

A Study on Value Added Service among Customer towards Selected Private Banks in Coimbatore

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ABSTRACT

The Banking Industry is one of the basic instruments of economic growth. There has been amazing growth in profits in banking industry over the last two decades. Privatization is closely associated with the phenomena of globalization and liberalization. Private sector banks pioneered the use of technology to provide enhanced customer services. The widespread application of internet banking has made it possible to market financial products and services on a global basis. It provides various value added services viz., ATM services, Credit Cards, Demat Cards, Student banking ,Special NRI Services, Tele and internet banking, Online trading Business, Insurance, Retail banking, Special deposit scheme, special deposit scheme Other facilities to the customers. The bank recapitalization plan by Government of India is expected to push credit growth in the country to 15 per cent and as a result help the GDP grow by 7 per cent in FY19.

Key Words: Banking Sector, Value added Service, Private sector bank

1.1 INTRODUCTION

Banking is the fulcrum of an Economy. The Banking Industry is one of the basic instruments of economic growth. It must be on a sound footing as it constitutes an important link in various socio-economic activities. Since it is considered the backbone of economic development, any change in its processes is deemed to have repercussions on the country's growth. The essential part of the banking system is its financial viability. It is not only necessary for its survival but also to discharge its various obligations. There has been amazing growth in profits in banking industry over the last two decades. Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry. The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level 5 in the Faster Payments Innovation Index (FPPII). The Indian banking system consists of 27 public sector banks, 22 private sector banks, 44 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, in addition to cooperative credit institutions. Bank credit grew at 12.64 per cent year-on-year to Rs 85.511 lakh crore (US\$ 1,326.78 billion) on May 11, 2018 from Rs 75.91 lakh crore (US\$ 1,131.47) on May 12, 2017. Mr Arun Jaitley, Minister of Finance, Government of India, introduced 'The Banking Regulation (Amendment) Bill,2017', which will replace the Banking Regulation (Amendment) Ordinance, 2017, to allow the Reserve Bank of India (RBI) to guide banks for resolving the problems of stressed assets. The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill has been passed by Rajya Sabha and is expected to strengthen the banking sector.

1.2 STATEMENT OF THE PROBLEM

In modern competitive environments services are gaining increasingly more importance. Nowadays, great attention is paid to all the Bank-customer touch points, aiming to optimize the interaction and user friendly services. Higher penetration of technology and increase in global literacy levels has set up the expectations of the customer higher than never before. Increasing use of modern technology has further enhanced reach and accessibility.

In fact the perception and the expectation of the customers have undergone a vast change with the availability of banking services at their door steps through the help of technology. Though the Private sector Banks are providing supplementary services with multiple channels, enquiries have been made on the following.

Hence the present study focused on following questions

1. What are the banking services provided by the private sector banks?
2. How far the services cater to the needs of the customers of private sector banks?
3. To what extent the services are utilized by the customers of private sector banks?
4. What are the factors influencing the customers with the usage of retail banking services?

1.3 OBJECTIVES OF THE STUDY

- To know the socio-economic factors of the selected private banking respondents of sector.
- To know the awareness level of customers about value added services provided by the selected private banks.
- To analysis the satisfaction level of customers towards value added services by the selected private banks.
- To identify the problems in value added services given by selected private banks.

2.1 REVIEW OF LITERATURE

Mahalakshmi V, Saravanaraj M.G and Umarani T. S (2013) in their study result showed that there exists a relationship between the value added services rendered by the banks. On the basis of the analysis, the researcher has concluded that banks have to conduct many awareness programs, friendly usage and customer relationship in order to retain the existing customers and to attract new customers.

Harshad Patel and Vijay Pithadia, (2013) the study is to certain the role of value added services to satisfy and retain customer loyal. Some of these value added services Automated Teller Machines cards (ATM), Credit card, Debit card, Internet banking, Tele banking, Mobile banking, Home Banking and so on. **Kumar R, Mittal A (2015)** in his study stated that Banks should concentrate on the following dimensions to satisfy the customers enjoyment, Customization, Design and Functionality Service quality and customer satisfaction. **Srivastava and Dey (2016)** in their study report significant differences in perceptions among young consumers among the three types of banks for all the dimensions of brand-specific associations: perceived quality, perceived price, perceived brand social value and perceived brand emotional value. **T.N.Hajela (2016)** in his study, examines the private banks receive money on their behalf ,make payments on their behalf, buy and sell stocks and shares , they transfer funds of their clients from one place to

another place and also issue drafts of their branches or on the branches of other banks.

