



CUSTOMER SATISFACTION THROUGH INNOVATIONS IN PERSONAL BANKING

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ABSTRACT:

Banking sector tries to provide the finance related services to its customers, in this process a lot of new changes and developments have been in practice since the inception of banking services in our country as well as worldwide. As the service industry's progress and future is dependent on the level of customer satisfaction and the type of services they provide, the launch of timely and modern services for the customers is the need of the hour. In the recent past we are able to see a huge transformation of services provided to the customers in the field of banking. The recent innovations in the banking sector have enabled better, speed and prompt services to the customers. This paper tries to study the applicability of customer satisfaction theories in banking sector and the role of innovations in personal banking.

INTRODUCTION:

The changing world innovates many new things in every field and banking is not an exception. In the olden days traditional banking served the customers with the physical transaction mode and this is not apt in the changing world. Now a days we can see many banking services being offered in a modern and innovative style. In addition to this, we are experiencing the digital era in which artificially intelligent assistants provide us many types of financial advices, mobile applications and thereby take us into virtual reality.

In the context of customer satisfaction, banks have always tried to tap and retain the customers by offering innovative services both online and offline. In the recent past, the banking sector is continuously striving to be digital in all the facets of banking services ranging from opening an account to the transfer of funds and also investments. Hence, the traditional banking system and branch banking is going to become digital. At the same time, customer satisfaction is shaped based on how well the bank services meets the expectations of the customer.

This study tries to focus on the new ideas and innovations in personal banking that promotes a better customer satisfaction. Since there are many customer satisfaction theories, this study tries to assimilate the relevant customer satisfaction theory for innovation in personal banking services.

REVIEW OF LITERATURE:

The review of literature provides an insight to the researcher about the studies already done in a particular area and assists in forming an idea in the proposed field of study and to proceed with a concrete idea of research. The following articles were found useful for the present paper:

Hemal B. Pandya and Sintayehu Ermias Lolemo¹ in their article concluded that there is a need for more studies that used mixed research designs, which can provide a more comprehensive understanding of the phenomenon under study. In addition to this, more attention should be paid to the perspectives and experiences of female customers, given that female authors had the least number of papers published in this area. Future research can investigate the factors that may be contributing to this gender disparity and explore ways to address it. Finally, further research is needed to examine the digital banking experiences of customers in countries other than Pakistan and Nigeria, which were the most prolific contributors to the literature.

Abhijeet Savadatte² in his research noted that encouraging Fintech adoption among clients, as active adoption of Fintech solutions is linked to increased levels of contentment. Fintech technical innovation has also been demonstrated to have a significant influence on customer happiness by



improving ease, security, and personalisation. Examples of this include block chain security and AI-driven catboats. The utilisation of block chain technology to establish trust and transparency is deemed crucial for augmenting client happiness. Moreover, innovations that greatly enhance client happiness include digital wallets, contactless payments, biometric authentication techniques, and customised financial applications. It is also acknowledged that open banking, crypto currencies, speech & conversational banking, & customer education initiatives are important components in creating happy and satisfied customers.

Pooja Yadav et al³ in their article concluded that technology was not the main concern for clients who do not use Internet banking services because they have all facilities available to them. The demand for awareness should be the first thing that all bankers think about. It is generally established that the environment influences an individual's behaviour, or that in India simply the environment that surrounds the public determines the behaviour and decisions of the individuals, despite the fact that these people have a preference for manual banking. So, a consumer's decision to use Internet banking may be influenced if the majority of his co-workers or friends around him do so.

P. Shailaja and R. Devi⁴ in their article concluded that Fintech has gained the momentum in the field of banking. One side, it offers competitive advantages such as speed, transparency, saving time, and optimizing resources. It also provides extensive customer support. The young generation is more techno-savvy. Therefore, they are more comfortable and satisfied than old generation. To the other side, security, trust, confidentiality of data remains concerns for the bank customers. While on the other hand, for thinking about the impact of the implementation of the Financial Technology on the satisfaction of the customers in the banking sector, majority of the banking customers from the Hyderabad city had confirmed that the banking application are tailored made and people have the complete faith in it as far as the trust factor is associated with it and at the same time E-banking facility also able to understand the individual customers requirements.

M.R. Chandrasekar and C. Ananthi⁵ in their article found that customers are using only few facilities of various advances in banking technology services available. The solution of the puzzled workload only through automation and advance banking technology services and keeping easily availability of these services to all strata of public which needs lot of training and awareness programmes both to existing employees and customers. In this connection relationship between management and customers utilizing advance banking technology services the emerging problems are to be redefined from its originality to provide the services to all type of customers in all location. So it is evidenced that the Indian banking scenario is under the changing process from man to machine and also in the nature of progressing in privatization to automation.

