



Customer Perception Towards E-Banking

KEYWORDS

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INTRODUCTION:

An analysis of the differences in risk perceptions between bank customers using Internet Banking and those not using Internet Banking was done and it showed that risk perceptions in terms of financial, psychological and safety risks among customer not using the internet was more meaningful than those using internet banking. Customers not preferring to use internet banking thought that they would be swindled when using this service, and therefore, are particularly careful about high risk expectation during money transfers from and between accounts. **Only 37% of Indian Internet users come from Top 10 cities i.e. Mumbai, Bangalore, Delhi, Calcutta, Chennai, Hyderabad, Ahmedabad, Surat and Nagpur.**

As per IAMAI and I-cube, the number of active Internet user (i.e. ones who logon to Internet atleast once a month) is now 32 million and numbers who have used Internet atleast once stands at 46 million. Maximum of the person who are going on for internet banking lies in the age bracket of 26-35. but the rise in the age the level of users become low. Approximately 17% of female use internet banking. This a matter of concern for a banks what are the causes why this is happening.

STATEMENT OF THE PROBLE

To understand why many customers still go for the traditional banking system though e-Banking has become prevalent among the common masses for a considerable period.

OBJECTIVES OF THE STUDY:

- Consumer perception on the usage of internet banking
- To understand various factors which attract customers towards e-Banking
- To understand the reasons why e-Banking has not influenced all classes of customers.

HYPOTHESIS TESTING

- ✓ H0: Customer perception towards E banking is independent of the factors such as Excellent Bank service, Security of Account, Good Accessibility, Very Convenient, Training to use banking services, Customer Relation Management, User Friendliness
- ✓ H1: Customer perception towards E banking is dependent of the factors such as Excellent Bank service , Security of Account, Good Accessibility, Very Convenient, Training to use banking services, Customer Relation Management, User Friendliness

SCOPE OF THE STUDY

To understand the customers attitude while using internet banking.

Research Type - Descriptive research

DATA COLLECTION

The methods used for collecting the required data in this dissertation are done using both Interview method and Questionnaires.

SAMPLING PLAN

A sample size of 120 is taken through questionnaire method by using convenience sampling.

TOOLS FOR COLLECTION OF DATA

Sources of Data Collection:

- Primary data
- Secondary data

Primary Data

Data was collect through structured questionnaire and verbal interaction with the customers.. Questionnaire was administered to the customers..

Method: Chi Square method is adopted to determine the Hypothesis.

1) In general, what do you feel about E-Banking as a new system of delivering banking services?

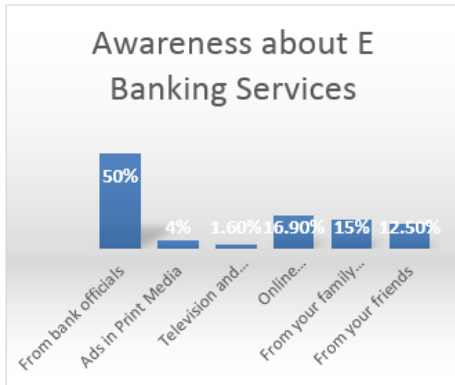
| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Vital | 42 | 35% |
| Essential | 41 | 34% |
| Desirable | 21 | 17% |
| Can't say Exactly | 16 | 14% |
| Any other | 0 | 0% |
| Total | 120 | 100% |



Interpretation: It can found that most of the customers feel that E-banking is vital and essential as a new system of delivering banking services.

2) How did you come to know about E-Banking services?

| Particulars | Respondents | Percentage |
|--------------------------|-------------|-------------|
| From bank officials | 60 | 50% |
| Ads in Print Media | 5 | 4% |
| Television and Radio Ads | 2 | 1.6% |
| Online Advertisement | 20 | 16.9% |
| From your family friends | 18 | 15% |
| From your friends | 15 | 12.5% |
| Total | 120 | 100% |



It can be found that most of the customers heard about e banking from the bank officials and online advertisement and remaining from family friends, ads in various media.

3) Which among the following E-Banking services do you think is most useful by your bank?

