

# An empirical study on the consumer's perception regarding the swot factors in indian banks

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**ABSTRACT:** The stiff competition and advent of new technological innovations in banking system has made the industry highly challenging and vulnerable to sustain the completion. It forces the service providers to meet or exceed the target customers' satisfaction with quality of services expected by them. It becomes imperative to thoroughly scan the environment in which the firm survives. Hence the present study attempted to understand the consumers' perception regarding the SWOT factors in the banking industry. The study concludes that the most prioritized factors among Strength and weakness being employability and unstructured organization whereas opportunity and threat factors being customized services and criticisms respectively. To achieve the objectives a survey of 287 respondents were collected and analyzed through average score methods.

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## INTRODUCTION

A business planning tools that emphasis on the identification of strengths, weaknesses, opportunities and threats of a strategic business unit is SWOT analysis. Among these factors to strength and weakness is internal environment and opportunity and threats are external environmental factors persisting in the concern industry. The SWOT analysis is one of the strategic tools to identify and strengthen the core competencies of the firm. Competitor, industry, market trends and potential activity are all considered in the analysis. Banking industries is no exemption from this rule of surviving in cut-through competition and sustaining in the business.

Banking strategies are experiencing various transformations, as the overall scenario has brought in tremendous changes. Most of the banks had adopted fierce cost cutting measures to sustain their competitiveness. Owing to incredible changes and growth opportunities for banking industry these strategies are turning obsolete. Almost all the growth related strategies of a bank revolve around customer satisfaction. Superior customer relationship management practice would enhance the achievement of short term as well as long term objectives of the bankers. This demands this efficient and accurate customer database management system and a troop of well trained sales force team which can force to develop and sustain long term profitable customers.

### Strength

- Indian banks are favorably on growth and profitability.
- Policies and regulation to help strengthen the sector.
- Bank lending has been a significant driver of GDP growth and employment.
- Extensive reach through vast networking and growing number of branches and ATMs, able to reach even the remote corners of the country
- Strong international network of banks.
- High end banking technology with core banking.

### Weakness

- Need to strengthen institutional skill levels especially in sales and marketing, service operations, risk operations, risk management and overall organizational performance ethic and strengthen human capital.
- Strength the skill levels
- Cost of intermediation remains high and bank penetration is limited to only few segments.
- Structural weakness such as fragmented industry structure.
- Impediments in sectoral reforms.

### Opportunity

- Discontinuous growth driven by new products and services.
- Intensified competition from foreign banks triggering the Indian banks to perform more.
- Liberalization
- Favorable Government rural schemes
- More expansion in untapped rural markets
- Urban market banking and retail banking

**Threats**

- Threats of stability of system
- Rise in inflation figures which would lead to increase interest rates
- Increase in the number of foreign players would pose a threat to the banks

**AVERAGE rank analysis**

This technique is mainly employed to ascertain the priority of the respondents on the various aspects relating to the study. In this study, this technique is employed to identify the priority of the respondents on the various aspects relating to SWOT factors considered in the strength.

Based on the consolidated opinion of the respondents the average rank is calculated and the final rank is affixed using the criterion “**lesser the average rank more is the priority**” and the results are presented separately for strength, weakness, opportunity and threat related factors in different tables with suitable interpretations.

**Strength factors in banking sectors**

The following are the important technology related factors considered in the study in assessing the strength of the banking sectors.

- Brand A<sub>1</sub>
- Profitability A<sub>2</sub>
- Policies and regulation A<sub>3</sub>
- Employability A<sub>4</sub>
- Infrastructure and location A<sub>5</sub>
- Economic growth A<sub>6</sub>

The table 1 describes the results of average rank analysis in assessing the importance among the strength related factors towards technology in banking sectors

The results are presented in terms of personal factors, average rank and the final rank on the importance of strength related factors towards technology in banking sectors.

