CUSTOMER PERCEPTION TOWARDS NEW FINANCIAL PRODUCTS OF SELECT PRIVATE SECTOR BANKS IN HYDERABAD CITY

BIJJA SRINIVAS
Research Scholar
Dept of Business Management
Osmania University
Hyderabad
sri.bijja@gmail.com

ABSTRACT

Economic prosperity, technological factors has changed consumer perception demand for new financial products and proficient service. The service industry is emerging key supplier to the economy of several countries which were previously reliant on the manufacturing sector. Service industry mainly the banking division is not left behind in the competition. Banking industry has been extremely commoditized. To be in commerce, each retail bank must have competitive dissimilarity in new financial products which can be realize to a large degree through consumer service superiority. The aim of retail banking industry is to please customers and maintain their associations. This can be achieved by captivating the benefits of each cross-selling and up-selling prospect. The availability of sophisticated technologies will assist in boosting the cross-selling, raise customer preservation and discriminate the brands in the retail banking sector.

This experimental study assesses the existing position of new financial services offered in banking service sector with particular reference to Private Banking Sector. The study focuses on consumer perception in new financial products and customer satisfaction. On the base of an empirical study which was conducted in Hyderabad in Telangana state, the study concludes that all the service offered by the banks which will meet the customer satisfaction.

Keywords: Retail Banking, Financial Products, Customer Satisfaction, Customer perception

INTRODUCTION

The banking method in India is extensively unlike from that of other Asian Nations because of the country's inimitable geographic, social and economic features. India has a huge population and territory size, a varied culture and severe disparity in earnings, which are noticeable along with its regions. There is not much level of literacy between great proportions of its residents, but at the similar time, the state has a great pool of professional and technologically superior talent involving about 40 percent of the population inhabit in metro and metropolitan cities and the rest is widen in a number of semi urban and rural centres.

These characteristics are reflected in the organization, dimension and variety of the country's banking and financial sector. Until now, banking is normally understood as a place where monetary services are accessible viz. savings, withdrawing, fixed depositing and providing credit to the customers.

The competition and extremely strained profits have introduce the new financial products as per the consumer perception practices in the Indian banking division and has too bring the customer pleasure to the middle of the centre. It has become extremely significant for the banks to maintain their present customer base and to attract new customers. As the banks are growing; customers' perception is growing. It has become imperative to provide services to meet their perception the bank so that the service provider can measure their intensity of service superiority and recognize the gaps for improvement. Product discrimination is impractical in a aggressive atmosphere like the banking industry. Banks all over are offering the identical products. Thus, bank management tend to distinguish their firm from competitor through different financial products. In banking, financial products are a multi-variable concept, which includes differing types of convenience, reliability, services portfolio, and critically,

The Indian banking division has emerged as one of the strongest drivers of India's economic development. The Indian banking industry has prepared exceptional progression in most recent years, even through the times when the rest of the world was belligerent with financial meltdown. India's economic progress and financial division liberalization have lead to a revolution of the Indian banking division more than the past two decades. The dominance in the services sector is growing over the years. Banking is the service-oriented industry, which has been contributing significantly to the national exchequer in the last few years.

Recent development in Indian banking sector

In the present years, the banking division has been undergoing speedy changes which are reflecting in banking reform. Telecommunication and Information technology are the mainly major areas which have transformed quickly. It has accelerated the means of communication of financial information as a result of which lowering there is a reduction in the expenses of several financial actions. In the previous few years banking division has introduced new products: credit cards, ATM, tele-banking, mobile banking electronic fund transfer (EFT), internet banking, cashless payment systems, green channels and mobile wallets. These new products increase the efficiency of banks by reducing transactions cost.

Reasons for Growth of Services

The reasons for the growth of the service sector include a) service sector holds new vistas for growth as well as for economic well-being, b) Service activities that once belonged to unorganized sector are rapidly becoming organized, c) the stigma associated with services as servitude is vanishing. Services are earning respect and esteem, d) increasing income levels, e) urbanization, f) women in the workforce, g) demographic shifts, h) environmental

concerns, i) role of government, j) industrialization, k) competition, l) national and international specialization.

