



An Understanding of Impact on Retail Customers Viewpoint towards Bank Charges in Banking Sector

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1. Introduction

The banking sector provides about 7.7% of GDP. The flow of currency in the country and the availability of funds are determined by a strong banking system. Many services that previously had no transaction costs are now subject to fees. These fees have also resulted in an indirect taxation charge, i.e. GST on the charge amount, resulting in additional out-of-pocket expenses for the average person. Additional services performed beyond typical banking activity are subject to bank charges. Non-maintenance of a minimum balance, requests for duplicate statements, cheque return charges, E-charges, Account maintenance charges, cash transaction charges, and so on are all examples of these charges. These fees aren't always consistent among banks, and they fluctuate depending on the bank's needs, leaving the average customer in the dark about the amount and nature of fees imposed on them. Thus, the purpose of this study is to learn about the perspectives of retail customers with savings banks on bank charges.

2. Literature Review

According to Jain, MeghaArunkumar, E-banking in India is in nascent stage as the customers are still wary about the concept and usage of e-banking services provided by the banks. Though both nationalized and private banks are providing same e-banking services to its customers, when compared to private sector banks nationalized banks are far behind in terms of the satisfaction level of e-banking service users, quality of e-banking services and security.

In a study conducted in Vietnam by Chong et al (2010), it was discovered that government backing is critical when it comes to consumer intentions to use internet banking. Furthermore, it has been suggested that in order to encourage the adoption of online services such as online banking, online shopping, and online bill payment, governments should provide free basic ICT programmers in elementary schools that focus on the teaching of basic computer knowledge and Internet awareness (Nasri, 2011). The reason for this is because as more individuals become IT savvy, they will be increasingly willing to accept online services, including online banking. The government of has provided an enabling legislative and regulatory environment for the banking sector to expand and invest in mobile and internet banking.

3. Purpose and significance of the study

Based on the significance of the study, the researcher has defined the following research objectives:

- To investigate the Retail Customers Viewpoint towards bank charges.
- To see the impact on decisions Customers take post realization of Charges.

4. Methodology of Research

The current research is based on descriptive and exploratory primary & secondary sources of information. The accessible secondary sources of information were gathered from a variety of research papers, news reports, journals, working papers, and published material. The researcher visited numerous websites to understand how bank levies charges on variety of services and the taxability thereon, in order to meet the study's objectives. In the first instance, the researcher gathered the needed and available information for the study, and then examined the data to determine the importance of levying lesser charges so that customers prefer the bank over other banks. The researcher has reached a reasonable and logical conclusion based on the study's clear and conceptual analysis, so that bankers understand customers view point on impact of charges levied.

5. Analysis

Charges Levied: Various banks charge different fees for normal banking services, such as ECS - RTGS Charges, NEFT, and ECS, which range from Rs 1 to Rs 2500 depending on the bank and service. Over the free transactions, the regular rate for cash withdrawal is Rs 21 per transaction. Cheque Book Issuance, Non-Management of Minimum Balance, Duplicate Passbook, Debit Card Fees, Account Closure Charges, and SMS Alert Charges range from Nil to Rs. 2500 for account maintenance and related services.

Customers Viewpoint on Charges: On a survey of 86 individuals of age group 21-80 comprising of 15 individuals between age group of 21-30, 21 individuals between age group of 31-40 34 individuals between age group of 41-50 and 16 individuals above the age of 50 it was found that all individuals were about the charges levied by bank .But out of 86 participants to the survey 78 (90%) individuals did not the exact amounts of charges levied by their respective banks for various services. Furthermore it was found that 62 participants (almost 80%) did not find any consistency in levy of charges between different banks. When asked whether they find charges by banks are high Out of 36 individuals 29 (80%) between age 21-40 found it high and 23 out of 50 (46%) between age group 41-80 found it high and 7 participants were found bank charges to be non-noticeable. The most common charges cited by these individuals are Annual Maintenance, Demand Draft Charges, E-service Charges and Non maintenance charges. All participants were dissatisfied with the GST being levied on Bank charges as they found it was double charge on them.

Customers Viewpoint on choice of Bank with key emphasis on Charges: When asked which bank they prefer, 51 of the 86 poll participants chose Nationalized Bank above Other Banking Companies. Furthermore, when asked whether costs are important when choosing a bank, everyone said yes. The perception-based question of what was the most important factor in deciding which bank to choose resulted in 56 participants believing that popularity was the most important factor, followed by the number of branches a bank has, with bank charges being one of the least important factors in bank selection.

6. Conclusion

According to the findings of the survey, criteria such as minimum balance, location and accessibility, brand recognition, and bank stature are more essential than bank charges. Furthermore, the majority of bank costs are unknown to customers, who only notice them after they have been charged. Bank fees, unless they are too high, are not an important consideration in a retail customer's choice to create an account. Although the participants were ignorant of the actual prices made by the bank on services, the majority of them believe the charges are excessive. The lower the age, the greater the impact of bank charges. Because the study involved only 86 people and was conducted on a small scale, , scholarly articles and previous research conclusion reached that Bank Charges are not the most important factor while selecting a bank can be reviewed further

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