

A STUDY ON FACTORS DETERMINATES OF NATIONALISED BANKING SERVICES IN THANJAVUR DISTRICT

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ABSTRACT

The future of banking business very much depends upon the ability of the banks to develop close relationship with the customer. Banks are focused on three areas: meet customer service expectations, customer costs, and manage competition. Objectives of the study, To ascertain the factors determinates nationalised banking services in Thanjavur District. Methodology of the study, The study depends both on primary and secondary data. Primary data have been collected with the help of a structured Interview Schedule. Convenience sampling method was used to select sample. Samples of 250 individuals were selected on the basis of Convenience sampling technique, out of which 250 respondents were from Public Sector.The study was conducted in Thanjavur District. Suggested this study, certain on line banking services like e banking / i-banking must be provided free of cost or at a cost less than the amount involved in regular banking transactions. Certain E-banking Services can also be provided free, if the customer has availed another service. Conclude this study, the success of banking not only depends on the technology, but also on to the large extent the attitude, commitment, and involvement of the operating at all levels and how far the customers reap the benefits from banking services

Keywords: E-banking,ATM., locker facilities etc.,

1.1 INTRODUCTION

The future of banking business very much depends upon the ability of the banks to develop close relationship with the customer. The banking industry has to focus on the technology oriented innovations that offer convenience to the customer. Recent trend shows that most brick and mortal banks are shifting from a profit centric model to a customer centric model as they develop their new E-banking capabilities. Over a long time, they have been using

electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial up connections, private networks, public networks, and the devices include telephone and personal communication including the automated teller machines.¹ Banks now-a-day's plan to lay greater stress on consumer industry in the coming years, with a view to achieve higher market penetration and profitability. Technology has paved way for expanding the horizon of consumer banking and has smartened up the staid business of banking. Today, the scenario is totally different. Banks driven by the ever growing competition have improvised on existing features and created new facilities that are more customers friendly. Growing Indian middle class people today has a disposable of surplus income and aspires for a better life style. The busy business executive needs cash at anytime, at all places and is willing to pay extra for this service. New breed of financial services brand such as convenience banking, anywhere banking, Tele- banking, branch less banking, and online banking have appeared on the banking landscape. Most of the private and foreign banks have linked up their branches enabling a customer to operate his/her account even from different cities.

Banks are focused on three areas: meet customer service expectations, customer costs, and manage competition. For this, banks are exploring new financial products and service options that would help them grow without losing existing customers and any new financial product or service that a bank offers will be intrinsically related to technology automation in the basic thing that banks need to have in place. It involves a combination of centralized networks, operations and a core banking application. Automation enables banks to offer 24X7X365 service using lesser man power but to be really competitive, banks need to think beyond just basic automation. The changes after liberalization and globalization process initiated since 1991 in India have had a profound and significant impact on the financial system, particularly on the banking industry. The fast pace of changes has radically and perceptibly transformed the operational environment of the banking sector. It is rightly said that change is the only constant factor in a bid to develop sound and efficient banking system in India at par with international banking standards and practices²

After considerable and protracted years of regulated banking, the banks particularly state owned banks were exposed to de-regulated environment, although in a gradual and phased

manner. The challenges and pressures of the new found environment have been intense. Public sector banks which were considered strong and profitable, have now started signs of infirmities. The “Reporting of the working group on restructuring weak public banks” known as Verma committee report is a pointer in this direction³ Indian financial sector in India is dominated by the banking sector that contributes significantly to the revenues of this industry. Banking sector is the corner stone for the overall economic growth of the country. Before liberalization, the Indian banking structure was largely controlled and parameters like branch size and location were given paramount importance. But now, the Indian banking industry has come from a long way from being a sleepy business institution to a high proactive and dynamic entity.⁴

Indian banking scenario since 1991 has been process of transfer mantra and consolidation. Banks in India have traditionally offered mass banking products. Indian banking industry has leveraged technology to the extent possible in terms of achieving operational efficiency and introduction of new products and facilities like ATM, Tele-banking, debit card, most common deposit products include savings deposit, current deposit, term deposit, and lending made such as cash credit and term loans, personal loans including consumer loan, housing loan and vehicle loans have been introduced by a number of banks. Corporates are also deriving benefits from the increased variety of products and competition among the banks for its business.