Trends in Banking Sector in India

The recent trends in the Indian Banking sector in the wake of the liberalization of the economy are.

a) Re- emergence of private commercial banks.

b) The entry of foreign commercial banks.

c) Increased usage of plastic currency.

d) Introduction of any time money (ATM) and any where money (AWM) concepts.

e) Introduction of online banking.

f) Increase in competition.

g) Increase in credit creation, and

h) Introduction of universal banking

Review of Literature

Bridges (1993) had tested a hypothesis that perceptual decision of a feature that is less significant to a consumer's option choice is more greatly influenced by the situation point than is decision of an attribute that is more essential to the option. The study results support this hypothesis in a service industry application. Further, he estimated a model and use the obtain parameter value to forecast decision of the service for a propose usage condition.

Reichheld (1993)94 had revealed in his study that there are two magnitude that can determine customer loyalty, namely, behavioural and attitudinal loyalty. Behavioural loyalty refers to a customer's behaviour to repurchase, due to their taste of a specific product or service. Attitudinal trustworthiness reflects the emotional and psychological condition of the customer to repurchase and to advise to other people.

Selnes, Fred (1993)95 had explored in his study that corporate image acts as memory based self- schema, information that is readily accessible in the overall evaluation of an ongoing service offering or relationship.

Lovelock et al. (2002)48 had explored that service has been defined as an act or performance offered by one party to another. Although the procedure may be attached to physical product, the performance is basically intangible and does not regularly in ownership of any factor production.

Srikanth. V (2010)12 has done a comparative study on public and private sector bank organizations by analyzing the factors influencing the customer relationship management viz. relationship initiator, relationship sustainers and relationship enhancer. He also developed

relationship technology model, which explains the inter play of CRM initiatives/tools of the service organizations, technology preparedness of the service organizations and also the customers relationship initiators, relationship sustainers, relationship enhancer and its influence on customers convenience and satisfaction.

Jignesh Valand (2016) Study on Perception of Bank Customers towards Financial Services Quality customers has different perception about the services offered by the banks. He concluded that banks are advised to banks are not giving response the customer complaints and measures and employees are fail to solve grievances measures are to be taken to overcome these otherwise customers may shift to other banks for the required services

K.Thanga Glara, 1,Dr. C. Eugine Franco (2017) in his study A Comparative Study on Satisfaction of Customers of public division and Pvt. Sector Banks towards E-banking. They concluded Internet acceptance amongst Indians has been rising over the last two decade. Indian banks have also rise to the time by offering new delivery channel which has become accessible to Indian customers. Private sector banks are fairly flourishing in fulfilling their customer's requirements. But public sector banks are still requiring putting additional efforts to make this division to stay alive in the present world of e-banking rivalry.

Research Design

Instruments: The key aim of this learn is to establish the customer's perception of ne financial services offered by the private Banking sectors the promising effects on consumer contentment in retail banking.

1. Demographic information of the respondents,

2. To evaluate the customer perception on new financial products in the select private sector banks.

Scope of the study:

The study is restrained to selected city of Hyderabad. Banks provide service exterior the same are not considered in this study. Overseas banks and cooperative banks are beyond the purview of the study. Though there is additional number of financial services only selected services are considered for analysis in this study. Furthermore, the learn is restricted to three private sector banks ICICI bank, HDFC Bank, Axis Bank,

Objectives of the study

1. To study the new financial products in the select private sector banks

2. To know the influence of demographic variables on the customer perception in the select private sector banks.

3. To evaluate the customer perception on new financial products in the select private sector banks.

Hypothesis of the study

H_{01}: There is no significant difference in financial products in select private sector banks.

H_{02}: There is no significant difference between demographic variables and the customer perception in select private sector banks.

H_{03}: There is no significant difference between the customer perception and new financial products in the select private sector banks.

Research Methodology

The study basis itself on primary data composed by using Percentage and Chi-square, t-test, Correlation. The information has been extract through a field investigation by way of a well-designed questionnaire comprise of query on the variety of financial products. The questionnaire has been administered on a randomly selected sample of customers availing retail banking service from the Pvt. Division Indian banks. The research conducted in Hyderabad district of Telangana State.

Sample Size: 600 Customers from private Sector banks 200 Employees in total 3 Banks

Sources of data:

The source from where one can obtain the necessary information required to pursue research and to meet up the objectives of study is of two types, viz, primary source and secondary source.

Data analysis and Interpretation:

1. **Gender**

The respondents are asked to express about their Gender. The details are furnished in the following table and figure.

Table:1 Gender

Type of Organization	Male		Female		Total
	N	%	N	%	
Private sector bank	318	53	282	47	**600**

From the above table, it is found that the 53.0 per cent of private sector bank customers are male and 47.0 per cent are female. It is clearly shows that male customer's number is higher than female customers in the study banks.

