



PERCEPTION AND ACCEPTABILITY OF ELECTRONIC BANKING: A STUDY OF THE CUSTOMERS OF SELECTED BANKS IN KANCHEEPURAM DISTRICT

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Abstract

Today, e-banking is used as a strategic tool by the global banking sector to attract and retain customers. E-banking is a generic term for delivery of banking services and products through electronic channels, such as the telephone, the internet, the cell phone, etc. The concept and scope of E-banking facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services considerably. The present paper is concerned with the various ways of doing banking electronically. The present article throws light on the customer aspect of e banking services and the customer satisfaction level. It also gives a comparative study of customer's perception of e banking services offered from Public sector and Private sector banks.

Key Words: E-Banking, Customer Satisfaction, Banking Services, Customer's Perception.

Introduction

Indian banking sectors are largely depends on information technology owing that to meet the global competition with the help of understanding the consumers perception. Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. A motivated person is ready to act. How the motivated person actually acts is influenced by his or her perception of the situation. Perception depends not only upon the physical stimuli, but also on the stimuli's relation to the surroundings field and on the condition within the individual. People's behavior is based on their perception of what reality is, not on reality itself. Perception is understood as the act of seeing what is there to be seen which is influenced by the individual, the object and the situation. Perception is the process by which an individual selects, organizes, and interprets the information inputs to create a meaningful picture of the world. In simple terms, perception is why the same universe is viewed differently by different people. Perception process consists of three stages: Selection, Organization and Interpretation. Selection is the first stage in the perception process in which the stimuli are selected through the senses: sight, sound, smell, taste and touch. Organization is the second stage in which the stimuli (information) are mentally arranged so that a sense can be formed of the stimuli or it can be understood. Interpretation is the third stage in the perception process in which the meaning is attached to the stimuli. Interpretations are subjective and are based on values, needs, beliefs, experiences, expectations, involvement, self-concept and other personal factors. With aspects the present article highlights the perception of customers towards e- banking in Kangeपुरam district of Tamil Nadu.

Banking system occupies an important place in a nation's economy. A banking institution is indispensable in a modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market in an advanced country. The phenomenon of globalization brought about changes in terms of products and services that are being offered to Indian customers and consequently the complexion of the banking sector in India too underwent a noteworthy change in the last decade. The fast advancing global information infrastructure including information technology and computer networks such as the Internet and telecommunications systems enable the development of electronic commerce at a global level. The nearly universal connectivity which the Internet offers has made it an invaluable business tool. These developments have created a new type of economy, which many call the 'digital economy'. As a direct consequence of the emergence of the 'digital economy', the balance of power seems to be shifting to the customers.

Customers are increasingly demanding more value, with goods customized to their exact needs, at less cost, and as quickly as possible. To meet these demands, businesses need to develop innovative ways of creating value which often require different enterprise architectures, different IT infrastructures and different way of thinking about doing business. The emergence of new private sector and foreign banks is one of the major challenges before the public sector commercial banks in India and this prompted the Indian banking industry to reckon with the challenges posed by the competition while rendering services to the customers.



E-banking is now a global phenomenon. It is a precious and influential tool for heavy development, supporting growth, promoting innovation and enhancing competitiveness. A physically powerful banking industry is an essential in every country and can have a major affect in supporting economic development through competent financial services. It has had huge impact on the banking industry. Banks require developing creative solutions of how to make full use of the new technology and how to provide their customers with high online service quality. When lacking face to face interaction banks must increase the experienced online service quality among customers in order to attain and sustain competitive advantages and customer relationships.

Benefits of E-Banking

E-banking helps us in overcoming the drawbacks of manual system, as computers are capable of storing, analyzing, consolidating, searching and presenting the data as per the user requirements with lot of speed and accuracy. Number of benefits accrues to the various parties with the development of e- banking.

To the banks

1. E-banking services help in increasing profits.
2. E-banking provides competitive advantage with boundary less network to the banks.
3. Due to e-banking banks carry on business less with paper money and more with plastic money; have online transfer of funds, thus economizing on the cost of storage of huge stocks of currency notes and coins.
4. By connecting with ATM and PO terminals, risk of cash overdraw can be eliminated in case of ATM credit and debit card.
5. E-banking websites can act as a revenue earner through its promotional activities.
6. Customers can avail e-banking facility from anywhere, therefore saving the need not to invest more on building infrastructures.
7. Customers can access their accounts 24 hours a day without having to have branches open.
8. Traditional banks are very expensive to run, high street rental for a branch costs hundreds of thousands of pounds per year. On top of that are staff costs, insurance, heating and lighting costs. It has been estimated that banks can save around 50% on the cost of transactions through the use of on-line banking...
9. Banks can attract new customers to their online business for a fraction of the cost it takes to get one through the door of a high street branch.
10. Because of the lower operating costs, internet banks can offer very attractive incentives. They often have higher rates of interest for savers and lower rates of interest for borrowers.
11. Websites that offer financial convergence for the customer will create a more involved banking customer who will more frequently utilize the banking websites.

