

Impact of Customer Experience on Parameters of Financial Inclusion -An empirical analysis

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Abstract - A state when there is accessibility of monetary assets which can be gotten to by all the compatriots is known as money related consideration. Availability as well as guarantees the learning of money related assets to every native. But sometimes availability and knowledge both were present still people unable to basic access services because of their experiences at bank. The current study is an attempt to examine the consequences of gaining access to financial products and services and of becoming more capable of using these (i.e. financial inclusion). In particular, the study aims to investigate the key factors which enrich the experience of customers when they avail banking services. With through literature review six factors determining customer experience at banks were identifies and their impact on access, usage and availability of financial resources was tested. Output of structural equation model reveal that there is very high and positive impact with a correlation loading of .831.

Keywords: Financial Inclusion, Accessibility, Availability, Usage, Customer Experience

I. INTRODUCTION

Banks assume a significant job in preparation and distribution of assets in any nation. They are the key mainstays of India's budgetary framework. Other than opening of records, smaller scale protection, bank is additionally doing different exercises for quickening the development of monetary consideration. They are empowering communication between money related segment and provincial advancement staff to guarantee that monetary division aptitude is incorporated on any country venture that has a fund segment. Other than this, they present money related administrations intended for poor people, giving improved administrations to rustic customers' by presenting new innovation, offer adaptable award subsidizing to budgetary establishments looking to adjust or acquaint new monetary items or with decrease conveyance exchange costs or present increasingly differing and straightforward money related administrations for ranchers.

But sometimes they fail to attract the needy ones and serve them the best services. There can be several reasons for it, but one reason which recent studies have focused in the experience of customers inside the branch of bank or financial service providing institutions (Garg et. al, 2014; Al-Eisa et. al, 2009; Bick et. al, 2004).

The investigation is an endeavor to inspect the results of accessing money related items and administrations and of winding up increasingly equipped for utilizing these (for example budgetary incorporation). Specifically, the examination plans to explore the key components which

advance the experience of clients when they profit banking administrations. Likewise, ponder goes for researching the degree to client experience guarantees monetary incorporation. Research groups around the accompanying destinations:

1. To determine the factors which influences customer experience while accessing basic banking services in Uttarakhand, India.
2. To determine the precursors of Financial Inclusion.
3. To measure the impact of Customer Experience on Financial Services in Uttarakhand with specific to Udham Singh Nagar.

II. THEORETICAL FRAMEWORK

In this day and age, so as to animate client request, just giving low-estimated and high-work items and administrations isn't sufficient; organizations are being called upon to give a top-notch client experience too (Nagasawa, 2008). Faithful clients are viewed as the way to survival and accomplishment in many administration organizations, specifically in the friendliness, protection and money related parts. The supposition that will be that with consumer loyalty; steadfastness, maintenance and productivity will naturally pursue. The present reasoning is that the connection among fulfillment and devotion is more intricate than was initially proposed, be that as it may.

Customer Experience is pretty much an inclination. Experience leaves a memory follow that can keep going quite a while and may hugely affect client relations, greater than a deals or client administration individual could even

consider. This part will open the definition behind this idea dependent on writing from hypothetical point of view.

Meeting a client is dependably a snapshot of accommodating event, a critical point in time that demonstrates the achievement of a gathering. Each organization has significant inquiry to determine and that is the proportion between the expenses for the organization and the delight and advantage to the client. A one-estimate fits all methodology is never again sufficient and organizations must discover approaches to tailor their items, administrations and encounters to singular clients. Customer experience is the aggregate of translations that individuals are doing.

Garg et. al (2014) have identified and described 6 factors of customer experience comprising both online and offline elements in detail. They identified the weightages of the factors through analytic hierarchy process (AHP) and laid the foundation for formal empirical evaluation. For further validation, without loss of generality we have adopted all the 6 factors from the study. These factors are:

Convenience: Accommodation is regularly intently connected with speed of conveyance and, similarly as with speed of conveyance, area might be a huge factor in comfort. Comfort is likewise reflected in how well the administration coordinates the necessities of the client, and will be impacted by opening occasions, scope of administrations accessible from one administration point and the degree to which explicitly custom-made administrations are offered for explicit gatherings of clients (Slatten et al., 2009).

