CHAPTER – VI

SUMMARY, FINDINGS & RECOMMENDATIONS

SUMMARY

The banking industry in India has witnessed in the last decade several regulatory changes that have resulted in a heightened level of competition among the banks. Institutional changes, creation of extensive product/service portfolios, major changes in the ownership status, heavy use of modern technology and globalization of the bank’s activities are some examples of these changes identified in the banking sector. The entry of private sector banks and foreign banks, subsequent to the recommendations of the Narasimhan committee, has increased manifold the expectations of the customers in all areas relating to customer services. These changes in the banking system have created a new dimension in the industry, within which the institutions in the banking system have to compete, not only with financial institutions outside the banking system, but also among themselves to remain in business competition. The computerization in banking all over the world has exposed the new facets in banking. It revolutionized the banking sector by introducing the E-banking services in India. Now, the banking transactions have become far more easy and convenient. Gone are the days when one had to wait till the next day for the transaction. Now, one can do the transactions through various E-services at any time, at any place. Therefore, introduction of E-banking services has opened a new era in the Banking sector where the customer is now the ‘king’ and the bank is just a service provider. The provider who gives the best service rules the heart of the customers and the market, while the bank who fails to match the customer’s expectations, fails to survive.
Keeping in view all these mentioned developments in the banking sector, the study to investigate the satisfaction level of the customers towards E-services becomes imperative. Hence the study has been conducted under the title “Satisfaction Level of E-services: A Comparative study of Public and Private sector banks” with the objective to study the various E-services provided by banks, to examine the level of satisfaction among customers, and the perception of bank officials regarding provided E-services as well as the comparison thereof, related to E-services between Public sector & Private sector banks.

The study has been conducted on the four selected banks i.e. two Public sector banks (SBI & PNB) & two Private sector banks (ICICI & HDFC). The study has been done to assess the usage, effectiveness, reasons and satisfaction level of customers regarding E-services provided by their respective banks. The study also has assessed the perception of Bank officials regarding E-services and its impact on the performance of banks. The research work has been spread over seven chapters.

Chapter 1 deals with the introduction to Banking, functions, classification, historical perspective related to developments in Banking, structure of Indian banking system, adoption of Information technology into banking sector, genesis & facets of E-banking. It further throws light on the various E-services provided by the banks, their benefits and recent developments. The chapter also highlights the studies conducted by different researchers on the various aspects of Banking. It also describes the objectives, need and scope of the study as well as the research methodology.

Chapter 2 examines with the profile of four selected banks. All the above chapters were based on secondary data.

Chapter 3 analyses the usage of the E-services on the basis of data collected from the customers of four banks regarding the
reasons of preference to opt a particular bank, the usage of selected E-services, the frequency of usage, the reasons of using as well as the level of satisfaction with the selected E-services. It also examines the reasons for not using any of the E-services, the problems faced, the time taken by banks to resolve the problem, as well as the satisfaction level from complaint handling system.

Chapter 4 assessed the perception of bank officials of selected banks regarding E-services. It examines the reasons for recommending E-services to their respective customers, as well as the reasons for preferring the conventional banking system. Impact of E-services on their respective banks has also been assessed.

Chapter 5 discusses the comparison between the selected Public sector and Private sector banks with regard to the data analysed in chapter 3 & 4.

KEY FINDINGS OF THE STUDY: CUSTOMERS

1. While giving preference ranks to the reasons for preferring a particular bank, the customers of the Public sector banks have given more importance to the reasons like bank's wide branch network, bank's better interest rates, bank's lesser usage charges and bank officials responding to requests within time. The reasons which were given more weightage by the customers of Private sector banks were, better location of bank's branches, bank employees giving personal attention, bank's better services, bank's technology advancement, safety in transaction with bank, and efficient complaint handling machinery.

2. It was found that selected E-services were used more by customers of the Private sector banks than the Public sector banks. However, the maximum customers used
ATM services, followed by Internet banking, Telephone banking and Mobile banking.

3. ATM services

- Usage

99% customers of Private sector banks used ATM services as against 79.5% customers of Public sector banks.

- Services used

In both sectors, Public & Private sector banks, the maximum usage of ATM has been for cash withdrawal, followed by viewing account statement, recharging prepaid mobile and transfer of funds. However, services like recharging prepaid mobile and transfer of funds had a limited usage by the customers of Private sector banks whereas it was not at all used by Public sector bank customers.

- Reasons for using ATM services

While giving preference ranks to the reasons for using ATM services, the customers of the Public sector banks have given more importance to the reasons like easy transactions, increased social status, no time constraints, less usage charges, increased mobility, value addition, and privacy in banking transactions. The reasons which were given more weightage by the customers of Private sector banks were, saving of time, availability at important locations and satisfaction of most of the banking needs.
• **Level of Satisfaction**

The ATM service users of Private sector banks had higher level of satisfaction than the users of Public sector banks.

4. **Internet Banking**

• **Usage**

59% customers of Private sector banks used Internet banking as against 25.5% customers of Public sector banks.

