

Full Length Research Paper

Customers Perception and their Satisfaction in Innovative Banking Industries: A Case Study of Uttarakhand India

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Abstract

Presently innovative banking plays a very important role in banking customer life, banks motivates human to make saving money for their future. It provides number of facilities to the people, banking service has become a need of the society. As we know that in this 21st century banking sector have a great challenges i.e. customer satisfaction, and being a part of the society banks also facing this challenges, and banks are accepting challenges very nicely for the betterment of service banks are providing innovative services to the customer so that they can get proper benefit in this sector. Banks have influenced the economics and politics for centuries. The objective of this paper is to analyze the services provided by banks, and to observe that how innovative, and new services they are giving to the society, and to know that how much these facilities or services are beneficial for the society and as well as banks. This paper is descriptive in nature, and data has been collected through various secondary sources. The paper explains the objective with the help of case study of different commercial banks in innovative way. The paper concluded that banking sector has been changes rapidly. Now technology has made tremendous impact in banking, in 21st century dreams becomes reality. Now you can get banking services anytime and anywhere, wherever and whenever you want, priority banking is a symphony of Banking benefits, unique investment products, personalized services and exclusive life style, benefits that brings complete harmony to all your financial needs.

Key words: Banking sector, customer satisfaction, Innovative Banking.

Introduction

Banking sector has become an emerging sector in Indian financial market, their services are affecting to the human life and their life style, no one can deny that now the banks are becoming the necessity of everyone, in this era the need and satisfaction level of human has moved beyond the previous benchmark, and banking sector is providing lot of services to the customer, traditionally banks were providing only saving facility to the public and there were less number of banks are available, now scenario has been changed, there are 171 banks which are working in India, in which some are public sector banks and some are private sector banks are working. Earlier the banks worked only for urban side of the country, but now they are Focusing on the rural side, they are providing much facility for upliftment of their life style and their economic conditions, and it's happening, see how the villagers are producing the crops and they have no fear of money lender, who were made fool them, but a part of these we cannot ignore the technological challenges for every sector, and banking sector are also facing the great challenges, that's why they are more serious about the innovation policy and strategy. This paper deals with all the innovative strategy and the policy which are made by banks to retention of the existing and valuable customer and the backward side society. Now a days innovative banking through the commercial banks are playing a very important role for the banking customer on the bases of ATM, online payment, Debit card, credit card and master card.

The study conducted by Gotlieb, and Denny [1993], is one of the studies that deals with the impact of IT on banking productivity per se. Computerizations is one of the factors which improves the efficiency of the banking transactions. They concluded that higher performance levels have been achieved without corresponding increase in the number of employees. Also, it has been possible for Public Sector Banks and Old Private Banks to improve their productivity and efficiency by using IT. Dos et al. [1993] studied statistical correlation between IT spending and performance measures such as profitability or stock's value. It is found that there is an insignificant correlation between IT spending and profitability measures, implying thereby that IT spending is unproductive. Information Technology and the Communication Networking Systems have revolutionized the functioning of banks and other financial institutions all over the world. Reserve bank of India has played an important role in implementation of information technology in banking sector. Various researchers have also contributed in this regard. In addition to the work done by various scholars in the area of Information Technology and Banking organization, RBI had appointed various committees to work in this area. The reports of various committees are briefly summarized below *Dr. C. Rangarajan Committee [1983]* Dr. Rangarajan committee had drawn up in 1983-84 the first blue print for computerization and mechanization in banking industry and looked into modalities of drawing up a phased plan for mechanization for the banking industry covering period 1985-89. The committee in its report in 1984 recommended introduction of computerization and mechanization at branch, regional office / zonal

