

## **CUSTOMERS' PERCEPTION ON BANKING SERVICES: A STUDY IN TELANGANA**

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### **Abstract:**

Commercial Banks are vital to the country's economic development. They are guardians of wealth of country and facilitate the movement of productive assets. Commercial banks play crucial role in India since they fuel the country's economic growth while also giving significant insights into financial processes. As per the Reserve Bank of India Act 1934, all large banks are classified as commercial. And, under the scheduled bank category, there are different banking categories like Small Finance bank, payments bank, and Co-operative bank. The present study is intended to study the initiatives of banks in customer services, to know the perception of customers on banking services and to make suggestions to improve the banking services. Indian Government nationalized 14 commercial banks in 1969. In 1980, the Government nationalized 6 more banks. To stabilize the nationalized public sector banks, the Indian Government formed the Narasimham Committee in 1991 to manage reforms in the banking sector. The services which bank provides are Advancements of loans, Cheque payments, Discounting on bills of exchange, Collecting and paying the credit instruments, Guarantee by banks, Consultancy, Credit cards, Funds remittance, Debit cards etc. In today's digital age, the commercial banks continue to play a vital role. In spite of giving top priority for risk and regulatory protection, banks are also searching for innovative methods to deal with financial performance and investor expectations. The banks also reorganize and optimize their operational and business models to generate long-term profitability.

(Key words: Customers, Banking, Services, Loans, Deposits)

### **1. Introduction:**

Commercial Banks are vital to the country's economic development. They are guardians of wealth of country and facilitate the movement of productive assets. Commercial banks play crucial role in India since they fuel the country's economic growth while also giving significant insights into financial processes. Commercial Banks are the engine of India's success, offering financial services to a large population at low costs and satisfying the short- and medium-term credit needs of lakhs of industries, particularly medium and small enterprises (MSMEs).

As per the Reserve Bank of India Act 1934, all large banks are classified as commercial. And, under the scheduled bank category, there are different banking categories like Small Finance bank, payments bank, and Co-operative bank. The banks can be divided according to ownership into public sector, private sector, foreign and regional rural banks.

**2. Objectives:** The present study is intended

1. To study the initiatives of banks in customer services
2. To know the perception of customers on banking services
3. To make suggestions to improve the banking services

**3. Need of the Study:**

The banks now days are taking initiatives to introduce many services for the customer satisfaction and make easy the transactions. The Information and Communication Technology is used for the purpose. Artificial Intelligence and machine learning play crucial role in providing banking services. Based on ICT banks are offering a variety of services to the customers. It is need of the hour to know whether the customers are being satisfied with the services providing by banks.

**4. Methodology:** The methodology of the study is as follows.

- i. **Data Collection:** The present study is based on primary and secondary data. The Primary data is collected in the study area i.e. Thorrur Town as per the convenient sample method. The researchers group went to the banks located in Thorrur Town and collected the data in convenient sampling method from 50 respondents who visited the banks in Thorrur Town. A structured schedule is used for data collection. The secondary data is collected from journals, books, reports etc.
- ii. **Data Analysis:** The data is analyzed using Likert Scale and various statistical tools like percentage, mean and median.
- iii. **Limitation:** The present study is limited to the area of Thorrur town of Telangana and it may not be applicable at other geographical areas.

**5. Review Literature**

The results of study of Chao Chao Chuang (2011) show online banking services need to intensify the core functions and design these utilitarian features as effectively as possible to satisfy all online banking customers' need. On the other hand, providing better service on exploration and specialty information factor is more successful to keep and attract long-time usage online banking customers.

The study Uday Singh Rajput (2015) revealed that education, gender and income play an important role in usage of online banking. The research corroborated the conceptual framework stating that if skills can be upgraded there will be greater will to use online banking by consumers.

Ramanigopal C.S (2011) opined that usage of modern technology for better service is imperative. Educational level of respondents influence the use of internet banking facility and highly satisfied with secrecy maintenance, transaction updating, account transfer and security followed by easy access while using the internet banking services. The success of Internet banking not only depends on the technology but also on, to the large extent the attitude, commitment and involvement of the operating at all levels and how far the customers reap the benefits from Internet banking services.

