

**Customers' Attitude and Operational Risks in  
Response to Traditional and E-Bank Products of  
Select Banks in Goa: An Exploratory Study.**

**SUBMITTED**

**To  
University Grants Commission**

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## **Summary**

A bank is an institution which deals with money and credit. It accepts deposits from the public, makes funds available to those who need them, and helps in the remittance of money from one place to another. In fact a modern bank performs such a variety of functions that it is difficult to give a precise and general definition to it. Banks play an important role in the economic development of a country by acting as catalysts in commercial and industrial activities. One cannot imagine the cessation of banking activities even for a day. An economic crisis may emerge in the country if the banks stop functioning for some days.

The post-Independence era has seen addition of several new chapters and attainment of several milestones in the field of Indian banking. The wave of bank nationalization swept the country in the late sixties and on 19 July 1969, 14 leading joint stock banks were nationalized bringing 80 percent of the country's banking business under public sector. Again on 15 April 1980, six major joint stock banks were nationalized. The public sector banking establishment of regional rural banks, co-operative sector banks, land development banks, industrial development bank and an export-import bank have added new dimensions in the banking industry. The Reserve Bank of India is coordinating the banking activities and regulating the currency and credit according to the economic and financial needs of the country.

Presently, the banking industry is on a major technological upgradation drive after having successfully absorbed the international standard in its operating norms. The banking sector in India has made remarkable progress since the economic reforms in 1991. New private sector banks have brought the necessary competition into the industry and spearheaded the changes towards higher utilization of technology improved customer service and innovative products. Customers are now becoming increasingly conscious of their rights and are demanding more than ever before. Better service quality, innovative products, better bargains are all greeting the Indian customers. Competition in the banking sector gets intensified because of low product differentiation and easy capability of most banks are shifting from a product- centric mode to a customer-centric model, as customer satisfaction has become one of the major determinants of business growth.

### **Findings of the Study**

The following are the findings of the study:

- 1) The percentage of male respondents is quite higher than that of female respondents. A high percentage of the customer belong to a younger age group. This is observed across all the customer sections included in the study.
- 2) The government employees and student customers have higher education level as compared to that of housewives and self employed customers.
- 3) Majority of the government employees belong to higher income group. As regards the self employed customers, a large number of them are in the average income group.
- 4) A significant percentage of the customer are associated with the respective banks for a short period of time. This is noticed across all the customer sections included in the study.
- 5) The technology is considered to be the most valued attribute of the bank particularly in the case of government employees. In the case of housewives and student

customers, location of the bank is preferred by the highest number of customers. The location of the bank is the most valued attribute of the bank in the case of self employed respondents. However, in the case of corporate customers, trust factor is chosen by the maximum number of customers as the most valued attribute of the bank.

- 6) Majority of the customers are satisfied with the quality of service provided by the respective banks. This is observed across all the customer sections.
- 7) A high percentage of the customers possess and use the service of ATM Card. This is observed across all the customer sections.
- 8) The government employees as well as self employed customers mainly face the risk of system failure. As regards, housewives and student customers face the risk of unavailability of cash and risk of PIN or code leakage.
- 9) A small percentage of customers possess credit card, but majority of them having it have used the service of credit card. This is observed in the case of government employees as well as self employed customers.
- 10) A high percentage of government employees as well as self employed customers mainly face the risk of inflating the due amount in using the service of credit card.
- 11) A small percentage of customers have net banking account, but majority of them having it have used the service of net banking. This is observed across all the customer sections included in the study.
- 12) The customers using the service of net banking mainly face the risk of hackers and risk of errors in transaction in using the service of net banking. This is observed across all the customer sections included in the study.

- 13) The percentage of customers using the service of phone banking is highest in the case of corporate customers. However, among the other customers, the percentage of customers using the service of phone banking is negligible.
- 14) Majority of the government employees, self employed and housewives face the risk of getting wrong information from the bank officials, whereas, the student and corporate customers, face the risk of absence of privacy in using the service of phone banking.
- 15) A negligible percentage of the customers use the service of RTGS/NEFT. This is noticed in the case of government employees, self employed, student and corporate customers. However, in the case of housewives, the use of RTGS/NEFT is absent.
- 16) Majority of the bank customers including government employees, self employed, housewives, student and corporate customers face the risk of maintaining the documents particularly in the case of traditional products.
- 17) A high percentage of the customers reveal that they do not prefer phasing out of traditional banking products. This is observed across all customer sections included in the study.

### **SUGGESTIONS**

- 1) The bank employees should provide prompt service as well as courteous treatment to the customers.
- 2) Banks should extend its working hours, in order to facilitate the customers in availing the banking services.
- 3) Private Banks in particular should try to win the trust of the customers rather than focusing only on technology.
- 4) Banks should also provide information to the customers regarding the different risks associated with electronic products.
- 5) Banks should minimise the excessive paper work involved in banking services.

- 6) A large number of customer's possess electronic products viz. ATM/Credit Card, internet banking account etc. However, many of them hardly use these e-banking products. In this regard, banks should create awareness regarding the various electronic products and encourage the customers to use such products.
- 7) A large number of customers are not aware about RTGS/NEFT service provided by the banks. Even those customers, who are aware of this, do not prefer to use the same. In this case banks should alert the customers and convey the advantages of such transfer services to the customers.