



Utility and Satisfaction of E-Banking Services in Public Vs. Private Sector Banks

KEYWORDS

e-banking, public sector, private sector, frequency, utility, satisfaction.

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ABSTRACT

Tremendous progress in the field of information technology has reduced the world to a global village. Huge developments in the technology of telecommunication and electronic data processing have further stimulated these changes. Today, banks are switching to multi-channel distribution of financial services through internet. It helps to launch new channels to gain competitive advantage, reduce their costs, improve their financial services, maintain customer databases, progress their financial position through innovative services. In the competitive world e-banking is used as a strategic tool by the banking sector to attract and retain customers. The retail banking industry is facing stiff competition and the current scenario is that of the survival of the fittest. Competition in retail banking in India is mainly between public and private sector banks. The research is focused on customer's utility towards e-banking services provided by public and private sector banks.

Introduction

A sound and effective banking system is the backbone of any economy. Nowadays banks have been in the forefront to improve their products, services and efficiency. The problems and limitations associated with manual banking procedures have made serious developments in the information technology. The importance and role of information technology has made capable of meeting the new challenges in the banking sector. The widespread use of internet has made e-banking popular these days. This enables to perform the entire banking process from home and there is no need to stand in the long queues before bank counters. The entire process of e-banking is designed to save a great deal of time and runs 24/7 sacrificing customer's obligations.

E-banking or online banking is a generic term for the delivery of banking services and products through the electronic channel such as telephone, the internet etc. It facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services considerably. E-banking is also known as personal computer banking, remote banking, virtual banking, internet banking or online banking. The transactions include money transfer, altering or getting account information, ordering credit cards, paying bills or even apply for loans etc., and also provide banking products and services through electronic delivery channels like ATM, telephone banking, online shopping, credit cards etc. With the implementation of an internet banking system, the bank maintains a direct relationship with the end-user by offering additional customized services. Therefore this study is used to throw insights into the customer's utility and satisfaction on e-banking services with public sector banks in comparison with private sector banks.

Literature Review

Ritu Sehgal and Sonia Chawla (2011) in their paper attempted to identify the customers' preferences towards internet banking and to analyze their satisfaction level and also the relationship between various demographic variables and satisfaction level of customers.

Roshan Lal and Rajni Saluja (2012) have highlighted the challenges faced by Indian banks in adoption of technology and recommendations are made to tackle these challenges.

Vrushali M. Ramdasi and Shridhar Sarmalkar (2015) have attempted to study the use of e-banking services provided by some private and public sector banks in India with the result of the study clearly showing that the usage of E-services differs according to different demographic factors like age, occupation, education and gender. And also usage of E-services differs according to public and private sector banks in India.

Objectives of the study

1. To analyse the frequency of usage of e-banking services in public and private sector banks.
2. To analyse the satisfaction of e-banking services by the respondents in public and private sector banks.
3. To provide appropriate suggestions based on the study.

Research Methodology

Foreign Banks does not come under the purview of this study. Only customers of public and private sector banks have been taken as respondents for the study. The research area is restricted to Coimbatore city in Tamil Nadu. The sample size is limited to 200 respondents out of whom 100 were customers of public sector banks and 100 were customers of private banks using e-banking services. The selection of sample is based on convenient sampling method.

Primary data was used for the study and it was collected by means of a structured questionnaire developed for the purpose. The statistical tools used here were Chi-square Analysis and Analysis of Variance (ANOVA).

Limitations of the study

The study is based on convenient sampling which is a type of non-random sampling. Hence the limitations of non-random sampling are applicable. The attitudes of the

consumer may change from time to time. Hence the result of the project may be applicable for the present situation.

Hypothesis

1. There is no significant relationship between the type of bank and the frequency of usage of e-banking services.
2. There are no significant differences in the satisfaction of e-banking services among the customers of public and private sector banks.