Employees: In any bank, workers are the essential wellspring of conveying administrations to the clients. In such case, they should be agreeable, useful, time submitted, skillful and fit for continuing relational separation (Arnold et al., 2005).

Presence of other customers: The observation identified with nearness of different clients contrasts from industry to industry. In certain kinds of administration settings, for example, at athletic occasions, at film corridors, in event congregations, nearness of others gives a social encompassing to any individual, while in administration settings where reservation lines exist, for example, in banks, at reservation counters, the nearness of different clients is seen to be a group Verhoef et al. (2009).

Customization: The center thought of separation is to recognize beneficial market sections and to plan items and administrations to ideally fulfill the requirements of the objective fragments. As a progressively outrageous type of separation, the idea of customization – that implies how much the company's putting forth is custom-made to address heterogeneous clients' issues – has confronted expanding ubiquity among firms.

Core services: It is the major administration because of which an association positions itself in the market. In this segment we will look at the impact of client involvement with the center administration. This dynamic methodology empowers us to see how the client's involvement of the administration impacts cross-purchasing and how cross-purchasing at that point impacts ensuing utilization of the center administration.

Speed: It is the rate of any association, which it appears in conveying the reactions against the prerequisites of the clients. The temperance of speed, perceived by Caesar very nearly two centuries back, injects contemporary qualities.

Financial inclusion is an opportune conveyance of banking administrations at reasonable expense to immense segments of powerless gatherings, for example, more fragile areas, impeded and low pay gatherings. It doesn't mean opening of sparing records just yet in addition incorporates giving protection, credit administrations and monetary guidance (Lusardi, 2014).

Genuine rate of financial inclusion in India is exceptionally low because of absence of enthusiasm for opening financial balance, hesitance in opening bank offices in country regions, poor availability, no issuance of keen card and absence of trust on business journalists.

The aforementioned checked on writing uncovered that different theoretical investigations have been led on monetary consideration however couple of exact examinations that too with constrained topographical inclusion, have contacted shifted parts of budgetary incorporation. Further, there is lack of experimentally tried connection between budgetary consideration and neediness, monetary incorporation and territory advancement and money related incorporation and financial improvement.

On the basis of above literature review the following theory model is proposed for the study:

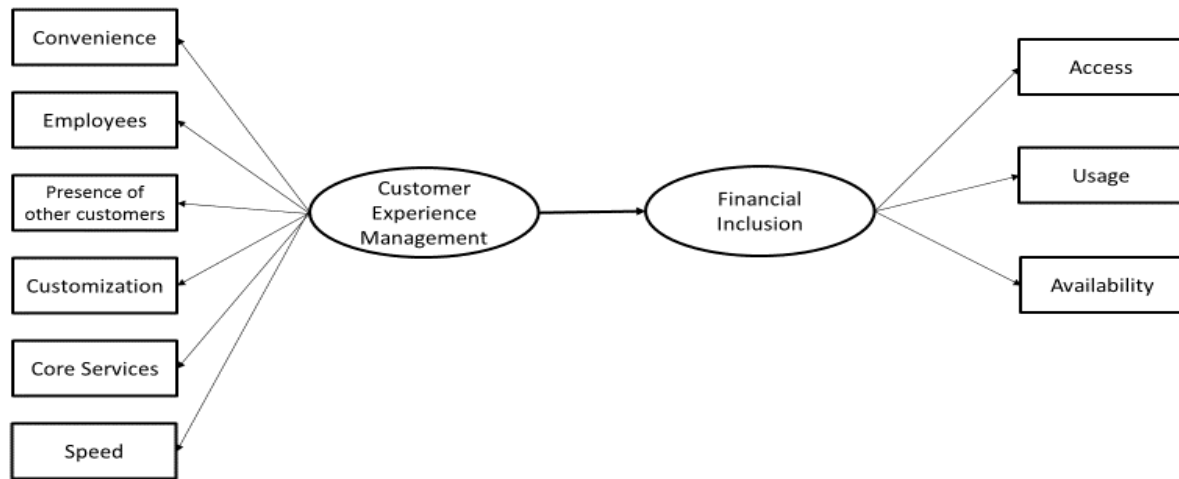


Figure 1. Theoretical Model

III. METHODOLOGY

Most logical research has some predetermined gatherings of intrigue and endeavors to make speculations about the attributes of those gatherings. This is what is named the number of inhabitants in intrigue. In this examination whole country populace of Uttarakhand province of India makes populace of enthusiasm, as the goal was – To decide the components which impacts client experience while getting to essential financial administrations. For deciding populace of enthusiasm for the examination Economic and Demographic Division of Uttarakhand was considered:

Both demographically and monetarily, Uttarkhand has been separated into two expansive areas – Kumaun and Garhwal. The Kumaun division incorporates six and Garhwal division incorporates seven locale.

