

**CUSTOMERS' ECSTASY TOWARDS CORE BANKING
SOLUTIONS IN THE CONTEXT OF GLOBALISATION (A STUDY
IN DAKSHINA KANNADA DISTRICT OF KARNATAKA, INDIA)**

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“The key is to set realistic customer expectations, and then not to just meet them, but to exceed them-preferably in unexpected and helpful ways.”

Richard Branson

Abstract:

After Globalisation remarkable changes have taken place in the economic sector all over the world. Banking industry is the main domain which has witnessed such several challenges particularly after globalisation. Servicing the customers personally at the branches of the banks has been reduced to a large extent. With the adoption of Core Banking Solutions by the bankers, many of the branch specific functions are carried out electronically using many electronic gadgets like, computers, mobile phones, i pads, tablets etc. Modern customers are technology savvy. Bank counters are no longer the waiting place for the customers to conduct their banking transactions. Core banking technology enables them to operate their bank account from any bank or from any branch which have installed Core Banking Solutions. Gone are the days where customers are serviced manually by the staff of the banks at the banks' counters. Now customers have powerful computers and mobile phones with internet connectivity. They can carry out their

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banking transactions from anywhere even when they are on their move. In recent years, plenty of technological innovations are taking place to make banking purely “**Digital**”.

Globalisation has also paved the way for the entry of many foreign banks into the Indian banking field. As a result Indian banks face severe competition from foreign banks and to compete with them, creating customers’ ecstasy has become a major challenge on the part of Indian banks. Today the concept of customers’ satisfaction and customers’ delight have become the things of past and creating customers’ ecstasy (exalted joy in the minds of customers) has become a goal of the bankers. Though the adoption of Core Banking Solutions enables the Indian bankers to create customers’ ecstasy and to face competition from foreign banks effectively, certain challenges are inherent in them. This paper intends to make an attempt to understand the perceptions of customers of Dakshina Kannada District regarding the role of Core Banking Technology in creating customers’ ecstasy by meeting global challenges. The study is empirical in nature. Both Primary and Secondary data is used for the purpose of study. Primary data is collected by conducting a survey among 100 customers of Dakshina Kannada district by using a structured questionnaire. Secondary data is incorporated from journals and internet.

Key words: Core Banking Solutions, Customers’ Ecstasy, Globalisation, Perceptions of customers, Global challenges.

INTRODUCTION:

Today, Core Banking Solutions and its channels are receiving greater attention from large masses. all over the world. As Core Banking system facilitates paperless, cheque less and cashless banking, it is regarded as a powerful device to materialise the concept of Digital Banking in India. Moreover, Globalisation has created a competitive banking environment in India. Entry of foreign banks and their technology driven services compelled Indian bankers to bring several changes in their banking practices..Creating customers’ ecstasy has become their major goal and they consider it as an absolute necessity for their survival. In fact, creating customers’ ecstasy has become a major challenge for them. Today the concept of customers’ satisfaction and customers’ delight have become the things of past. Though the adoption of Core Banking Solutions enables the Indian bankers to create customers’ ecstasy and to face competition from foreign banks effectively, certain challenges are inherent in them.

OBJECTIVES OF STUDY:

1. To understand the perceptions of customers of Dakshina Kannada District regarding the Global challenges in the field of banking and analyse the role of Core Banking Solutions in meeting these challenges.
2. To study Customers' Ecstasy towards Core Banking Solutions adopted by Indian as well as foreign banks.

SIGNIFICANCE OF STUDY:

In the global era, survival and success of banks depend upon their capability to create customers' ecstasy. With the advancement of technology, several initiatives have been taken by the bankers to attract the customers and to create exalted joy in their minds. Though Core Banking Solutions were introduced four decades ago in 1970's, they received great momentum after globalisation. Hence there is a need to study the perceptions of customers about Core Banking System and its role in meeting global challenges and in creating customers' ecstasy.

