



A study on customer's perception towards e-banking services: Evidence from selected Taluks of Virudhunagar district

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Abstract

Banking sector has witnessed a tremendous growth in technology and contributed to the growth of the country in the past few years. Many researches had been done in the customer's taste and preference in e-banking prior to demonetization and had not been done in Virudhunagar district. So this research focuses on the attitude of customers utilizing e-banking services in selected private banks of Virudhunagar district. By adopting random sampling, 250 respondents were selected and data collected by means of scheduled interview. This study shows that more customers have accounts in Tamil Nadu Mercantile Bank than any other private banks and there is fear and hesitation among the respondents in using e-banking services. The acceptance of e-banking in India is lower compared to that of the adaptation of ATMs.

Keywords: e-banking, private bank, ATM card, customers, garret ranking

1. Introduction

The banks play a dominant role in mobilizing the people's savings of the country. The banking system is called as "Life Blood" of trade and commerce as it is the most dominant financial sector. The first bank established in India was the Bank of Hindustan which was started at Kolkata in 1770. In 1969, Former Prime Minister of India, Smt. Indira Gandhi had nationalized 14 largest commercial banks and later in 1980, 8 banks were nationalized.

The IT revolution had a great impact on the Indian banking system. The usage of various technologies such as internet, computers, smart phones, etc. led to the introduction of e-banking services in the Indian economy. E-banking initiatives by the Reserve Bank of India had allowed Indian banks to offer a new banking experience for their customers. The ATM revolution in India was started by banks like ICICI, HDFC, Axis Bank, etc. Another major innovation in the last decade is the introduction of Internet banking in India, which offers many services to the customer. The first bank in India that offered e-banking services is ICICI in 1996.

2. Review of literature

- Vijay M. Kumbhar (2011) ^[1] states that factors such as cost effectiveness, security, easy to use, etc., play an important role in customer satisfaction towards e-banking. Therefore service quality of e-banking would increase and customer perception would change, if the banks would consider those factors ^[1].
- Bahl, Sarita, (2012) ^[2] states that technical glitches and security issues are the major part of emerging challenges in the e-banking. To eradicate, regular testing should be done by internal and external experts. Costly procedure but would be beneficial to the banking industry in the long-run ^[2].
- Dr. S. John Gabriel, *et al* (2013) ^[3] states that majority of

the respondents feel secured in carrying ATM cards than having cash, easy to get lost ATM cards and they face various technical issues in using ATM cards. The study also states that security in ATM should be increased and cash deposit machines should be installed in all the ATM's ^[3].

- Shunbo Yuan, *et al* (2014) ^[4] states that safety of mobile banking should be increased to increase the number of users and to increase their satisfaction. They also state that banks need to give the customers, an easy interface for mobile banking and men think more about the risk associated with the usage of mobile banking than women and adaptation of technology has become a major issue ^[4].
- Vanita Joshi, *et al* (2015) tells that customer perception towards e-banking remains the same for both public sector and private sector banks and the banks need to provide customized internet banking services to the customers and enhance the security of e-banking services ^[5].
- MM Rahman, *et al* (2016) ^[6] found out that people within the age group of 24-29 use e-banking more than other age groups, educated people only use e-banking and people who are more educated feel secure in using e-banking system. The authors also found that the cost of the services act as a main constraint and people doesn't have proper understanding about the services ^[6].
- Dr. Swetha Singhal (2017) ^[6] through her study found out that many people are partially aware of the e-banking services. E-banking services which most of the respondents are completely aware of credit card, bill payments, SMS facility, searching bank products and mobile/DTH recharge facility. Moreover private sector banks charge more than the public sector banks ^[7].

3. Objectives

- To find the various e-banking services used by the

customers.

- To find the factors influenced them and the frequency of usage.
- To highlight the e-banking habits of the respondents to analyze the problems faced by the customers in using e-banking services.

4. Research Gap

The review of literature reveals many researches done prior demonetization and in cities. No research done in Virudhunagar district and as the time gap of the study is limited only to private sector banks and 5 taluks of Virudhunagar district had been chosen.

5. Methodology:

There are totally nine private sector banks having branches operating in the selected taluks of Virudhunagar district. But only five were considered. The selected taluks of Virudhunagar district are Rajapalayam, Sivakasi, Sattur, Virudhunagar and Srivilliputhur. Majority of these bank customers are using ATM cards, Credit card and Mobile banking services. Totally 250 customers of the banks were selected on the basis of random sampling method. The results of the analysis were shown in the form of frequency tables. Simple tables are prepared for understanding the general profile of the respondents and simple statistical techniques such as Simple frequency table, Garratt Ranking Methods and ANOVA are used.

6. Demographic Profile of the respondents

Demographic profile refers to the data about the respondents of the study.

