

A Study on Customer Awareness of Compendium Charges Levied by Banks in Amravati City

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ABSTRACT: Banking is an important part of the economy, and understanding bank charges is very important for customers. This study was conducted to find out how much bank customers know about different types of charges, like account maintenance fees, transaction charges, loan processing fees, and other service charges. A survey was conducted with 50 respondents using a structured questionnaire. The study also looked at factors that affect awareness, such as education, age, occupation, and use of digital banking like mobile apps and internet banking. The results showed that only a small number of customers are fully aware of all charges, while most know only a few or are not aware at all. Digital banking helps some customers learn about charges, but many still have limited knowledge. Customers have mixed opinions about whether bank charges are fair and whether banks provide clear information. The findings suggest that banks need to communicate charges more clearly through SMS alerts, emails, mobile apps, and workshops. Customers should also check their statements regularly to avoid surprises. Overall, improving awareness about bank charges can help customers make better financial decisions and use banking services more effectively.

KEYWORDS: Bank charges, Customer awareness, Digital banking, Banking services, Financial literacy

1. INTRODUCTION

The banking industry is one of the most important pillars of a nation's economy. A strong and well-developed banking system supports economic growth by mobilizing savings, facilitating investments, and providing credit to various sectors. In India, bank deposits are considered one of the safest and most popular forms of investment due to regulation by the Reserve Bank of India (RBI) and insurance cover provided by the Deposit Insurance and Credit

Guarantee Corporation. High liquidity and reasonable returns have made bank deposits widely acceptable among the public.

Computerization in India began in the early 1960s, but its adoption in banking gained momentum after the 1980s. Major reforms were initiated in 1968 when the government appointed committees to review banking services. The nationalization of banks in 1969 marked a significant milestone, expanding banking services across the country. Further metamorphic changes occurred during the 1980s and 1990s due to liberalization, privatization, and deregulation. These reforms introduced competition, improved efficiency, and encouraged customer-oriented banking practices

Modern banking in India originated in the late 18th century with the establishment of the Bank of Hindustan and the General Bank of India. The formation of the presidency banks later led to the creation of the Imperial Bank of India, which became the State Bank of India in 1955. The establishment of the RBI in 1935 provided centralized monetary control. Today, the Indian banking system consists of public sector banks, private sector banks, foreign banks, and regional institutions, serving diverse customer needs across urban and rural areas.

Banks offer a wide range of products such as credit cards, debit cards, ATMs, electronic funds transfer (EFT), telebanking, mobile banking, internet banking, cyber banking, e-cheques, and demat accounts. These services provide convenience, speed, and accessibility, enabling customers to conduct banking transactions anytime and anywhere. Technological advancement has transformed traditional banking into a customer-centric digital experience.

To cover operational costs and maintain service quality, banks levy various charges on customers. These include account maintenance charges, transaction charges, cheque clearance fees, loan processing fees, and other service charges such as SMS alerts and demand drafts. These charges are clearly

listed in a Compendium of Charges to ensure transparency. Charges help banks generate revenue, manage operational expenses, and encourage responsible use of banking services.

Compendium charges are a consolidated list of all fees levied by banks for their services. RBI guidelines mandate transparency in displaying these charges, advance notice of revisions, and disclosure during account opening. Regulatory oversight protects customers from hidden charges and promotes ethical banking practices, enhancing trust and satisfaction.

Customer awareness refers to the understanding of banking services and related charges. It includes knowledge of charges, awareness of their frequency, and the ability to compare fees across banks. High awareness reduces disputes, promotes financial literacy, enhances customer satisfaction, and supports informed financial decision-making. A well-informed customer can avoid unnecessary costs and make optimal use of banking services.

2. LITERATURE REVIEW

Das, A. (2024) The author examined how service charges were levied across Indian banks and found wide disparities in fee structures among scheduled commercial banks. The study revealed that only a few banks, such as IDFC First Bank, charged zero or minimal fees for many services, while others imposed significantly higher fees and penalty slabs—raising questions about compliance and transparency. The results suggested that customers might not have been fully aware of the schedules of charges and the reasons for differential treatment. The study stressed the need for clearer disclosure of compendium charges and consistent regulatory adherence.

