

Customers' Perception about E-Banking

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Abstract

The technology revolution has paved way for more innovative ways of processing of the services in the banking industry. The banks compete with each other on this platform to cut a competitive edge. Today e-banking has experienced phenomenal growth and has become one of the main avenues for banks to deliver their products and services. The study entitled as “**A Study on Customers' Perception About E-Banking**”. The main objective of this study was to understand the perception of the customers about e-banking and identify the major factors which determine the customer preference towards e-banking. Collected data are analyzed by using statistical tools such as correlation, chi-square and exploratory factor analysis. With the help of analyzed data inference has been made. Suggestions have been given to help the bank's marketing performance.

KEYWORDS : e-banking, correlation, chi-square test, debit card, credit card, net banking.

I. INTRODUCTION

Technology has been playing most essential and important part for the mankind development. During the last two hundred years, technological changes have often been related to economic growth in the form of new types of goods and services. Electronic information technology can be defined as the modern handling of information by electronic means, which involves its access, storage, processing, transportation or transfer and delivery. In the financial institutions electronic technology has been playing a role in improving services, introducing new products, easy enquiry, and saving time. In modern world technology has been picked to provide solutions to all most every sector that greatly include education, health, library, communication and many more.

People in India are getting aware of their right on quality and value added services for their money. Banking industry in India realized what customers need and their expectation on the banking services. Therefore, the new generation private commercial banks are furnished with necessary electronically technical infrastructure. Most people go to the old fashioned bank for banking services only then when they do not have other alternatives. People mostly like technology equipped banks for prompt and efficient services and easy access to account information. People are no longer interested to spend hour in the bank. They want quick services and which can only be ensured through proper application of relevant technology.

Banks have adopted electronic technology throughout the world for the basic reasons: To protect, to increase market share to reduce operating costs and generate new revenue

II. NEED FOR THE STUDY

Internet technology is rapidly changing the way personal financial services are designed and delivered. Hence, banks have found themselves at the forefront of technology adoption for the past three decades. Banks began to look at electronic banking as a means to replace some of their traditional bank services; they have introduced new business challenges. The study is focused on the perceptions of customers regarding the use of electronic banking services. The findings of this study will be useful for the banking sector in assessing the impact of information technology and in formulating appropriate strategies for building customer loyalty, thereby enabling them to retain customers.

III. SCOPE OF THE STUDY

The banking industry believes that by adopting new technology, the banks will be able to improve customer service level and tie their customers closer to the bank by the study on customers' perception about e-banking. Meanwhile, the banking industry has been also looking for new methods to expand its customer base and to counteract the aggressive marketing effort of those non-traditional banking entities. Many banks quickly realized that there are a huge number of customers willing to do banking electronically. For instance, e-banking services will allow banks to reduce expenditures on physical structures and is user-friendly with customers.

IV. REVIEW OF LITERATURE

Banking has never been more important to our society than it is today. The advance of communication and computer technology and the availability of the internet have made it possible that one can do most banking transactions from a remote location even without stepping into a physical financial structure. The emergence of e-banking has been viewed as a revolutionary progress in the banking industry.

V. RESEARCH METHODOLOGY

The study is taken up as a descriptive research. A survey amongst the customers of SBH was taken up in Thudiyalur Branch, Coimbatore. The study is based on primary and secondary data but it is greatly dependent on primary data (field survey). In this we study various steps that are generally adopted by the researcher in studying their problem along with logic behind them and finding solution. This type of research describes what exists and may help to uncover new facts and meaning.

A. Data Collection

Primary Data was collected by conducting face to face interviews with respondents i.e. customers visiting the bank and some respondents are also collected online.

Secondary Data was collected from various text books of banking and finance, journals, e-journals and bulletins of SBH.

