

Customer Perception On E-Banking Services – A Study With Reference To Private And Public Sector Banks

Dr. Balaji¹, Dr. Pawan Kumar D. B.²

¹Assistant Professor Department of Commerce, St Francis College, Bengaluru Karnataka

²Visiting Faculty Department of Commerce, St. Francis College, Bengaluru Karnataka

Abstract

Banks are vital for development of any economy but it is indispensable for developing countries like India which is moving towards development. Economy requires good amount of money circulation for productive purposes, customers are segregated as per their transaction requirements. One can't deny that banking is also a business, the primary objective of any business is to earn profit apart for this the very next utmost priority is to satisfy customer by offering wide variety of services as per their requirements, in order to continue in business. The primary aim of present study is to identify as well as compare the perception and preferences of customers towards e-banking services offered by Public and Private sector banks. The required amount of data was collected through the structured questionnaire after

Now a days, Private and Public sector banks are expanding their branches in urban as well as in rural areas to get more and more customers. Branch size, services, infrastructure, facilities, staff, working hours etc. is varying according to the governing ownership and location the branch i.e. Private sector and Public sector or Rural and Urban branch. So, there is need to assess the satisfaction level of customers from Private and Public sector Banks.

Keyboards: E-Banking, dimensions, customer satisfaction, private Banks, Public Banks.

I. Introduction

With the integration of economies in rural and urban areas and migration of people from rural to urban areas, the financial requirements and needs have changed over time. To fulfill these changing needs, the banking industry has evolved its products and services over the years. Initially, customers were reluctant in using electronic methods of banking except for ATM. Though urban educated customers uses ATM were services, but for a very long time, they were still cautious of using the electronic modes of banking like internet, mobile banking, etc. However, the customer perception is changing with the ease of internet availability. The increase in internet penetration is directly and positively impacting the service industry. There is significant positive impact on the customer in choosing a bank based upon service quality, security, usefulness and readiness to help the customer through e-banking. Banking is majority affected by ease in using the banking facility especially through the internet. For a customer as

convenience increases in using the banking services, there is more likeliness that the customer will use the services again. With technology, the banks will also be able to cater to the customers in a timely manner as the response time for operating and managing services can be reduced to a great extent.

In 2015, payment bank licenses were granted to 11 Entities this will help in increasing the competition in the banking industry and providing better and competitive services to customers at affordable rates. RBI has given strict guidelines to these payment banks failing which their licenses can be cancelled. The most important factor on which these payment banks are operating is technology. The interface to interact with the clients is based on their applications that can be easily used through smart phones. Mobile applications developed by banks can be operated through smart phones. Thus, customers can be connected with the banks 24x7 from any location. In addition, customers find it easier to transact just by clicking on their mobile phones. These payment banks have tie ups with different service providers so that customers can use several services like online shopping, payment of bills and utility services, payment for cabs, etc. The banks not only make these transactions easier but also more secure. This results in a win-win situation for customers and banks where the former enriches experience and the latter increases profitability.

Banks in INDIA are providing online banking to catch up with a new breed of tech-savvy generation, demanding modern technology based services. This is fast changing the way you bank. Educated middle class youth with access to the internet is in the forefront of this technology driven revolution.

With most of the major banks providing Internet Banking or online banking, it is possible to do most of your banking from the comfort of your home or office. All you need is a computer with internet access. More than 22% of the internet users in India use online banking. If you are new to online banking, it is worthwhile to know some facts about it. Internet banking provides with 24 hour banking facility, which helps us to access our account anytime. We can now skip the long queues and the endless wait to get things done in a bank. We can access our account from anywhere by just logging into the bank's site and entering your id and password. You can check your account information and perform transactions from anywhere via a Smartphone, laptop, or any other Internet-accessible device. We can apply online for a majority of the services such as loans, credit cards, savings accounts, and mortgages. Also, insurance products can be bought using internet banking. Online banking allows customers to make financial transactions on a secure website operated through their bank. On-line banking solutions have many features and capabilities in common, but traditionally also have specific applications. Almost all the banks in the world are providing the online facility that ranges from day to day transactions to account opening, issuing credit cards, paying and getting the loans and debts and providing customers facilities to shop online. Some banks are also providing the facilities to draw cash from their bank accounts online and they can pay their bills online. The term —Internet Banking|| or —e-banking|| refers to the use of the Internet as a remote delivery channel for banking services. In other words and according to some resources, internet banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting bank branches. Such systems should enable banks' customers to access their accounts, obtain information on financial products, transfer money and utilize other offerings.

The advent and expansion of globalization and the development of new technologies forced the banks to launch new channels to gain a competitive advantage, reduce their costs, improve the quality of their financial services, increase their customer base, progress their financial positions through innovative products and boost their general customer loyalty. For such reasons, banks should provide internet banking applications that facilitate their customers' businesses at high level of trust, one major indication of trust is security, as banking matters are all based on security.

E-banking can be offered in two main ways. First, an existing bank with physical offices can also establish an online site and offer e-banking services to its customers in addition to the regular channel. For example, Citibank is a leader in e-banking, offering walk-in, face-to-face banking at its branches throughout many parts of the world as well as e-banking services through the World Wide Web. Citibank customers can access their bank accounts through the Internet, and in addition to the core e-banking services such as account balance inquiry, funds transfer, and electronic bill payment, Citibank also provides premium services including financial calculators, online stock quotes, brokerage services, and insurance.

