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FACTORS INFLUENCING THE CUSTOMER ADOPTION OF VALUE ADDED SERVICES OFFERED BY SELECTED COMMERCIAL BANKS IN THOOTHUKUDI

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ABSTRACT:

Today banking sector plays a vital role when providing financial services and managing financial assets. With the development of the information systems and

information technology, all banks adopt some new technological advancement for their entity. In a banking sector, customers are the most important part. Conventionally, all the transactions are done by manually. Customers had to go bank branch every time.¹Therefore, it concerns huge time and cost as well. But now a day's value added services is becoming popular and it reduces time and cost. This study based on within the Thoothukudi context and the researcher selected six commercial banks in the Thoothukudi District to do this study. The researcher concerns the factors influencing the customer adoption of value added services offered by selected commercial banks in Thoothukudi District. The research frame work based on the factors which mainly includes Trust, Attractive Services, Easy to use, Confidence, Innovativeness. Primary data were collected by using questionnaire using purposive random sampling method. 600 sample respondents were selected from public sector banks like State Bank of India, Indian Overseas Bank and Indian Bank and private sector banks like ICICI, HDFC, and TMB in Thoothukudi District. In this paper, the researcher found the factors influencing the customer adoption of value added services and gives recommendations in this study to identify the factors influencing the customer adoption of value added services in the study area.

KEYWORDS: Value Added Services, Commercial Banks, Public and Private Sector Bank, Trust, Attractive Services, Easy to Use, Confidence, Innovativeness.

INTRODUCTION

The Banking industry is considered a service oriented industry. It renders manifold services to the part in the growth strategy of the banking

industry.²Present Scenario focuses, the environment of cut-throat competition, where private and foreign banks are leaving no stones unturned to attract new customers and existing customers of the banking sector to their turf, customer retention has become the key to the survival of national and international banks. In the competitive world, awareness level of customers is

increasingly by day, their expectations are increasing as they have wider choice of products and services, and the concept of generation to generation banking has also undergone changes. Customers' loyalty is new conditioned by the quality of products and its delivery mechanism i.e. service. All these have necessitated the banks to provide better and excellent customer service. New

products are added to the basket and above all, computerization and networking is adopted for faster processing and proper information. The latter opened the gate for a host of delivery channels. Value added services today become a basic service when they become sufficiently common place and widely deployed to no longer provide substantive differentiation on a relative basis. They have unique characteristics and they relate to other services via, ATMs, Telebanking, Internet banking, Credit cards and Debit cards and so on. Banks have been offering value added services in many product areas, either by way of additional attractive features or delivery mechanisms. Many banks have introduced Credit cards, Insurance Linked Deposit products, and 24 Hour Banking, Any Day Banking, Mobile Banking, Cash Back Offers, Core Banking, Anywhere Banking and so on.³

STATEMENT OF THE PROBLEM

Each bank starts with certain aims and objectives. The primary aim of a bank is to promote the financial and social welfare of customers. The concept of banking sector has under gone significant changes in turns of products and services. Banks found themselves in a market where the buyer (customer) has more options than even before and the seller (banker) has therefore been compelled to constantly review its package of product and services to suit the expectation of customers. As a result, banks have undergone increasing pressure to offer today what customers would expect tomorrow. Hence the present study is an attempt to analyze the factors influencing the customer adoption of value added services offered by selected commercial banks.

REVIEW OF LITERATURE

Wadie Nasri (2011)⁴ in her study titled “Factors influencing the adoption of Internet Banking”. The objective of this study is to analyze the factors affecting bank customers’ decisions to adopt internet banking. This study identifies some factors that are more influential than others in internet banking adoption in the Tunisia banking market. The empirical results show that the perceived convenience, perceived risk, perceived security and prior internet knowledge all have significant effects on behavioural intention to use online banking. An important finding of this study is that, among “early adopters”, convenience was a more important indicator of intentions to adopt internet banking. Risk, security and prior internet knowledge is also an important factor influencing customers adopting internet banking after convenience. Among demographic variables, further significant influences have been found for instruction and occupation. An understanding of the factors identified in this study allows bank managers to direct efforts and resources in the most effective and efficient way to increase bank business in the long run and encourage their bank customers’ to adopt internet banking. Bank managers can make use of such information to develop appropriate strategies to attract new customers to use internet banking services. In general if the bank management has greater knowledge about the affecting their customers’ adoption of internet banking, then they have greater ability to develop appropriate strategies and hence increase the internet banking adoption rate. Among demographic variables, further significant influences have been found for instruction and occupation.

