A Study On Customer Perception of E-Banking Services towards Select Private and Public Sector Banks in Erode District

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ABSTRACT

India's banking system has several outstanding achievements to its credit, the most striking of which is its reach. The banking industry has introduced various new customer services and products using information technology. The banking industry has gone through many changes as a result of the technological revolution. India's banking system is one of the largest. The level and extent of automation in the banks are generally vary because of their history, work culture and policies/strategies adopted by their management in branch expansion and investment in technology. So it is predominant to analyse the role of technology and the level of satisfaction of banking customers based on the electronic services provided by the banks irrespective of their operational location which includes Urban, Semi-urban and Rural.. The present study focuses on the customer preferences, perception and satisfaction of services related to electronic banking in private and public sector banks. The study is designed to evaluate the factors influencing the customer satisfaction, customer preferences of banking services, problems in e-banking services and the future of e-banking.

Keywords-- Globally, Innovation, Cosmetics, Foreign brsnds, Consumer satisfaction

I. INTRODUCTION

The banking system in India plays an important role in Indian economy. It has been playing a key role in social and economic changes since nationalization of major banks in 1969. At present 290 banks are operating in the country, consisting of 27 public sector banks, 30 private sector banks and 32 foreign banks, 196 regional banks and 5 non-scheduled local area banks. The private sector bank have a share of 8.5 percent in branch network with 5,737 branches of which 50 percent are in urban and metro cities. Over 90 percent branches operating in the country are owned by Public sector banks, of which 70 percent are located in rural and semi-rural areas. Due to the technological changes, the term which gains the utmost importance is "Electronic Banking". E-banking is defined as the automated delivery of new and traditional banking products and services through electronic, interactive communication channels. Through e-banking individuals and corporate customers can access accounts, transact business, transfer funds or obtain information on products and services through the electronic media without any paper transactions. For many customers e-banking means 24 hours access to cash through ATM or direct deposit of pay cheques into savings account but electronic banking involves different types of transactions. E-banking also means transferring of funds electronically with the use of computer and other electronic modes. It allows customers to automate cash receipt payment. Increased productivity and cutting of transaction costs are the most obvious benefits of e-banking. The dramatic difference in cost and speed between traditional 'brick-to-brick' banking and Internet-mediated financial 'brick-to-click' banking services and related information delivery has led to rapid growth of online payments, e-banking and online credit risk management. However, the Indian banking industry is expected to be a leading player in e-business while the banks in developed countries are working primarily via internet as non-branch banks.

II. PRODUCTS AND SERVICES OFFERED BY BANKS IN INDIA

Banks in India are at different stages of the web-enabled banking cycle. Initially, a bank, which is not having a web site, allows its customer to communicate with it through an e-mail address; communication is limited to a small number of branches and offices which have access to this e-mail account. As yet, many scheduled commercial banks in India are still in the first stage of Internet banking operations With gradual adoption of

Information Technology, the bank puts up a web-site that provides general information on the banks, its location, services available e.g. loan and deposits products, application forms for downloading and e-mail option for enquiries and feedback. It is largely a marketing or advertising tool. For example, Vijaya Bank provides information on its web-site about its NRI and other services. Customers are required to fill in applications on the Net and can later receive loans or other products requested for at their local branch. A few banks provide the customer to enquire into his demat account (securities/shares) holding details, transaction details and status of instructions given by him. These web sites still do not allow online transactions for their customers.

Some of the more aggressive players in this area such as ICICI Bank Ltd., HDFC Bank Ltd., UTI Bank Ltd., Citibank, Global Trust Bank Ltd. and Bank of Punjab Ltd. offer the facility of receipt, review and payment of bills on-line. These banks have tied up with a number of utility companies. The 'Infinity' service of ICICI Bank Ltd. Also allows online real time shopping mall payments to be made by customers. HDFC Bank Ltd. has made e-shopping online and real time with the launch of its payment gateway. It has tied up with a number of portals to offer business-to-consumer (B2C) ecommerce transactions. The first online real time e-commerce credit card transaction in the country was carried out on the Easy3shoppe.com shopping mall, enabled by HDFC Bank Ltd. on a VISA card.

III. E-BANKING PRODUCTS

To-day more types of e-banking products used by different banks for providing better and quick services to their consumers. The important products are described below

Automated Teller Machine (ATM): These are the cash dispensing machines, which are frequently seen at banks and other locations such as shopping centers, petrol bunks and building societies. Their main purpose is to allow customers to draw cash any time and provide banking services where it is not possible to open another branch of the bank. Because this system allows customers to withdraw money any time from the bank it is popularly known as "Any Time Money".

