



## AN EMPIRICAL STUDY OF AWARENESS LEVEL ABOUT THE RETAIL BANKING PRODUCTS AND SERVICES IN JAIPUR DISTRICT

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### ABSTRACT :

Retail banking is that division of banking industry which deals with the largest part of any country. India has a more than 200 years history of retail banking. During this tenure, banking sector has gone from so many developments and turnarounds which have changed the total face of a retail bank in India. In the current market, service sector is gaining importance day by day. Banking services are one of those. Evolution of new and innovative banking services are giving birth to the demand for more in this sector also. With the diversified portfolio, Banks are not only doing the lending and depositing work; rather they are into the much more complex and dynamic areas like, Investments, Payments, and Insurance. So it is always required to check the awareness level of the customers about these diversified offerings. This diversification of banking also invites different threats and challenges. The current cases of frauds and scams and increasing number of retail banking threats makes it essential to know about your bank. This paper explores the awareness level of the banking customers about their retail bank.

**KEYWORDS :** Retail Banking, Awareness Level, Banking Products, Additional Services, Frequency of Usage, Internet Banking.

### INTRODUCTION

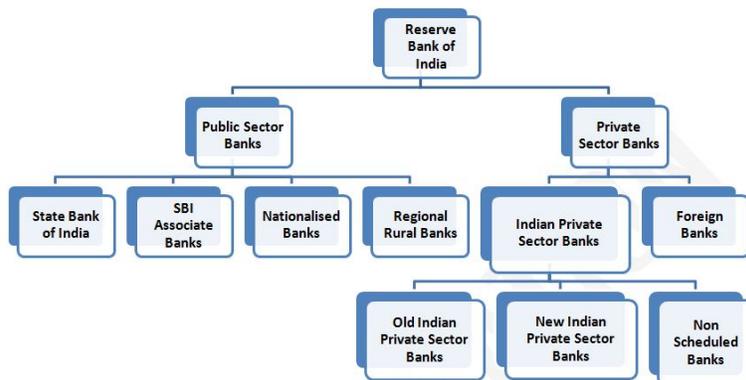
The role of a bank in an economy can be explained as arteries in a human body. Banks supply credit to the body-economy of the country. Bank is not only a trader in money but also an important manufacturer of money.

Hart, H.L. defines a banker or a bank as “a person or company carrying on the business of receiving moneys, and collecting drafts, for customers subject to the obligation of honoring cheques drawn upon them from time to time by the customers to the extent of the amounts available on their current accounts.”

### CLASSIFICATION OF BANKS IN INDIA

In India banks are classified in various categories according to different criteria. The following charts indicate the banking structure.

## Structure of Commercial Banking



According to the Reserve Bank of India (RBI), Indian banking sector is sufficiently capitalized and well-regulated. Indian is far better than any other country in terms of financial and economic conditions. According to Credit, market and liquidity risk studies Indian banks are generally resilient and have withstood the global downturn well.

Indian banking industry has recently witnessed the roll out of innovative banking models like payments and minuscule finance banks. RBI's incipient measures may go a long way in availing the restructuring of the domestic banking industry.

The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Accommodation (IMPS) being the only system at level 5 in the more expeditious Payments Innovation Index (FPII).

The Indian banking system consists of 27 public sector banks, 21 private sector banks, 49 peregrine banks, 56 regional rural banks, 1,562 urban cooperative banks and 94,384 rural cooperative banks, in integration to cooperative credit institutions. In FY07-18, total lending incremented at a CAGR of 10.94 per cent and total deposits incremented at a CAGR of 11.66 per cent. India's retail credit market is the fourth most astronomically immense in the emerging countries. It incremented to US\$ 281 billion on December 2017 from US\$ 181 billion on December 2014.

### OBJECTIVES OF THE STUDY

- To identify the level of customer awareness about the retail banking.
- To evaluate the frequency of usage of retail banking services and products.

### METHODOLOGY

#### Sample Design and Data Collection

For the study reported herein, replications were amassed from customers of four major banks in the retail banking industry of India (two leading private sector banks - the Bank A and Bank B and two leading public sector banks - Bank C and Bank D). All these four banks rank among the 7 most sizably voluminous and vigorously remuneratively lucrative banks in India in the public and the private sectors respectively; moreover the banks have vigorous and consequential retail presence. Seven branches for each bank were desultorily culled. The genuine names of the banks have been transmuted in the study, for purposes of confidentiality. The study was conducted in Jaipur, a key capital city of Rajasthan with a sizably voluminous and diverse population. Questionnaires were self-administered to customers within the branches of the Bank A, the Bank B, the Bank C and the Bank D. The branches were considered by the management to be largely homogeneous with reverence to size and accommodation operations. Every other customer entering the branches was asked to consummate the

questionnaire. It was ascertained that only subsisting customers, who had transacted with the bank for at least three years, filled up the questionnaires. Ultimately, a total of 480 customers were contacted (120 customers filled up the questionnaire in each of the four banks). In the case of public sector banks, in a few branches, quite a few customers who were approached refused to fill up the questionnaire.

