Banking Technology & Marketing Services: A Study With Refernce to Indian Bank,Chennai.

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Abstract

A bank is a financial institutions whose primary activity is to act as a payment agent for a customer and to borrow and lent money.Historically,the primary function of a bank was to provide loans to trading companies,banks provides funds to allow business to purchase inventory and collect those funds back with interest after a certain period.For centuries the banking industry dealt only with business,and not with the customers.Now a days the banking sector in India is facing challenging times.with the advent of globalization,privatization,and liberalization,the banks are now focusing on cost reduction,innovative products and technology.The banking industry is expected to be a leading player in E-business.Customer service in banks is being talked about everywhere.In a competitive environment,not only winning a new customer,but also retaining the existing customer base assumes greater importance.A successful bank of the future will be the one that excels in customer service and providers them a range of service and product and does continues exercise in improving its potential to serve well.The advancement in technology and computing,organizational changes in banking sector have totally changed the business from traditional banking to anytime and anywhere banking,introduction of new services the internet has enabled the banks to increase their profit share and satisfy the customer expectations.keeping this point on mind an attempt has been made to anyalyse the various services offered through technology and customers satisfaction and also the effects of new banking technology services in this sector.

Key Words: Banks,Service,Customer Satisfaction,Technology,impact of new banking technology,etc.,

Introduction:

Traditionally a Bank is a financial institution whose primary activity is to act as a payment agent for a customer and to borrow and lent money.but now a days the banking sector in India is facing challenging times.with the advent of globalization,privatization and liberalization the banks are now focusing on cost reduction,innovative products and technology.with the advancement of technology the banks are forced to adopt new kind of services to the customers to satisfy and retain them.Customer's service in banks is a systematic concept.due to competitive environment it is natural for banks to view with one another to win over customers,,Studies indicates that it is much more profitable and cost effective for retaining customers rather than getting a new customer. For this purpose the banking industry is expected to be a leading player in E-business.

Objectives of the Study:

1.To Study effects of new banking technology service on customer satisfaction.

2.To Assess the adoption of new banking technological benefits in the banks.

3.To Examine the relationship between new banking technology attributes and customer satisfaction.

4.To Examine the Demographic Characteristics of customers and Banking services.

5.To Suggest improvements in the existing new banking technology marketing services that will increase the level of performance of Indian Bank.

Review of Literature:

"Globalisation of banking operations and expansions of financial activities as result of technology advancements,in an increasingly market driven environment have redefined the business models and changed the away the banks used to do the banking business".{Furst Karen,Lang William W & Nolle Daniel E, Internet Banking:Developments and Prospects,Economic & Policy Analysis Working Paper,2000-9,Sep 2000}.

"Samuel Theodore Moody's,Credit Rating Agency emphasized four stages of banking service disintermediation,first involved the growth of mutual funds and specialized pension funds,second saw tha capital markets take on some of the bank's traditional role as providers of credit and third advances the technology which helped to streamline back office operations and last stage for the distribution of baking products through various channels".{Internet Banking Technology Risk Management Guidelines,Monetary Authority of Singapore,June 2003.}

Tower Group,a Reuter's Subsidiary in Needham,Massacusetts (USA) has estimated that financial services firms would be spending $337 billion on technology in 2013.{Vohra Pramod,Banking Industry & Information Technology,Final Group Report,Tech 497/597,Fal/2013.

Marketing Services stems from a comparison of what customer's feel a seller should offer(i.e. their expectations) with the seller's actual service performance,the idea that marketing services is a function of the expectation performance gap.{Zeithml,V.A:Berry L.L. and Parasuraman A (1990) "Delivering Quality Service:Balancing Customer Perceptions and Expectations,New York,NY: The Free Press.

Methodology:

The present study selected to analyse adoption of new banking technology and customer satisfaction of Indian Bank.This study involved the collection of primary data collected from sample customers of Indian Bank through structured questionnaires.samples of 60 customers from various selected Indian Bank branch Chennai city were selected for the purpose of this study.This study selected the following new banking technology parameters viz.,net banking,web banking,mobile banking,ATM's,credit cards,debit cards,tele banking etc.,The questions were designed on 5 point scale i.e., Excellent (5),Very Good (4),Good (3),Satisfactory (2), and Poor (1).the responses to various elements under each question was totaled and multiplied by the grades and divided by number of respondents and scores were calculated.

Application of Statistical Tools:

Based on the above cited objectives of this study, appropriate to use the following statistical techniques, they are: Scoring techniques, descriptive statistics, multiple log linear models, factor analysis, t test, f test and X2 test (1% Level).

Limitations of the Study:

This study was limited to selected Indian Bank in Chennai city only. This study restricted to select some important new banking technology attributes only.

Interpretation of Data & Results:

Table 1

Gender Classification of the Customers

Gender	Number of Customers	Percentage
Male	45	75.00
Female	15	25.00
Total	60	100.00

From the table it is understood that out of 60 customers 75% (45) are Male and 25% (15) are female.

Table 2

Age Classification of the Customers

Age Group	Number of the Customers	Percentage
20 – 25	22	36.67
26 – 30	22	36.67
31 – 35	06	10.00
36 – 40	08	13.33
Above 40	02	03.33
Total	60	100.00

Table 2 reveals that 22 customers are between 20 – 25 age group and 26 to 30 age, 08 customers between 36 – 40, 06 customers between 31 – 35, and finally 02 customers are above 40 years of age.