Siva Kumar (2014)⁵ in her study entitled “Factors influencing in Internet Banking Services with Reference to Erode District” analyzed the concept of banking sector has under gone significant changes in terms of products and services. Banks found themselves in a market where the buyer (customer) has more options than even before and the seller (banker) has therefore been compelled to constantly review its package of product and services to suit the expectations of customers. The study focussed that the changes in the banking and financial sector require a fundamental shift in skills required for banking. To meet increased competition, the need for specialised banking functions, using IT as a competitive tool is required. Special skills in retail banking, foreign exchange, etc., will have to be nurtured with care and build upon. Thus the twin pillars of the banking sector i.e., human resources and IT will have to be strengthened. Proper technical training to staff must be provided to handle crisis situations. The study tries to identify the customer’s attitude about private and public sector banks. It can help these banks in planning their marketing strategies and expanding throughout the country. The study shows that Indian customers in general are inclined towards the private banks and consider them

efficient, and competent. For a country where banking sector liberalisation is in full owing the findings can help banks in understanding the expectations of the customers. The findings of the study provide interesting insights regarding customers' services quality for private and public sector banks.

Maitio GM, Kazizh Khaskheley Faiz M Shaikh (2015)⁶ in their study entitled " Factors that influence the Adoption of Online Banking Services in Hyderabad" analyzed that there are many factors which could influence on the adoption of online banking. This study is based on five important factors that are channel convenience, perceived risk, and security perception, and prior internet knowledge, information about online banking. Today in era of information technology every business wants to deliver their products and services via various electronic channels. This study is conducted to find out the influence of channel convenience, information on online banking, perceived risk, prior internet knowledge, security perception((Independent Variables) upon online banking service adoption (Dependent Variables). The study concluded that information about the online banking has the positive influence as well positive correlation with adoption of online banking in Hyderabad.

James Maitai, Jane Omvenga(2016)⁷ in their study titled " Factors influencing the Adoption of Mobile Money Transfer Strategy in Telecommunication Industry in Kenya: A Case of safari com -Kenya Ltd" analyzed recent innovations in the telecommunication have process to be a boom for the banking sector and its customers : one of these is mobile banking, where customers interact with the bank via mobile phones and banks provide them the services like short message services, fund transfers, mobile technology remains the most dominant aspect which continues to faster growth in the way humans do business and work. The spread of mobile phones across the developing world is one of the most remarkable technology stories of the past decade. The study concludes that mobile money transfer offers customers additional value in terms of location free access and mobile money payments are faster and timely, this is because the telecommunication firms ensure that standards are maintained in order to help the company performs well because customer satisfaction is key to success of every firm. From the study findings, it can be deduced that mobile money transfer services and introduction of other transactions across different networks has made use of mobile money transfer easy. The study concluded that mobile money transfer has made money transfer easy for customers. The study also concluded that there exists a positive significant relationship between technology and adoption of mobile money transfer strategy in telecommunications industry. The study concludes that customer trust mobile money transfer beneficial. This is because the telecommunication firms ensure that the procedures are easy for a customer in order to help the company performs well because customer satisfaction is key to success to every firm. The study is also concluded that there exists a positive and significant relationship between user attitudes and mobile money.

OBJECTIVES OF THE STUDY

- To ascertain the factors influencing the customer adoption of value added services offered by selected commercial banks in Thoothukudi.

RESEARCH METHODOLOGY

Primary data were collected using questionnaire under purposive random sampling method. Secondary data were collected from books, journals, magazines and websites. 600 sample respondents were selected from various public sector banks like State Bank of India, Indian Overseas Bank, Indian Bank and private sector banks like ICICI, HDFC and TMB in Thoothukudi District.

Public Sector Banks

S.No	Name of the Bank	No. of Respondents
1.	State Bank of India	100
2.	Indian Overseas Bank	100
3.	Indian Bank	100

Private Sector Banks

S.No	Name of the Bank	No.of. Respondents
1.	ICICI	100
2.	HDFC	100
3.	TMB	100

ANALYSIS AND FINDINGS OF THE STUDY

The brief analysis and interpretation are discussed below:

The below table provide information relating to the factors influencing the customer for adoption of value added services.

Table 1: Factors influencing to choose value added services

Factors	Mean	Std. Deviation	Mean Rank
TRUST			
I believe that my personal information will be kept confidential	4.30	0.846	I
I trust that transactions conducted through VAS are secure and secret	4.08	0.756	III
Bank's personnel are highly professional	4.03	0.892	IV
I trust in the technology that VAS use	3.91	0.911	VII
I trust accuracy of transaction information	3.66	1.193	XXI
I trust payments made through VAS will be kept confidential	3.96	0.991	V
The bank's staff is always at their customer's disposal	3.56	1.087	XXX
The RBI is promoting the development of VAS	3.75	0.942	XIII
The RBI is active in setting up the facilities to enable VAS	3.91	0.924	VII
The RBI has good regulations and laws for VAS	3.76	0.992	XII
ATTRACTIVE SERVICES			
I am impressed by the services being offered by the bank	3.83	0.962	IX
Bank offers additional benefits for VAS which encourages me to use VAS	3.63	1.071	XXVI
Bank provides improved facilities at its premises for VAS users	3.55	1.021	XXXI
Documentary evidence is provided for all the transactions performed through VAS	3.79	0.900	XI
My interaction with VAS is clear and understandable	3.74	1.020	XIV
VAS provides services in number of different languages	3.74	0.938	XIV
Bank offers personalized and innovative product and services to its Customers	3.65	1.109	XXIII
VAS adoption shows that bank is highly committed to the society	3.64	1.032	XXV
Paperless banking is good for environment	4.17	0.926	II
EASY TO USE			
VAS are quicker to use than visiting the bank branch	3.81	1.071	X
Using VAS will enhance my effectiveness of utilizing banking needs	3.57	0.986	XXIX
VAS has made transactions with banks easier	3.71	1.161	XVII
I feel convenient in accessing banking services through VAS at any time	3.95	1.092	VI
Using VAS will improve my performance of utilizing banking services	3.62	1.015	XXVII

