



## CUSTOMERS' PERCEPTION TOWARDS INTERNET BANKING SERVICES IN RAMANATHAPURAM DISTRICT

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### ABSTRACT

In the economic scenario, financial institutions and banking industries are using effective strategic planning for capturing customer attention and improving the perception level of customers. So banks must adopt new strategies for developing a positive perception level in the minds of customers. For developing and implementing customer centric strategies, banks need to provide consistent strategies to prevent customer from switching over to other competitive banks. In order to understand customer perception on Internet banking services towards banking sector, there is a need to understand dimensions like internet banking services, motivational factors and also identify the problems towards internet banking services. The study has been undertaken with regard to the following set of objectives: To study the socio-economic profile and their level of perception of the customers and to analyse the factors considered by the respondents to select a particular bank. In the present study primary and secondary data have been used. Moreover a convenient random sampling technique has been adopted for selecting a sample of 225 respondents who have used internet banking in Ramanathapuram district in selected banks through questionnaire. The current research paper deals to identify the customer perception levels.

### KEYWORDS :

#### INTRODUCTION

Internet banking enables a customer to perform banking transactions through the bank's website. This is also called virtual banking, net banking or anywhere banking. It is like bringing the bank to one's computer at the place and time of one's choice. This can be very useful, especially for banking outside bank hours through internet access. The number of customers who chooses online banking as a chosen method of dealing with their finance is growing rapidly. Online banking usually offers features like electronic bill payment. There are growing numbers of banks that operate exclusively online due to cost advantage compared to traditional banks. The services can be availed by a customer while using Internet banking services such as: Funds transfer between customer's accounts, Request for making Fixed Deposits, Request for issuing demand draft at banker's cheque, Tax deducted at source enquiry, Stop payment request., Cheque status enquiry, cheque book request, Account balance and accounts statement enquiry, Fixed deposit, Credit card details, Debit card details and any other type of instructions like change of address or loan installment due etc.,

#### Statement of the Problem

The tremendous advances in technology and the growing infusion of information technology had brought in a paradigm shift in banking operations. For the banks, technology has emerged as a strategic resource for achieving higher efficiency, control of operations, productivity and profitability. For customers, it is the realization of their 'anywhere, anytime, anyway' banking dream. This has prompted the banks to embrace technology to meet the increasing customer expectation and face the tough competition. With the popularity of PCs, easy access to Internet and World Wide Web (WWW), banks increasingly use Internet as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking, although the range of products and services offered by different banks vary widely both in their content and sophistication. Hence, it is essential to study the customers' perception towards internet banking services in Ramanathapuram district.

#### Objectives of the Study

The study has been undertaken with regard to the following set of objectives:

- To study the socio-economic profile and their level of perception of the customers.
- To analyse the factors considered by the respondents to select a particular bank.
- To offer suitable suggestions for improving the services of internet banking based on the finding of the study.

#### Methodology

In the present study primary and secondary data have been used. Convenient random sampling technique has been adopted for selecting a sample of 225 respondents who have used internet banking in Ramanathapuram district selected banks through questionnaire. The collected data are analyzed by classifying and tabulating. The secondary data have been collected from books, journals, magazines, report & websites. The primary data have been analysed by using the following statistical tools such as ; Percentage analysis, Likert's five point scaling technique, Pearson Correlation Co-efficient, Ranking, Mean and Standard deviation.

#### Socio-Economic Profile of the Respondents

The socio-economic variables of the respondents like gender, age, marital status, education, qualification, occupation, and monthly income of the selected customers in the study area have been taken into account for the analysis to know the social background of the respondents. This information would be helpful to relate their social position with their products and services of internet banking. Table 1 deals with the important variable of the respondents.

