

Modern Banking Services: A New Means of Customer Service with Reference to Private and Public Sector Banks

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Abstract

Today, customers have a choice to select the modern banking services, i.e. ATM, Tele Banking, Internet Banking, Mobile Banking, Credit card, Debit card, Electronic Clearing Service (ECS), National Electronic Fund transfer (NEFT), Real Time gross Settlement (RTGS), Cheque Truncation System (CTS), Demat. On the other hand, the advantages of modern banking service are to reduce the transaction cost and lesser crowding, increasing the service through rural people and to satisfy the customers. For the customers, these channels offer convenience, reduced time waste, fast transaction and other issues. Today, banks provide services through various innovative and modern technologies to make the banking work easy and convenient to the end users who are called as 'Modern Banking / Modern Banking Services'. It is very important from the point of view of the banks to have a study about the satisfaction of the customers and their attitude towards modern banking services. This study reveals that the major issues in the modern banking services are security, safety and the lack of trust especially on ATM machines. Fraudulent transactions, robbery, bad and unreliable ATM services (e.g. Stuck-up the ATM card, incorrect Dr or Cr amount in the account etc.) are the reasons which playing a vital role in reducing the trust of customers on modern banking. The results also show that reliability, convenience, speed, safety and security have the major contribution to retain and attract the customers. Finally, the services which are not available in Tiruchirappalli district by private sector banks and public sector banks e.g. Cash depositing facility through ATM machines, "SMS/E-mail Alert" Service, Payment of utility bills through internet etc., are the most desirable services by the customers.

Keywords: ATM machines, Modern Banking Services, Depositing facilities.

Introduction

The Indian banking industry has endorsed radical changes in the corporate world since 1991, after liberalization, Indian financial sector has rapidly moved to technology enabled services throughout the world. These transactions are allowing the banks to enhance customer relationship with self-service and technology enabled services. Banking industries are one of the important service sectors in the Indian economy with modern innovations to push forward the banking service industry to enhance effective customer services. These initiatives are paving the ways to interface the customers with their banks benefitting the

use of modern banking services. Today, customers have a choice to select the modern banking services, i.e. ATM, Tele Banking, Internet Banking, Mobile Banking, Credit card, Debit card, Electronic Clearing Service (ECS), National Electronic Fund transfer (NEFT), Real Time gross Settlement (RTGS), Cheque Truncation System (CTS), Demat. On the other hand, the advantages of modern banking service are to reduce the transaction cost and lesser crowding, increasing the service through rural people and to satisfy the customers. For the customers, these channels offer convenience, reduced time waste, fast transaction and other issues. Today, banks provide services through various innovative and modern technologies to make the banking work easy and convenient to the end users called as 'Modern Banking / Modern Banking Services'. It is very important from the point of view of the banks to have a study about the satisfaction of the customers and their attitude towards modern banking services. Thus, the purpose of the research is to study the views of the customers in using the modern banking services. This study is conducted on selected public and private sector banks in Tiruchirappalli district.

Objectives of the Study

The main objectives are as follows:

1. To know the origin and development of the modern banking services in Tiruchirappalli district.
2. To identify the modern banking services provided by private and public sector banks in Tiruchirappalli district.
3. To compare the problems and prospects of the modern banking services in private and public sector banks.
4. To analyse the customer satisfaction towards the modern banking services in Tiruchirappalli district.
5. To offer suitable suggestions to improve the modern banking services in Tiruchirappalli district.

Scope of the Study

The present study is confined to a precise modern banking services which have been mostly used by the customers' i.e. ATM, Tele Banking, Internet Banking, Mobile Banking, Credit card, Debit card, Electronic Clearing Service (ECS), National Electronic Fund transfer (NEFT), Real Time gross Settlement (RTGS), Cheque Truncation System (CTS), Demat. The research is based on data collected from customers of selected private and public sector banks in Tiruchirappalli district. Other aspects of bank and banking services are not connected with this study. This study examines the satisfaction of customers in private and public sector banks in Tiruchirappalli.

