



Customer Perception Towards Problems of Branch Banking and Prospects of Electronic Banking Services Among Reference to Palakkad District

KEYWORDS

Electronic Banking, Internet Banking, Consumer self-confidence

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ABSTRACT

This present study takes an attempt to evaluate the consumer preference and behavior towards the alternate banking channels. The most important findings of this study focusing on, Most of the respondents are agreed for visiting bank branches for mega size deposits/ withdrawals, Majority of the respondents belongs to the occupational category of salaried employees are strongly disagreed that problems in accessing the bank branches due to the transportation is not available for getting into the bank branches. This study is the nature of descriptive research design. Descriptive research was used to describe the characteristics of the variable and it is otherwise known as fact finding research or statistical research. Primary and secondary data were used in this study. Primary data collected through structured questionnaire and secondary data collected through journals and official websites of banks. Finally researcher would like to conclude that this study provide proper platform for measuring perceived risk in banking industry especially to the alternate banking channels and it will help the future researcher in the field of banking and financial services.

1. INTRODUCTION

Transactional performance in today's banking industry build the tangible transfer of funds seems outdated. Cash is becoming an inadequate method of payment while credit cards and debit cards are flooding the marketplace. Also, among new aspects for investing and selling goods, cash is no longer the most practical choice in many instances. Delivery channels for purchasing and selling, once limited to the telephone, through the mail, or in person, now include the Internet. Beyond the simple transactions of investing as well as selling goods, paying bills, transferring funds, and managing investments has been transformed. All activities which were once handled through the security of tangible exchange can now be carried out electronically. Feeling secure enough on the Internet to conduct these financial transactions represents a host of security concerns associated among the ideas mentioned above. The psychological barriers involved among age, financial status, and education in relation to an individual's comfort level among electronic commerce present a foundation to the security dilemma and may provide a correlation for current attitudes towards e-banking.

2. STATEMENT OF THE PROBLEM

The fact is globally Banks are facing a most important change, in terms of providing their services to their customers like going for Core-banking-solution, installing more number of ATM, introducing Internet Banking and more channels by investing few millions. It is observed from the analyst point of view, many Banks are forced to take up more initiatives on implementing as a lot of alternative channels as possible by various factors like the regulatory and the demand from the customers. On the other hand, there are so many factors influencing the banks to be more cautious on their decision considering the risk(s) and the threat(s) like Hacking, Phishing, Virus and more... which creates resistance amongst the users who are supposed to use the channel. Hence Banks are in urgent need to provide the solutions to the users, which is the Main objective of this Study.

3. OBJECTIVES OF THE STUDY

This research study focussing on the following research objectives .

1. To know the profile of alternate banking users.
2. To analyse the demographic characteristics of respondents and consumer self-confidencents dimensions
3. To offer valuable suggestion based on findings for the effective managerial implications

4. LITERATURE REVIEW

Kolbe R . and Burnett , M . (1991) analysed the situation of online banking in USA and Europe. Distribution channels used by banks included 10 per cent internet banking, 65 per cent multi-channel, 10 per cent telephone banking and 15 per cent through bank branches, whereas in 1998, it was only 15 per cent direct banking and 85 per cent in branch banking. The author concluded that successful introduction of e-banking services proved to be a complex operation which requires the harmonization of all interacting elements of economic and financial system.

Foster et.al (2010), in their paper, found that e-banking had forced the banking sector to recognize, restructure and reconsider its institutional arrangements. The challenges of e-banking services would be successful for banks only if fraudulent activities could be controlled, transparency in transaction could be maintained, ethical rules and regulation to be followed so that banking could be widely acceptable among customers.

Heckman et.al (1997), evaluated that the banker-customer relationship was improved through mobile, phone and internet banking. The authors found that new technology has made the banks very competitive and profitable and internet has played a key role in it.

Keane and Michael P. (1997), in their paper, explored that customer friendly technology such as ATM, internet banking and telephone banking has been used by the banks to reduce the cost of providing services, and to increase the customer loyalty and market share.

Radcliff.D (2005), explained that banks in Estonia had achieved significant success in the implementation of electronic banking. Electronic banking was not a small application to computer fans and innovative adopters, and a profound research was needed to map its customer base for the enhancement of value creation process.

Roberts,P (2004), studied the impact of E-banking on Malaysian banking sector. The study aimed at providing an overview of E-banking adoption in Malaysia. Out of 53.9 per cent, who used e-banking, 85 per cent used it for savings bank facility, 55.8 per cent for current account facility, 37 per cent for bill payment, 35.3 per cent for visa /master card and 30.8 per cent used for third party transfer.

