

Impact of information technology in phone banking sector

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Abstract

Indian banking industry, today is in the midst of an information technology revolution. Combinations of regulatory and competitive reasons have led to increasing importance of total banking automation in the Indian banking industry. Information Technology has basically been used under two different avenues in Banking, one is communication and connectivity and other is business process reengineering. The main objectives of the present study are to evaluate the level of awareness on phone banking services among the customers of commercial banks, to identify the various factors influencing the usage of phone banking services and to measure the level of satisfaction of phone banking services among the customers of commercial banks. This study concluded that commercial banks' customers are moderately aware about the foremost E-Banking channels of ATM, mobile banking, internet banking and phone banking channels and satisfied in all the services that are related to the four channels.

Keywords: phone banking, commercial banking, customers, online banking

Introduction

In the five decades since independence, banking in India has evolved through four distinct phases. During fourth phase, also called as reform phase, recommendations of the Narasimham Committee (1991) paved the way for the reform phase in banking. Important initiatives with regard to the reform of the banking system were taken in this phase. Important among these have been introduction of new accounting and prudential norms relating to income recognition, provisioning and capital adequacy, deregulation of interest rates and easing of norms for entry in the field of banking. Entry of new banks resulted in a paradigm shift in the ways of banking in India. The growing competition, growing expectations led to increased awareness amongst banks on the role and importance of technology in banking. The arrival of foreign and private banks with their superior state-of-the-art technology-based services pushed Indian banks also to follow suit by going in for the latest technologies so as to meet the threat of competition and retain their customer base.

Indian banking industry, today is in the midst of an information technology revolution. Combinations of regulatory and competitive reasons have led to increasing importance of total banking automation in the Indian banking industry. Information Technology has basically been used under two different avenues in Banking, one is communication and connectivity and other is business process reengineering. Information technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. In view of this, technology has changed the contours of three major functions performed by banks, i.e., access to liquidity, transformation of assets and monitoring of risks. Further, Information technology and the communication networking systems have a crucial bearing on the efficiency of money, capital and foreign exchange markets. The software

packages for banking applications in India had their beginnings in the middle of 80s, when the banks started computerising the branches in a limited manner. The early 90s saw the plummeting hardware prices and advent of cheap and inexpensive but high-powered personal computers and servers and banks went in for what was called total branch automation packages. The middle and late 90s witnessed the tornado of financial reforms, deregulation, globalisation etc. coupled with rapid revolution in communication technologies and evolution of novel concept of 'convergence' of computer and communication technologies, like Internet, mobile etc.,^[6].

Banking Facilities offered by Phone Banking

Tele banking delivers every major banking service apart from cash withdrawals. Tele banking makes available the following typical range of facilities and services to the customers.

- Balance Enquiry
- Statement of Transactions
- Cheque book enquiry and facility
- Fund transfer between one account another account
- Funds Transfer home branch to another branch
- General account queries and advice, usually, done by a human operator even if the system uses automated voice response technology
- Ordering traveller's cheques from the bank
- Status of Loan applications
- Obtaining product information
- Placing stop payment order on cheque
- Checking account balance
- Reporting loss of ATM/ debit and credit card
- Make enquiry on the transactions.
- Know about the status of loan payments
- Know the latest interest rates on savings/scheduling accounts, term deposits and loan services
- Check the term deposit balances
- To place stop payments on cheques

- To obtain balances and make payments to personal loans
- Pay utility bills
- To make payments for credit card
- It Makes Registered Retirement Savings plan (RRSP) contributions.

Statement of the Problem

Internet Banking is completely technology oriented which needs proper awareness, experience and expertise in operating computer and electronic devices. In India, the customers of the banks are highly heterogeneous natured which includes illiterate, semi-literate and highly literate. In this circumstance it is essential to know the awareness and satisfaction level of customers of internet Banking. In order to analyse the above stated problem, the following questions are raised.

- What are the levels of awareness of customers on phone banking facilities provided by commercial banks in Tamil Nadu?
- What are the factors that motivate customers to use phone banking facilities?
- What are the levels of satisfaction of customers on phone banking facilities provided by commercial banks in Tamil Nadu?

Objectives of the Study

The main objectives of the present study are:

- To evaluate the level of awareness on phone Banking services among the customers of commercial banks.
- To identify the various factors influencing the usage of phone banking services.
- To measure the level of satisfaction of phone Banking services among the customers of commercial banks.

