

# A Study on It Enabled Banking Services in The Barpeta District of Assam

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## Abstract

In the modern era of technology, application of information technology (IT) has become a mandatory part of our daily life. The banking industry is no exception. There has been introduction of IT in providing banking services to the customers which have encountered both praise and criticism from various stakeholders. Hence a study on how customers have adopted the IT enabled banking services and their satisfaction level towards using them was felt necessary. An analysis is also made in order to validate whether age and education level of customers have any effect on use of IT enabled banking services. The study is based on primary data and the data so collected has been analysed with the help of bar diagrams, correlation tools and Likert scale.

**Keywords:** Information technology, banking services, use level, satisfaction

## Introduction:

The Indian banking industry has been passing through a phase of customer oriented market practices. Customers are full with high demands and the traditional services of banks are no longer the sole necessity of these customers. They need better services in the form of Information Technology (IT) enabled services. Customers are demanding for personalised products, services and access to such products and services at any time and any place. The mass use of internet services has also contributed towards increase in demand for IT enabled banking services up to a certain extent. Online banking services are becoming an attractive alternative to traditional banking process for the customers. The evolution in the information technology has also brought about sweeping changes in the banking industry. It has compelled the banks to re-design many of their basic processes and systems. Some of the examples of IT-enabled banking products and services are Automated-teller-machine (ATM), Electronic Fund Transfer (EFT), Electronic Clearing services (ECS), Mobile-banking, Internet Banking, UPI based payment system, etc. As correctly said by Dr. Rangarajan, the former Deputy Governor of Reserve Bank of India (RBI), "Indian banks have to conform to international accounting standards, if Indian banks are to get their due place and recognition in the global financial market." These new generation tools can be used

effectively to create more value to the banking services and to manage the customer relation in a better manner.

However, the Indian banking industry is currently facing extraordinary competition from non-banking institutions providing similar services who are more concentrated in providing services through internet. The deregulation of the banking industry along with the emergence of new technologies have created many challenges for the traditional banking system. In order to survive in this electronic era, the traditional banking system have shifted to use of innovative tools and mass use of electronic services. In traditional system the parties to the transactions i.e. banker and bank customers were communicating personally. But now impersonal communication has entered the banking system through internet banking, m-banking, e- banking, etc. However mere installation of upgraded technology will not serve the purpose until the customers get the best out of it. The efficiency of banking services can be intended only from the level of satisfaction the customers are getting out of it. Hence a need to study the level of satisfaction of bank customers towards IT enabled banking services was felt necessary on the part of the researcher.

### **Literature Review:**

An analysis of new forms of banking technology has been made by Beckett, Hewer and Howcroft (2000) where they have stated that the emerging services in banking industry had created a very high competitive environment in the banking industry and banking service providers are bound to adopt such technologies in order to survive in the market.

Joseph et al. (2003) observed that the installation of customer friendly technology as a means of delivering modern day banking services has become essential and commonplace in recent years. In order to cope with the challenges created by modern day online banking services, traditional banking system are now using modern technology to meet the competitive market challenges which have also resulted into reduction of operating cost for the banks.

Pyun et al. (2002) in their study has stated that along with other service providers, banking service providers have also quickly adopted to the modern technological solutions in order to control cost, creating new customer base and meet the technological innovative needs of their existing customers.

Rahman (2007) has found that there is a positive correlation between implementation of information technology and level of service provided. The service delivery process of banks have improved due to introduction of the IT enabled services. It has also been found that with increasing use of technology, the banks are also improving their competitive position in the market by widening their geographical reach.

Das (2010) has analysed how an increase or uplifting of technology involvement may result into building an inclusive financial system in India. He has suggested that for more involvement of technology in providing financial services to rural people in India, an increase of infrastructural facilities and awareness is necessary.

### **Objectives**

The study has been conducted with the following objectives:

- 1) To study the level of use of IT enabled banking services by customers in the study area.
- 2) To analyse the relationship between age, educational qualification of the customers and use of IT enabled banking services by them.
- 3) To determine the extent of customers' satisfaction with the quality of IT enabled banking services in the study area.

