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ROLE OF INNOVATION ON THE PERFORMANCE OF INDIAN BANKING SECTOR

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ABSTRACT:
The Indian financial system has grown tremendously since the turn of the century. The emergence of private and international banks boosted banking innovation, resulting in the activation of technical sophistication in every banking transaction. Technology innovation allows banks to deliver greater customer service while also causing a fundamental shift in how they operate. Information technology (IT) has made inroads in almost every industry, and banking is no exception. Innovation is the keyword in the Indian banking business, and technology breakthroughs are opening new doors to success. The fire of innovation has been fueled by core banking. Customer satisfaction in the Indian banking industry has improved because of the results. The purpose of this study is to see how new technology affects customer satisfaction in the Indian banking sector.

INTRODUCTION:
Indian banking has been on a long journey, through several transformations. The nationalization of 14 major scheduled banks in July 1969 and six banks in April 1980 resulted in a massive boom in the Indian banking system. The Indian banking sector placed a higher focus on technology and innovation in the 1990s. Currently, the Indian banking system is the most well-capitalized and regulated. The future of Indian banks appears to be both exciting and revolutionary. Technology will make bank participation more multi-dimensional in the future, allowing banking services to improve and expand. As a result of the advancements in technology and innovation in this period, banks are becoming more advanced so that they can deliver higher quality services at a faster rate to their customers. Internet banking and mobile banking are two of the most famous instances of how technology is being quickly used in the Indian banking sector to make financial transactions easier and more accessible to all clients, regardless of their location. Indian banks' innovation does not end there; it also contains certain new concepts that have emerged, such as multi-channel, credit cards, ATMs, telephone/mobile

banking, debit cards, internet banking, and so on. After all this creative change, the Indian banking sector has been transformed from a purely financial intermediary to a financial hypermarket that offers a variety of financial services under one roof. However, all this technical advancement sparked fierce rivalry among banks, redefining the whole financial sector. Banks are looking for innovative methods to attract and retain consumers, as well as gain a competitive advantage over their competitors.

LITERATURE REVIEW:

Sharma and Govindaluri (2014) investigated the factors that have an impact on Internet banking uptake in Indian cities. The primary determinants of attitudes about internet banking usage in city India include perceived technology, perceived ease of use, social impact, cognizance, first-class broadband connection, and computer self-efficacy. Kaushik and Rahman (2015) examined some of the pre-existing assumptions that influence customers' views about and adoption of self-service generation in banks. The findings discovered that the antecedent ideas that have an impact on adopters' attitudes differ among self-provider technology. It adds two extra antecedents from adoption behavior theories to the technology popularity version, extending and trying out it. In the context of the Indian banking area, Bapat and Mazumdar (2015) investigated employer approach and its strategic path. Four primary elements emerged from replies acquired from 330 banking employees running in numerous purposeful regions of Indian banks: opposition, fee, innovation, and purchaser demand. In the context of banking offerings in India, Srivastava and Dey (2016) investigated perceived versions in logo evaluation variables consisting of emblem-particular affiliation, emblem impressions, and emblem trustworthiness among younger customers. The performance of three forms of banks changed into in comparison: kingdom-owned banks, personal (Indian) banks, and global (overseas) banks.

OBJECTIVES:

1. To determine the level of customer satisfaction in the Indian banking sector following the computerization of processes.
2. To investigate the role of new financial innovations in the changing landscape of Indian banks.

RESEARCH METHODOLOGY:

The purpose of the research is to estimate the present state of the Indian banking industry. The entire research is based on secondary data from numerous websites, academic papers, and other sources.