Ashok Kumar Mishra and Prateek Chatterjee⁶, in their research noted that banking is a client-oriented services industry; thus the customer is always at the forefront, and customer's satisfaction is the distinguishing element. Customer satisfaction is a business phrase that refers to how well a company's commodities and services fulfil or surpass the anticipations of its customers. The mind-set of clients is influenced by the efficiency of services provided by a bank. A bank's bond with its customers isn't a one time or temporary one, but rather one that is generally persistent and on-going. Customers want banks to treat them with respect in all of their interactions with them. Customer service that is both timely and efficient is critical to the banking industry's sustainability.

Kavya J and Ramya Rakesh⁷, in their article concluded that majority of the customers are highly satisfied by using digital banking as long as there is convenience and easier transaction. Most of the customers preferred Mobile banking as a mode of Digital Banking than Internet banking, Digital Payment apps and Debit/Credit cards. The reason behind customer preferring Mobile Banking as a convenient mode is due to multiple reasons such as Mobile is a handy device where they can access 24/7/365 days. Banking sector should also focus on Security threats and provide personalized offerings to the customers to make them much more comfortable and confident in using digital banking in modernity.



Pooja Sharma and Dr Sudipta Sen Gupta⁸, in their article concluded that banking sector in India has contributed to economic expansion and the dawning of a new era of progress in the country. India and other countries are developing the idea of banking self-service. Customers now use banking self-service options to make bank deposits, send money to others, pay bills, and do other activities. With more client satisfaction, greater awareness of, and higher-quality service for banking self-services, it narrows the gap between depositors and borrowers. In the Indian banking sector, customers' attitudes have been evolving toward new, cutting-edge technologies. Further, it was found that people who use banking self-service are better knowledgeable about and satisfied with the banking goods and services offered by their financial institutions.

Ahmad Mareia et al⁹ in their research concluded that there is a strong and positive correlation between innovation and business performance. It means that for business performance it is needed to understand the business's current performance and future potential using tools and resources. The results are useful particularly for other banks to explain the relation to the improvement of Innovation influence towards business performance. In practice, it can be realized through several training courses of business performance and customer satisfaction will be fruitful.

Fatoki Jacob Obafemi¹⁰ in their research commented that customers always use service quality characteristics of investigation, understanding and assurance for the assessment of service quality. These services quality characteristics are materialistic proficiencies, expression of employees and other expressions, convenience, transaction method and system, pricing, product and services are taken into account by customers before consumption of available service.

Zike Adhi Pranoto and Dudi Hendrakusuma Syahlani¹¹, in their article concluded that there is a relationship between Service, Innovation and Innovation Capability that affects customer satisfaction mediated by service quality in the public Sector. The service innovation has a positive and significant influence on innovation capability. If there is potential in the company, then innovation in the service sector can be done. The innovation in public sector, innovation capability is defined as the level of confidence that the public sector can generate new ideas that are useful for improving public service provision or creating new products. Therefore, it is also necessary to increase and prepare innovation capability.

Ms. Shweta Sharma and Ms. Shubhlaxmi Raul¹² in their article concluded that digital banking is becoming necessary survival weapon and is fundamentally changing the banking industry worldwide. It also gives direction to research tools, research types and techniques. There are various digital banking services provided by banks to their customers like digi lockers, ATMs, online fund transfer etc. As per the study, 61.3% of customer's prefer digital banking is the best medium of transaction purpose. Although the finding reveal that people know about the services but still many people are unaware so the bank should try promotional strategies to retain the customers. Banks have to upgrade and always think of new innovative customized packages and services to remain competitive. Overall, it can be said that the digital banking services could be improved by establishing orientation programmes by educating and explaining about the benefits of digital banking services.

OBJECTIVES:

The main objective of the paper is to understand customer satisfaction perspective with respect to banking sector. However, the role of new ideas and innovations in serving the customers by banks play a vital role. To take up a micro study the following are objectives of the paper:

1. To study the importance of customer satisfaction in banking sector
2. To know about the innovations in personal banking services.

METHODOLOGY:

This paper is descriptive in nature and tries to describe the role of customer satisfaction in personal banking services. In addition to this, the relevance of customer satisfaction theories is



examined for the launch of innovative services in personal banking by the banks. This paper is purely based on secondary data. The secondary data required for the paper has been extracted from various sources like research articles, books and other published sources.

IMPORTANCE OF CUSTOMER SATISFACTION:

In common parlance, customer satisfaction is a component of customer service. It provides a measure on customer's perception regarding the quality and utility of a product or service. According to the developed by Claes Fornell, ACSI founder and Chair of ACSI LLC, customer satisfaction is formed on the basis of how well a product meets the expectations of a customer. It highlights the importance of providing with an exceptional experience to the customer that echo with him or her long after their initial interaction with a product or service. In continuation of this every business shall try to understand the needs and wants of the customers. The utmost priority that a customer gives while purchasing a product or service is satisfaction. As a sequel to this, a customer would prefer to repeat purchase from a company when satisfied from the product or service.

