Examining Customer Awareness of Newly Introduced Financial Services by Private Sector Banks

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Abstract

In today's dynamic financial landscape, private sector banks continually innovate and introduce new financial services to meet the evolving needs of customers. However, the success of these services largely depends on customer awareness and acceptance. This study aims to examine the level of customer awareness regarding newly introduced financial services by private sector banks and the factors influencing this awareness.The survey will assess the awareness levels of various financial services offered by private sector banks, while interviews will delve deeper into the factors influencing customers' awareness, such as marketing strategies, communication channels, and personal financial literacy.The findings of this research will provide valuable insights for private sector banks to improve their marketing strategies and communication channels to enhance customer awareness of newly introduced financial services. Additionally, it will contribute to the existing literature on consumer behavior in the banking sector and serve as a guide for policymakers in fostering a more informed and financially literate customer base. Ultimately, enhancing customer awareness can lead to greater adoption and success of newly introduced financial services, benefiting both banks and customers alike.

Keywords: Financial Services, Customers' Awareness, Sources of Information

Introduction

In the ever-evolving landscape of the financial sector, private sector banks are continually introducing innovative financial services to cater to the diverse needs and preferences of their customers. These new services range from digital banking solutions to personalized investment products, aiming to enhance customer experience and stay competitive in the market. However, the success of these services depends significantly on the level of customer awareness and understanding.The introduction of new financial services by private sector banks often represents a strategic response to emerging market trends, technological

advancements, and changing consumer preferences. For banks, these innovations offer opportunities to expand their product portfolios, attract new customers, and deepen relationships with existing ones. However, the realization of these benefits hinges on effectively communicating the value proposition of these services to customers and ensuring widespread awareness.Customer awareness plays a pivotal role in the adoption and utilization of new financial services. It encompasses customers' knowledge, understanding, and perceptions of the services offered by banks. High awareness levels indicate that customers are well-informed about the features, benefits, and availability of these services, increasing the likelihood of adoption. Conversely, low awareness can hinder adoption rates, even if the services offer significant value to customers.Despite the importance of customer awareness, there is a gap in understanding the factors that influence it, particularly in the context of newly introduced financial services by private sector banks. Factors such as marketing strategies, communication channels, customer demographics, and individual financial literacy may all play a role in shaping customer awareness levels. Understanding these factors is crucial for banks to design effective marketing campaigns, allocate resources efficiently, and tailor communication strategies to target specific customer segments.this study aims to fill this gap by examining the level of customer awareness regarding newly introduced financial services by private sector banks and identifying the factors influencing this awareness. By employing a mixed-methods approach, including surveys and interviews, this research seeks to provide valuable insights for banks to enhance customer awareness, ultimately leading to greater adoption and success of newly introduced financial services.

Significance of the Study

The significance of this study is multifaceted, promising substantial benefits for private sector banks and policymakers alike. Firstly, by scrutinizing customer awareness of newly introduced financial services, this research endeavors to fortify customer engagement within the banking sector. Insights derived from understanding the extent of customer awareness empower banks to fine-tune their communication strategies, thereby fostering heightened customer satisfaction and loyalty. Moreover, this study holds the promise of informing banks' marketing strategies, enabling them to pinpoint the most effective communication channels and messaging approaches. This, in turn, optimizes resource allocation and amplifies the impact of marketing endeavors. the findings of this study can catalyze advancements in product development. Armed with a comprehensive understanding of customer awareness

levels, banks can prioritize features and services that align closely with customer preferences and needs, thereby bolstering competitiveness in the market. this study holds potential for advancing financial inclusion and literacy. By identifying barriers to awareness, policymakers can craft targeted interventions aimed at bridging these gaps, ensuring equitable access to and comprehension of financial services. this study has the capacity to yield actionable insights that not only elevate banks' performance but also contribute to overarching goals of financial inclusion and literacy.

Research Methodology

Primary data was gathered through meticulously structured and comprehensive questionnaires, specifically designed to align with the study's objectives. The questionnaire set was carefully developed to ensure relevance and effectiveness in gathering pertinent insights. Additionally, the researcher engaged in personal discussions with respondents, aiming to glean supplementary information beyond what was captured in the questionnaires. This personalized approach allowed for a deeper understanding of the subject matter and enriched the dataset. Subsequently, the final questionnaire, along with a covering letter, was dispatched to a total of 1000 bank customers selected using a convenient sampling technique. The data collection procedure followed a systematic approach to ensure consistency and reliability in gathering responses from the targeted respondents.

