

A Study Based On The Customer Perception And Satisfaction Level About The Value Added Services Rendered By The Banks

***Jyoti Rani**

*Teaching Assistant, Department of Commerce, B.P.S.Mahila Vishvavidalaya,
Khanpur Kalan, Sonipat, Haryana.

Email: jyotibhanwala@gmail.com

Corresponding Address: V.P.O. Kasandi, distt. Sonipat, Teh. Gohana

Abstract

In India, banking was originated in the last decade of the 18th century and the rapid development of the banking industry has given a powerful push to the private banks. A large number of the private sector banks are offering a wide range of the services to Indian customers because the competition has increased day to day, but it is necessary for the banks that they required to become more and more customer focused to grow their business. The research has focused mainly on the customer's perception about the augmented services rendered by the banks such as ATM Facilities Debit and credit card facilities and mobile banking and the internet banking facilities. So it is essential for the private sector banks and the public sector banks to know about their customer's awareness towards the banking services. This paper is based on the descriptive research design and questionnaire is used to collect the primary data from the banking customers. This paper focus about the awareness level and the satisfaction of the customers regarding the banking services of the private sector and public sector banks. Conclusion of the paper reveals the impact of the customer's demographic on the awareness level about the private bank services.

Key Words: Customer perception and Services, ATM facilities, Debit card facilities and Credit card facilities, Internet banking, Haryana

Introduction

Indian banking industry is the blood vascular system of our economy. It has a positive impact on the economic development of the country as a deposit of people's savings and provides credit; the success of economic development depends on the mobilization of resources and their investment in an appropriate manner. The banking sector is the backbone of any financial system of the economy. Commercial banks play an important role in the development of developing

economies by mobilization of resources and their better allocation. At present, banking in India is largely dependent on technology. Now, banks are using various other channels like Automatic Teller Machine (ATM), Internet banking, Mobile banking, Tele - banking to provide banking services. Banking in India is changing from traditional branch banking to technology based banking. Currently, it is obvious that there are two distinct customer groups - one is who like to have face-to-face interaction and another who does banking using technology.

In India, references to banking and regulations were even found in our scriptures and ancient texts. Rna or Debt is even mentioned in our Vedic literature.

The advancement in the Indian banking system is classified into 3 distinct phases:

- A. The pre-independence phase i.e. before 1947
- B. Second phase from 1947 to 1991
- C. Third phase 1991 and beyond

A. The pre-independence phase

This phase is characterized by the presence of a large number of banks (more than 600). After that many banks came but some were not successful like – General Bank of India (1786-1791), Oudh Commercial Bank (1881-1958) – the first commercial bank of India. While some others like Bank of Bengal (est. 1806), Bank of Bombay (est. 1840), Bank of Madras (est. 1843) merged into a single entity in 1921 which came to be known as Imperial Bank of India. Imperial Bank of India was later renamed in 1955 as the State Bank of India. In April 1935, Reserve Bank of India was formed based on the recommendation of **Hilton Young Commission (setup in 1926)**. In this time period, most of the bank were small in size and suffered from a high rate of failures. As a result, public confidence is low in these banks and deposit mobilization was also very slow.

B. Second phase from 1947 to 1991

Broadly the main characteristic feature of this phase is the nationalization of the bank. With the view of economic planning, nationalization emerged as the effective measure.

Need for nationalization in India

The banks mostly catered to the needs of large industries, big business houses. Sectors such as agriculture, small scale industries, and exports were lagging behind. The poor masses continued to be exploited by the moneylenders. In the year 1949, 1st January the Reserve Bank of India was nationalized. 14 commercial banks were nationalized in 19th July 1969. Smt. Indira Gandhi

was the Prime Minister of India, during in 1969. In April 1980, 6 commercial banks were nationalized. In 1993, New Bank of India got merged with Punjab National Bank. Meanwhile, on the recommendation of **M. Narasimhan committee**, RRBs (Regional Rural Banks) were formed on Oct 2, 1975.