office and head office levels of banks. In 1988 another committee was constituted under the chairmanship of Dr. Rangarajan for making plans for computerization for the next five years from 1990-94 for the banking industry. It identified the purpose of computerization as improvement in customer service, decision making, housekeeping and profitability. The committee observed that banking is a service industry and improved efficiency will lead to a faster rate of growth in output and help to expand employment all around. The work force in the banking industry must, therefore, look upon computerization as a means to improve customer service and must welcome it in that spirit. *W.S. Saraf Committee [1994]*. In 1994, the Governor, Reserve bank of India had appointed a committee on technology issues under the chairmanship of W. S. Saraf. The committee looked into technological issues related to the payment system and to make recommendations for widening the use of modern technology in the banking industry. The Saraf committee recommended setting up institutions for electronic funds transfer system in India. The committee also reviewed the telecommunication system like use of BANKNET and optimum utilization of SWIFT by the banks in India. Rajshekhar K. S. (2004) described the adoption of IT in banking has undergone several changes with the passage of time. Today IT has become an inseparable segment of banking organization. The application of information technology in the banking sector resulted in the development of different concepts of banking such as – E-banking, Internet Banking, Online Banking, Telephone Banking, Automated teller machine, universal banking and investment banking etc. Information technology has a lot of influence on banking transactions. It ensures quick service with low transaction cost to the customers. The real success of IT in the banking sector depends upon the customer's satisfaction. Therefore banks should organize and conduct customer awareness program in their service area. Security is an important issue in the context of E-banking. The development of technology for the identification of customers with different means of communication devices is a must for successful business and also to reduce frauds in banking. In this paper the author has studied customer related aspects only. This paper do not present any study related to the bank employees and their problems regarding bank computerization.

In India so many commercial banks are working. Some are in very good Condition in terms of lending, training to their employee in innovative way for the development of banking organization. Some are in bad condition and struggling for their existence due the innovative technique. The present study is conducted to know the following things related to customer satisfaction from the innovative banking.

The objectives of the study are:

- Innovative banking becoming the modern technique for the welfare of the Banking customer
- To analyse that innovative banking are profitable for satisfaction of the Customer as well as the society.
- To develop the framework to understand the customer's perception towards the innovative banking services provided by the commercial banks in Uttarakhand.

The following hypotheses which are linked to the objectives of the study are proposed

H_0 . There is no difference between Innovative banking and customer satisfaction

Methodology

Study Area

For micro level study we have taken District Pauri Garhwal whatever the result come will be applicable in urban and rural areas of Uttarakhand as a whole. Descriptive research design has been used for customer of the banks and their perceptions towards the innovative banking availed by them has Determined and described. The present study will be based on both primary and secondary data. Primary data will be collected through well designed questionnaires and open Ended interviews with the Banking customer of the commercial Banks in Uttarakhand. Secondary data will be collected from annual reports, magazines, Newspaper, internet, review and records of banking institutions, statistical department of Uttarakhand and commercial banks of Uttarakhand. I have taken the sample size of 200 customer of banks for my study .Sample area of the research will cover the full area of District Pauri Garhwal of Uttarakhand .Analysis of data will be made by using various required statistical tools. Tables, ANOVA test etc. will also be used to analyze, present and interpret the problem for drawing the result of the study. Public survey regarding their Opinion about the functioning of various Commercial banks in the State Uttarakhand is also being done as a part of study.

Innovation in Banks in terms of services

Innovation has been buzz words in banking right from beginning. The attempt toward innovation in India has been more, so in India due to the countries emergence and growth, more or less in the entire sector. The banking industry has been on an unprecedented growth trend during the past decade in the country. Banking sector today is fast and paced and is consistency in the throes of changes, with new regulation, new process and new policies. Technology has played a very important role in the past in shaping the way things are today and will continue to do more than even before from beginning just a support function. Banking sector got success because of their innovation, now a days bank are providing very innovative services, even they are seeking the technologies which can help more to the customer.

Analysis of the Study

Following analysis is done on the basis of data for the 200 banking customer in District Pauri Garhwal regarding their satisfaction from innovative banking.

Statistics

		Gender	Income	Customer satisfaction after using Innovative Banking	Age of the customer
N	Valid	200	200	200	200
	Missing	0	0	0	0

Table 1: Gender wise customer satisfaction after using Innovative Banking

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	150	75.0	75.0	75.0
	Female	50	25.0	25.0	100.0
Total		200	100.0	100.0	

Source: Field Survey

Most of the customer is being found male like 75% during the field survey while female is 25% to identify that they are getting satisfaction from the innovative banking in District Pauri Garhwal according to the above table1.

Table 2: Age wise Customers using Innovative Banking

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 18	12	6.0	6.0	6.0
	18-25	10	5.0	5.0	11.0
	25-50	85	42.5	42.5	53.5
	50 & above	93	46.5	46.5	100.0
Total		200	100.0	100.0	

Source: Field Survey

Most of the banking customer belongs to the age between 50 & above like 46.5% and the age between 25-50 are 42.5% that means customer above age 25 years are getting more interest to connect with the innovative banking services according to the above table 2.