Debit Card: A debit card is mainly used for two purposes - first for making cash purchase and second for cash withdrawal. The debit cardholder should have an account with the bank and the limit of the cardholder is determined by the amount standing in their bank account. When the holder makes a purchase, the merchant establishment swipes the card on the electronic data capture machine which then debit the account of the holder. It is different from credit card, where the holder is charged much after the purchase (20 to 50 days). Presently, banks are issuing ATM-cum-Debit card in India.

Mobile Banking: Mobile banking (also known as M-banking, SMS banking) is a term used for performing balance checks, account transactions, payments, etc. via a mobile device such as a mobile phone. Mobile banking today is most often performed via SMS or the mobile internet but can also use special programs called clients downloaded to the mobile device. Mobile Banking refers to provision and availment of banking and financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information.

Tele Banking Service: This facility is started for attracting customers who have no time to visit banks. From this facility a customer can get information such as account balance, due balance and total balance, date of issue cheque, bill payment, and slip payment. Any branch of commercial bank, which is computerized, can provide this facility with the help of suitable software. Mainly this facility is provided with the help of a Voice Response System (VRS). This system basically, accepts only TONE dialed input (i.e. from caller's phone instruments for dialing necessary numbers) and suitable voice response messages /information to the caller (i.e. Account holder to acquire the desired account details).

Smart Card: This technique has been adopted for the last 25 years. Ronals Monero, a French Journalist invented this so the French use it for performing their day-to-day work is just like an electronic purse in which funds are collected in the form of electronic wallets. Smart cards are being offered to consumers for small purchases. It is very portable, quick and easy way for using our money. The smart card transaction is normally lesser value. A cup of coffee, a newspaper, lunch or bus fare is typical smart-card transactions. When we make purchase with smart card at that moment, the money is transferred from our card to the merchant. There is no delay waiting for an authorization or signing a receipt.

IV. REVIEWS OF LITERATURE

The review of related literature's has greatly helped the researcher in plotting the entire research design and establishing research objectives. The researcher has intensively gone through all those related scholarly published articles and research papers.

Raja et al. (2009) evaluated the impact of e-payment system on the business opportunities. They identified that due to the growth of internet users, various electronic payment mechanisms had been developed to cater the diversity of applicants. The researchers classified the e-payments into three main groups, namely, cash like systems, check like systems, and hybrid systems which were further classified into credit cards, debit cards and electronic cheques. They identified three main issues related to e-payment that were security issues, low interest

among businessmen, and heavy reliance on traditional payment methods. They also analyzed that there were technical and cultural problems which hinder the path of e-payments. However, to make e-payments more effective, security threats should be reduced; and people should be realized that traditional payment methods were more time consuming than electronic payment methods. They should also be realized that plastic card payments were more convenient, easier and more secure than cash or cheques.

Akinyele and Olorunleke(2010) studied technology and service quality in banking industry in Nigeria. They found that secured services are the most important dimension of e-banking. Similarly another study recognized that security as one of the paramount issue questioned by e-banking users. They found that security issue basically depends upon some factors viz., availability of internet service, social factors and psychological factors.

Dr.Deepak Gupta and Dr.Vikrant Singh Tomar(2011) Study shows that of 18 scale parameters in Customer help / Sustain, Courtesy and Warmth, Managing Customer Complaints, Range of Services Offered, Infrastructure Facilities like Parking, Cafeteria, ATM etc, Interiors and Ambiance, Mobile Banking, e-Banking, Internet Banking and Other Latest Technologies, Ease in Operating Account, Ease in Operating Account, Timings of the Bank, Multiplicity of Income Earning Options , Communication and Providing Prompt Information ICICI Bank was perceived better than SBI but in Method of Imposing Service Charges and Fines, Return on Deposits, Momentum, speed and precision in Transactions, Safety of Investments, Privacy of financial records and Transactions, Goodwill and Reputation of the Bank, Core Banking & Banks' Network SBI outshined ICICI. Thus out of 18 Points Scale ICICI was preferred on 11 scale parameters whereas SBI was preferred on 7 scale parameters. This study was comparative in nature and concluded by comparing service offered by the banks.