• **Services used**

Shopping was the most common service used by Internet banking users in Public sector banks whereas managing of accounts in Private sector banks.

• **Reasons for using Internet banking**

While giving preference ranks to the reasons for using Internet banking, the customers of the Public sector banks have given more importance to the reasons like enhanced social status, easy transactions and provides immediate information whereas the reasons which were given more weightage by the customers of Private sector banks were, saving of time, convenience, being error free and environment friendly.

• **Level of Satisfaction**

The Internet banking users of Private sector banks had higher level of satisfaction than the users of Public sector banks.
5. **Mobile Banking**

- **Usage**
  
  13% customers of Private sector banks used Mobile banking as against 2% customers of Public sector banks.

- **Services used**
  
  Managing of accounts was the most common service used by Mobile banking users in Public sector banks as well as Private sector banks.

- **Reasons for using Mobile banking**
  
  While giving preference ranks to the reasons for using Mobile banking, the customers of the Public sector banks have given more importance to the reasons like saving of time, computer not required, good security, being user friendly and cost effective. The reasons which were given more weightage by the customers of Private sector banks were convenience, easy to access, simple interface and alert facility.

- **Level of Satisfaction**
  
  No clear trend could emerge from the responses as number of Mobile banking users were less. Moreover, among those who were using it, were indecisive whether they are satisfied with the service or not.

6. **Telephone Banking**

- **Usage**
  
  24.5% customers of Private sector banks used Telephone banking as against 8% customers of Public sector banks.
• **Services used**

Account related queries were the most common service used by maximum number of customers in Public sector, as well as Private sector banks.

• **Reason for using Telephone banking**

While giving preference ranks to the reasons for using Telephone banking, the customers of the Public sector banks have given more importance to the reasons like computer not required, being cost effective, mobility and user friendly. The reasons which were given more weightage by the customers of Private sector banks were, convenience, being quick & easy and saves time.

• **Level of Satisfaction**

Majority of customers of both the sector of banks were not sure whether they were satisfied or not. However, regarding the rest of Telephone banking users among the two sectors, it was found that users of Private sector banks had higher level of satisfaction than Public sector banks.

7. **Reasons for not using any of the E-services**

While giving preference ranks to the reasons for not using any of the E-services, the customers of the Public sector banks have given more importance to the reason like, security threats, resistance to change to newer system, not better than conventional system of banking, poor experiences, and need to have computer knowledge. However, fear of wrong transactions was given more weightage by the customers of Private sector banks.
8. **Frequency of usage of E-services**

Highest proportion of customers used E-services on monthly basis followed by fortnightly, weekly and daily usage in Private sector banks, as well as Public sector banks.

9. **Complaints**

- Problems faced while using E-services:
  
  Public sector bank customers faced more problems as compared to customers of Private sector banks.

- Time taken to solve the problem:
  
  Highest proportion of customers of Public sector as well as Private sector banks reported that their problems were solved in three days, followed by within one week, within two weeks and more than two weeks.

- Level of Satisfaction with Complaint handling machinery:
  
  Higher proportion of customers of Public sector banks as well as Private sector banks remained undecided to the issue. However, regarding the rest of the customers among the two sectors, it was found that users of Private sector had higher level of satisfaction than users of Public sector banks.

**KEY FINDINGS OF THE STUDY: BANK OFFICIALS**

- Selected E-services were provided by all the banks under study.

- Enquiries regarding the E-services, received by the officials, were higher in Private sector banks as compared to Public sector banks.
• Regarding the reasons for preferring E-services, the officials of the Public sector banks have given more importance to the reasons like convenience, increased social status, increased mobility, satisfaction of most of the banking needs, and no need to stand in queues, whereas the reasons which were given more weightage by the officials of Private sector banks were, saving of time, no time constraint, easy & immediate transaction, being error free, value addition and privacy in banking transactions.

• Regarding the reasons for preferring conventional banking system, the officials of the Public sector banks have given more importance to the reasons like, security threats, lack of proper communication of E-services and more charges on some of the E-services. However, the reasons like resistance to change to newer system and lack of computer knowledge to customers, was given more weightage by the officials of Private sector banks.

• Regarding the impact of E-services on the banks, a positive impact of E-services on the banks has been established.

• Complaints received regarding E-services by the bank officials were higher in Public sector as compared to the Private sector banks.

• Higher proportion of bank officials in Public sector, as well as Private sector banks reported that the complaints were resolved within three days, followed by, within one week, within two weeks, and more than two weeks.

ISSUES & RECOMMENDATIONS

While E-banking can provide a number of benefits for consumers and new business opportunities for banks, it also poses new challenges. The above discussion has given insight into the
investigated problem and on the basis of these findings and the observations of researcher; following were some of the issues which appeared regarding the use of E-services in the banks.

1. **Low level of Awareness among the customers**

   It has been found that a majority of the customers were not aware of many of the E-services provided by the selected banks, thus, they were not using these services to their benefit.

   There is need to generate awareness about the features and merits of the E-services provided by these banks, so that the available E-services can be properly utilized for the convenience of the service seekers.