Table 3: Bank wise customer satisfaction by innovative banking

Banks	Frequency	Percent	Valid Percent	Cumulative Percent
Punjab National Bank	65	32.5	32.5	32.5
State Bank of India	63	31.5	31.5	64
Bank of Baroda	36	18	18	82
Other Commercial Bank	36	18	18	100
Total	200	100	100	

Source: Field Survey

Most of the banking customers are belongs from the Punjab National Bank (32.5%) and State Bank of India (31.5%). Means customers are seems to be more satisfied from the innovative banking from these banks. While other Commercial Bank likes Bank of Baroda & Other Commercial Bank its percentage is very poor in the comparison of Punjab National Bank and State Bank of India according to the table no. 3.

Most of the banking customers are graduate (45.5%) while other customers are Intermediate (27%), P.G. & Professional (26%) and it means this indicating that banking customers which belongs to the higher education are realizing that they are getting more satisfaction from the modern innovating banking services in today’s era. According to the above table no. 4

Table 4: Education of the Customer

Education	Frequency	Percent	Valid Percent	Cumulative Percent
High school	3.00	1.50	1.50	1.50
Intermediate	54.00	27.00	27.00	28.50
Graduation	91.00	45.50	45.50	74.00
P.G & professional	52.00	26.00	26.00	100.00
Total	200.00	100.00	100.00	

Source: Field Survey

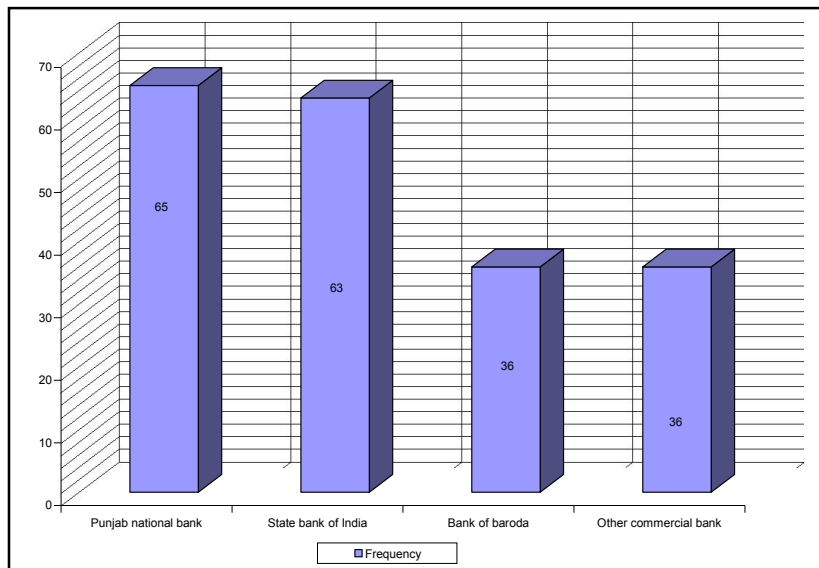


Figure 1: Bank wise comparison of customer satisfaction

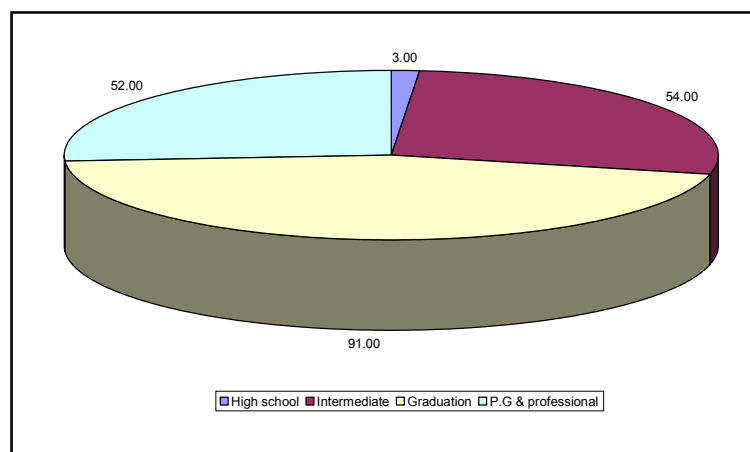


Figure 2: Education of the Customer

Means

Case Processing Summary

	Included		Cases Excluded		Total	
	N	Percent	N	Percent	N	Percent
Gender	200	100.0%	0	0.0%	200	100.0%
Name of Commercial Bank						

Table 5. Results of the study

Gender	Mean	N	Std. Deviation
Name of Commercial Bank			
Punjab National Bank	1.2154	65	.41429
State Bank of India	1.3492	63	.48055
Bank of Baroda	1.2778	36	.45426
Other Commercial Bank	1.1111	36	.31873
Total	1.2500	200	.43410

Table 6: Income of the Customer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5000	27	13.5	13.5	13.5
	5000-10000	24	12.0	12.0	25.5
	10000-50000	68	34.0	34.0	59.5
	50000 & above	81	40.5	40.5	100.0
Total		200	100.0	100.0	

Source: Field Survey

Most of the banking customer belongs to the Income group between 50000 & above like 40.5% and the Income group between 10000-50000 are 34.0% that means customer above income 100000 rupees are getting more interest to connect with the innovative banking services according to the above table No.5.

