



## A STUDY ON CUSTOMER PERCEPTION AND SATISFACTION TOWARDS E – BANKING SERVICES PROVIDED BY PUBLIC AND PRIVATE SECTOR BANKS

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### Abstract

In today's present world, everybody needs E- Banking solutions for a better life style. This paper present the comparative study of customer satisfaction and perception towards E- Banking services provided by the selected Public and Private sector Banks. The purpose of the study is to determine the customer's satisfaction and perception towards the E- Banking services. The study also traces the factors influencing the customer perception and adoptions of E- Banking services. The data is collected from 200 samples and was analyzed with the help of various statistical tools such as percentages and Chi square test. The findings of this study would help the Banking sector to better understand their customer satisfaction level and perception related to E –Banking services.

**Key words:** Customer Satisfaction, Perception, Services, Adoptions, Public and Private sector Bank, E- Banking, ATM, Mobile Banking.

### Introduction

The Banking sector is considered to be an important source of financing for most businesses. Economic conditions of a country basically depend upon the effectiveness of banking sector. In India there was co – existence of Public and Private Sector Banks. Banking industry is a major sector of the economy that has achieved renewed focus after financial sector reforms and the entry of Private sector banks. Both the Public and Private sector Banks have played a pivotal role in the economic development of India. E – Banking implies performing basic banking transactions by customer round the clock globally through electronic media. Alternatively E –Banking can be defined as Delivery of Banks services to a customer at his office or home by using electronic technology and this has resulted in conceptualization of virtual banking. In traditional banking the customer has to visit the branch of the bank in person to perform the basic banking operation viz., account enquiry, fund transfer and cash withdrawal. The brick and mortar structure of a bank is essential to perform the banking function. The customer can access the bank's website for viewing their account detail and perform the transactions on account as per their requirements. The today's banking is no longer confined to branches. Customers are being provided with additional delivery channels which are more convenient and are cost effective to the Banks. This has resulted in shrinking of geographical boundaries, easy reach to clientele, reliable and secure services. E–Banking services include automated teller machine, plastic card currency, Internet banking and Electronic clearing services. E- Banking is now a global phenomenon. It is a precious and influential tool for heavy development, supporting growth, promoting innovation and enhancement competitiveness.

### Review of Literature

**Krishnamoorthy, V. and R. Srinivasan (2013)** in their research study “**Internet Banking as a tool for Customer Relationship Management – A Study on Customer Perspective**”. The study intends to throw light on customer perception on internet banking which serves as a tool for customer collected from 154 respondents who are exposed to Internet Banking. This study clearly indicates that banks are finding difficulty in retaining their existing customers, for which either they need to come up with innovating, new products, customized products or they need to develop trust with their customers and maintain the relation with them.

**Safeena, Rehmath (2010)** in their research paper on “**Customer Perspective on E-Business Value: Case Study on Internet Banking**”, she has determined the consumer's perspective on internet banking adoption. Customer acceptance is a key driver determining the rate of change in the financial sector. The study aims at examining the impact of perceived usefulness, perceived ease of use, consumer awareness on internet banking and perceived risk on the acceptance of internet banking by the consumers. The result of this study concludes that majority of customers are accepting online banking because of many favorable factors. Analysis concluded that usefulness, ease of use of the system awareness about online banking and risks related to it are main perusing factors to accept online banking system. These factors have a strong and positive effect on customers to accept online banking system.

**Devi, P Ambiga, (2009)** investigated “**A study on customer satisfaction in Indian retail banking**, the level of awareness among the customers on the use of E – Banking and their expectations from E – Banking. From the findings of the study, it



was inferred that the customers are satisfied with the quality of E – banking services. But they face technical as well as administrative and procedural problems. Further to promote E -Banking services, it is of importance that the banks must ensure quality in customer service. ‘Quality in work’ and ‘satisfaction of the customers’ are the two key words which must be given sternest attention to promote a product.

**Booi Hon Kam and Hernan Riquelme, (2008)** examined “**An exploratory study of length and frequency of Internet banking usage**”. A sample of Australian internet banking users based on their frequency and length of usage was used for the analysis. The results showed that as customers become more acclimatized to Internet banking; they use these services more often further. Daily and frequent internet banking users are more pleased with “ease of use” and “aesthetics” and tend to use Internet banking more for electronic fund transfer and foreign exchange transactions than the less frequent users. The findings suggested that banks need to develop more customized services since there are distinct market segments with different banking requirements.

**Mathur Garima et.al., (2007)** their study on “**Customer satisfaction in retail services: A comparative study of public and private sector banks**”, aims to analyze the major factors that are contributing towards customer satisfaction in banking services. The study revealed that innovative services, network access, technicalities, behavior, comfort and image are the some of the factors responsible for customer satisfaction. Results have also revealed that there is no significant difference in the customer satisfaction of public and private sector banks.