Table 1: Demographic Profile

Particulars	No of respondents	Percentage
Gender		
Male	143	57.2
Female	107	42.8
Age		
Below20	61	24.4
20-30	89	35.45
30-40	51	20.4
40-50	29	11.6
Above 50	20	8
Marital status		
Married	191	76.4
Unmarried	59	23.6
Educational Qualification		
HSC	57	22.8
UG	101	40.4
PG	43	17.2
Professional courses	19	7.6
Diploma	30	12.0
Occupation		
Employee	98	39.2
Professional	40	16
Business	69	27.6
Student	43	17.2
Monthly Income		
Less than 20000	83	33.2
20000-30000	69	27.6
30000-40000	49	19.6
40000-50000	34	13.6
More than 50000	15	6

As shown in Table 1, out of 250 respondents, 143 were male while the rest were female. Out of 250 respondents, around 17% of them were students, 39.2% were employees, 16% were professionals while the rest around 28% were doing business. 83% respondents monthly income is less than 20000/-per month.

7. Banking profile of the respondents

It refers to the details of about the banking services used by the respondents.

Table 2: Banking profile

Particulars	No. of Respondents	Percentage
Name of private banks		
Tamil Nadu Mercantile Bank	53	21.2
HDFC Bank	24	9.6
Axis Bank	37	14.8
IndusInd Bank	36	14.4
ICICI Bank	32	12.8
Other Banks	68	27.2
Types of Account		
Current Account	63	25.2
Savings Account	95	38
Fixed Deposit Account	61	24.4
Recurring Deposit Account	31	12.4
Period of Operation		
Less than 10 years	115	46
10-20 years	63	25.2
20-30 years	44	17.6
30-40 years	15	6
More than 40 years	13	5.2
No. of ATM cards		
1	28	11.2
2	45	18
3	43	17.2
Above 3	134	53.6
Period of using ATM cards		
Less than 2 years	36	14.4
2-4 years	47	18.8
4-6 years	48	19.2
6-8 years	34	13.6
Above 8 years	85	34
Frequency of Using ATM		
Daily	51	20.4
Once in a week	78	31.2
Twice a month	82	32.8
Once a month	39	15.6
Frequency of using E-banking		
Once a month	39	15.6
Twice a month	82	32.8
Once a week	78	31.2
Daily	51	20.4

Out of 250 respondents 21.2% of them have account in TMB, 9.6% of them hold account in HDFC, and around 15% of them hold account in Axis bank, 14.4% of them hold account in IndusInd. Around 13% of them holds account in ICICI bank, while the rest in other banks. It has also been found that around 33% of them use E-services more or less twice in a month and 31% of them use E-services more or less once in a week. It also has been found that safety motive was the factor for using e-services.

8. E-banking services

E-banking services are one of the innovative products in the modern banking system. The research information has been

collected about the usable e-banking services provided by the private banks of the sample respondents. The respondents were asked to identify and rank them in the order of most usable e-services offered by the selected private banks.

Table 3: E-Banking services

S. No	E-Banking services	Garrett Scores	Average Score	Garrett Rank
1.	ATM Card	13851	55.40	I
2.	Credit Card	12707	50.83	III
3.	Mobile Banking	13166	52.66	II
4.	Smart Card	10946	43.78	V
5.	Internet Banking	11580	46.32	IV

From Table 3 it is clear that among the five banking services, ATM Card, secures first rank and is the main usable e-services by the sample respondents. Mobile banking and

Credit card secure second and third rank respectively. Internet Banking secure fourth rank and Smart Card is the least e-services used by the collected respondents in the private sector banks in Virudhunagar district. It has also been found that the common problems faced by the respondents are Forget password, difficult interface, slow response from server, High charges and frequent requirement to change password.

9. Age and the problems faced in using e- banking services

To test the impact of age on the various problems faced in using e- banking services such as Forget password, difficult interface, slow response from the server, High charges and frequent requirement to change password ANOVA test is used.

Ho: There is no significant effect of age on the problems faced in using E- Banking services

Table 4: Impact of Age on the problems faced in using E-banking services

Problems faced in using e-banking services		Sum of Squares	df.	Mean Square	F	p value
Forget password	Between Groups	7.097	2	3.549 0.376	9.446	0.000
	Within Groups	92.796	247			
	Total	99.893	249			
Difficult interface	Between Groups	7.165	2	3.583 0.376	9.529	0.000
	Within Groups	92.864	247			
	Total	100.030	249			
Slow response from server	Between Groups	2.132	2	1.066 0.389	2.738	0.067
	Within Groups	96.157	247			
	Total	98.289	249			
High charges	Between Groups	0.626	2	0.313 1.474	0.212	0.809
	Within Groups	364.157	247			
	Total	364.783	249			
Frequent requirement to change password	Between Groups	3.560	2	1.780 0.560	3.179	0.043
	Within Groups	138.320	247			
	Total	141.880	249			