Sampling Technique

At the time of data collection, there was 10 corporations in Tamil Nadu therefore the researcher have collected data from all the 10 Corporations. It draws a sample of 750 persons (75 in each corporation) that maintain savings and current account holders in commercial banks. The sample drawn is based on convenience sampling approach given the fact that this population is infinite.

Influence of Demographic Profile and Level of Satisfaction on Phone Banking Services

A five point Likert’s type scale was used to measure the level of satisfaction of respondents about E-Banking. The scale range was used from 1 to 5. Low scores indicating lower satisfaction and high scores indicating higher satisfaction with a statement in terms of

- (a) Highly satisfied
- (b) Satisfied
- (c) Neutral
- (d) Dissatisfied
- (e) Highly dissatisfied

The customers’ demographic background and details of banking account are vital to determine their level of satisfaction. In their scenario, a parametric approach of ANOVA is applied and the following results are obtained.

Ho: There is no significant difference between influence of demographic variables and the level of satisfaction of phone banking services

Gender and the Level of Satisfaction

The different perception of male, female and transgender and their level of satisfaction on phone banking services are estimated through the following ANOVA table.

Table No 4.124: Distribution of Customers by Gender and their Level of Satisfaction: F-test

Factor	Particulars	Sum of squares	df	Mean square	F-value	P value
Payments Enquiry transactions	Between Groups	60.666	2	30.333	15.660	.000
	Within Groups	1446.924	747	1.937		
	Total	1507.590	749			

From the above table, it is found that payments enquiry transactions (F=15.660, p= 0.000) are statistically significant at 5 per cent level. Therefore, it can be concluded that the null hypothesis is rejected and there is relationship between gender and level of satisfaction on phone banking services. This indicates that gender influences and the perception of customers towards payments enquiry transactions. This leads to mean wise analysis from the descriptive statistics. It implies that the customers in the gender group of transgender

(Mean=.3000, as per Table No 4.124a in Annuxure-2) phone banking services are less satisfied with payments enquiry transactions.

Educational Qualification and the Level of Satisfaction

The different perception of educational qualification group illiterate, school level, U.G, P.G, professional and others and their level of satisfaction on phone banking services are estimated through the following ANOVA table.

Table No 4.126: Distribution of Customers by Educational Qualification and their Level of Satisfaction: F-test

Factor	Particulars	Sum of squares	df	Mean square	F-value	P value
Payments Enquiry Transactions	Between Groups	137.540	5	27.508	14.938	.000
	Within Groups	1370.050	744	1.841		
	Total	1507.590	749			

From the above table, it is found that Payments enquiry transactions (F=14.938, p= 0.000) are statistically significant at 5 per cent level. Therefore, it can be concluded that the null hypothesis is rejected and there is relationship between educational qualification and level of satisfaction on phone banking services. This indicates that educational qualification

influences on the perception of customers towards payments enquiry transactions. This leads to mean wise analysis from the descriptive statistics. It implies that the customers in the educational qualification group prefer professional (Mean=3.1500, as per Table No 4.126a in Annuxure-2) phone

banking services are highly satisfied with the factor payments enquiry transactions.

Occupation and the Level of Satisfaction

The different perception of educational qualification group

government employee, private employee, farmer, business, professional, student and others and their level of satisfaction on phone banking services are estimated through the following ANOVA table.

Table No 4.128: Distribution of Customers by Occupation and their Level of Satisfaction: F-test

Factor	Particulars	Sum of Squares	df	Mean Square	F-value	P value
Payments Enquiry Transactions	Between Groups	119.427	6	19.905	10.654	.000
	Within Groups	1388.163	743	1.868		
	Total	1507.590	749			

From the above table, it is found that payments enquiry transactions (F=10.654, p= 0.000) are statistically significant at 5 per cent level. Therefore, it can be concluded that the null hypothesis is rejected and there is relationship between occupation and level of satisfaction on phone banking services. This indicates that occupation influences the perception of customers towards payments enquiry transactions. This leads to mean wise analysis from the descriptive statistics. It implies that professional group of customers (Mean=3.0582, as per Table No 4.128a in Annexure-2) are highly satisfied with payments enquiry transactions.

Classification of Phone Banking Services on the basis of Customer Perception

Factor analysis by principle component method segmented the phone banking services perception into two predominant such as payment enquiry transactions and utility enquiry transactions. This factors act as a basis to classify customers into heterogeneous groups. This is done through K-mean’s cluster analysis on the result are presented.

