



USER AWARENESS OF VALUE ADDED SERVICES OFFERED BY THE BANKS IN COIMBATORE DISTRICT

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ABSTRACT

The value added services not only helps a bank to reduce costs but also helps it to retain its valuable customers. As far as customers are concerned, this facility enables the customer to bank anywhere, at any time and in any condition. Creation of Value Added Service facilities involve very huge investment; in order to improve the operational efficiency of these facilities the banks should encourage the usage of value added services among the customers. In this context a study was undertaken to understand the awareness and adoption of Value Added Service among the customers. The results of the study revealed that majority of customers, who aware of value added services were young, graduated and most of them were self-employed. Education, monthly income and occupational status were positively influenced the awareness level of value added services. Time saving and comfort in using the technology was the important factors influenced the adoption of value added services.

KEY WORDS: *Adoption, Awareness, Value added services*

VALUE ADDED SERVICES

Banks have adopted several new electronic and telecommunication technologies to deliver an extensive line of value-added products and services to their customers. By early 1990s, direct dial-up connections, personal computers, telebanking and Automated Teller Machines (ATMs) became common in most developed nations. E-banking evolved in the mid-1990s when the internet started gaining popularity. E-banking or internet banking is web-based and it enables the bank's authorized customers to access information. It allows the customers to log on to the bank's website with the help of bank-issued personal identification number (PINs). The banking system verifies the user and provides access to the requested services. The range and content of the products and services offered by each bank on the internet differ widely. Most banks offer internet banking that led to the emergence of new banks, which operate only through the internet and do not exist physically. Such banks are called 'virtual' banks or 'internet only' banks. Apart from E-Banking,

facilities like information kiosks, mobile banking, telebanking, ATM, Debit card and credit were the important value added services offered by the banks.

And some additional features added to core services offered by banks by using technology. The customers are being offered a large bouquet of choices and many value added services. All these are being done to gain a large market share and to get a strong hold in the fast growing fiercely competitive market space. This paper makes an attempt to evaluate the impact value added services on saving of cost and profitability of services. The measurement of impact on different aspects is done Bank wise and customer wise. Present study is completed using primary data. The primary data was collected in order to elicit information regarding the different aspects in connection with VAS. In this study classification is done prior to tabulation on the basis of PNB and ICICI employees and customers.



Value Added Services in Banks

- 1.Core Banking Solutions(CBS)
- 2.AutomatedTellerMachine(ATM)
- 3.Tele-Banking
- 4.On-lineBanking
- 5.CreditCard
- 6.DebitCard
- 7.ElectronicPurse
- 8.CallCentre
- 9.ElectronicFundTransfer (EFT)
- 10.12-hour Banking
- 11.Banc assurance
- 12.Door Step Banking
- 13.Bill Collection
- 14.Tax Collection

Problem focus

The banks offering value added services like bill payments, transfer of money, enquiring account balances, buying and selling of financial instruments such as securities, credit cards, mutual funds, ATM cum debit card, insurance policy, demat accounts and foreign currency. Creation of all those facilities involves very huge investment. So it's most important to increase the usage of value added services among the customers to improve the operational efficiency and get maximum benefit from the investment made in these facilities. In order to increase the number of customers using these facilities, it is imperative to understand the customer's awareness and preference for use of value added services, the factors that influence the adoption of these facilities; problems encountered in using value added services and customers' expectations. Information on the above aspects would be useful to formulate programme to motivate more and more customers to utilize the value added facilities. Hence a study was conducted to address the above aspects.

OBJECTIVES

- To analyse the awareness and adoption of value added services offered by the banks.
- To study the awareness level of the customers regarding value-added services.
- To analyze the utility of selected value-added services for customers.