C. Third phase 1991 and beyond

This period saw a remarkable growth in the process of development of banks with the liberalization of economic policies. Considering this, in 1991, **the Narasimhan committee** gave its recommendation i.e. to allow the entry of private sector players into the banking system. Following this RBI gave license to 10 private entities, of which 6 are survived, which are- ICICI, HDFC, Axis Bank, IDBI, Indus, DCB. In **1998, the Narasimhan committee** again recommended entry of more private players. As a result, RBI gave license to Kotak Mahindra Bank (2003) Yes Bank (2004). In 2013-14, 3rd round of bank licensing took place. And in 2014 IDFC bank and Bandhan Bank emerged. In order to further financial inclusion, RBI also proposed to set up 2 kinds of banks i.e. Payment Banks and Small Banks.

VAS stands more attractive by being user-friendly, readily available in widely spread areas leaving insignificant difference from the core services relatively. VAS enhances the demand for basic services, like compulsorily having a saving A/c for owning a 24x7 VAS in the form of ATM card. Adding more value to the core products/services is the competitive tool used for increasing customers and thus increasing business/profits. This value addition is evaluated in proportion to the features added and the price the customers have to pay for the same.

The availability of connectivity throughout has not only provided additional value to the customers' but also has helped banks in cutting costs. The man hours thus saved by banks are used to increase their business or other profitable opportunities e.g. the payment settlement system earlier needed manual interventions at every stage whereas with the introduction of CTS (Cheque truncation system) clearing, not only the cheque are cleared faster but the need of humans is also limited. The usefulness of these offers in today's demanding schedules is unquestionable. Hence, the customers today find more suitability and satisfaction than what they got during times of traditional banking.

The earlier shapes of banking have transformed from the stage of brick and filling branches to 'anywhere anytime' banking. The branches have become mobile and 'pocketable'. These new features keep banks competitively surviving and increasing value for the customers and

ultimately helping themselves to increase profitability. The services being provided through these latest technologies are of high standard as well being cost-effective. The technological adoptions incentivize the banks when the fixed costs are taken care of by the profits earned by providing the VAS.

Value added services with different products and sub-products provide the competitive advantage over the other banks. The banks now can provide customer-centric products as per suitability of the customers and can best by making user-friendly operations. These operations are cost effective as well being more useful to customers. Though, copying products is a common phenomenon in the corporate world, later increasing customer immoral and gathering the initial market becomes the bank's priority. As these new customers will gradually become old ones and when the competitors shall also be providing the same sort of services and would be motivated for the interested customers, the introducing banks would be attractive profits from the old and established customers. It is an established fact that the banks earn more profits from the existing old customers as an alternative of by creating new customers. Ever increasing requirement of introducing new features, new products, and sub-products ultimately resulting in adding value to them has become commanding and unavoidable for banks. It is because of innovative technologies adoption and the constant competition among banks, the setting of products according to customers' preferences and suitability is the need of the hour to have a competitive advantage over others, hence tailor made products have been introduced in the banks to keep customers attracted towards banks. Such value added products with world class presentations and high standard services mark a bank over and above its peers.

Review of Literature

Mouaket, S. (2009) conducted to test the effect of other exogenous factors, such as enjoyment, customer loyalty, and culture on customer's attitude towards online banking. Longitudinal evidence can enhance our understanding of the relationships between variables that are considered important to users attitude towards online banking. The proposed modified technology acceptance model has been tested with a survey sample of 461 which has been distributed to different customers in the United Arab. The studies were also supported later on by **C. S. Ravi, & Basavaraj, K. (2013)** concluded that various services such as mobile banking (customer convenience), SMS banking (account balance, last few transactions, cheque-book requests and updated interest rate charges) offered by the banks can be utilized by the customers

