



# A Study on Effectiveness of Core Banking services offered at South Indian Bank.

Vincent Paul S. (Asst. Professor), Jyoti Nivas Post Graduation Centre) &

Revathi Ravi (Teaching Associate), CMR University

## Abstract

In the modern era, the objective is to provide all the types of services that are better and efficient to the customers of the bank under one roof and core banking services is the present mantra of all retail banking, the objective of this study is to find out the effectiveness of core banking services with respect to the satisfaction level by the customers with regards to the services offered by the bank to the customers by South Indian Bank. If it is observed the Reserve Bank India have taken an action to merge different banks for various reason be it NPA's, lack of technology, efficiency, therefore the banks have to take it seriously to focus upon the core banking services offered by the respective banks

*Keywords: Core Banking, effectiveness, satisfaction level, services, customer focus)*

## Introduction

**Historical background of banking in India:** From the early Vedic period the giving and taking of credit in one form or the other have existed in Indian society. The bankers are the pillars of the Indian society. Early days bankers were called as indigenous bankers. The development of modern banking has started in India since the days of East-India company. These banks mostly had no capital of their own and depended entirely on deposits in India. Indian banking comprises of players who include public sector banks, state bank of India and its associates, private sector banks, scheduled banks, cooperative banks, regional rural banks, foreign banks etc. The banking industry worldwide is transformed concomitant with a paradigm shift in the Indian economy from manufacturing sector to nascent service sector. Indian banking as a whole is undergoing a change. Indian banks have always proved beyond doubt their adaptability to mould themselves into agile and resilient organizations. The first bank in India, general bank of India was established in 1786.

**Banking industry:** The banking system was once a straightforward and dependable business that accepted deposits from investors at a lower interest rate and loaned it intent on borrowers at a better rate. However, free trade and automation crystal rectifier to a revolution within the banking system that saw it remodelled. Banks became the international industrial powerhouses that have created ever a lot of advanced merchandise that utilise risk and secured models. Through technology development, now the banking services are available 24/7 and

throughout the year with the use of cash dispenser, internet banking, and also through digitally enabled transactions where everything from stock prices to the exchange rate of currencies and from futures contracts are often listed.

The banking industry at its core facilitates access to credit, but in the lenders case it provides incorporation to the savings and investments and interest payable on those amounts will be in the case of the borrowers.it includes access to loans for the trusty, at a competitive rate of interest. Banking services embody transactional services, like verification of account details, Mortgage banking has been enclosed for the subject matter or furtherance of the varied mortgage loans to the shareholders further as people within the mortgage business. Online banking services has inculcated banking practises in a rather easier way internationally. The downfall of the industry within the money crisis however means a number of additional extreme risk taking and sophisticated and securitization pursuit, so that the banks are more and more engaged since 2000 and are prohibited and punctiliously watched and ensures that there is no other banking organization calamity in any of the near future.

### Literature Review

(Kalagarsamy and (2013 2013) in their Article “A study on customer behaviour towards banking services with special reference to public sector banks” stated the customer satisfaction towards the recent banking technology and services given by banks. Universal banking procedure can help the customer for the better banking transactions.

**Garima Chaudhary (2014) in their Article** “Performance comparison of private sector banks with public sector banks in India” stated about the context of customer satisfaction and the efficiency of banks after the introduction of Core Banking Solutions.

**Mrs.Geetha S; DR. C.S Ramanarayanan (2015) in their Article** “The Impact of Core Banking Services in SBM” stated that majority of the uneducated and computer illiterate Customers don’t evince interest in CBS, because they don’t find a helping hand in the premises of banks. Even though banks have displayed notices in premises about CBS due to lack of sufficient employees the details regarding CBS don’t reach the uneducated and computer illiterates. Such customers prefer branch banking with the assistance of counter clerks. No doubt, CBS has made a significant welcome change in the banking scenario of the country and certainly improved the efficiency of the banking operations. The CBS has created awareness about the presence of the banking sector everywhere and the benefits of banking to common man.

