

Innovation in Banking Industry: Achieving Customer's Satisfaction

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ABSTRACT

Banks play a major role in development of Indian economy. With entry of small finance and payments banks, numerous changes have been observed in banking industry. To add more customers and create value for customers, banks have introduced innovative techniques in banking which saves time of customers. RTGS, NEFT, Core banking solutions, UPI, SMS banking, ATM, factoring, Robotics, Augmented reality (AR), forfeiting and merchant banking are some of new banking services. On the other hand banks nowadays are not only limited to financial transactions but they offer a variety of products like mutual funds and investment products like Public Provident Funds. These innovations

contribute growth and development of banking sector. Public sector banks have moved towards universal banking and focus more on technology based services in order to retain and maintain

competitive advantage. So, this paper enlightens the knowledge on innovation in banking sector and how they made the banking services easy available without waiting in queue for long time.

(Keywords: Technology, Banking products and services, Innovation)

I. INTRODUCTION

In 1990s when the concept of LPG was introduced in India, more emphasis was laid on technology and innovation. Different public sector and private sector banks making use of Information Technology started launching new products and services, through which services can be provided digitally to their customers. With increase in banking awareness and role of IT in every field, customer started demanding accuracy and speed in banking services. Technology enables banks to offer (speed and accuracy) which help banks to

improve customer satisfaction and offer better quality products.

Core banking solutions, cash deposit through kiosks, mobile banking and digital modes of payment like NEFT, RTGS are few of innovations which had completely changed the scenario of banking industry. When good services are available to customers, they become loyal and facilitate the growth of business.

II. LITREATURE REVIEW

1. **Nerkar et al. (2017)** in his study concluded that there has been a tremendous change in delivery of services to customers due to advancements in Information technology and automated information processing technology. These services save time, money and maintain data security of customers.

2. **Weick and Roberts (2017)** concluded that banks are entering into new areas of factoring, forfeiting, merchant banking and mutual funds. Banking is not only limited to financial transactions, now perceived as multi service provider to facilitate their customers.

3. **Schumpeter et al. (2018)** in this paper concluded that both public and private sector banks have moved towards universal banking. With rapid increase in technology, banking services are easy to access anywhere at any point of time. Mobile banking promotes cashless and paperless payment methods in today's era.

4. **Abdulla and Kasim (2018)** concluded in their research (on customers of State Bank of India and Canara Bank) that non cash payments constituted 82% in 2018 as compared to 77% in 2017.

Customers are moving towards digital modes of payments.

5. **Sisodiya et al. (2018)** concluded that India's banking sector will be fifth largest banking sector in the world by 2024. Indian banks are focusing on technology based services. Over 200 software robots are performing over 20 lakh transactions per day. To meet the demands of growing customers, public and private sector banks are upgrading their services and promoting digitalization.

6. **Kapoor et al. (2019)** concluded that introduction of debit and credit cards; Electronic Funds Transfer has been a remarkable in history of banking industry. With the help of online banking, it is very easy to pay any bill online which saves time and money.

7. **Bagozzi et al. (2019)** concluded that in order to survive in new economy, private sector banks are adopting the new technology in simple, flexible and modular approach.

8. **Srinivasan and Moorman (2019)** concluded that banks are not limited to deposits and withdrawals. Now a day's banks offered number of modern financial products and services like mutual funds, discounting of bills, factoring, merchant banking and forfeiting. Banks have entered into a wide area of financial services. Banks have separate departments with highly qualified and skilled personnel to provide these services to their esteemed customers.

9. **Glazer et al. (2020)** concluded that now a day's there is availability of speed banking, quality banking, virtual banking, convenient banking and low cost banking. All these are available due to rapid increase in improvement in Information Technology in our country. E commerce has been

boost up due to availability of digital banking. Digital banking also promotes cashless India, which helps nation to improve its “Ease of Doing Business rank”.

10. **Adrian and Pennie (2020)** concluded that “Pradhan Mantri Jan Dhan Yojna” has brought the complete nation connected with banking industry. Now people are more aware about banking services. They are getting more aware about banking products and services. Refunds, claims, pensions and subsidies are granted directly in their bank accounts. Which leads to transparency and people trust towards banking services gets increased. Every customer is getting aware about new banking product and service launched in market. He concluded that banks are rendering their services in broader area: discounting of bills, mobilizing savings into investments, factoring and merchant banking.

III. OBJECTIVES

1. To highlight the new banking services and products available to customers in this 4.0 technology era.
2. To study the opinions of customers towards various services offered by banks.

