Full Length Research Paper

Customers' perception about value added services rendered by banks

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The research is focused on customers' perception about augmented services rendered by the banks, namely, ATM Facilities, Debit card facilities, Credit card facilities, Mobile Banking and Internet banking facilities. How the customers have accepted these facilities, to what extent they are using these facilities and how to improve the usage rate were the main focus of research area in this study. The author conducted a literature search on augmented services rendered by the banks and interviewed 150 customers. The study also focused on various factors that influence the selection of a bank. Analysis was made by using various tools like Ranking, Mann-Whitney Test, Inter-correlation and Multiple regression. This research was carried out to validate the conceptual model of customers' perception about augmented services provided by the banks. The causes were identified and researched through correcting the causative factors so that the value added services provided by the banks can be used by more people. This will help the banking operations to be more cost effective. The result showed that there exists a relationship between the value added services rendered by the banks.

Key words: Customers' perception, ATM Facilities, Debit card facilities, Credit card facilities, Mobile Banking and Internet banking facilities.

INTRODUCTION

Value-Added Services (VAS) are performed to meet customer demands. Activities are performed on a product before the product is delivered to the customer, or a provided service that is performed at the customer site. Customers have started evaluating the banks based on the convenience and comforts it provides them. Bankers have started developing various product features and services using internet applications. Improving customer service, increasing market reach and reducing costs are now basic expectations of Internet banking services. If consumers are to use new technologies, the technologies must be reasonably priced relative to alternatives. Otherwise, the acceptance of the new technology may not be viable from the standpoint of the consumer (Suganthi and Balachandran, 2001). The number of mobile phone users worldwide reached the one billion mark in 2002 (Barnes and Huff, 2003). In Japan, already seven out of 10 people have cell-phone accounts, and in countries such as Italy, Norway, Sweden and the United Kingdom, the market penetration of mobile phones has already exceeded 100% (Sultan and Rohm, 2005). However, among all, the banking industry is expected to show significant impact on the value added services to be rendered to the customers and this paper concludes with a discussion on the value added services to be rendered by the banking sector (Figure 1).

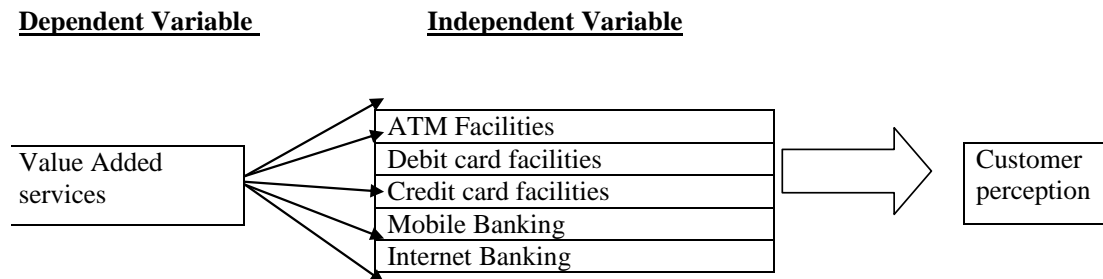*Corresponding author. E-mail: mahamakesh@yahoo.co.in. Tel: 9894564073.

Dependent Variable   **Independent Variable**

Figure 1. Value added service.

REVIEW OF LITERATURE

Singh (2006) discusses customer management in banks. As such, the management aims to target the customer with a view to gain customers' insight and provide value added products and services. Technology has enabled banks to reach customers in any part of the world at any time with customized products, thereby moving towards the concept of customers' satisfaction. Management must strive to deliver positive experience (proper service delivery) to each customer; and as such, this may be functional, emotional or situational for long term customers and business management in the banks.

Sureshchandear et al. (2003) investigated the critical factors of customer-perceived service quality in the banks of India. The three groups of banks in India (Public sector, Private sector and foreign banks) were compared with respect to each of the four factors of service quality (core services, human element, tangibles of service and social responsibility). The results also indicated that foreign banks were performing well, followed by private sector banks and public sector banks.

