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The impact of social media on the Indian banking sector: A critical study

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Abstract

Banking Industry is the life blood of trade, commerce, and industry. A development of any country mainly depends on the services provided by the banks. The government of India has taken various initiatives to bring mechanization in Indian Banking Sector through social media platforms. As it is evident that majority of the people spend much of their time on social media and this is an opportunity to the banking industries to approach the customers. This study analyses the banking industry Advertisements, customer education and awareness, data security and customer satisfaction through social media.

Keywords: Banking industry, government initiatives, advertisements, customer education, awareness, data security and customer satisfaction

Introduction

Social media is one of the latest platforms for marketing or advertising the products and services. In present scenario 9 of 10 businesses are using Social Media Marketing (SMM) to spread the brand awareness and to turn into the customer attention very easily as most of the people spend much of their leisure time in social media. The changes in the marketing trend and also increased customer convenience level have made banks to identify new way of reaching their users. Several years back banks were struggling as they couldn't reach their customer when they require and customers also visit, they require some service to be performed by the banks. With this regard the Government of India has been inquisitively finding a way to bring mechanical headways in the financial segment in India the empowerment of the banks made the customers to approach the banks either monthly, weekly or even day to day basis without even visiting the banks personally. The introduction of credit cards, debit cards, NEFT, RTGS, portable banking, we based banking and numerous other significant initiatives to upgrade the banking in India. With the use of social media, the banks can build the better relation by staying connected with the customers. Through social media banks are not only able to advertise their products and services but it also enables to increase the trust as banks can provide the industry insights and other valuable information. Online life is circulating around the web in the financial business, it is turning into a favoured decision for clients to contact and speak with banks hence banks are also effectively using these platforms to spread the awareness of their recent services.

Social Media is a communication platform that facilitates communication via virtual networks. It is a virtual medium which is designed to aid people to share contents, pictures, videos, and views swiftly and in real-time through websites and applications. The ability to share photos, opinions, events, etc instantaneously has transformed the way we communicate and, also, the way we do business. It provides the facility of continuously communicating with a large number of people at a time. The revolution of Social media and its increasing impact has transformed its old conventional image of amusement to an opportunity to work and trade. This vibrant use of social media has affected almost every business sectors either positively or negatively. It has changed the way business was done and Marketing has taken a new shift after this. Social media offers different ways to promote business either through organic marketing (free) or by paid marketing. Web 2.0 technologies are the stage of Internet expansion where static web pages were converted to user generated content. The business communication is enhanced to a new height via online mode through Social media.

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According to People share a lot of information about their personal lives, their needs and preferences on social media and it may assist the institutions to design their marketing policies. Based on the above data it can be said that the social media set-up facilitate in building virtual group for individuals with similar mind-set, hobbies, work culture etc. Therefore, use of social networking could assist Banks build up their brand awareness and brand loyalty which ultimately help in customer acquirement and retention. Communication between clients and Banks has improved a lot after successful implementation of Internet mainly because it has eliminated geographical hindrances. Now it has almost become mandatory for all the banks to adapt social media for getting customer loyalty and effective CRM.

Communities and social groups

“We build technologies to give people the power to connect with friends and family, find communities and grow businesses”- face book

These sites allow connecting people of similar interests and background. This is used to share information and events to large number of customers and building relationship by regular interaction. Banks may also pose their brand on social network as an expert information source. This may also be used for educating and training customers regarding different products and services provided by banks.

Banking and social media

Banking sector is the backbone of any emerging economy. Banks are instrumental in implementing the economic reforms. Any revolution in the banking sector because of the acceptance of technology is bound to have a broad impact on an economy's growth. These days, banks are seeking unconventional ways to provide and differentiate amongst their various services. Customers now demand a facility to conduct their banking activities at any time and place according to their convenience. Banking sector is the backbone of any emerging economy. Banks are instrumental in implementing the economic reforms. Any revolution in the banking sector because of the acceptance of technology is bound to have a broad impact on an economy's growth. These days, banks are seeking unconventional ways to provide and differentiate amongst their various services. Customers now demand a facility to conduct their banking activities at any time and place according to their convenience. Social media has changed the entire gamut of business and marketing and Banking Industry is no exception to this because here the Customer Interaction is a must. Today Social media is universal and pervasive, so banks can rely on it. Digital communication is becoming a strong communication medium between Banks and customers. This media is proving itself indispensable in connecting to the potential clients. By allowing transfer of money, getting credit and even simply opening a bank account, it has improved customer services which in turn are improving the customer relationship. Assessing people's sentiments is a very significant and staggering job, particularly in case of service industry. Social media has a unique ability to create and sustain associations with customers, creating better Customer relations. Hence banks need to consider social media as an integral part of their overall marketing strategy. People use Face book, Twitter, YouTube, Instagram, LinkedIn etc. to understand different information regarding the different products and services