When it comes to banking sector, customer satisfaction is most important as it aims at building trust, reputation, retaining the customers, and to increase the brand loyalty. On the other hand, trust develops a positive notion towards the bank that a customer feels that the bank understands his needs and meets them. Secondly, the strong relationship with the customers by the bank helps in developing reputation and helps in retaining the customers instead of acquiring new customers which is more costly. At the same time, there are some factors that can determine customer satisfaction in banking sector like efficient service, timely communication, easy digital services, quick response to customer grievances, etc.,

There are many customer satisfaction theories proposed by experts. When it comes to banking sector, the relevant theory in the context of personal banking is the comparison level theory which provides an opportunity to the customers to compare the satisfaction from various aspects.

Relevance of Comparison Level Theory:

The comparison level theory of customer satisfaction was proposed by Kelley and Thibaut in the year 1978. Their theory identifies that satisfaction is a relative phenomenon to a consumer's experiences and it is not an absolute phenomenon. In other words, it is a relative factor of various experiences that a consumer faces. As per this theory, a customer tries to compare the degree of satisfaction that is derived by using products or services from different options available in the market.

According to this theory, a customer sets a comparison level in his or her mind with regard to numerous aspects while he or she starts to evaluate a product or service. The various aspects include some of the following:

- i. The price paid for the product or service
- ii. The quality aspect
- iii. Performance
- iv. Comparisons done with the family, friend, colleagues, etc.,

While evaluating the satisfaction derived from the product or service, the degree to which a product or service met the satisfaction of the customer is compared and the forms the basis for customer satisfaction.

Thus, comparison level theory focuses on comparison and is relevant in customer satisfaction in personal banking services. Since the banking sector comprises a large base of customer and almost all persons in the society avail personal banking services, it is common that customers go by comparison of amount of satisfaction derived from the products or services and get the perception of family, friends, peers and so on. Hence, the comparison level theory is felt appropriate in interpreting the customer satisfaction in personal banking.



INNOVATIONS IN PERSONAL BANKING:

The banking sector provides financial services to its customers and helps in effective functioning of financial system. In sync with the changing times and modern innovations, the banking sector also led many steps in innovating its services and henceforth there are many innovations in personal banking too.

The performance of any bank is evaluated on how well it can adopt the latest trends and innovations to put more focus on customer needs, wants, and thereby delivering a better customer satisfaction. There are many innovations that have taken place in personal banking area a few worth mentioning are listed below:

- i. Digital Payments:** The advent of digital payments has addressed the issue of long waiting by the customers at bank counters. With this innovation, a customer can send or receive the money without visiting the bank personally which is providing the advantages like round the clock transactions, convenience and easy payments.
- ii. Chatbots:** The Chatbots are nothing but software programs that can go for simulating the online conversations with people through different channels viz., websites and mobile apps. Chatbots help in improving the customer service quality as they function as personal digital assistant and work round the clock. One more advantage of chatbots is they are cost effective when compared with other means of customer service.
- iii. Automation of Process:** This process tries to replace manual work and complete the repetitive tasks with automated systems thereby saving time and delivering customer satisfaction in a better way. This process helps in reducing cost, improve customer service in a speedy manner and improving operational efficiency of the banks.
- iv. Biometric Authentication:** The recent development in accessing the personal banking services is biometric authentication of the customers with the finger prints, Iris and voice recognition. With this feature a customer can ensure security, speed and convenience while availing the personal banking services. With the help of biometric technology customers develop trust in the banking system as the transactions are done by them with the biometric authentication.
- v. Innovative Banking:** Innovative banking means adopting new methods of doing banking and providing customer services. For example mobile banking is a revolution in banking sector which enabled the processing of banking services through mobile phone. This feature was not available earlier and with the launch of mobile banking a customer can do transactions in many ways like fund transfer, payment of bills, availing of various citizen services, booking tickets and so on.

CONCLUSION:

In the present scenario, we are into a world of artificial intelligent assistants who extend financial advice to us and provide cost, time and place advantage. The manual work is being replaced by machine and the banking sector is also embracing the latest developments and trying to bring innovations in offering various personal banking services. The future status of any bank depends on how best it can provide customer service with the latest technologies prevailing in the market. With respect to banking sector, customer satisfaction is considered to be the most important element as it aims in building trust in banking system, developing reputation, retaining the customers, and to increase the brand loyalty. The suitable theory in this regard is considered to be the comparison level theory as the customer tries to compare the level of satisfaction derived from the services with the family, friends and peers. Hence, the banks should think of providing better customer services so as to enhance the customer satisfaction in various services offered. On the other hand, the innovations that are happening in the area of personal banking are helping the customers to avail the services round the clock without waiting for time and person to complete the transaction. This is enabling the customers to take the advantages of innovations in banking sector and thereby contributing to better



customer satisfaction. To sum-up, it can be commented that the recent trends and innovations that have come in banking sector are providing customers speed, prompt and better services.

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