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## AN ANALYSIS ON CONSUMERS' PERCEPTION TOWARDS THE ELECTRONIC SERVICES IN BANKING SECTOR WITH REFERENCE TO CHENNAI REGION

**Dr. M. Kalaiyarasu<sup>1</sup> and Mr. K. Perumal<sup>2</sup>**

**<sup>1</sup>M.Com., M.Phil., B.Ed., Ph.D., Assistant Professor and Head, PG & Research  
Department of Commerce, Sanghamam College of Arts & Science, Gingee Taluk,  
Villupuram District, Tamil Nadu, India.**

**<sup>2</sup>M.Com., M.Phil., Ph.D., Research Scholar in Commerce (PT), PG & Research  
Department of Commerce, Sanghamam College of Arts & Science, Gingee Taluk,  
Villupuram District, Tamil Nadu, India.**

### ABSTRACT

Banking is now no longer confined to the branches where one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. The most of the customers who start banking online do it because they need to pay bills frequently and would like to do it with minimum effort. The ATM cards, credit cards, debit cards, smart cards, all these have eased human life up to such an extent that today life. The consumers, electronic money (electronic cash and electronic cheques) means greater efficiency than using coins, paper bills, and traditional banks. Geniuses' customers of e-banking and it is found to be important to have a comparison between the public and private banks. Primary data required for the study was collected through questionnaires distributed to 500 customers of selected banks in Chennai Region. A total of 10 banks have been covered in the study area. It also finds 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.



**KEYWORDS:** E- banking, Online banking Services, Customers Perception etc.

### INTRODUCTION

Technology in Indian banking has evolved substantially from the days of back office automation to today's online, centralized and integrated solutions. Banking is now no longer confined to the branches where one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. With the expansion of internet usage, e-banking has become one of the most revolutionized components of today's economic growth. E-banking is powerful value added tool to attract new customers and retain the existing ones. With the proliferation of internet and computer usage, the electronic delivery of e-banking service has become ideal for banks to meet customer expectations. Besides it helps in eliminating costly paper handling and teller interaction in the

increasingly competitive banking environment. The potential competitive advantage of e-banking lies in the areas of cost reduction and satisfaction of consumer needs. As per the international report the banking transactions on a brick and mortar banking costs around Rs.50, while through ATM it costs around Rs.20 to Rs.30. On the other hand internet transaction costs less than a rupee. Providing banking is increasingly becoming a 'need to have' than a 'nice to have' service. The e-banking thus now is more of a norm rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services.

### **E-BANKING SERVICE IS INEVITABLE IN BANK CUSTOMERS**

Electronic distribution channels provide alternatives for faster delivery of banking services to a wider range of customers. The most of the customers who start banking online do it because they need to pay bills frequently and would like to do it with minimum effort. Besides that, people use the internet banking to keep an eye on their money matters, view their account balance and check security payments from other parties. Information technology enabled electronic channels to perform many banking function that would traditionally be carried out over the counter. The use of paper cheques has been supplemented step by step with e-cheques (electronic images) allowing banks to have more storage capacity, reduce costs, and improve customer's services.

Electronic banking is a new industry which allows people to interact with their banking accounts via the Internet from virtually anywhere in the world. The electronic banking system allows consumers to access their banking accounts, review most recent transactions, request a current statement, transfer funds, view current bank rates and product information and reorder checks. The electronic banking system can be seen as an "extension of existing banks."

### **EXPARTATION OF BANK CUSTOMERS**

The introduction of electronic banking services also creates new tasks to be forced, such as the optimization of distribution channels and the security of data transfer. The customer will not purchase a service that fails to meet his requirements or a service that does not guarantee the required privacy and security. E-banking is a fast spreading service that allows customers to use computer to access account-specific information and possibly conduct transactions from a remote location - such as at home or at the workplace. The ATM cards, credit cards ,debit cards, smart cards ,all these have eased human life up to such a extent that today life without these seems to be hard, full of misery.

This means that electronic banking has a very large potential for use since many people expect that electronic cheques will substitute paper cheques. Moreover, for consumers, electronic money (electronic cash and electronic cheques) means greater efficiency than using coins, paper bills, and traditional banks. The electronic banking system brings the convenience of 24-hours, seven days a week, banking by offering home PCs tied directly to a bank's computers. In addition, electronic money also offers greater security than a paper-and-coin system. Users are able to make a backup copy of their funds and if the electronic money is stolen, the users can invalidate the serial number just as they now stop payment on a paper check.

### **NEED FOR THE STUDY**

The online activities are indispensable in today's modern business and the individual activities. All the marketing, banking, trade and other entertainment entity of the people are done through the online system. The people are giving significance to do their operations of said fields through online mode. They are much interested in carrying out without travelling, taking risk, going then and there and avoiding congenial atmosphere in all means, the online operations.