B. Sampling Method

The technique adopted for the study was convenience sampling under non-probability sampling method. Convenience sampling is a type of non-probability sampling which involves the sample being drawn from that part of the population which is close to hand. i.e. a sample population selected because it is readily available and convenient. The population under studies is all customers of SBH Thudiyalur who use e-banking and customers giving fresh applications for e-banking.

i. Sample Size

It refers to the number of elements to be included in the study. Sample size of the study is 200 customers all over Coimbatore.

ii. Sample Unit

The respondent's are primarily from common households comprising of professionals, business persons, students, homemakers, retired persons, unemployed etc.

VI. DATA ANALYSIS

The data had been tabulated and percentage had been used to interpret the data. Hypothesis had been framed to test the various dimensions. SPSS 16 has been used for analysis.

A. Statistical Tools Used for the Study

- Correlation
- Chi-square test
- Exploratory factor analysis

B. Analysis and Interpretation

i. Reliability Test

Of the thousands of measurement scales that have been constructed, two critical questions are asked of each: "is it reliable" and "is it valid" the question of reliability addresses the issue of whether this instrument will produce the same results each time it is administered to the same person in the same setting. For this reason the cronbach's alpha test of reliability is done. Cronbach's alpha is designed as a measure of internal consistency. Alpha is measured on the same scale as a Pearson R and typically varies between 0 and 1. The closer the alpha is to 1.00 the greater the internal consistency of items in the instrument being assessed. The cronbach's alpha must be above .500 for the minimum tolerance level. The following is the reliability statistics table for this study.

ii. Correlation Analysis

Correlation quantifies the extent to which two quantitative variables, X and Y, "go together." When high values of X are associated with high values of Y, a positive correlation exists. When high values of X are associated with low values of Y, a negative correlation exists.

Pearson's correlation is the most reliable and apt method for this study, hence it

has been used.

iii. Chi Square Test Analysis

A measurement of how expectations compare to results. The data used in calculating a chi-square statistic must be random, raw, mutually exclusive, drawn from independent variables and be drawn from large enough sample. The purpose of a chi-square test of independence is to determine whether the observed values for the cells deviate significantly from the corresponding expected values for those cells.

C. Exploratory Factor Analysis

Factor analysis is used mostly for data reduction purposes:

- To get a small set of variables (preferably uncorrelated) from a large set of variables (most of which are correlated to each other)
- To create indexes with variables that measure similar things (conceptually).

Factor analysis is used to determine the perception of e-banking. To examine the appropriateness of factor analysis Bartlett's test of sphericity and Kaiser-Meyer olkin(KMO) measure of sampling adequacy. The KMO statistic 0.500 is considerable.

i. Cost and Time Saving Factor

Use of e-banking facilities reduces a lot of	.760
Use of e-banking facilities has led to reduction of explicit costs	.724

ii. Security Factor

I trust my bank's website for the content	.509
There is complete transparency in the terms and conditions of use	.761
Lack of security in use of online banking facilities poses a threat to confidentiality	.570

iii. Customer Satisfactory Factor

The banks provide prompt aid and services when there is a problem while using the	.699
I am completely satisfied with the technological advancements in the banking services	.905

iv. Technical Factor

I have never had any technical problem while using e-banking facilities	.659
I always use mobile banking facility	.73

v. Percentage Data Interpretation

Percentage analysis is done for finding out the quantitative measurements of data which will be more reliable in getting quantitative information. The percentage analyses are reflected through frequency tables and bar charts.

TABLE 1. Frequency and Percentage of Respondent’s Age.

		Age	Frequenc	Percent
Valid		18-24	98	49.0
		25-35	41	20.5
		36-55	41	20.5
		55>	20	10.0
		Total	200	100.

Inference

This study shows that 49.0% of the respondents are below 24 years, 20.5% of the respondents are 21-35, 10.0% of the respondents are 55> and 20.5% of the respondents are above 36-55 years.

