

STUDY OF IMPACT OF DEMOGRAPHIC FACTORS OVER RETAIL BANKING FACILITIES WITH SPECIFIC SURVEY DURING PANDEMIC SITUATION

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ABSTRACT

At the outset when the normal life was disrupted due to Covid-19 and the lockdown in the country, the banking services were still available for the public and the bank's staff had handled the situation like true warriors. Bank officials continued to serve people despite the pandemic and also encouraged many to move to online mode for various bank products and services, and helped smooth banking while following government's Covid-19 guidelines. The study here revolves around certain demographic factors, such as age, occupation and income level of the middle class population of Mumbai and ascertaining its impact on the usage of retail banking products and services. In the contemporary situation, when we are discussing about new normal across the sectors, it's time to look at banking business in terms of people preference of product and services and their comfort level to adopt to digital modes for the same. The researcher has also endeavored to find out general public preference towards specific banks, as in nationalized or private sector players.

Keywords: Retail banking, Electronic banking, Demographic factors, Pandemic

INTRODUCTION

Retail banking as the name suggests cater to retail customers by providing array of products and services like various types of loans, deposit schemes, demat and trading facility etc. The banking sectors in India have the potential of becoming the 5th largest banking industry globally. If the banking performance is reinforced by countless technology advancement then Indian banking sector would likely to be on the 3rd largest banking sector by 2025. At present banking industry is contributing 7.7 % to the national GDP. Retail banking refer to those services that they are directed and adapted to the individual customers. In today's environment there is a rapid change in retail banking. India is witnessing a dramatic change in the patterns of retail banking. Many of the system deals with wide range of individually banking services

which includes savings and checking accounts, bill paying services, debit and credit cards. As per RBI, Indian banking sector is enough maximized and well regulated; in recent times they have innovated various banking models like payments and small finance bank. By regulating these measures it will help to restructure the domestic banking industry. According to the market size as of September 2020 Indian banking system comprises of 12 nationalized banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 and 96000 co-operative banks(both urban and rural). Throughout FY16-20 at a CAGR of 13.93 percent deposits were grown up and reached up to US\$ 1.93 trillion by FY-20.

LITERATURE REVIEW

➤ Kazi Omar Siddiqi (2011) the main aim of

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the paper was to find the interrelationship between service quality, customer satisfaction and customer loyalty in Bangladesh. For influencing the competitiveness of the organization, service quality is one of the analytical factors. The study probes on those factors which will enable banks to attract and maintain the customers. To sustain in the competitive banking industry, they need to evolve new strategies.

- Ms. Jayshree Chavan and Mr. Faizan Ahmad (2013) the main objective of this study is to estimate the overall satisfaction of retail banking customers. It also focuses on the prospectus of Western Maharashtra. Through findings they have disclosed there are many attributes that are dependent on each other. This paper mainly focuses on strengthening the bond of banks and customers which will help bank to retain their customers as well expand their base.
- Anubhav Anand Mishra (2009) the research was postulated on the basis of the present level of satisfaction and also investigated the various elements of customer satisfaction in retail banking. The research was conducted in the city of Hyderabad in which they revealed that there are various attributes which are dependent on each other. It has also studied about the factors such as services availed by the bank which includes personality, pricing policies and relationship with customers.
- Vimi Jham and Kaleem Mohd. Khan (2009) the study looks at the impact of customer satisfaction on the basis of evaluation of Indian banks which is also useful information for managers. The main reason of maintaining the relationship marketing philosophy is to give their existing clients the long term profitability. In India there is a considerable growth in foreign, nationalized and private banks. It also states that if we built good relationships to the customers it will get a better return to the banking industry.

- Balasubramanian Natraj and R. Rajendran (2018) the purpose is to look upon the impact of relationship quality on the customers in retail banking in India. It also revealed that it is having a positive impact on customer retention. To gain the competitive advantage retaining the customer is one of the important strategies they have investigated. It has also explored the effect of age, gender, duration and type of bank to maintain the relationship quality and to retain the customer.

OBJECTIVES

- To understand customer's preference with respect to the bank and its facilities.
- To analyze impact of demographic factors like age, occupation, and level of income over choice of bank products.
- To study whether pandemic situation has resulted in increased usage of electronic banking.

