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## A STUDY OF CUSTOMER PERCEPTION TOWARD E- BANKING SERVICES OFFERED BY BANKS WITH REGARDS TO CHENNAI CITY.

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### ABSTRACT

*The purpose of this paper is to determine the customer's perception toward the e- banking services. In this changing environment, banking is transformed from manual business to electronic business, as we need banking not banks, a statement given by Bill Gates. E-banking facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services considerably.*

*The study highlight the customer perceptions regarding e - banking services through a survey conducted. The major findings of this study is that customers of bank were interested in e-banking services, but at the same time they are facing many problems regarding e-banking services like inadequate knowledge, poor network, lack of infrastructure, unsuitable location, misuse of ATM cards and difficulty in opening an account etc.*

**KEY WORDS : Banking Sector, ATM, E-Banking Services**

### INTRODUCTION

The invention of Internet & web technology has given birth to so many new concepts in Business one of such example is emergence of Internet banking. Internet banking is one of the latest emerging trends on the Indian banking Scenario. Usage of internet banking, though present in India was restricted to foreign banks. Today most of public sectors banks branches in metros and cities, have computerized front office operations (customer transaction) and their back office operation and

information management systems are also increasingly getting computerized and integrated. However, it may be noted that the traditional 'Brick and mortar' banking with manual system does continue to prevail in most banks, rural branches in urban areas too, most of the urban co-operative banks continue to use the manual system of banking.

The article studies the comparative study of real banking & internet banking in India and its role in fostering relationships with customers and giving them more value. The proposed study includes the customer's satisfaction towards E-Banking, merits and demerits of real banking and Internet banking. This work will also include the comparative study of internet banking and real (Traditional Banking) banking. Results have shown that Internet Corporation (banking) can produce financial rewards for the organization.

The rise of PCs has created a group of customers with the ability and desire to conduct remote transactions. Technological advances have shifted retail banking's historical reliance on branches. Many banks have expressed a desire to reduce the number of bank branches and shift transactions to lower-cost electronic channels. Further the advent of 'pure' virtual banks - banks with no branches or ATM-based - called into question the importance of bank branches, even driving some to predict that branches will one day be virtually eliminated from retail banking distribution.

E-banking means Internet banking or modern banking or online banking. In this method, customer gets his bank account ID and password and he can check his account, pay his bill and print this receipt through his home personal computer which is connected with Internet. E-Banking is development of today banking system. In other words e.g. banking is electronic banking whose facility, we can take through your regular broadband Internet connects.

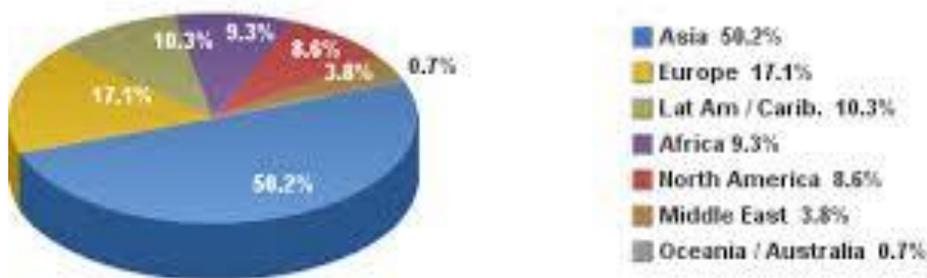
"Tremendous growth of internet during the mid-nineties prompted banks to utilize it as a same medium for offering banking services. This transformation gave birth to Internet Banking in India. In Internet banking, banks allow their customers to perform banking transactions through their website in a secure way. ICICI Bank was the first bank in India that offer their delivery channel, by kicking off its online banking services in 1996. Other private sector banks like Citibank, IndusInd bank and HDFC Bank started offering Internet Banking services in 1999.

## GENERAL BANKING SCENARIO IN INDIA

The general banking scenario in India has become very dynamic now-a-days. The picture of Indian banking was completely different as the Government of India initiated measures to play an active role in the economic life of the nation. Another Work done by Parasuraman, Zeithaml and Berry (Leonard L) between 1985 and 1988 provides the between the customers expectation of performance and their perceived experiences of performance. This provides the measurer with a satisfaction Gap which is objective and quantities in nature. The Reserve Bank of India was nationalized on January 1, 1949 under the terms of the Reserve Bank of India (Transfer to Public Ownership) Act, 1948. In 1949, the Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) to regulate, control, and inspect the banks in India. The Banking Regulation Act also provided that no new bank or branch of an existing bank could be opened without a license from the RBI, and no two banks could have Common directors. By the 1960s, the Indian banking industry had become an important tool to facilitate the speed of development of the Indian economy. The Government of India issued an ordinance and nationalized the 14 largest commercial banks with effect from the midnight of July 19, 1969.

