CUSTOMER PERCEPTION TOWARDS MODERN DEVELOPMENTS IN BANKING CHANNELS IN CHENNAI CITY

D.Srinivasan, P.Madevan
Research Scholars, Deportment of Commerce, Periyar University, Salem-11

1.1 Introduction

Explores why some retail banks more than others are vigorous in their promotion of and have been successful in changing their distribution channel structure by introducing new electronic channels, such as PC banking and Internet banking. A tentative model is proposed relating a number of variables to the banks' promotion and successful introduction of the electronic channels. Responses from 100 key customers in the largest retail banks in Chennai indicate that bank size, expected advantages for the customers, attention to the future, senior management support, and willingness to cannibalize existing channels may be important factors in explaining the successful introduction of the electronic channels. Further, the results indicate that different attitudes and perceptions are related to different means of attracting customers to the electronic channels.

The ever changing consumer needs, innovative financial products, mergers, deregulation, information technology upgrades, and the onset of multiple delivery channels are reshaping the financial services industry today. So to remain competitive in the new landscape, banks are required to expand their product lines and add new delivery channels to develop more effective marketing systems and techniques, and enhance the service quality levels. So how to develop or what are the innovative banking products that are there in the retail banks for the customers.

1.2 Objectives of the study
1. To know how much the bank customers are interesting to use modern facilities in banking.
2. To find out the result of modern banking facilities development.
3. To find out the most likely of facility used in by customers.
4. To know about the situations of modern banking facilities development in Chennai City.
5. To know the motivation of customers to introduce new facilities in bank.
6. To find out and get the feedback about the new modern facilities in bank for useful to customers.

1.3 Scope of the study
1. This report provides an extensive analysis of the modern channel strategies used by banking.
2. This report provides an extensive analysis of online marketing strategies used by banking customers and their responses in Chennai city.
3. The report provides a detailed understanding of how online platforms are being used by bank customers to identify new markets, launch products, gather customer feedback and monitor brand performance for the modern bank channel facilities.
4. The report also provides insights into evolving customer responses for each bank.
5. It also provides insights into future modern banking channel facilities are adopted by banks for their customers.

1.4 Research methodology
Research methodology is a way to systematically solve the research problem. It is a science of studying how research is done scientifically. It is the study of various steps that are generally adopted by a researcher in studying his problem.
The following steps were followed in the research
1. Establish a need of information.
2. Specify the research objectives.
3. Determine research design and source of data.
4. Develop data collection procedure.

5. Design the sample.
6. Collect the data.
7. Process the data.
8. Analyze the data.
9. Present research result.

1.5 Sample and Sampling Process
1.5.1 Sampling plan
Sampling is a procedure to draw conclusions amount large group of customers, by studying a small sample of the total consumer population. A sample is a segment of the population selected to represent the population as a whole. Ideally the sample should be overall representation, so that the researchers can make an accurate prediction of the thoughts and behaviors of the population at a larger scale.

1.5.2 Sample Size
Sample size refers to the number of items to be selected from the population to constitute a sample. A sample of 100 had been taken from random and convenient respondents considering the time constraints.

1.5.3 Research Design
This is an exploratory and descriptive study; it gives insight to understand the customer perception of modern banking channels development in Chennai city.
Descriptive research design was used for the study. The study was conducted among Banks, in Chennai city.

1.5.4 Tools and Data Collection
1.5.4.1 Primary data
It is those, which are collected a fresh and for the first time, and thus happen to be original in character. The main source of data for the study was the primary sources i.e., the respondents themselves. All the customers covered where regular customer of the respective banks. Questionnaire method was adopted to collect the data.

1.5.4.2 Questionnaire
It is a standardized form for collecting information to elicit desired data from the respondents. A questionnaire consisting set of questions was presented to every respondent for their answers.
The questionnaire was prepared keeping in view the objectives of the study. It was self administered questionnaire.
Part I – personal profile
Part II – questionnaire questions
All the questions were closed and multi choice.

1.6 Operational Definition of Concepts
1.6.1 Banking
The term banking is defined as "accepting for the purpose of lending or investment, deposit of money from the public, repayable on demand or otherwise and withdrawal by cheque, draft order or otherwise".

1.6.2 Customer
"A customer is one who has an account with the banker or for whom a banker habitually undertakes to act as such".