Particularly in banking, the people are involved in online transactions for their personal use of financial nature of day to day life of peoples. In order to satisfy the customers, all the banks are competing with very many facilities in online banking system through electronic mode. The growth of e-banking with the increase in the range of interface options available to access online , banking solution has resulted in a steady increase in the number of customers interacting through remote

channels, to a greater extent than before. In a climate of increasing online competition banks that have chosen to retain extensive branch networks are re-aligning the roles of staff in these branches and moving towards a relationship driven sales culture.

Chennai is a well developed city, the head quarters of Tamil Nadu, wherein all the people of the state are living for their jobs, business and other purposes. Many industries have come up; the population is increasing; the necessities of the people are becoming mandatory; and, the transactions are numerous through electronic modes. There are many people like, professionals and business people carry the commercial activities through banks. To know how far the customers of the banks are utilizing different e- banking services for their convenience a comparative study is done among the select banks in Chennai Region.

### **STATEMENT OF THE PROBLEM**

The government is launching many new programs from day to day activity in the banking sectors which are suitable to people's community in order to meet the objective of country's development. One such program is launching of e-banking services. As the e-banking services have started flourishing in the district in the past few years, the banking organizations have to meet the competition among the banking sector. Today, the society and business are witnessing unprecedented change in an increasingly global marketplace, with many banks competing for talented services. As customers move forward into a boundary less expectation, the ability to attract, engage, develop and retain the customers will become increasingly important. In view of these changes, a number of trends are likely to have a significant impact on online banking transactions.

Hence they are forced to do the various forms of e –banking services. It is very important in the point of view of the banks to have a study about the opinion and satisfaction of the customers. So the purpose of the research is to study the views of the customers in using the e-banking services. This study is conducted in selective public and private commercial banks in Chennai Region. The respondents of the study were the customers of the banks using various e-banking services (ATM/Debit card, credit card, online banking, mobile banking and Tele banking). Therefore the researcher has identified the research area to find the geniuses of e-banking and it is found to be important to have a comparison between the public and private banks. Therefore an attempt is made by the researcher to have a comparative study between the public banks and the private banks on the basis of opinions of customers.

The study is intended to examine the perceptions of the customers in engaging themselves in their online banking transactions, to analyse the theoretical and empirical aspects in fostering an environment of electronic banking services and the satisfaction of customers in the banking. Additionally, the key issue in driving satisfaction and perception level of the customers is also attempted. Based on this context, the research study is entitled; "Comparative study on e-banking services between nationalized and private banks in Chennai Region: a study from customers' perspectives" has been undertaken.

### **SCOPE OF THE STUDY**

The researcher is based on the customers' perception regarding e-banking services. The research discusses the opinion of the customers regarding the e-banking services provided by the selected banks and the qualities of the e-banking services in the area of reliability, responsiveness, security, easy use, accessibility and efficiency. Also the research analyses the problems faced by the customers while using the e-banking services. The research evaluates the relationship between the activities undertaken through e-banking services by the customers, the qualities of e-banking services and the problems of e-banking services.

The researcher has taken ATM/debit card, credit card, mobile banking, online banking and Tele banking as the e-banking services which the customer uses for various modes of services like mobile recharge, payment of telephone bill, payment of electric bill, money transfer, railway ticket booking, air ticket booking, filing of tax returns , investments etc). The researcher also analyses the problems faced

by the customers while dealing with the e-banking services. A detailed analysis of the important factors that impact the perceptions of the customers in their online banking applications and the available advancements is considered to be analyzed in the present study.

### OBJECTIVES OF THE STUDY

The following are the main objectives of the study formulated with significance to carry out the research process in a systematic manner:

1. To extract the modern trends in the banking activities and their concepts for the benefit of the present day customers.
2. To perceive the opinion of the customers of both private and public sector banks regarding the prevailing electronic transactions of modern bank in Chennai Region.
3. To encourage the customers with the enhanced electronic transactions for the benefit of their interest.
4. To expose the satisfactory measures of the customers in connection with the all the electronic services provided by the modern bankers.
5. To understand and pinpoint the problems of the customers from their opinion in connection with the online transactions.
6. To offer valuable suggestions for the improvement of E-Banking transactional activities of the present day customers.

### HYPOTHESES

The following are the research hypotheses that are formulated for the purpose of strengthening the analysis of the data collected and to perceive the results from the opinions of the customers selected for the study:

1. **H<sub>0</sub>**: There is no significant impact of the e-banking services and the type of bank that provides the services.  
**H<sub>1</sub>**: There is a significant impact of the e-banking services and the type of bank that provides the services.
2. **H<sub>0</sub>**: There is no significant association between the account access through internet of the respondents and the qualities of overall e-banking services provided by the banks.  
**H<sub>1</sub>**: There is a significant association between the account access through internet of the respondents and the qualities of overall e-banking services provided by the banks.