The demographic profiles of respondents are as follows

**Table 1: Demographic profile of respondents**

		Respondents (%)	
Male (%)		61.2	
Female (%)		38.8	
Age Group (%)	Below 20	5	
	20 to 30 Years	31.3	
	31 to 40 years	15.9	
	41 to 50 Years	18.2	
	51 to 60 Years	17	
	61 years and Above	12.6	
Self Employed		13.4	
Salaried		28.6	
Others (Housewife, Students, Retired Personnel)(%)		58	
Locality	Rural	52.2	
	Urban	47.8	

Source: Questionnaire

Respondents were asked to give their opinion on certain number of items related to the bank's products or services. Following is the list of items on which customers have given their opinion. They have asked to give their opinion on a scale from 1 to 5, 1 being Not At All Aware and 5 being Extremely Aware. Following table 2 shows the reliability test of the items being asked.

Table 2: Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Housig Loan	82.465	970.926	.791	.970
Deposits Collection	82.297	983.236	.686	.971
Granting Loans	82.800	975.629	.746	.970
Issuing Drafts	82.826	983.145	.667	.971
Fund Transfer	82.258	970.816	.783	.970
ATM Services	82.439	977.352	.651	.971
Pension Payments	82.839	990.123	.602	.971
Interet banking services	82.452	965.275	.757	.970
Safe Lockers	82.535	967.471	.793	.970
Education Loan	82.761	969.105	.737	.970
Mutual Funds	82.606	978.461	.719	.971
Car Loan	82.323	964.337	.837	.970
Auto Loan	82.903	971.231	.776	.970
Two Wheeler Loan	82.535	963.718	.822	.970
insurance Products	82.587	977.335	.731	.971

Consumer Durable Loans	83.052	979.361	.709	.971
Personal Loan	82.316	970.932	.794	.970
Mobile Banking Services	82.458	965.484	.769	.970
Business Loans	82.606	970.565	.772	.970
Agriculture Loan	82.858	975.655	.654	.971
Credit Card Services	82.632	966.896	.799	.970
ATM Card	82.045	972.030	.755	.970
E-Wallets	82.735	972.923	.719	.971
Premature Withdrawal of FD	82.626	986.482	.644	.971
Charges on Non Maintenance of MAB	82.606	971.357	.737	.970
Interest on Credit Card Cash Limit Usage	82.690	977.735	.714	.971
Small Business Schemes like (MUDRA etc.)	83.090	981.368	.641	.971

Source: SPSS Output

It is evident from the above table that the overall Cronbach Alpha Value is 0.972 which is theoretically large enough to prove the internal consistency of the instrument for the items related to the awareness. Table shows that all the items of the instrument are important; as the value of Cronbach Alpha will be go down if any of the items get deleted.

### Hypothesis Testing

**H<sub>01</sub>** There is no significance relationship between Demographic factors and the awareness level about banking products and services.

H<sub>011</sub> Gender has no significant relationship with the awareness level of the banking products.

H<sub>012</sub> Age has no significant relationship with the awareness level of the banking products.

H<sub>013</sub> Locality has no significant relationship with the awareness level of the banking products.

H<sub>014</sub> Education has no significant relationship with the awareness level of the banking products.

H<sub>015</sub> Occupation has no significant relationship with the awareness level of the banking products.

To test the hypothesis, one way ANNOVA is used.

**Table 3: One way ANNOVA Analysis for Level of Awareness about Banking Products and Services**

Products/ Services	Gender		Age		Locality		Education		Occupation	
	Sig.	H0 Accepted / Rejected	Sig.	H0 Accepted / Rejected	Sig.	H0 Accepted / Rejected	Sig.	H0 Accepted / Rejected	Sig.	H0 Accepted / Rejected
Housing Loan	.03 0	Rejected	.08 7	Accepted	.18 9	Accepted	.00 1	Rejected	.08 2	Accepted
Deposits Collection	.85 5	Accepted	.00 0	Rejected	.27 3	Accepted	.10 2	Accepted	.02 6	Rejected
Granting Loans	.04 3	Rejected	.03 0	Rejected	.02 6	Rejected	.00 6	Rejected	.00 8	Rejected
Issuing Drafts	.28 1	Accepted	.00 0	Rejected	.09 3	Accepted	.00 0	Rejected	.29 4	Accepted
Fund Transfer	.69	Accepted	.04	Rejected	.10	Accepted	.00	Rejected	.46	Accepted