The data collection procedure involved approaching 500 customers from each of the two banks, namely ICICI Bank and HDFC Bank. To ensure the sample's representativeness, customers from diverse demographic backgrounds, including gender, age, education, occupation, and income level, were targeted. The number of usable questionnaires collected for each bank is presented in the following table:

Bank Customers' Survey Response

Name of Bank	Total Questionnaires	Total no. of Filled Questionnaires received
ICICI	500	412
HDFC	500	332
Total	1000	745

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The table presents the distribution and response rates of questionnaires among customers of ICICI and HDFC banks, as well as the combined total. Specifically, it outlines the number of questionnaires intended for distribution, the actual number of completed questionnaires received, and the overall participation across both banks. From the data, it is evident that the response rate varied between the two banks, with ICICI Bank receiving 412 filled questionnaires out of the 500 distributed, and HDFC Bank receiving 332 filled questionnaires out of 500. Notably, the total number of completed questionnaires across both banks amounted to 745 out of the 1000 distributed. This breakdown provides valuable insights into the level of customer engagement and participation in the survey, shedding light on the effectiveness of the data collection process for each bank.

Use of Statistical Techniques

Statistical analysis was conducted to assess the significance of the formulated hypotheses using the Chi-square Test, a widely employed non-parametric method. This test is renowned for its versatility and robustness in analyzing categorical data and determining if observed differences are statistically significant. By subjecting the hypotheses to rigorous statistical scrutiny, the research aimed to ascertain whether the observed patterns in the data were beyond what could be attributed to random chance. The utilization of the Chi-square Test allowed for a comprehensive examination of the relationships between variables, enabling the research to draw meaningful conclusions regarding the impact of various factors on customer awareness of newly introduced financial services. This methodological approach underscores the rigor and reliability of the study's findings

Analysis and interpretation

Respondents were presented with five predefined options—fully aware, highly aware, moderately aware, less aware, and not at all aware—and were instructed to select the option that best represented their awareness level regarding the services offered by their respective banks. The objective of this question was to gauge the extent of respondents' awareness regarding the services provided by their banks. The primary data collected is depicted in the table below:

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Table No. 1

Awareness Level of Customers' about New Financial Services

Awareness Level	ICICI Bank		HDFC Bank		Total	
	F	%age	F	%age	F	%age
Fully Aware	104	25.12	73	21.86	177	23.66
Highly Aware	192	46.38	116	34.73	308	41.18
Moderate Aware	103	24.88	131	39.22	234	31.28
Less Aware	15	03.62	-	-	15	02.01
Not at all aware	-	-	14	04.19	14	01.87
Total	414	100	334	100	748	100

Source: Primary Data

Table 1 illustrates that 21.86% of respondents from HDFC and 25.12% from ICICI indicated being fully aware of the services offered by their respective banks. Notably, a substantial majority across both banks, comprising 41.18% of the total respondents, reported being highly aware. Additionally, 39.22% of HDFC respondents and 24.88% of ICICI respondents expressed moderate awareness regarding their banks' services. It is noteworthy that a mere 4.19% of ICICI respondents indicated being not at all aware of the services provided by the bank. This analysis underscores varying degrees of awareness among respondents, with a notable proportion demonstrating high levels of awareness across both banks.

To judge difference in opinion of respondents of both the banks regarding awareness level χ^2 testwas applied.

H_0: There is no significant difference between the awareness levels of customers of the two banks.

H_1: There is significant difference between the awareness levels of customers of the two banks.

When put chi-square test:

Pearson Chi-square	Calculated value of χ^2	Degree-of-freedom	Table Value of χ^2
	48.538	4	9.4877

At a 5% level of significance and with 4 degrees of freedom, the critical value of χ2 from the

table is 9.4877. Comparatively, the calculated value of χ2 obtained from the data analysis is notably higher at 48.538. Consequently, given that the calculated value exceeds the critical value, the null hypothesis is rejected. This rejection implies that there exists a significant difference between the awareness levels of customers from the two banks. The statistical analysis decisively indicates that the awareness levels among customers of HDFC and ICICI banks differ significantly.