**Table 1 Socio Economic Profile Of The Respondents**

Demographic		No. of Respondents	Percentage
Gender	Male	169	75.11
	Female	56	24.89
	<b>Total</b>	<b>225</b>	<b>100</b>
Age wise Classification	Below 25	123	54.67
	25-50	69	30.66
	Above 50	33	14.67
	<b>Total</b>	<b>225</b>	<b>100</b>

<b>Marital Status</b>	Married	178	79.11
	Unmarried	47	20.89
	<b>Total</b>	<b>225</b>	<b>100</b>
<b>Educational Qualification</b>	SSLC level	26	11.56
	High School level	32	14.22
	Diploma level	39	17.33
	Graduate	35	15.59
	Post graduate	48	21.33
	Others	45	20.00
	<b>Total</b>	<b>225</b>	<b>100.00</b>
<b>Occupation</b>	Salaried	98	43.56
	Professional	79	35.11
	Business	34	15.11
	Others	14	6.22
	<b>Total</b>	<b>225</b>	<b>100</b>
<b>Monthly Income</b>	Below 20,000	38	16.89
	20,000-40,000	78	34.67
	40,000-60,000	85	37.77
	Above 60,000	24	10.67
	<b>Total</b>	<b>225</b>	<b>100</b>

Source: Primary Data

From the table 1 it is found that male respondents (75.11 per cent) are more than female respondents (24.89 per cent). Age wise distribution of respondents show that 123 respondents belong to the young age group of below 25 (54.67 per cent) than middle age group (30.66 per cent) and above old (14.67 per cent). Among the 225 respondents, 79.11 per cent respondents are married 20.89 per cent respondents are unmarried. 48 (21.33 per cent) have completed their education upto post graduate level, 45 (20 per cent) come under others category, 39 (17.33 per cent) have finished their education upto diploma level, 35 (15.56 per cent) have completed their education upto graduate level, 32 (14.22 per cent) have high school level, 26 (11.56 per cent) have completed their education upto SSLC level. 98 (43.56 per cent) are salaried, 79 (35.11 per cent) are professionals, 34 (15.11 per cent) are businessmen and 14 (6.22 per cent) belong to others category. 85 (37.77 per cent) earn a monthly income of Rs. 40,000-Rs. 60,000, 78 (34.67 per cent) earn a monthly income of Rs. 20,000-Rs. 40,000, 38 (16.89 per cent) earn a monthly income of below Rs. 20,000 and 24 (10.67 per cent) earn a monthly income of above Rs. 60,000.

**Bank Profile of the Customers**

In this section, name of the bank holding account, type of the account, period of having accounts in the banks and period of using internet banking have been analysed.

**Name of the Bank holding account**

Table 2 points out the name of the bank in which the respondents are holding account.

**Table 2 Name of the Bank holding account**

Name of the bank	No. of Respondents	Percentage
SBI	94	26.63
Pandian Grama Bank	36	10.20
IOB	76	21.53
ICICI	48	13.60
TMB	32	9.07
AXIS bank	52	14.73
Other banks	15	4.25
<b>Total</b>	<b>353</b>	<b>100.00</b>

Source: Primary data

(Note: As the respondents are having account in more than one banks, the total exceeds 225)

It is clear from Table 2 that 94 (26.63 per cent) have account in

SBII, 76 (21.53 per cent) have accounts in IOB, 52 (14.73 per cent) have accounts in AXIS bank, 48 (13.60 per cent) have accounts in ICICI, 36 (10.20 per cent) have accounts in Pandian Grama bank, 32 (9.07 per cent) have accounts in TMB and 15 (4.25 per cent) have accounts in other banks.

**Type of accounts maintained in the banks**

Table 3 illustrates the type of account maintained in the banks.

**Table 3 Type of account maintained in the banks**

Type of Account	No. of Respondents	Percentage
Savings bank account	225	62.15
Current account	35	9.67
Other accounts	102	28.18
<b>Total</b>	<b>362</b>	<b>100</b>

Source: Primary data

(Note: As the respondents are having more than one account, the total exceeds 362)

It is understood from table 3 that 225 (62.15 per cent) have savings bank account, 102 (28.18 per cent) have other accounts and 35 (9.67 per cent) have current accounts.