Kumbhar, Vijay (2011)'s study results show that highly educated, a person who are employees, businessmen and belongs to higher income group and younger group are using this service, however, remaining customers are not using this services. Private sector banks are providing better service quality of internet banking than service provided by the public sector banks. Therefore, public sector banks should improve their internet banking services according to the expectations of their customers.

## **6. Evolution of Banking Sector in India**

There are numerous changes have been taken place within banking industry in both technological progress and in the diversification of financial services. The Banks, which are operating within the boundaries of India, have to abide by rules and regulations of the Banking Regulation Act, 1949. The Evolution of India's banking system can be described in three phases.

### **6.1. Phase 1 (1786-1969)**

This phase is the pre-independence and lasted nearly 200 years. There were almost 600 banks in the country. And, some of the major developments for the banking industry were also took place.

Bank of Hindustan is the first bank to come into existence, and it marked the foundation of India's banking system. But it was closed in 1932. The East India Company established three presidency banks viz. Bank of Bombay (1840), Bank of Madras (1843) and Bank of Calcutta (1806). These three banks merged together and became the Imperial Bank of India. In 1955, it was renamed to the State Bank of India. Some other banks like Punjab National Bank and Allahabad Bank came into existence.

Between 1913 and 1948, there was stagnation in India's banking space as growth was slow. Multiple banks encountered periodic failures. The lack of confidence in the country's banking system played a part in the slow mobilization of funds and the growth of this sector in this country. There were around 1100 banks during this period.

In an attempt to streamline the operations of these banks, the Indian Government introduced the Banking Regulation Act, 1949.

## 6.2. Phase 2 (1969-1991)

Post-independence, the private ownership of banks did not gain confidence of Indian people. The people preferred to approach moneylenders for necessary financial assistance. To combat this issue, the Indian Government nationalized 14 commercial banks in 1969.

The main objective of this nationalization was to reduce the concentration of power and wealth of certain private owners who control these financial institutions. Some of the banks that were nationalized in 1961 include: Central Bank of India, United Bank, Canara Bank, Indian Overseas Bank, Dena Bank, Union Bank of India, Bank of Baroda, Bank of India, and Allahabad Bank. The Government of India nationalized 6 more banks in 1980 which included: Corporation Bank, Punjab & Sind Bank, New Bank of India, Vijaya Bank, Andhra Bank, Oriental Bank of Commerce.

Besides nationalizing private banks, the Indian Government established a few financial institutions (between 1982 and 1990) to fulfill specific objectives.

1. EXIM Bank – for promoting import as well as export
2. National Housing Board- for funding housing projects
3. National Bank for Agriculture and Rural Development (NABARD) – for supporting agricultural activities
4. Small Industries Development Bank of India (SIDBI) – for providing financial assistance to small-scale Indian industries

## 6.3. Phase 3 (1991- Present)

The Indian banking system has been evolving since 1991. The Indian Government encouraged foreign investment in banking sector and opened the economy to foreign and private investors. This has led to the introduction of mobile banking, internet banking, ATMs, and more in Indian banking system.

Some foreign banks in India include: HSBC, Citibank, Bank of America, Standard Chartered Bank, DBS Bank, Royal Bank of Scotland.

To stabilize the nationalized public sector banks, the Indian Government formed the Narasimham Committee in 1991 to recommend reforms in the banking sector. The Government approved various private banks during this period. These included Axis Bank, IndusInd Bank, and ICICI bank.

Other noteworthy developments or changes:

- Small finance banks became eligible to open new branches anywhere in India
- The Government and RBI began to treat both private and public sector banks equally
- Banks started digitizing transactions along with the other banking operations
- Payments banks were established

## 7. Banking Services

Besides their primary jobs accepting deposits and granting loans, there are several other functions of banks in the modern banking era. Payment and remittance services, overdraft, currency exchange, consultancy, online internet and mobile banking, credit and debit cards, locker facility, money transfer with DDs, cheques and guarantee to customers etc. are some of the services offered by the banks.

## 8. Customers' Perception – An Analysis

The present study is intended to know the perception of customers on banking services. It is collected the data regarding the socio-economic conditions of sample respondents and their perception on banking services.

### 8.1 Socio-economic conditions

The socio- economic conditions of sample respondents of the study are analyzed below.