REVIEW OF LITERATURE:

Tasneema Afreen (2012) in her study on "Quality of Customer Service in the Banking Sector of Bangladesh: An Explorative study" found from her study that Customers identified Responsiveness is the most important dimension of service quality of Banks. Tangible comes next, followed by Reliability, Assurance and Empathy respectively. Customers' perception about the empathy from their banks can be improved by providing caring and individual attention to the customers. Customers priority in dealing with a bank is highly influenced by Banks' location, ATM facilities etc. She did not make any mention about customer s' ecstasy.

B.K. Swain (2013) in his research paper on "Measuring customer services through Customer Satisfaction Index" tried to provide a mathematical framework to quantify the level and extent of customers' satisfaction level at different branches in a logical and objective manner. He found from his study that even a well defined defect free service from the employees may fail if they do not fit customers' perception of quality or appropriate level of expectation.

Lakshmi Narayana.K , Sri Hari.V etl (2013) in their research article on "A Study on Customer Satisfaction towards Online Banking services with reference to Bangalore city" focused on

investigating the major factors that influence online customers' satisfaction with the overall service quality of their banks. Their study revealed that Banking Needs, followed by Core services, Problem Resolution, Cost saved, Convenience, Risk and Privacy Concerns were the major factors that strongly affect overall satisfaction of online consumers. In their opinion to promote customer satisfaction, it is inevitable for banks to give more emphasis on Online or internet banking services. No mention is made by them on the concept of customers' ecstasy.

N.V.Krishna Reddy and M. Sudhir Reddy(2015) in their article on "A Study on Customer's Perception And Satisfaction Towards Electronic Banking In Khammam District" found that E-Banking has a lot of benefits which add value to enhance customers' satisfaction in terms of better quality of service offerings. It helps banks to gain more competitive advantage over other competitors. They advised the banks to improve their promotional and communication strategies to create more awareness among customers regarding IT services and build up positive perception to improve the level of usage of E-banking services.

Several research studies were undertaken by many research authorities on the concept of customer satisfaction and customers delight towards banking services in different parts of the world. But no research studies were made on the concept of Core Banking Solutions and Customers' Ecstasy. Hence this study is undertaken.

RESEARCH METHODOLOGY:

The study carried is empirical in nature. Primary and Secondary data are used for the purpose of study. 100 customers of Dakshina Kannada District are selected by using Convenience Sampling method. Majority of Customers surveyed are from Mangaluru Surathkal and Haleyangadi areas. Selected customers are surveyed with the help of a structured questionnaire. Knowledgeable and potential customers are interviewed to collect relevant information. Secondary data is incorporated from journals and internet.

HYPOTHESES:

I. Customers' Perceptions regarding the efficiency of Core Banking Services.

H0: Customers of Dakshina Kannada District perceive that Core Banking Solutions adopted by foreign banks are not efficient when compared with Core Banking

Solutions adopted by Indian banks.

H1: Customers of Dakshina Kannada District perceive that Core Banking Solutions adopted by foreign banks are efficient when compared with Core Banking Solutions adopted by Indian banks.

II. Customers' ecstasy towards Core Banking Services offered by Indian and Foreign Banks.

Ho: Customers ecstasy towards Core banking services of Indian banks is not lesser than foreign banks.

H1: Customers' ecstasy towards core banking services of Indian banks is lesser than foreign banks

LIMITATIONS OF STUDY:

Sample selected is just 100 customers and they have been chosen by convenience sampling method. Study is made by considering the opinions of computer literate customers who have good knowledge of banking. Hence there is scope for making further study on the same area by concentrating on rural customers who lack computer knowledge.

DATA ANALYSIS:

Primary data collected by conducting a survey among 100 customers of Dakshina Kannada District by using a structured questionnaire is analysed to extract meaningful information. Statistical tools like Percentage analysis, Comparative analysis with ranking and Chi square test are used for the purpose of analysis.

Table 1: Distribution of Respondents on the basis of their Educational qualification

Educational qualification	Number of Respondents	Percentage
SSLC	01	01
PUC	10	10
Graduation	38	38
Post Graduation	30	30
Professional qualification	21	21
Total	100	100

Source: Primary data

Table 1 shows that 38 percent of respondents are graduates, 30 percent are Post graduates, 21 percent are Professionals, 10 percent are with PUC qualification and 1 percent of respondent is with SSLC qualification. It is observed that majority of customers (89 per cent) surveyed have good educational qualifications and have good knowledge Core banking channels.