Today technology has become an integral part of banking operation. Now a customer can open his account with any bank in any location and also can complete the transaction sitting comfortably at his residence. Technology has a role to play in ensuring a fair return to the share holders by facilitating in ensuring greater profits to the banking sector. The technology has made banking transaction for clients more convenient and allowed banks to explore new business facilities in the ever changing and turbulent environment.⁵

1.2. STATEMENT OF THE PROBLEM

A customer generally expects uninterrupted and speedy counter service during business hours for carrying out business transactions. But, it is a well known fact that many counters remain unattended during business hours. Waiting for an inordinately long period to carry out a

simple transaction has continued to be a vexing problem in a bank branch thereby generating deep resentment amongst a vast majority of customers. Job security, trade unionism and lack of accountability on the part of the employees are some of the dominant causes for the indifferent attitude of the employees towards the customers. With increased competition in the banking industry, the quality of customer services determines the flow of customer preferences. Different age group may have different preferences. The younger age group may prefer faster and non-personal services, whereas senior citizens may opt for slower but personalized services. Banks cannot choose customers. They have to cater to a heterogeneous mass. Banks have to design special programmes which can teach customers the use of modern technology services. The researcher has undertaken the study with specific objectives. It is hoped that the present study will contribute towards a better understanding of the banking service rendered by private and public sector Banks in Thanjavur District.

1.3.SCOPE OF THE STUDY

The present study is confined to bank customers of Thanjavur District.

1.4.OBJECTIVES OF THE STUDY

- ¶ To ascertain the factors determinates nationalised banking services in Thanjavur District.
- ¶ To offer suitable suggestions to enhance customer satisfaction.

1.5.HYPOTHESIS

1. There is no significant relationship between Demographic Variables and Perception on Level of Facility Satisfaction.

1.6. METHODOLOGY

“Research Design” is the arrangement of activities for the collection and analysis of the data in a manner that aims to combine relevance to the purpose with economy in procedure. Descriptive research design was chosen to find out various services provided by public sector and private sector banks. The study depends both on primary and secondary data. Primary data

have been collected with the help of a structured Interview Schedule. Convenience sampling method was used to select sample. Samples of 250 individuals were selected on the basis of Convenience sampling technique, out of which 250 respondents were from Public Sector. The study was conducted in Thanjavur District. The familiarity and acquaintance of the district economy has influenced the researcher in selecting Thanjavur district for the intended study. The required primary data was collected through personal interview method, carried out for a period of three month. i.e. from January 2019 to March 2019. Primary data collected from the respondents from different areas have been properly stored, classified, edited, and tabulated in a proper format. To analyze the collected primary data, various statistical tools and techniques were used. The statistical tests were conducted at 1% and 5% level of significance. The application of these tools and techniques were identified on the basis of objectives framed for the study. Percentage Analysis, Chi-square test, t-test, ANOVA, Correlation, Multiple Regression Analysis, Step Wise Regression Analysis, Friedman Rank Analysis. And Factor Analysis these Statistical tools are used in this study.

1.7. LIMITATIONS OF THE STUDY

Limitations are common for all studies based on social survey. The conclusions arrived at this study are not without limitations, even though the study is innovative and extensive in some aspects of service in Indian Banking Industry.

1. The time spent for the customers to collect data was considerable. There may be certain reluctance on the part of customer to respond to some questions in the questionnaire. However, adequate care was taken to collect unbiased data. The cost factor is the other limitations.
2. The customers of selected nationalised Banks were the only focus of the study. Other banks were excluded.
3. The study is restricted to Thanjavur District only and the findings are applicable to the study area only.

1.8 ANALYSIS AND INTERPRETRATION

Dimensionality of the Multi-Scale Items (Factor Analysis)

Table 1: KMO and BARTLETT'S TEST FOR FACTORS RELATED TO FACTORS DETERMINATES ABOUT BANKING SERVICES

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.709
Bartlett's Test of Sphericity	Approx. Chi-Square	86.861
	df	91
	Sig.	.000

From the above table, two tests namely, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity have been applied to test whether the relationship among the variables has been significant or not. The Kaiser-Meyer-Olkin Measure of sampling adequacy shows that the value of test statistics is 0.709, which means the Factor Analysis for the selected variable is found to be appropriate or good to the data. Bartlett's Test of Sphericity is used to test whether the data are statistically significant or not with the value of test statistics and the associated significance level. It shows that there exists a high relationship among variables.