Table 1 - The sex particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	Male	33	66
2	Female	17	34
	Total	50	100

Source: Field Survey

The table 1 shows the sex particulars of sample respondents. The males are 66 percentage while female are 34 percentage. It reveals that most of the males only have participating in banking activities.

Table 2 - The Age particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	Below 25	02	04
2	26-40	05	10
3	41- 55	27	54
4	56- 70	10	20
5	70 Above years	06	12
	Total	50	100

Source: Field Survey

Table 2 reveals the age particulars of sample respondents. Most of the respondents (54 percentage) are belong to 41-55 years age group. Next to it, 20 percentage respondents are in 56-70 years age group. And, 12 percentage, 10 percentage and 04 percentage of respondents are

belong to 70 above years, 26-40 years and below 25 years age group respectively. Many banking transaction have been carried out by 41-55 years age group people.

Table 3 - The Religion particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	Hindu	41	82
2	Muslim	07	14
3	Christian	02	04
4	Others	00	00
	Total	50	100

Source: Field Survey

The religious particulars of sample respondents are shown in table 3. Most of the respondents (82 percentage) are Hindus while 14 percentage are Muslims and 04 percentage are Christians.

Table 4 - The Community particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	BC	31	62
2	SC	15	30
3	ST	11	22
4	OC	03	06
	Total	50	100

Source: Field Survey

The community particulars of respondents are depicted in table 4. Most of the respondents (62 percentage) are Backward Class people. In the respondents, SC, ST and OCs are 30 percentage, 20 percentage and 06 percentage respectively.

Table 5 - The Educational particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	Illiterate	04	08
2	Up to 10	21	42
3	Inter	16	32
4	Degree	08	16
5	PG & above	01	02
	Total	50	100

Source: Field Survey

Table 5 reveals the educational particulars of sample respondents. Most of the respondents who are doing banking activities are having up to 10 class as educational qualification while 32 percentage respondents are having inter qualification. Degree and PG &

above are qualifications for 16 percentage and 08 percentage respondents respectively. And, 08 percentage respondents are still illiterates participating in banking activities.

Table 6 - The Occupational particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	Agriculture	21	42
2	Labour	10	20
3	Business	14	28
4	Industry	02	04
5	Employee	02	04
6	Others	01	02
	Total	50	100

Source: Field Survey

The occupational particulars of respondents are given in table 6. Most of the respondents (42 percentage) are engaged in agriculture. Next to it, 28 percentage of respondents are doing business in the study area. Labour (20 percentage), Industry (04 percentage), Employees (04 percentage) and others (02 percentage) are other occupation groups engaged by respondents.

Table 7 - The Annual Income particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	Up to 2.5 Lakh	17	34
2	2.5 to 5 Lakh	19	38
3	5 to 10 Lakh	12	24
4	10 Lakh above	02	04
	Total	50	100

Source: Field Survey

Table 7 shows the annual income particulars of respondents. Most of the respondents (38 Percentage) have the annual income between 2.5 to 5 lakh while 34 percentage respondents' income is up to 2.5 lakh. And, 24 percentage respondents annual income is between 5 to 10 lakh while only 4 percentage respondents' income is above 10 lakh.

Table 8 - The Annual Expenditure particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	Up to 2.5 Lakh	17	34
2	2.5 to 5 Lakh	20	40
3	5 to 10 Lakh	11	22
4	10 Lakh above	02	04
	Total	50	100

Source: Field Survey

The annual expenditure particulars of respondents are given in table 8. Most of the respondents (40 Percentage) annual expenditure is between 2.5 to 5 Lakh while 34 percentage and 22 percentage respondents expenditure is Up to 2.5 Lakh and 5 to 10 Lakh respectively. Only 4 percentage respondents annual expenditure is 10 lakh above.

Table 9 - The Savings particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	Up to 2.5 Lakh	31	62
2	2.5 to 5 Lakh	14	28
3	5 to 10 Lakh	05	10
4	10 Lakh above	00	00
	Total	50	100

Source: Field Survey

Table 9 reveals the saving particulars of respondents. Most of the respondents (62 percentage) savings are up to 2.5 lakhs. And, 28 percentage of respondents savings are 2.5 to 5 lakh while 10 percentage respondents savings are 5 to 10 lakhs. No respondents are saving more than 10 lakh.