only when they are made aware of these services. The banker and customer have to know about one another. The banker has to understand the customer's needs and in the same way, the customer has to know about the various services offered by the banks. Increased level of awareness among the customers leads to increased likings. Study drives to examine the preference and satisfaction level of customers towards loans, deposits schemes, insurances and value added services. The studies were also supported by **Momeni, M, Kheiry, B. & Dashtipour, M. (2013)** found that ease of services use, website design, the speed of connectivity and transactions, information security, information content and support services have a significant effect on user's satisfaction. This satisfaction has a significant effect on loyalty to bank and willingness to continue relations with e-banking services. The same results were supported by **Goel, M (2013)**. Banking in its traditional form is concerned with the acceptance of deposits from the customers, the lending of the surplus of deposited money to suitable customers who wish to borrow and transmission of funds. Separately from traditional business, banks now days provide a wide range of services to satisfy the financial and non-financial needs of all types of customers from the smallest account holder to the largest company and in some cases of non-customers. The same results also supported by **Patel, H. and Pithadia, V. (2013)** this study is one which investigated the Emerging Trends in Customer Satisfaction of Value Added Services adoption. In this research, we have defined several factors such as Automated Teller Machines cards (ATM), Credit card, Debit card, Internet banking, Tele banking, Corporate cash Management, SWIFT Banking, Very small Aperture Terminals, that act as drivers for value added services adoption. In order to improve the bank public image, innovative banking services can be a very important tool in achieving customer satisfaction, particularly when the firm actively engages in shaping standards for emerging technologies. The same results were also supported later on by **R. Ravi Kumar & A. Rajesh (2014)** have expressed the awareness and adoption of value added service among the customers by analyzing data collected from 80 sample respondents through personal interview method using Percentage analysis, RBQ, Chi-square test and Profit analysis. Authors showed that majority of customers, who aware of value added services were young, graduated and most of them were self-employed. Education, monthly income, and occupational status were positively influenced the awareness level of value added services. Time-saving and easily used the technology was the important factors influenced the adoption of value-added services. The same results were also supported by **Malik, S. (2014)**

has analyzed banking industry in India is facing a number of challenges like changing needs and perception of customers, new regulation from time to time and great advances in technologies. Banks are investing heavily in ECS, RTGs, EFT, NEFT, ATM, Retail banking and more value added products services. The same results were also supported later on by **Khanna, R. & Kumar, S. (2015)** found that adoption of value added services by consumers in banking sector in the state of Haryana, it found that trust the most important factor with the highest explained variance followed by attractive services, easy to use, confidences, innovations. The same result was also supported by **Mahalakshmi, V. & Kanchana, P. (2015)** concluded that banks in order to satisfy the customer expectations, banks have introduced the concept called “high technology e-banking” facilities to the customers to access their accounting transactions very easily and within a short span of time. The same results were also supported later on by **Shankar, A. & Kumari, P. (2016)** examined some empirical evidence about factor affecting m-banking adoption intention in India. The basis of relevant literature review and was found that awareness, usefulness, ease of use, compatibility, self-efficacy and financing cost are having a significant impact on m-banking adoption intention of customers in India. **Mahalakshmi, V, M. G. Saravanaraj & Umarani, T. S, (2013)** focused on customer’s perception about augmented services rendered by the banks, such as ATM facilities, Debit card facilities, Credit card facilities and mobile banking. The researcher has concluded that banks have to conduct many awareness programs friendly usage and customer relationship in order to retain the existing customer and to attract new customers. Daniel, E (1999), show that the decision to adopt electronic banking is led by a corporate vision of the future in which the banking market become more even more competitive, while consumer demand greater accessibility, functionality and services at a lower price. The results were also supported later on by **Thyasgarajan, M. (2009)** found that due to technological innovations and significant change in the demographic profile of customers, there is huge market potential lying ahead. The study revealed that the ATMs and credit cards are the most common value-added services utilized by the respondents. The same results were also supported later on by **Vijaykumar, R. & Thinakaran, S. (2012)** customers are more value oriented in their consumption of services because they have alternative choices. After the emergences of foreign banks in India, the banking sector in India has become more competitive and accurate. Foreign banks have brought the latest technology and latest banking practices to India. The same results were supported later on by **Mohammed, S. (2013)** indicated that the

