

## **An analysis of customer knowledge of new financial services offered by private sector banks**

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### **Abstract**

In today's competitive market, marketing is not only vital for tangible goods rather it is more vital for the services sector. The need for the application of marketing of financial services sector arises due to intense competition, increase in awareness, sophistication of customers and improvement of work technology and increased cost of meeting customers' needs. The increased level of awareness of customers creates the chances of success of any organisation. The present study aims at to determine the customers' awareness level and to identify the customers' sources of information about new financial services provided by private sector banks. The study is a unique one, as not much work has been done earlier related to marketing strategy of the banks in Haryana. The study is mainly based on field survey and is exploratory in nature. The source of data is primary. The study is conducted in Sonapat and Rohtak districts of Haryana with 748 sample size.

Keywords: Financial Services, Customers' Awareness, Sources of Information

### **Introduction**

There have been major shifts in international banking in the recent years. The international banking landscape is evolving, with new forms of competition, disintermediation, and innovative marketing strategies. Improvements in information technology and the advent of the electronic banking system have sped up the process of globalisation in the financial markets. Customers can now make an educated decision when selecting a financial institution. On the management side of things once more, the Narasimham Committee has argued vehemently for the independence of commercial banks in India, with the Reserve Bank of India serving only as a watchdog. Therefore, commercial banks' primary challenge is to ensure their long-term viability and continued growth by holding on to their most important asset: their customers.

### **Significance of the Study**

The banking industry has become oversaturated due to the rise in competition brought about by the introduction of tech-savvy new generation private banks and the spread of operations by foreign banks. We are moving away from the 'one for all,' 'all for one,' mentality. Bankers need to discard many long-held beliefs, alter established procedures, create customer loyalty programmes, and take a new approach if they are to successfully navigate the changing landscape and emerge victorious. For continued success and expansion, financial institutions should learn to prioritise their clients' needs above all else. It is now common knowledge that a bank's ability to provide prompt, efficient, and speedy customer service is the single most important factor in keeping current customers and enticing prospective ones to try out the bank's services. Considering the results of the study, it's clear that a lot of focus has been placed on ensuring high-quality service. A bank's ability to compete in the market is hindered by low quality. Customers are quick to

take their business elsewhere if they are not satisfied with the product or service. As a result, it's evident that providing high-quality service is one way to stand out from the crowd of rival offerings.

### Objectives of the Study

- To determine the customers' awareness level and opinion about new financial services.
- To identify the customers' sources of information about new financial services.

### Research Methodology

Comprehensive and well-structured questionnaires were used to gather primary data. The questions were formulated with the goals of the research in mind. A battery of surveys was created. There were instances where the researcher spoke with respondents one-on-one to supplement the data gathered through questionnaires with personal anecdotes and insights. The completed questionnaire and accompanying cover letter were then sent out to one thousand bank customers in the Sonipat and Rohtak Districts of Haryana State, chosen using a convenient sampling technique. The following method was used to gather information from the study's participants.

As part of the procedure to collect data from bank customers, both ICICI Bank and HDFC Bank were contacted and asked to provide information from 500 of their customers. Clients from a wide range of ages, sexes, educational backgrounds, occupations, and income brackets were contacted to ensure a statistically valid sample. The following table displays the total number of usable questionnaires collected:

**Bank Customers' Survey Response**

Name of Bank	Total Questionnaires	Total no. of Filled Questionnaires received
ICICI	500	414
HDFC	500	334
<b>Total</b>	<b>1000</b>	<b>748</b>

Table data shows that ICICI and HDFC Bank each received 414 and 334 usable responses out of a total of 500 questionnaires sent their way. In total, 748 completed surveys were gathered.

The current study uses the following elements for its sample design: Element of sampling Since it would be impractical to look at every single thing, the current investigation will focus on just two private commercial banks—ICICI and HDFC. These banks were chosen because they are the most well-known and successful in India's private banking sector, boast a widespread presence across the country, and serve a sizable clientele.

### Use of Statistical Techniques

The hypotheses framed in this respect were tested statistically for their significance: Chi-square Test, the most widely used non-parametric test of significance.

