



Consumer Awareness- The Role Of Banks

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Abstract:

Services and facilities offered by the banks to their customers establish the connecting link between the banker and the customers. They are the medium through which the banks launch their relationship with their customers. The core of banking does not merely lie in the acceptance of deposits from the public and advancement of loans to the needy businessmen. Banking has traditionally operated in a relatively stable environment for decades. In the current scenario, the customers demand a range of financial services and banking products to be offered to them under one roof. The place where all such services are offered is called as Financial Supermarket. Hence, it becomes necessary for the banks to develop competitive advantage. A competitive advantage provides customers with superior value compared with competitive offerings. Services and facilities offered by the banks to their customers establish the connecting link between the banker and the customers. They are the medium through which the banks launch their relationship with their customers. The core of banking does not merely lie in the acceptance of deposits from the public and advancement of loans to the needy businessmen. Banking has traditionally operated in a relatively stable environment for decades. In the current scenario, the customers demand a range of financial services and banking products to be offered to them under one roof. The place where all such services are offered is called as Financial Supermarket. Hence, it becomes necessary for the banks to develop competitive advantage. A competitive advantage provides customers with superior value compared with competitive offerings. The present study concentrates on the effectiveness of banks in creating awareness among the customers about various services/facilities offered by them. The present study has also made an earnest attempt to suggest valuable propositions to the banker to create awareness among the customers about the various services/facilities offered by them.

Keywords: *Cashtree ATM, RTGS, Doorstep Banking, Bakassurance, Mutual Funds, Depository Services, CBS.*

1.Introduction

Services and facilities offered by the banks to their customers establish the connecting link between the banker and the customers. They are the medium through which the banks launch their relationship with their customers. The core of banking does not merely lie in the acceptance of deposits from the public and advancement of loans to the needy businessmen. Banking has traditionally operated in a relatively stable environment for decades. In the current scenario, the customers demand a range of financial services and banking products to be offered to them under one roof. The place where all such services are offered is called as Financial Supermarket. Hence, it becomes necessary for the banks to develop competitive advantage. A competitive advantage provides customers with superior value compared with competitive offerings.

A bank has to create customer relationships that deliver value beyond that provided by the core product. This involves added tangible and intangible elements to the core products, thus creating and enhancing the “product surrounding”. One necessary condition for the realisation of quality and the creation of value added is quality measurement and control. (Mosad 2005)¹

1.1.Statement Of The Problem

Banking industry is undergoing tremendous changes; the focus is towards the customer service. The customer is aware of technology and the various service options. Due to these factors, there is heavy competition between banks. Increased competition in the market in the past few years propelled retail banks to focus greatly on maintaining and increasing their customer base while improving customer service quality. Hence, a modern banker needs to perform a variety of functions. The customers also expect their banks to be financial supermarkets providing all types of financial services under one roof. In addition to that the banks are also under intense competitive pressure.

ATM is the most frequently adopted channel, followed by internet banking and branch banking, and telephone banking is the least frequently adopted channel. Psychological beliefs about the extent to which a channel possessed certain positive attributes were more predictive of adoptions of ATM and internet banking than adoptions of branch banking and telephone banking. (Wendy et al 2005)²

In one academic model, mobile banking is defined as: “Mobile Banking refers to provision and availment of banking and financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to

conduct bank and stock market transactions, to administer accounts and to access customised information.” (Tiwari et al 2007)³

Internet Banking or Online Banking allows customers to conduct financial transactions on a secure website operated by their retail or virtual bank. Online services started in New York in 1981 when four of the city’s major banks (Citibank, Chase Manhattan, Chemical and Manufacturers Hanover) offered home banking services using the videotex system. (Cronin 2007)⁴

1.2. Need And Importance Of The Study

The present study concentrates on the effectiveness of banks in creating awareness among the customers about various services/facilities offered by them. Banks’ structural re-organisation with centralised units for increased efficiency, technological advances, product diversification, and strategic initiatives to provide multiple products through “deep” multi-channel access, have challenged the relationship banking model at the heart of bank-company interaction. (Katherine & Edmund 2005)⁵

The present study has also made an earnest attempt to suggest valuable propositions to the banker to create awareness among the customers about the various services/facilities offered by them.

