CHAPTER IV

BANKERS' INCONVENIENCES

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To identify the inconveniences faced by the bankers in delivering quality service to the customers, an exploratory preliminary survey was carried out among 15 bankers with open ended questions. This was done to identify the various inconveniences they face, which can be used as variables while developing the questionnaire for survey of the bankers. Existing literature has also been referred to identify variables. All total 28 variables were identified. These variables were converted to statements in the questionnaire and the bankers were asked to respond their degree of agreement to the statements in a five point scale ranging from 'strongly agree' to 'strongly disagree'. The responses of the bankers have been quantified using values between 2 to -2 and the mean calculated to find out the degree of seriousness of the variables. It has been found that less number of branches was the major inconvenience followed by unfriendly products. Table 4.1 shows the list of inconveniences as perceived by the bankers sample size is 130.

The questionnaire was tested for internal consistency and the Cronbach's Alpha was calculated at 0.76. Hence it can be inferred that the reliability of the questionnaire is high.

Table 4.1: Bankers' Perceived Inconveniences:

Sl. No.	Inconveniences	Mean of Perception
1	Branches are less	.48
2	Products are not customer friendly	.31
3	Reduction in customers' trust on banks regarding personal information sharing	.27
4	Rigidity regarding product features	.20
5	Inconvenience faced in cash transaction of core banking	.18
6	Number of ATM is low	.17
7	Lack of tracking process in banking instrument delivery	.02
8	Frequent changes related to procedures of banking	-.02
9	Gap exists in the systematic flow of working	-.03
10	Lack of appropriate manpower	-.04

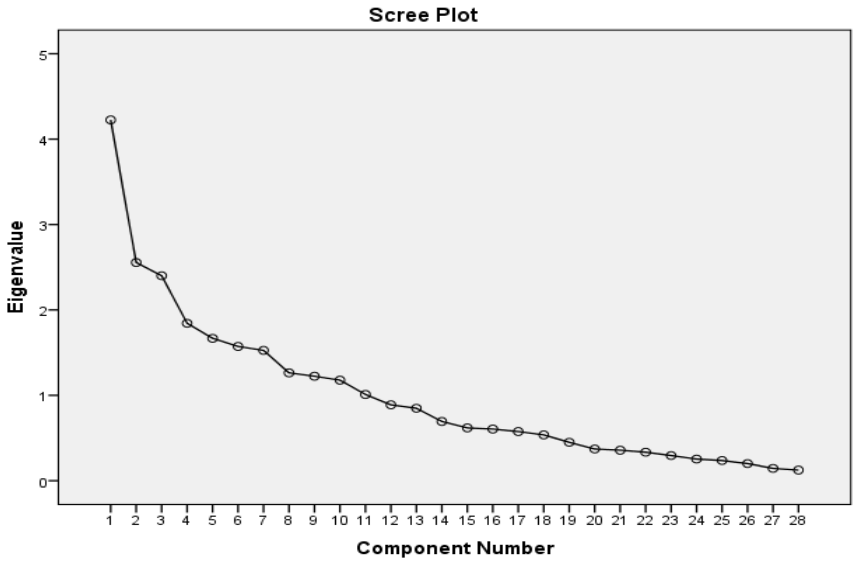
11	Non homogenous customer perception about services	-.06
12	Inter branch charges	-.11
13	Inconveniences in redemption of third party products	-.12
14	Customers ask for loan without proper documentations	-.17
15	Non availability of loans for all set of customers	-.27
16	Centralized decision making regarding banking instrument issuance	-.30
17	Problem in building relationship due to frequent transfer of employee	-.37
18	Lack of awareness regarding Average Quarterly Balance and Average Monthly Balance	-.44
19	No proper signage	-.52
20	No fixed line for ancillary service installation (swipe machine)	-.61
21	Difficult in instantly opening current account	-.62
22	Inconvenience faced by service delivery of third party products	-.63
23	Internal competition is increasing	-.69
24	Penetration of banks are very high, so nearest bank takes advantage	-.91
25	Increase in customer demands for personalized services	-.98
26	Customer demands are high with respect to time for service delivery	-1.10
27	Customer demands for preferential service if deposit amount is high	-1.09
28	Competition is increasing	-1.36

4.1. Factor Analysis:

Since there were large numbers of variables (inconveniences), factor analysis was carried out to reduce the number of variables. Adequacy of data was testedthe basis of results of the Kasier-Meyer-Olkin (KMO) measures of sampling adequacy and Bartlett's test of sphericity (homogeneity of variance). The KMO measure of sampling adequacy is 0.550 indicating the data is suitable for factor analysis. This is a goodness of fit coefficient whose value varies between 0 and 1. For factor analysis, values over 0.5 has been considered (i.e. data reduction is effective). Again Barlett's test of sphericity is found significant ($p<0.001$) which explains existence of sufficient correlation between the variables to proceed with the analysis. The extraction values from communalities (Annexure xxx) were which indicates that all the extracted communalities are acceptable and all variables are fit for the factor solution.