**Periods of having account with the bank**

Table 4 states the periods of having account with the bank.

**Table 4 Years of having account with the bank**

Periods	No. of Respondents	Percentage
Less than 5	78	34.67
5-10	39	17.33
10-15	85	37.78
Above 15	23	10.22
<b>Total</b>	<b>225</b>	<b>100</b>

Source: Primary data

Out of 225 respondents, 85 (37.78 per cent) have accounts in banks for a period of 10-15 years, 78 (34.67 per cent) have accounts in banks for a period of less than 5 years, 39 (17.33 per cent) have accounts in banks for a period of 5-10 years and 23 (10.22 per cent) have accounts in banks for a period of above 15 years.

**Periods of using internet banking**

Table 5 reveals the periods of using internet banking.

**Table 5 Years of using internet banking**

Periods	No. of Respondents	Percentage
Less than 2 years	49	21.78
2-4	12	5.33
4-6	86	38.22
Above 6 years	78	34.67
<b>Total</b>	<b>225</b>	<b>100</b>

Source: Primary data

Out of 225 respondents, 86 (38.22 per cent) have used internet banking for a period of 4-6 years, 78 (34.67 per cent) have used internet banking for a period of above 6 years, 49 (21.78 per cent) have used internet banking for a period of less than 2 years and 12 (5.33 per cent) have used internet banking for a period of 2-4 years.

**Analytical Framework**

Simple ranking technique has been used to analyse the factors considered while selecting a particular bank. The level of perception of the respondents towards products and services has been measured with the help of mean and standard deviation. In case of products, the total perception score of a respondent is obtained by adding up scores of all

the 16 statements. In case of services, the total perception score of a respondent is obtained by adding up scores of all the 22 statements. The level of perception has been classified into three categories namely low level, medium level and high level perception for analytical purposes.

The score values greater than  $X + S.D.$  and the score values less than  $X - S.D.$  have been classified as high level of perception and low level of perception, respectively. The score values between  $(X + S.D.)$  and  $(X - S.D.)$  have been classified as medium level of perception.  $X$  and  $S.D.$  are the arithmetic mean and standard deviation calculated from the score value of 225 respondents.

**Level of Perception for products**

The calculated values of  $X$  and  $S.D.$  are 44.61 and 2.34 respectively.

Therefore,  
 $X + S.D. (44.61 + 2.34) = 47.26 = 47$  and above - High level perception

$X - S.D. (44.61 - 2.34) = 42.27 = 42$  and below - Low Level perception  
 $(X - S.D.)$  and  $(X + S.D.)$  between 42 to 47 - Medium Level perception

**Level of Perception for services**

The calculated values of  $X$  and  $S.D.$  are 73.21 and 5.48 respectively.

Therefore,  
 $X + S.D. (73.21 + 5.48) = 78.69 = 79$  and above - High level perception

$X - S.D. (73.21 - 5.48) = 67.73 = 68$  and below - Low Level perception  
 $(X - S.D.)$  and  $(X + S.D.)$  between 68 to 79 - Medium Level perception

Karl Pearson's Co-efficient of Correlation has been used to examine the relationship between level of perception of the respondents towards products and services. Chi square test has been used to analyse the socio-economic profile of the respondents and their level of perception towards products/services.

**Table 6 Level of perception of the respondents towards products and services**

Level	Products		Services	
	No. of Respondents	Percentage	No. of Respondents	Percentage
High	82	36.44	69	30.67
Medium	104	46.22	134	59.56
Low	39	17.33	22	9.78
Total	225	100	225	100

Source: Primary data

Regarding products, 104 (46.22 per cent) have medium level perception, 82 (36.44 per cent) have high level perception and 39 (17.33 per cent) have low level perception towards products. Regarding services, 134 (59.56 per cent) have medium level perception, 69 (30.67 per cent) have high level perception and 22 (9.78 per cent) have low level perception towards services.