1.3. Objectives Of The Study

- To list out the various services/facilities offered by the banks in general to their respective customers
- To find out the awareness level of customers about the similar services/facilities offered by the banks
- To evaluate the effectiveness of banks in creating awareness among the customers about various services/facilities offered by them.
- To suggest valuable propositions to the banker to create better awareness among the customers about the various services/facilities offered by them.

1.4. Limitation Of The Study

- The study has been conducted only in the city of Chennai.
- The study is based on the services/facilities offered by the banks currently, which might alter in the future.

1.5. Methodology

1.5.1. Research Design

The research design is empirical in nature since the study is conducted using both analytical and diagnostic type of research. The major part of the study is based on primary data.

1.5.2. Study Area

The city of Chennai has been chosen for the purpose of study because of the following reasons:

- The city has become the financial hub of the entire country.
- Almost every bank of the country has multiple branches in the city.
- Foreign banks are also interested in establishing their branches in the city.
- The financial literacy of people of Chennai is conducive for the purpose of study.
- The banking habits of the residents of the city are quite similar to that of the people placed in the rest of the country.

1.5.3. Sources of Data

Primary data has been collected from the Customers and the Employees of the Public Sector, New Private Sector, Old Private Sector and Foreign Banks in the city of Chennai. Secondary data is collected from various published and unpublished sources including Journals, Magazines, Publications, Reports, Books, Dailies, Periodicals, Articles, Research Papers, Websites, Bank Publications, Manuals, and Booklets.

1.5.4. Sampling Technique

Simple Random Sampling Method is adopted to collect the primary data. The respondents for the purpose of the study are selected systematically.

1.5.5. Sample

The following criterion is adopted to collect responses from the customers and the bankers.

At the first instance, the total number of Public Sector, New Private Sector, Old Private Sector and Foreign Banks in the city of Chennai has been taken into consideration to

decide about the number of banks for the purpose of study in each category. Secondly, the banks under each category have been chosen based on maximum number of branches in the city of Chennai as on October 2012.

1.5.6. Sample Size

18 banks were chosen for the purpose of study. From each of the 18 banks 30 customers and 10 employees were selected as respondents.

1.5.7. Questionnaire

Two sets of questionnaires have been used for the purpose of the study which were collected from

- Customers
- Bank Employees

1.5.8. Data Collection

The branches situated in the North, South and Central parts of the city of Chennai were covered for the purpose of study. 555 questionnaires were collected from the customers and 187 questionnaires were collected from the bank employees. Out of the above 540 questionnaires of customers and 180 questionnaires of the bank employees were taken into consideration for the purpose of this research.

1.6. Test Of Significant Difference Between Customers And Bank Employees-

Awareness Level Of Customers And Actual Services/Facilities Offered By The Banks

The customers were requested to express their awareness regarding services/facilities offered by the banks in general and bank employees were asked to denote the services/facilities offered by the banks to their respective customers. They expressed their opinion in Bi-Polar options and their opinion proportions have been taken to compare them. This approach is useful in examining the effectiveness of banks in creating awareness among their customers about the various services/facilities offered by them.

- **Hypothesis-** There is no significant difference between awareness of customers regarding various services/facilities offered by the banks in general and actual services/facilities offered by the banks.

- The test of comparing two population proportions revealed the following results:

1.6.1.Hypothesis-Testing

S. No	Service/Facility	Customers		Bankers		Z-Statistic	P-Value
		Frequency	Proportion	Frequency	Proportion		
1	Telephone Banking	456	0.844	143	0.794	1.554	0.120
2	Mobile Banking	400	0.741	125	0.694	1.211	0.226
3	Safe Deposit Locker	499	0.924	170	0.944	0.923	0.356
4	ATM	516	0.956	175	0.978	0.985	0.325
5	Doorstep Banking	267	0.494	76	0.422	1.680	0.093
6	Debit Card	516	0.956	176	0.978	1.336	0.182
7	Travellers' Cheque	450	0.833	146	0.811	0.684	0.494
8	Demand Draft	529	0.980	177	0.983	0.312	0.755
9	Depository Services	452	0.837	156	0.867	0.950	0.342
10	e- Payments	418	0.774	142	0.789	0.414	0.679

Table 1: Services/Facilities offered by banks

1.6.1.1.Inferences

From the above table it is clear that there is no significant difference between awareness of customers regarding the following ten services/facilities offered by the banks and actual services/facilities offered by the banks.

