

Customers' Awareness on Various Services offered by Old and New Generation Private Sector Banks in Coimbatore District

Ms. M. Yamunadevi* & Dr. M. Chithirai Selvan**

*Research Scholar, PG and Research Department of Commerce, Nallamuthu Gounder Mahalingam College, Pollachi, Tamilnadu

** Assistant Professor, PG and Research Department of Commerce, Nallamuthu Gounder Mahalingam College, Pollachi, Tamilnadu

Abstract:

This research paper aims to identify the customers' extent of awareness and the variables associated with their level of awareness on various services offered by both the old and new generation private sector banks in Coimbatore District. The data used in the study are primary in nature which has been collected through issue of structured questionnaire. A sample of 720 customers from sixteen banks, comprising of six old and ten new private sector banks, has been selected through stratified random sampling method. Simple percentage analysis and chi-square test are applied to analyze the data. The study observes that majority of the customers have moderate level of awareness and the variables like marital status, area of residence, age, educational qualification, occupation, type of family, number of earning members in the family, monthly income, family income per month, family savings per month, period of account holding in the bank, frequency of visit to the bank, amount of transaction done per month and loan availed from the bank are found to be associated with the customers' level of awareness on various services offered by both the old and new generation private sector banks.

Keywords: Customers' awareness – Services offered by private sector banks

Introduction:

A strongest banking industry is vital in every country and it is having a significant influence in the economic development through the efficient financial services. The government of India, after the independence focused on many areas among which one of the important tasks was economic development of the country. In this context, the industrial policy resolution, 1948 mainly focused on mixed economy which played an active role in the development of different sectors including banking and financial industry. A major step in this direction was nationalization of banks in the year 1948. The banking regulation act was enacted which empowered the Reserve Bank of India to regulate the control and inspect the banks in India. The Government of India nationalized private sector banks in 1969 and later in 1980 in order to have better control over this sector, the Government of India controlled around 91 per cent of the banking business in India. In the era of Liberalization, Privatization and Globalization (LPG) banks are playing a dynamic role in contributing to the economic development of the country. Reserve Bank of India (RBI), the head of all banks in India, also recommended the banks in India to offer excellent customized service and to enhance the satisfaction level of the customers. As a result, all the banks in India introduce a new technology in the banking services and it helps to introduce various unconventional products and services in the banking industry.

In India, the banks are mainly split into two groups by the financial regulations in India namely old private sector banks and new private sector banks. The banks, which were not nationalized at the time of bank nationalization that took place during 1969 and 1980, are known as the old private sector banks. The banks, which came in operation after 1991, with the introduction of economic reforms and financial sector reforms are called as new private sector banks. Banking regulation act was then amended in 1993, which permitted the entry of new private sector banks in

the Indian banking sector. As of now, there are 21 old and new private sector banks are operating India and they are always trying to initiate new innovative products and services and make the industries to achieve expertise in their respective fields by offering quality of services and guidance.

Review of Literature:

Caroleena Janefer and Abubakkar Siddiq (2017) observe that customer awareness about consumer rights is identical in private and public sector banks and they have adequate knowledge with regard to the details of deposits and loans in their banks. Ashfaq Ahmad and Rubina Bashir (2014) find that there exists a strong positive association between customers' level of awareness level and customers' service utilization decision. Mahesh Bendigeri and Varsha Hulgur (2014) observe that there is no significant difference in the level of awareness of Internet banking services among the customers of private and public sector banks. Also, they disclose that education is the major determinant of customers' awareness level on various internet banking services. Amit P. Wadhe and Shamrao Ghodke (2013) reveal that customers are familiar about various online banking transactions and the major advantages of using online banking are 'Anywhere anytime banking'. Nagarajan et al. (2013) disclose that gender and occupation are found to have highly significant difference with awareness on various banking services offered by the State Bank of India. Selvaraj (2011) finds that majority of the rural customers' are less aware about the various services provided by their banks.

Statement of the Problem:

Banks are the most crucial service sector in the economy. Advancement in the technology has resulted in innovation of alternative banking channels. This has changed the attitude of customers in dealing with the banking products and services. Among the public and private sector banks, the private sector banks are playing significant role in nation's economy as they are performing well in technology level. They introduced new techniques in the banking systems to attract customers in such a way that they can choose an easy way to process all the transactions with the bank. Also, the private sector banks are often initiating new products and services in a customized way for the benefit of the customers and to achieve greater profits. But the problem persists with all these changes are that most of the customers are not aware of many of the innovative products and services offered by the banks in India. This raises the questions like: What is their level of awareness on various services offered by the private sector banks? What are the variables associated with their level of awareness?