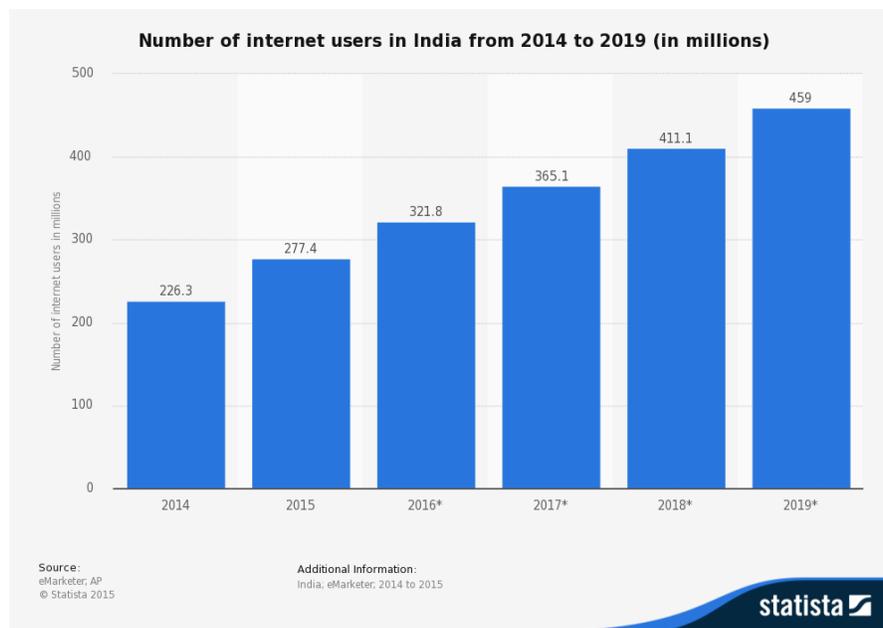
## INTERNET USER IN THE WORLD

### Internet Users in the World by Regions - March 25, 2017



Source: Internet World Stats - [www.internetworldstats.com/stats.htm](http://www.internetworldstats.com/stats.htm)  
Basis: 3,731,973,423 Internet users on March 31, 2017  
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## INTERNET UESR IN THE BANK



### OBJECTIVE OF THE STUDY

- To study how Internet Banking enhance the efficiency of Banking Industry.
- To examine the essential factors of customers' discernment towards Internet banking as well as real banking services.
- To compare the perception of Internet Banking users and real banking users on the basis of different identified factors.
- To suggest guideline to bank to improve the Internet Banking users base in the light of outcomes of the present study.
- To open new vista so for research and develop a base for application of the findings in terms of implication of the study.

### NEED FOR THE STUDY

As the world of banking is divided into two types of users viz. Traditional Banking Users and Internet Banking Users therefore, the need of the hour is to find the perceptions of these two types of customers towards the irrespective banking. At the same time, the study also aims to find out the parameters of customers satisfaction towards E-Banking.

## LIMITATION OF THE STUDY

- The scope of the proposed study is confined to the velachery.
- The proposed study does not intend to throw any light on the MIS of the existing corporations.
- The present study suffered small sample size (25) which might not be factual representative of the whole population of the banking sector.

## REVIEW OF LITERATURE

Uppal R. K (2008) has analysed the quality of e- Banking services in the changing environment on the basis of 5 point likert –type scale with different statistical tools such as rated average method and ranking. The study concludes that most of the customers of e - banks are satisfied with the different e – channels and their services, but the lack of awareness is a major obstacle in the spread of e – banking services.

Tawani A. A. (2010), “Services provided by the bank through E-banking in India”, conducted the research on the customers of ICICI bank and HDFC bank to check the awareness of internet banking and to examine the satisfaction relating to e-banking services.

Gupta P. K. (2008) The paper identifies the weaknesses of conventional banking, explores the consumer awareness, use patterns, satisfaction and preferences for Internet banking vis-à-vis conventional form of banking, and highlights the factors that may affect the bank’s strategy to adopt Internet banking.

Safeena et al (2010) determines the consumer’s perspective on internet banking adoption. Finding shows that perceived usefulness, perceived ease of use, consumer awareness and perceived risk are the important determinants of online banking adoption and have strong and positive effect on customers to accept online banking system.

Uppal, R.K (2011) threw light on growth of information technology in various banks. The objective of this research is to analyze the extent of technological developments in various bank groups. Findings shows as compared to new private sector banks and foreign banks, in public sector banks very less IT has taken place. The maximum technology is taking place in new generation private sector banks and foreign.

