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Customers' awareness and satisfaction on new generation banking services

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ABSTRACT

New generation banking has come a very long way from those modest beginnings in Florence. New generation banking today covers the entire range of finance from simple savings to credit cards and home loans. Banks today are connected electronically so that banking transactions can be made globally in a split second. The present study attempted to know the customers' satisfaction and awareness towards new generation banking services. The present study is exploratory-cum-descriptive in nature. The sample size was 400 selected on the basis of simple random sampling from the Erode district of Tamilnadu. Technological innovation and application of modern technology in the new generation banking sector make a great revolution in Indian Banking operations through tech-savvy system. Through the introduction of information technology, the banks offer various services to the customers, like internet banking, electronic payments, security investments and information exchanges.

Key words: Generation, Awareness, Technology, Banking, Innovation.

I.INTRODUCTION

Indian banking is the lifeline of the nation and its people. Banking has helped in developing the vital sectors of the economy and usher in a new dawn of progress on the Indian horizon. The sector has translated the hopes and aspirations of millions of people into reality. But to do so, it has had to control miles and miles of difficult terrain, suffer the indignities of foreign rule and the pangs of partition. Today, Indian banks can confidently compete with modern banks of the world. Before the 20th century, usury, or lending money at a high rate of interest, was widely prevalent in rural India. Entry of Joint stock banks and development of Cooperative movement have taken over a good deal of business from the hands. Today, new generation banking is known as innovative banking which includes Axis bank, ICICI bank, DCB bank, IDBI bank, IndusInd bank, Kotak Mahindra bank and Yes bank. Information technology has given rise to new innovations in the product designing and their delivery

in the banking. The new generation banks need a policy that makes possible a fair blending of the interests of banks, customers and public at large. Customers are lifeblood for any business. And banking industry is highly service oriented business. When there is service concern, it always deals with the perceptual decision taking of the customer. On the one hand, they are expected to serve social interests while on the other hand they also bear the responsibility of generating profits and maximizing the market share. The growing magnitude of social costs, no doubt, appears to be a major bottleneck while computing profit but this is not the only reason for a large-scale degeneration in the existing banking.

II.OBJECTIVE OF THE STUDY

The present study aimed to know the customers' satisfaction and awareness towards new generation banking services in Erode district.

III.MATERIALS AND METHODS

Chang and San (2005) investigated the relationship between service quality, customer satisfaction and profitability in the Taiwanese banking industry. The study concluded that the performance scale developed in the SERVPERF model and customer satisfaction in the profitability model were confirmed in the Taiwanese banking industry. The study also revealed that service quality was an antecedent of profitability. Dutta (2009) analysed the banking sectors as a customer oriented services industry; therefore the customer is the focus and customer service is the differentiating factor. The purpose of one empirical study done by him is to investigate the expectations and perceptions of the customers across the banking sectors in India. It was found out that in the banking sector it is

the foreign banks which are perceived to be offering better quality of services followed by the private and then public banks. These perceptions are reflected in the financial performance of the banks also. It is an eye opener for the banks to see the gap between customer expectation and perception regarding the quality of services rendered which should further act as a motivator to enhance the banks reputation and ensure customers, loyalty. Singh Sultan and Komal (2009) presented the impact of ATM on customer satisfaction. This was a comparative study of three major banks i.e. state bank of India, ICICI and HDFC bank. This paper had been divided into two sections. First section presented the introduction of ATM, brief history of three banks. Second section presented the result obtained on the basis of the data collected. To analyze the data, various statistical techniques such as average, standard deviation and normal distribution had been used as per the requirement of the data. F test had also been used to analyze the variances. The customer satisfaction level had been analyzed in two terms i.e. material customer satisfaction level and abstract customer satisfaction level. This article concluded that material satisfaction level was the highest in SBI, the second position was occupied by ICICI bank and third by HDFC bank. This was due to the size of the respective bank and number of years of its establishment. Customer satisfaction in terms of efficiency and performance, HDFC bank was at first position, second was ICICI bank and third was SBI. Material customer satisfaction level was the highest for SBI at 79%, second was occupied by ICICI bank with 77% and third by HDFC bank with 73%. Average customer satisfaction level was the highest in HDFC bank with 70%, in ICICI bank it is 60% and SBI is at third place with 55%.

It is an open network accessible from anywhere in the world by unknown parties, with routing of messages through unknown locations and via fast evolving wireless devices. To solve these issues, the researcher has made an attempt to ascertain the level of awareness and satisfaction perceived by the customers on new generation banks. For this purpose a field survey method was used to collect first hand information from four hundred sample respondents in Erode district by means of questionnaire. The research design adopted for this study is descriptive research. Descriptive method was adopted because it deals with description of the state of affairs as it exists at present. If the population from which a sample is to be drawn does not constitute a homogenous group, then simple random sampling technique is applied so as to obtain a representative sample. Structural equation modeling was used for further analysis.