Objectives of the Study:

In order to seek answers to the questions raised above, the following objectives have been framed in the present study.

1. To know the customers' level of awareness on various services offered by both the old and new generation private sector banks
2. To ascertain the variables associated with the customers' level of awareness on various services offered by the banks

Research Methodology:

The present study is mainly based on primary data which have been collected from the customers of old and new private sector banks in the Coimbatore district through issue of structured questionnaires. The questionnaire contains questions relating to the personal profile of customers, their occupational details and level of awareness on various services offered by the private sector banks in the District. The study consists of 720 samples which have been collected from 45 customers each from the sixteen private sector banks in the district using stratified random sampling method. The data gathered from the customers have been analyzed using simple percentage and chi-square test.

Results of the Study:

The findings of the study is divided into three broad sections namely, the socio-economic profile of the sample customers, their details of account holding in the bank and customers' level of awareness and variables associated with their awareness on various services offered by both the old and new generation private sector banks.

(i) Socio-economic Profile:

- Most of 329 (45.69%) sample customers are from rural area
- Majority of the customers, 352 (50.28%) are female
- Majority of the customers, 404 (56.11%) belong to between 26 and 40 years age group
- Majority of customers, 504 (70.00%) are married
- Most of 276 (38.33%) customers are under-graduates
- Majority of the customers i.e. 364 (50.55%) are private sector employees
- Majority of 381 (52.92%) customers belong to nuclear family
- Majority of the customers i.e. 529 (73.47%) are members in their family
- Most of 272 (37.78%) customers have above four members in their family
- Most of the customers i.e. 289 (40.14%) have two earning members in their family
- Most of 306 (42.50%) customers' earnings per month is between Rs.10,001 and Rs.25,000
- Most of 282 (39.17%) customers' family income lies between Rs.25,001 and Rs.50,000
- Most of 296 (41.11%) customers' family savings per month is up to Rs.5,000

(ii) Details of Account Holding:

- Majority of 716 (99.44%) customers are holding their account in the banks locating at town area
- Majority of the customers i.e. 467 (64.86%) are holding their account up to five years
- Majority of 515 (71.53%) customers are often visiting their banks
- Most of 324 (45.00%) customers are transacting up to Rs.5,000 per month in their banks
- Majority of the customers, 411 (57.08%) are not availed any loan from their banks
- Majority of the sample customers i.e. 450 (62.50%) are from the old generation private sector banks since it has the more number of branches in the district

(iii) Customers' Awareness on Various Services Offered by both the Private Sector Banks:

This segment deals with the computation of customers' level of awareness and variables considered for measuring their level of awareness on various services offered by both the old and new generation private sector banks based on Chi-square test.

a) Level of Awareness: Customers' awareness on various faculties offered by both the old and new generation private sector banks has been measured by giving scores to awareness related questions. Twenty-four such questions are included in the questionnaire. Answers to the questions have been rated on three-point scale. Thus, the maximum score a customer would get is 72. Score obtained by each customer is divided by 72 and multiplied by 100 to convert it into an index. This index is termed as 'awareness index'. Based on the awareness index, the customers are divided into three groups as customers with low, medium and high level awareness. In order to classify the customers into three such groups, qualities have been made use of. Accordingly, the customers with awareness index ranging up to 46.66 are termed as customers with low level of awareness; those with awareness index between 46.67 and 68.37 are termed as customers with medium level awareness and those customers with awareness index above 68.37 are termed as customers with high level of awareness. Of the 720 customers, 107 (14.86%) have low level of awareness; 504 (70.00%) have medium level of awareness and the remaining 109 (15.14%) have high level of awareness.

b) Variables Considered for Level of Awareness: Nineteen variables namely area of residence, gender, age, marital status, educational qualification, occupation, type of family, status in the family, total number of members in the family, number of earning members in the family, monthly income, family income per month, family savings per month, location of bank, period of account holding in the bank, frequency of visit to the bank, amount of transactions done per month, loan availed from the bank and type of account holding in the bank have been selected in order to test whether there really exists any association between each of the variables and level of awareness. Chi-square test has been applied to test the association between each of the variables and level of awareness. Levels of significance chose are one and five per cent.

c) Select Variables and Level of Awareness on Various Services Offered:

To examine the association between the select variables and customers' level of awareness on various services offered by both the old and new generation private sector banks in the Coimbatore District, the Chi-square test has been employed.

