



PROBLEMS FACED BY THE CUSTOMERS IN E-BANKING SERVICES: A STUDY IN ERODE DISTRICT

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ABSTRACT

Banking in India has been a protracted journey. It has seen a variety of changes because of innovations and technologies. The primary objective of this paper is to analyse the problems faced by the customers while using e-banking services in erode district. For the present study, primary data have been used and they have been collected from 600 sample bank customers by using questionnaire. The 600 bank customers have been selected by using convenience sampling method. The collected data have been analysed by using Garrett Ranking Technique. The result revealed that Network issue is the major problem faced by the e-banking customers and it is suggested that bank may seriously concentrate on solving this issue by enhancing the server capacity.

KEYWORDS : Banking, E-banking, E-banking technology and ATM.

INTRODUCTION

The banking scenario in India in the post liberalization and deregulated environment has witnessed sweeping changes. The tremendous advances in technology and the aggressive 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.

Technology to start with is a business enabler and now has become a business driver. The banking institutions cannot think of introducing a financial product without information technology support be it customer service, transactions, remittances, audit, marketing, pricing or any other activity in the banks. Information Technology plays an important role not only to complete the activity with high efficiency but also has the potential to innovate and meet the future requirements. Information Technology has therefore introduced new business paradigms and is increasingly playing a significant role in improving the services in banking industry.

In the above backdrop, it becomes imperative to dwell on the evolution of Information Technology in banks before embarking on the various aspects of e-banking. Information Technology came into picture as early as in the 1980's in banking industry through the Rangarajan Committee recommendations and banks have given utmost importance to the technology since the last 25 years. The Reserve Bank of India is constantly pursuing the banks from 1980's to introduce computerization at branch level and to improve the quality of customer service through technology.

E-Banking implies performing basic banking transaction by customers round the clock globally through electronic media. Alternatively electronic banking can be defined as "delivery of bank's 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 operations viz., account enquiry, fund transfer and cash withdrawal. The brick and mortar structure of a bank is essential to perform the banking functions.

On the other hand, E-Banking enables the customers to perform the basic banking transactions by sitting at their

office or at homes through PC or LAPTOP. The customers can access the bank's website for viewing their account details and perform the transactions on account as per their requirements. Thus, 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 the clientele, reliable and secure services. The E-Banking services include Automated Teller Machine, Plastic Card Currency, Internet Banking and Electronic Clearing Services. Based on these aspects, the present study is an attempt to analyse the problems faced by the customers while using e-banking services in erode district.

Review Of Literature

The review of previous studies is considered as an essential for every research to carry on investigation successfully. It helps to understand the problem in-depth, the methodology followed and to identify the unexplored part of the field of study under consideration. In this regard a review of some of the previous studies in the field of the present study is summarized in this section.

Safeena et al. (2010) determines the consumers' perspective on internet banking adoption. Finding shows that perceived usefulness, perceived ease of use, consumer awareness and perceived risk are the important determinants of online banking adoption and have strong and positive effect on customers to accept the online banking system.

Gupta and Mishra (2012) examined the new emerging trends of E-banking in Indian banking industry. The study found that there are many challenges faced by banks in E-banking and there are many opportunities available with the banks. It concluded that the banking sector will need to master a new business model by building management and customer services. It also suggested that banks should contribute intensive efforts to render better services to their customers.

Agarwal (2012) this paper describes about various innovations in the banking and financial sector. The services are ECS, RTGS, EFT, NEFT, ATMs, retail banking, Debit and credit cards, Payment of utility bills, fund transfers, Internet banking, Telephone banking, Mobile Banking and many more value added services. The paper also describes the benefits and challenges of innovative banking trends. The paper end with the conclusion that, banks can go for cluster of villages of technological institutions have to bring low cost

solutions.

Statement Of The Problem

Today, banking industry has undergone a sea change. The main work of Bank employees is to provide quality information (which is consistent with all branches and direct access channels like ATMs, Phone Banking, Mobile Banking and Net Banking) at the branch at customer finger tips. Online banking or Internet banking allows customers to conduct financial transactions on a secure website operated by their bank. E-banking services are delivered to customers through the Internet and the web using Hypertext Markup Language (HTML). In order to use e-banking services, customers need Internet access and web browser software. One of the main concerns of e-banking is security. Without great confidence in security, customers are unwilling to use a public network, such as the Internet, to view their financial information online and conduct financial transactions. Some of the security threats include invasion of individuals' privacy and theft of confidential information. Banks with e-banking service offer several methods to ensure a high level of security.

Problems faced by the customers with e-banking is an essential part of a bank's strategy formulation process in an emerging economy like India. It has become imperative for both public and private sector banks to perform to the best of their abilities to retain their customers by catering to their explicit as well as implicit needs. Many a times it happens that the banks fail to satisfy their customer which can cause huge losses for banks. It is identified that there is a need for research work in the field of Problems faced by the customers on e-banking services in the area of Erode District of Tamil Nadu. Against this background, the present study is an attempt to find out the answer to the following question:

- Are the customers facing problems while using e-banking services in Erode District?

Scope Of The Study

The present study has been undertaken in Erode District or Tamil Nadu. This study aims to examine the problems faced by the customers while using e-banking services. The study is conducted with primary data collected from 600 sample bank customers. Collected data have been analysed with Garret Ranking Technique.

Objective Of The Study

- To study the problems faced by the customers while using e-banking services in erode district.

Sample Design

For the present study, primary data is used. The Required Primary Data was collected by using Well-structured Interview schedule. The required primary data were from 600 bank customers and they were selected by using convenience sampling technique. The collected primary data have been analysed by using Garrett Ranking Technique.

Problems Faced By The Customers While Using E-banking Services:

To capture the problems faced by the e-banking customers, 10 problems are considered, based on the outcome of the pilot study. For identifying the most significant problem faced by the customers while using e-banking services, Garrett Ranking Technique is applied. The formula for obtaining the score value under Garrett Ranking Technique is as follows:

$$\text{Percent position} = 100 (R_{ij} - 0.5) / N_j$$

Where R_{ij} is the rank given for the i^{th} problem by the j^{th} respondents and N_j is the number of problems ranked by j^{th} respondents. The Table-1 displays the results of Garrett

Ranking Technique for problems faced by the e-banking customers.

Table-1: Problems Faced By The Customers While Using E-banking Services : Garrett Ranking Technique

Problems	Total Score	Mean Score	Rank
Network problem	37626	62.71	I
Lack of Confidence	35580	59.30	III
Limited fund transfers	32880	54.80	IV
Hanging Websites	36726	61.21	II
Lengthy Formalities	31932	53.22	V
Lack of personalised touch	26898	44.83	VI
Data insecurity	24570	40.95	IX
Difficulty in use of Smart Card	24714	41.19	VIII
High service charges	21372	35.62	X
Delay in connectivity	24792	41.32	VII

From the Table-1, it is found that "Network problem" is ranked as the most important problem faced by the customers while using e-banking services with high mean score (62.71). Hanging websites (61.21), Lack of confidence (59.30) and Limited fund transfers (54.80) are ranked as 'second', 'third' and 'fourth' respectively. Hence, it is concluded that the "Network problem" is the most significant problem faced by the customers while using e-banking services.

Conclusion And Suggestion:

In the present study, it is found that the most important problem faced by the e-banking customers is "Network problem". This problem may be due to poor server capacity. Hence, it is suggested that banks may upgrade the bandwidth in order to improve the speed and enhance the server capacity. By doing so, there will be a possibility of resolving the network problem and improve the customers' satisfaction.

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