3.1 RESEARCH METHODOLOGY

The Study is based on the systematic method of data collection and analysis of primary data. Specific tools of analysis and empirical methods are also used in the study.

3.1.1 COLLECTION OF DATA

The primary data and secondary data has been collected for the study.

3.1.2 PRIMARY DATA

The primary data has been collected from the sample respondents on selected private banks through questionnaires.

3.1.3 SAMPLING SIZE

The primary data has been collected by taking 135 sample respondents with the following sampling process. In the research convenience sampling technique is followed and the data are collected from selected private banks. The banks have been selected based on the following criteria in Coimbatore.

So the study implies,

Total No of Private sector bank in Coimbatore : 21 Total No of
Private sector bank for Sampling : 5

3.1.4 AREA OF THE STUDY

As per the area of study banks are selected on bases of top 5 markets capitalized private sector banks in money control website.

SELECTED PRIVATE SECTOR BANKS	MARKET CAPITAL
The Housing Development Finance Corporation Limited (HDFC)	4,75,501.40 cores
Kotak Mahindra Bank	2,07,004.00 cores
Industrial credit and investment corporation of India (ICICI)	1,84,170.72 cores
Axis bank	1,31,520.55 cores
IndusInd bank	1,02,182.89 cores

3.1.5 SELECTED AREAS OF BRANCHES

There are many branches on selected private banks in Coimbatore but the research applies on selected areas for respondents.

- | | |
|----------------------|-------------------|
| 1. Peelemadu | 6. Kalapatti |
| 2. Coimbatore Branch | 7. Ramanathapuram |
| 3. Ramnagar | 8. RS Puram |
| 4. Ganapathy | 9. Avarampalayam |
| 5. Townhall | |

3.1.6 TOOLS USED FOR ANALYSIS

The tools used for the analysis are as follows

1. Simple average analysis.

2. Chisquare.
3. Weighted score rank.

4.1 LIMITATIONS OF THE STUDY

1. Due to time constrain, the research period is limited only for 3 months
2. The study focused on selected banks.
3. The study may not be applicable to other banks.
4. The result may bias due to their personal factors.

5.1 FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS:

5.1.1 SIMPLE PERCENTAGE ANALYSIS

- Majority of the respondents (64%) male are using value added services in selected banks.
- Majority of the respondents (38.5%) have completed their degree education.
- Majority of the respondents (53.3%) were married.
- Majority (41.5%) of the respondents (41.5%) are private employees having bank account in selected banks
- Majority of the respondents (36.4%) have the monthly income of 30,000-50,000 in the selected private banks.
- Majority of the respondents (42.2%) are having the status Of using the selected banks.
- Majority of the respondent (29.6%) feels that internet banking is technologically advanced in selected banks.
- Majority of the respondents (54.8%) says that both quality of Service and technology used is the best service of selected banks.
- Majority of the respondent(34.8%) says cost effectiveness is the new technique in selected banks
- Majority of the respondents (20.0%) are using ATM/Debit card services in selected banks.
- Majority of the respondents (54.8%) are satisfied with the Card delivery service.
- Majority of the respondents (56.3%) are satisfied on the number of transactions used in selected banks
- Majority of the respondents(56.3%) are satisfied on quality of currency issued by the selected banks
- Majority of the respondent(37.8%) are satisfied on location of selected bank
- Majority of the respondents(45.9%) are satisfied on the balance enquiry of respondents in selected banks
- Majority of the respondents (51.1%) are satisfied on e-payment service of selected banks
- Majority of the respondents (37.8%) are satisfied on fund transfer service of selected.
- Majority of the respondents (44.4%) are satisfied on due instalment enquiry service given by selected banks.
- Majority of the respondents(44.4%) are satisfied on Statement request service used in selected banks