### **Research Methodology:**

The present study is descriptive in nature and it is based on primary data collected through a structured questionnaire. The sample unit for the study is customer of banks situated in the Barnagar Revenue Circle under Barpeta District of Assam. 250 samples were being selected by using convenience sampling method.

A bank customer evaluates the banking services depending upon various quality of the services. All of these factors are having different level of importance. Although all the factors are important, a few factors are more important in terms of assessing quality of banking services. For the purpose of the current study, in order to determine the satisfaction level of banking services, five related aspects of these services has been taken into consideration for evaluating customers' satisfaction level towards the IT-enabled banking services:

- a) Tangibility
- b) Reliability
- c) Responsiveness
- d) Assurance
- e) Empathy

In order to measure the satisfaction level of customers toward various IT-enabled services provided by banks, a 5-point Likert scale has been utilised with the following responses:

- 1) Highly satisfied

- 2) Satisfied
- 3) Neither satisfied nor dissatisfied
- 4) Dissatisfied
- 5) Highly dissatisfied

**Analysis and Discussion:**

An analysis of the level of use of IT enabled banking services was made and the results are as follows:

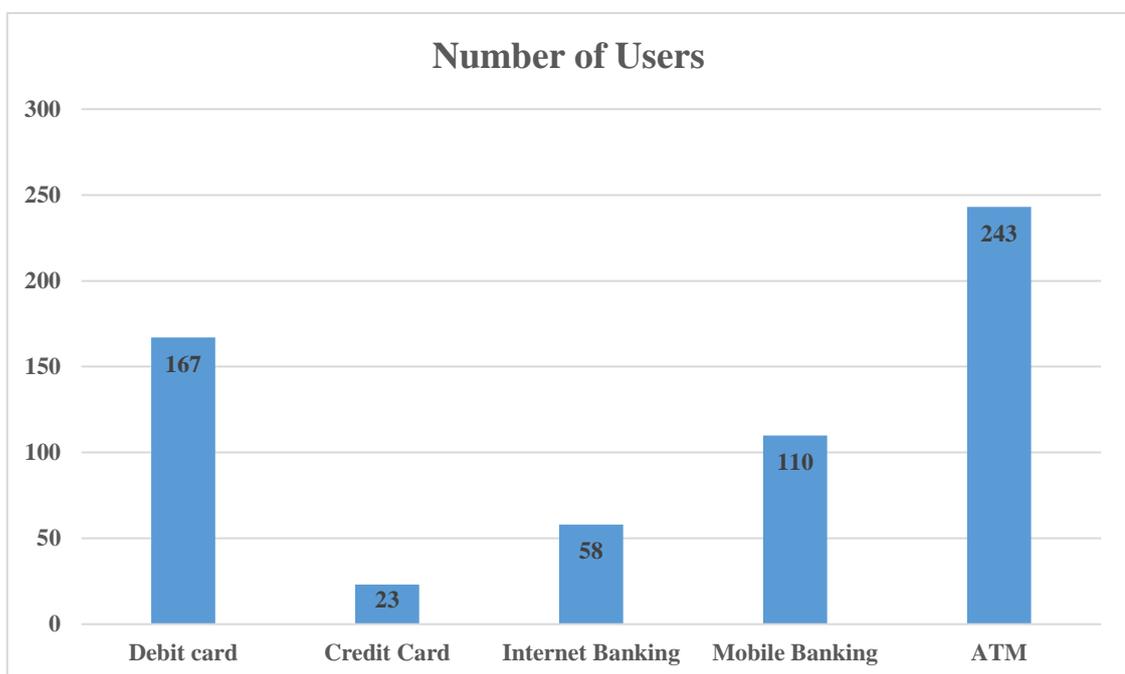


Fig. Number of Users of various banking services

From the above table it can be easily observed that although multiple number of IT-enabled services have been provided by the banks, most of the customers have restricted themselves into the use of ATM only instead of other cashless transaction services. Debit card has been used by almost 67% of the sample customers on the contrary to the fact that credit card services have not been adopted by most of them. Although mobile banking services have received positive responses from 44% of the sample customers, internet banking have not been a favourable mode for them.

A correlation analysis has been conducted to establish a relationship between

- a) Age of customer and their use of IT enabled banking services.
- b) Educational qualification of customers and their use of IT enabled banking services.