RESEARCH METHODOLOGY

A well-structured questionnaire has been used to receive 100 responses from middle class population of Mumbai city. Middle class represents maximum population and Mumbai being metropolitan city of India, same have been considered for the purpose of the survey. Their requirements and issues have been studied in this research. Questions included in the questionnaire are open ended and offered multiple choices. The questions are related to different dimensions of retail banking. Secondary data sources such as internet sites, bank sites, research papers and journals have been used to gain further information for the research.

CONCEPTUAL FRAMEWORK

1. Banking – It can be described as the financial lifeline of any business. It is not only restricted to accepting deposits and lending money, but also includes various other facilities like providing demat, trading accounts, investment advisory services, dealing in foreign exchange, and so on. Technological advancement has helped

banking to switch to digital mode and offer all the products and services through online mode. The question now is whether customer still prefers manual touch for his or her banking operations or ready to move on with electronic banking.

2. Retail banking – It is meant for retail customers. Credit, deposit and money management are the three most important features. Retail banks give credit to customer to buy property, vehicles and furniture. These include mortgage, car loans and credit cards which provide the economy with additional liquidity. Credit now helps individuals to invest future profits. A safe place for individuals to deposit their money is offered by retail banks. Compared to throwing their money under a mattress. Saving account, certificate of deposit and other investment instruments give a higher rate of return. Products and services offered by retail banking include checking and savings account, corporate debit cards, personal debit cards, foreign debit cards, business credit cards, personal credit card, international credit card, deposit plans, financial investment plan, personal asset management, retirement plans, children’s plan, education plan, mortgage loans, personal loans and business loans.
3. Electronic banking – In the lieu of cheque and other paper transfers, electronic banking also known as electronic fund transfer (EFT), uses computer and electronic technology. EFT’s are initiated by devices such as cards or codes that let you access your account. For this reason, many financial institutions use ATM or debit cards and Personal Identification Number (PINs). Other kinds of debit cards that include your signature or scan are used by others. Some use Radio Frequency Identification (RFID) or other types of contactless technology, for example to search the data without physical contact. UPI is a framework that incorporates many banking functions, seamless fund routing and merchant payments into a single mobile application.

It also manages “Peer to Peer” collection request, which can be arranged and charged according to need and convenience.

ANALYSIS

During pandemic 100 respondents were approached to gauge their views related to retail banking and their preference towards the bank products and services and whether there is any shift of their preference towards bank or banking facilities during pandemic situation. Further, in order to support government’s target of achieving cashless economy and promoting virtual banking business, banks have created multiple avenues for its customers. Lockdown and restricted movement during pandemic actually boosted usage of online platforms for retails banking. People lacking knowledge of online resources started feeling the need of learning the same.

- I. Analysis based on response received from the respondents. Here the analysis has involved demographic factors and usage of various retail banking facilities along with the impact of these factors over the usage.