Roig et al. (2006) analyzed the dimension of the concept of customers' perceived value in the banking sector of Spain. A total of 200 customers were selected for the survey. The result of confirmatory factor analysis and linear regression analysis indicated that customers' perceived value in banking sector composed of six dimensions; functional value of the establishment. There exists four key gaps in the service provider's side that are likely to affect service quality as perceived by customers. The gaps are not knowing what customer expects, not selecting the right service designs and standards, not delivering to service standards and not matching performances to promises

Parasuraman et al. (1988) presented a model, 'servqual: A multiple-item scale for measuring consumer perceptions of service quality'. The purpose of this study was twofold: to describe the development of a multiple-item scale for measuring service quality (called servqual) and to discuss the scale's properties and its potential applications.

Vyas (2004) did a study titled, 'Measurement of customers' satisfaction on IT adoption in banking services'; the study was an empirical study based on descriptive research design to measure customer satisfaction considering the prevalent state of IT adoption among selected branches of nationalized banks, private banks, co-operative bank and foreign banks located at Baroda. The findings of the study revealed that there was an effective implementation of E-Banking services in the case of private banks and foreign banks whereas nationalised banks were found to have a lesser degree of computerization.

RESEARCH METHODOLOGY

The study was conducted in Trichy City. The survey covered both residential and commercial areas. The respondents were asked to give their opinion and their perception about the augmented services rendered by the banks. A specifically designed questionnaire was used as a tool. The analysis was conducted through the statistical package SPSS version 17.0 towards various Valued added services rendered by the banks like ATM Facilities, Debit card Facilities, Credit card facilities, Mobile Banking and Internet Banking. Convenient sampling method is used. The researchers have taken 150 samples. Descriptive research was used in this study. Secondary sources of data were collected through magazines, journals and website, published statistical resources, libraries etc. To ensure validity, a content validity index was computed and items on the questionnaire were purified; a CVI of 0.75 was got, and the pilot test was undertaken with 30 respondents. For reliability, internal consistency was computed by using Cronbach's alpha, with the score of 0.832 and thus the item was considered appropriate.

Tools used for analysis

1. Ranking
2. Mann-Whitney 'U' test
3. Inter-correlation and
4. Multiple Regression Analysis

Purpose of the study

Is to study the customers' perception about augmented services

Table 1. Ranking of factors influencing selection of a bank.

Rank	Reputation of the bank (Branch name)		Bank promotion attributes		Value added services		Branch reputation		Scheme		Customer relationship	
	n	%	n	%	n	%	n	%	n	%	N	%
1st	54	36.0	33	22.0	58	38.7	37	24.7	36	24.0	28	18.7
2nd	21	14.0	22	14.7	21	14.0	22	14.7	24	16.0	24	16.0
3rd	23	15.3	25	16.7	19	12.7	25	16.7	22	14.7	24	16.0
4th	22	14.7	33	22.0	26	17.3	33	22.0	25	16.7	22	14.7
5th	20	13.3	23	15.3	13	8.7	21	14.0	29	19.3	26	17.3
6th	10	6.7	14	9.3	13	8.7	12	8.0	14	9.3	26	17.3

Source: Primary data.

like ATM Facilities, Debit card facilities, Credit card facilities, Mobile Banking and Internet Banking.

Objectives of the study

1. To ascertain the factors that are highly influencing towards the selection of a bank.
2. To find out the strength of inter-relationship between customers' perception about value added services provided by the banks in Trichy.
3. To determine the predictor among demographic variables towards ATM facilities provided by banks.

DATA ANALYSIS AND INTERPRETATION

The factors that influence the selection of a bank by the customers were enlisted
as (1) Reputation of the bank. (2) Bank promotion attributes (3) Value added services (4) Branch Reputation (5) Schemes and (6) Any other services.

From Table 1, it is seen that 54 (36%) of the respondents have given the first rank for the factor reputation of the bank. 33(22%) of the respondents have ranked 'Bank promotion as the first ranking factor. 58(38.7%) ranked 1st as value added services, 37(24.7%) ranked 1st as branch reputation, 36(24%) ranked as 1st on various schemes and 28(18.7%) of the respondents were ranked 1st as customer relationship provided by the banks.

The reputation of the bank, Bank promotion attributes, Value added services, Branch reputation, Various schemes and Customer relationship were ranked 6th (last rank) by 6.7, 9.3, 8.7, 8, 9.3 and 17.3% respondents, respectively.

Difference between genders of the respondents in value added services

Ho: There is no significant difference between genders of the respondents with regard to value added services rendered by banks.
H₁: There is a significant difference between genders of the respondents with regard to value added services rendered by banks.