educated respondents use the services of internet banking. Based on occupation concluded that the services class and the business class is the one who uses internet banking services to nearly 2 times as other occupation. The same result was also supported later on by **S. S. Najmus and Sayed, G. (2015)** found that banking industry in India has also achieved a new height with the changing times. The use of technology has brought a revolution in the working style of the banks. Indian banking industry is expected to grow at a reliable pace, looking at the huge growth possible of Indian economy, high population base of India, mobile banking - offering banking operations through mobile phones, financial inclusion, rising disposable income, etc. will drive the growth in the Indian banking industry in the long run. The same result was also supported by **Subramaniam S., Waiker V., Wankhede M. M. (2015)** given more insight on the IT Enabled value added services penetration and its usage and adoption level at customer's end. According to the author's value, added services are very useful and convenient way to connect with banks. One way ANOVA is used for analyzing the response of bank customers for overall satisfaction with value added services. The results were also supported by **Rani, I. (2015)** this research paper focuses on the impact of technology in Indian banking sector. Without information technology and communication we cannot think about the success of banking industry, it has inflated the role of banking sector in Indian economy. In past one and a half decade, banks in India have invested heavily in the technology such as Telebanking, mobile banking, net banking, automated teller machines (ATMs), credit cards, debit cards, smart cards, customer relationship management (CRM) software, electronic payment systems and data warehousing and data mining solutions, to bring improvements in quality of customer services and the fast processing of banking operation.

Gilaninia, S. and Alipour, H. and Mousavian, S. J. (2012) analyzed that future orientation and management support can be controlled by the management team, who appears to have a significant effect on the success of banking electronic relationship and their customers.

Research Gap

A number of studies have been made on factors influencing the customers towards value added services in Haryana state. But there is need to provide the deep insight of the work done by experts and researcher on some aspects of the value added services and only a few studies have been taken up to analyze the value-added services in Haryana (India). To remove the gap between past studies, the present study was undertaken.

Objective of the study

1. To measure the level of satisfaction derived from the customers on Value-Added services provided the various banks in Haryana.
2. To assess the factors that influence the satisfaction derived by the customers on Value-Added services provided by the various banks in Haryana.
3. To find out the most effective value added services that influence the satisfaction of the customers

Research Methodology

Research is a logical and systematic search for new and useful information on a particular topic and the process is used to collect data and information for the purpose of making business decisions. In research methodology, we study the various steps that all generally adopted by a researcher in studying the research problem along with the logic behind them.

Method of Data Collection

After the research problem has been identified and selected, the next step is to collect the required data to achieve the objectives of the study. The researcher should keep in mind two types of data while deciding about the method of data collection to be used in their study i.e. primary and secondary data.

In the present study, primary data is collected through scheduled questionnaire from customer satisfaction on value added services in various banks of Haryana state. The Questionnaire has been structured with both open & closed ended questions. The questionnaire is divided into three sections, the first section was to analyze the socio-economic profile of the respondents, the second section was to customer satisfaction on value added services usages and analyzes the factors that influence the customer satisfaction on value added services while the third section comprised the rank highest to lowest according to customer satisfaction. The respondents were asked to provide responses to items on a five-point Likert scale to determine the strength of their view. Secondary data has been collected from websites, journals, reports, books and research publications for review of the literature and other information related to the research study.

Tools and Techniques

After the collection of data and information, the next step for any researcher is to correctly code and analyzed that data. So, statistical tools help us to correctly analysis the data. There are

various statistical techniques like frequency, percentage, standard deviation, and mean were used to analyze the data and for making a simple interpretation.

Data Analysis and Interpretation

1. To measure the level of satisfaction derived from the customers on Value-Added services provided the various banks in Haryana.

