Chapter - V

Summary and Suggestion
CHAPTER I

Banks are the important sources of institutional credit in the money market. The banks receive deposits and lend it to the borrower. Electronic banking makes the bankers work simple and fast and also gives a way to offer more financial services to the customers. Particularly the banks ATM services are available throughout the world. The study aimed at in examining the customers satisfaction towards the ATM financial services of the banks.

Statement of the problem

The study is aimed at to examine the customer satisfaction towards financial services in terms of ATM of bank branches in Namakkal area of Salem city.

Important of the study

The proposed study is narrowed down to examine the customer satisfaction towards financial services of Namakkal area of Salem city with reference to the banks in Namakkal. Therefore, an examination of
the financial services of the bank will reveal whether the customers of bank branches are satisfied by the ATM services and the bank could provide the assured financial services to the customers.

**Scope of the study**

There are two ways of operating the bank account namely, directly into the bank and through ATM facility. ATM facility is available all the hours of the day. The ATM facility is a technological advancement gives easy bank operation facility and hence there is a scope to examine the customer satisfaction from among a large number of bank customers.

**Limitations of the study**

The following are the limitations of the study

1. Unwillingness on the part of the respondents to give their true opinions.

2. Time constraint of the researcher.

**Objectives of the study**

The specific objectives of the study are as follows.

1. To re-examine the rational behind issuing various kinds of cards by banks branches to operate their bank accounts as well as to borrow from the bank.
2. To examine the various kinds of cards which are issued by the banks and used to by the customers.

3. To analyze empirically the ATM card users satisfaction towards ATM facility offered by the banks.

4. To makes suggestions, if possible from the analysis and examination, for the improvement of ATM facility offered by the banks.

**Sampling**

For the study Namakkal Town was chosen. In Namakkal area there are 15 bank branches. At the rate of customers from 10 bank branches and at the rate of 6 customers from 5 other bank branches were selected as respondent’s customers. The sample respondent’s were chosen at random from each bank branch in the branch. Therefore, the sample respondents may be from different profession, different age groups and different educational etc and gender unbiased.

**PROFILE OF THE NAMAKKAL**

Since the Namakkal district is a part of the Salem district, the historical background of Salem and Namakkal remains the same. After the struggle between the Cheras, Cholas and Pandiyan, the Hoysalas rose to power and had control till the 14th century followed by Vijayanagar kings till 1565 AD. Then the Madurai Nayakas came to
power in 1623 AD Two of the Poligans of Tirumalai Nayak namely, Ramachandra Nayaka and Gatti Mudaliars ruled the Salem area.

The Namakkal fort is reported to have been built by Ramachandra Nayaka. After about 1635 AD, the area came successively under the rule of Muslim sultans of Bijapur and Golkonda, Mysore kings and then the Marattas, when about the year 1150 AD Hyder Ali came to power. During this period, it was history of power struggle between Hyder Ali later Tippu with the British. Tamil is the Main language spoken in this district.

Methodology

A methodology of collection information from the customers of various banks by way of question schedules is adopted.

Data Collection and Analysis

Both primary and secondary Data were widely used for the study. Primary data was a collection of facts by means of a questionnaire. Besides, various books, journals, periodicals, pamphlets etc. were widely used. The tabulated data were analyzed by means of statistical techniques such as averages and percentages. To exhibit the results charts and diagrams were widely used.
CHAPTER-II

Banks offer access to a common man their activities extended area hitherto untouched. Banks cater to the needs of agriculturists, traders and to all the other sections of the society. As such, an attempt has made in this chapter to study the various kinds of banking in the market. Development of banking and the reforms introduced in the banking sector.

Evolution and Definition of Banking

The word ‘Bank’ is said to have derived from the French word ‘Banco’ or ‘Bancus’ or ‘Bane’ or ‘Banque’. Crowther, thus puts bank as “The banker’s business is then to take debets of other people to offer his own in exchange and there by to create money”.

Concept of Banking

Central Bank

The central bank acts as the leader of the money market, supervising, controlling and regulating the activist of the commercial banks and other financial institutions. The central bank functions in close touch with the government and assists in the implantation of its economic policies.
Commercial Banks

The commercials banks mobilized deposit from the public, which are repayable on demand or at short notice. They provide the working capital to the business in the form of overdraft and cash credit.