### RESEARCH DESIGN

The research design consists of the methodology, the sample selection, the sample size, the pilot study, the statistical tools used for analysis.

### METHODOLOGY

The methodology of the researcher and the nature of the study is the combination of comparative and exploratory study. This reveals the opinion of the respondents clearly and concisely to understand the prevailing situations in the modern banking industry. Survey method through structured questionnaire was adopted for the study.

### SAMPLING FRAME WORK AND DATA COLLECTION

Primary data required for the study was collected through questionnaires distributed to 500 customers of selected banks in Chennai Region. They represented the population of infinite nature of Chennai Region because all the account holders and the online banking customers could not be found for every selected bank. A total of 10 banks have been covered in the study area. A convenience sampling has been adopted taking into account availability and approachability of the customers for the purpose of data collection. A total of 500 questionnaires have been distributed to the customers after obtaining the consent of them individually. Completed questionnaires received which represents 100

per cent response rate because the personal interview technique is adopted and the collected data were used for the analytical purposes.

### **METHOD OF DATA COLLECTION**

The customers who are making use of the electronic banking services provided by public and private banks in Chennai Region constitute the universe. Since the study is a comparative study on E-banking services among the banks, the total commercial banks are classified into two namely, public and private sector banks. The researcher randomly selected five public sector banks and five private sector banks from among the banks that are popularly known for e-banking services and toppers in providing customer services.

State bank of India, Indian Bank, Indian Overseas bank, Canara Bank, Bank of India are the banks selected from the public sectors and ICICI Bank, Karur Vysya Bank, City Union Bank, HDFC Bank and ING Vysya Bank are the banks selected from private sector. The researcher identified and selected sample respondents who are provided the e-banking services by the selected public and private sector banks not exceeding 50 samples from each of the public and private bank categories under convenience sampling technique. Therefore the sample size is 500.

The secondary data and other reviews are collected from the books, journals, newspapers, government publications, annual reports and bulletins. The secondary data was also collected from Head quarters of each of the selected nationalized and private banks.

### **AREA OF THE STUDY**

The study is confined particularly to Chennai Region. The researcher has chosen the Chennai Region for the purpose of carrying out the present work due to the vast and infinite population of bank customers. It is also due to the growth of industries, development of the offices, the structure of the combination of the people, the financial viability of the individual customers and the enhancement of the city limits to wider operations. The researcher has carried out this work due to the increasing technology applications of the people residing in the Chennai Region more than the other areas comparatively.

### **RESEARCH INSTRUMENT**

The researcher instrument used for this study is questionnaire. It was designed to measure the perception and satisfaction levels of the customers towards the online banking operations and the services of the banks. The questionnaire comprises of different sections measuring the level of perception, satisfaction and problems of the customers with the important factors that determining the level of satisfaction towards online banking transactions and operations.

The five point Likert scale used for the study. It comprises of one dependent and five independent variables used.

### **PRETESTING THE QUESTIONNAIRE AND PILOT STUDY**

The present study was conducted through a structured questionnaire. To understand the communicability of the questionnaire and content validity as would be perceived clearly by the customers, preliminary study was conducted. A draft questionnaire was given to limited customers in the banking operations at Chennai to obtain their views on the design, content and dimensions considered for the study. On the basis of their comments, revisions were made to make the language simple and easier to understand and interpret.

The corrected questionnaire was issued to 30 customers in two banks of both sectors in Chennai. The data collected was verified for reliability of the questionnaire by computing Cronbach's Alpha co-efficient.

**The results were as follows:**

1. Perception	0.792
2. Services	0.774
3. Satisfaction	0.881
4. Problems	0.656
5. Others	0.681

The above reliability co-efficient was considered satisfactory. The final version of the questionnaire was prepared and used for the study.

**FRAMEWORK OF DATA ANALYSIS**

The data collected through questionnaires were analyzed by using the following statistical tools:

1. Percentages and Inter correlation Matrix analysis were applied for overall analysis.
2. One way ANOVA (F – Test) and Students’ “t” Test were used to identify the significant differences and association of attributes among the customers on their satisfaction levels.
3. Further Chi-square test, was used to identify the significant differences among the variables with the customers’ perception towards the services provided by the selected Banks.
4. Correlation was used to identify the factors impacting the independent and dependent variables.
5. Spearman’s rank correlation coefficient was used to rank the sub-factors influencing satisfaction on the online banking transactions.

**MAJOR FINDINGS**

The following are the important research findings observed from the analysis carried out systematically:

The maximum of 35.6 per cent of the respondents of private banks are otherwise occupying the different positions of jobs out of the specified; and the 32.8 per cent of the respondents of public sector banks are occupying the different positions in the government departments.