Methodology

The study is an empirical study based on survey method. Both primary and secondary data are used in this study.

Primary data

Primary data were collected through a survey distributed to the customers for the purpose of extracting the required data.

Secondary data

Secondary source of data consists of the existing information collected by the researcher for different sources. The external sources include RBI Reports, Annual Reports on the Banks, magazines, research Journals, websites of the banks and other internet sources. The researcher collected is required secondary sources of data to understand the history of modern banking services, committees related to use of information technology in Indian banking industry.

Selection of the banks

The researcher has selected both public and private sector banks which have a maximum level of branch automation and providing most of the modern banking services in the Tiruchirappalli District. For the selection of banks, the researcher has conducted a primary investigation to investigate the availability of the modern banking services.

Selection of the samples

Selection of the sample is an important part of the research work. The non-probability sampling methods were used for selection of samples and more particularly the purposive sampling (judgmental sampling) method is used. The purposive sampling method (Mishra, 2013) (Vijay *et al.*, 2010) provides a range of alternatives and options in selecting the sample. Hence, purposive sampling technique was adopted to collect details on customers' satisfaction regarding the modern banking services in Tiruchirappalli district. As per the record given by the lead bank, in the private sector banks, there are 30000 customers availing modern banking services and in public sectors there are 85000 customers availing of modern banking services. Of the total banks and customers a sample of three banks each in private and public sector were selected and the customers were selected in these banks for extracting information relating to the study. Some incomplete interview schedules were rejected on reasons of insufficient data.

Tools of analysis

The following tools are used to make the study more effective and meaningful, namely:

- Cross tabulation
- Chi square test
- ANOVA
- T test
- Compound growth rate and
- Factor analysis
- Rating analysis

Period of the study

The study is carried for a period of three years from 2017 to 2018, the secondary data relating to the study were collected for the financial year 2010 to 2017 in which four quarterly months from January to December were taken and presented in the form of a table. Due to the tremendous growth in modern banking services, the need to generalize the present data in banking through the secondary sources was used up to December 2018.

Pilot Study

A pilot survey was conducted prior to the final distribution of the interview schedule with the target group. The purpose of the pilot test was to evaluate the clarity and appropriateness of the questions contained in the interview schedule. The pilot study was conducted in Tiruchirappalli district of the Tamil Nadu (India) as per convenience with 20 customers availing modern banking service in Tiruchirappalli District.

Limitation of the study

Every research work is subjected to certain limitations and this study is also not an exception. The present study has the following limitations:

1. The responses to the study have been solicited from the Tiruchirappalli district only. The expectations of the customers in Tiruchirappalli may vary from those of the rest of India.
2. The customers were selected for the present study to compare modern banking services from the public and private sectors only. As a result, the generalization of the findings of the present research should be considered carefully. Furthermore, the sample was restricted to commercial banks only.
3. The study is restricted to the modern banking services such as Automatic Teller Machine, Debit Card, Credit Card, Tele-banking, Internet Banking, Mobile banking National Electronic Fund Transfer, Real Time Gross Settlement, and Electronic Clearing Service. The other modern services are not considered in this study

Findings of the Study

The findings of the research study in presented here with proper classification:

1. A majority of 73.46 per cent of the customers are in the age group of the 20-40 years in private sector banks. 65.61 per cent of customers are in the age group of 20 to 40 years in public sector banks.
2. A majority of 60.11 per cent of the respondents are male. In public sector banks, the per cent age of male customers is 49.08 whereas in private sector banks, it is 71.15 per cent.
3. A majority of 63.08 per cent married respondents have availed more modern banking services from the banks than the unmarried customers in private

sector banks, whereas public sector banks 70.62 per cent of the respondents avail modern banking services.