Salmon. J(2005), analysed that e-banking will be an innovation if it preserved both business model and technology knowledge, and disruptive if it destroys both the model and knowledge. He also differentiated e-banking from traditional banking in five ways, namely, value proportion, market scope, cost structure, profit potential and value network. However, in order to exploit technical and business capabilities of banking, banks should generate more customers inside and outside India so that more revenues could be generated that lead to better future of Indian economy.

5. RESEARCH DESIGN

This study is the nature of descriptive research design. Descriptive research is used to describe the characteristics of the variable and it is otherwise known as fact finding research or statistical research. Primary and secondary data were used in this study. Primary data collected through structured questionnaire and secondary data collected through journals and official websites of banks.

Pilot study has conducted to improve the reliability and validity of the instrument. Based on the sample standard deviation, it is known that 300 samples required for this study. Population of this study is known and the respondents are belongs to the Palakad district. Due to the confidentiality among the banker, researcher is unable to estimate the population parameter. Hence researcher applied convenient sampling to collect the response from the respondents.

6. FINDINGS AND DISCUSSION

- Most of the respondents are agreed for visiting bank branches for mega size deposits/ withdrawals. Majority of the respondents (196 out of 300) are strongly agree for the purpose of visiting bank branches for huge value oriented transactions.
- Majority of the respondents (142 out of 300) belongs to the occupational category of salaried employees are strongly agree for the purpose of visiting bank branches for making complaints about financial or non-financial related problems or to give suggestion for meeting officials
- Majority of the respondents (178 out of 300) belongs to the occupational category of salaried employees are strongly agree for the purpose of visiting bank branches for loan processing.
- Majority of the respondents (166 out of 300) belongs to the occupational category of salaried employees are strongly agree for the purpose of visiting bank branches for the purpose of accessing safety lockers among the banks for protecting their valuable documents and valuable jewels, stones.
- Majority of the respondents (142 out of 300) belongs

to the occupational category of salaried employees are neither agree nor disagree for visiting bank for the purpose of knowing the status of cheque deposited or issued

- Majority of the respondents (180 out of 300) belongs to the occupational category of salaried employees are either agree nor disagree for the purpose of visiting bank branches for getting customised account statement for legal purposes like filing income tax returns, loan processing... like that.
- Majority of the respondents (160 out of 300) belongs to the occupational category of salaried employees are strongly agreed that geographic location is the problem for the respondents to go for bank branches for their transactions
- Majority of the respondents (240 out of 300) belongs to the occupational category of salaried employees are strongly agreed that problems in accessing the bank branches due to lack of time unable to go for bank branches
- Majority of the respondents (220 out of 300) belongs to the occupational category of salaried employees are strongly disagreed that problems in accessing the bank branches is not transact freely at bank branches due to physical conditions such as illness or disability of the respondents
- Majority of the respondents (210 out of 300) belongs to the occupational category of salaried employees are strongly disagreed that problems in accessing the bank branches due to the transportation is not available for getting into the bank branches
- Majority of the respondents (164 out of 300) belongs to the income category of two lakhs to 5 lakhs are agreed that problems in accessing the bank branches due to the geographic distance prevents from going to bank branches
- Majority of the respondents (146 out of 300) belongs to the income category of above 5 lakhs are agreed that problems in accessing the bank branches due to lack of time. so, not able to go to bank branches
- Majority of the respondents (160 out of 300) belongs to the income category of above 5 lakhs are strongly disagreed that problems in accessing the bank branches is that cannot transact freely at bank branches due to physical conditions such as illness or disability
- Majority of the respondents (140 out of 300) belongs to the income category of above 5 lakhs are strongly disagreed that problems in accessing the bank branches due to the transportation is not available for getting into the bank branches
- Majority of the respondents (240 out of 300) who are post graduates regularly use alternate channel banking services-ATM
- Majority of the respondents (160 out of 300) who are post graduates regularly use alternate channel banking services- internet banking
- Majority of the respondents (220 out of 300) in the age group of 21 to 30 years regularly use alternate channel banking services- ATM
- Majority of the respondents (190 out of 300) in the age group of 21 to 30 years regularly use alternate channel banking services- internet banking
- Majority of the post graduates respondents (260 out of 300) are extremely uncharacteristic about prior to investment information
- Majority of the post graduates respondents (240 out of 300) are extremely uncharacteristic about investment