Population of interest for the study was highly heterogeneous because there were respondents who belongs to most developed districts, high medium developed districts, medium developed districts, low medium developed districts and most backward districts. Using any random or non-random sampling technique in such a blended audience never results into a representative sample. Hence sampling for the study was carried out into the following phases:

Phase I: As the study was confined to Udham Singh Nagar district of Uttarakhand. So a list of all rural and sub-urban areas of the district was prepared. And then using simple random sampling 3 rural and 3 sub-urban areas were identified, which are – Kichha, Bajpur, Gadarpur, Rudrapur, Kashipur and Thakurdwara.

Phase II: From each identified area a sample of 50 respondents was chosen using convenience sampling. In spite of its limitation convenience sampling was used for the final sample selection because in field it was not possible to make a sampling frame of each respondent also all the respondents were not available all the time.

Stratified sampling method was used for the study, in which firstly all the districts were divided into homogeneous groups and then from each group one district was selected and then using convenience sampling a sample of 100 respondents from each district was chosen, which results into a total sample of 600 respondents but only 527 usable questionnaires were received which shows a response rate of 87%. Sample comprises of 74% male and 26% female respondents. Majority of the respondents, almost 40%, were of upto 30 years of age which shows that they were well aware of financial inclusion and also they are availing facilities given by government like getting monetary benefits directly to account.

The scale items are finalized after reviewing the above-mentioned literature, detailed discussions with the subject experts and academicians. Schedule is thereafter used for collecting the requisite information from the financial inclusion beneficiaries. Schedule consisted of two sections, one general and other to elicit information about the dimensions of financial inclusion and second part comprises of questions related to customer experience.

IV. RESEARCH FINDINGS

Prior to the extraction of the factors, statistical tests should be used to assess the suitability of the respondent data for factor analysis. These tests include Bartlett's test of sphericity, and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. Result reveal that the value of KMO is .915 and sig. value for Bartlett's test is less than .05, both the values are in acceptable limits.

Findings of factor analysis reveals that total 9 factors were obtained as a result of factor analysis. The basis for determining number of factors was Eigen value criterion, all those factors having Eigen value greater than 1 were considered. Total

variance explained by obtained factors was 75.773%. Two component matrices were obtained as a result of factor analysis – *Extracted sum of squares* and *rotated sum of squares*. While deciding how many factors one would analyze is whether a variable might relate to more than one factor. Rotation maximizes high item loadings and minimizes low item loadings, thereby producing a more interpretable and simplified solution. Also, variance explained by both the matrix is same – 75.773%. Based on above reasoning we will consider rotated component matrix for further analysis, shown in table 1.

Table 1. Rotated Component Matrix									
	Factor								
	1	2	3	4	5	6	7	8	9
CON1	0.712								
CON2	0.666								
CON3	0.663								
CON4	0.622								
CON5	0.619								
EMP1		0.894							
EMP2		0.839							
EMP3		0.805							
EMP4		0.781							
EMP5		0.763							
POOC1			0.924						
POOC2			0.861						
POOC3			0.798						
POOC4			0.735						
CUS1				0.872					
CUS2				0.849					
CUS3				0.826					
CS1					0.801				
CS2					0.762				
CS 3					0.723				
SP1						0.835			
SP2						0.809			
SP3						0.783			
FI-Acc1							0.924		
FI-Acc2							0.833		
FI-Acc3							0.742		
FI-Acc4							0.651		
FI-Usa1								0.744	
FI-Usa2								0.607	
FI-Usa3								0.542	
FI-Usa4								0.509	
FI-Ava1									0.701
FI-Ava2									0.698
FI-Ava3									0.623
FI-Ava4									0.615
FI-Ava5									0.572
FI-Ava6									0.529

Extraction Method: Principal Axis Factoring.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

Findings of Table 1 reveals that total 9 factors were generated which were aligned with theory model. None of the variable(item) has shown poor loading (less than 0.5), hence none of the item is excluded from the study. Above matrix was the result of Exploratory Factor Analysis, the technique used for extractive factors was Principal Axis Factoring with Varimax rotation.