Rao, K. Rama Mohana and Lakew, TekesteBerhanu (2011) examines the service quality perceptions of customers of public sector and private sector banks in the city of Visakhapatnam,

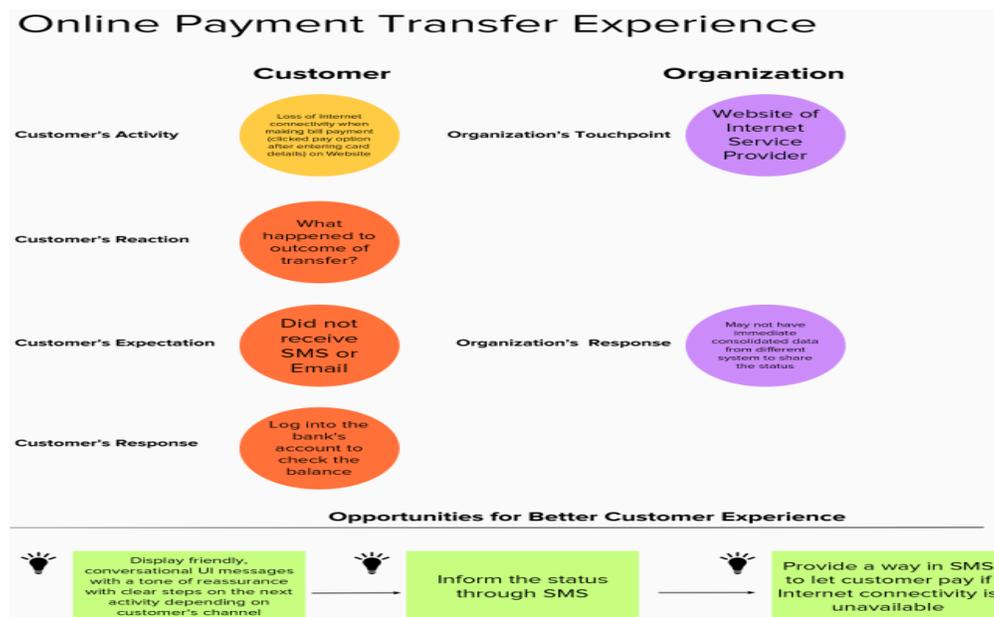
India. The author reveals that the Reliability and Assurance dimensions of service quality scored the highest ratings while the Tangibles dimension got the lowest score. Moreover, the study found a strong dissimilarity in service quality perceptions between customers of private sector and public sector banks.

Santhiyavalli, G. (2011) determined the customer's perception of service quality of the select branches of State Bank of India and study the major factors responsible for their satisfaction. In this research SERQUAL Model has been used and study indicates that among five dimensions 'Reliability', 'Responsiveness', 'Empathy' and 'Tangibility' are the major factors responsible for customer satisfaction.

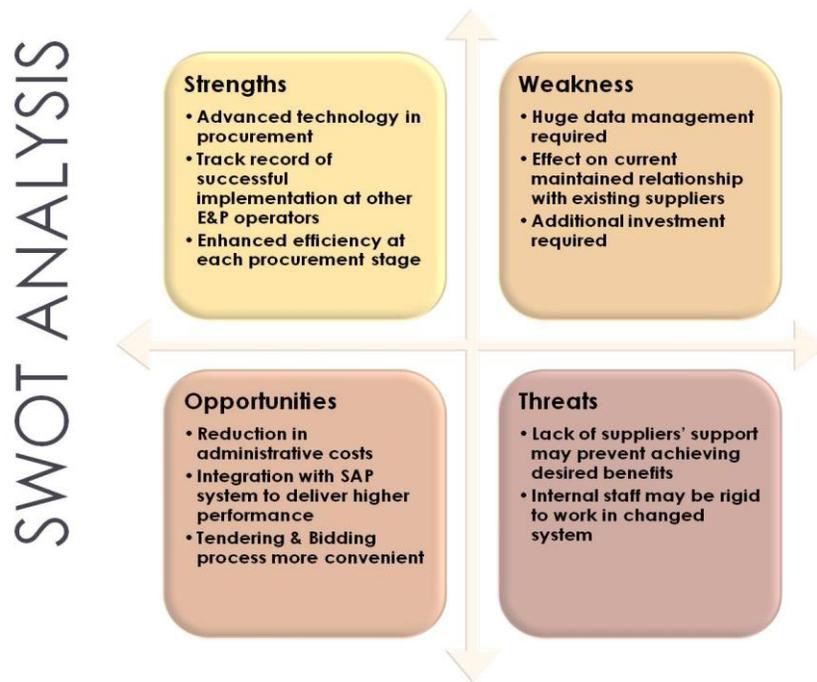
Dharmalingam,S. And Kannan,K. V. (2011) evaluate the service quality in retail banking in the Tamil Nadu, based on different levels of customers' perception regarding service quality. Data are collected from Three Private Banks, ie. ICICI, AXIS and HDFC Bank. Sample size of this research is 240. The result indicates that customers' perception is highest in the tangibles area and lowest in the Product Variety area.