**Ms.Shaikh Farha Rasheed (2016) in their Article** “Core Banking Solution – Advantages and Disadvantages” stated that introduction of Core Banking Solution has made a significant impact on the working of banks. The growth percentage would further be increased in the bank are given effective services on Core Banking Solution and also educating and increase awareness level of CBS to the customers as well as to bank. Everything has been taken into account to judge the effectiveness of CBS. The concept of Core Banking Solution has made a significant effect on bank and customers.

## Statement of The Problem

Due to this rapid growth in this sector it is difficult for all the customers of the bank to adapt with the changes and mostly people are sceptical to use these core banking services over internet or mobile as they are used to the traditional banking , sometimes even though they use these services they might not be happy with the core banking services and sometimes customers are not aware about the uses of these services.

## Objectives of The Study

- To know the impact of core banking on bank customers.
- To know the satisfaction level of bank customers towards core banking.

## Need of The Study

- This research is conducted in order to know the customer satisfaction.
- To know how well the customers, respond to Core Banking Services provided at South Indian Bank.
- To analyse the difficulties faced by the customers in understanding the CBS.
- To understand the customer perception towards the core banking.

## Research Design

The type of research that was implemented for the study is descriptive type of research a total of 50 samples were collected. The sampling technique used is the convenience sampling. This method includes purposive and deliberated selection of a particular unit of the universe for consulting a sample which represents a universe. A questionnaire was prepared and data were collected from customers of South Indian Bank. The task of data collection begins after a research problem has been defined and research design found out. While deciding about the method of data collection to be used for the study, for the study the researcher considered Primary Data for collecting the data. The primary data consist of information collects for specific purpose. The projects relied on the response from staff members including branch manager and customer of bank as primary data.

## Limitations

- A sample of 50 customers were chosen for the purpose of the study
- Time span for the study was limited
- Some of the respondents were reluctant to contribute their suggestions.

## Hypothesis:

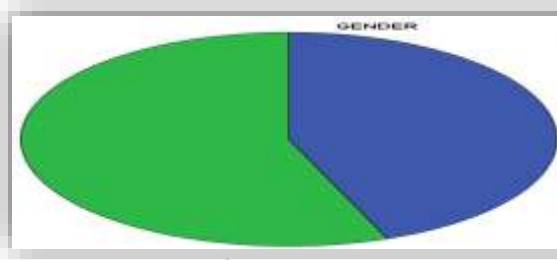
- H<sub>0</sub>= There is no significant relationship between gender and satisfaction level
- H<sub>1</sub>= There is a Significant relationship between gender and Satisfaction level

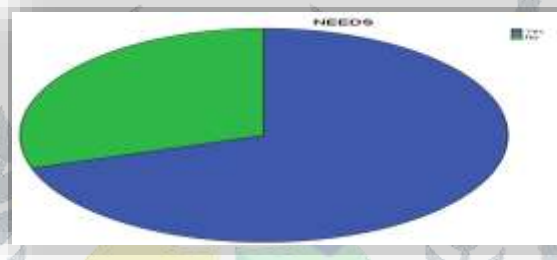
## Scope of Study

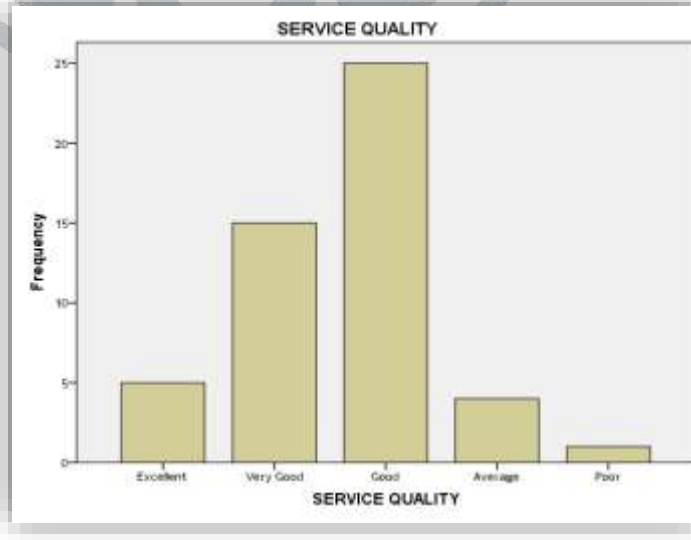
The topic of current research related to the analysis of impact of core banking on bank employees is to evaluate the level of satisfaction of bank customers towards core banking. It is helpful know whether core

banking is beneficial to bank customers or not. The geographical scope of study is restricted to the private and public sector banks.