2. **Academic qualification**

The respondents are asked to tell about their academic qualification. The details are furnished in the following table and figure.

Table: 2 Academic qualifications

Type of Organization	S.S.C		Inter		Graduate		P.G		Total
	N	%	N	%	N	%	N	%	
Private sector bank	16	2.7	96	16	202	33.7	286	47.7	**600**

It is evident from the above table i.e. academic qualification, 600 from private sector bank banks out of which 16 (2.7%) are SSC, 96 (16.0%) are intermediate, 202 (33.7%) are graduates and 286 (47.7%) are post graduates. Out of 1200 respondents 32 (2.70%) are SSC, 206 (17.2%) are intermediate, 450 (37.5%) are graduates and 512 (42.7%) are post graduates

3. Age in (years)

The respondents are asked to tell about their age in (years). The details are furnished in the following table and figure.

Table: 3. Age in (years)

Type of Organization	Below 20		21–30		31–40		41-50		Total
	N	%	N	%	N	%	N	%	
Private sector bank	100	16.7	310	51.7	166	27.7	24	4	600

Source: Primary Data

It is observed from the above table. age in (years), 600 private sector banks out of which 100 (16.7%) are age group of below 20, 310 (51.7%) are 21-30, 166 (27.7%) are 31-40 and 24 (4.0%) are 41-50. Out of 1200 respondents 260 (21.70%) are age group of below 20, 624 (52.00%) are 21-30, 26021.70%) are 31-40 and 56 (4.70%) are 41-50.

4. Occupation

The respondents are asked to tell about their Occupation. The details are furnished in the following table and figure.

Table: 4. Occupation

Type of Organization	Student		Employee		Professional		Self employed		Total
	N	%	N	%	N	%	N	%	
Private sector bank	12	2	244	40.7	292	48.7	52	8.7	**600**

Source: Primary Data

From the above table, Where 600 from Private sector banks out of which 12(2.0%) are students, 244 (40.7%) are Employees, 292 (48.7%) are Professionals and 52 (8.7%) are Self employed.

5. With which Private Sector Bank do you operate your account

Bank	Frequency	Percent
ICICI	310	51.6
HDFC	169	28.9
Axis Bank	121	19.5
Total	**600**	**100**

Source: Primary Information

The above table shows the with which Private sector banks they are operating account, 619(51.6%) ICICI, 367 (28.9%), HDFC, 347 (28.9%) Axis Bank, 234 (19.5%)

6. Services of Private Sector Banks

Services of Private Sector Banks		Very bad	Bad	Moderate	Good	Very Good	Total
E-banking	Count	78	92	262	79	89	600
	Row N %	12.90%	15.40%	43.70%	13.20%	14.70%	100
M-banking	Count	82	104	269	86	59	600
	Row N %	13.60%	17.30%	44.80%	14.50%	9.90%	100
Digital Wallets	Count	108	92	245	86	69	600
	Row N %	18.10%	15.40%	40.80%	14.30%	11.40%	100

The table reveals the services of private sector banks opinion of respondents. E-Banking 78(12.90%) says very bad, 92 (15.40%) bad, 262 (43.70%) moderate, 79 (13.20%) good, 89 (14.70%) very good, M-Banking 82(13.60%) very bad, 104 (17.30%) bad, 269 (44.80%) moderate, 86 (14.50%) good, 59 (9.90%) very good , digital wallets 108(18.10%) says very bad, 92 (15.40%) bad, 245 (40.80%) moderate, 86 (14.30%) good, 69(11.40%) respondents says very good by the private sectors banks.

7. Security level using in the banks

Security Level using		Very bad	Bad	Moderate	Good	Very Good	Total
E-banking	Count	32	46	72	195	255	600
	Row N %	5.40%	7.60%	12.00%	32.60%	42.50%	100.00%
M-banking	Count	40	60	54	61	385	600
	Row N %	6.70%	10.00%	8.90%	10.20%	64.20%	100.00%

Digital Wallets	Count	32	46	324	82	116	600
	Row N %	5.40%	7.60%	54.10%	13.70%	19.30%	100.00%