1.6.1.2.Telephone Banking

84.4 % of customers are aware and 79.4 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic=1.554 and significant value is 0.120. This implies that majority of customers are aware of Telephone Banking services and similarly the banks are also very effective in rendering Telephone Banking services to maximum customers.

1.6.1.3.Mobile Banking

74.1 % of customers are aware of such facility and 69.4 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 1.211 and significant value is 0.226. This implies that most of the customers have up to date

knowledge about Mobile Banking services and likewise the banks are efficient in rendering Mobile Banking services to their customers.

1.6.1.4.Safe Deposit Locker Facility

92.4 % of customers are aware of such facility and 94.4 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 0.923 and significant value is 0.356. This implies that most of the customers are aware of Safe Deposit Locker Facility and correspondingly the banks are also effective in rendering Safe Deposit Locker Facility to its customers.

1.6.1.5.Automated Teller Machine (ATM)

95.6 % of customers are aware of such facility and 97.8 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 0.985 and significant value is 0.325. This implies that most of the customers have updated knowledge about ATM facility and the banks are also very successful in rendering the same to their customers.

1.6.1.6.Doorstep Banking

49.4 % of customers are aware of such facility and 42.2 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 1.680 and significant value is 0.093. This implies that the marginal efforts taken by the banks in rendering Doorstep Banking is reaching the customers at a slow pace.

1.6.1.7.Debit Card

95.6 % of customers are aware of such facility and 97.8 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 1.336 and significant value is 0.182 This implies that the banks are very effective in rendering Debit Card facility and majority of customers possess updated knowledge about Debit cards.

1.6.1.8.Travellers' Cheque

83.3 % of customers are aware of such facility and 81.1 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 0.684 and significant value is 0.494. This implies that the banks are very successful in rendering

Travellers' Cheque facility and a large number of customers have thorough knowledge about Travellers' Cheque.

1.6.1.9.Demand Draft

98.0 % of customers are aware of such facility and 98.3 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 0.312 and significant value is 0.755. This implies that the banks are highly effective in rendering Demand Draft facility and the customers also have complete information about Demand Draft.

1.6.1.10.Depository Services

83.7 % of customers are aware of such facility and 86.7 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 0.950 and significant value is 0.342. This implies that the banks are effective in rendering Depository Services and the customers are equally conscious about the concept of Depository Services.

1.6.1.11.e-Payments

77.4 % of customers are aware of such facility and 78.9 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 0.414 and significant value is 0.679. This implies that the banks are efficient in rendering e-Payment Services. Similarly the customers have a better understanding about the concept of e-Payment.

1.7.2.Hypothesis-Testing

S. No	Service/Facility	Customers		Bankers		Z-Statistic	P-Value
		Frequency	Proportion	Frequency	Proportion		
1	Internet Banking	489	0.906	173	0.961	2.372	0.018
2	Multi City Cheque	386	0.715	168	0.933	6.028	0.000
3	Multi City Banking	376	0.696	164	0.911	5.7641	0.000
4	Safe Custody Service	338	0.626	136	0.756	3.176	0.002
5	Anytime Banking	420	0.778	118	0.656	3.268	0.001
6	Anywhere Banking	431	0.798	166	0.922	3.830	0.001