Table 2 EIGEN VALUES AND PROPORTION OF TOTAL VARIANCE OF EACH UNDERLYING FACTORS DETERMINATES ABOUT BANKING SERVICES

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.46	10.43	10.43	1.46	10.43	10.43	1.304	9.313	9.313
2	1.325	9.462	19.892	1.325	9.462	19.892	1.208	8.629	17.94
3	1.229	8.779	28.671	1.229	8.779	28.671	1.189	8.496	26.44
4	1.152	8.231	36.902	1.152	8.231	36.902	1.183	8.448	34.89
5	1.11	7.928	44.83	1.11	7.928	44.83	1.165	8.324	43.21
6	1.039	7.424	52.254	1.039	7.424	52.254	1.148	8.201	51.41
7	1.011	7.219	59.474	1.011	7.219	59.474	1.129	8.063	59.47

Extraction Method: Principal Component Analysis

The results of the Factor Analysis presented in the above table, regarding factors determinates about Banking Services have revealed that there are fourteen factors that had Eigen value exceeding “one”. Among the five factors, the first factor accounted for 10.43 percent of the variance, the second 9.46 percent, the third factor 8.77 percent, the fourth factor 8.231 per cent, the fifth factor 7.928 per cent, sixth factor 7.424 per cent and 7.219 per cent of the variance in the data set. The first seven factors are the final factors solution and they all together represent 59.47 percent of the total variance in the scale items measuring the factors determinates towards Banking Services. Hence, from the above results, it is certain that all factors determinates about Banking Services.

TABLE 3. COMMUNALITIES FOR FACTORS DETERMINATES TOWARDS BANKING SERVICES

S.NO.	ITEMS	Initial	Extraction(h^2)
1	Branch location (X1)	1.000	.396
2	Parking facility (X2)	1.000	.616
3	Adequacy of space (X3)	1.000	.599
4	Safety measures (X4)	1.000	.696
5	Provision of different forms (X5)	1.000	.618
6	Display of interest rate and other norms (X6)	1.000	.544
7	Maintenance of suggestion box (X7)	1.000	.488
8	Any time banking (X8)	1.000	.586
9	Electronic clearing system (X9)	1.000	.532
10	Phone banking (X10)	1.000	.568
11	Internet banking (X11)	1.000	.550
12	Mobile banking (X12)	1.000	.707
13	Multi city cheque (X13)	1.000	.694
14	Availability of locker facilities (X14)	1.000	.732

The above Table (Communalities) represents the application of the Factor Extraction Process, it was performed by Principal Component Analysis to identify the number of factors to be extracted from the data and by specifying the most commonly used Varimax Rotation Method. In the principal component analysis, total variance in the data is considered. The proportion of the variance

is explained by the fifteen factors in each variable. The proportion of variance is explained by the common factors called Communalities of the Variance. Principal Component Analysis works on initial assumption that all the variances are common. Therefore, before extraction the communalities are all 1.000. Then, the most common approach for determining the number of factors to retain i.e., Examining Eigen values was done.

