



A COMPARATIVE STUDY ON SERVICE QUALITY OF PUBLIC SECTOR AND PRIVATE SECTOR BANK TOWARDS E-BANKING IN TIRUNELVELI DISTRICT

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ABSTRACT:

The banking industry has seen many developments to face the competition among its competitors in the last few decades. Technology aids the banking industry. Today Banks use E-banking as a tool to attract the customers. E-banking is the outcome of technological innovations and competition. The customers' satisfaction and the problems faced by the customers are the challenges before the banks to survive with other banks. Hence this paper focuses on the quality of e-banking services provided by Public and Private Sector banks in Tirunelveli District. This study is limited to Tirunelveli area only, Tamil Nadu. The objectives of this study are to find out the service quality gap of public and private sector banks, identify the level of satisfaction of customers of public and private sector banks towards their usage of E-banking and to identify the problems of customers in using E-banking services provided by public and private sector banks.. Convenience sampling method have adopted for this study. The primary data were collected from questionnaire method. From the analysis, it is found that with regard to satisfaction in ATM services, the customers of both sectors of banks are equally satisfied. Also the customers are satisfied with the e-banking services provided by private sector banks. It is suggested that ease of use is the major factor to induce the customers to adopt e-banking. Therefore banks should maintain its applications more user friendly and up to date. ATMs receive the higher attraction among the e-banking channels. Banks must pay attention and plan to make the ATMs as the key distribution channel for all kinds of banking transactions.

KEYWORDS : e-banking, satisfaction, ATM, Public sector bank, Private sector bank.

INTRODUCTION:

Banking sector is the backbone of any financial system and economy. Commercial banks play an important role in the development of underdeveloped and developing economics by mobilization of resources and their better allocation. The banking industries are mostly customer driven and their survival in competitive environment largely depends on new technological services provided by them. Technology plays a vital role in improving the quality of services provided by the banking sector. E-banking is the outcome of technological innovations and competition. In fact, banks have been using electronic and telecommunication networks for delivering a wide range of value added products and services. E-banking means any user with personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. The term "electronic baking" or "e-banking" covers both computer and telephone banking. In other words it said that, it is updated 'on-line real time'. The increasing volumes of transactions in India may be viewed as an indication that banking customers, particularly the young have almost tasted the benefits of E- banking services, through it is a highly cost effective delivery channel, the risk associated with this kind of banking should not be overlooked

STATEMENT OF THE PROBLEM:

In the competitive environment of the post liberalization era, financial sector reforms have significantly relaxed the market. Banks has evolved new products and services to attract the customers through innovative technological delivery channels. There are also several special operations which give an intensive marketing push to increase the customer base and usage of technological innovative banking services. For Indian Banks, there is a wide market potential amongst e-banking. The demand for e-banking is necessitate by the growing e-commerce transactions and the paradigm shift in banking led by technology. From the perspective of both users and providers, E-Banking is cost effective, quick and convenient. Hence, it is needed to identify the reason why customer's preference e-banking.

OBJECTIVES OF THE STUDY:

- 1.To identify the service quality gap of public and private sector banks towards E- banking.
- 2.To identify the level of satisfaction of customers of public and private sector banks towards their usage of E-banking.
- 3.To identify the problems of customers in using E-banking services provided by public and private sector banks
- 4.To offer Suggestions

SCOPE OF THE STUDY:

The study aims to find out the perception and preference of customers towards e-banking offered by Public and Private sector banks. This study also aims at measuring the satisfaction of the customers and offer suitable suggestions to solve the problems. This study also compares the perception and preference of customers towards e-banking services offered by public and private sector banks in Tirunelveli district.

RESEARCH METHODOLOGY:

For this research both primary and secondary data were collected. Primary data were collected from the customers of public sector and private sector banks using e-banking and it was collected through well-defined and well-framed questionnaire. Snowball sampling method was used for selecting sample respondents. Four hundred and sixty one respondents were selected. The secondary data were collected from various websites, books, journals and magazines.