provided by banks only after understanding the facilities and prospects of various social media platforms. Banks are using this network to inform their customers about their products and upgrade them according to customers' feedback.

On the other hand, there is the talk of turnover in social networks. Also, purchases can be made through social networks. Physical Banking opted tactics like advertising, direct mail or face to face communication for customer interaction so far but now the approaches have changed from providing customer service to affiliation and long term relationship with customers. For doing it, banks need to diagnose customers' interests, emotions and behavior and with help of social media this analysis are being done easily. Today, customers expect that they should be heard and answered and receive the services they need through social media. Social Medias can greatly affect the reputation and the brand image of the banks. Banks need a transparent understanding of the key elements in the development of social media and adopt a roadmap and a strategy. The banks may use the following pathway in social media to listen to the customers.

- **As Is:** Banks need to understand the customers' requirements initially by analysing their data in social networks.
- **Listen:** The next step would be to analyze the data carefully. Then the bank should design and provide support as per their expectation,
- **Engage:** Information can be collected through customer's feedback then theBank can fulfil the customers' needs as per feedback received.
- **Optimize:** In the last step bank should attract fans and increase the loyalty of existing customers by using customers' feedback and analyzing their interactions with each other.

In a media landscape increasingly dominated by social media, Bank's marketing strategy for these platforms can make or break its success as a brand. Banks need to hold their social media efforts to high standard, creating custom made strategies that build their brand, win customers, and yield high ROI. Therefore social media techniques have become essential communication tools for banks to communicate with people across globe. Banks are adapting social media because they are finding it difficult to fight with traditional banking methods such as interest rates and product differentiation to attract new clients and sustain the existing ones. In today's aggressive atmosphere customer loyalty can be gained through allocation of finer service quality to ensure maximum customer satisfaction .The purpose of this study is thus, to explore the implication of social media on service quality perception and client loyalty in the banking industry of West Bengal. Social media service quality can be used to boost customers' loyalty by Banks in the India banking industry .There are limited studies on social media service quality and client loyalty for Indian Banking industry. This study will contribute towards reducing the knowledge gap between impact of social media on service quality and customers' loyalty. These attributes so discussed would be able to improve the quality of social media performance.

Literature Review: Indian Banks have started using social media in their regular operations in various capacities a little lately and are at different stages of maturity. As of April 2013, some private banks provide regular updates on the

latest offers and allow basic customer operations through popular social media sites. A large private bank in India hosted Face book application on its secure servers allowing balance amount check, cheque book request, stop payment, etc. Some of the private banks are using their social media websites to provide their customers, distinct offers, detailed product information and consumer care services. With some banks taking the lead by setting example, the others also have started following their footsteps. In a survey by the Financial Brand newsletter in July 2013, it was established that ICICI, Axis and HDFC Banks are among the top 10 Banks with Social Media presence. Of late public sector banks have also started using this media in a grand way. As per present scenario, Indian banks can no longer live in denial by avoiding and not using Social Media if they do not want threatening their own business. The Indian banking industry has envisaged some social media channels to attract tech-savvy clients and improve customer services to bring customer loyalty .The use of social media in India has gained its importance.

Social Media Safety & Privacy

Privacy refers to the extent by which the customers' details are protected by bank's social media platform .Banks need to give their customers enough confidence to use their social media accounts so that they may perceive that their personal information will be secured and not to be misused by banks .Banks can build new healthy relationship with customers if the privacy is perceived positively by customers. The information get disclosed and shared through social media so easily, that it has raised doubts about its privacy among the users .Maintenance of privacy in bank's social media channel has been a big challenge for the banking industry. The main challenge is to monitor and control the posts in these sites .A proper privacy setting of social media site is very essential in banks because privacy invasion may lead to theft of personal identification and may lead to criminal proceedings. In case of low security features hackers may hack the social media sites and/or may clone the original, befooling customers and duping them.

