



Analysis on Usage of Universal Banks Among Salaried Employees Bengaluru, Karnataka

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ABSTRACT:

This research paper examines the usage patterns of universal banks among salaried employees in Bengaluru, Karnataka. Given the rapid evolution of the banking sector and the wide range of financial services offered by universal banks, understanding the banking behaviors of salaried individuals in a technology-driven city like Bengaluru is crucial for banks to tailor their services effectively. The study investigates usage patterns, preferences, and factors influencing the choice of universal banks among salaried employees through the administration of a questionnaire. Qualitative interviews provide insights into the experiences, perceptions, and satisfaction levels of salaried individuals with their banking services, while quantitative surveys collect data on usage frequency, preferred services, and demographic characteristics.

The analysis of collected data unveils trends and insights into the usage of universal banks among salaried employees in Bengaluru. Notable determinants influencing usage patterns include convenience, digital banking offerings, customer service quality, and brand reputation. Additionally, the study assesses the impact of demographic variables such as age, income level, and occupation on banking preferences. The findings of this research offer valuable insights for universal banks operating in Bengaluru to enhance their services and meet the specific needs of salaried employees. By comprehending usage behaviors and preferences, banks can devise targeted strategies to elevate customer satisfaction, foster loyalty, and enhance retention rates. This research contributes to the ongoing dialogue on banking trends and consumer behavior in Bengaluru's dynamic financial landscape.

Introduction:

The banking sector stands as a cornerstone of the global economy, playing a vital role in facilitating financial transactions, managing assets, and providing essential services to individuals, businesses, and governments. With its diverse range of activities spanning deposit-taking, lending, payment processing, and offering various financial products and services, banks serve as crucial intermediaries in channeling funds to promote economic growth and development. Additionally, stringent regulatory frameworks govern the banking industry, ensuring financial stability, safeguarding depositor interests, and preserving the integrity of the financial system.

Concurrently, salaried employment constitutes a significant portion of the workforce, encompassing individuals who receive fixed, regular compensation for their services. These salaried employees hold diverse roles across managerial, administrative, and professional domains, contributing to organizational functions and driving productivity. Unlike their hourly counterparts, salaried workers typically receive consistent compensation regardless of their working hours and are not eligible for overtime pay. Their employment contracts outline terms such as salary amounts, payment frequencies, and additional benefits, delineating their roles, responsibilities, and expectations within the workplace. This research paper aims to investigate the usage patterns of universal banks among salaried employees in Bengaluru, Karnataka, shedding light on their banking behaviors and preferences within the context of a technology-driven city.

Literature Review:

1. **Macey (1993)** examines universal banking, wherein banks expand into activities like underwriting securities and trading, with Germany serving as a prime example. However, regulatory changes often put banks at an economic disadvantage, hindering their ability to amass resources for political influence. Concerns arise over slow regulatory reform and the negative impacts of securitization, prompting discussions on how these shifts affect the banking industry's political clout, as suggested by public choice theory.
2. **Gorton and Schmid (1996)** delve into universal banking as an alternative to stock markets for risk-sharing and investment guidance, particularly focusing on its prevalence in Germany. They highlight how banks in Germany hold equity stakes in firms, exercise proxy voting rights, and participate in corporate governance. The study aims to uncover conflicts of interest in bank behavior and assess changes in bank-firm relationships over time, with a focus on factors like equity holdings, proxy voting rights, and ownership structures.

3. **Walter (1998)** characterizes universal banks as versatile entities within the financial services sector, catering to diverse client segments and offering a comprehensive suite of financial services. They note that when operating beyond their domestic market, universal banks often concentrate on wholesale banking, securities activities, and international private banking, occasionally expanding into retail operations in foreign markets.
4. **Kaur (2015)** defines job satisfaction as a holistic attitude towards one's job, influenced by factors like pay, promotion opportunities, fringe benefits, job security, and the significance of the job itself. Enhanced job satisfaction leads to improved employee performance, productivity, and organizational commitment while reducing turnover intentions and absenteeism. Determinants of job satisfaction include pay level, work hours, demographic attributes, work environment, and acceptance and supervision by employers.
5. **Sissoko (2016)** acknowledges the vast literature on universal banking but focuses on key points of comparison. They highlight oversights in the literature regarding the Glass-Steagall Act's objective and discuss regulations in the U.S. and English stock markets. The paper underscores the significance of commercial banks in the money supply and references the Senate report on the Glass-Steagall Act, highlighting destabilizing feedback loops in the stock market boom and crash of the late 1920s.

Objectives:

Explore the preferred channels through which salaried employees in Bengaluru access universal banking services, such as online banking, mobile apps, ATMs, or traditional branch visits.