Co-Operative Banks

Banks formed on the principle of Co-operation are called co-operative banks. They provide short-term credit to agriculturists, artisans, small farmers and small-scale industries. Co-operative banks accept all kinds of deposits and make loan to the members at lower rate of interest.

Branch Banking

Branch banking is a system where the banking business is carried on by a single with a network of branches throughout the country.

Unit Banking

In the unit banking system, the banking operations are carried through a single office and confined to a particular area. The banks maintain no branches.

Core banking

All the bank branches of bank are brought under Internet and a customer can have bank operation in any of the branches of the bank.
Exchange banks

Exchange banks specialize in financing the foreign trade. They supply necessary foreign exchange required for settlement of transaction in foreign trade.

Mixed banking

The banking system, which combines deposit banking with investment banking, is known as Mixed Banking.

Universal Banking

Universal banking is a name given to banks engaged in diverse kind of banking activities such as making loans and advance for long-term, providing working capital, corporate advisory services, insurance, depositary services, brokerage, venture capital, underwriting new debt and equity shares etc.

Scheduled bank

Scheduled bank is one, which is registered in the second scheduled of the Reserve Bank of India. The bank must have paid-up capital and reserve of an aggregate value not less than 5 lakhs.

Non-Scheduled bank

Bank that is not included in second schedule of the reserve Bank of India is known as Non-Scheduled bank. They are entitled to borrowings and rediscounting facilities from the Reserve Bank of India.
Development Banks

A development bank may be defined as a financial institution concerned with providing all types of financial assistance to business units. In India we have development banks such as IDBI, ICICI, SFC, NIDC, IRC.

Regional Rural Bank

In 1976, Regional Rural Banks were set up mainly to cater to the needs of marginal farmers and agricultural labors. Central government, commercial banks and the state government own regional Rural bank.

EXIM Bank

Export and import bank was setup on January 1st, 1982 to provide export and import finance. It refines commercial banks in export finance. It provides line of credit to the foreign importers of Indian goods. It provides other assistance the export bills belonging to commercial banks. It helps Indian exporters and importers and trades of third countries. It also finances joint ventures in foreign countries.

E-Banking

E banking is performing basic banking transactions electronically to the customers round the clock globally. It enables the customers to perform the basic banking transactions by sitting at their office or at homes through PC or LAPTOP; E-Banking will operate Internet, extranet and Internet.
**Telebanking**

Telebanking is one of the service channel offered by banks. Through telephone the services can be made anytime 24 hours, 365 days per year. Customers can use telebanking for check account balance and can also use to transfer funds, a loan payment.

**Non-Banking Financial Institutions**

Non-Banking Financial institutions are not regarded as banking companies. Hence, they do not come under the control of RBI and there is no minimum liquidity ratio or cash ratio. The NBFC sector is presently divided into several categories such as equipment leasing company, Housing Finance Company, Investment Company, Loan Company, Mutual benefit financial company.

**Growth of Banking in India**

After nationalization of 14 banks the commercial banks have made rapid strides in all banking operations. The number of bank offices in India expanded nearly from 8,262 in June 1969 to 67,339 in March 2000. The population per bank office improved from 64,00 to 16000. The growth of aggregate deposits of scheduled commercial banks (SCBs) decelerated to 14.3 per cent in 1999-2000 as against 13.8 per cent in 1998-1999. The deposits in banks increased from Rs 82 crore in 1910 to Rs.957 crore in 1948.
Reforms made in the Banking sector.

The reforms are comprehensive in scope and include liberalazation and deregulation of domestic investment. Reform of the public to impart greater efficiency of operations and form of the tax system to create a structure with moderate rates of tax, broader base of taxation and greater ease of administration. Reforms are closely inter-related and progress in one is helps to achieve objectives in others.

Banking Reforms

To analyse problems that the financial sector faced and suggest remedial measures, various study group and committees were setup such as Dehejia Committee, tandon Committee, Chore Committee, Marathe Committee, Narasimham Committee.