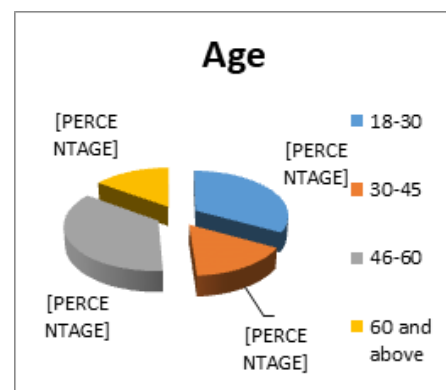


Fig.a : The respondents have been distributed based on age

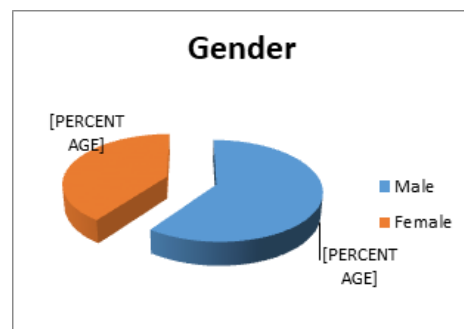


Fig.b : Gender wise distribution of respondents

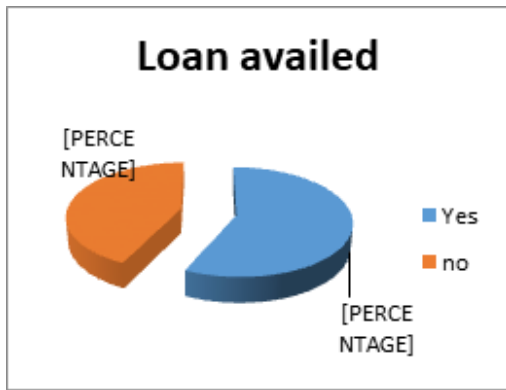


Fig. c

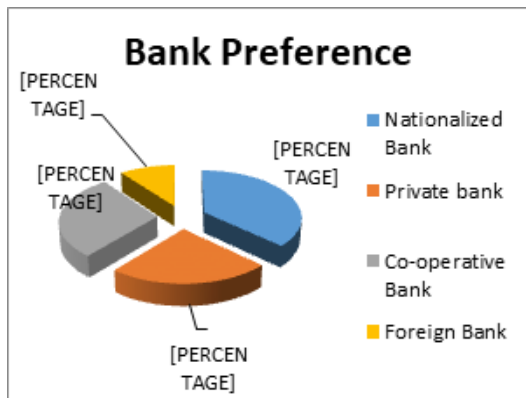


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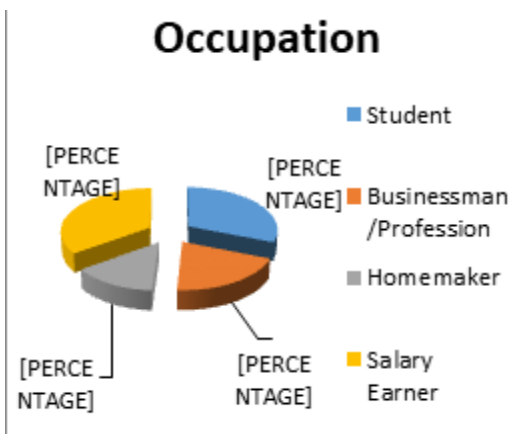


Fig. e

It indicates that most of the respondents are from salaried background which is 35%, 31% are students, 20% consist of businessman/Profession and 14% are home maker

Respondents who have availed loan facility

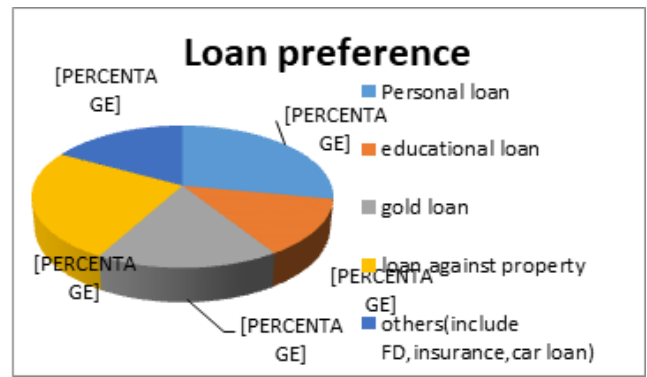


Fig.8.f

It shows that most of the people have their bank account in nationalized bank which is 54%, 29% of the people have their account in co-operative bank, 24% at private banks and 15% people have their accounts in foreign bank

Respondents preference towards loan facilities

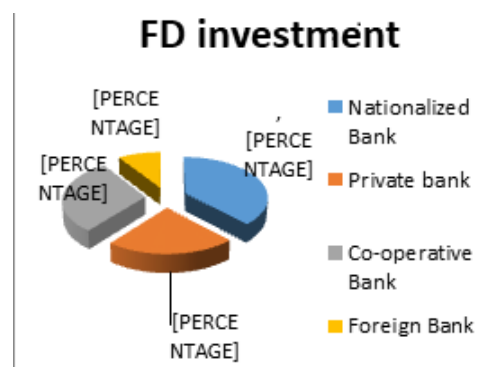


Fig. g

Bank preference towards investment in fixed deposit facilities. 53% of the people have their FD's in nationalized bank and 30% of the people seem to prefer co-operative banks as they provide high rate of interest especially to senior citizens, 23% at private banks and 13% respondents have chosen foreign banks.