Mann-Whitney 'U' test was used for the above hypothesis .It is found and concluded that there is no significant difference between genders of the respondents towards various value added services such as ATM facilities , debit card facilities, Credit card facilities,

Mobile Banking, Internet Banking and Any others where they donot influence (Table 2a, 2b). Hence, the calculated value is greater than the table value. So the research hypothesis is rejected and the null hypothesis is accepted.

Relationship between customers' perceptions about selection of banks

To find the strength of relationship between various factors influencing selection of bank, correlation was applied. The higher the correlation, the higher will be the combination of the factors which influence the customer at a higher level.

Table 3 clearly shows that there is a positive relationship between the various factors influencing customer perception towards selection of bank. The result does not show any negative relationship. Only few are moderately correlated (value between 0.4 and 0.6) such as Value added services with Bank promotion attributes (0.414), Schemes with Reputation of bank (0.415) and schemes with Value added services. And all others are weakly correlated. From the above table, it is clear that there exists inter correlation between all the variables but it is either moderate or weak.

To find the strength of relationship between value added services, correlation was applied. The higher the correlation, the higher will be the combination of the factors which influence the customers at a higher level.

A bivariate correlation was undertaken to study the customers' perception about value added services rendered by banks. The output confirms that a significant positive relationship correlation exists between all the value added services provided by the banks.

The relationship between ATM facilities towards Debit card facilities (0.513), Mobile banking (0.454) and any other facilities (0.577) are moderately correlated (Table 4). Credit card facilities (0.299) and internet banking (0.324) are weakly correlated. There exists no significant negative relationship. Debit card facilities with 'Any other facilities' (0.579) are moderately correlated. Debit card facility is weakly correlated with Credit card facility (0.299), Mobile banking facility (0.337) and with internet banking (0.270). Credit card facilities are weakly correlated with mobile banking (0.351) and internet banking (0.181). Mobile banking facilities are moderately correlated with internet facility (0.518) and any other facilities (0.556). Internet banking facility is moderately correlated with any other facilities provided by the banks (0.497).

Thus, ATM facilities, Mobile banking facilities and Internet banking facilities are moderately correlated with value added services. Thus, they have positive effect on the value added services provided by the banks.

There is no doubt that mobile phones are the technology

Table 2a. Mann-Whitney 'U' Test.

S/.no	Gender	Mean rank	Sum of ranks
1	A.T.M facilities		
	Male (n=93)	74.90	6966.00
	Female (n=57)	76.47	4359.00
2	Debit card facilities		
	Male (n=93)	75.71	7041.00
	Female (n=57)	75.16	4284.00
3	Credit card facilities		
	Male (n=93)	73.85	6868.50
	Female (n=57)	78.18	4456.50
4	Mobile banking		
	Male (n=93)	72.52	6744.50
	Female (n=57)	80.36	4580.50
5	Internet banking		
	Male (n=93)	79.28	7373.50
	Female (n=57)	69.32	3951.50
6	Any others. specify		
	Male (n=93)	69.54	6467.50
	Female (n=57)	85.22	4857.50

Test statistics(a).

Table 2b. Mann-Whitney 'U' Test (continues).

	A.T.M facilities	Debit card facilities	Credit card facilities	Mobile banking	Internet banking	Any others. specify
Mann-Whitney U	2595.000	2631.000	2497.500	2373.500	2298.500	2096.500
Wilcoxon W	6966.000	4284.000	6868.500	6744.500	3951.500	6467.500
Z	-0.221	-0.078	-0.610	-1.103	-1.407	-2.214
Asymp. Sig. (2-tailed)	0.825	0.938	0.542	0.270	0.159	0.027

a Grouping Variable: Gender

products that have touched the highest number of Indians to date. While, television dominated our lives for a long time. PC and internet empowered urban India to take its place in the global business stage. It is the mobile phone that Indians have taken up with gusto. With 600 million plus subscriptions far surpassing all forecasts and estimations, the mobile phone has become ubiquitous in the country. These numbers are expected to grow even further to nearly 100% in the next 5 years (Figure 2).

Multiple regression analysis

To show the relationship between several independent variables in A.T.M facilities and to find the best predictor out of them, the multiple regression analysis has been applied (Table 5). The following results are got.