Table No. 4.141: Final Cluster Centers of Phone Banking Services

Factors	Cluster		
	1	2	3
Payment Enquiry Transactions	0.14	2.70	3.91
Utility Enquiry Transactions	0.15	3.09	4.11

Table No.4.142: Number of Cases in Each Cluster of Phone Banking Services

Cluster	Number of Respondents	Percentage
1	130	17.33
2	323	43.06
3	297	39.61
Total	750	100.00

From the above table, it is revealed that the first cluster consist of 130 (17.33) customers are dissatisfied with the two predominant factors such as payment enquiry transactions and utility enquiry transactions. Therefore, this cluster is known as “Not Satisfied” customers. Similarly second cluster consist of 323(43.06) of customers are dissatisfied and neutrally opinion with the two predominant factors such as payment enquiry transactions and utility enquiry transactions. Therefore, this cluster is known as “Moderately Satisfied” customers and final cluster consist of 297(39.61) of customers have neutral opinion and highly satisfied with the two predominant factors such as payment enquiry transactions and utility enquiry transactions. Therefore, this cluster is known as “More Moderately Satisfied” customers.

Association between Phone Banking details and the Cluster of Satisfaction

The researcher collected the respondents from the bank customers on years of usage and frequency of usage in the optional type questions. Besides that the researcher also classified the respondents perception through K- mean’s cluster analysis and each cluster is labeled appropriately. The association between years of usage and frequency of usage and their level of satisfaction about phone banking facility are examined.

Years of Usage and level of Satisfaction on Phone Banking

The following table shows that the information about customers regarding the usage of Phone banking facility with commercial banks. The years of usage is classified into three groups viz., (a) Up to 2 years (b) Between 3 to 5 years and (c) Above 5 years.

Ho: There is no an association between years of usage and their level of satisfaction on phone banking services.

Table No 4.143: Distribution of Customers by their Years of Usage and Level of Satisfaction on Phone Banking

Satisfaction	Particulars	Years of Usage Phone Banking				Total
		Not use	Up to 2 years	3 to 5 years	Above 5 years	
Not Satisfied	Respondents	112	8	10	0	130
	% within Mobile	86.2%	6.2%	7.7%	.0%	100.0%
Moderately Satisfied Group	Respondents	0	172	114	37	323
	% within Mobile	.0%	53.3%	35.3%	11.5%	100.0%
More Moderately Satisfied Group	Respondents	0	163	111	23	297
	% within Mobile	.0%	54.9%	37.4%	7.7%	100.0%
Total	Respondents	112	343	235	60	750
	% within Mobile	14.9%	45.7%	31.3%	8.0%	100.0%

From the above table, it is found that the satisfaction level of 54.9 per cent of customers belonging to more moderately satisfied group with up to 2 years of phone usage, 53.3 per cent of customers belonging to moderately satisfied group with up to 2 years and 7.7 per cent of customers belonging to not satisfied group with 3 to 5 years having level of satisfaction about phone banking facility provided by commercial banks. The following chi-square table enumerates the association between cluster of years of usage and the level of satisfaction on phone banking services.

Table No 4.144: Chi-Square test between Clusters of years of Usage and Level of Satisfaction on Phone Banking

Particular	Value	df	Asymp. Sig. (2- sided)
Pearson Chi-square	631.619	6	.000

From the above table, it is found that the chi-square value

631.619, $p = .000$ statistically significant. Therefore, it can be concluded that the null hypothesis is rejected and there is association between usage of phone banking facility many years and their level of satisfaction on phone banking services. This implies the usage of phone banking is criteria to determinant the customer satisfaction on E-Banking services.

Frequency of Usage and level of Satisfaction on Phone Banking

The following table exhibits that the information about customers regarding frequency of usage phone banking facility with commercial banks. The frequency of usage is classified into six groups viz., (a) Daily (b) Once in a week (c) Once in a month (d) Occasionally (e) During urgency and (f) When need occurs.

Ho: There is no an association between and frequency of usage and their level of satisfaction on phone banking services.

Table No 4.145: Distribution of Customers by their Frequency of Usage and Level of Satisfaction on Phone Banking

Satisfaction	Particulars	Frequency of Usage of Phone Banking							Total
		Not use	Daily	Once in a Week	Once in a Month	Occasionally	During Urgency	When Need Occurs	
Not Satisfied Group	Respondents	112	1	2	2	0	4	9	130
	% within Mobile	86.2%	.8%	1.5%	1.5%	.0%	3.1%	6.9%	100.0%
Moderately Satisfied Group	Respondents	0	4	45	68	57	80	69	323
	% within Mobile	.0%	1.2%	13.9%	21.1%	17.6%	24.8%	21.4%	100.0%
More Moderately Satisfied Group	Respondents	0	9	42	59	54	81	52	297
	% within Mobile	.0%	3.0%	14.1%	19.9%	18.2%	27.3%	17.5%	100.0%
Total	Respondents	112	14	89	129	111	165	130	750
	% within Mobile	14.9%	1.9%	11.9%	17.2%	14.8%	22.0%	17.3%	100.0%