Bahl,Sarita ,(2012)determined that security and privacy issues are the big issue in e-banking. If security and privacy issues resolved, the future of electronic banking can be very prosperous.

## CUSTOMER EXPERIENCE



## SWOT ANALYSIS IN BANKING SECTORS



### Research Methodology

We use descriptive research and exploratory research designing our studies. Descriptive research is also called Statistical Research.

### Results and Discussions

#### Research Type

1. To study the relation of Gender, Income and Age wise awareness level of respondents regarding E-Banking.

Particular	Yes	No	Total
<b>Gender Wise</b>			
Male	40	10	50
Female	44	6	50
<b>Total</b>	<b>84</b>	<b>16</b>	<b>100</b>
<b>Income Wise</b>			

Less than 2lakhs	15	5	20
2- 4 lakhs	40	15	55
More than 4 lakhs	15	10	25
<b>Total</b>	<b>70</b>	<b>30</b>	<b>100</b>
<b>Age Wise</b>			
Less than 25	40	5	45
25- 40	25	15	40
40 – 60	8	2	10
More than 60	5	0	5
<b>Total</b>	<b>78</b>	<b>22</b>	<b>100</b>

From the above table, Majority of the respondent aware about the online banking as gender, income wise and age wise, only 16% of them not aware about e-banking services.

2. To study how many respondents are using e-banking services regularly:

#### Respondent using E-banking services

<b>Particular</b>	<b>Yes</b>	<b>No</b>	<b>Total</b>
<b>Gender Wise</b>			
Male	45	5	50
Female	45	5	50
<b>Total</b>	<b>90</b>	<b>10</b>	<b>100</b>
<b>Income Wise</b>			
Less than 2lakhs	15	5	20
2- 4 lakhs	50	5	55
More than 4 lakhs	15	10	25
<b>Total</b>	<b>80</b>	<b>20</b>	<b>100</b>
<b>Age Wise</b>			
Less than 25	40	5	45
25- 40	30	10	40
40 – 60	10	0	10
More than 60	5	0	5
<b>Total</b>	<b>85</b>	<b>15</b>	<b>100</b>

From the above table, Majority of the respondent using online banking services as gender, income wise and age wise, only 15% of them not using regularly e-banking services.

**3. To study how many respondents are using e-banking services regularly:**

Particular	ATM	E-Shopping	E-Investment	Fund transfer	Online payment	Credit card	Bank statement
<b>Gender Wise</b>							
Male	45	25	73	80	90	70	65
Female	45	60	50	20	85	30	20
<b>Total</b>	<b>90</b>	<b>85</b>	<b>123</b>	<b>100</b>	<b>175</b>	<b>100</b>	<b>85</b>
<b>Income Wise</b>							
Less than 2lakhs	15	25	24	35	40	57	20
2- 4 lakhs	50	51	15	45	27	22	50
More than 4 lakhs	15	10	20	15	28	18	30
<b>Total</b>	<b>80</b>	<b>76</b>	<b>59</b>	<b>95</b>	<b>105</b>	<b>97</b>	<b>100</b>
<b>Age Wise</b>							
Less than 25	65	34	82	45	60	75	45
25- 40	56	44	34	15	30	40	40
40 – 60	80	50	35	13	35	26	10
More than 60	40	30	45	10	14	15	5
<b>Total</b>	<b>241</b>	<b>158</b>	<b>196</b>	<b>83</b>	<b>139</b>	<b>156</b>	<b>100</b>

From the above table, it is clear that respondent frequently using ATM, Online shopping etc., when compare to e-investment through e-banking services.

**Conclusion and Suggestions**

This paper has focused on apprising the customer of perception about e –banking services. Three research objectives guided the study and data were collected through questionnaire and analysed descriptively using percentages. It was discovered that customers adapting e- banking services

very leisurely such as ATM, home banking, use of payment cards to mention but a few. As per study only 95% people are aware about E-banking Services. Majority of the people using E-Banking services regular basis. Here it can be concluded that people have around 45 % people have positive perception & are satisfactory with E-Banking. Still people of these areas are not using all the E-banking services frequently because they very little more knowledge about computer and internet; so they feel hesitation is using E-banking services.

The success of Internet banking not only depends on the technology but also on, to the large extent the attitude, commitment and involvement of the operating at all levels and how far the customers reap the benefits from Internet banking services.

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