The table shows the security level using in the banks opinion of respondents. E-Banking 32(5.40%) says very bad, 46 (7.60%) bad, 72 (12.00%) moderate, 195 (32.60%) good, 255 (42.50%) very good, M-Banking 40 (6.70%) very bad, 60 (10.00%) bad, 54 (8.90%) moderate, 61 (10.200%) good, 385 (64.20%) very good , digital wallets 32 (5.40%) says very bad, 46 (7.60%) bad, 324 (54.10%) moderate, 82 (13.70%) good, 116 (19.30%) respondents says very good

Custom Tables

	Problem you face using these services E-banking		M-banking		Digital Wallets	
	Count	Row N %	Count	Row N %	Count	Row N %
Gender	0	0.0%	0	0.0%	0	0.0%
Age	0	0.0%	0	0.0%	0	0.0%
Literacy	50	7.9%	46	7.2%	54	8.5%
Occupation	0	0.0%	0	0.0%	17	2.7%
Computer Awareness	25	3.9%	29	4.5%	94	14.7%
Internet Awareness	60	9.5%	84	13.2%	56	8.9%
Banking experience	0	0.0%	41	6.5%	34	5.4%
understand the terminology	59	9.4%	9	1.3%	41	6.5%
Interface in Regional language	9	1.3%	0	0.0%	8	1.3%
Technological awareness	432	68.0%	427	67.3%	330	52.0%

The above table reveals the problem faced by respondents in using following bank services offered by the service bank

1. E-banking

2. M-banking

3. Digital Wallets

It is observed 7.9% Educated people says having problem in E-banking, 3.9% computer awareness, 9.5% Internet awareness, 9.4% understanding Technology, 1.3% Interface in Regional language, and 68.0% Technological awareness. Regarding M-banking7.2% Educated respondents, computer awareness 4.5%,Internet awareness 13.2%,Banking experience 6.5%, understanding technology 1.3% and Technological awareness 67.3% having problems in using the services.

About Digital Wallets 8.5% educated people, 2.7% occupation, 14.7% computer awareness 8.9% Computer awareness, 5.4% Banking experience 6.5%, understanding technology 1.3% and Technological awareness 52.0% is having problems in using the services

Custom Tables

Technology Standards		Very bad	Bad	Moderate	Good	Very Good	Total
E-banking	Count	48	97	48	106	302	600
	Row N %	8.00%	16.20%	7.90%	17.70%	50.20%	100
M-banking	Count	21	70	68	147	294	600
	Row N %	3.50%	11.70%	11.30%	24.50%	49.00%	100
Digital Wallets	Count	34	62	52	129	323	600
	Row N %	5.30%	10.60%	8.60%	21.60%	53.90%	100

The respondents are asked to give the opinion on the Technology Standards of the following services in the banks

1. E-banking

2. M-banking

3. Digital Wallets

The respondents have been asked to rate the above mentioned service factors having on five point rating scale. The responses have been tabulated in above table

It is observed 50.2% respondents says very good, 17.7% says good, 7.9% says moderate 16.2% says bad and 8.0% says very bad about E-banking services. Regarding M-banking 49.0% respondents says very good 24.5% says good 11.3% says moderate 11.7% says bad, and 3.5% says very bad

Obviously 53.9% respondents says very good, 21.6% says good, 8.6% says moderate 10.6% says bad and 5.3% says very bad about Digital Wallets

T-Test

One-Sample Statistics

	N	Mean	S.D.	Std. Error
Feel using these services	600	3.2270	.92184	.02588

One-Sample Statistics

	Test Value = 2		
	t	df	Sig. (2-tailed)
Feel using these services	47.414	1268	.000

From the statistics table it is presented mean, std. Deviation and from Independent Samples Test df= 1268, for

The feel using services mean impact power is 3.2270 and standard deviation is 0.92184. From the table t =47.414 p=0.000<0.05 hence reject the H_0 and conclude that there is a significant difference between feel of the customer and services offered by the bank

T-Test

One-Sample Statistics

	N	Mean	S.D.	Std. Error
Level of awareness on various bank services	599	3.2184	.70321	.01974

One-Sample Statistics

	Test Value = 3		
	t	df	Sig. (2-tailed)
Level of awareness on various banking services	11.066	1268	.000

From the statistics table it is presented mean, std. Deviation and from Independent Samples Test df= 1268, for

The Level of awareness on various banking services mean impact power is 3.2184 and standard deviation is 0.70321. From the table t =11.066 p=0.000<0.05 hence reject the H_0 and conclude that there is a sig. difference between Level of awareness on various banking services and services offered by the bank

Correlations

		Technology Standards in these services	Development in these services in India
Technology Standards in these services	Pearson Correlation	1	.201[**]
	Sig. (2-tailed)		.000
	N	599	599
Development in these services in India	Pearson Correlation	.201[**]	1
	Sig. (2-tailed)	.000	
	N	599	599

The above table reveals that Technology Standards in the services has high significant relation with Development in the services in India (0.201)

FINDINGS AND CONCLUSION

Findings

It is observed that the 53.0 per cent of private sector bank customers are male and 47.0 per cent are female. It is clearly shows that male customer's number is higher than female customers in the study banks.