As the obtained factors were aligned with theoretical model (discussed in literature review) so they were named accordingly – convenience, employees, presence of other customers, customization, core services, speed, accessibility, usage and availability.

Next step in data analysis will be modeling obtained factors with customer satisfaction scale (Part II of the questionnaire), for the same structural equation modeling approached was used.

Study variable (which were left after factor analysis) were modeled with customer satisfaction questions (part I of questionnaire) the path diagram shown in figure 2 was obtained as a result.

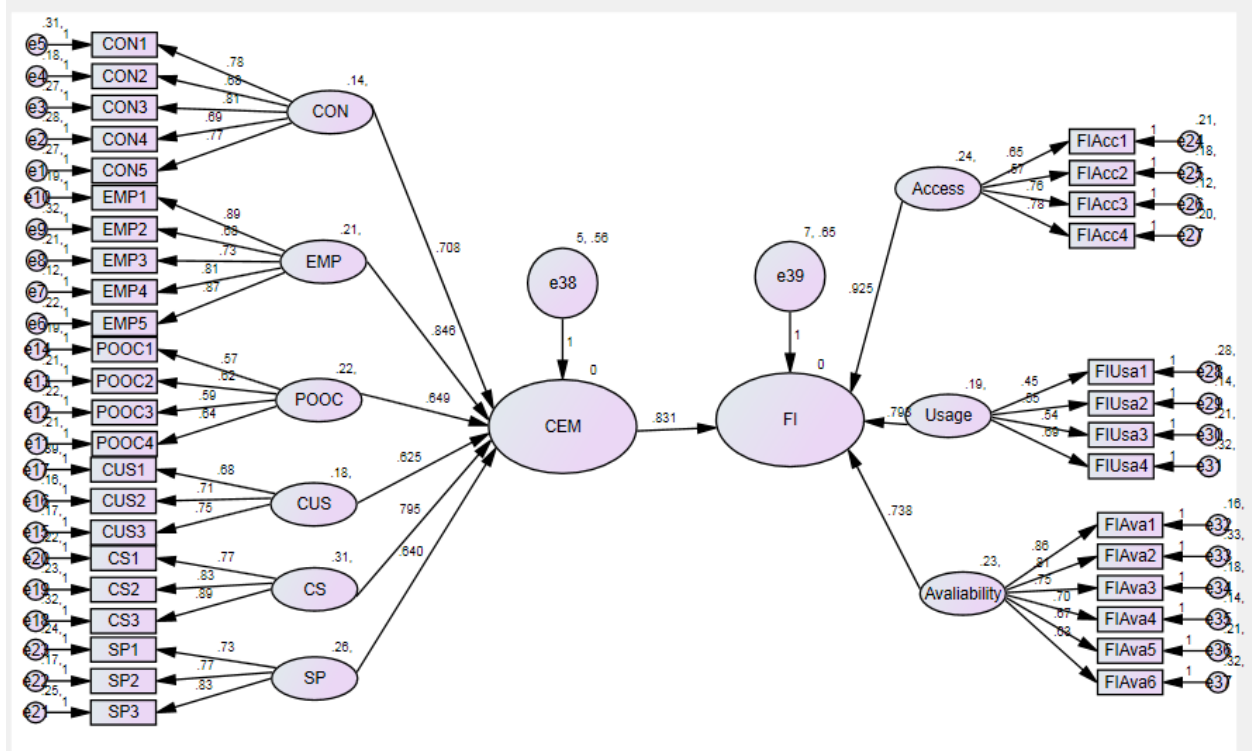


Figure 2 Path diagram showing impact of customer experience management on financial inclusion

Obtained model needs to be tested for goodness –of – fit. Absolute fit indices. Figure 6.23 shows all goodness-of-fit indices.