1.6.3 Customer Satisfaction
Customer Satisfaction depends through achieving a state of equilibrium between the branches service cost and convenience cost.

1.6.4 Electronic Banking
It is a fact that today a good number of banks cannot use their IT (information technology) infrastructure to adequately deal with their immediate information requirements.

E-banking is about using the infrastructure of the digital age to create opportunities both local and global. E-banking enables the dramatic covering of transaction cost and the creation of new types of banking opportunities that address the barriers of time and distance. Banking opportunities are local global and immediate in E-banking.

The benefit of electronic banking comprises a broad range of functions which includes, Electronic mail (email) improves communication between individuals, external parties and between banks. The availability of online information provides bankers and customers with a powerful vehicle for research, banks can provide information and services on line, which customer can pay for and receive.

Banking processes are made more efficient and cost effective by integrating other aspects of banking operations such as treasure management and financial control.

If banking functions does not require physical interaction it may drive the benefits of electronic banking.

1.6.5 The Internet
Most of the applications mentioned involved the use of internet, the internet is the infrastructure for the current age, but hold it? E-banking is more than just internet banking in the still evolving e-climate in the economy, it involves using the net to exploit new opportunities by transforming products and markets and business processes.

E-banking also means developing new relationship with customers, regulatory authorities', suppliers and banking partners with digital age tools, for example, it requires all understanding. Customer/bank relationships will be more personalized resulting in novel modes of transaction processing and services delivery.

E-banking is essentially about banks using new age methods and tools to expand into new banking markets and grow. Creating a corporate online presence for your bank should be more than just buildings a website. It should be about building a web business for your bank, to do this effectively the people in charge, i.e. the CEOs not just IT directors and managers must have a deep knowledge of what E-banking culture demands.

Banks can only apply IT effectively if management appreciation exists, unfortunately, many managers who claim to appreciate IT cannot use IT, and can you use what you don't have.

1.7 Type of Modern Channels of Banking
Electronic banking consists of the following, mobile banking, internet banking, telephone banking, electronic card etc.

1.7.1 Mobile Banking
Mobile banking involves the use of mobile phone for settlement of financial transactions, it support person to person transfers with immediate availability of funds for the beneficiary, mobile payments use the card infrastructure for movement of payment instructions as well as secure SMS messaging for confirmation of receipt to the beneficiary, mobile banking is meant for low value transactions where speed of completing the transaction is key, mobile payment have a very exciting potential within Chennai, given the low infrastructure requirements and a rapidly increasing mobile phone

penetration. The services covered under this product include account enquiry, funds transfer, recharge phones, changing of passwords and bill payment which are offered by few institution.

1.7.2 Internet Banking
Internet banking involves conducting banking transactions such as account enquiry printing of statement of account; funds transfer payments for goods and services, etc. on the internet (World Wide Web) using electronic tools such as the computer without visiting the banking hall. E-commerce is greatly facilitated by internet banking and is mostly used to effect payment, internet banking also uses the electronic card infrastructure for executing payment instructions and for final settlement of goods and service over the internet between the merchant and the customer, currently the most common internet payments are for consumer bills and purchase of air ticket through the websites of the merchants.

Report by staff of banking operation department of central bank of India in the survey of developments in the E-payments and service products of banks and other financial institutions in India reported that twenty-four institutions provided the service of account enquiry and the patronage was somewhat between low and medium, ten and nine institution had low and medium patronage respectively, while only five recorded high patronage level. Seventeen institutions provided the service of funds transfer in the proportions of Co, 51 and 2, with low, medium and high patronage levels respectively.

In particular, the internet shopping (local) had eight institutions in the proportion of seven in low and one in high patronage levels respectively, the internet shopping (international) comprised of six institutions only and all were I the low patronage level. The recharge phone class was offered by seven institutions, out of which four two and one were in the low patronage level. The recharge phone class was offered by seven institutions, out of which four two and one were all in the low, medium and high patronage levels, respectively.

1.7.3 Telephone Banking
These are banking services which a customer of a financial institution can assess using a telephone line as a link to the financial institution's computer center. Services rendered through telephone banking include account balance funds transfer, change of pin, and recharge phones and bills payment.