**Kamiya Jani (2006)** in her research paper investigated “**Types of E –Banking services, How e – banking can ease your life**”. Internet banking provide us facilities like bill payment, service, fund transfer, credit card customers, railway passing, investing via internet banking, recharging your prepaid phone, shopping at finger tips. Indian banks are trying to make your life easier not just bill payment, you can make investments, shop or buy tickets and plan a holiday at your finger tips. Result has analyzed respondents are frequently using ATM, bill payment and getting the bank statement through E- Banking services. Finding of the study still people are not using E- Banking services frequently because they less knowledge about Internet.

**Rourke, Chris (2004)** has made research study on **User Friendly “E – Banking”**. Their article discusses the importance of usability within the E- Banking sector and identifies the common usability problems and ways to resolve them. The research shows that 50 % of perspective customers registering for online banking bail out signing up mostly due to problems, navigating this site, completing online form, security fears and understanding content and feedback. The findings of the study highlighted apart from the promotion of e – banking, modes of e – banking should also be made more users – friendly, mobile banking is new and most users – friendly and there is a need for the bank to work on the same priority. The result has widely recognized that online banking provides more revenue per customer and costs less per transaction than any other channel, including phone banking. Bank aiming to profit the most from the increase in online banking volumes should consider the usability and accessibility of all aspects of their site to welcome them.

Hence the review of literature is framed to study the perception of E – Banking services based on the factors such as awareness, advantage of use, frequently of use and user friendliness.

### **Objectives of the Study**

1. To study the Customer Perception towards the E – Banking Services.
2. To know whether the demographic variables of the customer have influence on customer perception on E – Banking.

### **Hypothesis**

In order to test the perception of customers the following hypothesis are framed.

Ho: There is no significant relationship between demographic factors and customer perception on Awareness of E- Banking services

H1: There is a significant relationship between demographic factors and customer perception on Awareness of E- Banking services.

Ho: There is no significant relationship between demographic factors and customer perception on advantages of E- Banking services

H1: There is a significant relationship between demographic factors and customer perception on advantages of E- Banking services.

Ho: There is no significant relationship between demographic factors and customer perception on frequently use of E- Banking services



H1: There is a significant relationship between demographic factors and customer perception on frequently use of E- Banking services.

Ho: There is no significant relationship between demographic factors and customer perception on user friendly of E- Banking services

H1: There is a significant relationship between demographic factors and customer perception on user friendly use of E- Banking services.

### Research Methodology

To meet up the objectives of the study 200 customers in total were selected as sample units. Out of 200 customers 67 respondents are from Indian Bank (Public Sector Bank) 86 are from Axis Bank Ltd (Private Sector Bank) 47 respondents are the account holder of both the Banks from Chennai Kilpauk branch. The primary data was collected with the help of convenient sampling. Percentage analysis and Chi square test were used as a tool for statistical analysis and to bring interpretations. SPSS (Statistical Package for Social Science) version 20.0 was used to analyze the data. Hence perception of E – Banking services is determined by awareness, advantages of use, frequently of use and user friendliness.

### Limitations of the Study

- The study is restricted particularly to Axis Bank Ltd and Indian Bank (Chennai – Kilpauk region).
- A narrow region was chosen for distribution of questionnaire.
- Not all the customers were receptive.
- Time availability was a constraint.
- Because of using questionnaire as data gathering tools, the customer may not answer the questions exactly according to what they think and behave.

### Data Analysis and Interpretation

Data has been analyzed and interpreted on the basis of primary data collected from E – Banking users through a questionnaire

**Table No. 1 Shows the Percentage Analysis of Demographic Factors in Public and Private Sector Banks**

	Particulars	Frequency	% Percentage
Gender	Male	113	56.5
	Female	87	43.5
Age	Below 20 Yrs	25	12.5
	21 – 40 Yrs	139	69.5
	41 – 60 Yrs	30	15.0
	Above 61 Yrs	6	3.0
Marital status	Married	84	42.0
	Single	116	58.0
Educational Qualification	HSC	16	8
	Graduate	98	49
	Post Graduate	54	27
	Others	32	16



Monthly Income	< Rs. 20000	85	42.5
	Rs.21000 – 40000	80	40.0
	Rs.41000 -60000	19	9.5
	Above 60000	16	8.0
Occupation	Salaried	136	68
	Self - employed	16	8
	Student	9	4.5
	Professional	25	12.5
	Others	14	7.0
Customer Account Holder	Public	67	33.5
	Private	86	43.0
	Both	47	23.5

### Interpretation

From the above data it can be said that out of 200 respondents 56.6% were male and 43.5% were female. 3.0% of the respondents were under the age group of above 61 years, 69.5% were in the age group of 21 – 40 years. 58% of the respondents were single and 84% were married. If we see the educational qualification 8% were HSC and 49% were post graduates. Of the 200 customers 8% had an income of more than Rs.60000 and 42.5% had an income of less than Rs. 20000. 4.5% of the customers were students and 68% were salaried person. Account holders of both banks were 47%, whereas 67% Public and 86% Private according to the demographic data collected for customer perception of E – Banking services in Public and Private Sector Banks.