To the customers

1. Internet banking allows the customer to set up bill payments to just about anyone. Customer can select the person or company whom he wants to make a payment and send the payee a paper check or an electronic payment
2. E- banking gives customer the control over nearly every aspect of managing his bank accounts. Besides the Customers can, Buy and Sell Securities, Check Stock Market Information, Check Currency Rates, Check Balances, See which checks are cleared, Transfer Money, View Transaction History and avoid going to an actual bank.
3. The best benefit is that Internet banking is free. At many banks the customer doesn't have to maintain a required minimum balance. The second big benefit is better interest rates for the customer.
4. E-banking provides 24 hours service to the customers for cash withdrawal from any branch.
5. Quick and steady access to information.
6. Online purchase of goods and services and payments can be made for various purposes.
7. The customer can view his account balance, can get a statement of his account, can apply for loans, check the progress of his investments, review interest rates and collect other important information.

To the merchants, traders, etc.

1. It ensures assured quick payment and settlement to the various transactions made by the traders.
2. It provides a variety of services to the businessmen on par with the international standards with low transaction cost.
3. Cost and risk problems involved in handling cash which are very high in business transactions are avoided.
4. It leads to the growth of global and local clientele base with the development of ebanking.



5. Other benefits include improved image, improved customer service, eliminating paper work, reduced waiting costs and enhanced flexibility.

Review of Literature

Joseph et al. (1999) conducted a research on preference of customers out of traditional style of banking and online system of banking. He stated that queue management is very important factor which provides online system edge over traditional banking. One among the important dimensions of e-banking service quality is queue management. This management of queue saves lot of time of customers and also makes banking system a lot easier for them. Beer (2006) in his study stated that the convenience of online banking is helping people gain greater control of their finances and contributing to changing patterns in cash withdrawal and day to day money management. He stated that internet banking saves lot of time as compared to traditional system of banking and also he said that internet banking is much convenient as compared to traditional system of banking. Saving time is an importance factor which influences the customers prefers to use i-banking: The most popular online transaction through internet banking is funds transfer/bill payment. Williamson (2006) stated that online banking is a highly profitable channel for financial institutions. It provides customers convenience and flexibility and can be provided at a lower cost than traditional branch banking. Authenticating customers logging onto their online banking service has become a crucial concern of financial institutions. According to Broadie (2007), the e- banking is leading to a paradigm shift in marketing practices resulting in high performance in the banking industry. Delivery of service in banking can be provided efficiently only when the back ground operations are efficient. An efficient back ground operation can be conducted only when it is integrated by an electronic system. The components like data, hardware, software, network and people are the essential elements of the system. Banking customers get satisfied with the system when it provides them maximum convenience and comfort while transacting with the bank. Internet enabled electronic system facilitate the operation to fetch these result. Salawu (2007) stated that an in-depth analysis would help to understand that internet enabled electronic bank system differentiates from traditional banking operation through faster delivery of information from the customer and service provider. Additionally, it has to be noted that the banking operations does not transfer physical currencies instead it transfer the information about the value for currencies. I-banks enable transfer of information more swiftly on-line.

Objectives

1. To study the perception of the consumers of selected banks towards E-banking in, Kancheepuram district (Tamil nadu ,India).
2. To study the acceptability of the different services of E-banking by the consumers of selected banks in Kancheepuram district (Tamil nadu, India).
3. To compare the perceptions and acceptability of E-banking between the consumers of private and public sector banks.

Research Methodology

For the present study both exploratory and conclusive research methods were used. The conclusive research method here is descriptive in nature and the research design is single cross-sectional. In this study primary data has been collected through survey method. The research was conducted with the help of a questionnaire measuring the perceptions and acceptability of Ebanking by the consumers In the present case the target population consists of the consumers of banks in Kancheepuram district (Tamil nadu ,India).The unit (Kotler, 1997) in the study includes two private sector banks and two public sector banks in Kancheepuram district (Tamil nadu ,India) while the elements are the customers of these banks. Quota sampling was used for the present study, whereby, 50 customers from each of the four banks were covered.

