

Emerging Trends in Banking Services, Its Impact and Implications - A Micro Study

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ABSTRACT

Banking Services in general have been influenced by the developments in the field of Information Technology. The changes that are taking place at global level amazing and resulting in customer friendly. The Indian side of banking practices is no exception in the changing scenario but still our banks have to go a long way to attain the international standards. For the application of technological aspects in the Indian banking services the customers profile is the vital consideration. In this context an attempt is being made to look in to the Indian banking services in the light of technological advancement. The basic objective of the present effort is to present the developments in the field of technology based banking services and the responses on the same from the key stake holders namely bank officials and the bank customers. Core Banking Solutions have opened new vistas for up gradation of banking operations to make them more speedy and accurate. These services are customer centric in its own form leading to heavy competition amongst the banks. As the technology provides many advantages to the banking industry and at the same time it has inherent weaknesses too. To minimize these limitations a greater check and keen verification of banking transactions found essential. For this purpose a study is taken up with the sample selected from the bank officials and the group of bank customers. A simple questionnaire is designed for this purpose focusing six important variables in banking services and the opinions are sought from the said two groups.

BACKDROP

Banking Services are well influenced with the developments in the field of Information Technology. The emerging areas like financial engineering and Core Banking Solutions have ushered for the formulation of customer centric practices made the banking institutions elevated to the expectations of the customers in delivering the goods more speedily and most accurately. The technological changes support the banking practices make the institutions, more competitive forcing them to provide personalized, cost effective, more innovative practices. Still the Indian Banks are lagging behind in developing the customer data base to initiate direct personalized banking services. Still the customers are not properly informed on some of the hidden costs imposed on the online

transactions. The rural segment still needs more suitable policies and practices to fulfill their requirements and also to implement the government policies. Most of the scheduled banks in our country have been entrusted with the implementation of the government policies. The recent developments that have been taken in the states of Telangana and Andhra Pradesh are quite similar. The electoral promises in the context of waiving of farmers' loans have not been approved by Reserve Bank of India. The politicians have to follow the bank guidelines while making the toll promises. Banking Services are to be viewed on a more professional lines and they should enjoy more autonomy in order to protect the interests of the nation.

The banking services are very many and they are subject to change depending on the customer profile and the needs of the society. These services do matter in carrying the national policy and should work as catalyst in improving the standards of living of the people. For the present purpose six service variables are considered and presented in the form of statements among the bank officials and the bank customers to obtain their responses. These responses are processed with simple statistical tools in order to study the impact and implications of the banking services. The snap survey is conducted in the district head quarters in the state of Telangana and the sample consists of mostly educated customers. This effort is made only to know the pulse of urban bank customers towards the banking services. The Central Government's recent effort on the name of financial inclusion is also intended to have more bank accounts by the people in the rural areas. It is estimated that around 10 lakh people do not have the bank accounts. Though the program of financial inclusion is of eight years old, but the present central government is working seriously on it by opening two accounts on the name of rural people, on one of the two accounts, banks offer the over draft facility to the extent of 5,000. The recent one day survey conducted by Government of Telangana, has also included a cue on the bank account. But the survey outcome is still awaited.

METHODOLOGY

To know the impressions of the bank customers on the banking practices, the results of the snap survey are presented in the form of tables for the set of six variables.

Under the scaling technique 5 point continuum scale, the application of t-distribution helps to know the impact of banking services on the customers. In respect of each statement the customers have expressed their opinions. Each statement is graded as ‘ Strongly Agree, Agree, Neither Agree nor Disagree, disagree, and Strongly disagree . The cues are given specific value. In processing the responses, weights are assigned to each level of response statement presented to the target group. The following are the details of weights assigned to the quantification of cues.

Cues in the scale Weights	Positive Statement	Negative Statement
Strongly Agree	5	1
Agree	4	2
Neither agree nor disagree	3	3
Disagree	2	4
Strongly disagree	1	5

Further, if the standard deviation is less than 1, it is granted that the data are consistent and if it is 1 or more, the data are considered inconsistent. To decide the direction of the on opinions that is positive or negative, the means are taken as bases. If the mean value is less than 2.5, the opinion is considered to be negative and if it is 2.5 and above, it is considered as a positive reaction. While analyzing the t- values at 5 per cent significant level that is 1.96 and 2.58 t-values are considered to study the reactions of the group of bank officials. The officials selected from the banks working in scheduled banks and another group of 52 from the bank customers at the district head quarters in the state of Telangana. For the purpose of data collection the officials who are having 10 or more years of experience are considered. The customers group consist both men and women having frequent contacts with banking activities and with education background. As the subject under study is the banking services with the support of technology, the educated bank customers would be the most appropriate sample.

TABLE: 1
Political considerations play a predominant role in getting the Loans approved

Nature of Response	Bank Officials		Group of Customers		Total	
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score
Strongly agree	6	30	39	195	45	225
Agree	1	4	--	--	1	4
Neither Agree nor Disagree	5	15	12	36	17	51
Disagree	--	--	--	--	--	--
Strongly Disagree	--	--	1	1	1	1
TOTAL	12	49	52	232	64	281
Mean (x)	4.08		4.46		4.39	
Standard Deviation	0.996		0.979		0.179	
t- value	1.20					

The details presented the in the above table explain the unanimous opinion both among the officials and customers that the political interference in the banking decisions is dominating. In this process some of the true and deserving customers may be ignored. This may ultimately affect the professionalism in banking practices.

The recent political promises made by the political parties both in the states of Telangana and Andhra Pradesh on the waiving off the farmers loan is not approved by Reserve Bank of India. It is a good development and political decisions should not hamper the growth and progress of Banking Institutions.

