods and services procured online or in supermarkets and shopping malls.

Another explanation suggests by **(Kaur & Pathak, 2015)**that e-payment systems are payments made in electronic commerce situation in the form of money exchange through electronic means

## 2.2 STATEMENT OF THE PROBLEM

In order to meet the new challenges, the banking industry has to modern information technology techniques. Automated Services are accomplished of performing the fund transfer functions of a bank transaction and payment system. But thus bank providing customer easily transfer fund, any payment and a standing instruction viz., customer insolences and satisfaction level towards on electronic fund transfer system in the society, mindfulness of customers. The automated services are studied because of the following sources.

- Automated services in the banking sector is modern approach
- Reduces cash handling i.e., transfer from one account into another account.
- Easy accessibility

## 2.3 OBJECTIVES OF THE STUDY

- To identify automated technology preferred by the customers.
- To measure the quality of automated technology offered by the private banks.
- To identify the factors which motivates the customers to use automated technology.
- To examine the problems faced by the customers in using automated technology and offer suggestions for solving those issues.
- To analyze the customer satisfaction level towards the usage of automated technology services.

## 2.4 SCOPE OF THE STUDY

The studycovers Chennai area only. The scope of the study is very limited and the approach of the study mainly focus on quality and satisfaction level of the customers.

## 3. RESEARCH METHODOLOGY

### 3.1 RESEARCH DESIGN

The research design used for the study is descriptive. The major determination of using such a design is portrayal of the state of affairs as it exists at present.

### 3.2 SAMPLING DESIGN

#### 3.2.1 POPULATION

The population of the study consists of large number of customers. The sample size of the actual study consisted of 80 customers in Chennai city.

#### 3.2.2 SAMPLING TECHNIQUE

The sampling technique used was convenience sampling where sample units are selected only if they can be accessed easily or conveniently. It is a type of non-probability sampling where there is no basis for estimating the probability that each item in the population has of being included in the sample.

#### 3.2.3 DATA COLLECTION METHOD

Data was collected only through primary source. Primary data was collected through questionnaires, which were collected through face-to-face interview.

## 4. DATA ANALYSIS

### 4.1 Reliability Test

| Reliability Statistics | |
|---|---|
| Cronbach's Alpha | N of Items |
| .691 | 21 |

**INFERENCE:**

The alpha coefficient for 21 items is 0.691 is higher than 0.65 hence this suggests that the items are reliable.

## 4. 2 CORRELATION ANALYSIS

**Correlation between Level of Customer Satisfaction with various Automated Technology offered by Private Banks**

| Correlations | | | | | | |
|---|---|---|---|---|---|---|
| | | ATM / Debit Card | Credit Card/ Smart Card | Internet Banking | Mobile Banking | RTGS/ NEFT/EFT /ESC |
| ATM / Debit Card | Pearson Correlation | **1** | .156 | .239 | .426 | .098 |
| | Sig. (2-tailed) | | .166 | .033 | .000 | .389 |
| | N | 80 | 80 | 80 | 80 | 80 |
| Credit Card/ Smart Card | Pearson Correlation | .156 | **1** | .103 | .019 | .371 |
| | Sig. (2-tailed) | .166 | | .363 | .869 | .001 |
| | N | 80 | 80 | 80 | 80 | 80 |
| Internet Banking | Pearson Correlation | .239 | .103 | **1** | .074 | .262 |
| | Sig. (2-tailed) | .033 | .363 | | .515 | .019 |
| | N | 80 | 80 | 80 | 80 | 80 |
| Mobile Banking | Pearson Correlation | .426 | .019 | .074 | **1** | .081 |
| | Sig. (2-tailed) | .000 | .869 | .515 | | .476 |
| | N | 80 | 80 | 80 | 80 | 80 |
| RTGS/ NEFT/EFT/ESC | Pearson Correlation | .098 | .371 | .262 | .081 | **1** |
| | Sig. (2-tailed) | .389 | .001 | .019 | .476 | |
| | N | 80 | 80 | 80 | 80 | 80 |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | |

| |
|---|
| **. Correlation is significant at the 0.01 level (2-tailed). |

**INFERENCE:**

The coefficient of correlation ranges between 0.019 and 0.476. Hence there is a positive correlation between the satisfaction levels of various automated technologies offered by the private banks.