From the above table, it is found that the satisfaction level of 27.3 per cent of customers belonging to more moderately satisfied group with urgency only, 24.8 per cent of customers belonging to moderately satisfied group with urgency only and 6.9 per cent of customers belonging to the not satisfied group with when need occurs having level of satisfaction about phone banking facility provided by commercial banks. The following chi-square table enumerates the association between cluster of frequency of usage and the level of satisfaction on phone banking services.

Table No 4.146: Chi-Square test between Clusters of Frequency of Usage and Level of Satisfaction on Phone Banking

Particular	value	df	Asymp. Sig. (2- sided)
Pearson Chi-square	635.024	12	.000

From the above table, it is found that the chi-square value 635.024, $p = .000$ statistically significant. Therefore, it is concluded that the null hypothesis is rejected and there is association between frequency of usage phone banking and their level of satisfaction on Phone banking services. This implies the frequency of usage phone banking is criteria to determinant the customer satisfaction on E-Banking services.

Phone Banking

- It shows that a maximum of 45.70 per cent of the customers are using phone banking services up to 2 years and a

minimum of 8.00 per cent of the customers are using phone banking services for more than 5 years.

- It is clear that a maximum of 22.00 per cent of the customers using phone banking services urgency and a minimum of 1.90 per cent of the customers are using phone banking services daily.
- It is found that key factors influencing phone banking services is moderately agree to check account balance.
- Most of the respondents are moderately satisfied in the phone banking services to check account balance.
- The relationship between the socio-economic characters of the customers and the level of satisfaction are examined. One way ANOVA reveals that gender, educational qualification, occupation, marital status, income, duration of having account, purpose for having account, frequency of visiting branch and source of information.
- There is an association between years of usage of phone banking and the level of satisfaction about phone banking facility are examined. Chi-square test reveals that years of usage are not associated with the level of satisfaction about phone banking facility provided by commercial banks.
- There is an association between frequency of usage of phone banking and the levels of satisfaction about phone banking facility are examined. Chi-square test reveals that frequencies of usage are not associated with the level of

satisfaction about phone banking facility provided by commercial banks.

Suggestions

- Pass book entry is the major difficulty for the bank employee and the customers as well. Separate passbook entry machines available only in main branches. This machine should be installed in all branches. This will make the bank employees to concentrate and attend more customers and resolve their issues.
- User ID and password is one of the major struggle faced by the customers because it requires to using alphanumeric combinations in the user ID. It is found very difficult for the customers to use the alphanumeric letter, number and symbol used in their password. Therefore, the banks should allow to adopting any one format whether number or letters with proper security measures.

Conclusion

Banking industry is playing a vital role in the economic development of a country and it became a globalized service sector in the present scenario. In banking industry, technological advancement has brought a significant change in banking services. In the current situation, Indian commercial banks are providing plenty of E-Banking services for their customers. ATM, Mobile banking, Internet banking, Phone banking, Electronic fund transfer, Debit card, Credit card, Corporate banking terminal, SWIFT, Point of sale, RTGS, NEFT are the foremost E-Banking channels. These services mainly reduce the sizeable amount of paper work, lengthy of individual customer services, cost per transactions and manpower. On the other side, customers are enjoying the time constraints like quick, easy and round clock access of transactions. Now-a- days E-Banking channels are becoming popular and vital part in the personal banking. More awareness and satisfaction of customers on E-Banking services leads to improve the smart banking operations and applications of technological advancements. According to the study, almost all commercial banks are offering E-Banking services for their customers. ATM, mobile banking, internet banking and phone banking channels are frequently used by the customers. According to the customers' perception and level of awareness on individual E-Banking channels, ATM and mobile banking are well known services. The level of satisfaction on E-Banking services, cash withdrawal and balance enquiry facilities in ATM channel, SMS alerts and fund transfer in mobile banking services, viewing account balance, online bill payment and RTGS in internet banking services and check account balance in Phone banking services are the most satisfying services. Based on the empirical evidences this study concludes that commercial banks' customers are moderately aware about the foremost E-Banking channels of ATM, mobile banking, internet banking and phone banking channels and satisfied in all the services that are related to the four channels.

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