4. A majority of 29.62 per cent, 22.28 per cent of the respondents are post graduates and professional respectively in the public sector. In private sector banks, 30.2 per cent, 13.85 per cent of the respondents are post graduate and under graduate customers respectively. The analysis reveals that the post-graduation customers have availed more modern banking services from the banks than the customers of other educational level.
5. A majority of 49.08 per cent of the respondents are Hindus and Christian respectively in both the private and public sector banks in Tiruchirappalli district.
6. A majority of 66.92 per cent the respondents belong to a backward community in private sector banks, In public sector banks, 64.51 per cent availed more modern banking services from the banks than the other community customers.
7. A majority of 31.95 per cent of the respondents are private employees in public sector banks whereas in private sector banks, private employees and government employees constitute 39.23 per cent and 25.38 per cent respectively.
8. A majority of 33.56 per cent of the respondents' monthly income is less than 10,000.36.54 per cent have their monthly income between that Rs.10000 and 25000. In private sector banks. In public sector banks collectively 35.13 and 32.56 per cent ages have their income less than 10000, and Rs.10000-25000 in private sector banks.
9. A majority of 67.81 per cent of the respondents are from nuclear family and the remaining 32.19 per cent of them living in joint family. In the private sector banks 74.62 per cent of the account holders, live in nuclear family and the remaining 25.38 per cent of the respondents live in joint family.
10. In public sector banks a majority of 40.39 per cent of the respondents have knowledge about modern banking through prospectus/ self-analysis/ banking. In case of private sector banks the primary source of knowledge about modern banking services are gained through prospectus/self-analysis/banking and 43.46 per cent of the account holders have this opinion.
11. A majority of 36.15 per cent of the respondents have knowledge about the modern banking services for up to 3 years of private sector banks. As far as the public sector banks are concerned, 41.98 per cent of the respondents have knowledge about the modern services for a period from 1 to 3 years.
12. Number of customers having a credit card: Among the customers of private sector banks 80.16 per cent of the respondents have credit cards and 19.84 per cent do not have a credit card. In public sector banks, 81.40 per cent of the respondents have a credit card and the remaining 18.60 per cent do not have credit card facilities.

13. Time taken for the modern banking services, 57.16 per cent of the customers feel that it is 10-30 minutes in private sector banks, In public sector banks 67.69 per cent of the respondents stated that they take 10–30 minutes. The majority of the respondents feel that the use of modern banking service requires 10 to 30 minutes on an average.
14. Number of accounts In private sector banks 78.08 per cent of the respondents have only one account. In public sector banks 79.78 per cent of them have only one account. Majority of the respondents have only one account.
15. Type of accounts: In case of private sector banks 73.85 per cent of the respondents hold savings account. In public sector banks, 77.97 per cent of the respondents have a savings account. Majority of the respondents have only savings bank account.
16. Number of years the customers having an account: In private sector banks, 47.31 per cent of the respondents have the account in the bank for a period between 1 to 5 years using the modern banking services. Among the customers of public sector banks, 47.37 per cent of the respondents have account for a period between 1 and 5 years.
17. Type of transactions: 78.08 per cent of the respondents use the bank for withdrawal transactions and the next majority of 75.77 per cent of the respondents use the bank for deposit transactions in private sector banks. It is further found that among the customers of public sector banks, 81.03 per cent use bank for withdrawal transactions and the next majority of 74.66 per cent of the respondents use the banks for deposit transactions.
18. Awareness of Modern Banking Services: majority of the respondents in private sector banks 68.85 per cent are partially aware of the modern banking services, 26.54 per cent are fully aware of the modern banking services. In public sector banks, 68.42 per cent are partially aware of the modern banking services, 18.12 per cent are fully aware of the modern banking services.

Findings Based on the Hypotheses

1. Reason for choosing bank based on educational qualification: there is a significant difference in the reason for choosing bank such as safety for deposit, better interest, credit facility, reputation of the bank, fully automated/advanced technology, better money transfer facility, accessibility, close proximity to the residence, quicker and better service, safety locker facility, less service charges and better infrastructure facility with respect to educational qualification of the respondents.
2. Reason for choosing banks based on occupation There is a significant difference in reason for choosing banks, namely safety for deposit, credit facility, reputation of the bank, fully automated/advanced technology, better money transfer facility and accessibility and occupation.
3. There is no significant difference in the reason for choosing bank such as better interest, close proximity to the residence, quicker and better service,

safety locker facility, less service charges and better infrastructure facility with respect to the occupation of the respondents.