ANALYSIS AND INTERPRETATION OF DATA:

Demographic profile is one of the important variables to determine the usage and satisfaction of the respondents. The following tables clearly explain about the demographic profile of the respondents in the study area.

TABLE 1- GENDER WISE CLASSIFICATION OF THE RESPONDENTS

Gender * Type of Bank Cross Tabulation				
		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
Gender	Male	117	163	280
		52.0%	69.1%	60.7%
	Female	108	73	181
		48.0%	30.9%	39.3%
Total		225	236	461
		100.0%	100.0%	100.0%

From the above table it is clear that, out of 461 respondents majority 60.7 percent are male respondents and rest of the 39.3 percent of the respondents are female respondents.

Out of 225 public sector bank's respondents majority 52 percent are male respondents and rest of the 48 percent are female respondents.

Out of 236 private sector bank's respondents majority 69.1 percent are male respondents and rest of the 30.9 percent are female respondents.

TABLE 2- AGE WISE CLASSIFICATION OF THE RESPONDENTS

Age * Type of Bank Crosstabulation				
		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
Age	18 - 30 Years	103	92	195
		45.8%	39.0%	42.3%
	30 - 50 Years	80	80	160
		35.6%	33.9%	34.7%
	Above 50 Years	42	64	106
		18.7%	27.1%	23.0%
Total		225	236	461
		100.0%	100.0%	100.0%

From the table, out of 461 respondents majority 42.3 percent of the respondents are belong to the age group of 18-30 years, 34.7 percent of the respondents are belong to the age group of 30-50 and rest of the 23 percent of the respondents are belong to the age group of above 50 years.

Out of 225 public sector bank's respondents majority 45.8 percent of the respondents are belong to the age group of 18-30 years, 35.6 percent of the respondents are belong to the age group of 30-50 and rest of the 18.7 percent of the respondents are belong to the age group of above 50 years.

Out of 236 private sector bank's respondents majority 39 percent of the respondents are belong to the age group of 18-30 years, 33.9 percent of the respondents are belong to the age group of 30-50 and rest of the 27.1 percent of the respondents are belong to the age group of above 50 years.

TABLE 3- EDUCATION WISE CLASSIFICATION OF THE RESPONDENTS

Education * Type of Bank Crosstabulation					
		Type of Bank		Total	
		Public Sector Bank	Private Sector Bank		
Education	School Level	24	14	38	
		10.7%	5.9%	8.2%	
	U.G Level	50	84	134	
		22.2%	35.6%	29.1%	
	P.G Level	67	67	134	
		29.8%	28.4%	29.1%	
	Professional	84	71	155	
		37.3%	30.1%	33.6%	
	Total		225	236	461
			100.0%	100.0%	100.0%

From the above table, it is clear that, out of 461 respondents majority 33.6 percent of the respondents are completed professional courses, 29.1 percent of the respondents are under graduates, another 29.1 percent of the respondents are post graduates and rest of the 8.2 percent of the respondents are completed up to school level.

Out of 225 public sector bank's respondents majority 37.3 percent of the respondents are completed professional courses, 29.8 percent of the respondents are post graduates, 22.2 percent of the respondents are under graduates and rest of the 10.7 percent of the respondents are completed up to school level.

Out of 236 private sector bank's respondents majority 35.6 percent of the respondents are under graduates, 30.1 percent of the respondents are completed professional courses, 28.4 percent of the respondents are post graduates and rest of the 5.9 percent of the respondents are completed upto school level.

TABLE 4- MARITAL STATUS OF THE RESPONDENTS

MARITAL STATUS * Type of Bank Crosstabulation				
		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
MARITAL STATUS	Single	63 28.0%	42 17.8%	105 22.8%
	Married	162 72.0%	194 82.2%	356 77.2%
Total		225 100.0%	236 100.0%	461 100.0%

From the above table, it is clear that, out of 461 respondents majority 77.2 percent of the respondents are married and rest of the 22.8 percent of the respondents are single.

Out of 225 public sector bank's respondents majority 72 percent of the respondents are married and rest of the 28 percent of the respondents are single.