Academic qualification, 600 from private sector bank banks out of which 16 (2.7%) are SSC, 96 (16.0%) are intermediate, 202 (33.7%) are graduates and 286 (47.7%) are post graduates. Out of 1200 respondents 32 (2.70%) are SSC, 206 (17.2%) are intermediate, 450 (37.5%) are graduates and 512 (42.7%) are post graduates

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It shows the with which Private sector banks they are operating account, 619(51.6%) ICICI, 367 (28.9%), HDFC, 347 (28.9%) Axis Bank, 234 (19.5%)

The services of private sector banks opinion of respondents E-Banking 78(12.90%) says very bad, 92 (15.40%) bad, 262 (43.70%) moderate, 79 (13.20%) good, 89 (14.70%) very good,

M-Banking 82(13.60%) very bad, 104 (17.30%) bad, 269 (44.80%) moderate, 86 (14.50%) good, 59 (9.90%) very good , digital wallets 108(18.10%) says very bad, 92 (15.40%) bad, 245 (40.80%) moderate, 86 (14.30%) good, 69(11.40%) respondents says very good by the private sectors banks.

The security level using in the banks opinion of respondents E-Banking 32(5.40%) says very bad, 46 (7.60%) bad, 72 (12.00%) moderate, 195 (32.60%) good, 255 (42.50%) very good, M-Banking 40 (6.70%) very bad, 60 (10.00%) bad, 54 (8.90%) moderate, 61 (10.200%) good, 385 (64.20%) very good , digital wallets 32 (5.40%) says very bad, 46 (7.60%) bad, 324 (54.10%) moderate, 82 (13.70%) good, 116 (19.30%) respondents says very good

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About Digital Wallets 8.5% educated people, 2.7% occupation, 14.7% computer awareness 8.9% Computer awareness, 5.4% Banking experience 6.5%, understanding technology 1.3% and Technological awareness 52.0% is having problems in using the services

The feel using services mean impact power is 3.2270 and standard deviation is 0.92184. From the table t =47.414 p=0.000<0.05 hence reject the null hypothesis and conclude that there is a significant difference between feel of the customer and services offered by the bank

The Level of awareness on various banking services mean impact power is 3.2184 and standard deviation is 0.70321. From the table t =11.066 p=0.000<0.05 hence reject the null hypothesis and conclude that there is a significant difference between Level of awareness on various banking services and services offered by the bank

The above table reveals that Technology Standards in the services has high significant relation with Development in the services in India (0.201)

Conclusion

The study reveals that in the select bank organizations, majority customers are males and the rest are females. As per the academic qualifications are concerned, the majority account holders education qualification is SSC and above (Tenth class and above). Majority respondents in the private sector banks in which saving bank account holders are more are married. Majority account holders are employees and the least are business men. The majority of the respondents are using internet and having access with net. Majority of the

respondents are receiving the financial services information from their respective banks and are satisfied with the service of the banks. The customer are using net banking for money transfer and majority for the online purchase

The responsiveness in private sector banks is higher. The mean functional value in private sector banks is higher, as the mean accessibility value in private sector banks is higher, while the mean online banking services value in private sector banks is. The security features in private sector banks are more because the technological advancements are greater in private sector banks and also the additional services are adequate in private The customer satisfaction rate is higher in private sector banks Customer retention programs are far better in private banks. The customized services are apt in private sector banks than public sector banks

The usage of e-banking services has been more and there is a lot of demand from the last 3 to 4 years, specially, in 2015 and 2018. The Net-Banking users' percentage doubled in last couple of years and it is also evident from various bulletins of RBI.

SCOPE FOR FURTHER RESEARCH

The research is conducted in selected Private sector Banks in Hyderabad city of Telangana State. So, the research might be extended to more banks and also for Public sector Banks. The scope of research can be extending to other areas also to get more accurate results.

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