4. Reason for choosing bank based on income There is a significant difference in reason for choosing bank such as safety for deposit, better interest, credit facility, reputation of the bank, fully automated/advanced technology, better money transfer facility, accessibility, close proximity to the residence, quicker and better service, safety locker facility, less service charges and better infrastructure facility and income.
5. The awareness level of modern banking based on educational qualification There is a significant difference in the awareness level of customers towards modern banking namely ATM, Tele banking, Internet banking, Mobile banking, Credit card, Debit card, Electronic Clearing Service, National Electronic Fund Transfer, Real Time Gross Settlement, Cheque Truncation System & Demat and the Educational qualification.
6. The awareness level of modern banking based on occupation: There is a significant difference in the awareness level of customers towards modern banking namely ATM, Tele Banking, Internet Banking, Mobile Banking, Credit Card, Debit Card, Electronic Clearing Service, National Electronic Fund Transfer, Real Time Gross Settlement, Cheque Truncation System and Demat and the Occupation.
7. The awareness level of modern banking based on income: there is a significant difference in the awareness level of customers towards modern banking namely ATM, Tele Banking, Internet Banking, Mobile Banking, Credit Card, Debit Card, Electronic Clearing Service, National Electronic Fund Transfer, Real Time Gross Settlement CTS and Demat and Income of the respondents.
8. Parameter for selecting modern banking based on educational qualification: there is a significant difference in parameter for selecting modern banking namely low hidden cost of services, security, technical efficiency, reputation, facilities provided by I-Banking and less risk and the Educational qualification.
9. There is no significant difference in parameter for selecting modern banking such as locational convenience, transfer of funds and net coverage with respect to the educational qualification of the respondents.
10. Parameter for selecting modern banking based on occupation: there is a significant difference in parameter for selecting modern banking namely low hidden cost of services, security, technical efficiency, reputation, facilities provided by I-Banking and less risk with respect to the occupation of the respondents.
11. There is no significant difference in parameter for selecting modern banking such as low hidden cost of services, technical efficiency and reputation with respect to the occupation of the respondents.

12. Parameter for selecting modern banking based on income There is a significant difference in parameter for selecting modern banking such as locational convenience, low hidden cost of services, security, transfer of funds and net coverage service with respect to the income of the respondents
13. There is no significant difference in parameter for selecting modern banking such as technical efficiency, reputation, facilities provided by I-Banking and less risk with respect to the income of the respondents.
14. Problems in the modern banking Based on Educational qualification: There is a significant difference in problems in the modern banking such as insufficient technical knowledge, risky to use, unsuitable location of the ATM, network connectivity problem, time delay, high transaction cost, machine complexity and poor service quality and Educational qualification.
15. Reason for choosing banks based on the type of bank there is a significant difference in reason for selecting bank such as better interest and better money transfer facility among customers of different type of banks in Tiruchirappalli district. Hence, it is concluded that type of bank is a significant role in reason for selecting bank such as better interest and better money transfer facility among customers.
16. There is no significant difference in reason for selecting bank such as safety for deposit, credit facility, reputation of the bank, fully automated/advanced technology, accessibility, close proximity to the residence, quicker and better service, safety locker facility, less service charges and better infrastructure facility among customers of different type of banks in Tiruchirappalli district.
17. Parameter for selecting bank based on the type of bank: There is a significant role in parameter for selecting bank such as security, transfer of fund, net coverage service, technical efficiency, reputation and facilities provided by I-banking among customers.
18. There is no significant difference in parameter for selecting bank such as locational convenience, low hidden cost of services and less risk among the customers of different type of banks in Tiruchirappalli district and the type of bank.
19. Level of satisfaction of modern banking based on the type of bank: There is no significant difference in the level of satisfaction with modern banking namely ATM, Tele Banking, Internet Banking, Mobile Banking, Credit Card, Debit Card, Electronic Clearing Service, National Electronic Fund transfer, cheque truncation system, Demat among customers of different type of banks in Tiruchirappalli district.
20. There is a significant difference in the level of satisfaction with modern banking of RTGS among customers of different type of banks in Tiruchirappalli district.