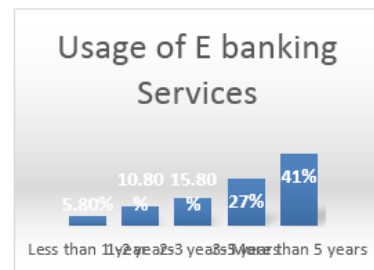
| Particulars | Respondents | Percentage |
|------------------|-------------|-------------|
| ATM | 34 | 28.34% |
| Internet Banking | 30 | 25% |
| Mobile Banking | 10 | 8.33% |
| Phone Banking | 3 | 2.5% |
| Credit Card | 34 | 28.34% |
| Debit Card | 9 | 7.5% |
| Total | 120 | 100% |



It can be found that most of the customers use ATM, credit cards and internet banking facility provided by the bank.

4) Since when have you been using E-banking services?

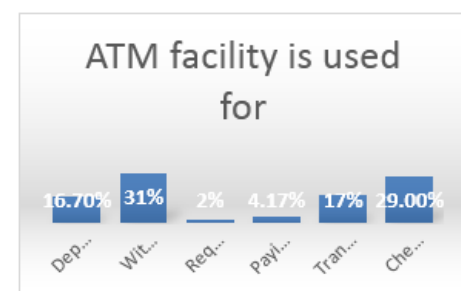
| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Less than 1 year | 7 | 5.8% |
| 1-2 years | 13 | 10.8% |
| 2-3 years | 19 | 15.8% |
| 3-5 years | 32 | 27% |
| More than 5 years | 49 | 41% |
| Total | 120 | 100% |



Most of the customers have been using E Banking services for more than 5 years.

4) I use ATM facility for

| Particulars | Respondents | Percentage |
|-----------------------|-------------|-------------|
| Depositing cash | 20 | 16.7% |
| Withdrawal cash | 38 | 31% |
| Request Cash book | 2 | 2% |
| Paying Utility bills | 5 | 4.17% |
| Transfer of funds | 20 | 17% |
| Check Account Balance | 35 | 29.0% |
| Total | 120 | 100% |



Customers use ATM facility for withdrawal of cash and to check the account balance.

5) How long have you been using ATM facility?

| Particulars | Respondents | Percentage |
|------------------|-------------|-------------|
| Less than 1 year | 7 | 5.83% |
| 1-2 Years | 12 | 10% |
| 2-3 Years | 21 | 9.55% |
| 3-4 Years | 33 | 27.5% |
| 4-5 Years | 47 | 39.17% |
| Total | 120 | 100% |

Usage of ATM

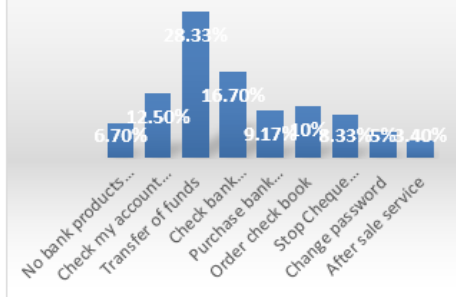


It can be found that most of the customers have been using ATM facility for more than 5 years.

6) I use bank website/Internet banking to: tick the applicable one(s)

| Particulars | Respondents | Percentage |
|-------------------------------|-------------|-------------|
| Know bank products advertised | 8 | 6.7% |
| Check my account balance | 15 | 12.5% |
| Transfer of funds | 34 | 28.33% |
| Check bank Statement | 20 | 16.7% |
| Purchase bank products | 11 | 9.17% |
| Order check book | 12 | 10% |
| Stop Cheque Payments | 10 | 8.33% |
| Change password | 6 | 5% |
| After sale service | 4 | 3.4% |
| Total | 120 | 100% |

Purpose of Internet banking

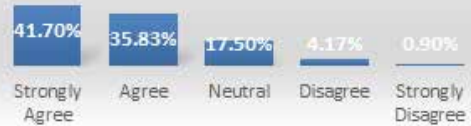


Most of the customers use internet banking for transferring funds and to check bank statement.

7) Mobile banking is useful electronic channel

| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Strongly Agree | 50 | 41.7% |
| Agree | 43 | 35.83% |
| Neutral | 21 | 17.5% |
| Disagree | 5 | 4.17% |
| Strongly Disagree | 1 | .9% |
| Total | 120 | 100% |

Usefulness of Mobile Banking

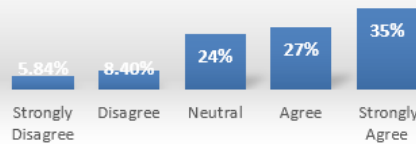


It can be found that most of the customers feels that mobile banking is very useful.