Shastri, K. (2023) This research surveyed customers' knowledge of banking products and their usage patterns, finding that although many respondents were aware of broad product categories, detailed awareness of service charges and fee structures remained low. The study reported that customers with higher education and digital exposure tended to have better awareness and were more selective in banking behaviour. It concluded that despite transparency efforts, many users remained unaware of how charges affected their account balances and transaction costs.

Karthikkumar, A. & Sivanantham, R. (2023) The authors investigated awareness of customer services (including fee-based services) among bank customers and found that a majority had only medium or low

awareness levels. They observed that demographic factors such as age, education and occupation significantly influenced awareness. The study emphasized that private and public banks alike had customers who often lacked detailed knowledge about service charges and their implications.

Singh, P. & Kumar, P. (2024) This study compared awareness levels between customers of public and private banks, categorising banking services into general and specialised ones. It found that awareness of specialised charges (for example for digital or premium services) was considerably lower than of general services. The authors concluded that banks' efforts at proactive communication were uneven, and many customers remained unaware of many ancillary charges despite the banks' published compendiums..

Problem Definition

Many bank customers are not fully aware of the charges that banks apply to their accounts and transactions, such as account maintenance fees, ATM fees, digital transfer charges, and card-related charges. Even though banks are required to disclose these charges, customers often find the information complex, hard to understand, or hidden in fine print. As a result, people may only realize they have been charged when they see deductions in their account statements, which can lead to confusion, dissatisfaction, and poor financial planning. This study aims to understand how much customers know about these charges, what factors affect their awareness, and how banks can improve communication to make customers more informed.

Research Objective

1. To study how much bank customers know about different types of bank charges.
2. To study the factors that affect customers' awareness, such as their education, use of digital banking, and personal characteristics.
3. To study what customers think about whether these charges are fair and reasonable.
4. To study how well banks inform customers about their fees.
5. To study ways to help customers understand bank charges better and make smarter financial decisions

3. Research Methodology

A) Research Design:

A descriptive research design is applied because the study aims to describe the level of awareness, understanding, and opinion of customers regarding compendium charges.

B) Data Sources And Methods

Data for this study was collected from two main sources: primary data and secondary data. Both sources were used to ensure comprehensive and reliable research findings.

Primary Sources:-

Primary data is collected directly from bank customers in Amravati city using a structured questionnaire. Questions focus on customer awareness of various banking charges, how they learned about them, their understanding, and the impact on satisfaction with the bank's services. Short interviews are also conducted with selected customers to gain deeper insights.

Secondary Data:-

Secondary data is collected to support the study and provide context, including:

- Bank websites and compendium of charges published by banks
- Reports and research papers on customer awareness and banking practices
- RBI guidelines and circulars related to banking transparency

C. Data Analysis Techniques:

Percentage Analysis: To determine the distribution of responses across survey questions.

Tables and Graphs (Bar Charts, Pie Charts): For visual representation and clarity of data trends.

D. Sampling Design

Universe: The universe of the study is Amravati City.

Population: Bank customer in Amravati city

Sample Unit: Individuals who were the bank customer

in Amravati city

Sample Size: The study included a total sample of 100 respondents who were bank customer in Amravati city

E. Sampling Technique: To collect the data from the respondents the research will use simple random sampling technique.

4. Hypothesis Statement

Null Hypothesis (H_0):

Bank customers are fully aware of the different types of bank charges.