The above table 4 unfolds the fact that the 'p' value is less than 0.05 in case of problems faced by the respondents in using internet banking services such as Forget password ($p = 0.000$), Difficult interface ($p = 0.000$) and frequent requirement to change password ($p = 0.043$) and hence the null hypothesis framed is rejected. This implies that the above said are the most common problems faced by the aged respondents. There are greater chances of forgetting password due to increase in age unable to follow the small letters displayed results in difficult interface and as they forget password frequently they need to change the password which they feel reluctant. Slow response from the server ($p = 0.067$) and High charges ($p = 0.809$) wherein the 'p' value is greater than 0.05, they not significant and the hypothesis framed is accepted. Age does not have impact on the problems such as high charges and slow response from the server. Bank charges

are levied following the RBI rules but even then private banks charges are high compared to public sector banks. Slow response from the server or Network error is not the problem generated by the bank it is technical problem.

10. Frequency in using E- banking services and the problems faced in using E- banking services

To test the impact of banking habit of frequency in using e-banking services and the various problems faced in using e-banking services such as Forget password, difficult interface, Slow response from the server, High charges and frequent requirement to change password ANOVA test is used.

Ho: There is no significant effect of frequency in using e-banking services on the problems faced in using e-banking services

Table 5: Impact of Frequency in using E-banking services and the problems faced in using E-banking services

Problems faced in using e-banking services		Sum of Squares	df.	Mean Square	F	p value
Forget password	Between Groups	10.115	2	2.529 0.366	6.901	0.000
	Within Groups	89.778	247			
	Total	99.893	249			
Difficult interface	Between Groups	10.058	2	2.515	6.848	0.000

	Within Groups	89.971	247	0.367		
	Total	100.030	249			
Slow response from server	Between Groups	3.450	2	0.862	2.228	0.067
	Within Groups	94.839	247	0.387		
	Total	98.289	249			
High charges	Between Groups	1.698	2	0.425	0.286	0.887
	Within Groups	363.085	247	1.482		
	Total	364.783	249			
Frequent requirement to change password	Between Groups	7.950	2	1.988	3.636	0.007
	Within Groups	133.930	247	0.547		
	Total	141.880	249			

From the table5 it is crystal clear that the fact that the frequency of using E-banking services has its impact on problems faced by the respondents in using internet banking services as the 'p' value is less than 0.05 in case of problems faced by the respondents in using internet banking services such as Forget password ($p = 0.000$), Difficult interface ($p = 0.000$) and frequent requirement to change password ($p = 0.007$) and hence the null hypothesis framed is rejected. This implies that depending on the frequent usage of E-banking services the problems faced by the respondents vary. The problems faced by the respondents in using E – Banking services namely, Slow response from the server ($p = 0.067$) and High charges ($p = 0.809$) wherein the 'p' value is greater than 0.05, they are not significant and the hypothesis framed is accepted. This shows that frequency of using E- Banking services does not have its impact on the problems such as high charges and slow response from the server. In a nut shell it is concluded that respondents using E-Banking services once a month has to change the password every time they login and they forgot password and finds it difficult as they are not frequent users of E-Banking services.

11. Findings

- Around 27% of the respondents are in age group of 30-40 while only around 5% of the respondents are between age group of less than 20.
- Around 28% of the respondents in the selected taluks of Virudhunagar district are Post graduates and around 26% of them are graduates.
- The study has revealed that 27.2% of the respondents earn less than Rs.20,000 per month because more number of people in selected taluks belongs to low income groups and had been working directly or indirectly on small scale industries like manufacturing of crackers, printing, spinning, etc.
- Out of the respondents 250 respondents, around 30% are holding their account in Tamil Nadu Mercantile Bank.
- The analysis reveals that around 39% of the respondents are holding ATM cards for less than 2 years.
- The study shows that self interest is the most important factor that influenced around 32% of the respondents for getting ATM card.
- Most of the respondent's reason of using ATM card is the security purpose.
- There is a relation between age and the problems faced in using e –banking such as Forget Pin, difficult interface.
- There is a relation between frequency of using e- banking and the problems faced in using e –banking such as

Forget Pin, difficult interface.

12. Conclusion

The present study is made to analyze, the customers' preference towards E-Banking services of the selected private sector Banks in selected taluks of Virudhunagar district. The importance of security and privacy for the acceptance of E-banking services has been noted in many private sector banks study and found that people have weak understanding of E-banking services, Compared to Mobile phone usage, the usage of E-banking apps in mobiles is less. Though consumer confidence is high on their bank, the usage of e-banking services is less. In short Modi's cashless transaction fails to reach the rural area. E-banking service should gain the confidence of the customers which in turn will surely reflect on the productivity and profitability of the banks. Thus it can be said that the cashless transaction has not reached in the rural areas.

13. References

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