## 8.2. Customers Perception on Banking Services

The Customers Perception on Banking Services has been studied in Thorur Town of Mahabubabad District, Telangana State. The details of respondents pertaining to the account holdings and customers perception on various banking services is analyzed below. The Likert Scale is used to study the customers' perception.

Table 10 - The Nature of Bank account particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	Savings	45	90
2	Current	01	02
3	Term Deposit	02	04
4	Recurring Deposit	02	04
	Total	50	100

Source: Field Survey

Table 10 shows the nature of bank account particulars of respondents. Most of the respondents (90 percentage) have savings accounts only. The other accounts are Term Deposit (04 percentage), Recurring Deposit (04 percentage) and current account (02 percentage) being maintained by respondents.



Table 11 - The Number of Bank accounts particulars of sample respondents

Sl. No.	Particulars	No. of Respondents	Percentage
1	One	46	92
2	Two	04	08
3	Three	01	02
4	Four and more	00	00
	Total	50	100

Source: Field Survey

The details of number of bank accounts hold by respondents are shown in table 11. Most of the respondents (92 percentage) have only one account while 8 percentage and 2 percentage respondents have two and three accounts respectively. No respondent has four or more accounts in the study area.

Table 12 –Particulars of the reason to open multiple accounts

Sl. No.	Particulars	No. of Respondents	Percentage
1	For safety	03	06
2	for schemes	10	20
3	on bank request	16	32
4	due to distance	12	24
5	due to better services	08	16
6	other	01	02
	Total	50	100

Source: Field Survey

The reasons for opening of multiple accounts are given the table 12. Most of the respondents (32 percentage) said that they opened multiple accounts on banks request only. 24 respondents showed the reason that due to banks distance while 20 respondents opened multiple accounts for schemes. The other reasons for opening of multiple accounts are due to better services (16 percentage), for safety (6 percentage) and other (02 percentage).

Table 13 –Particulars of the purpose of respondents going to bank

Sl. No.	Particulars	No. of Respondents	Percentage
1	For savings	24	48
2	For loans	20	40
3	Both	06	12
	Total	50	100

Source: Field Survey

The particulars regarding purpose of respondents going to bank are given in table 13. Most of the respondents (48 percentage) are going to bank for savings while 40 percentage for loans. Only 12 percentage respondents visit the banks for both savings and loans.

Table 14 - Perception of Sample Respondents on banking services

Sl. No.	Particulars	Excellent		Very Good		Good		Fair		Poor		Total	
		No.of Respondents	Percentage	No.of Respondents	Percentage	No.of Respondents	Percentage	No.of Respondents	Percentage	No.of Respondents	Percentage	No.of Respondents	Percentage
1	How is the ambience of bank?	12	24	32	64	02	04	03	06	01	02	50	100
2	How are the facilities in the bank?	10	20	34	68	03	06	01	02	02	04	50	100
3	How are the receiving and services of bank personnel?	08	16	26	52	06	12	07	14	03	06	50	100
4	How are the services of bank in depositing your money?	04	08	31	62	06	12	05	10	04	08	50	100
5	How are the services of bank in withdrawal?	07	14	34	68	04	08	03	06	02	04	50	100
6	How is the ATM availability and working?	01	02	02	04	33	66	06	12	08	16	50	100
7	How is the CDM availability and working?	00	00	01	02	10	20	29	58	10	20	50	100
8	How is Net Banking availability and working?	09	18	31	62	05	10	03	06	02	04	50	100
9	How is Mobile Banking availability and working?	19	38	12	24	11	22	06	12	02	04	50	100
10	How is the Credit Card Services?	08	16	24	48	09	18	07	14	01	02	50	100
11	How is Retail Banking Services (Housing Loans/Personal Loans) availability?	07	14	23	46	13	26	06	12	01	02	50	100
12	The rules and sanctioning of Loans Process are:	03	06	06	12	08	16	27	54	06	12	50	100

13	How is the Locker facility?	16	32	15	30	09	18	06	12	04	08	50	100
14	The ancillary services (payment of bills, premiums etc.) of bank	09	18	16	32	12	24	09	18	04	08	50	100