**Data analysis**

<b>Table Indicating the Percentage of Type of Gender for the Research Study</b>			
<b>Gender</b>	<b>Total</b>	<b>Percentage</b>	<b>Graph</b>
<b>Female</b>	22	44.0	
<b>Male</b>	28	56.0	
<b>Total</b>	50	100.0	

<b>Table Indicating the Percentage of catering the need of the Customer for the Research Study</b>			
<b>Need</b>	<b>Total</b>	<b>Percentage</b>	<b>Graph</b>
<b>Yes</b>	35	70.0	
<b>Valid No</b>	15	30.0	
<b>Total</b>	50	100.0	

<b>Table Indicating the Percentage of service quality for the Research Study</b>			
<b>Quality</b>	<b>Total</b>	<b>Percentage</b>	<b>Graph</b>
<b>Excellent</b>	5	10.0	
<b>Very Good</b>	15	30.0	
<b>Good</b>	25	50.0	
<b>Average</b>	4	8.0	
<b>Poor</b>	1	2.0	
<b>Total</b>	50	100.0	

## Analysis and interpretation

It has been observed that out of the total population 44 % of the respondents are female and the remaining 56% of the population are male, as the type of sampling technique was convenience sampling there were no equal proportion among the gender population therefore for this study male respondents are more in number however when we consider the catering the needs of the customer with respect to core-banking services 70% of the respondents have agreed that bank caters to all their needs and few of them find it not satisfied with the response from the bank that is 30%. As we can infer with respect to catering the needs of the customer saying that many of the account holders are happy that the bank responds to all the needs of the customers, and for those customers who are not happy with the core banking services either training or awareness and benefits of these services has to be initiated. With respect to the satisfaction level majority of the account holders are satisfied with the service quality provided by the bank i.e., 50% with this we infer many agree to that the quality of service provided by the bank is good and only very few told that it is poor apart from that many spells that the service quality is up to their expectation

### Table Indicating Co-Relation Between GENDER and Satisfaction Level

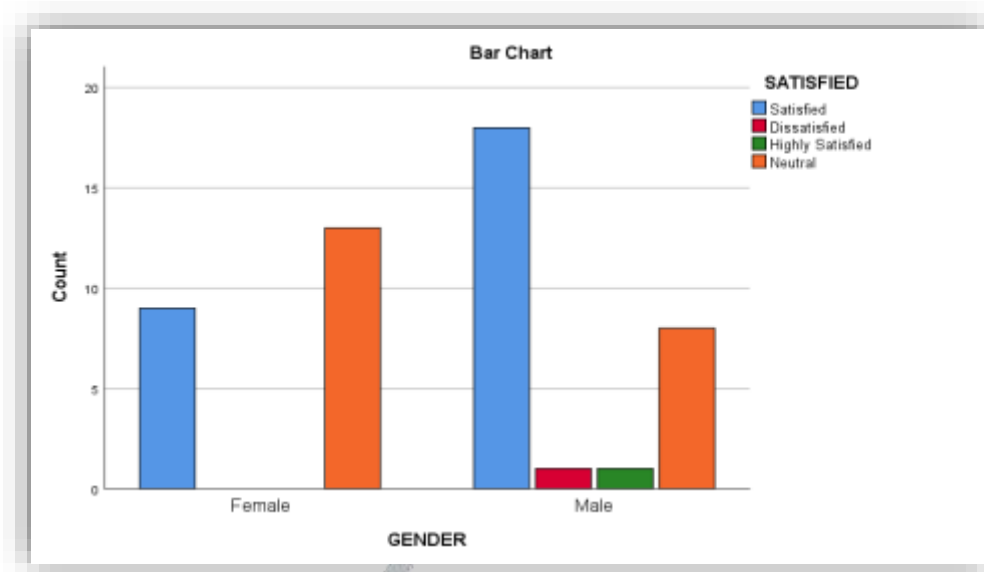
#### GENDER \* SATISFIED

Crosstab						
Count						
		SATISFIED				Total
		Satisfied	Dissatisfied	Highly Satisfied	Neutral	
GENDE R	Female	9	0	0	13	22
	Male	18	1	1	8	28
Total		27	1	1	21	50