The respondents were personally administered the questionnaire and primary data was collected. The questionnaire consisted of two parts, namely, Part-A and Part-B. Part-A of the questionnaire consisted of solicited information about the profile of respondents like their age, educational background etc. Part-B consisted of 14 questions out of which six related to perception regarding E-banking and six to usage of E-banking and the respondent had to answer on a five point Likert scale (Malhotra and Dash, 2010) for these twelve statements.

Limitations of the Study

The present study may have suffered from the following limitations:

1. Size of the sample selected for research may perhaps be considered as small, hence; the result of this study might not be fully reliable for generalization for the whole country.



- The respondents were asked to give their practical views and not the ideology, but the personal biases of the respondents might have affected the results.

Results and Discussion

The outcome of number of respondents has been categorized in categories such as age, educational qualifications, total work experience, and levels of occupation.

Table -1, Frequency Distribution of Customers In Terms of Age

Age (Years)	No. of Respondents of Banks		Total
	Public Sector	Private sector	
Below 30	18 (18)	16 (16)	34 (17)
30-40	40 (40)	48 (48)	88 (44)
40-50	28 (28)	28 (28)	56 (28)
50 & above	14 (14)	8 (8)	22 (11)
Total	100 (100)	100 (100)	200 (100)

Note: The figures in brackets indicate the percentages

Age is the first and a very important factor to analyze the perception towards and the acceptability of E-banking by the customers. In this study the age of respondents has been divided into four categories. The largest group for respondents belonged to 30-40 years (44 percent) while the smallest group is for 50 and above (11 percent) year categories. Almost half the customers of private sector banks and four-tenth of the customers of public sector banks have an age category of between 30 and 40 years. This is followed by the 40- 50 years category for both types of banks.

Table .2, Frequency Distribution of Customers in Terms of Educational Qualification

Educational Qualification	No. of Respondents of Banks		Total
	Public Sector	Private sector	
Undergraduate	16 (18)	10 (10)	26 (13)
Gradutae	70 (70)	78(78)	148(74)
Postgraduate	10(10)	16 (18)	26(13)
Total	100 (100)	100 (100)	200 (100)

Note: The figures in brackets indicate the percentages

Educational background is a very important factor, which affects the behaviour of an individual to a very large extent. The study revealed that a majority of respondents (nearly 75%) were found to be having an educational level of graduation. Furthermore, among the customers of public sector banks graduates were followed by undergraduates and postgraduates in that order. Among the customers of private sector banks, graduates were trailed by postgraduates on second position.

Table -3, Frequency Distribution of Customers in Terms of Level of Occupation

Level of Occupation	No. of Respondents	Percentage
Self employed	55	27.50
Service class(government)	35	17.50
Service class (private)	110	55
TOTAL	200	100

The study shows that the number of customers employed with the private sector is the largest of the group

Table. 4, Awareness and usage of e-banking services

Type of Banks	No of Respondents		Total
	Aware	Not Aware	
Public sector	100	0	100
Private sector	100	0	100



The study shows that all the customers, irrespective of their affiliation, are aware about EBanking and have used some form of E-Banking.

Other Results

The analysis also reveals that in private banks customers are happier as compare to public banks about the services of e banking. Most of the customers prefer e-banking for quickness So banks should try in all the ways that e-banking is working 24 hours round the clock and service is available to customers without any hassles.

Online Customers are mainly concerned on safety issues so the banks should educate their customers on the safety use of their passwords and pin numbers and it should insist the customers that they should change the passwords and pin numbers frequently so no unauthorized fraudulent practices happen in the online banking.

Different age group customers have different perception towards the e-banking services, Mainly the old age people are having the reluctance for using e-banking facilities, so importance to be given to those people and proper training on the usage of e-banking should be given to them and bankers have to adopt the right strategies to attract different age group and give more information about the e- banking services.

Conclusion

The study has analyzed the overall perception of customers regarding the services of e-banking. 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. The customers prefer e-channels with time and cost utility and above all security which provide efficient e-banking services. E-Banking will be successful for banks only when they have Commitment to e-Banking along with a deeper understanding of customer needs. This can come only when the bank has a very big base of customers, best people, and a service attitude. Banks should concentrate on above lines in order to have effective e-banking practices. Therefore this study concludes, consumer perception is highly influence the effective utilization of the banking services in a particular study area.

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