21. Advantages of modern banking based on the type of bank: There is no significant difference in advantages of modern banking such as convenience, speedy transactions, reduces waiting time, anywhere anytime service and self-service among customers of different type of banks in Tiruchirappalli district.
22. Problems in modern banking services based on type of bank: Type of bank is not playing a significant role in problems in the modern banking services, namely Insufficient Technical Knowledge, Risky to Use, Unsuitable Location Of ATM, Network Connectivity Problem, Time Delay And Machine Complexity among customers.
23. There is a significant difference in problems in the modern banking such as high transaction cost and poor service quality among customers of different type of banks in Tiruchirappalli district.
24. Satisfaction of a grievance settlement system based on the type of bank: There is a significant difference in satisfaction of the grievance settlement system in ATM, Tele Banking, Debit Card, ECS, NEFT and Demat among customers of different type of banks in Tiruchirappalli district.
25. There is no significant difference in satisfaction of the grievance settlement system in Internet banking, mobile banking, credit card, RTGS and CTS among customers of different type of banks in Tiruchirappalli district.
26. There is a significant relationship between the type of bank and age group of customers of banks in Tiruchirappalli district.
27. There is a significant relationship between time taken from transactions and age group of customers of banks in Tiruchirappalli district.
28. There is a significant relationship between availing of modern banking services and age group of customers of banks in Tiruchirappalli district.
29. There is a significant relationship between number of years using modern banking and age group of customers of banks in Tiruchirappalli district.
30. There is a significant relationship between type of credit card and age group of customers of banks in Tiruchirappalli district.
31. There is a significant relationship between number of account and age group of customers of banks in Tiruchirappalli district.
32. There is a significant relationship between the frequency of transaction and age group of customers of banks in Tiruchirappalli district.
33. There is a significant relationship between the type of account and age group of customers of banks in Tiruchirappalli district
34. There is a significant relationship between age and number of years having the account.
35. There is a significant relationship between age and awareness about opening accounts.

36. Reason for Choosing Banks: It is found that the first factor was named as 'Reputation and Better service'. This factor includes the reputation of the bank, close proximity to the residence, fully automated /advance technology, accessibility, less service charges, safety locker facility, credit facility, better money transfer facility, quick and better service, better interest and better infrastructure facility.
37. It is further found that second factor was labelled as 'Low fees and easiest application processes. This factor includes low account fees and easy application process. It is identified third factor was labelled as 'Workplace compulsion'. This factor includes an excellent portfolio of services and workplace compulsion. It is observed that fourth factor was named as 'Recommendation and safety'. This factor includes recommendations from friends and family and safety for deposit.
38. Extent of Aware of Modern Banking services. It is found that the first factor was labelled as 'Internet Banking'. This factor includes RTGS, Demat, NEFT, ECS, CTS, Tele banking, credit card and Internet banking. It is further found that second factor was named as 'Mobile banking'. This factor includes ATM, Debit card and Mobile banking.

Suggestion to the Public Sector Banks

1. The public sector banks must aim at attracting customers from all age groups to open and operate the account.
2. The public sector bank must aim at providing modern banking service to a larger extent invariable of the age, gender, income, marital status and educational qualification, locality (rural and urban), community and the nature of employment.
3. It is suggested to the public sector banks to cover the low income, middle and high-income group for availing modern banking services.
4. The public sector banks must float the modern banking services aspects to all customers through awareness and other means of selling as a very less number of customer knowledge about modern banking customers. Even though, the concept has been floated in India for more than 2 years
5. It is observed that the public sector banks have given credit card to a major position of customers. It is important to the bank to create awareness about the use and other regulation on the use of credit card to customers which may help them to avoid the unwanted use and other problems that may arise due to the use credit card.
6. A maximum of 30 minutes is required to avail the modern banking services of any type. It is suggested that with the help of the available technology the bank must ensure less time and quick service to customers as the main purpose of modern banking services is quick and timely delivery of the financial products and services.

