Discussions and Research
Implications
CHAPTER –V
DISCUSSIONS AND RESEARCH IMPLICATIONS

The introduction in chapter I provides a strong theoretical review on the changing nature of banking operation over the last decade due to changes in the policy of the Governments both at the Central level and the State level towards privatization. This results in banking operations powered by technology at every level both in the public sector and the private sector thus posing competition to the once monopolized public sector such as the State Bank of India, India Bank, Indian Overseas Bank etc., The consequent competition has generated re-thinking in the minds of banks in that they are now required to bring in changes in the information technology. This study has generated results which may be of use to the change bank is thinking.

It is found that in general, the challenge that lies ahead for banks is multifold. Few challenges include the need for satisfaction of the customer needs that are complex and difficult to manage, the need to face up to increased competition from within the sector and from new entrants coming into the financial services market, the need to address the demands placed upon on the supply chain and finally, the need to continually invent new products and services in light of the changes described above. Above all, delivery strategies of banking services are central to these issues.

Indeed, IT enabled banking is presented as an answer to many of the inherent disadvantages of a traditional branch. This has been realized by the public sector banks though not at the same time private sector banks launched their operations but late. But yet, the banks have started using the predominant services offered by the private sector banks. The banks believe that it is more than just another delivery channel for existing products and existing customers. Opportunities provided by
banks are plenty for customers. IT enabled banks can act as a facilitator in payment systems or act as a provider of other services and shopping opportunity and thus assist the growth of electronic commerce. Moreover, in order to cut costs banks encourage customers to use technologies so that it can take advantage of using the IT enabled services such as cost savings, enhancement of the bank's reputation and the attraction of new customers. Of late, Web site of banks are a powerful marketing tool with comparatively low outlays and can be serve as a tool for competitive advantage over other banks.

Public sector banks with a wide network of services and branches serve as a guiding force for the socio-economic metamorphosis of India. With more emphasis on rendering service to all segments of the society, they are perceived to have high social responsibility by the customers. In this regard, they are looked upon by middle and lower income group to source loans. They also float specific schemes encouraging them to avail it for business and other commercial purposes. To be precise, they use IT to withdraw money predominantly compared to other services rendered by the banks. This implies that public sector banks are still being used for traditional services, however, enabled by IT. Yet, IT has become a sign of advancement and the differentiator for the banks. This may be because IT enabled services are not easy to use. One aspect for not using other services is the internet banking system interface. The interface could be made simpler. They could adopt the interface that is similar to automated teller machines. As of now, most banking customers use automated teller machines for their financial transactions and are familiar with their interface. The interface in other services could be similar to the interface design of Automated Teller Machines that may result in the ease of use of the system. Gender, age and are associated with use of credit card rather than paying
in cash as well as using ATM over visiting the bank branch. It may be in order to escape the pain of waiting in long queues. Customers of different income group call the “Call Centre” for any service and use internet banking facility provided by the bank for all payment transactions. Qualification is not associated with pattern of usage. Also, area of living as well as the bank they take service are not associated with pattern of usage. It is interesting to note, as evidenced by the Chi-square results, that customers at varied qualification level hailing from different areas and holding accounts in different banks maintain the same pattern of usage of the IT enabled services by the banks. This implies that IT enabled services have well been promoted and customers are also technology-ready to use it. Customers also hold a higher opinion on the use of technology power to transact business. However, though association is not established a lower level of usage among lower qualified and lesser income group customers is striking. The bankers may run awareness programmes for those identified as less-patronising customers and educate them on the advantages of using IT enabled services.

Perception on the quality of service rendered by the banks does not differ across gender. This is a clear message for the bankers that they can deal with male and female customers in the same way and different measures need not adopted to enhance the perception on the service quality. Knowing that the service quality measures were not statistically significant, banks can avoid unnecessary and expensive programmes that may have focused on improving the perceptions on these dimensions. Business with banks is widely associated with masculinity and it is surprising to note that it has become gender-neutral and their perception is non-discriminatory. So, it is believed that the IT enabled service mitigates the otherwise, perhaps, discriminatory experience in traditional banking.
Age group of the consumers is found to be significant on IT enabled service quality. Further it suggests that customers in the age group from 20 – 40 years have a higher perception on efficiency and customer loyalty. This implies that customers in this age group that include young and middle age group are IT mature consumers who are cognitively younger and are more likely to be ready to embrace new technologies. An examination further, it implies that these customers could be identified as younger mature consumers who were more likely to be a part of the Explorer segment. This finding is much importance as opportunities exist for banks to further extend and offer other financial services, entertainment and information a technology interface. Notably, younger customers trying these services are likely as opinion leaders to spread positive word-of-mouth.