Symmetric Measures					
		Value	Asymptotic Standard Error	Approximate T <sup>b</sup>	Approximate Significance
Interval by Interval	Pearson's R	-.284	.137	-2.051	.046 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	-.271	.137	-1.948	.057 <sup>c</sup>
N of Valid Cases		50			



**Graphical Representation Of Correlation Between Gender And Satisfaction Level**



**ANALYSIS:** from the above table we see that out of 22 females, 9 female respondents are satisfied and 13 female respondents stay neutra. When we see about Male there are 18 male respondents are satisfied , 1 respondent is dissatisfied, 1 is highly dissatisfied, and 8 male respondents are neutral. So on the whole 27 respondents are satisfied, 1 respondent is dissatisfied, 1 highly satisfied and 21 stay neutral. According to the symmetric measures, Pearson’s and Spearman’s correlation we can say that they are negatively correlated. As they are negatively correlated, gender does not play any role in the satisfaction level of the customers.

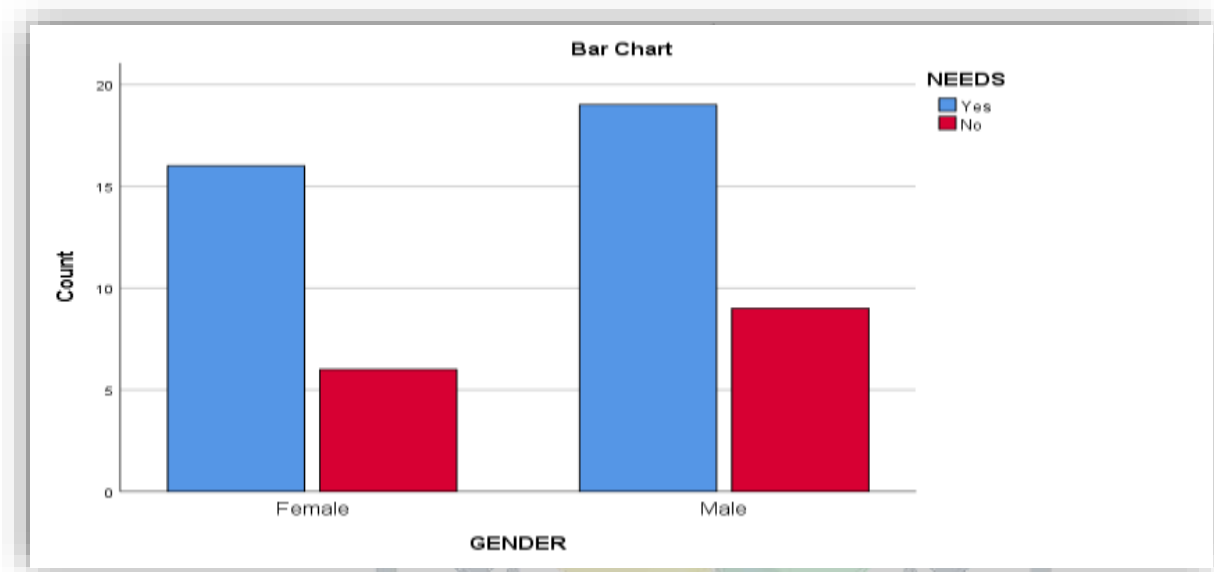
**Table Representing the Correlation Between Gender And The Needs.**

**GENDER \* NEEDS**

Crosstab				
Count		NEEDS		Total
		Yes	No	
GENDER	Female	16	6	22
	Male	19	9	28
Total		35	15	50