The factor analysis revealed that 11 factors extracted together accounted for 73.08% of the total variance. The Eigen values greater than 1 (Kaiser's criteria) were considered for retaining the 11 factors. On the basis of factor loading greater than 0.5, 11 factors emerged. A factor loading of 0.5 has been used to determine the cut-off point for assessing variables of factors (Hulya and Aliye 89)From the Total Variance Explained Table (Annexure xx) it can be inferred that 15.09% variance is explained by Factor One, 9.13% by Factor Two, 8.57% by Factor Three, 6.58 by Factor Four, 5.96% by Factor Five, 5.61% by Factor Six, 5.45% by Factor Seven, 4.51% by Factor Eight, 4.37% by Factor Nine, 4.20% by Factor Ten, and 3.60% by Factor Eleven. The rotated component matrix (Annexure xx) has been used to get the factors that can be named specifically and interpreted. Scree Plot of Eigen values (Figure 4.1) indicates that these 11 factors should be included in the analysis.

Fig. 4.1: Scree Plot



Factor 1: From the rotated component matrix table it is found that following variables have factor loading more than 0.5

1) Inconvenience faced by service delivery of third party products (.809)
2) Lack of awareness regarding AQB to AMB (.724)

3) Inconvenience in redemption of third party products (.646)

Internal consistency of these 3 attributes has been tested using reliability test. The Cronbach's alpha value was found .641 which indicates high internal consistency of these parameters. In this case Factor-1 is named as "**third party related inconvenience**".

Factor 2: Factor 2 is combination of 3 variables.

1) Customer demands are high (.769)
2) Increase in customer demands for personalized service (.687)
3) Customer demands for preferential service if deposit amount is high (.752)

Cronbach's alpha value of these factor was found .687 indicating good internal consistency. Factor 2 is named as "**high expectation related inconvenience**".

Factor 3: Factor 3 is combination of 2 variables.

1) Customer ask for loan without proper documentation (.897)
2) Instant current account opening (.572)

Cronbach's alpha value of these factor was found .511 indicating average internal consistency. Factor 3 is named as "**service related inconvenience**"

Factor 4: Factor 4 is combination of 2 variables.

1) Competition is increasing (.708)
2) Penetration of banks is high, so nearest bank take the advantage (.663)

The reliability test of these variables indicates lower internal consistency (Cronbach's alpha value .412). Hence these attributes are not considered for further analysis.

Factor 5: Factor 5 is combination of 2 variables

1) Number of ATM is low (.800)
2) Branches are less (.842)

Cronbach's alpha value of these factor was found to be 0.644 indicating good internal consistency. Factor 5 is named as "**infrastructure related inconvenience**".

Factor 6: Factor 6 is combination of 2 variables

1) Problem in building relationships due to frequent transfer of employee (.870)
2) No fixed line for ancillary service installation (swiping machine) (.532)

Cronbach's alpha value of this factor was found to be negative. Hence it is not considered for further analysis.

Factor 7: Factor 7 is combination of 3 variables

1) Rigidity regarding product features (.508)
2) Centralized decision making regarding banking instrument issuance (.584)
3) Non homogenous customer perception about service (.631)

Cronbach's alpha value of these factor was found .574 indicating good internal consistency. Factor 7 named as "**process oriented inconvenience**".

Factor 8: It consists of only one variable –products are not customer friendly (.853).

No specific name is given to Factor -8 as it contains only single variable.

Factor 9: Factor 9 is combination of 3 variables.

1) Gap exists in the systematic flow of working (.774)
2) Inter branch charges (.637)
3) On line banking (.620)

The reliability test of these variables indicates lower internal consistency (Cronbach's alpha value .367). Hence these attributes are not considered for further analysis.

Factor 10: Factor 10 is combination of 3 variables.

1) Frequent changes related to procedures of banking transactions (.536)
2) Internal competition is increasing (.620)
3) Reduction in customer trust on banks regarding personal information sharing (.655)

The reliability test of these variables indicates lower internal consistency(Cronbach's alpha value -.130). Hence these attributes are not considered for further analysis.

Factor 11: It consists of only one variable-inconvenience faced in cash transaction of core banking (.871). No specific name is given to Factor as it contains only single value.

All the 7 factors taken together accounted for 60.12% of total variance.

From the above analysis, the inconveniences have been reduced to the following factors.

- Third party related inconvenience
- High expectation related inconvenience
- Service related inconvenience
- Infrastructural related inconvenience
- Process oriented inconvenience
- Products are not customer friendly
- Cash transaction of core banking