Assessing the Core Banking and Service Quality Impacts on Customer Satisfaction in Indian Commercial Banks

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Abstract— Core Banking is one of the ongoing improvements in the field of banking and it has turned out to be extremely helpful. It is an office given by banks in which a man having an account in one branch can work his record in another branch. This has turned out to be conceivable on the grounds that each record holder is given a specific electronic and one of a kind record number. In basic terms, CBS is a kind of banking in which a man who opens a financial balance in a specific part of a bank will be a customer of the bank as opposed to being a customer of a specific branch. Core banking is tied in with knowing customers' needs; furnishing them with the correct services at the opportune time through the correct channels.

Keywords— financial balance, customers, service quality, commercial banks, CBS.

I. INTRODUCTION

Data technology is considered as the key driver for the progressions occurring far and wide. Due to an unavoidable and relentlessly development of data and correspondence technology, the world banking industry is going into new wonders of exceptional type of rivalry bolstered by current data what’s more, correspondence foundation. Web based business has turned into a trademark for organizations over several years with expanded mindfulness about the utilization of PCs and web. The Web is the main impetus for the development of internet business (Bhaskar R. and TewodrosSisay, 2011). The data and correspondence applications are vital worry to the banks into days business condition and web has turned into the main stage for all commercial banks, CBS.

Core Banking is one of the ongoing improvements in the field of banking and it has turned out to be extremely helpful. It is an office given by banks in which a man having an account in one branch can work his record in another branch (KaurRupinder, 2012). This has turned out to be conceivable on the grounds that each record holder is given a specific electronic and one of a kind record number. In basic terms, CBS is a kind of banking in which a man who opens a financial balance in a specific part of a bank will be a customer of the bank as opposed to being a customer of a specific branch. Core banking is tied in with knowing customers' needs; furnishing them with the correct services at the opportune time through the correct channels. The stage where correspondence technology and data technology are converged to suit core needs of banking is known as Core Banking Solutions. Here PC programming is created to perform core tasks of banking like account of exchanges, passbook support, and intrigue computations on advances and stores, customer records, equalization of instalments and withdrawal are finished. This product is introduced at various parts of bank and after that interconnected by methods for correspondence lines like phones, satellite, web and so forth. It permits the client (customers) to work accounts from any branch on the off chance that it has introduced core banking arrangements. This new stage has changed the method for working in the banks. CBS empowers banks to combine their technology stages crosswise over capacities and topographies utilizing cost also, in the meantime obtaining adaptability and versatility to adjust to a quick changing and focused condition.

In core banking, Banks are getting their data total layers set up to encourage projection of data as static and dynamic announcing ability. This would be a coherent augmentation of operational data collection utilizing core banking frameworks. Frameworks, for example, core banking and business insight, whenever utilized synchronously, will increase the value of business (KaurRupinder, 2012). Banking framework involves a critical place in a nation's economy. It assumes a fundamental job in quickening the rate of monetary development by assembling the current or potential funds what's more, by making the dispensing of credit to commercial endeavour and need regions. Banking industry is set apart by forceful rivalry and consistently changing customer requests. Subsequently, banks need to receive themselves to the evolving condition. It is fundamental for the banks to embrace suitable different systems to converge as the favoured bank of customers.

Statement of the Problem

Fulfilling customers is the main real mission and reason for any business association. It is when customers are fulfilled the associations accomplishes higher deals, benefit and piece of the pie and the other way around. Customer satisfaction likewise drives associations to pick up faithfulness and accomplish the coveted destinations. Subsequently, it is basic for associations to fulfill their customers quickly with the goal that they can accomplish what they plan. Banks as a business association ought to give an awesome consideration for its customers’ to pull in, hold and gain their steadfastness. By
and by, banks found in our nation (Ethiopia) have little consideration about their customers. This leads them to utilize more out of date and customary innovations that reason dissatisfaction and exchanging among customers. This implies the banks are not fulfilling their customers enough because of numerous components in which utilizing customary advances is among them. Levesque and McDougall (1996) have affirmed and fortified the idea that steady poor customer encounter as a consequence of poor service quality prompts a reduction in the levels of customer satisfaction and the odds of further ability to prescribe the service (i.e., informal exchange publicizing or referrals) is diminished. This is valid for commercial bank of Ethiopia, or, in other words bank in the nation. Despite the fact that CBE has been giving numerous sorts of banking services since its foundation in 1942, it can't go promote in fulfilling its customers. Just customers of the bank have not been fulfilling by its services. This is expected to poor service quality of the bank that outcomes from nonattendance of as good as ever advance. The utilization of this technology is accepted to have numerous commitments for the bank. The analyst recognizes the commitment of this technology on fulfilling customers of the HDFC bank in Tamil Nadu. The motivation behind this examination is to look at the effect of core banking and service quality on customer satisfaction.