### Analysis and interpretation

There were five possible responses presented to the respondents: fully aware, highly aware, moderately aware, less aware, and not at all aware. The purpose of this inquiry was to ascertain how well respondents were informed about the facilities offered by their banks. Detailed information is provided in the table below:

**Table No. 1**  
**Awareness Level of Customers' about New Financial Services**

Awareness Level	ICICI Bank		HDFC Bank		Total	
	F	%age	F	%age	F	%age
Fully Aware	104	25.12	73	21.86	177	23.66
Highly Aware	192	46.38	116	34.73	308	41.18
Moderate Aware	103	24.88	131	39.22	234	31.28
Less Aware	15	03.62	-	-	15	02.01
Not at all aware	-	-	14	04.19	14	01.87
Total	414	100	334	100	748	100

**Source: Primary Data**

Table no. 1 shows that only 21.86 percent of HDFC customers and 25.12 percent of ICICI customers were completely familiar with all of the services offered by their respective banks. However, nearly half of all respondents (41.18%) were very knowledgeable about both banks. Medium-level familiarity with the services offered by their banks is held by 39.22% of HDFC respondents and 24.88% of ICICI Bank respondents, respectively. Just 4.19 percent of ICICI bank customers said they were completely unaware of the services available to them.

To judge difference in opinion of respondents of both the banks regarding awareness level  $\chi^2$  test was applied.

$H_0$ : Customers of the two banks show no statistically significant differences in their levels of awareness.

$H_1$ : Customers of the two banks have very different levels of knowledge.

When put chi-square test:

Pearson Chi-square	Calculated value of $\chi^2$	Degree-of-freedom	Table Value of $\chi^2$
	48.538	4	9.4877

“The table value of  $\chi^2$  for 4 degree of freedom at 5% level of significance is 9.4877. The calculated value of  $\chi^2$  is 48.538 which is higher than table value”, as a result, we can conclude that there is a statistically significant difference between the two banks' customers' levels of awareness and reject the null hypothesis.

**Customers' Sources of Information about New Financial Services**

When we asked people how they heard about our services, the question of how they heard about them naturally followed. Banking personnel, personal connections, or a publicised service offer are all possible channels. This study's primary objective was to determine if customers were informed by bank employees about the institution's new services.

**Table No. 2**

Options	ICICI Bank		HDFC Bank		Total	
	F	%age	F	%age	F	%age
Yes	228	55.07	178	53.29	406	54.28
No	186	44.93	156	46.71	342	45.72
Total	414	100	334	100	748	100

Table 2 shows that the majority of ICICI and HDFC Bank customers learned about the banks' services from employees, with 55.07 and 53.29 percent, respectively.

The logical conclusion is that bank employees should make an effort to keep their clients abreast of the latest offerings.

The question that arises now is how customers found out about the bank's services if they did not learn about them from bank employees. Table 3 displays the results of our investigation into this query.

**Table No. 3**

Source of Information	ICICI Bank		HDFC Bank	
	F	%age	F	%age
<b>A) Through a Person other than Bank Employees</b>				
Friends	12	06.45	11	07.05
Family Member	9	04.84	8	05.13
Colleague	21	11.29	17	10.90
<b>Total (a)</b>	<b>42</b>	<b>22.58</b>	<b>36</b>	<b>23.08</b>
<b>B) Through an Advertisement</b>				
Print Media	40	21.50	36	23.08
Broadcast Media	37	19.89	31	19.87
Outdoor Media	10	05.38	12	07.69
Internet Advertising	57	30.65	41	26.28
<b>Total (b)</b>	<b>144</b>	<b>77.42</b>	<b>120</b>	<b>76.92</b>
<b>Total(a+b)</b>	<b>186</b>	<b>100</b>	<b>156</b>	<b>100</b>

Table 3 shows that the majority of ICICI Bank and HDFC Bank customers who did not hear about their banks' new services from bank employees learned about them from an advertisement. This was the case for both banks, with only 22.58 and 23.08 percent of customers hearing about the services their banks offered from a live person. And the same table shows that respondents relied heavily on the internet, newspapers, and television for news.

Customers of ICICI and HDFC banks were most likely to rely on advertisements as a source of information.

### **Conclusion**

Bank employee's commitment and concern for customers needs can make or mar the growth of the bank. This is where the bankers have an important role to play.

The study revealed that 96.12% of total respondents are more aware about the new financial services introduced by the banks. It shows that customers' awareness level is quite good which is very important for successful introduction of new services. Further the buying decisions of the customers are in conformity with their awareness level about new financial services. So it can be safely concluded that a customer who is aware about new services is also willing to buy them, though the degree of willingness differ from customer to customer and bank to bank.

The study found that more than 50% of the customers (54.28%) heard about the new offerings from bank staff. What this means is that bank staff should focus more on learning about their clients' wants and needs. It will help in improving the awareness level of the bank.

Of the customers not informed by bank employees, 78 respondents (22.81%) came to know through their friends, family members and colleagues while 264 respondents (77.19%) came to know through advertisements. So these results highlight the importance

of advertising in marketing of financial services. Further it was found that internet, print media and broadcast media were the major advertising media.

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