IV. PRODUCTS AND SERVICES OFFERED BY BANKS

4.1 Core Banking Solutions

It is software installed in different branch offices of a particular bank which are connected by satellites, internet and telephone etc. CBS allow to customer to operate their accounts in any branch of bank. It enables to perform several functions like recording of transactions, maintenance of passbook, calculations of interest, loans amount

and deposits amount, maintenance of customer records etc. CBS allow the customer of bank not of any particular branch.

4.2 Automated Teller Machine (ATM)

ATM is of different types like deposit of cash, withdrawal of cash, printing of passbook etc. Now a day's these machines are located in every area of India. There are more than 4 lakh ATM machines located in every street of India. Customers can withdraw money using debit cards these machine. There is no need to line up in queue. These machines are in working mode in 24*7 hours. After applying for debit card, within week, cards are sent to postal address of customers. Several shopping malls offered discounts to their customer on making payments through these cards in order to promote digital India.

4.3 RTGS/NEFT/IMPS/SWIFT

The RTGS/NEFT/IMPS/SWIFT service helps in transferring amount from one bank account to another. RTGS/IMPS/NEFT is used for transferring amount within Indian banks while SWIFT is for transferring amount in another country's bank account. In RTGS settlement is done on Real time basis. In view of promoting digital India, Reserve Bank of India has waived off the transaction charges of NEFT and RTGS. RTGS facility is available to users on all working days from 8 in the morning to 6 in the evening. Minimum amount to transfer under RTGS is Rs 2 lakh whereas through NEFT customer can transfer a single rupee to another account. IMPS is 365*24*7 available facility. There is no maximum limit on transferring amount under RTGS and NEFT options. In India industrialists are using these services for transferring payments within national boundary and using SWIFT for making payments at international level.

4.4 Mutual Funds

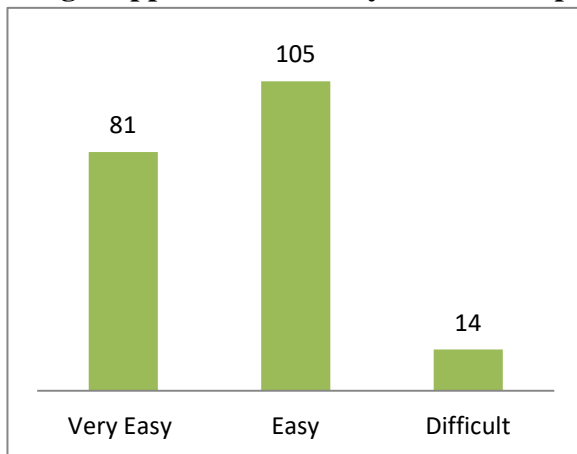
A mutual fund is a pool of money collected from many investors to invest in securities like stocks, market instruments and bonds. In India every bank is providing services of Mutual funds to their customers. Banks have separate department where highly skilled, qualified and experienced personnel called “Investment Bankers”. Who analyze the market pattern (bullish or bearish) and invests the collected money in different investments avenues (depending upon market conditions).

V. RESEARCH METHODOLOGY

Sample Design:

A sample of 200 customers who were associated with different banks i.e. having at least one bank account in any bank and operating mobile banking. The information has been collected through Questionnaire (Google forms) in month of June/July, 2020.

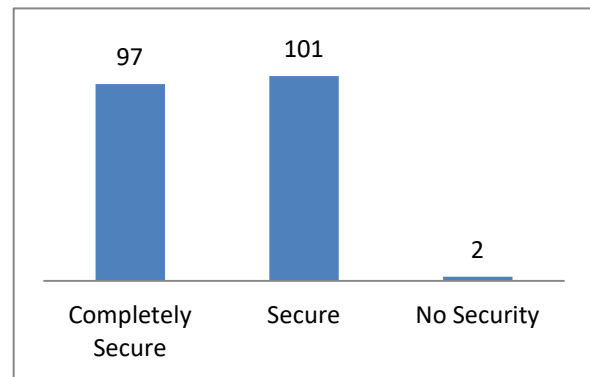
Ques1. How easy is it for you to access bank using application in your Smartphone?



About 50% (105) respondents said that it is easy to access our bank account in our mobile.