S.No	Goodness of fit measure	Model Value	Level of Acceptance
1	Degree of freedom (df)	324	
2	p-value	.074	
3	Chi-square	3324.074	
4	Normed chi-square (χ^2/df)	10.25	10.0-5.0
5	RMSEA (Root mean square error of approximation)	0.149	0-0.8
6	SRMR (standardised root mean square residual)	0.141	0 – 1
7	Goodness of Fit Index (GFI)	0.571	0 – 1
8	Adjusted Goodness of Fit Index (AGFI)	0.499	0 – 1
9	Comparative Fit Index (CFI)	0.444	CFI \geq 0.90
10	Normed Fit Index (NFI)	0.422	NFI \geq .95

Table 2 Goodness-of-fit Indices

Structural equation modeling approach was used for testing the model and determining the association between

dependent and independent variable and study constructs. Findings reveals that :

- a. Latent Construct Customer Experience management was determined by six second order constructs whose value is determined by directly observable items. Employees of bank have highest impact on overall customer experience as it is showing a correlation of .846, which is followed by customized services showing correlation of .795. Convenience had the third highest impact on customer experience with a correlation loading of .708. And Presence of other customers and speed of delivery of services have almost equal impact around .640 correlation loading.
- b. On the contrary second main construct of the study, Financial Inclusion, which was determined by three second order constructs which further were measured through items (variables) were showing very high loading, all above 0.7. As discussed earlier the construct financial inclusion was determined by three second order construct and their loading was – accessibility of banking services had highest impact on latent construct financial inclusion with a loading of .925, which is followed by usage of banking services, which had loading of .795. Availability of financial resources had third highest loading of .738 on financial inclusion.

Objective of research was to determine the impact of customer experience on financial inclusion. And output of structural equation model shown in figure 5.6 reveal that there is very high and positive impact with a correlation loading of .831. Out of several factors determining financial inclusion, customer experience management is the dominating one with such a high correlation loading.

V. RECOMMENDATIONS

In the present investigation, it was discovered that there exists a correspondence gap between bank supervisors and customers which is showed from the mean score given to the announcement 'The bank administrator speedily reviews your concern. Along these lines, it is proposed that a reasonable system must exist for getting and reviewing client complaints considerably, immediately and agreeably. So as to gather complaints quickly from the clients, banks should actualize a component like Centralized Complaint Management System, where every one of the protests got from different channels especially from business journalists are prepared and understood right away.

The recipients have reacted low for 'Advance isn't effectively and convenient accessible', which prompts the end that there is lumbering procedure of getting or acquiring advance. In this way, approach creators ought to rearrange the strategy of giving credit to the clients. In addition, banks must guarantee satisfactory and opportune credit to the defenseless area of the general public. Broadening auspicious credit or advance would lighten

neediness and in this manner contribute towards monetary improvement which is a result of money related incorporation.

The mean score for the thing 'Workers are useful in making data accessible in regards to new plans' was arrived low, so it could be inferred that Branch Manager's (BM) themselves are not outfitted with sufficient data which is required by the clients. In this way, there is a need to build up better gauges and limit of BM's. Further, normal projects ought to be initiated by the controllers or banks habitually for giving least required information and aptitudes to BMs. Online interface be kept up and overhauled with new plans and its entrance ought to be given to BMs so as to familiarize themselves with most recent data.

VI. CONCLUSION

The idea for the research work is to investigate the linkage between customer experience and factors determining financial inclusion (access, usage and availability). Keeping this objective in mind a research framework was developed and then a scale for measuring different research construct was designed. Data was collected from 527 respondents using convenience sampling. One limitation of the study could be convenience sampling, as data could be collected through stratified sampling also but due to paucity of time researcher had used convenience sampling. Data was analyzed using several multivariate data analysis techniques like reliability analysis, factor analysis and structural equation modeling.

Statistical analysis results into the following factors which measures the latent construct customer experience management - convenience, employees, presence of other customers, customization, core services, speed, accessibility, usage and availability; also it gives three factors – access, usage and availability – which altogether measures financial inclusion. Objective of research was to determine the impact of customer experience on financial inclusion. And output of structural equation model shown in figure 5.6 reveal that there is very high and positive impact with a correlation loading of .831.

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