Ho: There exists no association between the select variables and customers' level of awareness on various services offered by both the private sector banks

Table 1

Select Variables and Level of Awareness on Various Services Offered – Chi-Square Test

Variables Considered	d.f	Calculated χ^2 Value	Table Value		Remarks
			5%	1%	
Area of residence	4	13.813**	9.488	13.277	Significant
Gender	2	3.371	5.991	9.210	Not Significant
Age	4	29.124**	9.488	13.277	Significant
Marital status	2	7.601*	5.991	9.210	Significant
Educational qualification	12	89.601**	21.026	26.217	Significant
Occupation	12	47.715**	21.026	26.217	Significant
Type of family	2	10.657**	5.991	9.210	Significant
Status in the family	2	0.148	5.991	9.210	Not Significant
Number of members in the family	4	4.886	9.488	13.277	Not Significant
No. of earning members in the family	4	26.628**	9.488	13.277	Significant
Monthly income	6	51.648**	12.592	16.812	Significant
Family income per month	6	38.107**	12.592	16.812	Significant
Family savings per month	8	22.712**	15.507	20.090	Significant
Location of bank	2	0.870	5.991	9.210	Not Significant
Period of account holding in the bank	4	15.806**	9.488	13.277	Significant
Frequency of visit to the bank	4	9.981*	9.488	13.277	Significant
Amount of transactions done per month	8	67.776**	15.507	20.090	Significant
Loan availed from the bank	2	11.080**	5.991	9.210	Significant
Type of account holding in the bank	2	4.627	5.991	9.210	Not Significant

* Significant at five per cent level

** Significant at one per cent level

Out of the total nineteen variables selected for testing, fourteen variables are found to be associated with the level awareness on various services offered by both the old and new generation private sector banks. Of which, marital status and frequency of visit to the bank are found to have significant association at five per cent level whereas the variables like area of residence, age, educational qualification, occupation, type of family, number of earning members in the family, monthly income, family income per month, family savings per month, period of account holding in the bank, amount of transaction done per month and loan availed from the bank are found to have highly significant association at one per cent level with the customers' level of awareness on various services offered by both the private sector banks.

Conclusion:

The present study is mainly focused to identify the customers' level of awareness and variables associated with their awareness on various services offered by both the old and new generation private sector banks in the Coimbatore district. From the study, it is observed that majority of the customers have moderate level of awareness on various services offered and the customers who are agriculturist; aged below 25 years; educated up to primary standard; having less number of earning members, monthly income, family income per month and savings per month; less period of account holding in the bank and fewer transactions done with the bankers category are found with low level of awareness on various services offered by both the private sector banks. Further, the customers' level awareness is identified as low with regard to private banking, priority banking, foreign currency exchange, etc. services offered by the private sector banks in the district. Hence, the Government and especially the banking regulatory authority should concentrate on these issues and devise new strategies to augment the customers' level of awareness on the various services offered by both the old and new private sector banks in the Coimbatore region.

References:

1. Amit P. Wadhe and Shamrao Ghodke (2013), "To Study Consumer Awareness and Perception towards usage of Mobile Banking", *IBMRD's Journal of Management and Research*, Vol. No. 2(1), pp.110-123
2. Ashfaq Ahmad and Rubina Bashir (2010), "An investigation of customers Awareness level and Customers' Service Utilization Decision in Islamic Banking", *Pakistan Economic and Social Review*, Vol. No.52(1), pp.59-74
3. Caroleena Janefer and Abubakkar Siddiq (2017), "A Study on Customer Awareness towards Banking Service with reference to Deposit and Loan in Mangaluru City", *International Journal on Recent and Innovation Trends in Computing and Communication*, Vol. No. 5 (7), pp.520-522
4. Mahesh Bendigeri and Varsha Hulgur (2014), "Awareness and Knowledge of Internet Banking Services among the Customers of Private and Public Sector Banks in Hubli City", *Asian Journal Research in Banking and Finance*, Vol. No. 4(8), pp.222-236
5. Nagarajan, G., Asif Ali, A., Sathyanarayanan, N. and S. Gowhar Jan (2013), "A Study on Customer Awareness towards Loan Products and Services in Bangalore with Special Reference to State Bank of India", *Asia Pacific Journal of Research*, Vol. No.3(10), pp.1-16
6. Selvaraj (2011), "A Study on Customers' Awareness and Level of Satisfaction with Special Reference to SBI of Erode District of Tamil Nadu", *JMIJMM*, Vol. No.1(2), pp.1-7