Table 2: Distribution of respondents on the basis of Gender

Gender	Number Of Respondents	Percentage
Male	53	53
Female	47	47
Total	100	100

Source: Primary data

It is evident from Table 2 that among 100 respondents surveyed, 53 percent are male respondents and 47 percent are female respondents. This is due to the fact that customers were selected by using convenience sampling method.

Table 3: distribution of respondents on the basis of their Monthly incomes

Monthly income (Rs.)	No. of respondents	Percentage
Less than Rs.20,000	10	10
Rs. 20,000 to Rs.40,000	30	30
Rs.40,000 to Rs.60,000	35	35
Rs.60,000 to Rs.80,000	12	12
Rs.80,000 & above	13	13
Total	100	100

Source: Primary data

It is observed from Table 3 that 35 percent of respondents belong to the income group of Rs. 40,000 to Rs.60, 000 per month. 30 percent of respondents belong to the income group of Rs.20, 000 to Rs.40, 000 per month. 13 percent of respondents belong to the income group of Rs.80, 000 and above per month.12 percent of respondents belong to the income group of Rs.60, 000 to Rs.80,000 per month. Only 10 percent of respondents belong to the income group of less than Rs.20, 000 per month. It clearly indicates that respondents belong to middle income groups.

Table 4: Multi choice responses for various Core Banking Channels generally used by the respondents

Core Banking Channels	Multi responses	Percentage	Rank
ATMS	100	26.45	I
Internet banking	85	22.49	III
Mobile banking	75	19.84	IV
Telephone banking	10	2.65	VI
NEFT/RTGS	88	23.28	II
Credit Cards	20	5.29	V
Total Multi responses	378	100	

Source: Primary data.

Among the various Core Banking Channels, 26.45 percent of Multi responses indicate that ATMs are used commonly by the respondents and is given I rank, Multi choice responses for NEFT/RTGS is 23.28 percent and is given II rank in the above table. Internet banking accounts for 22.49 percent of multi choice responses, Mobile banking accounts for 19.84 percent of multi choice responses and have been given III and IV rank in the above table. Multi choice responses of respondents for Credit cards and Telephone banking is less and have been assigned with V and VI rank in the above table.

Table 5: Distribution of respondents on the basis of their perception regarding the efficiency of Core Banking Solutions

Perceptions of customers	Number of Respondents	Percentage
CBS adopted by Indian banks are efficient	12	12
CBS adopted by foreign banks are efficient	88	88
Total	100	100

Source: Primary data

Testing of Hypothesis I

I. Customers' Perceptions regarding the efficiency of Core Banking Services.

H0: Customers of Dakshina Kannada District perceive that Core Banking Solutions adopted by foreign banks are not efficient when compared to Core Banking Solutions adopted by Indian banks.

H1: Customers of Dakshina Kannada District perceive that Core Banking Solutions adopted by foreign banks are efficient when compared to Core Banking Solutions adopted by Indian banks.

From table 5, it is very clear that majority of respondents (88 percent) perceive that Core Banking Solutions adopted by foreign banks are efficient when compared to Core Banking Solutions adopted by Indian banks. Hence null hypothesis is rejected and alternative hypothesis is justified. **We therefore conclude that Core Banking Solutions adopted by foreign banks are more efficient than Core Banking Solutions adopted by Indian banks.**

Table 6: Distribution of respondents on the basis of their opinion regarding Core Banking Services offered by Indian Banks and Foreign Banks

Services	felt ecstasy	Not satisfied	Total
Indian banks	40 (a)	60(b)	100
Foreign banks	60 ©	40(d)	100
Total	100	100	200

Source: primary data

From table 6, it is clear that majority (60percent) of customers felt ecstasy towards Core Banking Services offered by Foreign banks and only 40 percent of customers felt ecstasy towards Core Banking services offered by Indian banks. Failure on the part of Indian banks to invest in agile systems that can enhance customers' Ecstasy is the main reason for not gaining the ecstasy of customers.