### 4.3 CHI SQUARE:

$H_0$: There is no significance association between problems faced by customers and frequently use of automated technology.

| Chi-Square Tests | | | |
|---|---|---|---|
| | Value | df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square | 8.035[a] | 9 | .531 |
| Likelihood Ratio | 8.594 | 9 | .476 |
| Linear-by-Linear Association | .071 | 1 | .790 |
| N of Valid Cases | 80 | | |
| a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 2.34. | | | |

**INFERENCE:**

The value of test statistics is 8.035. The corresponding p-value of the test statistic is $p = 0.531 > 0.05$, hence there is no significance association between problem faced by the customers and frequency of using automated technology.

### 4.4 ONE WAY ANOVA

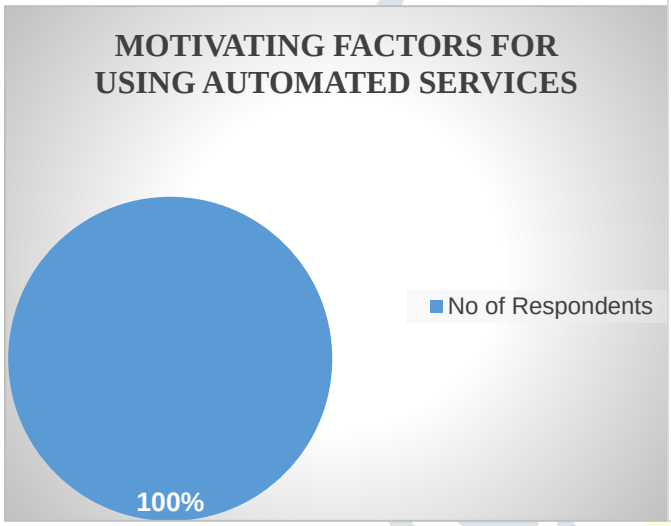
$H_0$: There is no significance difference between the quality of automated technology offered and gender of the respondents.

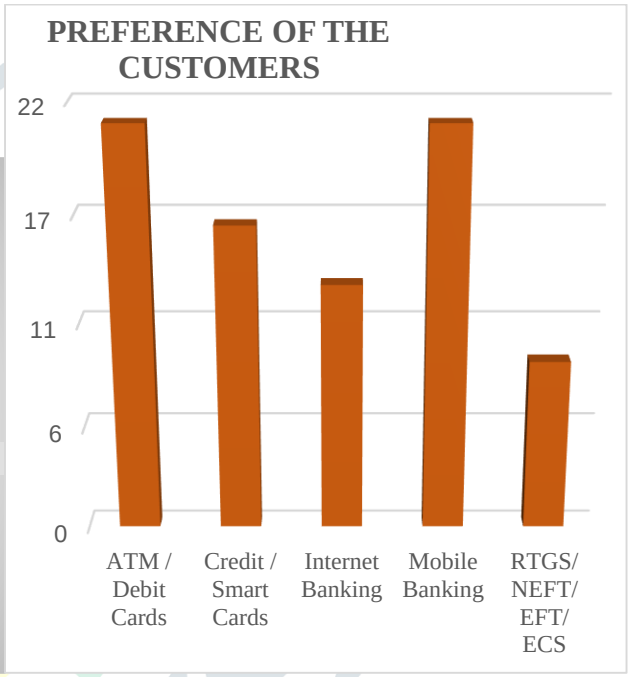
| ANOVA | | | | | |
|---|---|---|---|---|---|
| The quality of automated services provided is good | | | | | |
| | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | 1.434 | 1 | 1.434 | .754 | .388 |

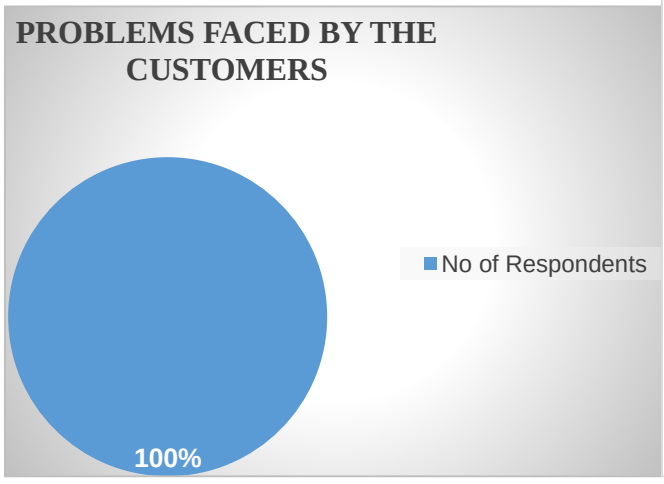
| | | | | | |
|---|---|---|---|---|---|
| Within Groups | 148.254 | 78 | 1.901 | | |
| Total | 149.688 | 79 | | | |

