

The influence of core banking system in Punjab national bank: A study of customers feed back in Mysuru City

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Abstract

Core Banking System has been predominantly popular among the customers. The banking services are offered in its simplest and useful form to reach the common man everywhere. Even uneducated customers today whole heartedly without any hesitation make use of banks predominant Core Banking Services. Banks also aim at biometric identification of customers for security and hassle free identification of customers for various banking services. The present study aims at finding out the opinion of the customers regarding the Core Banking System and to ascertain and evaluate the customer satisfaction through the various services utilized by them quite often.

Keywords: CBS, PNB customer services, influence, effectiveness, benefits

1. Introduction

Core Banking System (CBS) is one of the recent developments in the field of banking and it has proved to be very useful. Centralized Online Real-time Environment (CORE) banking enables anywhere banking. Bank's customers can operate their accounts from any branch of the bank. The present scenario in banking industry is once a customer opens the account he/she becomes the customer of the bank but not the branch alone. Core Banking System provides for online banking services everywhere to fulfill the needs of the customers. Previously all the operations such as keeping a ledger of various transactions, maintaining customer information, interest calculations of loans and deposits etc were done manually. With the advent of Information and Communication Technology (ICT) all the above core operations are done through the computers. CBS has been effective in bringing about a radical change in the field of banking.

CBS from the customer's perspective simplify their banking operations by allowing them to conduct common frequently used banking transactions without visiting bank's branches, thus saving a lot of time. On the other hand banks have improved upon their operational efficiency after the introduction of CBS. Core Banking System provides for online banking, Mobile banking and ATM services on 24/7 basis to customers so that a customer need not visit a bank for his banking needs.

2. Review of literature

Ashvini Kumar Sharma (2007) ^[3]: In his paper "The World after Core Banking" he discussed revolutionary technological changes which have changed the life style and living standards of human beings and started a new era. Core Banking enables Any-where Banking. Here bank customers can operate their accounts from any branch of the bank. Core Banking offers great advantages to all customers, the employees, management and shareholders. The major advantage of Core Banking is Any-where Banking, where customers are empowered for any

time banks and self service through alternative channels like ATM's and Internet Banking.

Vijay M Kumbhar (2011) ^[5], in his paper "Alternative Banking a modern practice in India" looked at the modern practices of the Banking Industry such as IT, computerization, electronic banking and online banking. Customers now access e-banking service through ATMs, debit cards, credit cards, net banking, home banking, mobile banking etc, 'Core Banking' is term used to describe a service provided by a group of bank branches that are linked and network. Now Indian Banks are trying to move towards univerlisation of banking products and service to One-step Banking shop for customer satisfaction.

Anurag B Singh, Priyanka Tandon (2012) ^[2], in their article "A study of financial performance: A comparative analysis of SBI and ICICI Bank" analysed operational efficiency and trustworthiness of banks from the view point of customers. The banking industry in India plays a vital role in the economic development of the nation an efficient banking system is needed for the growth of an economy. Hence banks mobilize the savings of people into productive sectors. Finally, on the basis of the study the conclusion drawn is bank customers have more trust on Public Sector Banks as compared to Private Sector Banks.

Deepti Kanojia, DR Yadav (2012) ^[4], in their article "Customer satisfaction in commercial banks A case study of Punjab National Bank" Measured the customer satisfaction in commercial banks. Their article suggests that though the services provided by all the banks are the same working well within time is the major factor handling the customers with prompt service and building the high level of confidence keeping the above factors in mind it is more necessary to improvise operational efficiency of commercial banks.

Alagarswamy: S Wilson (2013) ^[1], in their paper "A study on customer behaviour towards banking services with special reference to Public Sector in Sivagangai District" analyse the recent banking technology and its effects on customer satisfaction about banking service and problems faced by the

customer with the banking transactions.

3. Objectives of the study

The objectives of the study are as follows

1. To understand the influence of Core Banking System in Punjab National Bank, Mysuru.
2. To know the influence of Core Banking System on Bankers and Customers of Punjab National Bank.
3. To analyze the Customer Services prevailing in Punjab National Bank in Mysuru city.
4. To measure the benefits from Core Banking System to Punjab National Bank customers.

4. Scope of study

The present study was focused on Core Banking System of Punjab National Bank in Mysuru city. It covers the Core Banking system meaning, features, its impact on customer progress, influence and benefits to customers in this era. In the study 190 respondents were considered across the Mysuru city using Simple Random Sampling Technique.

5. Hypotheses of the study

The hypotheses of the present study are

1. **H₀**: Core Banking System has no significant difference between other banking services.
H₁: Core Banking System has significant difference between other banking services.
2. **H₀**: Core Banking System has no effect on Punjab National Bank customers.
H₁: Core Banking System has strong effect on the Punjab National Bank customers.

6. Research methodology

The present study was based on both primary and secondary data. The primary data was collected by framing a structured questionnaire. The structured questionnaire on CBS was prepared personally and handed over to the respondents by the researcher to collect primary data. In all 190 questionnaire were circulated and the response from the customers is tabulated to bring out the article. The respondents were randomly selected and it about 190 in numbers. The secondary data were collected from internet, books, journals, research articles news papers, bank web sites etc.