### Chi – Square Test

**Table No. 2 Relationship between demographic factors and customer perception on Awareness of E- Banking services**

Factor	df	Chi-square	Assmp Value	Significant/Non Significant
Gender	4	2.260	0.688	Not Significant
Age	12	32.616	0.001	Significant
Marital status	4	2.620	0.623	Not significant
Qualification	16	67.855	0.000	Significant
Income level	16	28.039	0.031	Significant
Occupation	16	40.551	0.001	Significant
Bank Account	12	24.383	0.018	Significant

### Interpretation

There is a significant relationship between awareness of E – Banking services and demographic factors such as age, qualification, income, occupation and bank account. On the other hand gender and marital status have no significant relationship between demographic factors towards the customer perception among awareness of E – Banking services.



**Table No. 3 Relationship between demographic factors and customer perception on Advantages of E - Banking services**

Factor	df	Chi-square	Assmp Value	Significant/Non Significant
Gender	3	0.79	0.994	Not Significant
Age	9	16.62	0.053	Not Significant
Marital status	3	1.868	0.600	Not Significant
Qualification	12	15.981	0.192	Not Significant
Income level	12	11.159	0.515	Not Significant
Occupation	12	23.277	0.025	Significant
Bank Account	9	15.835	0.070	Not Significant

#### Interpretation

There is a significant relationship between advantages of E –Banking services and demographic factor on occupation. On the other hand there is no significant relationship between gender, age, marital status, qualification, income level and bank account towards the customer perception among advantages of E – Banking services.

**Table No. 4 Relationship between demographic factors and customer perception on frequently use of E - Banking services**

Factor	df	Chi-square	Assmp Value	Significant/Non Significant
Gender	4	12.357	0.015	Significant
Age	12	51.504	0.000	Significant
Marital status	4	9.747	0.045	Significant
Qualification	16	35.700	0.003	Significant
Income level	16	19.918	0.224	Not Significant
Occupation	16	32.754	0.008	Significant
Bank Account	12	24.154	0.019	Significant

#### Interpretation

There is a significant relationship between frequently use of E –Banking services and demographic factors such as age, qualification, marital status, income, occupation and bank account. Whereas there is no significant relationship in income level towards the customer perception among frequently use of E – Banking services.

**Table No.5 Relationship between demographic factors and customer perception on User – Friendly of E - Banking services**

Factor	df	Chi-square	Assmp Value	Significant/Non Significant
Gender	4	6.168	0.187	Not Significant
Age	12	15.152	0.233	Not Significant
Marital status	4	.742	0.946	Not Significant
Qualification	16	16.856	0.395	Not Significant
Income level	16	22.671	0.123	Not Significant
Occupation	16	42.146	0.000	Significant
Bank Account	12	8.453	0.749	Not significant

#### Interpretation

There is a significant relationship between user – friendly and the demographic factor on occupation. On the other hand gender, age, marital status qualification, income level and bank account have no significant towards the customer perception among user friendly of E – Banking services.

#### Findings of the Study

- It is evident from the study that 113 of the customers both in Public and Private Sector Banks were male.
- The above study revealed that age group between 21- 40 years were the main users of E – Banking services.



- It is clear from the study that 98 of customers were graduates in Public and Private Sector Banks.
- It is observed from the study that 136 were salaried class.
- Majority of the person 80 to 85 customers belongs to the Income level of Rs.20000 and Rs.20000 – 40000.
- More no of the people have a/c with Private Sector Banks.
- Majority of the customers whether in Public or Private sector banks have saving a/c with banks.
- There is a significant relationship between awareness of E – Banking services and demographic factors such as age, qualification, income, occupation and bank account .towards the customer perception of E – Banking services.
- There is a significant relationship between qualification and customer perception on advantages of E- Banking services.
- There is a significant relationship between frequently use and demographic factors such as age, qualification, marital status, income, occupation and bank account.
- There is a significant relationship between frequently use and demographic factors such as age, qualification, marital status, income, occupation and bank account.
- There is a significant relationship between user – friendly and the demographic factors occupation.

### **Conclusion**

Thus, this study has analyzed the perception of customers regarding the factors of E – Banking services. E – Banking play very important role to handle the customers effectively and to reduce the work burden of staff. Age and occupation are the important demographic factors in the banks which have used to measure the perception of the customers on E – Banking services. We can observe from the data that adult generation is more inclined towards E – Banking services. The research is conducted keeping in review the sharp differences between the Public and Private Sector Banks.

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