Identify the key factors that influence salaried employees in Bengaluru when choosing a universal bank, including interest rates, fees, convenience, and reputation.

Hypothesis:

- **Null Hypothesis H0:** There is no significant difference in the preferred channels used by salaried employees in Bengaluru to access universal banking services.
- **Alternative Hypothesis H1:** There is a significant difference in the preferred channels used by salaried employees in Bengaluru to access universal banking services.
- **Null Hypothesis H0:** There is no significant impact of key factors, including interest rates, fees, convenience, and reputation, on the choice of a universal bank among salaried employees in Bengaluru
- **Alternative Hypothesis H1:** There is a significant impact of key factors, including interest rates, fees, convenience, and reputation, on the choice of a universal bank among salaried employees in Bengaluru.

Data analysis:

Chi-Square Test:

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.473 ^a	8	.070
Likelihood Ratio	14.758	8	.064
Linear-by-Linear Association	.011	1	.917
N of Valid Cases	106		

a. 7 cells (46.7%) have expected count less than 5. The minimum expected count is .34.

Interpretation:

The chi-square test produced a statistic of 14.473 with 8 degrees of freedom, yielding an asymptotic significance (two-sided) of 0.070. This implies that there is a 7% probability of observing a chi-square statistic as large or larger, even if there's no association between the variables under examination.

However, it's important to note that 46.7% of the cells in the contingency table have expected counts below 5, which undermines the reliability of the chi-square test in this context.

Despite the test's limitations, the results suggest that the null hypothesis should be accepted. With a p-value exceeding the standard significance level of 0.05, there isn't sufficient evidence to reject the null hypothesis. Therefore, the observed association between variables may not be statistically significant, given the constraints of the chi-square test and the low expected counts in several cells of the contingency table.

Correlation analysis:

		Correlations			
		banks' reputation.	better interest rate on savings or loans.	concerned about convenience fees and charges.	convenience of online and mobile banking.
banks' reputation.	Pearson Correlation	1	.241 [*]	.244 [*]	.247 [*]
	Sig. (2-tailed)		.013	.012	.011
	N	106	106	106	106
better interest rate on savings or loans.	Pearson Correlation	.241 [*]	1	.172	.202 [*]
	Sig. (2-tailed)	.013		.077	.038
	N	106	106	106	106
concerned about convenience fees and charges.	Pearson Correlation	.244 [*]	.172	1	.278 ^{**}
	Sig. (2-tailed)	.012	.077		.004
	N	106	106	106	106
convenience of online and mobile banking.	Pearson Correlation	.247 [*]	.202 [*]	.278 ^{**}	1
	Sig. (2-tailed)	.011	.038	.004	
	N	106	106	106	106

*. Correlation is significant at the 0.05 level (2-tailed).

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

Interpretation:

1. Banks' Reputation:

Positive correlation observed between banks' reputation and factors such as better interest rates, concerns about convenience fees, and online/mobile banking convenience. Indicates reputation's influence on customer preferences.

2. Better Interest Rate on Savings or Loans:

Significant positive correlation found between better interest rates and banks' reputation, as well as digital banking convenience. Highlights importance of reputation and convenience alongside competitive rates.

3. Concern about Convenience Fees and Charges:

Data shows a significant positive correlation between fee concerns and banks' reputation, along with digital banking convenience. Emphasizes importance of transparent fees and digital banking options.

4. Convenience of Online and Mobile Banking:

Statistically significant positive correlation between digital banking convenience and banks' reputation, better interest rates, and fee concerns. Underscores digital banking's role in customer satisfaction.

In conclusion, banks' reputations, along with factors like rates, fees, and digital banking convenience, significantly influence customer preferences. Positive reputation, competitive rates, transparent fees, and convenient digital services are crucial for attracting and retaining customers.

Conclusion:

In Bengaluru, salaried employees demonstrate a consistent preference for banking services, reflecting a shared inclination towards convenience and digital accessibility. Online and mobile banking channels are favored for their ease of use, while traditional options like ATMs and branch visits retain relevance for specific transactions requiring in-person assistance. Interestingly, account types, loans, and investment products have minimal impact on their choice of universal banking services, with factors such as the bank's reputation, customer service quality, and digital features playing a more significant role in decision-making.

Key considerations such as interest rates, fees, convenience, and reputation significantly influence the selection of a universal bank among salaried employees in Bengaluru. These factors serve as pivotal determinants in choosing a banking service provider, impacting both the cost of services and

perceptions of service quality. To effectively cater to the preferences of this demographic, banks must prioritize enhancing digital services, offering competitive rates and fees, improving convenience, building a strong reputation, and providing personalized assistance. By addressing these factors, banks can bolster customer satisfaction and foster long-term loyalty among salaried employees in Bengaluru.

References:

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