Testing of Hypothesis II:**II. Customers' ecstasy towards Core Banking Services offered by Indian and Foreign Banks.**

Ho: Customers ecstasy towards Core banking services of Indian banks is not lesser than foreign Banks

H1: Customers' ecstasy towards core banking services of Indian banks is lesser than foreign Banks

Chi Square Test:**Calculation of Chi square value from table 6.**

$$\text{Chi Square value} = \frac{NX (ad-bc)^2}{(a+b)(c+d) (a+c) (b+d)}$$

$$\begin{aligned} \text{Chi Square Value} &= \frac{200 \times (40 \times 40 - 60 \times 60)^2}{100 \times 100 \times 100 \times 100} \\ &= 8 \end{aligned}$$

$$\text{Chi Square value} = \frac{NX (ad-bc)^2}{(a+b)(c+d) (a+c) (b+d)} = 8$$

$$V = (r-1) (c-1) = (2-1) (2-1) = 1$$

For V = 1 Table value of Chi square at 5% level of significance = 3.84

Since the calculated value of Chi square is greater than the Table value of Chi square, the null hypothesis is rejected. **We therefore conclude that Customers' ecstasy towards core banking services of Indian banks is lesser than foreign banks.**

Table 7: Multi choice responses of respondents based on their perception regarding major Global challenges in banking

Global Challenges in Banking	Multi choice responses	Percentage	Rank
Macroeconomic risk due to lack of clarity over the future of interest rates	50	8.39	VII
Rising regulatory requirements on innovations and on banking industry	95	15.94	IV
Not getting enough returns on their investments	65	10.91	VI
Increasing customer expectations	97	16.28	III
Increasing competition from foreign banks	90	15.10	V
Technology risk due to failure to invest in agile systems that can enhance digital banking	99	16.60	II
Criminality due to cyber attacks	100	16.78	I
Total	596	100	

Source: Primary data

From table 7, it is very clear that customers of Dakshina Kannada District perceive that Criminality due to cyber attacks is the major Global challenge in Banking and multi choice responses for it is highest and hence given I rank in the above table. Various other global challenges in Banking have been given appropriate ranks based on the multi choice responses received for them.

FINDINGS:

- Among the various Core Banking Channels, ATMs are used commonly by the customers of Dakshina Kannada District for receiving various Core Banking Services.
- Customers of Dakshina Kannada District perceive that Core Banking Solutions serve as a powerful device to meet Global challenges in the field of banking, particularly increasing competition from foreign banks.

- According to the perceptions of customers of Dakshina Kannada District, Core Banking Solutions adopted by foreign banks are more efficient than Core Banking Solutions adopted by Indian banks.
- Failure on the part of Indian banks to invest in agile systems that can enhance customers' Ecstasy is the main reason for not gaining the ecstasy of customers.
- Customers' Ecstasy towards core banking services of Indian banks is lesser than foreign banks.
- Customers of Dakshina Kannada District perceive that Criminality due to cyber attacks is the major Global challenge in Banking.
- Technology risk due to failure to invest in agile systems that can enhance digital banking, Increasing customer expectations, Rising regulatory requirements on innovations and on banking industry, Not getting enough returns on their investments are the other major Global challenges in Banking.

SUGGESTIONS:

- Banks must install user friendly Core Banking Solutions and create more awareness among customers regarding its benefits.
- Banks have to resolve the issues of website crashing.
- There is a need to popularise internet banking, Mobile banking and SMS Banking.
- Internet Banking services of some of the Nationalised banks are not user friendly. There is a need to make improvement.
- Issues relating to internet neutrality must be solved.
- Few more useful services can be added to mobile banking like adding beneficiaries list.

CONCLUSIONS:

Globalisation has brought tremendous developments in the economic sector of the economy by facilitating the free movement of capital, labour, technology and resources across the countries. Entire banking sector has undergone several revolutionary changes after globalisation and it gave rise to much technological advancements. Core Banking Solutions which were installed by the bankers to make banking a friendly exercise gained more popularity after globalisation. Though

there are certain challenges in the adoption and success of Core Banking technology in the country, if corrective measures are taken at the appropriate time it can create wonders and definitely win the ecstasy of the customers.

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