- Majority of the respondents (54.8%) are satisfied on reasonable Voice prompt service used in selected banks.
- Majority of the respondents (57.8%) are satisfied on clear instruction service used in selected banks
- Majority of the respondents(57.8%) are satisfied on online direction for new users services in selected banks
- Majority of the respondents (47.4%) are satisfied on providing additional options services in selected banks
- Majority of the respondents (54.1%) are satisfied on Reward points status service used in selected banks
- Majority of the respondents (42.2%) are satisfied on prepaid mobile recharge service in selected banks
- Majority of the respondents (48.1%) are satisfied on SMS alert service in selected banks
- Majority of the respondents(43.7%) are satisfied on Transaction status service in selected banks
- Majority of the respondent (58.5%) says that cards get block Rarely happens in ATM among selected banks
- Majority of the respondent (55.6)says that non printing of statement rarely happens in ATM among selected banks
- Majority of the respondents (56.3%) says that machine out of order rarely happen in ATM among selected banks.
- Majority of the respondent (44.5%) have suffered from long waiting of queues in ATM among selected banks.
- Majority of the respondent (63.0) says that reduction in balance without cash payment rarely happens in ATM among selected banks.
- Majority of the respondent (52.2%) says that non providing of information rarely happens in selected banks.
- Majority of the respondent (63.5%) says that In security rarely happens in selected banks.
- Majority of the respondent (48.6%) says that lack of response rarely happens in selected.
- Majority of the respondent (98.6%) says they haven't suffered from hacking problem in selected banks.
- Majority of the respondent (61.5%) says that network connection problems rarely happens in selected banks.
- Majority of the respondent (47.2%) says that lack of knowledge in rendered services by bank rarely happen in selected banks rarely happens in selected banks.
- Majority of the respondent (51.1%) says that lack of prompt service rarely happens in selected banks.
- Majority of the respondent (44.8%) says that lack of clear guidelines of bank rarely happens in selected banks.
- Majority of the respondent (49.6%) says that they have suffered in lack of update of software often in selected bank.
- Majority of the respondent (45.9%)says that lack of security in transactions rarely happens in selected banks.

- Majority of the respondent (40.0) says that lack of appropriate software rarely happens in selected banks.

5.1.2 CHI SQUARE ANALYSIS

- There is no significant relationship between the Education and satisfaction level of the respondents.
- There is no significant relationship between the profession and satisfaction level of the respondents.

5.1.3 WEIGHTED SCORE ANALYSIS

- Majority of the respondents suffers from long waiting in queues at ATM as a major problem is ranked 1
- Majority of the respondents suffers from non providing of information as a major problem In internet banking is ranked 1.
- Majority of the respondents suffers from lack of knowledge as a major problem in telephone banking is ranked 1.
- Majority of the respondents suffers from lack of update in software as a major problem in mobile banking is ranked 1.

5.1.4 SUGGESTIONS

- The effect to liberalization, privatization and globalization pass ways to lunch the New Private Bank which are directly controlled by RBI.
- Among these banks HDFC bank, ICICI, AXIS, Kotak Mahindra bank ,Indusind is one among them and if it work hard to achieve its goal through offering the best services for the customers
- As per their expectations proper awareness should be created through attractive advertisement in the audio visual media.
- The banks have to employ the technologies which must be user friendly. It will result in securing increased customer response and customer acceptance over the technologies employed by the banks and the same will result in improved means of utilization of the technology by the customers. This will lead to enhance the customer satisfaction.
- By providing complete solutions to the problems of the customers with regard to the banking transactions, the customers' confidence can be gained and customers can effectively be retained by the banks and their level of satisfaction on the services of the banks can further be improved.

CONCLUSION

The present study focused on value added service among customers towards selected private banks in Coimbatore and 135 respondents have been taken from that simple percentage analysis, chi – square ,weighted score rank for analyzed. Majority of customers, who aware about the value added services provided by the banks were young, graduated and most of them were business and private employees. Education, monthly income and status of usage and technologically advanced, best service, new techniques were positively influenced the awareness level of value added services among the respondents. Therefore, the banks should motivate aware as well as unaware customers to make them to use the value added services more frequently.

Machine out of cash, in security, Lack of prompt services and security in transaction concern are the major constraints faced by the respondents while availing value added services from the banking aspect. The bank should take steps to clarify the customers apprehensions regarding complexity of technology, risk involved in the use of value added services and they have to take initiatives to minimize technological errors. The customer had a positive outcomes regarding convenience of transaction, e-payments, reasonable voice prompts and reward point status of value added services. Hence on the whole it could be concluded that, the customer expectations towards value added services was favourable.

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