Social Media Efficiency & Effectiveness

Effectiveness refers to the ease of use, internet speed, expediency etc. with which customers may access and use bank's social media sites .Effectiveness measures the efficiency of bank's social media and it estimates the speed of accessing and working on the bank's social media sites to ensure timely and convenient completion of all required interaction. Social media can augment the conventional personnel-client bonding with an effective technological knowledge-based relationship. Today's customers need prompt responses and it can effectively be done in social media by providing them relevant and quick information as & when required. It is surely required for enhancement of quick responses to customers' queries for the improvement of e-services and clients' improved customer satisfaction .Banks can provide unique banking experience to their clients by giving them services combined with technology. Hence the primary task of the bank is to find out and respond to customers' queries effectively on Bank's social media sites. By monitoring the response of bank personnel on social media sites, Banks need to assess the service quality.

Social Media Fulfilment& Responsiveness

Fulfilment concentrate on the service truthfulness and ease of use of relevant information provided on a bank's social media websites .Customers need prompt response and acknowledgement of their complaints or suggestions. The fulfilment dimension concentrates on evaluating the banks promptness in responding to customers' requirements .For getting customer loyalty the banks create user generated customized content for getting the Fulfilment dimension .Hence Fulfilment refers to the customer's confidence on Bank's social media platform to the extent their requirements are fulfilled.

Objectives of the study

- To know the effectiveness of banking industry advertisement through social media.
- To study the impact of customer education and awareness through social media.
- To know the acceptance level of customers on using banking services in social media.
- To Analyze the trust level of the customer towards information and data security in social media.
- To Analyze the customer satisfaction on social media security.

Role of social media marketing in Indian Banking Sector

Social media marketing is the new mantra for several Organisations and various brands. Marketers are making the most of many different social media opportunities and beginning to implement new initiatives at a higher rate than ever before. It is among the best possible marketing options available to a brand for connecting with prospective consumers. Social media in marketing helps to win the trust of consumers by connecting with them at a deeper level. One cannot afford to have no presence on the social channels if the competitor is making waves with its products and services on it. The explosion of social media phenomenon and the pace at which it is growing is huge. Global companies have recognized the importance of social media marketing as a potential marketing platform and utilized them with innovations to power their advertising campaign. The banking sector in India is no exception and is making wide use of social media in marketing. This paper discusses the concepts of social media marketing and the role and relevance of social media in marketing of banking services in India.

Social media is incredibly effective for all industries to promote and strengthen their brand. Many organizations have also learned to use social media for much more, and the banking industry is no exception. Banks now understand that social media's true power is found in its ability to connect brands directly with their customers. In other words, banks are using social media to communicate with clients, build credibility, launch new products and offerings, show their company's history and show off all that they are doing as it relates to social responsibility. It is one of the most preferred options of marketing in the Banking sector.

Social media marketing is helping banks engage customers better

For Indian banks, social media is not just another medium of advertising. It enables them to be a part of the lives of their consumers by initiating conversations beyond business. By actively listening to customer conversations in real time and gathering actionable insights, Indian banks are able to tweak

strategies on the go, identify gaps, and build better solutions. In addition, by using social media to drive customised communication based on different customer groups, banks are better able to target specific customer groups – for example, working women. By mapping customer transaction behaviour with social media profiles and device usage, they are able to deliver more targeted, relevant, and meaningful messages on the channel of customer's choice.

Informed Marketing Campaigns

Using social media, banks can gather information about the tastes, preferences, and needs of their customers. They can then use this information in running targeted marketing campaigns and saving on the overall marketing costs.

Lead Generation and Sales

The posts shared by a customer, the likes, and retweets they perform, can all act as important leads for the banks. They can analyse this data and plan the next best actions to convert these leads into sales.