The service quality factors are significant across income groups. Higher income groups represent higher perception towards the service quality factors. It is implied that higher incomes groups are likely to be time-poor and value the convenience and ease transacting business through IT enabled services offered by the banks. This may also be true because higher income customers have access to personal computers and have ability to comprehend easily the operations of IT enabled services. This may be due to the fact that customers are certainly being more innovative in using the IT as business transaction medium as they are available across the day and more being more optimistic in the service they are expecting to receive from IT enabled services.

It is seen that educational qualification has an influence on service quality factors. However, on examination of the descriptive, it is seen that highly qualified customers have a lower perception on service quality. This is surprising at banks
should take note of this finding. Public sector banks IT enabled service though, of late offered on par with private sector banks have a track record of faulting thus intruding on the time and energy of the highly qualified customers. They may be working on a strict timeline and such failure may have a bearing on the perception towards the service. Bankers should not set aside this finding as this group is more skill-complementary but such low perception may play a key role in shifting loyalty to the private sector banks.

Area of living and the bank where they hold the account do not have influence on the service quality factors. In other words, customers living in different areas as well as holding accounts in different banks hold the same perception on the service quality factors. This may be because of the reason that benefits are generally without any discrimination available for all the customers and hence the perception remain the same. Moreover, these studies are conducted in the urban and semi-urban areas and so the infrastructure installed to support these facilities are fit enough to deliver the same support to irrespective of area or bank. Further, the facility to use cross-bank ATM facility is another reason for the same perception.

It is seen from regression analysis that convenience, technology and customer service predict loyalty. Indeed, the goal of every customer-facing employee should be to create an emotional bond or connection with the customer that engenders customer loyalty. Customers want convenience, technology accessibility and customer service more than any other attribute from their banking experience nowadays. Businesses who only look at these factors as “slightly easier” than what’s available are missing opportunities to attract and keep more customers. Customers want ease in many areas – not just the main transaction. Focusing on these factors as a driver throughout the
customer’s experience would help banks attract and retain customers. They will begin loyal customers who would also become the brand ambassadors.

5.1 Limitations and directions for future research

In spite of the fact that findings from this research do contribute to the existing body of knowledge about customer satisfaction within public service organization, there were several limitations of the study that should be taken into account when interpreting the results. In a strict sense the results pertain only to the respondents and generalizations to a wider bank customer base should be done with caution. The sample size was not large but adequate for the type of analysis undertaken.

The results were primarily based on the public sector banks in Coimbatore particularly the region inside the city and therefore results may vary with regard to other regions. Moreover, only five public sector banks were involved in this study. Therefore there might have been a one-sided approach on the actual results of the IT enabled services.

The survey utilized a non random sample technique though a random sampling method is possible and therefore, caution should be used when applying these results to different populations and samples. Although the service qualities of the banks have been assessed in-depth, the direct impact on the performance has not been studied relative to the customer base increase or the annual turnover of the banks. Since the research has not extended to analyzing the effect of service quality on the productivity/annual turnover, the utility of the research and its usefulness to improving profits or increasing productivity of textile manufacturing companies would be under scanner.
Apart from factors like performance and annual turnover, the research has also not stepped into assessing the customer expectation/customer satisfaction aspect relative to the service quality. This kind of assessment would help the companies to determine the effect of the service quality on the customer satisfaction. This would in turn increase banks performance.

The study places more emphasis on age of the customers and not on the age of the account in the bank or the number of times the customers have shifted their loyalty. Older account holders may have much mature and perceptible experience in the use as well as their experience in shifting from traditional to IT enabled service quality. Also, service specific quality is not captured. Further studies could capture the quality of service experienced under each IT enabled service so a micro level understanding of the service could be captured.