Likert scale with five points is used to know the perception of respondents on banking services. Table 14 reveals the details of the majority respondents' perception on various banking services. A 64 percentage respondents opined that the ambience of bank is Very Good. For the facilities in the bank, 68 percentage respondents rated with Very Good. 52 percentage of respondents said the receiving and services of bank personnel is also Very Good. The services of bank in depositing money and withdrawal are rate with Very Good by 62 percentage respondents and 68 percentage respondents respectively. 66 percentage respondents given rating with Good for the ATM availability and working and 58 percentage respondents rated with Fair for the CDM availability and working. Net Banking availability and working is rated with Very Good by 62 percentage respondents while Mobile Banking availability and working is rated Excellent by 38 percentage respondents. 48 percentage respondents given opinion as Very Good for the Credit Card Services and 46 percentage respondents gave Very Good for Retail Banking Services (Housing Loans/Personal Loans) availability. 54 percentage respondents viewed with Fair for the rules and sanctioning of Loans Process while 32 percentage respondents voted as Excellent for the Locker facility in the banks. The ancillary services (payment of bills, premiums etc.) of bank are voted with Very Good by 32 percentage of respondents.

## 9. Findings

On the basis o the present study the following findings are carried out on the perception of the customers on banking services available.

In respect to Socio-economic Conditions of Respondents,

- It is found that 66% Respondents are Male and 34% are Female
- Most of the Respondents (54%) are between 41-55 age group
- 82 % of sample respondents are Hindus
- Out of the total respondents, 62% are BCs
- Most of them i.e. 42% are having education with up to 10 class
- Most of the respondents (38%)are having the annual income between 2.5 lakh to 5 lakh.
- Most of the respondents (40%)are having the annual expenditure between 2.5 lakh to 5 lakh.

- Most of the respondents (62%) are having the annual savings between up to 2.5 lakh only which shows the low saving capacity among them.

In respect to the Customers' Perception on Banking Services

- 64% respondents opined that the ambience is Very Good.
- About the facilities in the bank, 68% of respondents felt that is Very Good
- For the services of bank in depositing their money, 62% expressed their satisfaction as Very Good.
- The services of bank in withdrawal are agreed by 68% as Good
- 66% of respondents satisfied the services of the ATM availability and working as Good
- Net Banking availability and working is voted by 62% of respondents as Very Good
- 52% respondents nodded about the receiving and services of bank personnel as Good.
- The services of Mobile Banking availability and working is rated by 38% as Excellent
- The Credit Card Services also got voted by 48% respondents as Very Good
- The Loaning services are got satisfaction by 46% sample respondents as Very Good.
- It is found that the rules and sanctioning of Loans Process is rated as Fair only by 54 % respondents.
- The Locker facility is got satisfaction rate as Excellent by 32 % respondents.

## 10. Suggestions

The following suggestions on banking services can be made based on the research.

- The ambience of the bank should be improved as it would lead to pleasant activities can be taken by bank with customers.
- The facilities should be increased to get satisfaction of customers especially drinking water facilities, seating facilities etc.
- Number of counters may be increased to complete the depositing process as early as quick when the customers enter in the bank for.
- ATM services are one of the most dissatisfied services so that the banks have to create more ATM facilities with 24X7 availability of currency.
- It is better to add more services in online banking so that the need of customers to go for bank will be reduced.

- Banking personnel should be trained to receive customers politely and extend their services to them.
- Mobile banking services are also to be increased more so as to complete customers' transactions quickly.
- Credit card services also to be concentrated by banks and improve it to gain the satisfaction of customers.
- More flexibility in sanctioning of loans is necessary to gain the customers.
- Locker facilities also to be increased and give wide publicity to utilize it.

## 11. Conclusion

In today's digital age, the commercial banks continue to play a vital role. In spite of giving top priority for risk and regulatory protection, banks are also searching for innovative methods to deal with financial performance and investor expectations. The banks also reorganize and optimize their operational and business models to generate long-term profitability. Definitely, banks will look for innovation and business-led transformation in the age of digital money. It is the most appropriate one to follow which Mahatma Gandhi said, "A customer is the most important visitor in our premises. He is not dependent on us, we are dependent on him. He is not an interruption in our work, he is the purpose of it. He is not an outsider in our business, he is part of it". So that the banks' services should be towards improve the satisfaction level of customers only.

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