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IMPACT OF TECHNOLOGY ADVANCEMENT AND CUSTOMER SATISFACTION ON CUSTOMER LOYALTY

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ABSTRACT
This paper thoroughly deals with the improvement of customer satisfaction and building customer loyalty in public sector banks through technology advancement. The day to day improvement in technology gives many expectations for the customers.Role of technology in banking is thoroughly analysed.The impact of using ATM cum Debit card ,Internet Banking,Mobile Banking in customer satisfaction are examined.The study describes that better technology has impact in improvement in customer loyalty.However customers of Private Sector Banks are more satisfied than the customers of Public sector banks as part of the technological support from banks are considered. Overall customer satisfaction and loyalty is high in Private Sector banks than Public Sector Banks

KEYWORDS:
Customer Satisfaction, Banking Sector, Technological Enhancement, Customer loyalty

INTRODUCTION

As the technology improves, its implementation in various fields for easiness of human efforts has been matter of debate. Customer satisfaction[1] being the priority in banking Sector like any other service sectors, banks are highly competitive now a days for the implementation of latest technology .The technology advancement [2] in banking sector is analysed by covering three sub sections: ATM cum Debit or Credit card services,internet Banking Services and Mobile Banking Services.This study has made an attempt to determine the role of technology in building customer loyalty through customer satisfaction. Its became imperative to study the factors affecting the satisfaction level of the customers especially in Chennai City as everything available at finger tips.

REVIEW OF LITERATURE

Services provide satisfaction and which leads to customer loyalty if it delivers in time. Daniel [3] in his studies states that electronic banking is said to have three various modes of transmitting information that is mobile, personal computer (PC), and the Internet. Electronic banking consists of several distribution channels which are designed highly for this purpose. Electronic banking is wider concept that just banking through network facility. Commonly used facility these days is Internet banking all around. Electronic banking can be operated only through internet and computer.

Later in Jun and Cai[4] in their studies on E-banking service quality,describes that some dimensions like responsiveness, reliability and access are crucial for both traditional and e banking. With the help of factor analysis, they have again divided these seventeen factors into three dimensions, which are customer service quality, online systems quality and banking service product quality. The same study also showed that there is no significant difference between Internet-only banks and traditional banks offering Internet banking service.

Ribbink et al., [5] in his studies stated more than banking in online, website attractiveness and guidelines plays a major role for customers in Malaysian market. Customer retention is most important to bank than gaining more profit in long span of time.
As most of the banks are providing similar products, its inevitable to make difference in every single moment for customer Satisfaction[6]. As private sector banks leads in the technology innovation they capture almost all the customers to them with innovative products and services

OBJECTIVES

1. To identify the factors of technological advancement offered by banks

2. To identify the impact of Technology advancement and Customer satisfaction on Customer loyalty

METHODOLOGY

This study mainly concentrates on attaining customer loyalty through customer satisfaction by providing technological advancement. Direct technological innovations will help public and private sector banks to concentrate more, which will helps in enhancing the satisfaction satisfaction. The purpose of this study is to analyse different technological support provided by bank, to make the customer who is being with bank for more than 5 years. The study much concentrate on the theory that as the easiness in banking increases which will automatically make the customer satisfied hence being loyal to their bank.

A total of 150 respondents for public and private sector responded to the study..this study comes under Descriptive Research study. Questionnaire was distributed among the customers in different part of Chennai City.Simple random sampling used to select the respondents. Customers from 5 Private sector banks : ICICI Bank,HDFC Bank,Axis Bank,Kotak Mahindra Bank,Yes Bank in Chennai along with 5 Public Sector Banks : SBI,Canara Bank,Union Bank of India,Punjab National Bank and Bank of Baroda were participated in the survey.Questionnaire were designed with open end and close ended questions.It mainly compresses of the influence of ATM cum Debit card,Internet Banking Services,Mobile banking services facilities offered by banks..Secondary data was collected from various sources like Books,Journals,Magazines,Websites,Annual reports etc. Moderated multiple regression analysis was conducted by taking Technology Advancement as dependent variable. Customer satisfaction and Customer Loyalty are taken as independent variables It is well known that the Customer satisfaction influences Customer Loyalty in Banking sector. The interest for performing moderated multiple regression is to check whether 'Technology Advancement' acts as a moderator, i.e. whether 'Technology advancement' has any interaction effect with Customer satisfaction and 'Technology Advancement' enhances Customer Loyalty. Mean centering was performed to reduce the collinearity in moderated multiple regression. .SPSS(Statistical Package for Social Sciences)v.16 is used to analyse the data.