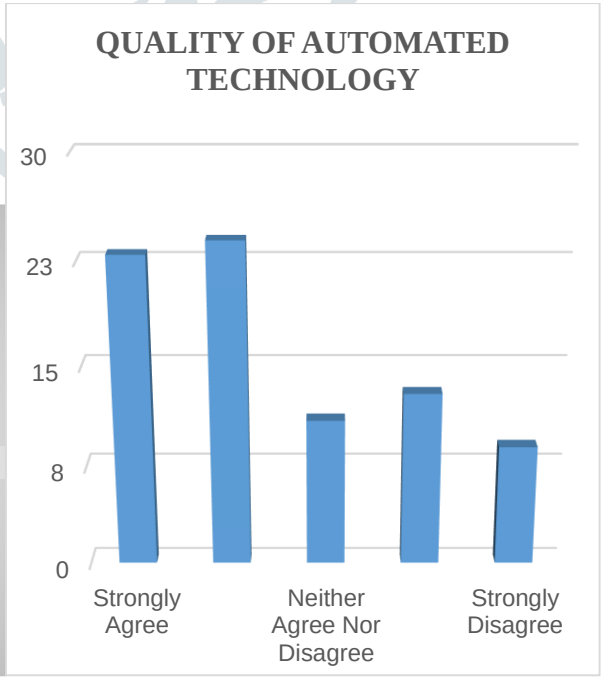
**INFERENCE:**

It is inferred that F = 0.754, P = 0.388 > 0.05 there is no significance difference between gender of the respondents and the quality of automated technology offered by the private banks.



### 5.1 FINDINGS

- There is a positive correlation between the satisfaction levels of various automated technologies offered by the private banks.
- It is inferred that F = 0.754, P = 0.388 > 0.05There is no significance difference between gender of the respondents and the quality of automated technology offered by the private banks.
- The corresponding p-value of the test statistic is $p = 0.531 > 0.05$, hence there is no significance association between problem faced by the customers and frequency of using automated technology
- It is inferred that ATM and Mobile banking services are preferred by the customers among the other automated technologies.
- It is inferred that accessibility (34%) is the foremost motivating factors for using automated technology followed by time savings (27%), reduce cash handling (23%) and convenience (16%).
- It is inferred that 33% of the customer faces security and privacy issues followed by 26% server connectivity problem and then 25% of inadequate knowledge and 16% bank charges.

### 5.2 SUGGESTION

The bank should create on awareness about automated technology among the customers of all sections irrespective of age, income etc. In general most of the account holders are not availing the EFT system for so many reasons like scientific up gradation, security etc... So it is the responsibility of the bank officials to educate the customers through proper, training.The banks can reduce the business cost for automated technology service in order to increase.

### 5.3 CONCLUSION

Automated Technology Services in banking has deformed not only the banking relationships but transformed the whole banking industry. The automated technology, therefore taken as a command by the banks rather than just an additional feature in most of the developed nations, as it is the economical medium to cater the banking customers. Today finance is not constrained to the traditional physical branch system, where banking staff need to be there personally for qualifying banking transactions. But still there is strong requirement of customer- awareness regarding e- banking facility prevails in India and it can served through proper scanning and analysis of the market. Through e- banking, customers can process any banking transaction without even visiting bank branch at any time anywhere and this is known as “anywhere banking”. On condition that e-banking is no more considered as an additional feature of a banking institution, but now it is became an essential feature of a bank. Although automated technology provides flexibility in performing financial transaction, fast and easy, however individuals are still reluctant to adopt the system because of several reasons. First, the security and privacy are two elements in the perceived risk. Without a proper knowledge of the system, individuals are not attentive to test the system.

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