	4		9		5		2		4	
ATM Services	.00 4	Rejected	.00 0	Rejected	.08 3	Accepted	.09 5	Accepted	.04 5	Rejected
Pension Payments	.03 7	Rejected	.00 0	Rejected	.21 9	Accepted	.00 0	Rejected	.00 0	Rejected
Internet banking services	.00 6	Rejected	.00 7	Rejected	.30 4	Accepted	.04 1	Rejected	.12 4	Accepted
Safe Lockers	.20 1	Accepted	.00 0	Rejected	.64 5	Accepted	.00 1	Rejected	.28 7	Accepted
Education Loan	.93 8	Accepted	.03 3	Rejected	.01 0	Rejected	.00 4	Rejected	.15 3	Accepted
Mutual Funds	.05 1	Accepted	.00 0	Rejected	.96 2	Accepted	.00 0	Rejected	.00 0	Rejected
Car Loan	.38 0	Accepted	.31 1	Accepted	.56 6	Accepted	.01 1	Rejected	.20 5	Accepted
Auto Loan	.61 9	Accepted	.00 0	Rejected	.14 8	Accepted	.00 0	Rejected	.00 1	Rejected
Two Wheeler Loan	.55 5	Accepted	.30 9	Accepted	.46 8	Accepted	.00 6	Rejected	.05 7	Accepted
insurance Products	.19 3	Accepted	.34 0	Accepted	.03 5	Rejected	.01 0	Rejected	.15 8	Accepted
Consumer Durable Loans	.86 7	Accepted	.00 0	Rejected	.01 3	Rejected	.00 2	Rejected	.00 0	Rejected
Personal Loan	.02 4	Rejected	.11 4	Accepted	.80 9	Accepted	.00 0	Rejected	.00 3	Rejected
Mobile Banking Services	.51 0	Accepted	.04 4	Rejected	.89 8	Accepted	.09 2	Accepted	.13 3	Accepted
Business Loans	.12 7	Accepted	.60 4	Accepted	.27 9	Accepted	.00 3	Rejected	.27 2	Accepted
Agriculture Loan	.41 6	Accepted	.01 5	Rejected	.00 0	Rejected	.00 5	Rejected	.07 8	Accepted
Credit Card Services	.35 0	Accepted	.00 3	Rejected	.57 8	Accepted	.00 5	Rejected	.27 5	Accepted
Kisan Card	.78 0	Accepted	.01 2	Rejected	.27 4	Accepted	.19 4	Accepted	.32 5	Accepted
ATM Card	.00 8	Rejected	.06 3	Accepted	.36 0	Accepted	.00 6	Rejected	.00 5	Rejected
E-Wallets	.35 7	Accepted	.00 0	Rejected	.00 2	Rejected	.00 0	Rejected	.00 0	Rejected
Premature Withdrawal of FD	.88 5	Accepted	.92 9	Accepted	.76 8	Accepted	.00 5	Rejected	.22 5	Accepted
Charges on Non Maintenance of MAB	.19 6	Accepted	.00 0	Rejected	.00 4	Rejected	.01 4	Rejected	.00 0	Rejected
Interest on Credit Card Cash Limit Usage	.08 1	Accepted	.05 7	Accepted	.44 8	Accepted	.00 1	Rejected	.39 7	Accepted
Small Business Schemes like (MUDRA etc.)	.96 8	Accepted	.00 0	Rejected	.00 0	Rejected	.04 0	Rejected	.00 0	Rejected

SPSS output at 5% level of significance

## INTERPRETATION

Data from the table shows that out of the demographic variables taken for study (i.e. Gender, Age, Locality, Education, Occupation) **Gender** has significant relationship with Awareness about Housing Loans, Granting Loans, ATM Services, Pension Payments, Internet Banking Services, Personal Loan, ATM Cards. **Age** has significant relationship with Awareness about Deposit Collection, Granting Loans, Issuing Drafts, Fund Transfer, ATM Services, Pension Payments, Internet Banking Services, Safe Lockers, Education Loan, Mutual Funds, Auto Loan, Consumer Durable Loans, Mobile Banking Services, Agricultural Loans, Credit card services, Kisan card, E-wallets, Charges on non maintenance of MAB, Small business schemes. **Locality** has significant relationship with Awareness about Granting Loans, Education Loan, Insurance Products, Consumer Durable Loans, Agricultural Loans, E-wallets, Charges on non maintenance of MAB, Small business schemes. **Education** has significant relationship with Awareness about Housing Loans, Granting Loans, Issuing Drafts, Fund Transfer, Pension Payments, Internet Banking Services, Safe Lockers, Education Loan, Mutual Funds, Car Loan, Auto Loan, Two wheeler loan Insurance Products, Consumer Durable Loans, Agricultural Loans, Business Loans, ATM Card, Credit card services, E-wallets, Premature Withdrawal of FD, Charges on non maintenance of MAB, Interest on Credit Card, Cash Limit Usage, Small business schemes. **Occupation** has significant relationship with Awareness about Granting Loans, Deposits Collection, ATM Services, Pension Payments, Mutual Funds, Auto Loan, Consumer Durable Loans, Personal Loans, ATM Card, E-wallets, Charges on non maintenance of MAB, Small business schemes.

## CONCLUSION

Results of the study conclude that the customers are still not aware about what their banks are offering to them. No doubt that demonetization has contributed a lot to increasing the awareness level of the customers, but still a big part of customers is only concerned about depositing and lending. People who are above 60 are still using the traditional ways to deposit and withdraw the money. Awareness about Loan Products like Business Loans, Personal Loans, and Housing Loans etc. is high in Male respondents as compare to females. Awareness about the education loan is highly depends upon the education level and age of the respondents. Awareness about charges on credit cards and non maintenance of the minimum balance is very low among the respondents.

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