Table 1: Measure the level of satisfaction on value added services

	N	Mean	Median	Std. deviation	Range	Minimum	Maximum
Satisfaction level	200	3.1973	3.2286	.62675	3.17	1.46	4.63
N	200						

Interpretation: The table shows that the satisfaction level of the customers on value added services, the satisfaction level is neutral amongst the respondents, which indicates that the customer is neither fully satisfied nor dissatisfied.

2. To assess the factors that influence the satisfaction derived by the customers on Value-Added services provided by the various banks in Haryana.

Table 2: Assess the factors that influence the satisfaction

Statistics							
Factors	N	Mean	Median	Std. Deviation	Range	Minimum	Maximum
Debit & Credit card services	200	3.6013	3.7500	.80205	4.00	1.00	5.00
ATM	200	3.4392	3.5000	.73540	3.50	1.33	4.83
Internet banking	200	3.2421	3.2857	.77193	3.71	1.29	5.00
Mobile banking	200	3.1114	3.1429	.85549	3.71	1.14	4.86
Cash	200	3.0467	3.0000	.87079	4.00	1.00	5.00

management							
NEFTs	200	2.9467	3	0.84898	4	1	5
Telephone banking	200	2.8820	2.8000	.86407	3.80	1.20	5.00
Total	200						

Interpretation: the above table shows various factors which can influence the satisfaction level of customers regarding value added services. The most influencing factor is Debit & Credit card services which satisfied the customers more in comparisons of others and followed by ATM and further followed by Internet banking, mobile banking, cash management and NEFTs. Telephone banking has the least influence to the customers.

3. To find out the most effective value added services that influence the satisfaction of the customers.

Table 3: find out most effective value added services

Value Added Services	Rank	Frequency
ATM service	1	836
Internet Banking service	2	300
Telephone Banking service	3	288
Debit and Credit card services	4	234
Mobile Banking Services	5	170
National Electronic Fund Transfer (NEFT)	6	144
Phone Banking service	7	140
Locker facilities services	8	138
Free advisory service	9	108
Real time gross settlements	10	84
Cash management services	11	84

Interpretation: The table indicates that ATM services have the highest frequency i.e. 836 which means most of the respondents are using ATM services in comparison of other followed by internet banking (300) and further followed by telephone banking (288), debit & credit card services (234), mobile banking (170), NEFTs (144), phone banking (140), locker facilities

services (138), free advisory services (108) and real time gross settlement (84) respectively. Cash management (84) has the least frequency which means this service is used by least number of respondents.

Findings of the Study

The findings of this study were based only on descriptive, lower-level statistics. This study recommends the following results:

- The majority of the male is more than the female regarding the value added services.
- The majority of married respondents are more than the unmarried respondents.
- 55% of the respondents belongs to a rural area.
- Most respondents are usages the bank account between 1-5 years.
- Sometimes the customers are satisfied with the value added services and sometimes not.
- Debit & Credit card services are the most influencing factor that derived the satisfaction of the customer towards value added services.
- Most of the respondents prefer ATM services rather than others.
- Average mean of influencing factors shows neutral.

Conclusion

The aim of this study is customer satisfaction towards value added services in various private and public sectors banks in Haryana state. From the study, it can be concluded that customers are neither satisfied nor dissatisfied towards value added services. Value added services play an effective role in contributing to the economic development of the country. In the modern era, today's most of using value-added services are ATM, Internet banking, Telephone banking and Debit & credit card services. In this report to study the demographic background of value added services in four districts of Haryana state. The primary objective of the study is to know the various value-added services provided by the various banks in Haryana. Various value added services are ATM, Internet banking, Telephone banking, debit & credit card services provided by various public sector banks and various private sector banks. The second objective of the study is to measure the level of satisfaction derived from the customers on value added services. The customers are neither satisfied nor dissatisfied towards value added services. The third objective of the study is to assess the factors that influence the satisfaction of customers. Debit & credit card service factor is the most influence the customers towards value added services. The fourth

objective is to find out the most effective value added services that influence the satisfaction of the customers. The most effective value added services is ATM which influence the satisfaction of the customers.