Probable Challenges to Financial Sector

Risk management is an importance area where Improvements are needed. All major component of risk, viz. Credit risk, interest rate risk and foreign exchange risk will become much more critical than in the past.

Rational Behind Studying Reforms

Banks are in new dimension. Liberalization, over competition, innovation provides more financial services to the customers. Innovations are used to provide financial service instruments. The
velocity circulation of bank money increased. So the customer can take the advantage of financial services. The rational this study was to know whether the customer knows all the new facility offered by bank or not.

CHAPTER-III

A THEORITICAL ANALYSIS OF FINANCIAL SERVICES OF BANKS

The reforms in the banking sector on account of new economic policy and the innovative techniques on account of information technology, the Indian banks offer financial services to the customers of banks in numerous ways. As such, an attempt has made in this chapter to examine the recent developments made by banks in offering financial services.

3.1 CONCEPT OF FINANCIAL SERVICES.

The financial service industry nationally and internationally is huge, growing and of critical significance to the health of the global economy as well as that of individual business, investors, consumers and employees. The financial services is a process by which funds are mobilized from a large number of savers and make them available to all those who are in need of it and particularly to corporate customers.

3.2 CURENT ACCOUNT

A current account is an account that is generally opened by business people for their convenience. The important privileges of
current account is overdraft facility and other facilities like collection of cheques, transfer of money and rendering agency and general utility services.

**Multicity Banking**

Multicity Banking is also called as Core Banking. An account holder can do his transaction any where in the country by using any one of this bank branches as local branch. Customers cheques will be payable at par instantly in various locations. The technology used in banking sector gives comfortable way to the customers to do their transactions.

**New Technologies in Banking**

The development of technology improves the customer service, productivity and operational efficiency of banks is well recognized. Banks have introduced mechanized cheques clearance, using Magnetic Ink Character Recognition (MICR) technology. Banks are now switching to personal computers and LAN/WAN systems. The RBI has put in place Electronic Funds Transfer (EFT) system. Delivery Vs payments (DVP) system. The automated Teller Machines (ATMs) are popularly used to provide financial services to the customers.
3.4 Credit Cards

Today credit cards are all pervasive and have gained popularly as an important "Payment Mechanism". The credit card is a convenient medium of exchange, which enables its holders to buy goods from Member-Establishment without using money. The card is safe, secure and universally accepted by all merchants.

3.5 Instruments used to provide Financial Services.

Financial instrument refers the documents represent financial claims on assets. There are many instruments used to provide financial services. Such as, Treasury Bills, certificates of Deposits, Commercial Paper, Hawala and Payment Cards.

Treasury Bills

Treasury Bills (TBs), the principal instrument of short-term borrowing by government, occupy on important position in the Indian money market.

Certificate Papers

It is issued only by scheduled banks. The minimum Deposits that could be accepted from a single subscriber should not be less than Rs.1 Cr the CDs above RS.1.Cr will be multiple of Rs.25. lakhs.
**Commercial Papers**

It enables corporate to diversify their sourcing of short-term borrowing as well as to provide investors with an additional instrument for investment.

**Hawala**

Hawala an important funds transfer system in practice for a long time. It is used in money regions for transferring funds, both domestically and internationally.

**Payment cards**

Different types of payment cards are used in the financial service market.

**Debit Card**

A Debit card like an ATM card, directly access a customers account. Debit card can be used at merchant locations to buy goods and services or at ATMs.

**Prepaid/Stored Value Cards**

These cards on which value is stored, and for which the holder had paid the issue in advance. These cards used to pay for phone calls, train and bus tickets, high ways tools, video games, carwashes and refreshment.
Private Label cards

These cards are uniquely tied to the retailers issuing the card and be used only in that retailer's store.

Affinity Group Cards

A credit card designed in the form of common interest or relationship such as professions alumni, retired persons organization etc.

Smart Cards

A smart card is a credit card with an embedded computer chip. Using special terminals designed to interact with the embedded chip.

Agricultural Credit Cards.

These credit cards are issued to some top ranking agriculturists and cultivators.

Supersment card

With a microchip struck at the back, this can be used as an electronic ID and to Check bank balances.