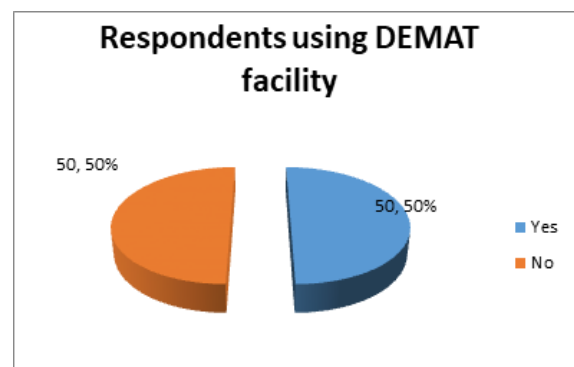


Fig.8.h

Distribution of respondents based on usage of demat facility

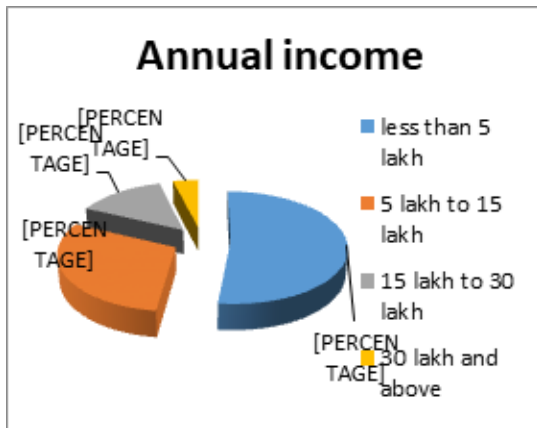


Fig.8.i

It shows that 52% respondents are from income bucket of less than 5 lakh, 30% belong to 5lakh-15lakh, 14% belong to 15lakh-30lakh and 4% belong to 30 lakh and above

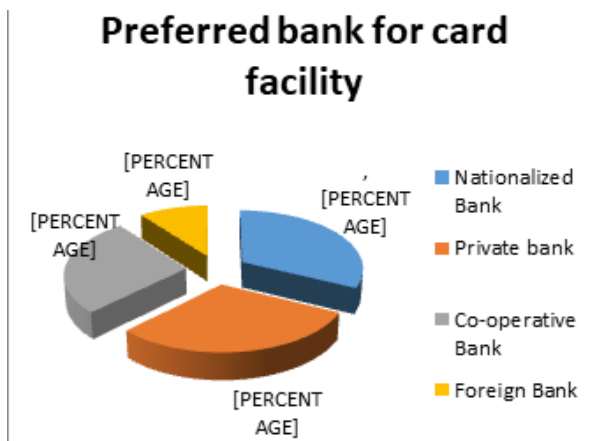
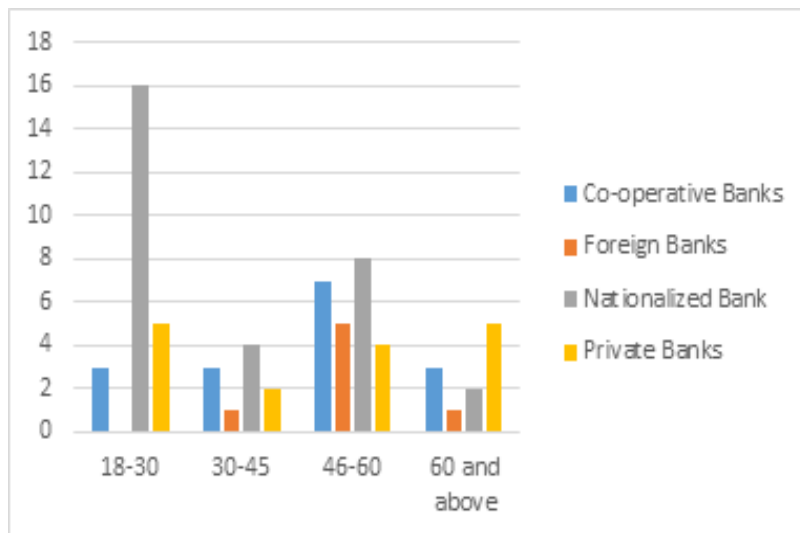


Fig.8.j

II. Relationship between respondents' age and its impact on their choice of bank



Respondents choice of bank towards availing card facility. 50% of the people from nationalized bank while doing the transactions they get the offer on their debit or credit card by the means of discount or the cash back. 31% of the people from private banks get their discounts on cards, 27% on o-operative bank cards and 10% on foreign bank cards.