RESULTS AND DISCUSSION

Totally of 150 respondents,95 from Public Sector Banks and 55 from Private Sector Banks were included in the study.55% nd 57 % are males in the selected samples from Public and Private Sector Banks respectively.50 % to 67 % falls in middle class age group ie.26-45 years in both banks.More than 60 % were graduates and 55 % falls in the annual income group of more than 2 lakhs.

The impact of Technology advancement (ATM cum Debit\Credit card services, Internet Banking services and Mobile Banking services) and Customer satisfaction on Customers loyalty towards services offered by the Public and Private sector Banks is assessed. To identify the impact of Technology advancement and Customer satisfaction on Customer loyalty Multiple Regression Analysis is employed. Here Technology advancements and Customer satisfaction are taken as independent variables and Customers loyalty towards services offered by the Public and Private sector Banks is taken as dependent variable. Table 1 depicts the results of multiple regression analysis.

Null Hypothesis H_0: There is no significant impact of Technology advancement and Customer satisfaction on Customer loyalty

Table 1

Regression analysis for Customer loyalty in Banking sector

Independent Variables	R^2	Beta	F-statistics	t- value
ATM cum Debit\Credit card services	0.621	0.253		5.213**
Internet Banking services		0.194		4.651**
Mobile Banking services	**Adjusted R^2**	0.112	**30.487****	3.025**
Customer satisfaction		0.334		6.771**
(constant)	0.614	0.291		5.462**

** Significant at 1% level

It is inferred from the Table that the F-Value **30.487** is significant. Hence in this case, the null hypothesis H_0 is rejected at 1% level of significance. $\mathbf{R^2}$ the coefficient of determination **0.621** indicates 62.1% of variability. ATM cum Debit\Credit card services, Internet Banking services, Mobile Banking services and Customer satisfaction are having positive impact on Customer loyalty towards the services offered by the Public and

Private sector banks. More over from the table 4.36, the beta values notify that one unit raise in ATM cum Debit\Credit card services, Internet Banking services, Mobile Banking services and Customer satisfaction increases Customer loyalty by 0.253, 0.194, 0.112 and 0.334 units respectively. Customer satisfaction serves as key factor for development of Customer loyalty towards banking services. The Multiple regression equation is displayed as follows:

Customer loyalty = 0.694 + 0.381 (ATM cum Debit\Credit card services) + 0.249 (Internet Banking services) + 0.154 (Mobile Banking services)

ATM cum Debit\Credit card services, Internet Banking services, Mobile Banking services and Customer satisfaction predicts Customer loyalty towards services offered by the Public and Private sector banks significantly. It is noted that Customer satisfaction followed by ATM cum Debit\Credit card services and Internet Banking services predicts Customer loyalty more.

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CONCLUSION

It is concluded that along with important service dimensions one more construct is Technological Excellence along with easiness in handling technology and fast response in their needs keeps a customer satisfied and loyal to the bank.If the factors like better ATM cum debit card with various previleges,no charges,Internet banking services when and all they needed,Mobile banking services at anywhere they go improves results in customer satisfaction.However the customers of Private Sector Banks are more satisfied than Public Sector Banks as past of the technological advancement are concerned.Over all customer satisfaction is high in Private Sector Banks comparing to Public Sector Banks.Thats why all study insist of systematic and regular technology and enhance emnt for the retention of customer loyalty in their parent banks which ultimately in turn result in the prosperity of upcoming banking Era.

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