Among the selected 500 respondents of both sector banks, 42.8 per cent of the private sector bank respondents residing in urban area and 46.4 per cent of the respondents of public banks residing in the same place.

Out of the total 500 respondents of the both banks, 42.4 per cent of the respondents of private banks are transacting daily online; and 39.4 per cent of the public sector banks’ respondents are also transacting daily through online mode.

The most of 66.8 per cent of the respondents of the total of private sector banks are using the facility of Internet for their online mode; and 70 per cent of the total respondents of the public sector banks are using the same facility for their online operations.

Out of the total, 44.8 per cent of the respondents of the private sector banks are accessing the internet bi-weekly and 47.6 per cent of the respondents of the public sector banks are accessing the internet twice a week.

According to the ranking prompt service is first; near and convenient timing is second; facilities are the third; fully computerization is fourth; friendly staff at fifth; reputation of the bank at sixth; campaign of the bank at seventh; deposits directly made are at the eighth; more loan facilities at the ninth; and the variety of other services at tenth ranked by the customers of maximum nos. out of the total 500 respondents of both sector banks.

The respondents have ranked the ATM facility at first; balance inquiry at second; tele-banking facility at third; ECS at fourth Mobile banking at fifth; credit card sixth; online tax accounting system at seventh; demat account at eighth; MICR at ninth; and international debit card at tenth in ranks ranked by the selected respondents of maximum nos. of both the banks.

Among the total 500 respondents of both the banks, it is derived that 77 respondents of the private banks have agreed with the relevance of information and all the related that are given by the selected banks regarding online transactions; and 184 respondents of the total public sector banks have provided that the relevant information by the banks are accurate and correct.

The extent of services like Online Enquiry, Online Payment, Credit Card and Telephone Banking has been at "Fair" level whereas the extent of services such as ATM Card, Debit Card, Internet Banking, Depository Service, and Investment Advisory Service, e-Transfer of Funds, Core Banking and Anywhere Banking has been "good" by the banks.

The respondents from rural, semi-urban and urban areas have viewed the e-banking / internet banking as convenient & easy to use and as good option next to traditional banking but they have perceived that the use of new technology like IB initially is complicated and difficult as well as it may lead to giving wrong information.

## **SUGGESTIONS**

The analysis of work with different aspects of e-banking services shows the satisfaction level of the customers which can be used by banks as guide line for necessary actions leading to improvements of the quality of the e-banking services they offer. The study was carried out to determine the opinions and problems of customers. This will enable the banks to understand at which point the customers cease to be satisfied with service they are receiving the use of technology in banking enhances the service offering to the customers. The banks must increase their efficiency so as to provide more efficient services to the customers. Banks need to pay more attention in promoting the e-banking service among the customers and the general public.

Banks must take more steps to introduce the e-banking habits among the age Group below 25 years. This can be done through the educational institutions. Also the banks must pay attention in increasing the quality level of the e-banking services. The banks may help the customers gain more knowledge about the e-banking services.

The researcher had identified that more than 90 percent of the customers are utilizing the ATM/Debit card services and the relevant problems faced by the customers regarding ATM/Debit card is the number of ATMs not sufficient and unsuitable locations of ATMs, Technical hurdles of ATMs. The banks must take necessary steps to improve the efficiency in the service delivery hence boosts up customers' confidence.

The banks must make the systems for payment of electricity bill, payment of telephone bill, payment of tax, etc. It is very simple that an ordinary man can find it easy to handle e-banking services. Like ATM/Debit card service other nature of e-banking services must be made simple and available to customers, so that the customers may feel free of fear of fraud and with approachable techniques.

## **CONCLUSION**

Electronic banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Today, the click of a mouse offers bank customers services at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs. No country today has a choice-whether to implement E-banking or not because of the global and competitive nature of the economy. Banks have to upgrade and constantly think of new innovative customized packages and services to remain competitive. The study finds that many banks' customers are fully aware of e-banking services. It also finds 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. 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.

It is concluded from the results of the study that the usage of ATM, Tele-banking and Internet banking are perceived as important and the use of these services is associated with socio-economic and demographic characteristics of the respondents. Though, most of the customers prefer manual banking over e-banking and internet banking services among the bank customers is significantly influenced by

the number of times visiting the banks as well as the number of banking transactions per month. Most of the services through e-banking / internet banking performed by both public and private banks are beyond the expectation of the customers. Similarly the various services provided by both public and private sector banks are more than adequate for customers. It is concluded finally that there is significant difference between public and private sector banks in respect of both services provided and services performed via e-banking / internet banking.

Moreover, bank customers tend to strongly recommend to others to use e-banking / internet banking as it is useful for loan transaction, paying bills using available cash in the accounts, making order to buy and sell shares and generating latest reports of banking transactions.

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