7. Sample Design

The present study was focused on Core Banking System of Punjab National Bank branches across Mysuru city. For the study, the respondents are selected randomly using Simple random sampling technique.

8. Statistical Tools and techniques:

The present study used the following Statistical Techniques for testing the hypotheses

1. X² test
2. Frequency distribution
3. Tables
4. Charts
5. Arithmetic Mean were used.

The following table indicates the personal demography of the respondents. The respondents can be divided on the basis of Gender, Age, Educational qualification, Monthly income and Occupation and Marital status.

Table 1: Gender of the Respondents

Gender	No. of respondents	Percentage
Male	110	57.89
Female	80	42.11
Total	190	100.00

Source: Primary data

Out of 190 respondents on the basis of gender 57.89% were male and 42.11% were female. It clearly indicates that majority of the respondents were male.

Table 2: Age of Respondents

Age	No. of respondents	Percentage
Below 30	74	38.95
30-45	87	45.79
45 and above	29	15.26
Total	190	100.00

Source: Primary data

Out of 190 respondents 38.95% were in the age group of below 30, 45.79% were under 30-45 and 15.26% were above 45. It clearly indicates majority of the respondents were in the age group of 30-45.

Table 3: Educational Qualification of the respondents

Educational qualification	No. of respondents	Percentage
SSLC to PUC	24	12.63
Graduate	81	42.63
Post Graduate	67	35.26
Professional courses	18	9.48
Total	190	100.00

Source: Primary data

Out of 190 respondents 12.63% were in the educational qualification of SSLC to PUC, 42.63% were graduates and 35.26% were post graduates and 9.48% were professional course holders. It clearly indicates that the majority of the respondents were Graduates.

Table 4: Monthly income of the respondents

Monthly Income	No. of respondents	Percentage
Below 5000	11	5.79
5000-10000	29	15.26
10000-15000	39	20.53
15000-20000	59	31.06
Above 20000	52	27.36
Total	190	100.00

Source: Primary data

Out of 190 respondents 5.79% were below Rs.5000 monthly income, 15.26% were between Rs.5000 to 10000, 20.53% were Rs.10000 to 15000 and 31.06% were Rs.15000 to 20000 and 27.36% were above Rs.20000. It clearly indicates that the majority of the respondents were in the monthly income between Rs.15000-20000.

Table 5: Occupation of the respondents

Occupation	No. of respondents	Percentage
Government Employee	27	14.21
Private Employee	62	32.64
Business	34	17.89
Service and others	67	35.26
Total	190	100

Source: Primary data

Out of 190 respondents 14.21% were government employees, 32.64% were private employees, 17.89% were from business and 35.26% were from service and other sectors. This clearly shows that majority of the respondents were from service and other sectors.

Table 6: Marital status of the Respondents

Marital Status	No. of respondents	Percentage
Married	135	71.06
Unmarried	55	28.94
Total	190	100.00

Source: Primary data

Out of 190 respondents 71.06% were married, 28.94% were from unmarried. This shows that majority of the respondents were from married section.

Table 7: Awareness of PNB Core Banking System, Mysuru Branch

Awareness	No. of respondents	Percentage
Yes	190	100.00
No	0	0.00
	190	100.00

Source: Primary data

All the respondents were aware of Core Banking System of Punjab National Bank in Mysuru City.

Table 8: Satisfaction of Core Banking System in PNB

Particulars	No. of respondents	Percentage
Strongly agree	96	50.53
Agree	82	43.16
Neutral	11	5.79
Disagree	1	0.52
Strongly disagree	0	-
	190	100.00

Source: Primary data

Out of 190 respondents 50.53% strongly agree, 43.16% agree, 5.79% were neutral about their view and only 0.52% disagree towards the satisfaction of Core Banking System in PNB.

Table 9: Benefits of Core Banking System in PNB

Benefits	No. of respondents	Percentage
Reliability and safety	43	22.63
Time saving	62	32.62
Cost efficiency	17	8.95
Easy transaction	23	12.11
More convenience	22	11.58
Help to multi currency operation	12	6.32
Others	11	5.79
	190	100.00

Source: Primary data

Out of 190 respondents 22.63% were for reliability and safety, 32.62% were for time saving, 8.95% were for cost efficiency, 12.11% were for easy transaction, 11.58% were for more convenience, 6.32% were for multi-currency operation and 5.79% were for others. It indicates majority of the respondents considered the benefit of time saving under Core Banking System in PNB.

Table 10: Influence of Core Banking System in Pnb

Particulars	No. of respondents	Percentage
Strongly effective	45	23.68
Effective	121	63.69
Neutral	15	7.89
Ineffective	6	3.16
Strongly not effective	3	1.58
	190	100.00

Source: Primary data

Out of 190 respondents 23.68% were for strongly effective, 63.69% were for effective, 7.89% were for neutral, 3.16% were for ineffective 1.58% were for strongly not effective. It indicates majority of the respondents found Core Banking System 'Effective'.