S. No	Service/Facility	Customers	Bankers	Z-Statistic	P-Value	2.354	0.019
8	Gift Card	264	0.489	63	0.350	3.241	0.001
9	Gift Cheque	431	0.798	104	0.578	5.860	0.000
10	Telegraphic Transfer	398	0.737	149	0.828	2.468	0.014
11	EFT	389	0.720	171	0.950	6.418	0.000
12	RTGS	166	0.307	163	0.906	13.951	0.000
13	Foreign Exchange	420	0.778	165	0.917	4.135	0.000
14	Bankassurance	334	0.619	134	0.744	3.068	0.002
15	Mutual Funds	334	0.619	140	0.778	3.902	0.0001
16	Nomination	385	0.713	169	0.939	6.232	0.000
17	Online Railway Ticketing	402	0.744	80	0.444	7.410	0.000
18	CBS	368	0.681	151	0.839	4.077	0.000

Table 2: Services/Facilities offered by banks

1.7.1.1. Inferences

From the above table it is clear that there is significant difference between awareness of customers regarding the following eighteen services/facilities offered by the banks and actual services/facilities offered by the banks.

1.7.1.2. Internet Banking

90.6 % of customers are aware of such facility and 96.1 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 2.372 and significant value is 0.018. This indicates that the customers are aware of the concept of Internet banking, but are not using the same to the maximum possible extent. Similarly, the banks are also not that very effective in offering the Internet Banking services to their customers.

1.7.1.3. Multi City Cheque Facility

71.5 % of customers are aware of such facility and 93.3 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 6.028 and significant value is 0.000. This denotes that the Multi City Cheque Facility offered by the banks have not reached the customers to a greater extent.

1.7.1.4. Multi City Banking

69.6 % of customers are aware of such facility and 91.1 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 5.7641 and significant value is 0.000. This denotes that the efforts of the banks in offering Multi City Banking Facility to the customers are not enough to reach the customers.

1.7.1.5. Safe Custody Service

62.6 % of customers are aware of such facility and 75.6 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 3.176 and significant value is 0.002. This implies that the efforts taken by the banks in rendering Safe Custody Service are not ample to create an understanding about this service to the customers.

1.7.1.6. Anytime Banking

77.8 % of customers are aware of such facility and 65.6 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 3.268 and significant value is 0.001. This implies that the customers are aware of Anytime Banking facility but the banks have not implemented Anytime Banking facility to the desired level.

1.7.1.7. Anywhere Banking

79.8 % of customers are aware of such facility and 92.2 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 3.830 and significant value is 0.001. This implies that the efforts taken by the banks to render Anywhere Banking facility to their customers is yet to gain the required momentum.

1.7.1.8. Credit Card

92.0 % of customers are aware of such facility and 86.1 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 2.354 and significant value is 0.019. This implies that banks have not exploited the awareness level of the customers to promote Credit Cards among the customers. This also implies that even the customers with updated knowledge about Credit Cards are not using Credit Cards due to cumbersome procedures.

1.7.1.9. Gift Card

48.9 % of customers are aware of such facility and 35.0 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 3.241 and significant value is 0.001. This implies that the banks are highly ineffective in rendering the services of Gift Card to the customers. As a result, the customers are also lethargic towards Gift Cards.

1.7.1.10. Gift Cheque

79.8 % of customers are aware of such facility and 57.8 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 5.860 and significant value is 0.000. This implies that most of the banks have not explored the concept of Gift Cheque though majority of customers have clear understanding about Gift Cheques.

1.7.1.11. Telegraphic Transfer

73.7 % of customers are aware of such facility and 82.8 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic=2.468 and significant value is 0.014. This implies that the effort of the bank to help the customers in quick transfer of money has not been taken up by the customers to the available extent.

1.7.1.12. Electronic Fund Transfer (EFT)

72.0 % of customers are aware of such facility and 95.0 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 6.418 and significant value is 0.000. This implies that the banks are lacking in their efforts to create awareness among the customers about EFT facility.

1.7.1.13. Real Time Gross Settlement (RTGS)

30.7 % of customers are aware of such facility and 90.6 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 13.951 and significant value is 0.000. This implies that the banks have to take more initiatives to generate awareness about RTGS among the customers.

1.7.1.14.Foreign Exchange Services

77.8 % of customers are aware of such facility and 91.7 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 4.135 and significant value is 0.000. This implies that the Foreign Exchange services rendered by the banks have not been adequately utilized by the customers.