2. **High Security Threats**

   It has been already presented in the beginning of the chapter, that how the users of the E-services were cheated by the fraudulent elements by hacking their accounts. ATM has been the one service which has been misused very frequently by the fraudulent elements; they may be hackers, thieves, cheaters. The customers have lost faith in these services that is why; they make limited use of them. It was shared by some of the customers during the informal chats, that they have two accounts in a bank, one for using ATM services and other for their deposits. The banks absolve themselves in case of any fraud thereby making the customer a looser in every sense.

   Moreover, customers of Public sector banks complained about the absence of magnetic locks on the doors and lack of security personnel's at ATM centers, thus making them feel unsafe while doing transaction with ATM machines.

   The banks should ensure the highest level of security in order to gain faith of their customers. To prevent the gullible card holders from being cheated, complex identity authentication system viz. thumb impression and/or face recognition, to verify the identity of
the customers should be ensured. This specific system should make it harder for fraudsters to obtain the information necessary to carry out fraudulent activity. Highly efficient and sensitive closed circuit television cameras along with emergency alarms should also be installed.

3. **Levying hidden charges**

It has been reported by the customers of the both public and private sector banks that the customers were charged for every petty service the banks were providing. Even to get a bank account statement/passbook/cheque book, they were being overcharged. The banks indulge in kind of activities, whereby changing the format of cheque book/passbook, they will push the customers to shell out some money secretly for the service which they never requested. It was shared by the customers that despite the fact they have issued advance cheques, these cheques were dropped for clearance at the end of month and then interest was charged from them.

The banks should be transparent and considerate enough in levying charges and customers should be made aware of all hidden charges before hand. This will not only help the bank in retaining their customers but also in attracting new customers.

4. **Use of Limited E-services by the customers**

Another fact which has emerged from the study is that the customers were not using all of the E-services provided by their respective banks. There can be different reasons for this, such as all the customers were not computer savvy, lack of know-how regarding the method of using the services, doubts about the safety and security of E-services, misconceptions and lack of trust in the system etc.

The customers must be apprised of the E-services provided by the banks and details on the usage of E-services along with security
related issues should be displayed inside the banks in detail. There should be 24 x 7 helpline to assist the customers on E-services. Banks should launch awareness campaign to educate people about the cyber crimes and its prevention. These steps will clear customer doubts, build trust and confidence among the customers.

5. Restricted provisions of the services

All banks were not providing all kinds of E-services in all branches. At times, for gaining publicity and status, banks try to over project that they provide all E-services and hence claim their bank to be the best. Many banks were not providing full range of services, for example, PNB has not been providing all the E-services.

Therefore, it is required that banks must provide full range of E-services leaving wider choice with the customers to make use of them at their will.

6. Infrastructural and Technological Limitations

Another observation supported by the experiences established that our country is marred by the shortages like uninterrupted power, high-speed internet facility etc., thus making it impossible for customers to make full use of these services.

Moreover, due to lack of adequate maintenance practices, it has been found that many ATM machines were not in working condition when a customer wished to do a transaction, thus compelling him/her to look for the other alternative. Similarly, during informal chat with the customers, it was felt that they were not satisfied with the customer care service provided by the banks.

The requirement to make best use of these E-services is to provide adequate infrastructural facilities so that customers could make best use of the provided E-services.
7. **Laxity on the part of Customers**

Sometimes, it has been observed that the E-services were misused and frauds happened due to careless attitude of the customers. Recently, there were so many instances where cloning of ATM cards happened and lacks of rupees were withdrawn by the cheater from the customer’s account (SBI & PNB). This happens when a customer does not understand and follow the necessary security precautions and demonstrates laps on ones part inadvertently.

Therefore, banks should provide prominent and easy to understand advice to customers on the importance of security precautions. This guidance should be understood before any of the E-services are activated. There are some general precautions which should be adhered to, while E-services are being used by the customers.

- Customers should never share their personal identification data, like PIN numbers, passwords etc. with anyone including employees of the bank.
- PIN or password mails should not be stored or discussed on phone etc. The PIN/Passwords should be changed immediately and memorized before destroying the mailers.
- Customers should not provide sensitive account related information over unsecured e-mails or over the phone.
- Customers should take simple precautions like changing the ATM PIN & on-line login and transaction passwords on a regular basis.
- It should also be ensured that the logged in session is properly signed out.
8. **Extra charges on some of the E-services**

It has been reported by the customers, that they are being charged extra on some transactions which the customers suppose that it should not happen, for example, while withdrawing cash from ATM in a foreign country, the extra 2% charges are deducted above the money which one gets after converting the money according to the international exchange rates. Such experiences reduce the commitment and loyalty of the customers towards the E-services.

Banks should co-ordinate and should make arrangements at the international level, where transactions should be dealt with at par with the local/international currency without deducting any extra amount.

To conclude, the researcher makes humble claim by saying that this research effort is at micro level and it has been tried best by the researcher to reach out to the findings. However, there were some limitations beyond the control of the researcher which were faced during this research endeavour.

- The officials were not ready to share the information and the facts; however they only divulged information which was safe in any way.
- Customers were always in hurry.