Pearson correlation co-efficient has been used to analyse the level of perception towards products and services. Correlation value  $(r) = 0.962$  which indicates that there is a high degree of positive correlation between level of perception of the respondents towards products and services.

**Relationship between Socio-Economic Profile of the**

**Respondents and their Level of Perception towards Bank Products**

Chi square test has been used to analyse the relationship between socio-economic profile of the respondents and their level of perception towards bank products.

$H_0$ : There is no significant relationship between socio-economic profile of the respondents and their level of perception towards bank products.

**Table 7 Relationship between socio-economic profile of the respondents and their level of perception towards bank products**

Socio-Economic profile	Calculated value	Table value	Degrees of Freedom	Result
Gender	7.94	2	5.991	Significant
Age (in years)	2.45	4	9.49	Not significant
Marital status	10.44	2	5.991	Significant
Education	29.14	10	18.31	Significant
Occupation	7.62	6	12.52	Not significant
Monthly income	10.30	6	12.52	Not significant

Source: Calculated data

Out of six socio-economic variables, gender, age, marital status, education, occupation and monthly income, three variables viz., gender, marital status and education are significantly related to level of perception towards banks products. The remaining three variables age, occupation and monthly income are not significantly related to level of perception towards bank products.

**Relationship between Socio-Economic Profile of the Respondents and their Level of Perception towards Bank Services**

Chi square test has been used to analyse the relationship between socio-economic profile of the respondents and their level of perception towards bank products.

$H_0$ : There is no significant relationship between socio-economic profile of the respondents and their level of perception towards bank products.

**Table 8 Relationship between socio-economic profile of the respondents and their Level of perception towards bank services**

Socio-Economic profile	Calculated value	Table value	Degrees of Freedom	Result
Gender	12.59	2	5.991	Significant
Age (in years)	16.43	4	9.49	Significant
Marital status	3.47	2	5.991	Not Significant
Education	25.02	10	18.31	Significant
Occupation	22.99	6	12.52	Significant
Monthly income	16.67	6	12.52	Significant

Source: Calculated data

Out of six socio-economic variables, gender, age, marital status, education, occupation and monthly income, five variables viz., age, gender, education, occupation and monthly income are significantly related to level of perception towards banks services. The remaining one variable marital status is not significantly related to level of perception towards bank services.

**Level of Perception towards Products/Services**

It is essential to measure the level of perception of the respondents towards banks products/services.

**Table 9 Level of Perception towards Products/Services**

PRODUCTS	S.A	A	N	D.A	S.D.A
Savings, current a/c fixed deposit and recurring deposit	93	54	25	34	19
Demand draft, overdraft facility	72	15	45	66	27
Collection of cheques, payment of cheques and personalized cheque books, issue of travellers cheque	85	50	40	18	32
Discounting of bills of exchange and foreign exchange facility	25	48	87	30	35
Safe deposit locker	35	58	23	45	64
Consumer loan, housing loan and crop loan, loans and advances	27	105	23	61	9
Mutual fund, Merchant banking and insurance	85	28	55	11	46
Venture capital leasing & letter of credit	73	28	26	34	64
Standing instructions & e-payment services	41	24	76	50	34
Debit and Credit card payment	55	40	58	36	36
Mobile banking	75	28	73	34	15
ATM facility	97	42	45	36	5
On-line banking	86	49	26	49	15
Phone banking	42	58	23	52	50
Any-where banking	21	52	29	88	35
Others	35	52	54	75	9
SERVICES	S.A	A	N	D.A	S.D.A
Account balance and accounts statement enquiry	72	52	22	50	29
Fund transfer	51	56	45	63	10
Bill payment	80	62	24	24	35
Request and intimations	95	70	23	30	7
E-shopping	51	42	50	36	46
Credit card payment	34	76	66	34	15
Standing instruction	42	39	30	50	64
Loan applications	60	51	47	42	25
Tax advisory service	80	103	19	17	6
Market News online	50	16	36	62	61
Tax deducted at source enquiry	89	38	73	20	5
Intimating online about a stop payment	55	56	64	35	15
Updating of foreign exchange currency rates	72	18	64	52	19
Any other type of instruction like change of address or loan instalment due etc	105	21	51	26	22
Network statement	75	45	62	29	14
Online remittance of funds	43	56	117	6	3
Display business hours	51	134	10	4	26
Provide separate 'Enquiry' or 'May I Help You' counter	35	8	36	79	67
Display interest rates for various deposit schemes from time to time	160	8	18	7	32
Notify change in interest rates on advances	103	32	62	2	28
provide complaint/suggestion box in the branch premises	89	67	36	15	18
Organize customer meets for strengthening customer relations	35	24	115	42	9