Table 3

Educational Qualification Classification of the Customers

Educational Qualification	Number of the Customers	Percentage
HSC	16	26.66
UG	09	15.00
PG	04	06.67
Professional	19	31.67
Others	12	20.00
Total	60	100.00

Education wise, 19 customers are professional, 16 customers are cleared HSC, 12 customers have other degrees, and 09, 04 customers have UG 7 PG qualifications.

Table 4

Family Size Classification of the Customers

Family Size	Number of the Customers	Percentage
Single	27	45.00
Multiple	33	55.00
Total	60	100.00

Table 4 shows that 45% of customers are single and 55% of customers having single and multiple size of family.

Table 5

Martial Status Classification of the Customers

Martial Status	Number of the Customers	Percentage
Single	19	31.67
Married	41	68.33
Total	60	100.00

41 of sample respondents are married with 68.33% and 19 of sample respondents are single with 31.67%.

Table 6

Income Wise Classification of the Customers

Income	Number of the Customers	Percentage
10,000 – 15,000	14	23.33
15,000 – 20,000	22	36.67
20,000 & Above	24	40.00
Total	60	100.00

As far as income level is concerned majority are 40% are earning Rs.20,000 and above, 36.67% are earning between 15,000 – 20,000, and 23.33% are earning between 10,000 – 15,000 respectively.

Table 7

Association between Demographic Characteristics & Customer Perception of Marketing Services

S.No.	Demographic Variables	X2 Value
1	Gender	22.45
2	Age	19.80
3	Educational Qualification	21.90
4	Family Size	18.40
5	Martial Status	20.45
6	Income	22.54

Table 7 shows the relationship between demographic characteristics of customer and their perceptions level towards the services of bank, it is understood that highest X2 value (22.54) is for income factor and lowest value (18.40) is for size of the family.

Table 8

Chi-Square Statistics for Different Dimensions

S.No.	Dimensions	Chi-Square	Degree of Freedom	Asymp.Sig
1	D1	27.26	13	.011
2	D2	24.00	14	.045
3	D3	56.45	12	.000
4	D4	49.57	18	.000
5	D5	26.50	14	.022
6	D6	20.17	12	.064
7	D7	39.78	12	.006
8	D8	24.45	22	.002
9	D9	66.45	08	.000
10	D10	54.21	07	.000

Table 8 shows that the chi square value is highest (66.45), lowest (20.17), and with an average of (39.78), for Dimensions 9, 6 and 7 respectively.

Table 9

t Statistics for Different Dimensions

S.No.	Dimensions	Mean Difference	t Values
1	D1	18.400	46.45
2	D2	16.9875	36.12
3	D3	14.564	39.45
4	D4	24.567	43.54
5	D5	10.9781	21.34
6	D6	9.1547	20.14
7	D7	23.5478	68.45
8	D8	21.7548	18.45
9	D9	7.546	27.45
10	D10	6.5478	36.45

Table 9 shows that the t value is highest (68.45), lowest (18.45), and with an average of (36,12), for Dimensions 7, 8 and 2 respectively.

Table 10

Correlation Co-efficient of New Banking Technology & Marketing Services of Indian Bank

S.No.	Parameters	Correlation Co-efficient Value (r)
1	Tele-Banking	0.5475
2	E-Banking	0.6156
3	ATM's	0.5142
4	Smart Cards	0.6125
5	Credit & Debit Cards	0.5468

Tech savvy of banking services shows E-banking and card facility are with highest r value.

Table 11

Regression Co-efficient of Selected Attributes

(Effects of New Banking Technology on Marketing Services in Indian Bank)

S.No.	Variables	Regression Co-efficient (B) (Figures in Parantheses Represents Values)
1	Tele-Banking	1.65417 (3.382)
2	E-Banking	1.06562 (3.123)
3	ATM's	1.99007 (2.272)
4	Smart Cards	1.06903 (2.208)
5	Credit & Debit Cards	1.04325 (0.6875)

Table 11 shows that Tele banking (1.65), E-Banking (1.06), ATM's (1.99), Smart and Credit cards with (1.06 and 1.04) of regression values.

Findings:

The Demographic Variables namely gender group, educational qualification, martial status,etc., has played more role for determining the impact of banking services and their marketing position.Moreover the association between demographic variables and marketing services in Indian Bank,Chennai,are positively significant @ 1% level as show in X2 value is concern. Further the nature of association between the new banking technology attributes and marketing services explains that the new banking technology are positively and significantly associated with marketing services at 1% level of the selected bank as shown X2 value. The relationship between marketing service and new banking technology,using correlation techniques explains that ten independent variables are taken for study,out of ten variables 5 variables were found to be having a positive and significant association at 1% level of probability. The new banking technology attributes namely E- Banking,Tele-Banking,etc.,are most significant positive relation between service qualities in Indian Bank in Chennai City.

Suggestions & Conclusions:

The study has highlighted the new banking technology and quality service in Indian Bank,which need to improve to survive in the competition posed by the new entrants in the banking sector. Despite various committees being set up to examine the changes required in the existing policy framework, much work has to be done to improve service quality.If its hope to survive,they will have to equip themselves with a committment of a quality services.

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