Significance of the Study

Since most bank services are anything but difficult to copy and gives about indistinguishable services, they can just separate themselves based on quality of service (Kebede and Eshetu, 2012). Along these lines, this investigation is incredibly vital to the bank to evaluate whether its use of core banking service upgrade the level of customer satisfaction and recognizes the situation of service quality at the bank.

Additionally, the examination will have the accompanying significances:

1. Identifies issues identified with the utilization of core banking and service quality and in this manner give criticism to administrators.
2. Identify the hole between what customer thinks about customer satisfaction and what genuine customer satisfaction look prefers in the bank.
3. Result of this exploration undertaking can be utilized as a base point for further examinations in the related issues.

Objectives of the Study

The particular objectives of this study are the accompanying:

- To survey the progressions that comes after the use of core banking service
- To distinguish the effect of core banking on customer satisfaction of the banks
- To distinguish the effect of service quality on customer satisfaction of the banks
- To investigate the customer satisfaction level in CBE
- To give a few proposals to the bank

II. LITERATURE REVIEW METHODOLOGY

A research design is the program that aides the researchers during the time spent collecting, analysing and interpreting the data. The researcher utilized the Descriptive correlational type of research design to give answers for the research issues. Descriptive research includes collecting data that portray occasions and after that arranges, classifies, delineates, and depicts the data collection. Primary data of the study was data assembled from customers of the bank. Questionnaire that have both open end and close end question were arranged and conveyed to customers with the end goal to assemble the Primary data. The Secondary data was gathered from various sources, for example, sites, books, and diaries, periodicals discharged by the bank and articles national and global daily paper and magazines.

Population and Sampling

The overall public of this task was all customers of PRIVATE Bank of TAMIL NADU, HDFC BANK Offices. Numerically, the aggregate number of the branch customer (i.e. Current and sparing record holder) is 30,000 (current record 5000 and sparing record 25,000) and every one of the one-time customers of the bank. The testing system that was utilized for the study was likelihood inspecting strategies. With the end goal to procure adequate data on quality and amount, the researcher was utilize stratified testing procedures. Customers of the bank were ordered in to various collection’s (strata) in view of their compose. i.e. current record holder, sparing record holder and one time customer and customers from each collecting were chosen as a respondent utilizing irregular inspecting method. The size of strata i.e. current record holder is 5000, the extent of strata i.e. sparing record holder 25,000 and the extent of strata i.e. once customer is uncertain. The researcher was utilize extent distribution strategy to decide the sample measure. The measure of the sample from various strata was held relative to the extent of the strata. Utilizing the recipe of relative distribution, n = Nn/N, the researcher takes a sample of 100 customer from sparing record holders, 20 customer from current record holder, what's more, to choose the sample measure from one time customer the researcher utilizes normal customer every day (i.e. utilizing 10 percent of 1000 customer for every day which is 100). Thusly, the aggregate sample size of this research was 220 customers.

III. DATA ANALYSIS

To decide the connection between service quality measurements (tangibility, reliability, responsiveness, assurance, and empathy) and customer satisfaction, and between core banking and customer satisfaction. Pearson correlation was processed.
The outcomes in table 4.10 show that, there is sure and critical correlation between all service quality measurement and customer satisfaction. Tangibility and customer satisfaction ($r = 0.715, p < 0.01$), reliability and customer satisfaction ($r = 0.850, P < 0.01$), assurance and customer satisfaction ($r = 0.877, P < 0.01$), empathy and customer satisfaction ($r = 0.867, P < 0.01$) responsiveness and customer satisfaction ($r = 0.349, P < 0.01$). Then again, there is likewise positive and noteworthy connection between core banking and customer satisfaction ($r = 0.737, p< 0.01$). Relapse display was connected to test how far the core banking and service quality had effect on customer satisfaction. Coefficient of assurance $R^2$ is the proportion of extent of the fluctuation of ward variable about its imply that is clarified by the free or indicator factors (Hair et.al, 1998). Higher estimation of $R^2$ speaks to more noteworthy illustrative intensity of the Regression equation.

### Table 4.10. Connection between Service Quality Measurements and Core Banking and Customer Satisfaction.

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Pearson Correlation (2-tailed)</th>
<th>N</th>
<th>Sig. (2-tailed)</th>
<th>Customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assurance</td>
<td>.877**</td>
<td>200</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td>.349**</td>
<td>200</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Empathy</td>
<td>.867**</td>
<td>200</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Tangibility</td>
<td>.715**</td>
<td>200</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
<td>.850**</td>
<td>200</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Core banking</td>
<td>.737**</td>
<td>200</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

Correlation is significant at the 0.01 level (2-tailed).