**Factors Considered for Selecting a Particular Bank**

Table 10 shows the factors considered by the respondents while selecting a particular bank.

**Table 10 Factors Considered For Selecting a Particular Bank**

Factors	S.A	A	N	D.A	S.D.A	Total
Safety of Funds	72	47	38	34	34	225

Connivance to Work Place	82	42	32	51	18	225
My father's bank	56	26	80	15	48	225
Friends recommendation	92	54	36	31	12	225
Due to My Salary a/c	32	28	24	65	76	225
E-banking Facilities	100	47	28	38	12	225
Efficient & timely services	82	42	14	75	12	225
Attractive appearance of the bank(both interior & exterior)	68	31	38	25	63	225
Attractive interest rate	52	38	38	25	72	225
Low/Reasonable service charges	109	55	12	25	24	225
Innovative & new technology based services	128	35	31	22	9	225
Government Bank	80	48	62	15	20	225
Private Bank	77	78	39	23	8	225

Source: Primary data

Simple ranking technique has been used to analyse the factors considered by the respondents while selecting a particular bank. The results are given in Table 11.

**Table 11 Factors Considered for Selecting a Particular Bank – Simple Ranking Technique**

Factors	S.A	A	N	D.A	S.D.A	Total score	Mean score	Rank
Safety of Funds	360	188	114	68	34	764	3.40	VIII
Connivance to Work Place	410	168	96	102	18	794	3.53	IX
My father's bank	280	104	240	30	48	702	3.12	X
Friends recommendation	460	216	108	62	12	858	3.81	V
Due to My Salary a/c	160	112	72	130	76	550	2.44	XIII
E-banking Facilities	500	188	84	76	12	860	3.82	IV
Efficient & timely services	410	168	42	150	12	782	3.48	VII
Attractive appearance of the bank(both interior & exterior)	340	124	114	50	63	691	3.07	XI
Attractive interest rate	260	152	114	50	72	648	2.88	XII
Low/Reasonable service charges	545	220	36	50	24	875	3.89	II
Innovative & new technology based services	640	140	93	44	9	926	4.12	I
Government Bank	400	192	186	30	20	828	3.68	VI
Private Bank	385	312	117	46	8	868	3.86	III

Source: Primary data

Most of the respondents gave I rank to 'innovative & new technology based services' with the mean score of 4.12 followed by 'low/reasonable service charges' with the mean score of 3.89.

**CONCLUSION**

The major theme of the research is to study customer perception towards internet banking services in Ramanathapuram district only. There are two major objectives with data collected through questionnaire. It is clear that most of the respondents are male, married and salaried. The belong to the age group of below 25 years, they have completed their education upto post graduate level. They earn a monthly income of Rs. 40,000-Rs. 60,000. They have savings account in SBI for a period of 10-15 years and have used internet banking for a period of 4 - 6 year. Most of the respondents consider innovative and new technology based services while selecting a particular bank.

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