Table.4.: ROTATED COMPONENT MATRIX FACTORS DETERMINATES TOWARDS BANKING SERVICES

Rotated Component Matrix							
	Component						
	1	2	3	4	5	6	7
Phone banking (X10)	-.605	.047	.338	.226	.076	-.048	.161
Maintenance of suggestion box (X7)	-.564	.286	-.220	-.008	-.137	.146	-.018
Any time banking (X8)	.561	.251	-.003	.386	-.157	-.119	.140
Adequacy of space (X3)	.118	-.703	-.113	-.119	.130	-.135	-.173
Parking facility (X2)	.043	.685	-.020	-.157	.119	-.241	-.220
Electronic clearing system (X9)	.003	.105	.713	.069	.073	-.016	-.041
Multi city cheque (X13)	-.060	-.044	.067	.826	-.032	-.001	-.038
Mobile banking (X12)	-.133	.071	-.412	.230	.614	-.289	.020
Branch location (X1)	-.019	-.063	.112	-.040	.613	.040	.014
Display of interest rate and other norms (X6)	.414	.058	.121	-.266	.505	.134	.100
Safety measures (X4)	-.135	-.076	.024	-.064	-.013	.817	.009
Provision of different forms (X5)	.209	.208	-.423	.332	.102	.564	-.130
Availability of locker facilities (X14)	.074	-.072	.081	.022	.155	.067	.828
Internet banking (X11)	.167	-.139	.343	.132	.189	.212	-.536

Extraction Method: Principal Component Analysis. .

The above table represents the Rotated Component Matrix, which is an important output of principal component analysis. The coefficients are the factor loadings, which represents the correlation between the factors and the fourteen variables (X₁ to X₁₄). From the factor matrix, it is found that coefficients for factor-I have high absolute correlations with variable Phone banking (X10), Maintenance of suggestion box (X7) and Any time banking (X8) that is, 0.830, 0.759, 0.705, 0.678, and 0.607, respectively. Similarly, factor-II has high absolute correlation with variables Adequacy of space (X3) Parking facility (X2) that is, 0.703, 0.685, respectively. Next, factor

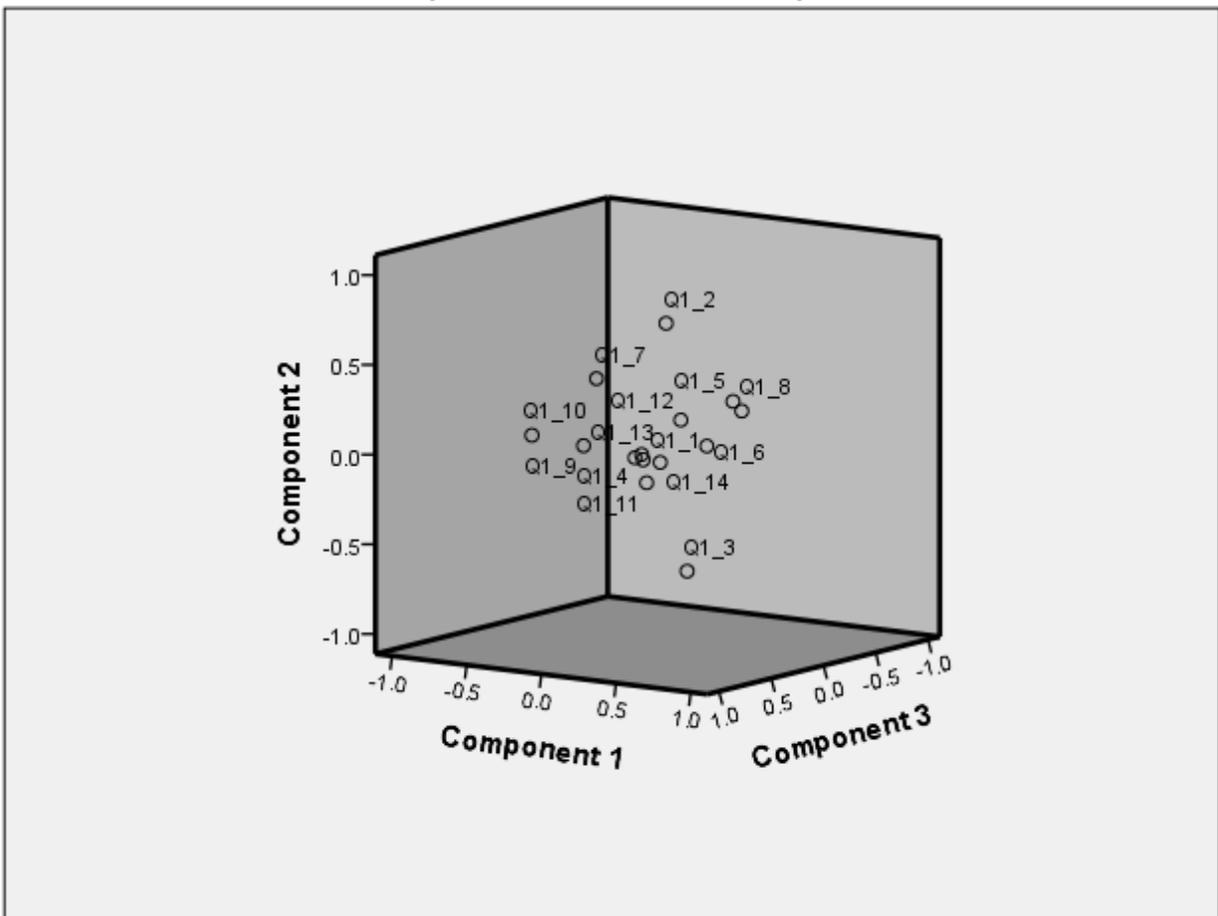
III has high absolute correlation with variables Electronic clearing system (X9) and 0.713, respectively. Factor-IV has high absolute correlation with variables Multi city cheque (X13) that is, 0.826, respectively. Finally, factor V has high absolute correlation with variables Availability of locker facilities (X14) and Internet banking (X11) $X_{13}()$ and X_1 that is, 0.828 and 0.536, respectively. For example, in this study all variables are with absolute value of factor loading greater than or equal to 0.5. In such a complex matrix, it is difficult to interpret the factor. So it is proceeded to compute Rotated factor matrix.