REVIEW OF LITERATURE

- **Ravi C.S, Kundan Basavaraj (2013)** in their study on "Customers preference and satisfaction towards banking services with special reference to Shivamogga District in Karnataka", pointed out that, after the implementation of government policies on

globalization and liberalization, the banks started providing a variety of products and services to the customers. The customers can utilize the service offered to them only if they are aware of it. The banker and customer have to know about one another. The banker has to understand the customers' needs and in the same way, the customer has to know about the numerous services offered by the banks. Vasagadekar

- **Priya (2012)** in her study entitled "A study on the psychology of an Indian customer towards E-banking concerning Pune region", pointed out that the bank facilities such as ATM's, and Internet Banking have paved their way as the advancement in technology has taken place. The banks have come a long way from their traditional banking methods. The study brought out a picture on the response to E-Banking facilities by Indian customers.
- **Thygarajan (2009)** in his study he found that ATMs and credit cards are the most common value added services utilized by the respondents. Efforts must be made to market the other services like e-banking, demat accounts, online tax filing, anywhere banking, etc., so that customers as well as banks are benefitted.
- **Srivastava K. Rajesh (2007)** in his study on "Customers' perception on usage of internet banking". The study was carried out to validate the conceptual model of internet banking. The reasons were identified and the factors responsible for the non-adoption of internet banking were analyzed so that it could be used by more people. The results of the study revealed that education, gender, income played an important role in usage of internet banking.

RESEARCH METHODOLOGY

For this study 80 individual bank account holders from the Coimbatore district of Tamilnadu were purposively selected. The primary data were collected through personal interview method with the help of comprehensive pre-tested interview schedule. The collected data were tabulated and analyzed using Percentage analysis, Scaling technique, Chi-square analysis and Profit analysis.

Analysis and Discussion

The results obtained from the present investigation as well as relevant discussion have been summarized under following heads :



Customer's awareness level about the value added services

Awareness indicates the familiarity and popularity of the product or services among the customers. The Services provided by the banks. Very few customers (26.75%) were denoting less awareness about various value added services provided by the banks. Therefore the case firm should motivate aware as well as unaware customers to make them to use the value added services more frequently.

Association between awareness of value added services and demographic characters

The association between demographic characters (age, education, loyalty, monthly income and occupation) and awareness level of value added services was verified through Chi-square analysis individually and the results are presented in following section with statement of hypothesis.

Awareness and age group

– H_0 : There is no association between awareness level of value added services and age of the respondent.

– H_1 : There is association between awareness level of value added services and age of the respondent.

It revealed that most of the respondents having awareness about value added services were young and belonged to the age group of 26-35 years (79 %) and less than 25 years (77 %). Majority of the unaware respondents belonged to the age group of more than 45 years.

The calculated Chi-square value 7.19, was lesser than the critical value of Chi-square 7.82 for 3 degrees of freedom at 5 per cent level significance. Hence the null hypothesis is accepted. It could be concluded that there was no association between awareness and age group of the respondents.

Factors influencing the awareness level of value added services

- The survey data were used to estimate the Profit model that explains customer's awareness to the value added services.
- The overall fit of the statistical model is good. It could be inferred from the table that among the various factors, education, monthly income and occupational status were positively influencing factors; distance between the customer residence and bank and age were negatively influencing factor for the awareness level of value added services.

majority of customers (73.25 %) were aware about the value added

CONCLUSION

The study analyzed the awareness level of the customers on the basis of age, qualification, occupation and income of customers. It was inferred that customers below the age of 30 years are using maximum value-added services. Therefore, the banks should concentrate on the middle age group customers in order to promote value-added services. It was further analysed that the educated customers utilized the value-added services to its maximum. Therefore, the customers who are not much qualified should be trained to use these services. The study further explored that value-added services are used by professionals or service class customers. The businesspersons who are not much qualified are sometimes scared to use banking through online mode and prefer to visit the branch personally. Hence, there is a need to build confidence amongst them so that they can utilize all value-added services to its fullest. It is also observed that the customers with low income are not exposed to many value-added services. They use ATM, debit card and credit card only.

Therefore, an endeavour is required to promote value-added services amongst the all income group customers. Henceforth, the study connotes that majority of the customers of Chandigarh Tricity have a responsive outlook towards the upcoming technology, deregulation of banking sector and e-banking services. To avail all the value-added services, they pay close attention to the trends and developments and are also progressing towards digital banking. They accept that value-added services are convenient to use and save a lot of time as compared to traditional banking. However, the people with rural background are reluctant to use online services and still prefer to visit the bank personally. The need of the hour is to tap its vitality by concentrating on the customers' expectations from value-added services which is an ignored aspect by the public and private sector banks.

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