TABLE: 2
e-banking services are more familiar and do not need further promotion.

Nature of Response	Bank Officials		Group of Customers		Total	
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score
Strongly agree	1	5	12	60	13	65
Agree	-	-	-	-	-	-
Neither Agree nor Disagree	2	6	34	102	36	108
Disagree	1	2	1	2	2	4
Strongly Disagree	8	8	5	5	13	13
TOTAL	12	21	52	169	64	190
Mean (x)	1.75		3.25		2.97	
Standard Deviation	1.29		1.14		0.27	
t- value	4.02					

The responses presented in the above table reveal that e-banking operations are still at infancy. These practices require some amount of technical infrastructure and awareness among the customers. Further these practices should create confidence among the customers. The customers opine that the e-pass books are not in much use and pass book updating in the form hard copy is the order

of the day. The customers having low literacy are far away from these practices. But it is learnt that the use of Automated Teller Machines is growing day by day and the use of plastic cards is increasing even at district head quarters. It may even present in the same amount in semi-urban and rural areas too with little degree of difference.

TABLE: 3
The training and development is not given due importance

Nature of Response	Bank Officials		Group of Customers		Total	
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score
Strongly agree	1	5	16	80	17	85
Agree	7	28	28	112	35	140
Neither Agree nor Disagree	1	3	2	6	3	9
Disagree	3	6	6	12	9	18
Strongly Disagree	--	--	--	--	--	--
TOTAL	12	42	52	210	64	252
Mean (x)	3.5		4.04		3.94	
Standard Deviation	1.0		0.907		0.18	
t- value	1.82					

The opinions expressed by the two target groups have been presented in above table reveal that training and development programmes are given the back seat. They are to be initiated in a more extended manner and still to reach many customers. The training results reach the ultimate customers in a desired manner when the officers concerned are involved in training sessions. But the overall responses are divided on this issue. Bank officials

are of the opinion that sufficient training programmes are being conducted but the customers say its impact on them is negligible. The customers meet should be organized more frequently so that the degree awareness on the new banking services will increase. Major banking transactions do relate to routine banking activities not much from insurance side.

TABLE: 4
Banking and insurance do not enjoy due share in the services

Nature of Response	Bank Officials		Group of Customers		Total	
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score
Strongly agree	3	15	1	5	4	20
Agree	9	36	50	200	59	236
Neither Agree nor Disagree	--	--	--	--	--	--
Disagree	--	--	1	2	1	2
Strongly Disagree	--	--	--	--	--	--
TOTAL	12	51	52	207	64	258
Mean (x)	4.250		3.980		4.030	
Standard Deviation	0.452		0.313		0.074	
t- value	2.46					

Banking services at present are not separated from insurance products. Many major banks do offer both the products simultaneously. It is revealed from the

discussions held with the customers, that most of the customers do not consider insurance products seriously unless it is compelled with loan approvals. Even the bank

officials are of the view that insurance business from them is still to grow. The insurance business as a part of banking services is picking up in some of the major cities in our country. The towns and semi-urban areas are still to be covered by the banking institutions. The public sector

LIC and other private insurance companies are exclusively in the insurance business. This may be the possible reason for the slow move if insurance products as a part of banking services.

TABLE: 5
Banks have failed miserably in curbing the financial frauds

Nature of Response	Bank Officials		Group of Customers		Total	
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score
Strongly agree	1	5	7	35	8	40
Agree	1	4	--	--	1	4
Neither Agree nor Disagree	--	--	13	39	13	39
Disagree	--	--	19	38	19	38
Strongly Disagree	10	10	13	13	23	23
TOTAL	12	19	52	125	64	144
Mean (x)	1.58		2.40		2.25	
Standard Deviation	1.24		1.26		0.237	
t- value			2.04			

The introduction of Core Banking Solutions and its wide application is taking place on one hand and financial irregularities and frauds in the financial institutions are at spate creating wide concern. In the process of controlling these frauds banks have got more responsible role. The responses from the two target groups on this subject indicate that the banks are successful in curbing the frauds.

It is a welcome sign from the side of goodwill of the banking industry. But the banks should not be complacent with these complements but work hard with strict measures and with advanced software to go ahead. The date security is the major challenge and continuous cross check on the banking operations help to major extent to minimize the frauds.

TABLE: 6
More communication Channels are to be tapped to propagate the innovative practices:

Nature of Response	Bank Officials		Group of Customers		Total	
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score
Strongly agree	6	30	21	105	27	135
Agree	--	--	20	80	20	80
Neither Agree nor Disagree	2	6	3	9	5	15
Disagree	4	8	8	16	12	24
Strongly Disagree	--	--	--	--	--	--
TOTAL	12	44	52	210	64	254
Mean (x)	3.67		4.03		3.96	
Standard Deviation	1.435		1.047		0.225	
t- value			1.03			

The banking services are ever dynamic and demand more innovative practices with the advancement in the technology. But the designing the services from end and its percolation in to the customers with more usage are equally important. In this context the tapping the all types of channels is crucial so that they reach to the majority in

no time. In this context both the officials and customers have expressed the similar opinion.

CONCLUSION

Banking Services are vital for the growth and development of the business and these are to be designed

comprehensively and well presented to stay in the present day competitive market. The interest of the general public is utmost important and it is up to the banks to come forward with more interesting and innovative customer centric policies to cover more people who are under the poverty line in to the banking business. A type of healthy competitive atmosphere should prevail among the banks considering the public welfare as the key objective and go ahead with more suitable efforts by participating in the implementation of the government policies and also in building the NATION.

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