1.7.1.15.Bankassurance

61.9 % of customers are aware of such facility and 74.4 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 3.068 and significant value is 0.002. This implies that the recent concept of Bankassurance is in its initial stage of inception and both the customers and banks are adopting the concept at a slower pace.

1.7.1.16.Mutual Funds

61.9 % of customers are aware of such facility and 77.8 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 3.902 and significant value is 0.0001. This implies that the efforts of banks in helping the customers for their investment planning are yet to gain momentum. This also indicates that the customers are not approaching their banks for planning their investment.

1.7.1.17.Nomination

71.3 % of customers are aware of such facility and 93.9 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 6.232 and significant value is 0.000. This implies that the initiatives of the banks in educating their customers about Nomination facility are not adequate in enhancing the knowledge of the customers in this regard.

1.7.1.18.Online Railway Ticket Booking

74.4 % of customers are aware of such facility and 44.4 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 7.410 and significant value is 0.000. This implies that most of the banks have not properly utilised the awareness of customers about Online Railway Ticket Booking Facility in serving the customers.

1.7.1.19. Core Banking Solutions (CBS)

68.1 % of customers are aware of such facility and 83.9 % of the bank employees accept that the service is offered by their banks. It is also found that Z Statistic= 4.077 and significant value is 0.000. This implies that the banks are not effective in rendering CBS and as a result the concept is yet to reach most of the customers.

1.8. Findings Of The Study

From the above analysis and interpretation it is clear that the banks are very efficient in providing the following ten services/facilities to their customers, viz.,

Telephone Banking, Mobile Banking, Safe Deposit Locker Facility, Automated Teller Machine-ATM, Doorstep Banking, Debit Card, Travellers' Cheque, Demand Draft, Depository Service and e-Payments.

But, the banks are ineffective in rendering the following eighteen services/facilities to their customers, viz.,

Internet Banking, Multi City Cheque Facility, Multi City Banking, Safe Custody Service, Any Time Banking, Any Where Banking, Credit Card, Gift Card, Gift Cheque, Telegraphic Transfer, Electronic Fund Transfer (EFT), Real Time Gross Settlement (RTGS), Foreign Exchange Services, Bankassurance, Mutual Funds, Nomination facility, Online Railway Ticket Booking and Core Banking Services.

After exploring the hypothesis in testing the awareness level of customers about the various services/facilities offered by the banks and the actual services/facilities offered by the banks, it is found that the bankers are not effective in creating customer awareness in case of certain services/facilities and they have also not exploited the existing awareness level of customers in case of other services/facilities.

1.9. Suggestions

- Only 49.4 % of the respondents in Chennai are aware of Doorstep Banking because only 42.4 % of the banks are offering the same. The banks should take into consideration the customer convenience and should take additional measures to provide Doorstep Banking services to their customers.
- Only 48.9 % of the respondents in Chennai are aware of Gift Card as only 35% of the banks offer the same to their customers. The banks should take suitable measures to provide gift cards to attract the customers.

- Only 30.7 % of the respondents in Chennai are aware of RTGS. Hence, the banks should take rigorous steps to update the customers about RTGS.
- Only 44.4 % of the banks in Chennai are offering Online Railway Ticket Booking facility to their customers. All the banks should take adequate measures to provide the same to their customers help them to execute their travel plans.

2. Conclusion

In today's competitive market characterized by changing customer values, banks are finding it extremely difficult to retain customers to realize long term benefits. The bank's communication should make sense both to the heart and mind of customers. A special bond has to be developed with customers. All this is possible through creating awareness among the customers about the various services/facilities offered by the banks. The real challenge before banks is to convert emotions into transactions, and a transaction - based relationship into an emotionally connected and loyal one over a period of time. In this context, the researcher strongly believes that Mahatma Gandhi's observations on "Customer" continue to be relevant in the next millennium and will hold the key for success of any organization.

"A customer is the most important visitor on our premises
He is not dependent on us, We are dependent on him
He is not an interruption on our work; He is the purpose of it
He is not the outsider on our business, He is part of it
We are not doing him a favour by serving him
He is doing us a favour by giving us an opportunity to do so."

Mahatma Gandhi

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