TABLE.5 COMPONENT TRANSFORMATION MATRIX

Component Transformation Matrix							
Component	1	2	3	4	5	6	7
1	.676	-.431	.107	-.333	.480	-.039	-.057
2	.433	.559	-.490	.328	.202	-.333	-.001
3	.300	-.091	-.118	.354	-.250	.611	-.571
4	.160	.174	.818	.441	.018	-.256	-.122
5	-.017	-.292	-.061	.581	.280	.318	.627
6	-.440	.188	.023	.020	.766	.194	-.381
7	.215	.585	.248	-.352	.010	.557	.341

Extraction Method: Principal Component Analysis.

The above Table reveals the Factor Correlation Matrix. If the factors are uncorrelated among themselves, then in the factor correlation matrix, the diagonal elements will be 1's and off diagonal elements will be 0's. Since matrix was rotated with Varimax, barring some variables all other variables are found to have, even if not zero correlations but fairly low correlation.

CHART -1**Component Plot in Rotated Space**

Thus, the fourteen variables in the data were reduced to five component factor and each factor may be identified with the corresponding variables.

1.9. SUGGESTION OF THE STUDY

1. The changes in the Banking and financial sector require a fundamental shift in skills required for Banking. To meet increased competition, the need for specialized banking functions, using IT as a competitive tool is required. Special skills in retail banking, foreign exchange, etc., will have to be nurtured with care and built upon. Thus, the twin pillars of the banking sector i.e., human resources and IT will have to be strengthened. Proper Technical training to staff must be provided to handle crisis situations.

2. With the increasing market orientation of the financial are making increased use of outsourcing for reducing costs and increasing efficiency. A basic requirement in this context is that regulated entities seeking to outsource activities has in place a comprehensive policy and programme to address the outsourced activities and the relationship with the service provider.

3. Certain on line banking services like e banking / i-banking must be provided free of cost or at a cost less than the amount involved in regular banking transactions. Certain E-banking Services can also be provided free, if the customer has availed another service. This will facilitate customers to use more on line banking services provided and not to visit the bank physically. Higher electronic transaction volumes will boost profits. Banks can also utilize their time for better purposes.

1.10. CONCLUSION

Today's customers are not satisfied with care and courtesy alone, they expect concern and commitment. Therefore, customer centric approach is the need of the hour. In this competitive environment not the oldest, not the strongest and not the first can survive, but only the "Best" can survive. Therefore, usage of Modern Technology for better service is imperative. Educational level of respondents influences the use of quality of banking facility and highly satisfied with Equipment Satisfaction, Service Cost and Facilities followed by easy access while using the banking services. The success of banking not only depends on the technology, but also on to the large extent the attitude, commitment, and involvement of the operating at all levels and how far the customers reap the benefits from banking services

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