9) Rank the following parameters - a) Bank Services

| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Strongly Disagree | 7 | 5.84% |
| Disagree | 10 | 8.4% |
| Neutral | 29 | 24% |
| Agree | 32 | 27% |
| Strongly Agree | 42 | 35% |
| Total | 120 | 100% |

Bank Services



It can be found that most of the customers feels that the bank services provided are excellent.

b) Security of Account

| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Strongly Disagree | 4 | 3.3% |
| Disagree | 15 | 13% |
| Neutral | 26 | 21% |
| Agree | 36 | 30% |
| Strongly Agree | 39 | 32.5% |
| Total | 120 | 100% |

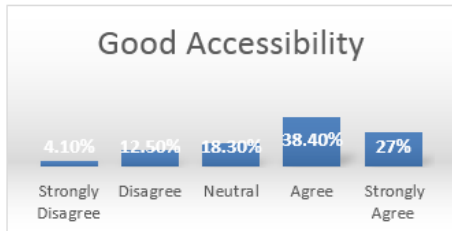
Account Security



It can be found that most of the customers feels that the account security is high.

C) Good Accessibility

| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Strongly Disagree | 5 | 4.1% |
| Disagree | 15 | 12.5% |
| Neutral | 22 | 18.3% |
| Agree | 46 | 38.4% |
| Strongly Agree | 32 | 27% |
| Total | 120 | 100% |



It can be found that most of the customers feels that the accessibility is good.

d) Convenient

| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Strongly Disagree | 0 | 4.1% |
| Disagree | 3 | 2.5% |
| Neutral | 39 | 32.5% |
| Agree | 44 | 36.7% |
| Strongly Agree | 34 | 29% |
| Total | 120 | 100% |



It can be found that most of the customers feels that the services are very convenient.

e) Training to use banking services

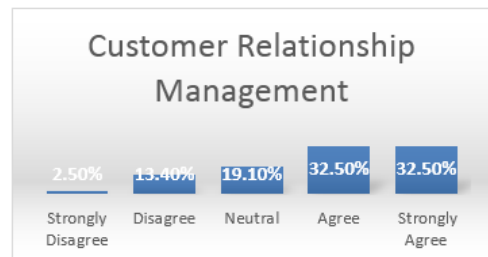
| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Strongly Disagree | 2 | 1.6% |
| Disagree | 21 | 17.5% |
| Neutral | 29 | 24.1% |
| Agree | 33 | 27.5% |
| Strongly Agree | 35 | 29.16% |
| Total | 120 | 100% |



It can be found that most of the customers receive training before availing the service.

f) Customer Relationship Management

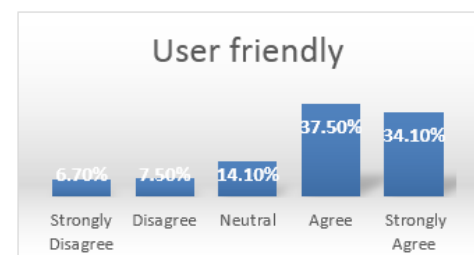
| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Strongly Disagree | 3 | 2.5% |
| Disagree | 16 | 13.4 % |
| Neutral | 23 | 19.1% |
| Agree | 39 | 32.5% |
| Strongly Agree | 39 | 32.5% |
| Total | 120 | 100% |



It can be found that most of the customer feels that the bank gives high importance to the Customer Relationship Management.

g) User Friendliness

| Particulars | Respondents | Percentage |
|-------------------|-------------|-------------|
| Strongly Disagree | 8 | 6.7% |
| Disagree | 9 | 7.5% |
| Neutral | 17 | 14.1% |
| Agree | 45 | 37.5% |
| Strongly Agree | 41 | 34.1% |
| Total | 120 | 100% |



It can be found that most of the customer feels that the

services are user friendly.

Testing of Hypothesis: Statistical test (Chi-square test for independence of variables)

| Rating | Attributes | | | | | |
|-------------------|---------------|---------------------|---------------|----------------------------------|---------------|-----|
| | Bank Services | Security of Account | Accessibility | Customer Relationship Management | User Friendly | |
| Strongly disagree | 7.00 | 4 | 5 | 3 | 8 | 27 |
| Disagree | 10.00 | 15 | 15 | 16 | 9 | 65 |
| Neutral | 29.00 | 26 | 22 | 23 | 17 | 117 |
| Agree | 32.00 | 36 | 46 | 39 | 45 | 198 |
| Strongly agree | 42.00 | 39 | 32 | 39 | 41 | 198 |
| Total | 120.00 | 120 | 120 | 120 | 120 | 600 |