**Table I: Average rank – personal factors and the importance of strength related factors**

Personal factors			A <sub>1</sub>	A <sub>2</sub>	A <sub>3</sub>	A <sub>4</sub>	A <sub>5</sub>	A <sub>6</sub>
Gender	Male	AR	2.81	2.93	3.18	2.83	2.81	3.07
		FR	1	4	6	3	1	5
	female	AR	2.82	2.63	3.11	2.74	2.78	3.22
		FR	4	1	5	2	3	6
Age in Yrs	20- 30	AR	2.79	2.91	3.25	2.97	2.76	3.13
		FR	2	3	6	4	1	5
	30 -40	AR	2.82	2.70	3.04	2.61	2.84	3.16
		FR	3	2	5	1	4	6
	40 - 50	AR	2.88	3.24	3.35	2.88	2.65	2.59
		FR	3	5	6	3	2	1
	50 and above	AR	3.00	2.00	1.00	5.00	4.00	6.00
		FR	3	2	1	5	4	6
Employment	Self	AR	2.75	2.77	3.06	2.84	2.82	3.18
		FR	2	1	5	4	3	6
	Private	AR	2.83	2.86	3.17	2.75	2.73	3.06
		FR	3	4	6	2	1	5
	public	AR	2.93	2.46	3.29	2.93	3.00	3.07
		FR	2	1	6	2	4	5
	others	AR	2.87	2.92	3.19	2.89	2.89	3.41
		FR	1	4	5	2	2	6

Note: AR- average rank, FR – Final rank

It is found from the table that the respondent irrespective of their personal classifications have given top priority towards employability (A<sub>4</sub>), followed by policies and regulation (A<sub>3</sub>), profitability (A<sub>2</sub>) as the strength factors towards technology in banking sector.

It is concluded that among the various strength factors considered for the study the respondents considered the employability as the important strength factors towards technology in banking sector.

**Weakness factors in banking sectors**

The following are the important technology related factors considered in the study assessing the weakness of the banking sectors.

- Lack of institutional skill levels in overall performance B<sub>1</sub>
- Cost of intermediation B<sub>2</sub>
- Limited market segment B<sub>3</sub>
- Unstructured organization B<sub>4</sub>
- Sectoral impediments / Polices B<sub>5</sub>
- Resistance to technological change B<sub>6</sub>

The table 2 describes the results of average rank analysis in assessing the important weakness related factors towards technology in banking sectors  
The results are presented in terms of personal factors, average rank and the final rank on the importance of weakness related factors towards technology in banking sectors.

Table 2: Average rank – personal factors and the importance of weakness related factors

Personal factors			B <sub>1</sub>	B <sub>2</sub>	B <sub>3</sub>	B <sub>4</sub>	B <sub>5</sub>	B <sub>6</sub>
Gender	Male	AR	3.12	3.03	2.77	2.58	3.04	3.48
		FR	5	3	2	1	4	6
	female	AR	2.96	2.73	2.84	2.61	2.95	3.41
		FR	5	2	3	1	4	6
Age in Yrs	20- 30	AR	3.08	2.95	2.78	2.54	3.07	3.51
		FR	5	3	2	1	4	6
	30 -40	AR	3.04	2.87	2.80	2.63	2.91	3.37
		FR	5	3	2	1	4	6
	40 - 50	AR	2.93	3.06	3.06	2.59	3.24	3.53
		FR	2	3	3	1	5	6
	50 and above	AR	1.00	3.00	2.00	4.00	6.00	5.00
		FR	1	3	2	4	6	5
Employment	Self	AR	3.12	2.99	2.73	2.49	2.84	3.34
		FR	5	4	2	1	3	6
	Private	AR	3.03	2.90	2.85	2.53	3.04	3.44
		FR	4	3	2	1	5	6
	public	AR	3.04	2.68	2.71	2.82	3.00	3.75
		FR	5	1	2	3	4	6
	others	AR	2.94	3.03	2.78	2.78	3.34	3.70
		FR	3	4	1	1	5	6

Note: AR- average rank, FR – Final rank

It is found from the table that the respondent irrespective of their personal classifications have given top priority towards unstructured organization (B<sub>4</sub>), followed by Limited market segment (B<sub>3</sub>), Cost of intermediation (B<sub>2</sub>) as the weakness factors towards technology in banking sector.

It is concluded that among the various weakness factors considered for the study the respondents considered the unstructured organization as the important weakness factors towards technology in banking.

### Opportunity factors in banking sectors

The following are the important technology related factors considered in the study assessing the opportunity of the banking sectors.

- New product and services C<sub>1</sub>
- Strategic Alliance. C<sub>2</sub>
- Customized Services C<sub>3</sub>
- Customer relationship Management. C<sub>4</sub>
- Tapping the rural market. C<sub>5</sub>
- Technology advantage. C<sub>6</sub>

The table 3 describes the results of average rank analysis in assessing the important opportunity related factors towards technology in banking sectors

The results are presented in terms of personal factors, average rank and the final rank on the importance of opportunity related factors towards technology in banking sectors.