Degree of freedom= (149)
$Y = 1.855 + 0.511x_1 + -0.275x_2 + 0.264x_3 + 0.185x_4$
Where y is the estimated effectiveness of customers perception about A.T.M facilities.

The above equation describes that customers' perception about A.T.M increases by 0.511 unit for every one unit increase in age, 0.275 unit for every one unit increase in monthly income, 0.264 for every one unit increase in educational qualification, 0.185 unit for every one unit increase in occupation. Also, it could be inferred that "Age" is the best predictor among the factors that influence the customers' perception about ATM facilities. The multiple R is 0.223, which reveals that there exists a relationship of 22.3% between

Table 3. Inter correlation matrix.

Factors	Reputation of the bank (Branch name)	Bank promotion attributes	Value added services	Branch reputation	Scheme	Customer relationship
Reputation of the bank (Branch name)	1.000					
Bank promotion attributes	0.357(**)	1.000				
Value added services	0.346(**)	0.414(**)	1.000			
Branch reputation	0.251(**)	0.315(**)	0.395(**)	1.000		
Scheme	0.415(**)	0.396(**)	0.476(**)	0.304(**)	1.000	
Customer relationship	0.321(**)	0.284(**)	0.367(**)	0.358(**)	0.368(**)	1.000
n	**150**	**150**	**150**	**150**	**150**	**150**

Source: Primary data. Note: ** Correlation is significant at the 0.01 level (2-tailed). *Correlation is significant at the 0.05 level (2-tailed).

Table 4. Customers' perception about value added services

Factors	A.T.M facilities	Debit card facilities	Credit card facilities	Mobile banking	Internet banking	Any others. specify
A.T.M facilities	1.000					
Debit card facilities	0.513(**)	1.000				
Credit card facilities	0.299(**)	0.296(**)	1.000			
Mobile banking	0.454(**)	0.337(**)	0.351(**)	1.000		
Internet banking	0.324(**)	0.270(**)	0.181(**)	0.518(**)	1.000	
Any others. specify	0.577(**)	0.579(**)	0.472(**)	0.556(**)	0.497(**)	1.000
n	**150**	**150**	**150**	**150**	**150**	**150**

Note: ** Correlation is significant at the 0.01 level (2-tailed).*Correlation is significant at the 0.05 level (2-tailed).

Table 5. Customers' perception about A.T.M facilities.

Sl/no	Independent variable	Unstandardized co-efficient	t- value	Significant
	(constant)	1.855	2.078	0.039
1.	Age	0.511	2.408	0.017
2.	Monthly income	0.275	1.278	0.203
3.	Educational qualification	0.264	1.606	0.111
4.	Occupation	0.185	1.777	0.078
	R square	0.223		
	R square value	0.050		
	F value	1.894		

Note: * significant at 5% level (p value < 0.05); ** Significant at 1% level (p value < 0.01).

customers' perception about ATM and its factors. The R^2 of 0.050 confirmed that the variable explained 5% variations in the customers perception about ATM facilities and its factors. The result of 'F' test revealed that the explained variation of all the independent variables were valid at 1% level and 5% level (p value <0.01 and p <0.05). If the 'P' value is less than 0.01 or 0.05, then the significant relationship exists between the independent variable and dependent variables. The relationship between customers' perception about ATM facilities towards Monthly income, Educational qualification and occupation are found to be insignificant. Thus, the other remaining independent variables like age, are found to be significant in determining the customer perception about ATM facilities.

Strategy of banks in future

 "In continuation of the fulfilment of the customers' expectations to the maximum level, United Bank of India launched "United Mobile Banking" services, today. Shri Bhaskar Sen, CMD of the Bank launched "United Mobile Banking", in the presence of Shri S.L. Bansal, ED, and other senior executives of the Bank.