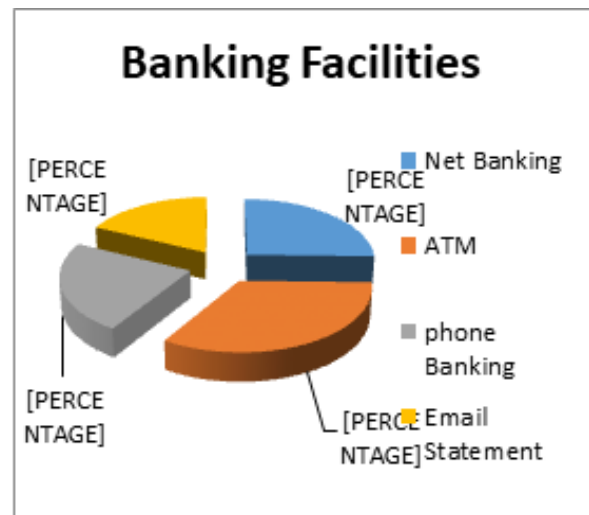
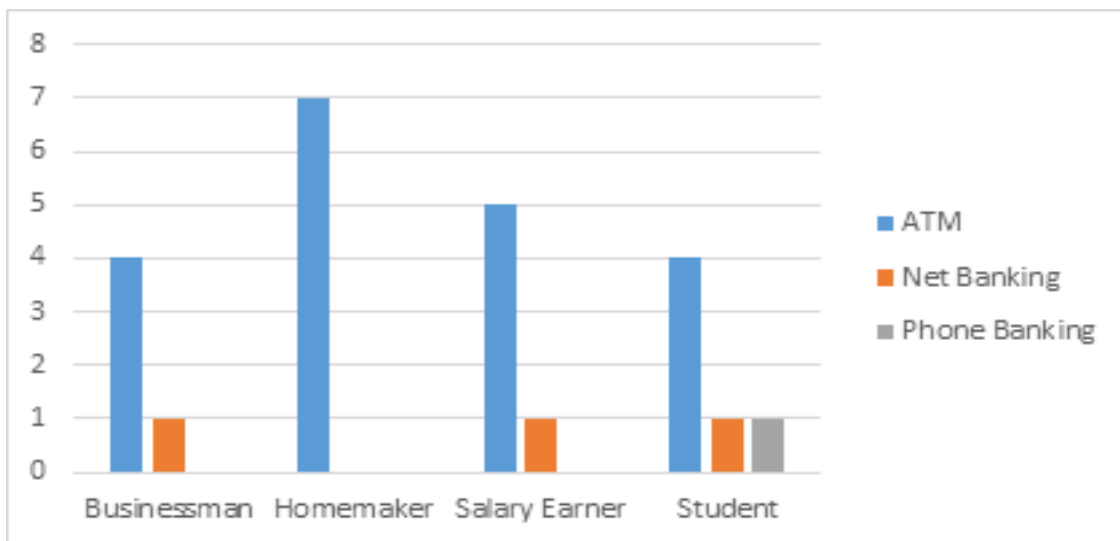


Fig.8.k

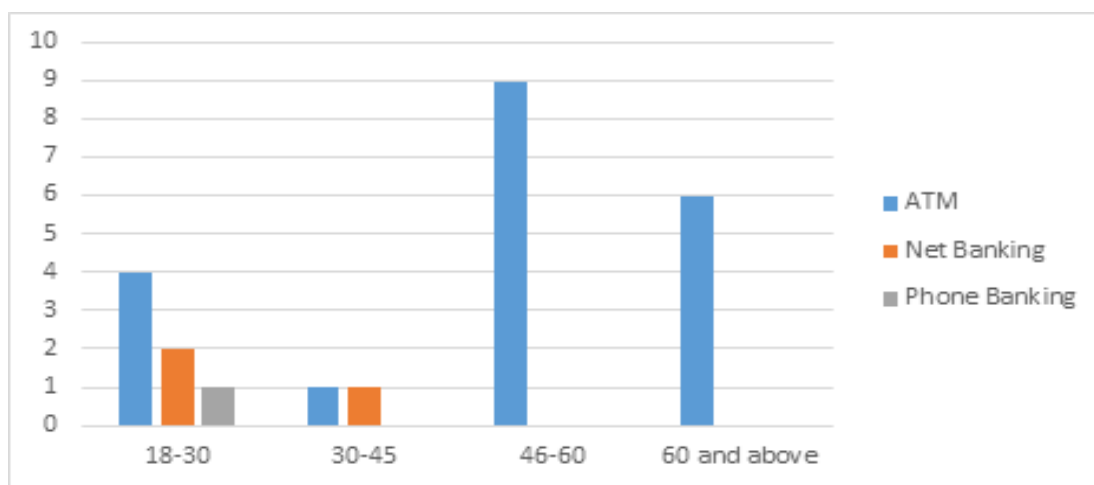
In fig 8.k 94% respondents prefer ATM i.e. debit and credit card facilities as they prefer the easiest mode of payment. 25% of the people use net banking as it is the easy way to transfer money as well as for multipurpose. 23% use phone banking i.e. by Google Pay, Paytm, You pay and many more. 18% of the people use Email statements for their record purpose