In this way, $87.9$ percent of the variety in customer satisfaction can be clarified by the five service quality measurements and other unexplored factors may clarify the variety in customer satisfaction which represents around 12.1 percent, appeared in table 4.13. Then again the independent variable (core banking) represented 54.3 percent of the difference in customer satisfaction ($R^2=0.543$). In this way, 54.3 percent of the variety in customer satisfaction can be clarified by core banking factors and other unexplored factors may clarify the variety in customer satisfaction which represent around 45.7 percent appeared in table 4.11. Also, from the discoveries of this study, the researcher discovered that not the majority of the service quality measurements have positive effect on customer satisfaction. Out of the five service quality measurements four measurements (reliability, assurance, and empathy) have positive and critical effect on customer satisfaction. Then again, responsiveness and tangibility affects customer satisfaction. The discoveries of this study likewise showed that assurance is the most Primary factor to have positive and critical impact on customer satisfaction, trailed by reliability and empathy.

### Table 4.11. Regression Model for Core Banking

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.737a</td>
<td>.543</td>
<td>.541</td>
<td>.296</td>
</tr>
</tbody>
</table>

**Predictors:** (Constant), core banking

The above table demonstrates the $R^2$ estimation of 0.543. This outcome demonstrates that the independent variable (core banking) represented 54.3 percent of the difference in customer satisfaction. Therefore 54.3 percent of the variety in customer satisfaction can be clarified by core banking and the other unexplored factors may clarify the variety in customer satisfaction which represents 45.7 percent.

### Table 4.13. Regression Model for Service Quality Model

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>$R^2$</th>
<th>Adjusted $R^2$</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.937a</td>
<td>.879</td>
<td>.876</td>
<td>.154</td>
</tr>
</tbody>
</table>

**Predictors:** (Constant), tangibles, responsiveness, reliability, assurance, empathy

The above table demonstrates the $R^2$ estimation of is 0.879. This outcome demonstrates that the independent variable (service quality) represented is 0.879 percent of the difference in customer satisfaction. In this manner is 0.879 percent of the variety in customer satisfaction can be clarified by service quality and the other unexplored factors may clarify the variety in customer satisfaction which represents 12.1 percent.

### IV. RESULTS AND DISCUSSIONS

In generally, the outcomes uncovered that on one hand, the independent variable (service quality) represented 87.9 percent of the difference in customer satisfaction ($R^2 = 0.879$). In this way, 87.9 percent of the variety in customer satisfaction can be clarified by the five service quality measurements and other unexplored factors may clarify the variety in customer satisfaction which represents around 12.1 percent, appeared in table 4.13. Then again the independent variable (core banking) represented 54.3 percent of the difference in customer satisfaction ($R^2=0.543$). In this way, 54.3 percent of the variety in customer satisfaction can be clarified by core banking factors and other unexplored factors may clarify the variety in customer satisfaction which represent around 45.7 percent appeared in table 4.11. Also, from the discoveries of this study, the researcher discovered that not the majority of the service quality measurements have positive effect on customer satisfaction. Out of the five service quality measurements four measurements (reliability, assurance, and empathy) have positive and critical effect on customer satisfaction. Then again, responsiveness and tangibility affects customer satisfaction. The discoveries of this study likewise showed that assurance is the most Primary factor to have positive and critical impact on customer satisfaction, trailed by reliability and empathy.

### V. SUGGESTIONS AND CONCLUSION

Reliability dimension was one of the most important factors influencing customer satisfaction. But customers of the bank are less satisfied with this dimension. The bank managers should enhance customers’ reliability on the bank by fulfilling the service as promised, performing the service exactly at the first time, showing a keen interest insolving customers problems, providing the service at the promised time and by insistingon error free record.It is obvious that if customers do not have a trust on the banking services it ismeaningless to talk about the good will of the bank. Therefore, the bank
should handle its customers so well to achieve its organizational aims. Finally, it is worthy to affirm that customers are the key for any business organizations success. Empathy dimension was also considered as one of the most important factors influencing customer satisfaction. However, the customers of the banks were less satisfied in terms of the empathy dimensions. One way of addressing this could be by treating customers with great respect, giving individual attention to customers, serving customers based on their specific needs and treating customers in a friendly manner. This is to say, the bank management should focus on this factor to maximize customer satisfaction. The study was conducted to examine the impacts of the application of core banking and service quality on customer satisfaction in HDFC banks at Tamil Nadu. The finding of the study indicates that customers of bank were satisfied by core banking and the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy). The researcher concludes that core banking has positive and significant correlation with customer satisfaction. And also core banking has positive and significant effect on customer satisfaction.

REFERENCE