

IMPACT OF BANKING SERVICES ON CUSTOMERS IN INDIA

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ABSTRACT

Banks play a key role in India's financial system and underpin economic growth. However, during the 2010s, the health of Indian banks deteriorated significantly and a subsequent decline in credit growth contributed to a slowdown in economic activity.

Although Indian authorities have taken a number of steps to strengthen the banking system, progress has been difficult and has been further curtailed by the COVID-19 pandemic.

While financial linkages between Australia and India remain limited, India is an increasingly important trading partner for Australia, and continued weakness in its banking system is likely to weigh on India's demand for Australia's exports.

Banks are the main providers of credit within India's financial system, and account for around half of India's financial assets (Graph 1). Since the 1970s, government-controlled banks have been central to India's development strategy by extending credit to sectors prioritised by governments, such as agriculture and infrastructure (RBI 2005).

While Indian authorities have sought to develop a domestic corporate bond market, this remains relatively small and is mostly used by larger firms and financial institutions (Ganguly 2019). Non-bank financial corporations (NBFCs) have grown in recent years as alternative intermediaries of finance; however, a substantial share of funding for NBFCs is ultimately provided by banks.

Beyond financing private and state-owned firms, banks are also a significant funding source for governments, through direct loans and buying bonds issued by the central and state governments.

More generally, India's capital account has remained relatively closed, and so India remains more reliant on domestic financing sources than comparable emerging market economies.

Keyword: Impact of Banking Services on Customer in India

Introduction

This master thesis is on the “Impact of Banking on customers in India” which aims to investigate the influence of banking services on customers in India. This study will explore the various factors that affect customers satisfaction with banking services in India, such as quality of service, accessibility, convenience, security, and trust.

If banks did not exist, where do you think you could safely keep your hard-earned money? Where would you get a loan from? Who would you approach to collect the payment from for your services? Banks are a financial institution that is essential to our day-to-day functioning and imperative for the growth of an economy. You would be surprised to know that banks have existed since forever. There is evidence of banking activities in ancient times when merchants roamed around the cities providing loans to farmers and traders against grains and their goods.

Over the centuries, banks evolved to become a financial institution where one could deposit and withdraw money from. With technological development, banks are now more than simply cash management service. Now, the services offered by banks assist people in living a quality life as per their financial situation. This blog will shed light on the importance of the banking system and different types of banking services provided by modern banks.

Importance of Banking System

Before the banking system originated, banking activities were performed by merchants, money lender, and individuals. This was certainly not the best way to handle currency and people's personal wealth. The system lacked regulations and standardization making general public vulnerable to debauchery and fraud. Therefore, there was an urgent need of organized banking sector that will enable smooth functioning of the economy and safe way to handle money. Additionally, a well-organized banking system provides

We have a fairly well-organized and highly sophisticated banking system that includes new-generation banks along with traditional banks. In the banking industry of India, there has been extraordinary growth that has replaced traditional banking methods with simplified, accurate, and fast banking methods. Indian banks are subject to tremendous change and are expected to expand invariably.

METHODOLOGY

RESEARCH DESIGN:

The research is based on the international financial management. The design was a descriptive study which used quantitative tool. The study was based on the use of questionnaire. These approaches were used because they were satisfactory tools for collecting data for the sample population to investigate the research topic.

SAMPLE OF THE STUDY

A sample size of 25 was chosen from the selected branch for the study. To ensure that the sample was represented enough to draw conclusion.

DATA COLLECTION INSTRUMENTS

The researcher used questionnaire. The researcher prepared the questionnaire to be responded by the sampled employees of the organization. The questions were designed to make the purpose of the study successful after the results have been ascertained.

SOURCE OF DATA

Primary Sources

In getting primary data there are several approaches available to gathering data. In order to collect reliable and valid information, the researcher contacted employees of the Human resource department and employees of other department of Organization.

The method used in collecting the primary data was questionnaire.

Secondary Sources

The study also made use of secondary data in collecting information. The sources of the secondary data include books, internet search, articles, and journals among others.

This helped to identify how others have defined and measured key concepts, and to discover how this research project is related to other studies

CONCLUSION

The mean satisfaction of SBI and Kotak Mahindra Bank sample customers in terms of e-banking strategies or services was compared and found to be either negligible or the same. The State Bank of India (SBI) is India's largest public sector bank. As a result, SBI must exercise extreme caution in order to maintain its market position; otherwise, it will be forced to cede market share to other closely competing banks such as Kotak Mahindra Bank. As a result, it is suggested that banks improve their customer relationship management by establishing a rapport with customers at the branch level. The Indian banking system is about to undergo yet another revolution, this time in the direction of a cashless economy. Customers are being pressured to accept digital banking as a way of life. Digital banking, also known as e banking, has seen rapid growth. Both push and pull factors play a role in popularizing online banking practices. The Indian banking sector is very receptive and responsive to customer expectations. Customers' acceptance, however, is not as quick as in Western countries.

The country's internet backbone must be strengthened. Cybercrimes, especially financial crimes, are on the rise in spite of security measures stipulated by the RBI, the Central Government. Therefore, the banks under study should initiate security measures at the bank level other than statutory bodies and instil confidence in the minds of customers.

Furthermore, it is critical to build customer trust in the safety and security features of online banking. Bankers must stay up to date on the latest technology and the structure of online transactions. Furthermore, bankers must communicate with customers and solicit feedback in order to improve services. Internet connectivity is critical in countries such as India for online banking (Shah, 2011). Account protection through tight security increases trust and customer satisfaction. According to existing research, technology-enabled transactions provide convenience through a variety of delivery channels (Sawant, 2011). The current study's findings are consistent with those of other countries. The current study adds to the literature because the findings show that perceived ease of use, perceived usefulness, perceived credibility, relative advantage, and self-efficiency are influencing factors in Internet banking adoption.

Electronic banking services have become indispensable. Customers use the services provided by banks regardless of sector, whether it is a public sector or a private sector bank. Customers use the services either voluntarily or under duress as a result of policymakers' regulations. And customer satisfaction is dependent on how the bank treats its customers and the services it provides; otherwise, customers will migrate to other banks. Each of the sample customers stated that they expected ease of use, convenience, quickness, reliability, availability, security, customer care, network speed, and SMS service from banks' electronic services. Irrespective of the age and education and income of the customer, e banking is gaining customers' acceptance. But customers are still apprehensive about the security of the feature. As a result, it is the bank's sole responsibility to secure the customer while he is using online banking and to instil confidence in the confidentiality of account-related information.

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