**Table 3: Average rank – personal factors and the importance of opportunity related factors**

Personal factors			C <sub>1</sub>	C <sub>2</sub>	C <sub>3</sub>	C <sub>4</sub>	C <sub>5</sub>	C <sub>6</sub>
Gender	Male	AR	2.96	2.59	2.45	2.85	2.80	3.23
		FR	5	2	1	4	3	6
	Female	AR	2.97	2.29	2.26	2.69	2.78	3.31
		FR	5	2	1	3	4	6
Age in Yrs	20- 30	AR	3.05	2.59	2.38	2.95	2.81	3.22
		FR	5	2	1	4	3	6
	30 -40	AR	2.89	2.34	2.37	2.61	2.76	3.25
		FR	5	1	2	3	4	6
	40 – 50	AR	3.00	2.53	2.29	3.06	3.06	3.71
		FR	3	2	1	4	4	6
	50 and above	AR	1.00	4.00	2.00	3.00	5.00	6.00
		FR	1	4	2	3	5	6
Employment	Self	AR	3.17	2.42	2.31	2.74	2.68	3.18
		FR	5	2	1	4	3	6
	Private	AR	2.96	2.49	2.38	2.80	2.85	3.27
		FR	5	2	1	3	4	6
	Public	AR	2.75	2.50	2.39	2.71	2.86	3.04
		FR	4	2	1	3	5	6
	Others	AR	2.81	2.52	2.45	2.90	2.92	3.41
		FR	3	2	1	4	5	6

Note: AR- average rank, FR – Final rank

It is found from the table that the respondent irrespective of their personal classifications have given top priority towards Customized Services (C<sub>3</sub>), followed by Strategic Alliance (C<sub>2</sub>), Customer relationship Management (C<sub>4</sub>) as the opportunity factors towards technology in banking sector.

It is concluded that among the various opportunity factors considered for the study the respondents considered the Customized Services as the important opportunity factors towards technology in banking.

#### **Threat factors in banking sectors**

The following are the important technology related factors considered in the study assessing the threats of the banking sectors.

- Unstable system D<sub>1</sub>
- Rise in inflation D<sub>2</sub>
- Global markets trends D<sub>3</sub>
- Regulatory bodies rules and regulations D<sub>4</sub>
- Stiff competition in financial market D<sub>5</sub>
- Criticism D<sub>6</sub>

The table 4 describes the results of average rank analysis in assessing the important threats related factors towards technology in banking sectors

The results are presented in terms of personal factors, average rank and the final rank on the importance of threats related factors towards technology in banking sectors.

Table 4: Average rank – personal factors and the importance of threat related factors

Personal factors			D <sub>1</sub>	D <sub>2</sub>	D <sub>3</sub>	D <sub>4</sub>	D <sub>5</sub>	D <sub>6</sub>
Gender	Male	AR	3.26	3.30	2.97	2.92	2.97	3.01
		FR	5	6	2	1	2	4
	female	AR	3.35	3.19	2.97	3.02	2.91	2.71
		FR	6	5	3	4	2	1
Age in Yrs	20- 30	AR	3.40	3.33	2.97	2.98	3.03	2.99
		FR	6	5	1	2	4	3
	30 -40	AR	3.14	3.16	2.98	2.97	2.85	2.79
		FR	5	6	4	3	2	1
	40 - 50	AR	3.82	3.53	2.76	2.47	3.00	3.24
		FR	6	5	2	1	3	4
	50 and above	AR	2.00	3.00	4.00	5.00	6.00	1.00
		FR	2	3	4	5	6	1
Employment	Self	AR	3.30	3.25	2.95	2.93	3.06	2.93
		FR	6	5	3	1	4	1
	Private	AR	3.39	3.32	2.94	2.92	2.87	2.86
		FR	6	5	4	3	2	1
	public	AR	3.11	3.14	3.14	2.79	2.71	2.71
		FR	6	4	4	3	1	1
	others	AR	3.12	3.19	3.11	2.94	2.90	2.81
		FR	5	6	4	3	2	1

Note: AR- average rank, FR – Final rank

It is found from the table that the respondent irrespective of their personal classifications have given top priority towards Criticism (D<sub>6</sub>), followed by Global markets trends (D<sub>3</sub>), Stiff competition in financial market (D<sub>5</sub>) as the threats factors towards technology in banking sector.

It is concluded that among the various threats factors considered for the study the respondents considered the Criticism as the important threats factors towards technology in banking.

### Conclusion

It is concluded that the most prioritized factors among the various strength factors considered for the study the respondents considered the employability as the important strength factors towards technology in banking sector and among the various weakness factors considered for the study the respondents considered the unstructured organization as the important weakness factors towards technology in banking. When the external factors considered for opportunity available the customized Services were considered as the important opportunity factors towards technology in banking and finally threat factors being criticisms.

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