IV.RESULTS AND DISCUSSIONS

Structural Equation Model is used to test and eliminate causal relationship using a combination of statistical data and qualitative case assumptions. There is no difficulty in hypothesis testing in SEM because it takes the confirmatory approach rather than the exploratory approach. Many sub-criteria are considered under each criterion. This is a reason for the relative weightage arrived from SEM is consider more valued than through any other approach. This model also takes measurement error into account while analyzing the data statistically. SEM is capable of estimating or assessing measurement error. It can incorporate both observed and latent variables. When interpreting structural equation model, the values attached to one way arrows (or directional effect) are Regression coefficient, where as two way arrows (non directional relationship) are Correlation coefficient. Regression

coefficient and correlation comprise the parameters of the model.

V.RESEARCH MODEL AND HYPOTHESIS FORMULATION

An attempt was made to find out the customers' satisfaction and awareness towards new generation banking services in Erode district. For this purpose, the variables or statement are categorized into ten manifest variables and is presented in Table no. 1.

TABLE 1

MANIFEST VARIABLES AND LATENT VARIABLE CONSIDERING FOR MEASURING THE AWARENESS AND SATISFACTION (ESTIMATES)

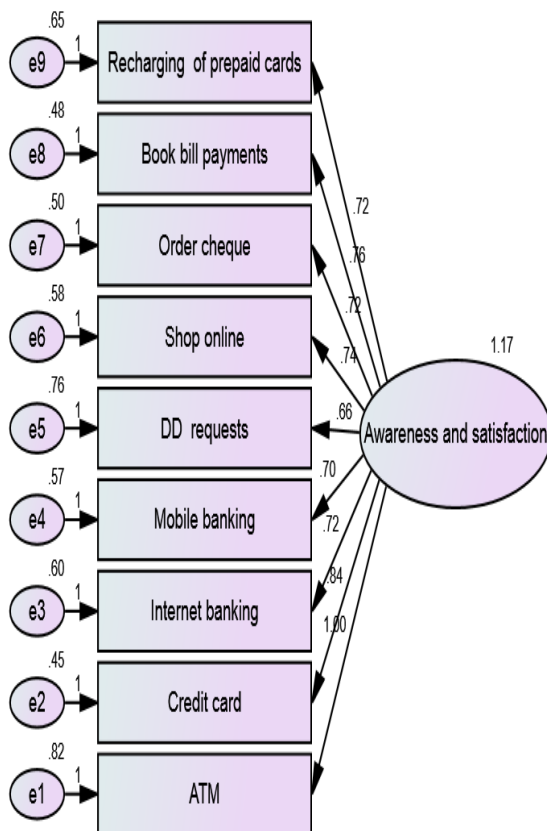
MANIFEST VARIABLES	LATENT VARIABLES
Recharging of prepaid cards	Satisfaction and Awareness
Book bill payments	
Order cheque	
Shop online	
DD request	
Mobile banking	
Internet banking	
Credit card	
ATM	

The research hypotheses have been defined on the basis of the customers' satisfaction and awareness towards new generation banking services in Erode district.

H_0 : There is no significant relationship between manifest variables and the customers' satisfaction and awareness towards new generation banking services.

H_1 : There is a significant relationship between manifest variables and the customers' satisfaction and awareness towards new generation banking services.

To test the hypotheses Structural Equation Model was used and the output is presented in the form of path diagram. The sketch of the path diagram is given in the figure 1.



Chi-square = 58.585

Degrees of freedom = 27

Probability level = .000

In the above path diagram, the values attached to one-way arrows / directional effects are regression coefficients. The regression coefficients and correlations measure the strength of the relations between the variables. A regression coefficient of 1.00 for ATM indicates a close relationship with the customers' satisfaction and awareness towards new generation banking services. A regression coefficient of 0.84 and 0.72 for credit card and internet banking indicates a substantial relationship with the customers' satisfaction and awareness towards new generation banking services. The services such as recharging of prepaid cards, book bill payments and order cheque also having a substantial relationship with the customers' satisfaction and awareness towards new generation banking services with the regression coefficients of 0.72, 0.76 and 0.72 respectively. A regression coefficient of 0.70 for the mobile banking services indicates a close relationship with the customers' satisfaction and awareness towards new generation banking services. On the other hand, a regression coefficient of 0.74 for shop online and 0.66 for DD request also having a close relationship with the customers' satisfaction and awareness towards new generation banking services. The overall regression coefficient value is 1.17 indicates a strong relationship with the customers' satisfaction and awareness towards new generation banking services.

The analysis indicates that all the nine factors Recharging of prepaid cards, Book bill payments, Order cheque, Shop online, DD request Mobile banking, Internet banking, Credit card and ATM services put together highly influenced the customers' satisfaction and awareness towards new generation banking services in Erode district.