It appears that the age group of 18 to 30 and 46-60 prefer nationalized bank the most. Safety and security of the funds has been the concern behind selecting nationalized banks and the respondents choosing co-operative bank and private banks mention about benefit of higher rate of interest for the deposits.

III. Relationship between Occupation and bank facilities



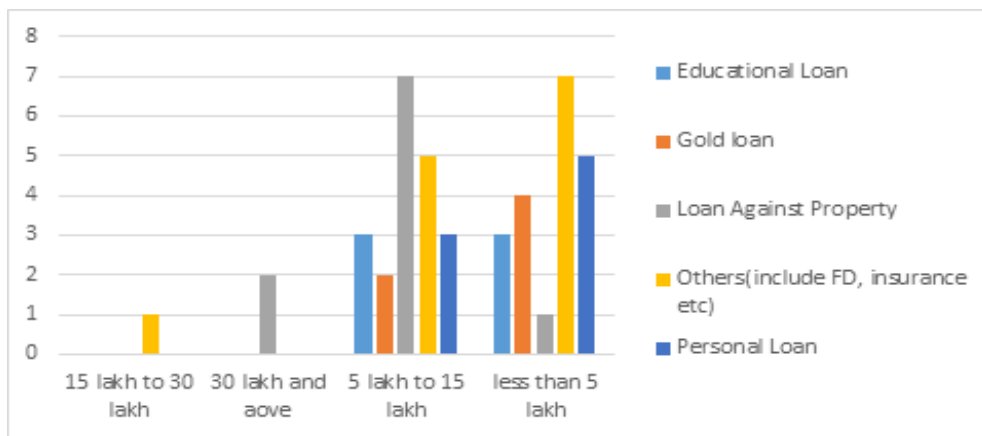
The chart states that according to the overall occupation people recommend ATM as the most banking facilities used by them as it is easier and convenient for them to operate. In today's generation phone banking is the essential service needed to be used as it can be accessible anytime and anywhere but these services are being used only by the students and the remaining occupation such as businessman, homemaker and salary earner do not use the facility of phone banking. More awareness needs to be created about how this facility is useful in day to day life. People involved in business activity, salary earners and students are flexible and emphasizing on usage of net banking facility and have also mentioned about how the online access has helped them especially during lockdown situation in the country. The homemakers need to be educated as there seem to be unawareness among them with respect to usage of these facilities.



IV. Relationship between age and banking facilities

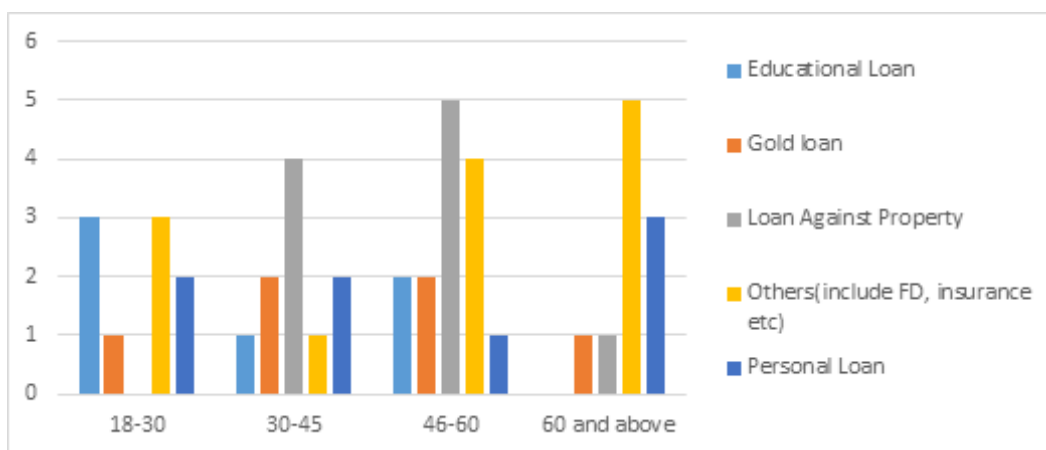
All the age group respondents have been using ATM facility the most. Age group of 18-30 and 30-45 seem to be using net banking. It seems the higher age group people are still reluctant for the usage of other than ATM facility.