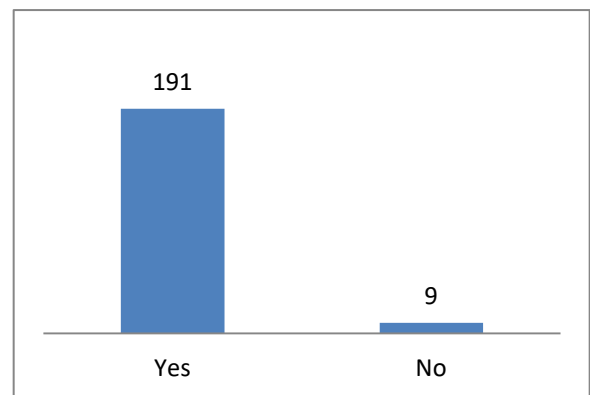
Whereas 81 respondents are students, they said we can see transactions of our bank account within a minute. Rest 14 respondents said that sometimes there were network issue or unable to open application due to errors.

Ques2. How would you rate security of transactions?



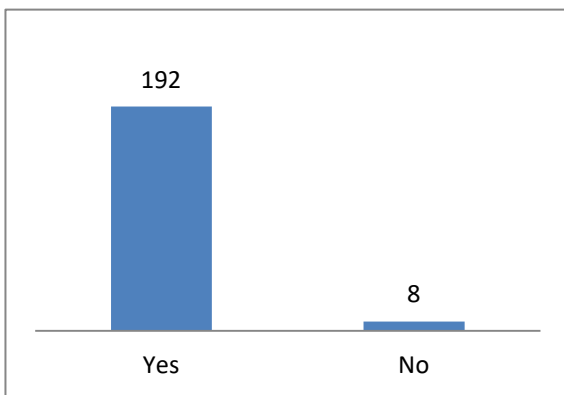
Only 2 respondents said that there is need of updating applications by banks because there is chance of data leakage. Rest of 198 respondents agreed that their information related to deposits, withdrawal, cheque transactions and pin are secured.

Ques3. According to you, now a day’s banks are offering up to dated technology products and services or not?



191 respondents said that earlier banks performed functions of deposits, withdrawals and loans & advances, now Indian banks (both public and private sector) have updated their operations, they rendered new products and services like mutual funds, electronic banking, factoring, discounting of bills etc. Banks contribute towards economic development of country. Yet they are offering services in wide area. Rest 9 respondents said that there is need of more technology, sometimes NEFT and RTGS transactions failed which wastes our time.

Ques4. Are you able to save your time by using innovative bank products and services?



192 respondents said that “Core Banking Solutions” is one of best initiative by banks. Now they can operate their account in any branch because CBS allows customer of bank not of any particular branch and they said that using NEFT, RTGS, and IMPS payments can be made in fraction of seconds and there are no charges. They praised this initiative taken by Government of India last year. They said that for doing payments there is no need to visit branch again and again. Digital mediums are used now days. Whereas 8 respondents said that they can’t be able to save their time because sometimes there occurred

errors or internet connectivity due to which there is delay in making payments.

Ques5. How would you rate promptness in attending grievances while using new technology products and services?



Near about 188 respondents said that they get able to resolve their grievances. They said that sometimes their applications will not able to perform required functions but they get resolved within a day. Rest 12 respondents said that still they face some issues while resolving their problems.

VI. FINDINGS

1. Majority of respondents are satisfied with innovative banking products and services provided by several banks.
2. Information technology had played a major role in change of banking industry. Now customers are not ready to wait in queue for deposit and withdrawal cash. They appreciate the services of NEFT, RTGS, IMPS and SWIFT. Using these digital mediums, customers are able to save their time and cost.
3. With an increase in Internet reach in every area of India, customers are able to get electronic

delivery of services. They can pay any bill at any point of time at any place.

4. With launching of “Pradhan Mantri Jan Dhan Yojna” people are now aware about banking services and products. Government of India is taking necessary steps to provide financial services in easy and accessible way.

VII. CONCLUSION

Information technology has brought a major change in Indian Banking industry. Earlier banks were not able to provide their services in remote areas. With an advent of Internet 4G in India, it's very easy to make e delivery of banking services. Today, every bank has its own portal and applications through where customers can access their accounts and avail services while sitting at home. Banks are continuously making investments in innovation of services. Technology enables customers to get virtual, speedy and accessible banking. E commerce platform are able to successful in India through digitalization of banking services.

Every bank whether public sector or private sector have their applications through which their customers can access. “YONO” app is an initiative of India's largest public sector bank i.e. State Bank of India. Concept of payments banks and small finance banks comes into banking industry after demonetization in India. Payment banks don't have branches; they provide services on virtual platform. “Paytm” is one of famous payment bank in India. Application of “Paytm” is used by almost every Indian as it is directly linked with bank account and easy to access.

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