The summary of the correlation analysis has been provided below:

<b>Correlations</b>				
		<b>Use of IT enabled banking services</b>	<b>Age</b>	<b>Education Level</b>
<b>Use of IT enabled banking services</b>	<b>Pearson Correlation</b>	<b>1</b>	<b>-.333**</b>	<b>.291**</b>
	<b>Sig. (2-tailed)</b>		<b>.000</b>	<b>.000</b>
	<b>N</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Age</b>	<b>Pearson Correlation</b>	<b>-.333**</b>	<b>1</b>	<b>-.024</b>
	<b>Sig. (2-tailed)</b>	<b>.000</b>		<b>.700</b>
	<b>N</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Education Level</b>	<b>Pearson Correlation</b>	<b>.291**</b>	<b>-.024</b>	<b>1</b>
	<b>Sig. (2-tailed)</b>	<b>.000</b>	<b>.700</b>	
	<b>N</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>**.</b> Correlation is significant at the 0.01 level (2-tailed).				

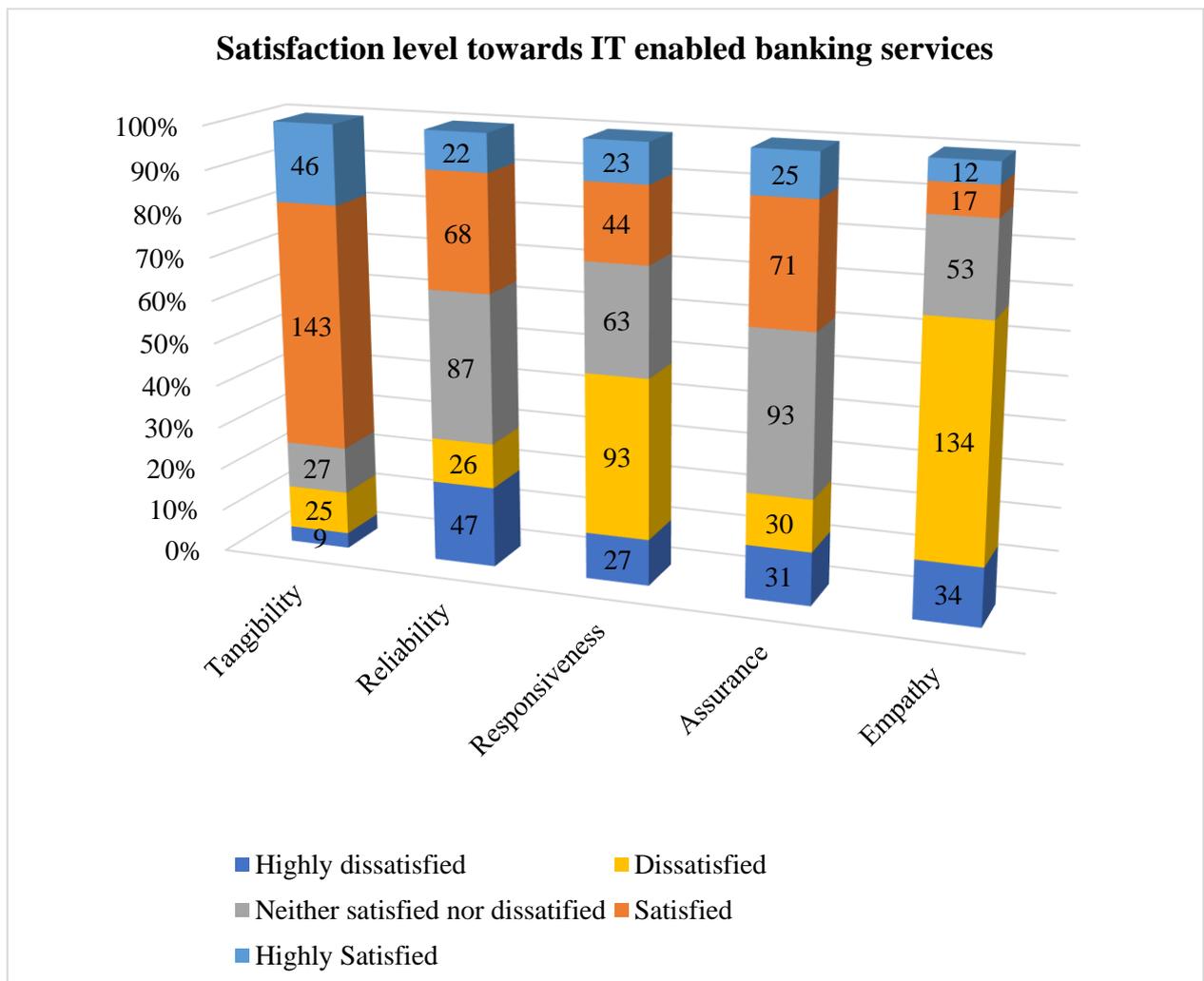
From the above correlation analysis it can be observed that age is having a significant but negative correlation with the use of IT enabled banking services i.e. an aged person is most likely to make less use of the IT enabled banking services as compared to a young person. Due to the involvement of technical process in using these services, an aged person is not comfortable with using of such services and on the contrary, due to the efficiency of young people and ease of handling the services, the younger generation prefer using modern IT enabled services instead of the manual traditional one.