Out of 236 private sector bank's respondents majority 82.2 percent of the respondents are married and rest of the 17.8 percent of the respondents are single.

TABLE 5 - OCCUPATION OF THE RESPONDENTS

Occupation * Type of Bank Crosstabulation				
		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
Occupation	Government Employee	43 19.1%	34 14.4%	77 16.7%
	Private Employee	52 23.1%	67 28.4%	119 25.8%
	Business	27 12.0%	41 17.4%	68 14.8%
	Professional	54 24.0%	46 19.5%	100 21.7%
	Student	24 10.7%	26 11.0%	50 10.8%
	Housewife	25 11.1%	22 9.3%	47 10.2%
Total		225 100.0%	236 100.0%	461 100.0%

From the above table, it is reveals that, out of 461 respondents majority 25.8 percent of the respondents are private employees, 21.7 percent of the respondents are professional, 16.7 percent of the

respondents are government employees, 14.8 percent of the respondents are doing business, 10.8 percent of the respondents are students and rest of the 10.2 percent of the respondents are housewife.

Out of 225 public sector bank's respondents majority 24 percent of the respondents are professional, 23.1 percent of the respondents are private employees, 19.1 percent of the respondents are government employees, 12 percent of the respondents are doing business, 11.1 percent of the respondents are housewife and rest of the 10.7 percent of the respondents are students.

Out of 236 private sector bank's respondents majority 28.4 percent of the respondents are private employees, 19.5 percent of the respondents are professional, 17.4 percent of the respondents are doing business, 14.4 percent of the respondents are government employees, 11 percent of the respondents are students and rest of the 9.3 percent of the respondents are housewife.

TABLE 6- INCOME WISE CLASSIFICATION OF THE RESPONDENTS

Monthly Income * Type of Bank Crosstabulation		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
Monthly Income	Less than 20,000 rupees	66	40	106
		29.3%	16.9%	23.0%
	20,000 to 40,000 rupees	64	67	131
		28.4%	28.4%	28.4%
40,000 to 60,000 rupees	55	77	132	
	24.4%	32.6%	28.6%	
More than 60,000 rupees	40	52	92	
	17.8%	22.0%	20.0%	
Total		225	236	461
		100.0%	100.0%	100.0%

From the above table, it is clear that, out of 461 respondents majority 28.6 percent of the respondents are earn Rs. 40000-60000 per month, 28.4 percent of the respondents are earn Rs. 20000-40000 per month, 23 percent of the respondents are earn less than Rs. 20000 per month and rest of the 20 percent of the respondents are earn more than Rs. 60000 per month.

Out of 225 public sector bank's respondents majority 29.3 percent of the respondents are earn less than Rs. 20000 per month, 28.4 percent of the respondents are earn Rs. 20000-40000 per month, 24.4 percent of the respondents are earn less than Rs. 40000-60000 per month and rest of the 17.8 percent of the respondents are earn more than Rs. 60000 per month.

Out of 236 private sector bank's respondents majority 32.6 percent of the respondents are earn Rs. 40000-60000 per month, 28.4 percent of the respondents are earn Rs. 20000-40000 per month, 22 percent of the respondents are earn more than Rs.60000 per month and rest of the 16.9 percent of the respondents are earn less than Rs. 20000 per month.

TABLE 7- SERVICE QUALITY GAP IN PUBLIC SECTOR BANKS

Public bank		Mean	efficiency % = (P/E)*100	SERVICE QUALITY GAP	t	Sig. (2-tailed)
Pair 1	E_TANGIBILITY	3.458	91.75%	-8.25%	5.116	0.000
	S_TANGIBILITY	3.173				
Pair 2	E_RELIABILITY	4.062	89.70%	-10.3%	8.995	0.000
	S_RELIABILITY	3.644				

Pair 3	E_RESPONSIVENESS	3.516	66.86%	-33.14%	24.386	0.000
	S_RESPONSIVENESS	2.351				
Pair 4	E_ASSURANCE	4.196	88.75%	-11.25%	9.001	0.000
	S_ASSURANCE	3.724				
Pair 5	E_EMPATHY	3.996	64.73%	-35.27%	24.821	0.000
	S_EMPATHY	2.587				

Source: Computed data

The above shown table deals with the public sector banks' service and its short comings in quality. Customers of the public sector bank have different satisfaction level. Their satisfaction level is grouped under four levels namely tangibility, reliability, responsiveness, assurance and empathy. The expectation of the customers in the tangibility is 3.458 mean value as against the satisfied level 3.173. This results in a service gap, which is valued as -8.25.