REFERENCES

1. C.S, Ravi & Basavaraj, K. (2013). Customer's preference and satisfaction towards banking services with special references to Shivamogga District in Karnataka. *Trans-Asian Journal of Marketing & Management Research*, 28-38, 2(1).
2. Gilaninia, S., Alipour, H. & Mousavian, J.S. (2012). Explanation new channels of services distribution in the banking industry. *Journal of Basic and Applied Scientific Research*, 2901-2908, 5(4).
3. Goel, M. (2013). The impact of technology on the banking sector. *International journal Of Scientific Research* , 380-383, 2(5).
4. Khanna, R. & Kumar, S. (2015). An Empirical Study of Factors Influencing the Adoption of Value Added Service in Banking Sector in the State of Haryana. *PARIPEX – Indian Journal of Research*, 334-337, 4(8).
5. Mahalakshmi V. & M. G. Saravananaraj & Umarani T. S. (2013). Customer's perception of value added services rendered by banks. *African Journal of Business Management*, 2845-2851, 7(9).
6. Mahalakshmi, V. & Kanchana, P. (2015). Customer Expectations towards the Services Offered by Banking Sectors in Tamil Nadu. *Asian Research Journal of Business Management*, 40-51, 3(1).
7. Malik, S. (2014). Technology innovation in Indian banking sector: changing face of banking. *International Journal of Advance Research in Computer Science and Management Studies*, 122-128, 2(6).
8. Mohammed, S. (2013). Factors Affecting Internet Banking Usage in India: An Empirical Analysis. *Business Administration and Business Economics*, 5-15, 9(5).
9. Momeni, M. & Kheiry, B. & Dashtipour, M. (2013). Analysis the effects of Electronic Banking on Customer Satisfaction and Loyalty. *Interdisciplinary Journal of Contemporary Research in Business*, 230-241, 4(12).

10. Mouakket, S. (2009). Investigating the Factors Influencing Customers' Adoption of Online Banking in the United Arab Emirates. *Journal of International Technology and Information Management*, 361-384, 18(3).
11. Kumar, R. & A. Rajesh. (2014). Awareness and adoption of value-added services offered by the banks in Coimbatore district. *International Journal of Commerce and Business Management*, 338-342, 7(2).
12. Rani, I. (2015). A study of the impact of information technology in Indian banking industry. *Abhinav National Monthly Refereed Journal of Research in Commerce & Management*, 23-30., 4(6).
13. Sayed, N.S. & Sayed, G. (2015) Indian banking sector: Measurement and analysis of market value added an empirical study in selected banks. *Great Lakes Herald*, 19-34, 9(1).
14. Shankar, A. & Kumar, P. (2016). Factors Affecting Mobile Banking Adoption Behavior in India. *Journal of Internet Banking and Commerce*, 1-24, 21(1).
15. Subramaniam, S., Waiker, V. & Wankhede, M. M. (2015). Study the effects of age on adoption level of IT-enabled value added services in public and private sector bank. *Asian Journal of management research*, 481-486, 5(4).
16. Suvittawat, A. (2015). Commercial Bank Service Quality: Chonburi Province, Thailand. *International Journal of Management Sciences and Business Research*, 13-17, 4(2).
17. Thinakaran, S. & Vijayakumar, R. (2012). The satisfaction derived from the customers on the services offered by the foreign sector banks in Coimbatore district. *Bonfring International Journal of Industrial Engineering and Management Science*, 12-20, 2(3).
18. Thyagarajan, M. (2009). Customer's perception towards customer services with value-added services in private sector banks in Coimbatore city. *Journal of Contemporary Research in Management*, 69-81.
19. Harshad & P. Pithadia. (2013). Emerging trends in customer satisfaction of value added services in selected banks at Mehsana district of Gujarat. *International Monthly Refereed Journal of Research In Management & Technology*, 9-16, 2.