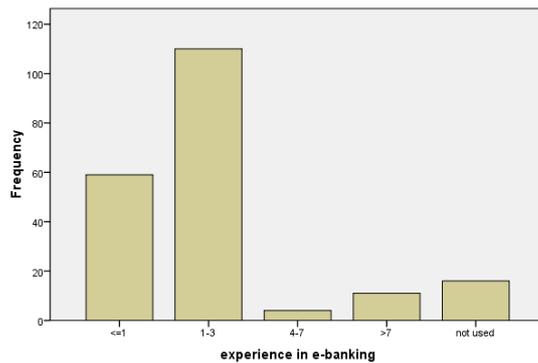


Fig. 1. Chart shows the frequency and percentage of respondents’ experience in e-banking

TABLE 2. Frequency and Percentage of Respondents Facilities Favored by Customers (Multiple Selections)

	credit card	debit card	ATM card	mobile banking	net banking	core banking
respondents	158	102	197	89	92	21

Inference More than 150 of the respondents favored all three cards (credit card, debit card, ATM card), but only around 80 of the respondents favored all three banking (mobile, net and core banking).

VII. FINDINGS

The followings are the important findings found on this research study which will possess some important facts and factors.

- At around 50.0% of the respondents are under the age of 18 to 24 years shows that

youngsters have more awareness about e-banking than others.

- 69.0% of the respondents are male remaining 31.0% of the respondents belongs to female, shows that males are involving more in banking activities.
- 38.0% of the respondents are students, so students play an important role in adopting new technologies.
- 10.5% of the respondents are government staffs, 31.5 % of the respondents are private staffs, 58.0% of the respondents belong to others which include students, business people, housewives etc.
- At around 75.5% of the respondents are graduates, in that 46.0% of the respondents are post graduates, this intimates that educated people are using e-banking.
- 60.0% of the respondents are experts in using e-banking and 84% of respondents are from urban areas.
- At around 78.0 % of the respondents are earning below Rs30,000 shows that middle class people are more keen on using e-banking.
- At around 84.5% of the respondents are having less than three years of experience in e-banking shows that e-banking is emerging more strongly in recent two to three years.
- 74.0 % of the respondents are using internet for less than 2 hours.
- At around 72.0% of the respondents are using their own PC for internet banking so most of the customers are comfortable with their PC. Personal computers play an important part in internet banking.
- The use of internet and mobile banking has not caught up to the same extent as the credit or debit cards.
- The usage of internet of customers has a strong positive correlation with age and gender.
- There is a strong association between occupation and experience in e-banking and at the same time income level of customers and usage of internet of customers has a strong association.
- The security factor and customer satisfactory factor plays an important part in perception of customers about e-banking.

VIII. SUGGESTIONS

- Many of the customers don't have awareness in some e-banking facilities such as core banking, smart card banking, stored cards, charge cards etc. so the banks need to provide proper guidance in available e-banking facilities.
- The banks should open preferable number of branches in rural areas to extend the usage of e-banking by increase of customer base.
- To improve the customers' goodwill banks must first reduce the incidents of security problems related to online transactions.
- Since a considerable number of customers find it difficult to use these facilities, the banks must make an effort to educate them about the use and advantages of these facilities.
- Customer satisfaction is the most important factor so prompt service must be provided when the customer is faced by a problem while using these facilities.
- The customers are eagerly waiting for additional services and technologies so it

will be more favorable to introduce new technologies and services.

- Older customers are hindered by lack of computer skills. They need to be educated on basic skills required to conduct online banking.

IX. CONCLUSION

In a country like India, there is need for providing better and customized services to the customers. Banks must be concerned about the perception of customers with regard to acceptance of e-banking. This study shows that security and customer satisfaction plays major role in perception of customers about e-banking. In this study youngsters perceive e-banking in a positive but at the same time older customers are not able to cop up with technology. Therefore, banks should enhance their services according to expectations of both youngsters and older customers. E-banking services should design with considering needs and difficulties in using e- banking services for low educated people. Every profession and people from various income groups needs some different service features from e-banking. Expected services features would create positive environment for getting more perceived value and satisfaction. Therefore, banks should develop their e-banking services according to expectations of various business and professions and income groups.

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