- Majority of the post graduates respondents (142 out of 300) are uncharacteristic that research is important for investment
 - Majority of the post graduates respondents (194 out of 300) are uncharacteristic that the right questions to ask when investing
 - Majority of the post graduates respondents (122 out of 300) are uncharacteristic that the skills required to obtain needed information before making important investment
 - Majority of the married respondents (266 out of 300) are extremely uncharacteristic that the not satisfied among the frequent investment
 - There is significant relationship between occupational category of respondents on the opinion towards visiting bank branches the purpose of knowing the status of cheques issue but not debited the amount in the bank account, cheque issued but not accepted by the banker due to signature mismatch or overwrite or insufficient balance, know the status of cheque deposited due to amount not remitted in the bank account or returned in some other reasons.
 - There is significant relationship between occupational category of respondents on the opinion towards visiting bank branches for getting customised account statement for legal purposes like filing income tax returns, loan processing... like that.
 - There is a significant relationship between educational qualification of the respondents among frequency of credit card.
 - There is a significant relationship between educational qualification of the respondents among frequency of debit card.
 - There is a significant relationship between educational qualification of the respondents among frequency of internet banking.
 - There is a significant relationship between educational qualification of the respondents among frequency of mobile banking.
 - There is a significant relationship between age (in years) of the respondents among frequency of ATM.
 - There is a significant relationship between age (in years) of the respondents among frequency of credit card.
 - There is a significant relationship between age (in years) of the respondents among frequency of debit card.
 - There is a significant relationship between age (in years) of the respondents among frequency of internet banking.
 - There is a significant relationship between educational qualification of the respondents among know when a marketer is pressuring to invest.
 - There is a significant relationship between educational qualification of the respondents among seems sales tricks used to get consumers to invest.
 - There is a significant relationship between educational qualification of the respondents among able to separate fact from fantasy in advertising.
 - There is a significant relationship between educational qualification of the respondents among the performance of these alternate channels belongs to large bank that everyone recognizes.
- the scheme which they invested or opened account. So, they need to analyse the scheme which they want to invest or to open account.
- 31% of the respondents are belongs to the educational qualification of post-graduation are not having ability to do research for the investment or to open an account. So, the customers are advised to compare and evaluate the risk and return of each investment avenue or account benefits.
 - 52% of the respondents belongs to the marital status of married are feels that they want to take right investment decision. Remaining portion of respondents may not have proper investing decisions. Basically married customers may have lot of financial commitment. So, they take proper investing decision accompanied among their spouse. Most of the unmarried people may not take proper investment decision. They want to take huge risk for getting reward associated among that. So, unmarried account holders may take proper decision for investment or otherwise has to consult bank officials for taking decision.
 - 33% of the respondents belongs to the educational qualification of post-graduation not want to understand the fantasy in advertisement. So, they should study the information brochure or contact the official from the bank instead of seeing advertisement alone.
 - Few respondents (10%) belongs to the income category of above 5 lacs may worrying about cheated by the alternate banking channels. So, the customer of bank must keep all the confidential information kept away from others like customer id, pin number ,login information/ password, transaction information/ password like that.
 - Few respondents (12%) belongs to the income category of above 5 lacs may have doubt about the funds being cheated while transferring amount. Because these category of customers may have lot of financial transactions. They mostly depend on alternate channel for transferring the funds, due to the time urgency. So, the customer may verify the information about the transaction being executed. Verify the name and account number of the beneficiary being the amount transferred and the denomination of amount while transferring.
 - Very few (4%) respondents may feels that the credit card may have huge financial risk for the transaction . so, the customers must keep confidentially among the credit card and related documents.

8. CONCLUSION

This present study takes an attempt to evaluate the consumer preference and behavior towards the alternate banking channels. The most important findings of this study focusing on, Most of the respondents are agreed for visiting bank branches for mega size deposits/ withdrawals, Majority of the respondents belongs to the occupational category of salaried employees are strongly disagreed that problems in accessing the bank branches due to the transportation is not available for getting into the bank branches, Majority of the respondents belongs to the occupational category of salaried employees are strongly agreed that problems in accessing the bank branches due to lack of time unable to go for bank branches, Majority of the respondents who are post graduates regularly use alternate channel banking services-ATM, Majority of the post graduates respondents are extremely uncharacteristic about prior to investment information, Majority of the married respondents are extremely uncharacteristic that the frequently struggle over what to invest, Majority of the

7. SUGGESTION TO THE CUSTOMERS

- 26% of the respondents are belongs to the educational qualification of post-graduates are extremely uncharacteristic about prior investment information. They not want to analyse the prior information about

married respondents are extremely uncharacteristic that the not satisfied among the frequent investment, Majority of the respondents completed post graduates are extremely uncharacteristic that seems sales tricks used to get consumers to invest, Majority of the respondents belongs to the salaried employee category agreed that time risk will be there while accessing ATM to complete transaction in these channel, Majority of the respondents belong to the occupational category of salaried employee agreed security risk of internet banking suspicious about reliability of the bank chosen for these alternate channel transactions

Finally researcher would like to conclude that this study provide proper platform for measuring perceived risk in banking industry especially to the alternate banking channels and it will help the future researcher in the field of banking and financial services.

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