As far as, with regard to the table, reliability is concerned, the expectation of the customers is 4.062 mean value whereas the satisfied customers' given mean value is 3.644. This accounts for a service gap mean value 3.644.

The expected mean score of 3.516, in responsiveness, is very much contrasted with that of the satisfied level mean score 2.351. This makes up for a huge -33.14 service gap.

The mean score for the expectation in assurance is 4.196 as against the mean score 3.724 for the satisfied level. This sees a service gap of -11.25.

Of the entire table, empathy registers for a very huge percentage difference in service gap with -35.27. The expectation here is 3.996 in contrast to the satisfied mean score 2.587.

Of all the levels, responsiveness and empathy are with the highest service gap with -33.14 and -35.27 respectively.

TABLE 8 – SERVICE QUALITY GAP IN PRIVATE SECTOR BANKS

Private bank	Mean	efficiency = (P/E)*100	GAP	t	Sig. (2-tailed)	
Pair 1	E_TANGIBILITY	3.712	95.42%	-4.58%	6.925	0.000
	S_TANGIBILITY	3.542				
Pair 2	E_RELIABILITY	4.369	94.94%	-5.06%	5.337	0.000
	S_RELIABILITY	4.148				
Pair 3	E_RESPONSIVENESS	4.449	94.76%	-5.24%	3.617	0.000
	S_RESPONSIVENESS	4.216				
Pair 4	E_ASSURANCE	3.962	100%	0%	0.00	1.000
	S_ASSURANCE	3.962				
Pair 5	E_EMPATHY	4.284	102.26%	2.26%	-1.679	0.094
	S_EMPATHY	4.381				

Source: Computed data

The above tables of the previous one, throws light on the private sector banks' service and its quality etc. Here, with the private sector, as against the public sector, the overall satisfactory level of the customers is streets ahead. Their satisfaction level, as that of the private sector, is grouped under four levels

namely tangibility, reliability, responsiveness, assurance and empathy. The expectation of the customers in the tangibility is 3.712 mean value as against the satisfied level 3.542. A service gap mean value -4.58 is the result..

Reliability, one of the levels of the 5 levels, scores 4.369 in the expectation of the customers while the satisfaction level of the customers is 4.148. This accounts for a service gap mean value -5.06.

The expected mean score of responsiveness is 4.449 as against the mean score 4.216 for the satisfied level mean score. The service gap level is -5.24.

3.962 is the mean value of expectation and satisfaction level of assurance, the fourth level in the table. Surprisingly, there is no room for service gap in assurance.

Empathy, whose expectation level is 4.284 as against the satisfaction level 4.381, is the last in the table. The service gap level is 2.26.

TABLE 9- LEVEL OF SATISFACTION OF CUSTOMERS

TYPES OF BANK	Public sector Bank			Private sector Bank		
	Minimum	Maximum	Mean	Minimum	Maximum	Mean
ATM Services	3	5	3.76	3	5	3.78
Internet Banking Services	2	4	2.83	2	5	3.39
Telephone Banking Services	1	4	2.17	2	4	3.01
Mobile Banking Services	1	3	2.32	2	4	3.53

The table reveals that mean score of respondents on satisfaction on banking services. The mean score of 3.76 with the range of 3 and 5 for public sector banks and 3.78 with a range of 3 and 5 on ATM services reveals that the customers are equally satisfied with both type of banks. The mean score of 2.83 with the range of 2 and 4 for public sector banks and 3.39 with a range of 2 and 5 on internet banking reveals that the customers are better satisfied on internet banking in private sector than public sector banks. The mean score of 2.17 with the range of 1 and 4 for public sector banks and 3.01 with the range of 2 and 4 on telephone banking reveals that the customers comparatively are satisfied in private sector banks. The mean score of 2.32 with the range of 1 and 3 for public sector banks and 3.53 with the range of 2 and 4 on Mobile banking reveals that the customers of public sector banks are less satisfied than private sector banks on mobile banking services. It is understood from the analysis that customers are satisfied with the services provided by private sector banks.