Neeli Prameela et al.(2012) have attempted to examine the determinants of loyalty in internet banking environments based on the literature reviewed. According to the them, the weekly use of internet banking by Indian consumers has risen 130% since 2007. In addition to the increasing use of e-banking, the industry is experiencing increased competition and pressures to cut expenses. Under such contexts, banks need to attract and retain their customers by creating, maintaining and highlighting attractive features of e-banking. Hence, it is important for both bankers and academicians to theoretically and empirically understand the concept of loyalty in online banking environments. Such understanding is helpful to practitioners and academicians which in turn catalyzes the growth of banking industry in Indian context.

V.   OBJECTIVES OF THE STUDY

1. To measure the level of satisfaction of banking customers based on the e-banking services provided by the select private and public sector banks in Erode district.
2. To identify the factors influencing the level of customer satisfaction of e-banking services.
3. To examine the problems faced by the customers in e-banking services.
4. To offer suggestion for enhancing the quality of e-banking services provided by the banking industry.

VI.   RESEARCH METHODOLOGY

The present research work is a descriptive and analytical study based on empirical observations and a comprehensive survey. Both the Primary Data and Secondary Data are collected, analyzed and interpreted. There are 269 Bank branches that are functioning in the Erode District as on 31-03-2012. 195 Branches belongs to the Public Sector and 74 from the Private Sector. Out of 269 branches, banks having more than 5 branches are taken for the study which totalled 14 bank branches that consists of (7) public sector and (7) private sector bank branches .The proportionate random sampling method has been employed.

VII.   LIMITATIONS OF THE STUDY

- The time limit of the research is one of the major limitation.
- The research is confined to Erode district, so the result may be indicative but not conclusive.
- As the study is conducted on selected private and public sector bank customers in Erode District, the same result may not hold good for other areas.

VIII.   ANALYSIS AND INTERPREATION OF DATA

1) GENDER AND CUSTOMER PERCEPTION OF E-BANKING SERVICES
(Two way table)

S.No.	GENDER	FREQUENCY%	CUSTOMER PERCEPTION OF E-BANKING SERVICES	TOTAL

			SA	A	N	DA	SDA	
1	Male	Freq	113	87	142	90	93	525
		%	21.5	16.6	27.0	17.2	17.7	100.0
2	Female	Freq	40	21	32	47	35	175
		%	22.9	12.0	18.2	26.9	20.0	100.0
	Total	Freq	153	108	174	137	128	700
		%	21.9	15.4	24.9	19.6	18.2	100.0

Source : Computed from Primary Data

It is showed from the above table that the gender and perception of e-banking services under strongly agree category was 21.9 percent in which 113 are male and 40 are female customers. Out of 108 customers, 21 are female who belongs to agree category and the remaining are male. The table also reveals that 142 customers are male and 32 customers are female under neutral category which is 24.9%. Out of 137 customers, 90 are male under disagree category and the remaining is female.

It is clear from the table that the gender and customer perception of e-banking services under strongly disagree category was 18.2% and 93 are male and 35 are female customers respectively.

2) CHI-SQUARE TEST FOR GENDER AND CUSTOMER PERCEPTION OF E-BANKING SERVICES

Pearson Chi-Square	Calculated value	Df	p-value	S/NS	Remarks
	12.642	4	.013**	S	Rejected

**P<0.05 S-Significant

It is found from the above table that the p-value is less than 0.05 (p<0.05) and the results are significant. Hence, the hypothesis "there is no difference between gender customer perception about e-banking service" is disproved. This implies that there is significant difference between gender and customer perception about e-banking services.

3) TYPE OF BANK AND OVER ALL FACTORS AND THE LEVEL OF SATISFACTION
(Two Way Table)

S.No.	Type of Bank	FREQ/%	OVER ALL FACTORS AND LEVEL OF SATISFACTION					TOTAL
			HS	S	N	DS	HDS	
1	Public	Freq	35	122	87	83	23	350
		%	10	34.86	24.86	23.71	6.57	100.0
2	Private	Freq	22	116	68	95	49	350
		%	6.29	33.14	19.43	27.14	14	100.0
	Total	Freq	57	238	155	178	72	700
		%	8.14	34	22.14	25.43	10.29	100.0

The tabulation also reveals that 155 customers are under neutral category which covers 22.14%. Out of 178 customers in dissatisfied category, 83 customers are from public sector bank and the remaining belongs to private sector.

It is clear from the table that the overall factors and level of satisfaction of banking customer under highly

dissatisfied category was 6.57% and 14% among public and private sector banking customers respectively.

