

A STUDY ON IMPACT OF COVID 19 IN BANKING SERVICE SECTOR AND CHANGES IN CUSTOMER PERCEPTION

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Covid 19 has emerged as the black swan event of the century, with significant macroeconomic impact both globally and in India. All the sectors of the economy including the Banking services took a new unexpected turn of crisis during this unforeseen situations. Banks in India are focused towards maintaining critical staff in branches and also deploying employees to manage online transactions and phone enquiries from customers. Banks are also struggling hard to protect its staff and providing much needed services to customers. During the initial stage of lockdown customers' struggle to access branches for routine operations instigated them to opt for digital banking services and also great demand for health and life insurance is noticed. Because of the job layoffs and salary layoffs in the society drastic changes in retail banking services are noted with increase in NPA. RBI also decided to provide 3 to 6 months moratorium for term loans.

The research mainly focuses on studying the changes happening in the field of banking services and customer perception towards digital services in Bengaluru, since it became a prime choice of operation in the current scenario. The analysis is based on both primary data and secondary data. The study enables to understand the efforts made by the banks to with stand high digitalization requirements and its convincing capacity to approach customers in the best possible way along with optimum security standards. Primary data helps in understanding customer requirements, expectancy and satisfaction levels in digital services. Findings mainly aims at bringing correlation between digital banking services and customer satisfaction in Bengaluru during this unforeseen events. How best banks can enhance its efforts in resolving the current financial challenges along with holding its customer satisfaction by meeting their needs and requirements.

Keywords: COVID 19, NPA, Digitalization, Disruptions, Moratorium

INTRODUCTION :

COVID-19 is impacting almost every sector of the economy. Coronavirus pandemic has significantly disrupted various sectors in India including oil and gas, automobiles, aviation, agriculture, retail, etc and the education sector is no exception. Accord

Banks plays a vital role in development of the economy in every countries. It bridges the connecting link between government policies, rules and regulations with the general public. Unexpected pandemic situation led the Banks functions to get disrupted and it became inevitable to undergo many changes in regular services due to lockdown, social distancing and safety precautions. It is quite a challenge to banks in a country like India which is second largest in population to balance the things. At the same time many people are facing a lot

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problem in having their easy access in bank operation. This study enables to understand the efforts made by the banks and customer perception towards the same. During the lockdown many people get used to their net banking services in Bengaluru as it turned a need.

Objectives of the Study:

1. To study the drastic changes happening in the field of banking due to covid 19.
2. To analyze customer perception towards the usage of digital platforms during pandemic in Bengaluru
3. To know their satisfaction and opinion about banking services.

Review of Literature

Review of literature consists of recent reports released by RBI and PWD, from which the information drawn enables to understand that banks are supposed to restructure their regular operation so as to match with present pandemic situation, where general public are facing job lay off, salary lay off, lowering incomes and many tiny business are getting closed. To smoothen the situation 6 months moratorium of all term loans, special liquidity facilities to customer up to 80% instead of 100%, targeted Repo operations in long term cut by 75 basis points in a single move this year, reduction in lending rates, encouraging small and medium business by providing personal loans (MSME), Separate Personnel to attend net banking issues. The Analytical part of the study brings the gap by correlating the efforts made by the banks and customer perception towards the same.

Research Methodology

The study and analysis sourced from both primary data and secondary data. The secondary data is sourced from reports given by RBI, PWD and economic times. Primary data for the study has been collected from customers who are having their business and personal accounts in different banks such as SBI, HDFC, AXIS bank, Corporation bank and Bank of Baroda in Bengaluru Branches. The required data has been collected under survey method through google forms⁹ by circulating the links, around 137 samples has been collected and customer perception has been analyzed. All the respondents belongs to the same city Bengaluru.

Analysis and Findings:

Digital Transformation is the trend of today. Among 17 major digital economies India is in second position to achieve success in digital operations as per reports given by Institute for Development and Research in Banking Technology. During this pandemic because of lockdown internet banking facilities used by the customers in Bengaluru shows a drastic increase and there by demanding improvement in the security standards and digital infrastructure.

Digital Banking during the Pandemic: Among the responses collected from working professionals 96.5% were bank account holders and 88.7% of them prefer to opt net banking facilities and they also accept that their net banking usage has been increased over 70.9% during the pandemic. Hence it is essential for the banks to deploy the employees to attend queries regarding net banking facilities.

Challenges of Security Threats: Cyber risk appeared to be in 'High Risk' category for the first time since the inception of RBI's systematic risk survey, the 18th in the series, conducted during April- May 2020. The survey conducted shows that 48.9% of the respondents express their fear about security threats and 30% of the respondents express their views of confident net banking operations along with knowledge about safety standards.

Customer services during pandemic: Bank services during the pandemic turned little critical due to lockdown, social distancing, employee safety and rules imposed by the government. This analysis reveals that nearly 51% of the customers of Bengaluru in different banks facing/ faced lack of flexibility in banking operations as compared to pre pandemic situation.

Efforts made by Banks: A series of steps announced this year aimed to encourage banks to lend and support small business loans, reducing repurchase rate, CRR reduced to 3% from 4%, liquidity lowered to 80% from 100%, term loans freeze to minimum of 3 months from March 2020. In spite of these facilities awareness

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among the customers has been analyzed, where 39% of the respondents are aware about the efforts made by banks as per regulations of RBI.

Investor Perception: one of the major challenges faced in this present scenario is curtailing investment patterns and investors decision to shift their investments from banks and transfer the same to high yield securities like land, gold etc. As per Analysis nearly 50% of the investors remain neutral during this situation regarding shifting of Investments. They prefer to retain investments with the same mode till this dissolution of pandemic situation. 22% of respondents express their favorable opinion about investments in banks. Only 27% of the respondents express their views to shift their investments to other entities.

Linear Regression

Model Fit Measures

Model	R	R ²
1	0.374	0.140

Model Coefficients - Q6

Predictor	Estimate	SE	t	p
Intercept ^a	2.3484	0.282	8.3322	<.001
Q7	0.2055	0.107	1.9142	0.058
Q1:				
2 - 1	0.0324	1.139	0.0284	0.977
3 - 1	0.4712	0.787	0.5988	0.550
Q2:				
2 - 1	-0.0440	0.428	-0.1030	0.918
3 - 1	0.3036	0.480	0.6329	0.528
Q4:				
2 - 1	0.1040	0.219	0.4758	0.635
3 - 1	-0.0191	0.235	-0.0814	0.935
Q3:				
2 - 1	-0.0935	0.231	-0.4046	0.686
3 - 1	0.3451	0.429	0.8054	0.422
Q5:				
2 - 1	0.5720	0.216	2.6521	0.009
3 - 1	0.5705	0.244	2.3411	0.021

^a Represents reference level

Linearity model enables to understand the correlations and relationships among the efforts made by the banks and customer perception.

Suggestions:

- Proper Internal development with technology training to Bank Employees and having industry partnership with market leaders can ensure solution to problems in digital banking services.
- Working with partners can help to provide the right assets. Programs such as asset life cycle management or Device as a service (DASS) can help to keep financial institution's equipment up to date at best possible and can even alert technology team when it is time for the assets to be upgraded again.
- The new financial policies driven by the banks need to reach the ultimate customers by creating more awareness through media channels.
- Little more efforts by the general public to manage with the pandemic situation can also help the economy to step towards normality.

Conclusion:

From the above analysis it can be concluded that the changes happening in the field of banking services during this pandemic need to create more of awareness among the public and digital platform usage by the public can become a greater solution to the non-flexibility problems.

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