7. With the help of modern banking service concept the public sector banks must make the customers to be aware of online account opening, online payment methods and paying for other utility services through online. This awareness creation may help customers to open two or more accounts like recurring deposit, fixed deposit and other online saving schemes which may help the bank to increase the number of accounts and encourage saving and investment scheme among the customers. This may mutually benefit both banks and the customers.
8. It is suggested to the public sector bank to create awareness about the modern banking services to customers to various methods and means to increase the number of customers to avail the modern banking services and other financial product introduced by the bank.

Suggestion to the Private Sector Banks

1. The private sector banks must aim at attracting customers from all age groups to open and operate the account.
2. The private sector bank must aim at providing modern banking service to a larger extent invariable of the age, gender, income, marital status and educational qualification, locality (rural and urban), community and the nature of employment.
3. It is suggested to the private sector banks to cover the low income, middle and high-income group for availing modern banking services.
4. The private sector banks must float the modern banking services aspects to all customers through awareness and other means of selling as a very less number of customer knowledge about modern banking customers. Even though, the concept has been floated in India for more than 2 years
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investment scheme among the customers. This may mutually benefit both banks and the customers.

8. It is suggested to the private sector bank to create awareness about the modern banking services to customers to various methods and means to increase the number of customers to avail the modern banking services and other financial product introduced by the bank.

Suggestions to the Government

1. It is suggested to the private sector banks to cover the low income, middle and high-income group for availing modern banking services.
2. The private sector banks must float the modern banking services aspects to all customers through awareness and other means of selling as a very less number of customer knowledge about modern banking customers. Even though, the concept has been floated in India for more than 2 years

Suggestion to the Stake Holders

It is suggested to the stakeholders to keep in touch with the banks frequently understanding the modern banking service concept and other innovative financial products to enhance the updated knowledge in the use of modern banking services.

Conclusion

Most customers transact with the banking institutions to handle their finances, while some of them have the expertise and time to stand physically on the bank and seek information, some of them do not want to waste time by ensuring their physical presence at the bank premises. This is where the modern banking services come into the picture.

Financial life is not as easy to run as one think from the far shores. This is exactly what is felt by many individuals and companies who make use of the modern-day banking services. A few of them are able to make the best use of the Online banking services while some of them are not. This is the reason why some of them land up losing their hard-earned money due to phishing or spam mails.

The quick services in the banking sector, make obtainable a proposal to use modern technologies to improve operational competence and fineness of services to obtain and grasp the customers. The use of modern banking in banking services provides the probabilities to banks to operate consumers' zeal to assume the services having much planned benefit. In Banking Industry, the Internet Banking is a new era which explores the new horizons of success and development to facilitate and for the betterment of society and open the door of development for the banking industry to enhance business operations. But unluckily the evidences of the research show that mostly services are not available in Tiruchirappalli district, which have been introduced many years before in other districts.

This study reveals that the major issues in the modern banking services are security, safety and the lack of trust especially on ATM machines. Fraudulent transactions, robbery, bad and unreliable ATM services (e.g. Stuck-up the ATM card, incorrect Dr or Cr amount in the account etc.) are the reasons which playing a vital role in reducing the trust of customers on modern banking. The results also show that reliability, convenience, speed, safety and security have the major contribution to retain and attract the customers. Finally, the services which are not available in Tiruchirappalli district by private sector banks and public sector banks e.g. Cash depositing facility through ATM machines, “SMS/E-mail Alert” Service, Payment of utility bills through internet etc., are the most desirable services by the customers.