Symmetric Measures					
		Value	Asymptotic Standard Error	Approximate T <sup>b</sup>	Approximate Significance
Interval by Interval	Pearson's R	.053	.140	.366	.716 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.053	.140	.366	.716 <sup>c</sup>
N of Valid Cases		50			

### Graphical Representation of The Correlation of Gender And Needs.



**ANALYSIS:** From the above table we can see that out of 22 females respondents 16 of them have said yes stating that banks are catering to their needs, 6 respondents have said no and out of 28 male respondents 19 have said yes and 9 have said no that the banks are not catering to their needs and on the whole 35 sided yes and 15 responded as no. According to the symmetric measures, Pearson's and spearman's correlation states that they are positively correlated i.e., 53% we can infer saying gender plays a low role while the bank catering the needs of their customers are being strongly taken into consideration. As the need of every individual is different and there is a low correlation between the gender and the needs of the customer Hence, irrespective of gender the banks have to caters to all the needs of the customers.

**Table indicating the significant relationship between Gender and the satisfaction level**

		Gender		Total
		Male	Female	
Satisfaction	Excellent	5	1	6
	Very Good	8	8	16
	Good	15	13	28
Total		28	22	50

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	2.120 <sup>a</sup>	2	.346
Likelihood Ratio	2.332	2	.312
Linear-by-Linear Association	.880	1	.348
N of Valid Cases	50		

**Testing of Hypothesis:**

**H<sub>0</sub>**= there is no significant relationship between gender and the satisfaction level

**H<sub>1</sub>**= There is a Significant relationship between gender and Satisfaction level

From the above table we see the testing of hypothesis through Chi-square Test between gender and the satisfaction level of the customers of south Indian Bank, When we see the significance level the test shows that it is **0.346** significant which means that it is 34.6% significant, therefore we reject the null hypothesis and **accept the alternative hypothesis**, which means that gender plays a significant difference with that of the satisfaction level of the customers

**General Linear Model**

**Linear Regression** analysis is followed by correlation. Linear Regression analysis is used to analyse the variation in one variable called dependent variable related with the variation in some of the other variable called independent variable.



Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.275 <sup>a</sup>	.076	.057	.684
a. Predictors: (Constant), CaterNeeds				
Coefficients <sup>a</sup>				

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.895	.291		6.511	.000
	CaterNeeds	.419	.211	.275	1.984	.053

### Analysis

A Model With regards to GLM is implemented to check on how much does the satisfaction level changes if the bank cater the needs of the customers as per the above table we see that the R Square value is 0.076 which means that catering the needs of the customers plays 7.6% Role in the satisfaction however there can be other factors that can lead to the satisfaction level of the customers apart from catering the need the bank should also focus on other factors on the time of completing the service, service quality, good rapport with the customer so on and so forth, however we can also see that the statistical value for this model is also significant of 0.000

### Summary: Findings Suggestions and Conclusion

#### Findings

- Service efficiency is increased in bank due to Core Banking.
- Training is required for bank employees to handle all banking activities.
- Most of the customers are satisfied with Core Banking.
- Majority of the customers are satisfied with core banking due to fast transactions and saves time consumption

#### Suggestions

- The satisfaction level could further be increased if the employees are given proper training with respect to core banking.
- Core banking service should be according to the employee satisfaction. The bank should reframe the demonstration programs for the employees to enjoy the services properly.

- Core banking has reduced customers' direct interaction with banks. Therefore, there should be a good relation between employees and customers.

## Conclusion

The study was conducted to understand the effectiveness of core banking on bank customers. Execution of Core Banking System across all branches helps to speed up most of the common transactions of bank and customer. This shows that core banking has made a significant impact on banking activities. Bank customers are satisfied to core banking. The growth percentage would further be increased if the employees of the bank are given effective and complete training on core banking and also by educating and increasing the awareness level of them.

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## Annexure

### Questionnaire

Effectiveness of Core Banking Solutions at South Indian Bank

### Questionnaire

Effectiveness of core banking solutions at south Indian bank

1. Gender:
  - Female
  - Male
2. Do you think that the bank caters to all your needs?
  - Yes
  - No
3. What do you feel about the overall service quality of the bank?
  - Excellent
  - Very good
  - Good
  - Average Poor