A sample size of 150 consumers from the Indian banking industry was chosen for the study, including 100 customers from each of the major branches of public and private sector banks utilizing non-probability sampling. It was made up of businesses, salaried individuals, both men and women, students, and most of the respondents were between the ages of 26 and 46. Their viewpoints were collected using a main data collecting tool, and the efficiency of Indian banks was measured following automation. Secondary data was gathered from journals, books, the Internet, newspapers, and business magazines, among other places. A questionnaire with 22 closed ended statements on a Likert seven-factor scale turned into used to accumulate primary information; elements affecting patron delight, especially in terms of Service Quality, had been stated, and respondents were requested to rate their agreement. Prior to accumulating real statistics, pilot trying out become conducted. It turned into finished after minor syntactic corrections. The questionnaire become sent to one hundred sixty humans, but 10 of them were rejected thanks to late or incomplete responses. We estimate the test statistic's value and compare it to the z-cost table. We conclude that the distinction is important if the calculated value of 'z' is equal to or more than the table value; however, if the calculated value of z is much less than the relevant table cost of z, the difference is not considered significant.

HYPOTHESES:

These are the following hypothesis tested to prove the goals:

H01 – There is no significant difference in customer satisfaction in Indian banking sector.

H02 – There is no significant difference in reliability of Indian banking sector after digitalization.

H03 – There is no significant difference in speed of transactions in Indian banking sector.

H04 – There is no significant difference in promptness and cooperativeness of clerical staff in Indian banking sector.

H05 – There is no significant difference in total performance of Indian banking sector.

DATA ANALYSIS AND RESULTS:

The feature of a measurement equipment that allows it to deliver comparable findings for similar inputs is called reliability. Cronbach alpha is a dependability metric. The degree of variability in survey replies due to variations in respondents is referred to as reliability. The bottom bound for real survey reliability is alpha. Cronbach alpha is calculated the use of the number of survey items and the ratio of average inter item covariance to average item variance. This ratio reduces to the average inter-item correlation under the assumption that all item variances are identical, and the result is known as the Standardized item alpha. Hypotheses H02, H03, and H05 were rejected by the z-test, but H01, H04 were determined to be accepted at the 0.05 level of significance. It can be deduced that before and after digitization, there is a great distinction in terms of transaction dependability, velocity, and usual overall performance between private and public area banks. When it comes to worker timeliness and support, however, there is no substantial difference between before and post automation. Automation has benefited all banks, and everyone has reaped the rewards. According to the respondents, private banks have an advantage in terms of rapid transactions and staff empathy. When comparing the performance of public and private banks, private banks appear to be superior. It is not, however, financial performance that is important, although rather performance in daily client procedures.

Bank procedures have become faster because of system automation, with private banks leading the way. In banking, reliability has a direct relationship with consumer loyalty. In India, public sector banks are favored when it comes to people's faith in banks. Despite concerns such as slowness and a lack of empathy, many Indians choose public banks. When it comes to rapidity and worker collaboration, there isn't much of a difference between private and public sector banks. Customers have always appreciated the user-friendly procedures and layouts that have resulted from automation. They accept that transactions are now more accurate because of automation. However, when it comes to transaction speed and customer service, public sector banks must go above and beyond. Even after automation, certain clerks at public sector banks, according to many respondents, are not clever. Everyone is aware of their unwillingness to cooperate. They are uninterested in resolving the problems of their clients. People acknowledge that automation has aided everyone. Few account holders had migrated to other branches and banks because of this, and others were preparing to do so.

CONCLUSION:

Account holders have been gaining ground on private sector banks, and the same is true for public banks. However, when more competitors enter the banking market, only the highest-quality service provider will emerge victorious. Everyone believes that banking process automation has certainly enhanced the way people do business. Long lines at banks are no longer a thing of the past; instead, people now bank using their mobile phones 24 hours a day, seven days a week. Public sector banks have made significant success in terms of improving their monetary structure, lowering costs, and expanding into new areas. These banks, on the other hand, must work hard to improve staff productivity. If this is addressed, public sector banks will be able to expand their horizons. The research was limited to the Delhi NCR area. The conclusions of the research should not be applied to all bank branches or all cities. Other branches may have different outcomes. A larger sample size may be used for further research, and comparisons across many factors can be made.

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