The expected frequencies corresponding the *i*th row and the *j*th column in the table 4.27 are denoted by *E_{ij}*, where *i*=1, 2,3,4,5 and *j*=1, 2, 3, 4

The expected frequency is calculated by:-

$$E_{ij} = (R_i * C_j) / n$$

Where, *R_i* = Total for the row

C_j = Total for the column

n = Total sample size.

| <i>O_{ij}</i> | <i>E_{ij}</i> | $(O_{ij} - E_{ij})$ | $(O_{ij} - E_{ij})^2$ | $(O_{ij} - E_{ij})^2 / E_{ij}$ |
|-----------------------|-----------------------|---------------------|-----------------------|--------------------------------|
| 7 | 5.40 | 1.6 | 2.56 | 0.479 |
| 4 | 5.40 | -9 | 81.00 | 6.230 |
| 5 | 5.40 | -18.4 | 338.56 | 14.470 |
| 3 | 5.40 | -36.6 | 1339.56 | 248.000 |
| 8 | 5.40 | -30.6 | 936.36 | 173.400 |
| 10 | 13.00 | -4.6 | 21.16 | 1.628 |
| 15 | 13.00 | 2 | 4.00 | 0.308 |
| 15 | 13.00 | -8.4 | 70.56 | 5.428 |
| 16 | 13.00 | -23.6 | 556.96 | 42.843 |
| 9 | 13.00 | -29.6 | 876.16 | 67.397 |
| 29 | 23.40 | 23.6 | 556.96 | 23.802 |
| 26 | 23.40 | 13 | 169.00 | 7.222 |
| 22 | 23.40 | -1.4 | 1.96 | 0.084 |
| 23 | 23.40 | -16.6 | 275.56 | 11.776 |
| 17 | 23.40 | -21.6 | 466.56 | 19.938 |
| 32 | 39.60 | 26.6 | 707.56 | 17.868 |
| 36 | 39.60 | 23 | 529.00 | 13.359 |

| | | | | |
|----|-------|------|---------|---------|
| 46 | 39.60 | 22.6 | 510.76 | 12.898 |
| 39 | 39.60 | -0.6 | 0.36 | 0.009 |
| 45 | 39.60 | 6.4 | 40.96 | 1.034 |
| 42 | 38.60 | 36.6 | 1339.56 | 34.700 |
| 39 | 38.60 | 26 | 676.00 | 17.51 |
| 32 | 38.60 | 8.6 | 73.96 | 1.91 |
| 39 | 38.60 | 0.6 | 0.36 | 0.009 |
| 41 | 38.60 | 2.4 | 5.76 | 0.149 |
| | | | | 722.450 |

Sample chi-square calculation 4.13

Sample Chi square = $(\sum O_{ij} - E_{ij})^2 / E_{ij} = 722.450$

The critical value of the chi -square at 5 percent level of significance with twelve degrees of freedom is given by 26.296.

Inference:-Therefore, the null hypothesis is rejected and we can conclude that customer perception towards E banking is dependent on the factors.

CONCLUSION

E-banking technology is highly useful to customers as well as banks and other organizations like government organizations .To increase productivity, efficiency, service quality of banks, expansion of banks globally e-banking is major important of all commercial banks to adopt in their countries as well as their customers. SBI should try to maintain proper system of maintenance for internet banking.

It is found from this study that younger generation were using electronic banking services are more as compared to older generation because of new innovation in information technology and their adoption level is high in e-banking .Above 60 age group category were using E banking services are less than others. Risk is one of the factor customer were consider while opening an internet bank account .They didn't feel secure in the internet banking. The respondents preferred ATM, Online banking, Mobile banking, SMS banking for their financial transactions. From customer point of view that private bank provide better services as compared to public banks, But for secured transaction public banks will be preferred by most of the respondents.

SUGGESTIONS

- Give proper training to customers for using E-banking
- Create a trust in mind of customers towards security of their accounts
- Provide a platform from where the customers can access different accounts at single time without extra charge.
- Make their sites more users friendly.
- Customers should be motivated to use E banking facilities more.

REFERENCE

1. Khan, M.S., Mahapatra, S.S. and Sreekumar (2009) 'Service quality evaluation in internet banking: an empirical study in India', Int. J. Indian Culture and Business Management, Vol. 2, No. 1, pp.30-46. | 2. IAMAI report on online banking 2006 | 3. The Indian Internet Banking Journey - Nachiket Mor, Head of ICICI's Treasury, in March 2000. | 4. The Impact Of Internet Banking Service Quality On Business Customer Commitment