Similarly there is significant positive correlation between education level of customers and using of IT enabled banking services by them. It implies that with higher level of education, customers are more likely to be more comfortable in using IT enabled banking services. So there is a significant impact of level of education on the use of IT enabled banking services by customers.

For the purpose of the current study, in order to determine the satisfaction level of customers towards the IT enabled banking services, five related aspects of these services have been taken into consideration:

- a) Tangibility: It refers to the appeal that the services create in the minds of the customers with the help of various facilities, equipment, material and even the person delivering such services.
- b) Reliability: It is the level of consistency with which the banks operate in order to deliver quality services and create a sense of dependability among customers.
- c) Responsiveness: In traditional banking, responsiveness is the readiness of the employees towards delivering quality services to the customers. But in modern days, responsiveness will mean ease of access to the banking services at any time, any place.
- d) Assurance: It is the ability of the services to convey trust and confidence among its users.
- e) Empathy: It refers to providing personalised attention to customers while the services are being delivered.

A 5 point Likert scale has been used to measure the satisfaction level of customers based on the above mentioned 5 aspects of the IT enabled banking services. The results are as follows:



**Fig. Satisfaction level towards IT enabled banking services**

From the above diagram it can be observed that most of the customers are satisfied with the tangibility aspect of the IT enabled banking services, but they are dissatisfied with the empathy aspect. Hence the banks should try to provide a personal touch in case of providing IT enabled services also instead of relying on IT for serving with empathy. Dissatisfaction in responsiveness is basically due to the problems in internet connections of customers as well as the server issues in banks. Hence an effort should be made by the banks to at least improve the performance of their own servers. In case of reliability and assurance aspects, similar responses have been received from customers as majority of them are not satisfied with it. The banks have not been able to ensure a sense of secureness among the customers towards IT enabled banking services. Frequent news of bank frauds and scams have created a sense of fear among majority of the customers to open themselves up towards the IT enabled services. Hence an environment needs to be created by the banks to ensure the safety of the customers to enable them to use IT enabled banking services without any hesitation in mind.

### **Conclusion:**

Banks, being the intermediary between the savers and borrowers, play an important role in efficient running of the economy of the country. With changing trends in financial markets, banking industry has also adopted multiple transformation in their service provisions. Use of information technology has enabled the banking industry to provide better quality of services with greater speed. But with these advantages, the industry has also faced many challenges to accommodate Information technology into the traditional banking services. However, in order to compete in the current market conditions, it was necessary on the part of the banks to adopt these services. The current study has made an attempt to analyse the level of use of these services among the customers in the study area. Along with it, an analysis was made to detect whether the use of these services are being affected by age and education level of the customers or not. The satisfaction level of the customers have also been studied and the results have been represented diagrammatically. To conclude, it can be said that adoption of Information technology in providing banking service has been a successful attempt on the part of the banking industry. There is always scope of improvement in future with better infrastructural facilities; more secured way of conducting online transactions; creating awareness among customers, especially the aged one, regarding the process of using these services and with a better personal touch of banks in providing these services to create a sense of empathy among the customers towards the IT enabled banking services.

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