4) ANOVA - TYPE OF BANK AND OVER ALL FACTORS AND LEVEL OF SATISFACTION

	SUM OF SQUARES	DF	MEAN SQUARE	F-value	P-value	S/NS
Between Groups	37898.949	1	37898.8	22.78	.000**	S
Within Groups	2767776.2	698	1663.66			
Total	2805675.1	699				

** P<0.01　* P<0.05　S-Significant　NS- Not Significant

It is found from the above table that the p-value is less than 0.01 (p<0.01) and the results are significant. Hence, the hypothesis "there is no difference between type of the bank and overall factors and level of satisfaction" is disproved. This shows that there is significant difference between type of the bank and overall factors and level of satisfaction.

5) DETAILS OF MAINTAINING ACCOUNT AND LEVEL OF SATISFACTION OF SERVICE ORIENTED FACTORS (Two way table)

S.No.	MAINTAINING ACCOUNT	FREQ/%	LEVEL OF SATISFACTION					TOTAL
			HS	S	N	DS	HDS	
1	Less than 1 year	Freq	30	41	34	22	20	147
		%	20.4	27.9	23.1	15	13.6	100.0
2	1 year to 5 years	Freq	83	61	62	93	69	368
		%	22.6	16.6	16.8	25.3	18.7	100.0
3	6 years to 10 years	Freq	24	19	59	41	22	165
		%	14.6	11.5	35.8	24.8	13.3	100.0
4	Above 10 years	Freq	6	3	1	5	5	20
		%	30	15	5	25	25	100.0
	Total	Freq	143	124	156	161	116	700
		%	20.4	17.7	22.3	23	16.6	100.0

Source : Computed from Primary Data

It is clear from the above table that the maintenance of account in the bank and level of satisfaction of service oriented factors in highly satisfied category was the highest (30 percent) among customers maintaining account above 10 years and the lowest (14.6 percent) among customers having account between 6 to 10 years. From the satisfied category customers maintaining account less than one year has the highest level of satisfaction of service oriented factors with 27.9 percent followed by customers have account between 1 to 5 years (16.6 percent) with the count of 61.

In the neutral category there are 156 customers and 161 customers are dissatisfied about maintenance of account and service oriented factors.

RELIABILITY FOR FACTORS RELATED TO OPINION REGARDING PROBLEMS FACED BY THE CUSTOMERS WHILE USING THE E-BANKING SERVICE

S.No.	PROBLEMS	SCALE MEAN IF ITEM DELETED	CRONBACH'S ALPHA IF ITEM DELETED
1	E-channels are creating more confusion for customers	71.45	0.774
2	E-banks service charge more hidden cost	71.44	0.772
3	More formalities are required to get issued from the banks	71.33	0.773

4	Lack of ATM service, Crowd in peak hours and Restriction in withdrawal	71.29	0.771
5	Lack of infrastructure and unsuitable location of ATMs	71.21	0.771
6	Inadequate information to customers about product use and problem resolution procedures	71.25	0.777
7	Strain due to e-banking compared to traditional banking	71.03	0.786
8	E-channels are creating relationship among the bank customers and bank employees.	71.44	0.762
9	Significant problem with networks connection(technical).	71.40	0.759
10	Lack of knowledge regarding use of e-channels(technical).	71.33	0.761
11	Smart card sometime creates technical hurdles to make payments.(Technical)	71.46	0.763
12	Technical problems related to wireless internet access	71.43	0.757
13	Technical problem like password management etc.	71.33	0.761
14	Technical problem due to poor electricity and improper Backup for power supply	71.26	0.766
15	Unauthorized access within the network and loss or damage of data by hackers.(security)	71.23	0.789
16	Inability to manage information properly and to deliver products or services.(security)	71.17	0.764
17	Inaccurate processing of transactions and Transaction has not been uploaded (security).	71.24	0.773
18	Security concerns is the most discouraging factor in using E-banking services	71.03	0.791
19	Physical security problem like ATM'S in remote location	71.04	0.787
20	Issues related to Mobile banking	71.38	0.789
	MEAN		75.038
	VARIANCE		54.73
	STD. DEVIATION		7.397
	CRONBACH'S ALPHA		0.782
	NO. OF ITEMS		20

It's found that all the measurement scale problems are reliable as the Cronbach's alpha coefficient of 0.782. It is greater than the threshold level of 0.70. It's provided good estimates of internal consistency reliability and also coefficient alpha values ranged from 0.757 to 0.789 for all the constructs. It is indicating that the scales used in this study were reliable. It clearly indicates that above scale items are consistent with each other and they are reliable measure of factors related to opinion regarding problems faced by the customers while using the e-banking service, so that it can be used for next analysis.