Customers' Sources of Information about New Financial Services

After assessing the awareness levels of respondents, the inquiry shifted towards determining the sources through which they became aware of the services. Specifically, the research aimed to investigate whether customers were informed about the newly introduced services by bank employees or through other channels such as acquaintances or advertisements. Initially, the focus was on ascertaining whether bank employees played a role in disseminating information about the new services introduced by the bank.

Table No. 2

Options	ICICI Bank		HDFC Bank		Total	
	F	%age	F	%age	F	%age
Yes	228	55.07	178	53.29	406	54.28
No	186	44.93	156	46.71	342	45.72
Total	414	100	334	100	748	100

Table 2 clearly indicates that 55.07% of ICICI Bank customers and 53.29% of HDFC Bank customers were informed about the services through bank employees. Conversely, the remaining respondents obtained information from other sources.

The conclusion drawn from the data suggests that bank employees should demonstrate a proactive approach in informing customers about newly introduced services by their respective banks.

The inquiry shifts to understanding where customers acquired information about the services if they did not receive it from bank employees. The data pertaining to this question is presented in Table 3.

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Table No. 3

Source of Information	ICICI Bank		HDFC Bank	
	F	**%age**	**F**	**%age**
A) Through a Person other than Bank Employees				
Friends	12	06.45	11	07.05
Family Member	9	04.84	8	05.13
Colleague	21	11.29	17	10.90
Total (a)	**42**	**22.58**	**36**	**23.08**
B) Through an Advertisement				
Print Media	40	21.50	36	23.08
Broadcast Media	37	19.89	31	19.87
Outdoor Media	10	05.38	12	07.69
Internet Advertising	57	30.65	41	26.28
Total (b)	**144**	**77.42**	**120**	**76.92**
Total(a+b)	**186**	**100**	**156**	**100**

The table illustrates the diverse sources through which customers acquired information about banking services when not obtained from bank employees. Across both ICICI Bank and HDFC Bank, customers predominantly relied on personal connections for this information. Specifically, a significant portion of respondents from both banks reported obtaining information from friends, family members, and colleagues. In the case of ICICI Bank, 22.58% of respondents sourced information from friends, family members, or colleagues, while for HDFC Bank, this figure stood at 23.08%. These findings underscore the importance of interpersonal networks in disseminating information about banking services, highlighting the role of social connections in customer awareness. This suggests that beyond direct interactions with bank staff, customers heavily rely on their social circles to stay informed about new services offered by banks. Such insights can inform banks' marketing and communication strategies, emphasizing the significance of leveraging interpersonal relationships to enhance customer engagement and awareness.

The table presents a comprehensive breakdown of the sources through which customers

obtained information about banking services when not received from bank employees or personal contacts, focusing particularly on media channels. Across both ICICI Bank and HDFC Bank, various media platforms were utilized by customers to gather information. Print media, including newspapers and magazines, was a notable source for both banks, with 21.50% of ICICI Bank respondents and 23.08% of HDFC Bank respondents obtaining information through this channel. Similarly, broadcast media, such as television and radio, was utilized by 19.89% of ICICI Bank respondents and 19.87% of HDFC Bank respondents. Outdoor media and internet advertising also played roles in information dissemination, although to a lesser extent compared to print and broadcast media. Notably, internet advertising was a significant source, with 30.65% of ICICI Bank respondents and 26.28% of HDFC Bank respondents acquiring information through online platforms. The combined totals for both personal contacts and media sources underscore the multifaceted approach customers take in seeking information about banking services. These insights underscore the importance of employing a diverse range of communication channels to effectively reach and inform customers about new banking services.

Conclusion

The study examined customer awareness of newly introduced financial services by private sector banks, shedding light on critical factors influencing awareness levels and sources of information. The findings underscore the significance of proactive communication strategies in enhancing customer awareness. Notably, a considerable proportion of customers relied on bank employees and personal contacts for information, highlighting the importance of interpersonal networks in disseminating information. Furthermore, media channels, particularly print and internet advertising, emerged as vital sources for customers seeking information about banking services. The statistical analysis revealed a significant difference in awareness levels between customers of ICICI Bank and HDFC Bank, emphasizing the need for tailored marketing approaches to address varying customer preferences and demographics. Overall, the study underscores the importance of comprehensive communication strategies that leverage multiple channels to effectively reach and inform customers about newly introduced financial services. By understanding and addressing customers' information needs, private sector banks can enhance customer engagement, satisfaction, and ultimately, drive adoption of new services, fostering a mutually beneficial relationship between banks and customers in the dynamic financial landscape.

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