The researchers applied model fit indices to decide whether to accept this model or to fine tune the

model further. The result of model fit test is presented in Table No. 2.

TABLE 2
MODEL FIT INDICES OF CUSTOMERS' SATISFACTION AND AWARENESS TOWARDS NEW GENERATION BANKING SERVICES

No .	TEST FACTOR	CALCULATED VALUE	ACCEPTABLE VALUE
1	GFI (Goodness-of-fit-index)	0.967	>=0.90 and above satisfactory fit 0.80 to <0.9 acceptable fit (Hair et al.2006)
2	AGFI(Adjusted goodness-of-fit-index)	0.945	
3	CFI(Comparative fit index)	0.982	
4	NFI (Normed fit index)	0.968	
5	TLI (Tucker-Lewis index)	0.977	
6	RMSEA (Root mean square error of approximation)	0.05	0.05 or less would indicate a close fit of the model

The table 2 indicates that the model fit indices of services influencing the customers' satisfaction and awareness towards new generation banking services. The Goodness of fit index (GFI) score is 0.967, adjusted goodness of fit index (AGFI) score is 0.945, comparative fit index (CFI) score is 0.982, normed fit index (NFI) score is 0.968, Trucker Lewis index (TLI) score is 0.977. The root mean Squared Error of Approximation (RMSEA) secured 0.081 that indicates that the model is a close fit with a reasonable error of approximation. From the analysis, it is inferred that all the nine variables selected for the analysis are well fit and it proves that all these variables clearly indicates their relationship with factors of customers' satisfaction

and awareness towards new generation banking services in the study area.

TABLE 3
REGRESSION WEIGHTS

		LATE NT VARIABLE	ESTIMATE	S. E.	C.R .	RESULT
Recharging of prepaid cards	←	Awareness and satisfaction	.718	.051	14.105	Significant at 1% level
Book bill payments	←	Awareness and satisfaction	.757	.048	15.760	Significant at 1% level
Order cheque	←	Awareness and satisfaction	.720	.047	15.226	Significant at 1% level
Shop online	←	Awareness and satisfaction	.740	.050	14.856	Significant at 1% level
DD request	←	Awareness and satisfaction	.656	.052	12.683	Significant at 1% level
Mobile banking	←	Awareness and satisfaction	.703	.048	14.500	Significant at 1% level
Internet banking	←	Awareness and satisfaction	.718	.050	14.490	Significant at 1% level
Credit card	←	Awareness and satisfaction	.839	.050	16.764	Significant at 1% level
ATM	←	Awareness and satisfaction	1.000			

From the result shown in table 3, it is noted that estimates of the coefficient of credit card and book bill payments are high services which affected the customers' satisfaction and awareness towards new generation banking services and it indicates that both

factors are highly influenced for customers' satisfaction and awareness towards new generation banking services.

TABLE 4

VARIANCE-COVARIANCE MATRIX OF ESTIMATES

	pa r_ 1	pa r_ 2	pa r_ 3	pa r_ 4	pa r_ 5	pa r_ 6	pa r_ 7	pa r_ 8	pa r_ 9
pa r_ 1	.0 03								
pa r_ 2	.0 01	.0 02							
pa r_ 3	.0 01	.0 01	.0 02						
pa r_ 4	.0 01	.0 01	.0 01	.0 0 2					
pa r_ 5	.0 01	.0 01	.0 01	.0 0 1	.0 0 3				
pa r_ 6	.0 01	.0 01	.0 01	.0 0 1	.0 0 1	.0 0 2			
pa r_ 7	.0 01	.0 01	.0 01	.0 0 1	.0 0 1	.0 0 1	.0 0 2		
pa r_ 8	.0 01	.0 01	.0 01	.0 0 1	.0 0 1	.0 0 1	.0 0 1	.0 0 3	
pa r_ 9	- .0 03	- .0 04	- .0 03	- .0 0 3	- .0 0 3	- .0 0 3	- .0 0 3	- .0 0 4	.0 1 8

The above table shows the matrix value of various services. Further, the analysis indicated that all the variables are having positive relationship with the customers' satisfaction and awareness towards new generation banking services and significant at 1% level.

VLSUGGESTIONS AND CONCLUSION

New generation banks are not just banks who are involved in the executing a new approach for the sake of survival. Customer satisfaction and retention is an important element of banking strategy in today's increasingly competitive environment. Bank management must identify and improve upon factors that can limit customer defection and help to increase satisfaction. Awareness programme should be offered by the new generation banks on technology enabled banking services among their customers. The Banking system of India should not only be hassle free but it should be capable to meet new challenges posed by the technology and any other external and internal factors. Electronic banking is an umbrella term for the process by which a customer may perform banking transactions automatically without visiting a brick-and-mortar institution. New generation banks offer a wide range of product and services especially technology enabled banking services. Financial Institution which does not offers technology enabled banking service, cause risk to their business and loss of customers.

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