TABLE 10- PROBLEMS IN ELECTRONIC BANKING SERVICES

S.NO	TYPES OF BANK PROBLEMS	Public sector Bank			Private sector Bank		
		Minimum	Maximum	Mean	Minimum	Maximum	Mean
1	ATM Problems	1.0	3.0	2.160	1.0	3.0	1.496
2	Internet Banking Problems	2.0	4.0	2.911	1.0	3.0	1.682
3	Telephone Banking Problems	2.0	4.0	3.160	1.0	3.0	1.534
4	Mobile Banking Services	2.0	4.0	2.947	1.0	3.0	1.881

The table reveals that mean score of respondents on banking problems. The mean score of 2.16 with the range of 1 and 3 for public sector banks and 1.49 with a range of 1 and 3 on ATM problem reveals that the customers facing many problems on ATM services in public sector banks comparatively with private

sector banks. The mean score of 2.91 with the range of 2 and 4 for public sector banks and 1.68 with a range of 1 and 3 on internet banking problems reveals that the customers face more problems on internet banking in public sector than private sector banks. The mean score of 3.16 with the range of 2 and 4 for public sector banks and 1.54 with the range of 1 and 3 on telephone banking problems reveals that the customers comparatively face many problems in public sector banks. The mean score of 2.94 with the range of 2 and 4 for public sector banks and 1.88 with the range of 1 and 3 on Mobile banking problems reveals that the customers of public sector banks face problems on mobile banking services. It is understood from the analysis that customers deal with problems with the services provided by public sector banks.

FINDINGS OF THE STUDY:

- In both public and private sector banks male respondents are dominated.
- In both public and private sector banks majority of the respondents belong to the age group of 18-30 years.
- In public sector banks majority of the respondents have completed their professional courses and in private sector banks majority of the respondents are under graduates.
- In both public and private sector banks majority of the respondents are married.
- In public sector banks majority of the respondents are professional and in private sector banks majority of the respondents are private employees.
- In public sector banks majority of the respondents are earn less than Rs. 20000 per month and in private sector banks majority of the respondents are earn Rs. 40000-60000 per month.
- In public sector banks, responsiveness and empathy are with the highest service gap with -33.14 and -35.27 respectively.
- There is no room for service gap in assurance in the case of private sector banks.
- The customers of both public and private sector banks are equally satisfied with ATM services provided.
- On the whole customers are satisfied with the services provided by private sector banks.
- The customers of public sector banks face more problems in telephone banking and in case of private sector banks customers are facing more problems in mobile banking.

SUGGESTIONS:

- Public Sector banks must give individual attention and proper response to customers in providing information whereas the level of responsiveness is high in the private sector banks. This will help many customers to rely on public sector banks for their banking needs.
- Banks must ensure to their customers that their service is competitive. Many customers feel that the privacy and security features are to be enriched. So banks must concentrate further on security and withhold their customers and improve them more.
- Ease of use is the major factor to induce the customers to adopt e-banking. Therefore banks should maintain its applications more user friendly and up to date.
- ATMs receive the higher attraction among the e-banking channels. Banks must pay attention and plan to make the ATMs as the key distribution channel for all kinds of banking transactions.
- Both sectors of banks need to concentrate and improve telephone banking and mobile banking.

CONCLUSION:

Internet adoption among Indians has been increasing over the last two decade. Indian banks have also risen to the occasion by offering new delivery channel which has become available to Indian customers. Private sector banks are quite successful in satisfying their customer's needs. But public sector banks are still need to put more efforts to make this sector to survive in the present world of e-banking competition.

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