Shop cards

This card issued by chains of large departmental stores. A single card is used for paying petrol or phone calls issued by oil or telephone companies.
**ATM cards**

An ATM card allows customers to access their account anywhere any tim-24 hours a day. Everyday of the year through automated teller machines. They can withdraw cash, transfer funds. Find out their account balance and perform their financial transactions. The complete security through our own special PIN (Personal Identification Number) number.

**VISA Cards**

Most of the banks are incorporated with VISA apex authorized association. VISA Cards are valuable substitute for cash/cheques. Card is valid Internationally and it is acceptable by more than 1 lakh Member Establishments (ME's) for purchase of goods and services.

**Mopup Facility**

Thos new service is offered by certain banks to recharge the BSNL SIM card by using ATM cards.

**RBI norms on credit cards**

The Reserve bank of India (RBI) issued guidelines on credit operations of banks, asking card issuer to ensure that there is no delay in dispatching bills. Customer should be given at least a fortnight for making payment before the interest rate start getting charged.
Wrong Bills

The credit card issuer not to issue wrong bills to customers. In case, a customer protests any bill the bank should provide explanation and if necessary, documentary evidence to customer within a maximum period of 60 days.

Chapter –IV

Research Findings

1) Majority of customers are having saving bank account.
2) Majority of customers are having bank account in nationalized banks.
3) 87 per cent of customers are having bank account in computerized bank branches.
4) 53 sample respondents are having account in a bank offering ATM services.
5) 70 per cent of respondents are having account in a bank offering Internet facility.
6) No customer has shifted their bank account towards Internet bank.
7) 75 per cent of respondents are having ATM card.
8) 13 customers have stated various reasons for not having ATM card.
9) All respondents have stated that the bank branches are making extra charges to use other bank ATM centers.

10) Majority customers felt that the charges made by the bank to use other bank ATM are very high.

11) Majority of the customers have stated that the facility for withdrawal at any moment is the main reason for use ATM.

12) Majority of the customers have stated that requirement of knowledge to use ATM is the main reason for not using ATM.

13) Only 13 per cent of sample respondents are having credit cards.

14) 75 per cent of sample respondents having Debit Cards.

15) 13 per cent of respondents having VISA cards.

16) 14 per cent of respondents are using Internet facility.

17) Most of the computerized bank branches are giving statement of account at any time.

18) Majority customers have stated that the banks are making charges to get statement of account.

19) Majority of the customers have stated that the bank employee are not reluctant to make entries in passbook.

20) Majority of customers have expressed that the user need some knowledge to use ATM.

21) 50 per cent of customers are using Credit/Debit cards.

22) Majority of the card users are not comfortable to use cards.
23) Most of the respondents have not faced any computer error.
24) The computer error has solved by the bank quickly.
25) 50 per cent of the sample respondents are salaried class.
26) Most of the sample respondents are under graduates.
27) Majority of the sample respondents are in the age group of 25 to 35.
28) Most of the sample respondents are non income tax accesses.
29) Majority of the respondents are male.
30) Only 10 per cent of respondents have bank accounts for more than 10 years.

**SUGGESTIONS**

The banks may take some steps to improve financial services in Namakkal. The researcher offers the following suggestion for the betterment of the banks.

- **100% computerization:**

  Computerization of bank branches will increase its efficiency. Namakkal is one of the highly populated and commercial areas. The customer services can be improved by fast and quick response. This is only possible by computerization.
• **Issue of ATM cards:**

There are many bank branches Namakkal in still not offering ATM services to the customers. The ATM services may offered by all bank branches.

• **ATM centers:**

Not all the banks have ATM centers in Namakkal area. So customers may not be offered with ATM services. As such the banks may have inter-bank and intra bank arrangements in offering ATM facility.

• **Awareness:**

Banks can conduct awareness program to educate the customer to understand the real features of ATM cards.

• **Charges to use other bank ATM:**

Most of the banks are charging extra amount to use other bank ATM. So customers may not use the ATM center, which is very near to their place. To increase the customer satisfaction these changes can be minimized.

• **Charges to statement of account:**

Most of the banks are making extra charges to issue statement of account at any time. These charges can also be reduced.