Analysis and Interpretation

This section deals with analysis and interpretation of a study on customers' frequency of usage and satisfaction in the utility of E-banking services in Coimbatore city. Appropriate statistical tools were applied on the data collected from the samples and presented in the form of tables under various headings:

Frequency of Usage

In order to test if there is any significant relationship between the type of bank and the frequency of usage of e-banking services by the respondents, Chi-square Analysis was performed. For this purpose, the following hypotheses were framed: Ho1 – There is no significant relationship between the type of bank and the frequency of usage of e-banking services.

Table 2: Relationship between type of bank and frequency of usage – Chi-square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.583 ^a	4	.032
Likelihood Ratio	10.775	4	.029
Linear-by-Linear Association	4.231	1	.040
N of Valid Cases	200		

From the above table, it is evident that the chi-square value is significant at 5% level. Hence the hypothesis is rejected. There is significant relationship between type of bank and frequency of usage of e-banking services.

Satisfaction in e-banking services

Six common criteria were identified as factors to assess the satisfaction of e-banking services. They are website design, complete information, user-friendliness, speed of the portal, problem-handling and safety and security aspects. The respondents were asked to assign scores on a five point scale for the above criteria. Analysis of variance was applied to find if there were any significant differences in the satisfaction between private and public sector bank customers. For the purpose, the following hypothesis was framed:Ho2 – There are no significant differences in the satisfaction of e-banking services among the customers of public and private sector banks

Table 3: Satisfaction of e-banking services among Public and Private Sector Bank Customers - ANOVA

Factors		Sum of Squares	df	Mean Square	F	Sig.
Website Design	Between Groups	10.560	1	10.560	2.794	.098
	Within Groups	370.440	98	3.780		
	Total	381.000	99			

Complete Information	Between Groups	.703	1	.703	.188	.666
	Within Groups	367.297	98	3.748		
	Total	368.000	99			
User-friendliness	Between Groups	1.886	1	1.886	.499	.482
	Within Groups	370.224	98	3.778		
	Total	372.110	99			
Speed of the Portal	Between Groups	.357	1	.357	.099	.753
	Within Groups	352.233	98	3.594		
	Total	352.590	99			
Problem Handling	Between Groups	.309	1	.309	.087	.769
	Within Groups	348.281	98	3.554		
	Total	348.590	99			
Safety and Security	Between Groups	27.363	1	27.363	6.919	.010
	Within Groups	387.547	98	3.955		
	Total	414.910	99			

It is evident from the above table that as far as the criteria safety and security is concerned, the f value is significant at 5 % level of significance and hence there are significant differences in the security measures offered by public and private sector banks. With regard to the other aspects, there seems to be no significant differences in the usage of e-banking services between public and private sector banks.

Findings

The important findings of the present study are summarized below:With respect to the frequency of usage, there is no significant relationship between the type of bank (i.e. public or private) and the frequency of usage of e banking services.

On the safety and security dimension, significant differences emerged between the public sector banks and private sector banks. From the analysis, it has been found out that there exists a gap in the satisfaction of e-banking services regarding the safety and security aspects between public sector banks and private sector banks. On the other hand, customers of public and private sector banks are exhibiting like mindedness in terms of the other factors such as website design, complete information, user-friendliness, speed of the portal and problem-handling.

Suggestions

Both public and private sector banks may embark upon innovative strategies for building confidence among the customers in the use of their e-banking services. In this journey, the banks should attach utmost importance to the issue of safety and security aspects. For this purpose, the banks should individually analyse their shortcomings in the security aspects and rectify the same.

Conclusion

The strategy of banks is to provide value added services and products to the customer are utilizing the internet extensively. Thus, this study has analysed the utility of the customer's regarding the services of e-banking in public and private sector banks on a comparative scale. E-banking will be successful for banks only where they have commitment in e-banking along with a deeper understanding with the customer needs. After all the aim of e-banking is to make financial transactions through online more user-friendly and secure and make their customers satisfied.

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