Speaking on the occasion, Shri Sen mentioned that Mobile phones, as an alternate delivery channel for extending banking services, have off-late been attaining greater significance. The rapid growth in users and wider coverage of mobile phone networks have made this channel an important platform for extending banking services to customers. Keeping the above view in consideration,
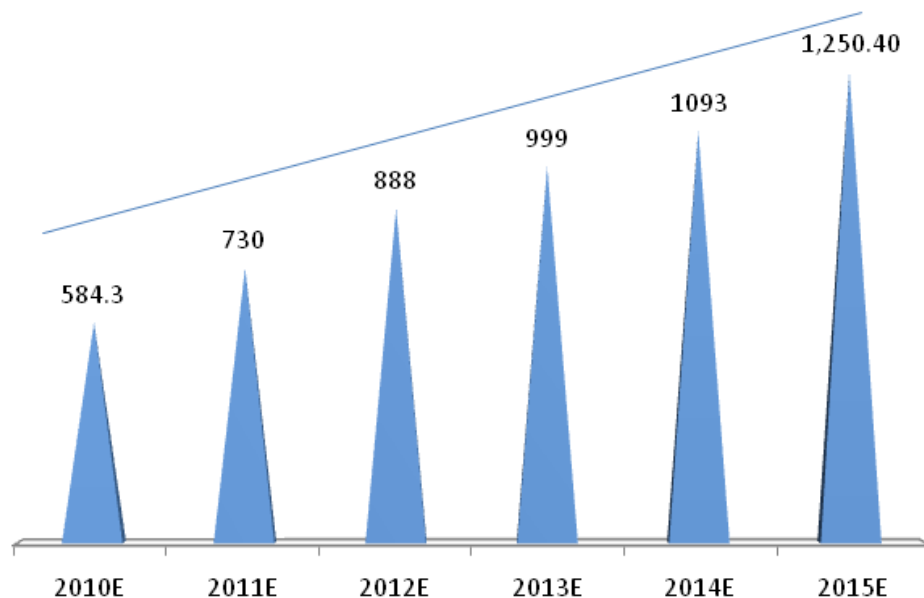
Figure 2. Mobile phone penetration in India. Source: TRAI.

the Bank has launched Mobile Banking Services. He further mentioned that the mobile banking service shall also help the bank to reach out to the unbanked segments of the society under Financial Inclusion Plan, where in the unbanked segment of the society can easily perform their banking activities through their own mobile handsets. The beneficiaries can also get instant confirmation of their transactions on their handsets on real time basis without depending upon Business correspondent / hand held device, etc.

Features/services offered by "United Mobile Banking"

1. Balance enquiry
2. Mini Statement
3. Cheque Status
4. Stop Cheque facility
5. Intra Bank fund transfer (Mobile to Mobile and Mobile to Account)
6. Inter Bank Fund Transfer through NEFT
7. ATM and branch locator

Very soon, the bank will also introduce the following more features in "United Mobile Banking"

1. Inter Bank fund transfer through IMPS (Inter Bank Mobile Payment Service).
2. Request based services like cheque book, Demand draft, account opening, etc)
3. M-Commerce and Bill Payment. (Mobile Recharge, Ticketing, Donations, Online Shopping)

Service charge

As of now, there shall be no registration charges for availing "United Mobile Banking". Shri Bansal mentioned that United Bank is committed towards developing more and more new generation products. He further mentioned that alternate delivery channels of

banking play an important role in current banking scenario. These products not only provide convenience to the customers of the bank, but also minimize the burden on the branches of the Bank, which in turn will help the officials of the bank to further improve the level of customer service.

FINDINGS AND RECOMMENDATIONS

Thus customers' perception about value added services rendered by the banks were tested and analysed through Ranking, Mann-whitney test, Inter correlation and multiple regression. These analyses were done to find the most influencing factor in selection of bank, to find the signify-cant relationship between the Values added services and to find the best predictor towards ATM facilities provided by the banks. In ranking reputation of the bank was ranked first towards the selection of bank. With Mann-Whitney test, it is clear that there is no partiality is given to the gender towards the value added services provided by the banks. By using Multiple Regression, age is considered as the best predictor among the independent variables on demographic factors.

On the basis of the analysis, the researcher has concluded that banks have to conduct many awareness programs, friendly usage and customer relationship in order to retain the existing customers and to attract new customers. A bank must examine its strengths and opportunities and take a competitive position in the competitive marketplace. The main purpose of this study was to identify the significant dimensions that shape customers 'perception about value added service and the effect of this will result in customers' satisfaction. It is

being inferred from the above analysis that the banks have to concentrate on the middle age group because the usage of value added services is more upon them which will result in future competitive success. Providing better services on exploration and speciality information is more successful to keep and attract long-time usage of banking customer.

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