Brand Development

Word on the social media spreads like wildfire. People generally have a tendency to trust their peers more than a typical sales pitch when buying a product or a service. Retweets on twitter, endorsements on LinkedIn, shares on Facebook hold much more value in a customer's decision making journey than an online ad. Banks can therefore leverage social media as earned media that leads to sales conversion in the future.

Reputation Management

Banks can hire or train social media savvy staff to create awareness around the philanthropic, community betterment, and other noble acts being undertaken by them. In addition to this, banks can also address and resolve the grievances of customers in a more dynamic and timely fashion on social media.

Performance Management

Banks can leverage social media to gather customer feedback, in an open, honest, and direct fashion. This would help banks create a transparent and accountable image in the public eye. They can also crowd-source ideas from customers on social media platforms and offer bespoke products and services.

Indian banks and social media: Real world examples

The strategies of social media pioneers such as State Bank of India, YES Bank, HDFC Bank, and ICICI throw light on how banks are using social media effectively to drive better outcomes.

- **Consistently ensuring high engagement on Twitter**
Virtually every month, SBI figures among the top five Indian brands in terms of brand engagement on Twitter, as per the Economic Times Brand Equity Twitter Advertiser Index. SBI's campaigns, aimed at creating customer interest in digital services, saw high engagement from August 2023 to November 2023. A key aspect of SBI's strategy is timely posts that educate and inform customers.
- **Using social storytelling to market niche products**
ICICI Bank's Fund Your Own Worth campaign promotes a savings account with special benefits for

women who want to empower themselves. The campaign smartly leveraged social media storytelling by using socially curated real-life stories of successful women to sell a niche financial product, while also building brand affinity among working women.

Findings of the study

- All the three websites; Face book, Twitter and YouTube have gained attention among the social media users in India, but Face book is the widely used social media website.
- Banks are mostly using all international brands of social media channels for their operations due to lack of availability of good national social media networks. There is a great chance of development of some social media channels locally by the Govt.
- Bank's Social media Privacy drastically influences the endorsement of social media platform in the banking industry of West Bengal.
- Social media Efficiency appreciably control the acceptance of bank's social media platform in the West Bengal Banking Industry.
- Social media Fulfillment extensively influences the acceptance of social media platform in the West Bengal banking industry.
- From the present study we identified that 92% of the respondents are having a social media account. This results that most of the respondents are accessing internet facility.
- Majority that is 55% of the respondents agreed that customer education and awareness about the banking industry can be done through social media.
- Most of the respondents that is 48% of the respondents are comfortable to use banking services through social media.
- 31% of the respondents are satisfied with the security which has been implemented by the banking industry in social media platform.

Conclusion

From the above research we can conclude that banks are positively accepting the customer change in accessibility and convenience level. By using social media platform, they can easily reach the customers and they can also maintain better customer relationship as they are able to provide services personally without much time. This will also make convenient to carry their transaction according to their requirements. Through the social media banks can maintain the trust worthiness as they could provide the data and other facts which the customer requires. The banks can mainly focus on the customer retention as it would cost more for the banks to retain them. The people shift from one bank to another bank, when there is no proper communication and feedback facility provided to the end users. It could cost more for the banks when the customers are unsatisfied by the services offered by banks.

Adaption of social media for banking industry is something beyond likes, comments and shares. The main aim of adaption of social media is brand awareness, creation of leads and ultimately conversions and finally brand advocacy. Banks should design their social media strategy considering their pragmatic goals. Once the goals are set it

is important to find their KPIs (Key Performance Indicator) before implementing social media campaigns. A KPI is a quantifiable measurement to evaluate their campaign in relation to their defined goals. The common social media KPIs for banks can include Leads generation (through email signups or fulfilling some contact forms), Conversions (account sign ups, deposits), Referral traffic (from social media to website), Brand Advocacy (Like, comment and share)

Hence by using social media platforms they can increase customer satisfaction. From the above study we have understood that the banks are moving towards the technological advancement for providing better services in a timely manner, due to this mechanization we could see many changes have been adopted by the banking industry successfully. In recent days banks are taken initiative to educate the customer and also create public awareness about the advantageous of banking and other services through social media. Even though they have come up with technical implication they could not satisfy the customer to the expected level as most the respondents' opinion regarding banking through social media is not safer. With this regard the banks have to focus much on security for customer data and information.

Conflict of interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper

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