Bank carry out operations quickly that I would receive prompt response	3.71	0.883	XVII
VAS are compatible with my banking needs	3.65	0.950	XXIII
CONFIDENCE			
I am confident of using VAS with the assistance of just “ help” function	3.55	0.953	XXXI
I am confident of using VAS even if I have not tried it earlier	3.72	0.860	XVI
I am confident of using VAS even if no one around is to help me out	3.66	0.895	XXI
I am adaptive to VAS	3.52	0.930	XXXIV
I would be interested to try new banking services	3.61	0.913	XXVIII
I feel comfortable with tech enabled services	3.71	0.956	XVII
Using VAS gives me greater control my finances	3.51	0.912	XXXV
VAS helps conduct banking transactions according to my working style	3.51	0.926	XXXV
INNOATIVENESS			
My friends rely upon me as a first source of information regarding new product or service	3.44	1.049	XXXVII
I would seek out a lot of information about VAS in comparison to my friends	3.34	1.108	XXXIX
I secure latest knowledge about new VAS ahead of people in my circle	3.70	0.911	XX
It is easy for me to remember how to perform task with VAS	3.42	0.972	XXXVIII
Using VAS is a sign of modernity	3.54	1.076	XXXIII

Source: Primary Data

The above table shows that “ I believe that my personal information will be kept confidential gets 1st rank with a mean score of 4.30, “ Paperless banking is good for environment” gets 2nd rank with a mean score of 4.17, “ I trust that transaction conducted through VAS are secure and secret” gets 3rd rank with a mean score of 4.08, “ Bank’s personnel are highly professional” gets 4th rank with a mean score of 4.03, “ I trust payments made through VAS will be kept confidential” gets 5th rank with a mean score of 3.96, “ Using VAS gives me greater control my finances” and “ VAS helps conduct banking transactions according to my working style” gets 35th ranks with a mean score of 3.51, The 37th rank goes to the “ My friends rely upon me as a first source of information regarding new product or service” with a mean score of 3.44, “ It is easy for me to remember how to perform task with VAS” gets 38th rank with a mean score of 3.42, The 39th rank goes to the “ I would seek out a lot of information about VAS in comparison to my friends” with a mean score of 3.34.

Inference

It is inferred that the factors influencing the customer for adoption of value added services by the major reasons are “I believe that my personal information will be kept confidential in Trust” and “Paperless banking is good for environment in Attractive services”.

LIMITATIONS

This study has several limitations:

- This study identified five factors that may influence consumers' adoption of value added services.
- However, there may be some additional factors that can impact on customers' adoption of value added services but are not examined in this study.
- The customers selected from limited public and private sector banks were the only focus of the study. Other banks were excluded.

- The study is restricted to Thoothukudi District only and the findings are applicable to the study area only.

CONCLUSION

As we know that there are many factors which could influence on the adoption of value added services. This research is based on five important factors that are Trust, Attractive services, Easy to use, Confidence, and Innovativeness. Today era of information technology every business wants to deliver their products and service via various electronic channels. This research is conducted to find out the influence of Trust, Attractive services, Easy to use, Confidence, Innovativeness. As important finding of this study is that, among 'early adopters', Trust and Attractive services was a more important indicator of intentions to adopt value added services. Easy to use, Confidence, Innovativeness is also an important factor influencing customers adopting value added services after Trust and Attractive services. An understanding of the factors identified in this study allows bank managers to direct efforts and resources in the most effective and efficient way to increase bank business in the long run and encourage their bank customer to adopt value added services. Bank managers can make use of such information to develop appropriate strategies to attract new customers to use value added services.

SUGGESTIONS

- Awareness of value added services is essential for customers to adopt value added services.
- To attract more potential customer, information about value added services should be provided by bank assistants at branches.
- The information should include time saving, convenience, at anywhere any time, low cost.
- By considering all five factors, banks should design their web sites as effective delivery channels and offer more information beyond banking services. It is essential to provide a well-designed and user-friendly website to attract more potential customers.
- Banks need to conduct regular surveying of customers' response and opinion of value added services in order to attract more value added services.
- Banks should adopt high quality value added services infrastructure in order to attract more potential customers.
- Finally, the researcher wants to recommend to those researchers who have an interest in the factors influencing on value added services adoption to conduct a study on the factors influencing on the customer adoption of value added services system.

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