The survey carried out by staff of banking operation department of Central Bank of India page 9 shows that much has not been achieved in telephone banking for now, for example, in the account enquiry class, only ten institution were involved in the order of seven, two and one in the range of low, medium and pin (CP) classes phone (RP), and bill payment (BP) classes had ten institutions offering the services through telephone banking, in funds transfer there were only six institutions involved, four of which were in the low patronage level, while the other one fell within the medium range.

Change Pin had seven institutions in the proportions of five and two in the levels of low and medium patronage in addition recharged phone services was offered by two with one each having low and medium patronage level, only two institutions offered bill payment and both experienced low patronage.

1.7.4 Electronic Card
An electronic card is a physical plastic card that uniquely identifies the holder and can be used for financial transactions on the internet, automated teller machine (ATM) and point-of sales (Pos) terminal, to authorize payment to the merchant (seller). The various types of electronic cards includes debt, credit cards, releasable cards require visiting banks for replenishment, debit cards are linked to local bank accounts and offer immediate confirmation of payment while credit line and can be used for are linked to a credit line and can be used for accessing local and international networks

and were widely accepted in most countries, the underlying infrastructure and operational rules are often provided by global trusted schemes (such as visa and master card) in addition to local lines. Debit cards are the dominant card mechanism in India, they are also known as ATM cards and ATM usage is wider than Pos transactions given the current limited deployment of Pos terminals.

There were five classes of services in this category namely, releasable card, debit card, naira credit card, visa card, master card and other survey carried out by staff of banking operation department of central bank of India reported that for reload able card, seventeen institutions offered the product, ten of which experienced low patronage while five where within the medium, and two in the high patronage levels respectively.

1.8 Statistical Tools Used
The collected data from the respondents were analyzed by applying various statistical tools, viz., percentages, pie chart and bar diagram doughnut charts.

1.9 Variables
1.9.1 Independent
Independent variable is age and designation.
1.9.2 Dependent
Dependent variable here is the perception of modern development of banking from the bank's customers.

Limitation
1. Respondents were rather reluctant to display their personal information.
2. The sample size chosen is covered only a small portion of the whole population.
3. The study is confined to a limited period.
4. Accuracy of the study is purely based on the information as given by the respondents.
5. Data collected cannot be asserted to be free from crores, as the sample size restricted to bank customers.

Review of Literature
The purpose of this exploratory study is to examine the relationship of the perceived presence of banking practices designed to support customer's development through banking development. In any social study like this, it is necessary to review the available previous studies and literature to frame objectives and methodology. The following are some of related studies in ATM services.

Customer satisfaction is buzzword today, once here everyone using this customer's satisfaction is affected by the importance placed by the customers on each of the attitudes of the product/ service. Customer satisfaction measurement allows an organization to understand the key drivers that create satisfaction or dissatisfaction; and what is really driving their satisfaction during a service experience. Customer satisfaction is the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service (Kevin Cacioppo, 1995 and Kumbhar, 2010). It is also feeling or attitude of a customer towards a product or service after it has been used.

According to Oliver (1980) satisfaction appears to mediate changes between pre-exposure and post-exposure attitudinal components. It is a major outcome of marketing activity whereby it serves as a link between the various stages of consumer buying behavior (Jamal & Nasser, 2002). When customers pay money to buy a service he has some minimum expectations from the transaction. These expectations from the purchase have to be met substantially, if not entirely for the customer to

become a loyal customer of the service (Akbar and Parvez, 2009). These expectations are fulfilled of a promises- quality, fair price, availability, after sale services, complaints handling process, information, and variety etc. the customers are demanding high quality of services and low prices or charges.

Berry (1990) mentioned that there are ten 'Quality Values' which influence satisfaction behaviour i.e. Quality, Value, Timeliness, Efficiency, Ease of Access, Environment, Inter-departmental Teamwork, Front line Service Behavior, Commitment to the Customer and Innovation. Rueangthanakiet Pairot, (2008) defined Customer's satisfaction as the company's ability to fulfill the business, emotional, and psychological needs of its customers.

Increase in service quality of the banks can satisfy and develop attitudinal loyalty which ultimately retains valued customers (Kumbhar, 2010). There is very strong relationship between quality of service and customer satisfaction (Parasuraman et al, 1985). The higher level of perceived service quality results in increased customer satisfaction. When perceived service quality is less than expected service quality customer will be dissatisfied (Jain and Gupta, 2004 and Kumbhar 2011).