Alternative Hypothesis (H_1):

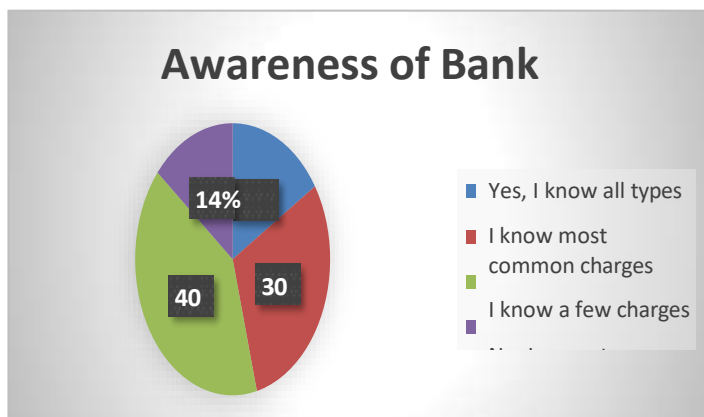
Bank customers are not fully aware of the different types of bank charges.

5. Data Analysis and Interpretation

TABLE 1 Awareness of Bank Charges.

Sr. No	Response	Respondents	Percentage
1	Yes, I know all types	8	16%
2	I know most common charges	15	30%
3	I know a few charges	20	40%
4	No, I am not aware	7	14%
	Total	50	100%

Graph No 1 Graphical Representation of Awareness of Bank Charges



Interpretation :-

The table shows that only 16% of customers are fully aware of all bank charges, while 30% know most charges. The majority (40%) know only a few charges, and 14% are not aware at all. This indicates that most bank customers are not fully aware of bank charges.

Chi-Square Test for Awareness of Bank Charges Hypothesis:

- H₀:** Bank customers are fully aware of bank charges.
- H₁:** Bank customers are not fully aware of bank charges.

Observed Data (O) from survey (50 respondents):

Response	Observed (O)
Fully aware (Yes, I know all types)	8
Not fully aware (All others: know most, few, not aware)	42
Total	50

Expected Frequency (E) if H₀ is true:

If all customers were fully aware, we would expect:

Response	Expected (E)
Fully aware	25
Not fully aware	25
Total	50

Chi-Square Calculation Table

Response	Observed (O)	Expected (E)	O-E	(O-E) ²	(O-E) ² / E
Fully aware	8	25	-17	289	11.56
Not fully aware	42	25	17	289	11.56
Total χ^2					23.12

Degrees of Freedom (df)

$$df = (\text{Number of categories} - 1) = 2 - 1 = 1$$

Critical Value

- At 5% significance level, χ^2 critical (df =1) = 3.84

Decision

- Calculated $\chi^2 = 23.12 > 3.84$
- Reject H₀ Bank customers are not fully aware of bank charges.

Conclusion

The chi-square test confirms that the majority of bank customers do not have full knowledge of different bank charges, proving the alternative hypothesis (H₁).

6. Findings:-

- The survey of 50 bank customers reveals that most customers are not fully aware of all bank charges.
- Only 16% of respondents knew all types of bank charges, while 40% were aware of only a few charges and 14% had no knowledge at all.
- Customers were more aware of common charges such as account maintenance charges (70%) and transaction charges (56%).
- Awareness of loan processing fees and other service charges was found to be relatively low.
- The study indicates that the use of digital banking and mobile applications helps customers to some extent in understanding bank charges.
- However, only 20% of respondents felt that digital platforms significantly improved their awareness.

7. Opinions regarding the fairness of bank charges were mixed, with many customers considering them only partly fair or unfair.

Conclusions:-

The survey shows that most bank customers are not fully aware of all types of bank charges. Many people know only a few common charges, and some are not aware of any charges at all. Awareness is higher for account maintenance and transaction charges but lower for loan processing and other service fees. Digital banking and mobile apps help customers learn about charges to some extent, but only a few feel it helps them fully. Customers also have mixed opinions about whether charges are fair, which may be due to not understanding all the fees. Overall, the study highlights that there is a need for banks to improve customer awareness and provide clear information about their fees and services.

Suggestions:-

- Banks should inform customers about all charges clearly at the time of opening accounts and during transactions.
- SMS, emails, and mobile app notifications should be used to explain fees and penalties in simple language.
- Banks can organize small workshops or training sessions to educate customers about charges and how to use banking services efficiently.
- Customers should be encouraged to regularly check statements and understand charges to avoid surprises.
- Digital banking platforms should include easy guides and FAQs so customers can learn about charges themselves.

7. REFERENCES

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