V. Relationship between level of income and type of loan.



It appears from the above analysis that the people from income group of Rs. 5 – 15 lacs have availed maximum housing loan, whereas the people from less than Rs. 5 lacs income group have preferred loan against FD and insurance policies etc. There is moderate response towards personal and educational loan from again these two categories of income

VI. Relationship between age and types of loan



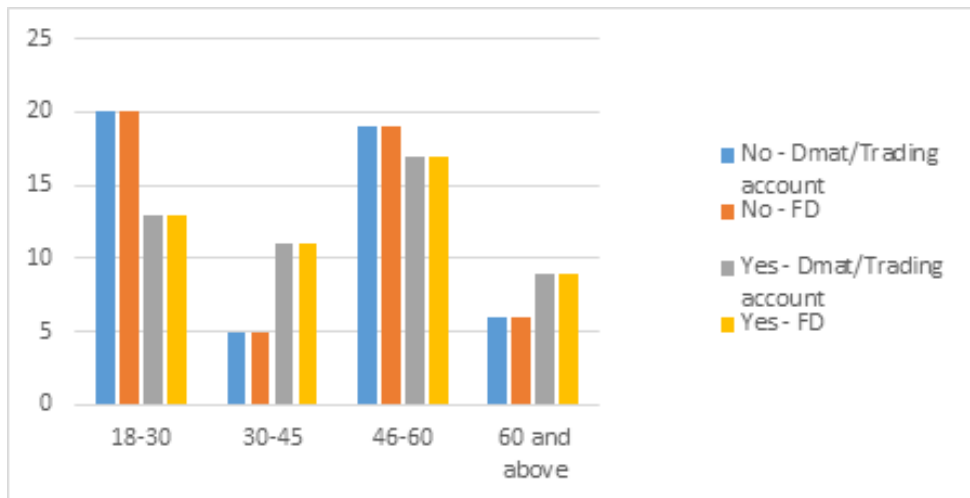
The age group of 18 to 30 has the highest trend for the education loan and other loans such as loan on FD, insurance etc. The age group of 30-45 and 46-60 have the equal ratio of taking the gold loans from bank. The age group of 60 and above have the highest trend for taking the personal loan.

VII. Relationship between occupation and type of loan



The occupation related to business has the highest ratio of taking the loan against the property as it is the main factor for doing the business, the salary earner people also have taken the loan against property but on the side it also have a upward trend towards the personal loan. The homemakers have taken the loan especially on FD and insurance.

VIII. Relationship between age and usage of services of DMAT and FD account



The bar chart shows the relationship between age and the bank facilities availed, such as FD and DMAT. The age group of 18 to 30 shows that some of the respondents have shown that they have opened the DMAT account for trading purpose but it also shows that there is a top trend those who haven't opened DMAT Account.

In the age group of 46-60 there is the highest preference of people making investment in FD and in the age group of 18 to 30 it is vice versa

CONCLUSION

One of the most used banking functions is retail banking as the number of customers for this segment is much higher. Retail banking offers variety of products and services and keep adding the same in their overall banking portfolio. While banking is an integral component of economy. It is not free of defects. Banking is becoming more vulnerable with increasing NPAs and cybercrime events and the challenge of keeping money safe is becoming difficult. The study has shown public usage of retail banking facilities and has also analyzed impact of demographic factors over the usage of these products and services. The increase in usage of ATM and net banking facility and

availing online deposit facility has shown the shift in mindset of people from offline to online banking.

The pandemic situation has given the new way of looking towards bank. With the concerns about the contracting novel coronavirus many individuals have begun to use internet banking and mobile apps to make payments, and also creating bank deposits, taking various loans through online platform. With all the channels from the Unified Payments Interface to the Aadhar Enabled Payment System (AePS) recording stellar process, digital payments touched a record high in 2020. UPI transactions hit a record high at 221 crore transactions worth Rs. 3.9 lakh crore in November after reaching the 200- crore mark in October¹¹. The center has set the target of 4,630 crore for digital payment for 2020-21, which is likely to be surpassed if players are optimistic.

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