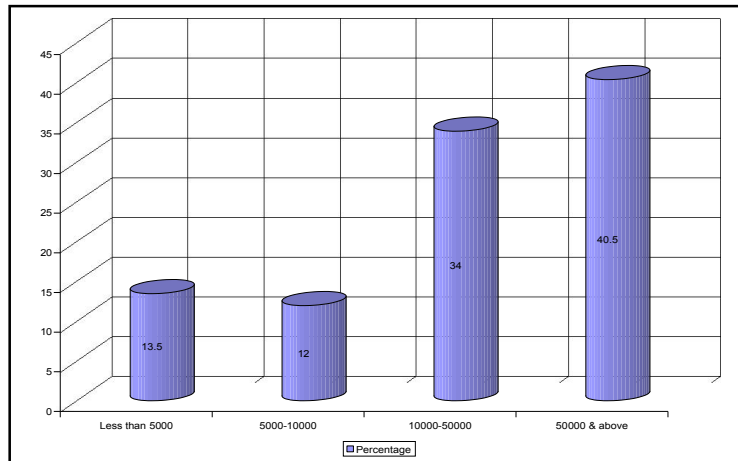


Figure 3: Income of the customer

Table 7: Customer Satisfaction after Using Innovative Banking

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	87	43.5	43.5	43.5
	strongly agree	106	53.0	53.0	96.5
	Disagree	5	2.5	2.5	99.0
	Strongly Disagree	2	1.0	1.0	100.0
Total		200	100.0	100.0	

Source: Field Survey

Most of the banking customer are strongly agree like 53.0% after using innovative banking services and the customer who are agree like 43.5% while disagree 2.5% and strongly disagree belongs to only 1.0% which is showing the customer satisfaction level that means customer are getting more interest to connect with the innovative banking services according to the above table 6(a).

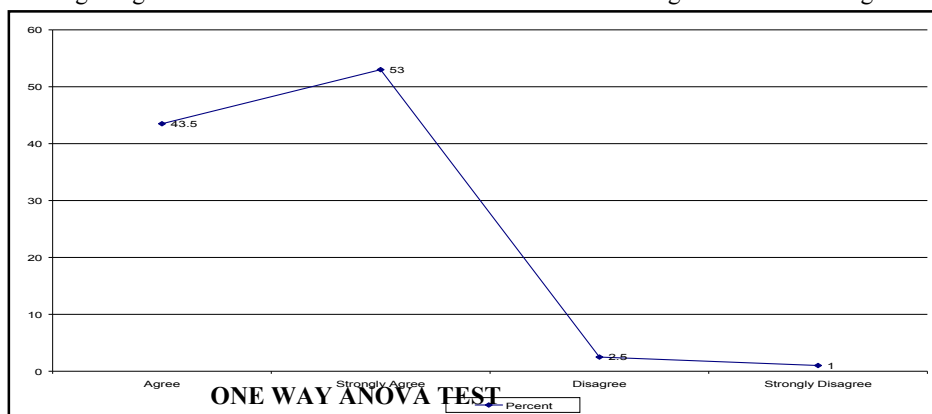


Fig. 4 Customer Satisfaction after Using Innovative Banking

The customer’s perception of the District Pauri Garhwal seems to be more interested in innovative banking services from the commercial banks regarding the satisfaction of customer as well as society for their development.

Table 8. Descriptive

Gender	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Agree	87	1.3	0.46041	0.0494	1.2007	1.397	1	2
strongly agree	106	1.21	0.40748	0.0396	1.1291	1.286	1	2
Disagree	5	1.4	0.54772	0.245	0.7199	2.0801	1	2
Strongly Disagree	2	1	0	0	1	1	1	1
Total	200	1.25	0.4341	0.0307	1.1895	1.3105	1	2

ANOVA test for determining significant variance in customer’s perception for satisfaction level. In our Null Hypothesis we have assume that perception of banking customer regarding the income and satisfaction from innovative banking services differs of income, satisfaction level after using innovative banking services.