Parasuraman, Zeithaml and Berry (1988) posited that if there is expected quality of service and actual perceived performance is equal or near about equal there is customers can be satisfy, while a negative discrepancy between perceptions and expectations a performance-gap' as they call it causes dissatisfaction, a positive discrepancy leads to consumer delight. The relationship between expectation, perceived service quality and customers satisfaction have been investigated in a number of researches (Zeithaml, et al, 1996).

According to Anyawaokoro, M. (1999). Electronic banking is defined as the application of computer technology to banking especially the payment (deposit transfer) aspects of banking. He also defined electronic banking as a system of banking with an electronic communication network which permits on-line processing of the same day credit and debit transfers of funds between member institutions of a clearing system.

According to Clive, W. (2007) in his Academic dictionary of banking, electronic banking is defined as a form of banking in which funds are transferred through an exchange of electronic signals between financial institutions, rather than an exchange of cash, cheques or other negotiable instruments.According to Omotayo, G. (2007) defines electronic banking as a system in which funds are moved between different accounts using computerized on line/real time systems without the use of written cheques.

According to Edit, O. (2008) in international Journal of investment and finance, electronic banking is defined as a system by which transactions are settled electronically with the use of electronic gadgets such as ATMs, POS terminals, GSM phones, and V-cards etc. handled by e-holders, bank customers, and stake holders.

Findings of the Study
1. The age of the respondents ranged from it can be observed that majority 40% of the respondents are in the age group of 31-35, the next majority 25% of the customers having a bank account are in the age group of 26-30. It shows that banking is mostly needed for senior working citizens.
2. It was found that majority 85% of the customers who were having bank account are married. The least 15% of the customers are unmarried.
3. The 35% of the customer's qualification up to UG. The next majority 29% of the customer's qualification are up to PG. Its shows that most of the customers are literate.

4. The majority 45% of the customers are private employee. The next majority 20% of the customers are students & government employee. It shows that majority of the customers are working people.
5. The 37% of the customers are having bank account in 3-5 years. The next majority 30% of the customers are having more than 5 years. It shows that majority of the customers are experience with banking sectors.
6. The 40% of the customers are using bank account daily. The next majority 30% of the customers are using at least the week. It shows that majority of the customers are familiar with bank.
7. The majority 55% of the customers are using savings bank account. The next majority 23% of the customers are using current account. It shows that majority of the customers are experience with savings account.
8. The majority of the customers using 72% modern facilities from their banks.
9. The more of the customers using debit cards 52%, Internet banking 18% of modern facilities from their banks.
10. 78% customers satisfy from using modern channel facilities from their banks.
11. The customers face less problem modern facilities from their banks.
12. The customers of the bank in modern facilities of bank's transactions 82% and Classical way 18%.
13. The customers of the bank are dislike to wait in banks for their banking transactions.

Suggestions
Looking at the results from the various chapters, we find some factors about the customer perception towards modern facilities banking development from the respondents in Chennai city.
The following are the suggestion to overcome dissatisfaction according to the study

1. The banks are needed to get the suggestions from their bank customers.
2. The bankers are need to response to customer needs as well
3. The banks should eliminate the barriers of banking channels.
4. The customers are needed to give their suggestion to banks for banks modern channel development mainly.
5. The banks give the opportunity for the customer responses and need to generate a new customer development department for improve their banking process.
6. The bankers are should give the assurance to the customers for the safe transaction ever.

Conclusion
The study assessed about the customer's perception of modern banking channels in Chennai city. The study result gave an overview of the perception of customer and it also includes the expectation towards their bank. That the data revealed more than 80% of the bank customers were satisfied and having good knowledge.
Customer perception is an important for all bank customers and bank in the present scenario. This customer perception is the heart of the bank, because if the customers good perception about the modern banking channels otherwise the bank cannot know the feedback from the customers. So every bank should concern this and have to provide certain measures to retain their valuable customers.
Banks have a vital role to play in promoting banking channels development to the customers. And get the certain responses from the customers as well, and need to promote the customer based banking with develop the more promotional strategies and try to reduce the dissatisfaction about the development of modern banking channels.

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