Table 11: Whether CBS is effective compared to other banking services

Particulars	No. of respondents	Percentage
Yes	154	81.05
No	36	18.95
	190	100.00

Source: Primary data

Out of 190 respondents 81.05% found Core Banking System in PNB more effective compared to other banking services. Only 18.95% found it is not effective.

9. Testing of Hypotheses

- H₀:** Core Banking System has no significant difference between other banking services
- H₁:** Core Banking System has significant difference between other banking services.

Particulars	No. of respondents	Percentage
Yes	154	81.05
No	36	18.95
	190	100.00

Source: Primary data

Showing the X² value of the Punjab National Bank customers

Scale	O	E	O-E	(O-E) ²	(O-E) ² /E
Yes	154	95	59	3481	36.64
No	36	95	-59	3481	36.64
				Σ(O-E) ² /E	73.28

Source: Primary data

$$X^2 = \sum (O-E)^2 / E$$

$$\text{Degree of freedom (DF)} = n-1$$

$$= 2-1 = 1$$

Where
 X²= Chi –square test
 O = Observed frequency
 E = Expected frequency
 N = number of classes

Inference

The table value of X² for the degree of freedom 1 at 5% level of significance is 3.841. The calculated value of X² is 73.28

which is higher than the table value, as such the null hypothesis is rejected. Therefore it indicates that Core Banking System has significant difference between other banking services.

- 2. **H₀**: Core Banking System has no effect on PNB customers
H₁: Core Banking System has strong effect on PNB customers

Table 12: Influence of Core Banking System in PNB, Mysuru

Particulars	No. of respondents	Percentage
Strongly effective	45	23.68
Effective	121	63.69
Neutral	15	7.89
Ineffective	6	3.16
Strongly not effective	3	1.58
	190	100.00

Source: Primary data

Table 13: Showing the X² value of the PNB customers

Scale	O	E	O-E	(O-E) ²	(O-E) ² /E
Strongly effective	45	38	7	49	1.29
Effective	121	38	83	6889	181.29
Neutral	15	38	-23	529	13.92
Ineffective	6	38	-32	1024	26.95
Strongly not effective	3	38	-35	1225	32.24
				Σ(O-E) ² /E	255.69

Source: Primary data

Degree of freedom: n-1 i.e. 5-1 =4

Inference

The table value of X² for the degree of freedom 4 at 5% level of significance is 9.488. The calculated value of X² is 255.69 which is higher than the table value, as such the null hypothesis is rejected, which clearly indicates that Core Banking System has strong influence on PNB, Mysuru customers.

10. Major findings of the study

- 1) In our study concerning influence of Core Banking System on Punjab National Bank customers, 190 respondents were chosen of which 57.89% were male and 42.11% were female. This indicates that majority of the respondents were male.
- 2) The survey also indicates that the majority of the respondents were graduates were benefited out of Core Banking System in Punjab National Bank in Mysuru city.
- 3) The findings from the survey shows that the customers who come under the income group of Rs.15000- Rs.20000 per month were benefited out of Core Banking System in Punjab National Bank in Mysuru city.
- 4) The study goes on to indicate that the majority of beneficiaries of Core Banking System of Punjab National Bank in Mysuru city were married.
- 5) The survey indicates that majority of the respondents were satisfied about Core Banking System of Punjab National Bank in Mysuru city.
- 6) The study also indicates that the customers preferred Core Banking System as it saves time and the banking operations can be done from any branch of Punjab National Bank in Mysuru city. In other words a customer not only becomes a customer of the branch but the customer of the bank also because CBS facilitates the banking operations from any branch of the bank. This saves time for the customers
- 7) All the respondents were completely aware of the Core Banking System of Punjab National Bank in Mysuru city.

- 8) In the present study some customers felt that there were instances of the computers not responding in time and insufficient skills on the part of the employees, but most of these problems at the branch level rarely exist and hence customers were not inconvenienced because of these issues.

10. Conclusions and Suggestions

The study was aimed to understand and comprehend the operational efficiency of Punjab National Bank in Mysuru city after the introduction of Core Banking System. Core Banking System have been successfully implemented in all the banks everywhere in the country and Punjab National Bank is no exception to it. The study clearly indicates that the customers were for the CBS because of its ease of operations, instantaneous, timely response and cost effectiveness. As CBS offers any time any where banking facility, customers are surely benefited out of it and after the introduction of CBS the operational efficiency of banks has certainly improved. However majority of the uneducated and computer illiterate customers do not evince interest in CBS because they do not find a helping hand in the premises of the banks. Even though banks have displayed notices in the premises about CBS due to lack of sufficient employees the details regarding CBS do not reach the uneducated and computer illiterates. Such customers prefer branch banking with the assistance of counter clerks. No doubt, CBS has made a significant welcome change in the banking scenario of the country and certainly improved the efficiency of the banking operations. The CBS has created awareness about the presence of the banking sector everywhere and the benefits of banking to common man.

12. References

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