Table 9. ANOVA

	Gender				
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.636	3	.212	1.127	.339
Within Groups	36.864	196	.188		
Total	37.500	199			

Table 10. Multiple Comparisons

Dependent Variable: Gender

(I) Customer satisfaction after using Innovative Banking	(J) Customer satisfaction after using Innovative Banking	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Agree	Strongly Agree	.09130	.06274	.467	-.0713	.2539
	Disagree	-.10115	.19944	.957	-.6180	.4157
	Strongly Disagree	-.29885	.31016	.770	-.5049	1.1026
strongly agree	Agree	-.09130	.06274	.467	-.2539	.0713
	Disagree	-.19245	.19847	.767	-.7067	.3218
	Strongly Disagree	.20755	.30954	.908	-.5945	1.0096
Disagree	Agree	.10115	.19944	.957	-.4157	.6180
	Strongly Agree	.19245	.19847	.767	-.3218	.7067
	Strongly Disagree	.40000	.36285	.688	-.5402	1.3402
Strongly Disagree	Agree	-.29885	.31016	.770	-1.1026	.5049
	Strongly Agree	-.20755	.30954	.908	-1.0096	.5945
	Disagree	-.40000	.36285	.688	-1.3402	.5402

In Terms of Beneficiary’s Income and Size of the SHGs-

The banking customer seems to more satisfy in terms of Income of the customer and innovative banking services. The mean satisfaction level for income is (.212) between the group and it is (.188) within income. But there is no significant variation between the satisfaction level for the customer’s income and innovative banking services. At 95% confidence level since the value of P.E. is more than 0.05.

Customer satisfaction after using Innovative Banking	Gender	
	N	Subset for alpha = 0.05
Strongly Disagree	2	1
strongly agree	106	1.0000
Agree	87	1.2075
Disagree	5	1.2989
Sig.		1.4000
		.418

Means for groups in homogeneous subsets are displayed.

- a. Uses Harmonic Mean Sample Size = 5.548.
- b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

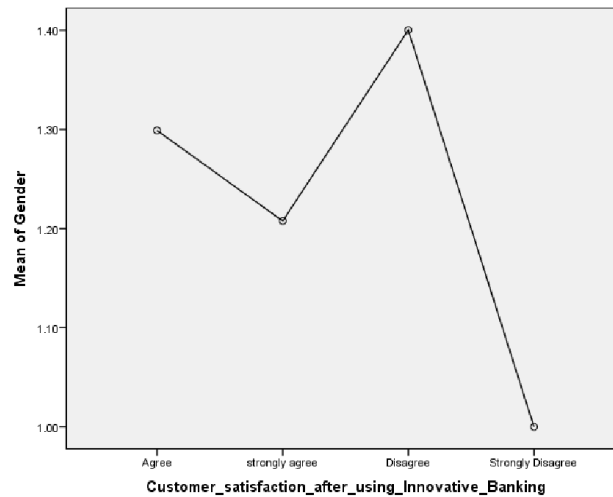


Fig. 5 Means Plots

Conclusion

After detail study of policies and strategies of commercial banks, I would like to say that all the commercial bank is providing very innovative services. Most of the banking customer are strongly agree like 53.0% after using innovative banking services and the customer who are agree like 43.5% while disagree 2.5% and strongly agree belongs to only 1.0% which is showing the customer satisfaction level that means customer are getting more interest to connect with the innovative banking services. These banks have focused on the backward side of the society. The CSR policy of the bank is really very innovative. This is the only bank that is providing this type of facility to the rural area. It is observed that banks in India moving towards sustainability through innovative service operations and offerings. The sample considered here for analysis has proved this point very clearly. The rate at which innovation are adopted by firm constitute an important part of the process of technological change. Bank like P.N.B, S.B.I, B.O.B and other commercial is more aggressive in innovation and it is position ahead in terms of services. So the banks must create and sustain an Environment that promotes creativity. At last I would like to say that innovation can give the better success to the banking sector. It is one of the best policies and the key of success of any bank. Most of the banking customers are graduate (45.5%) this indicating that banking customers who belongs to the higher education are realizing that they are getting more satisfaction from the modern innovating banking services in today's era. Most of the banking customers are belongs from the Punjab National Bank (32.5%) and State Bank of India (31.5%). Means customers are seems to be more satisfied from the innovative banking from these banks. While other Commercial Bank likes Bank of Baroda & Other Commercial Bank its percentage is very poor in the comparison of Punjab National Bank and State Bank of India.

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