IX.   FINDINGS

- The gender and customer perception of e-banking services under strongly agree category was 21.9 percent in which 113 are male and 40 are female customers. Out of 108 customers, 21 are female who belongs to agree category and the remaining are male. The analysis also reveals that 142 customers are male and 32 customers are female under neutral category which is 24.9%. Out of 137 customers, 90 are male who belongs to disagree category and the remaining are female.

- It is clear that the gender and customer perception of e-banking services under strongly disagree category was 18.2% and 93 are male and 35 are female customers respectively. Chi-square test implies that there is significant difference between gender and customer perception about e-banking services. Maximum 38% of the respondents are students, Mostly 34% of the respondents earn monthly income of Rs 20000-Rs 30000.

- Types of bank and customer perception of E-banking services under strongly agree category has 23.3 percent in which 85 are public bank customers and 78 are private bank customers. Out of 151 customers, 87 are public bank customers who belong to agree category and the remaining are private bank customers. The analysis also reveals that 93 customers are public bank customers and 85 customers are private bank customers who are under neutral category which

accounts for the total of 25.4%. Out of 129 customers, 49 are public bank customer disagree category and the remaining are private bank customers.

- It is clear from the analysis that type of bank and customer perception of e-banking services under strongly disagree category was 11.3% and 36 are public bank customers and 43 are private bank customers respectively. Chi-Square implies that there is significant difference between type of bank and customer perception of e-banking service at 5% level. Most 42% of the respondents using the foreign branded cosmetics for the past 3-5 years, Majority 68% of the respondents purchase the foreign branded cosmetics on monthly basis.

- It is clear from the above analysis that the maintenance of account in the bank and customer perception of e-banking services in strongly agree category was the highest (27.2 percent) among customers maintaining account less than a year and the lowest (3 percent) among customers having account more than 10 years. From the agree category customers maintaining account less than one year has the highest level of perception with 21.1 percent followed by customers have account between 1 to 5 years (17.1 percent) with the count of 63.

- In the neutral category customer having account between 1 to 5 years has 92 numbers followed by customer maintaining account between 5 to 10 years with the count of 52. From the overall analysis it is clear that the neutral category has highest number of respondents with the count of 172 followed by strongly agree category 153.

- It is found from the analysis that the p-value is less than 0.01, the results are significant. Hence, the hypothesis "there is no difference between type of the bank and overall factors and level of satisfaction" is disproved. This shows that there is significant difference between type of the bank and overall factors and level of satisfaction.34% of the respondent use foreign branded cosmetics to look beautiful, Majority 52% of the respondents highly satisfied the cost effectiveness of Procter and Gamble.

X.   SUGGESTIONS

- Delivery of Financial Services: The delivery of financial services at affordable costs to vast sections of people including disadvantaged and low income groups' is relates to financial inclusion. Unrestrained access to public goods and services is the sine qua non of an open and efficient society.

- Availability of Banking: It is argued that as banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of public policy.Nowadays the sales strategy is moving towards giving free gifts, offers, etc.., for the products. Hence, in order to withstand in the market and to increase the market share the manufacturers should give free gifts, offers, etc.., from charging the reasonable price.

- Customers' Feedback: The banks must get customers' feedback to handle the complaints. This not only provides a service to the customers but also provide the bank with valuable information for future development on electronic service. The e-banks must take a lot of effort in creating awareness among existing and prospective customers about the benefits of the e-banking services as the success of e-banking depends on customers' satisfaction. The banks should organize public exhibitions and talk proved and make the services accessible to all customers. Thus customers' interest would be aroused.

- Continuous Improvement: Banks need to develop their e-banking services so that their service will not be out of date, thus leading to that customer choose other e-banks which are better developed and modern. Banks need to recognize the potential of new innovation and utilize them, besides implementing new innovations, it is important that banks also develop their services and to personalize even further in order to satisfy their customers.

XI.   CONCLUSION

Indian economy is witnessing stellar growth over the last few years. There have been rapid developments in infrastructural and business front during the growth period. Internet adoption among Indians has been increasing over the last one decade. It is also found that customers enjoying electronic banking services are still not satisfied with quality and efficiency of the services. Customers perception of and reactions to the developments of e-banking services are issues of concern to both government and banking industry. A lot need to be done to create confidence in the minds of customers about the benefits and security of the e-banking services which is the primary responsibility of Reserve Bank of India which controls and governs the activities of Indian Banks. There is a need for total satisfaction with regard to all the qualities of nature of e-banking services and different modes of services. A special emphasis must be given for the security which

would promote customers in using e-banking services to the largest extent.

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