In addition to traditional banks that have both a physical and online presence, there are several e-banks that exist only on the Internet, allowing users to work with a "virtual" bank. Net Bank is such an Internet-only bank. Without physical branches, Net Bank can cut operating costs and can potentially offer higher deposit rates to its customers and waive many fees normally charged by a bank with a large network of physical branches. The challenge for Internet-only banks is to provide quality customer services without physical offices. One way in which Net Bank is dealing with this issue is via an agreement with the MAC ATM Network (automated teller machine network), thus providing its customers access to nearly 18,000 ATMs across the United States. Net Bank customers can deposit and withdraw funds from their Net Bank accounts through these ATMs, and in addition, customers can also deposit and receive funds through wire transfer. 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. Multimedia information in HTML format from online banks can be displayed in web browsers. The heart of the e-banking application is the computer system, which includes web servers, database management systems, and web application programs that can generate dynamic HTML pages.

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: (1) identification and authentication, (2) encryption, and (3) firewalls. First, the identification of an online bank takes the form of a known Uniform Resource Locator (URL) or Internet address, while a customer is generally identified by his or her login ID and password to ensure only authenticated customers can access their accounts.

II. Review of Literature

1. **Rakesh H M & Ramya T J (2014)** in their research paper titled —A Study on Factors Influencing Consumer Adoption of Internet Banking in India|| tried to examine the factors that influence internet banking adoption. Using PLS, a model is successfully proved and it is found that internet banking is influenced by its perceived reliability, Perceived ease of use and Perceived usefulness. In the marketing process of internet banking services marketing expert should emphasize these benefits its adoption provides and awareness can also be improved to attract consumers'attention to internet banking services.

2. **Amruth Raj Nippatlapalli (2013)** in his research paper —A Study on Customer Satisfaction of Commercial Banks: Case Study on State Bank of India||. This paper present Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals."

3. **Mr. Vijay Prakash Gupta & Dr. P. K. Agarwal (2013)** in their research paper —Comparative Study of Customer Satisfaction in Public Sector and Private Sector Banks in India||. This paper gives with the introduction of liberalization policy and RBI's easy norms several private and foreign banks have entered in Indian banking sector which has given birth to cut throat competition amongst banks for acquiring large customer base and market share.

4. **Ms. Nisha Malik & Mr. Chand Prakash Saini (Jul 2013)** In their research titled on —Private Sector Banks Service Quality and Customer Satisfaction|| A Empirical Study two Private Sector Banks||. This research paper is an effort to examine the relationship between service quality and customer satisfaction of two private sectors bank of India. Service quality has been described as a form of attitude that results from the comparison of prospect with recital (Cronin and Taylor, 1992, Parasuraman et al, 1985). Gronroos 1982) argued that customers, while evaluating the quality of service, compare the service they expect with perceptions of the services they actually receive.

5. **Vijay M.Kumbhar (2011)** in his research paper —Factors Affecting the Customer satisfaction In E- Banking: Some evidences Form Indian Banks||. This study evaluates major factors (i.e. service quality, brand perception and perceived value) affecting on customers' satisfaction in e-banking service settings. This study also evaluates influence of service quality on brand perception, perceived value and satisfaction in e-banking. Required data was collected through customers' survey. For conducting customers' survey liker scale based questionnaire was developed after review of literature and discussions with bank managers as well as experts in customer service and marketing.

6. **Pooja Malhotra & Balwinder singh (2009)** in their research paper —The Impact of Internet Banking on Bank Performance and Risk: The Indian Experience||. The paper describes the current state of Internet banking in India and discusses its implications for the Indian banking industry. Particularly, it seeks to examine the impact of Internet banking on banks' performance and risk.

III. Statement of Problem

Banking sector in any nation is the vital for developing the business and economy. Banks are the heart of the business sector of any economy and supply the necessary money blood to all business organizations and simultaneously support the weaker sectors or the organizations of a nation. Customers 'satisfaction is the elemental factor that decides the success of any bank. Now a days, Private and Public sector banks are expanding their branches in urban as well as in rural areas to get more and more customers. Branch size, services, infrastructure, facilities, staff, working hours etc. is varying according to the governing ownership and location the branch i.e. Private sector and Public sector or Rural and Urban branch. So, there is need to assess the satisfaction level of customers from Private and Public sector Banks.

Data Source

The study is mainly based on the primary data source. For general concept development about the short survey in primary sources and questionnaire used for collecting data about the customer satisfaction in e-banking of private and public banks in India.

Research Method

Based on the review of literature, the study focuses on the dimensions of service quality (SERVQUAL Model) influencing customer satisfaction of Private and Public Sector Banks.

SERVQUAL is a multi-dimensional research instrument, designed to capture consumer expectations and perceptions of a service along the five dimensions that are believed to represent service quality. SERVQUAL is built on the expectancy-disconfirmation paradigm, which in simple terms means that service quality is understood as the extent to which consumers' pre-consumption expectations of quality are confirmed or disconfirmed by their actual perceptions of the service experience. Research method used Is Descriptive and Analytical

The study also concentrates on the 11 dimensions

Tangibility, Reliability, Assurance, Responsiveness and communication, satisfaction, and quality service, empathy, efficiency, accuracy, security, easy and convenient banking and customer service.

Sampling plan

Random sampling is considered for the above study and it tries to focus on 31-Quality Characteristics which were previously found significant by various studies with few uniquely appropriate characteristics. The respondents who are using e-banking are considered as sample. This using period is planned because if the consumers enjoy the services for the long time from the private and public banks. This period is enough for experiencing the e- banking services.

Sampling size

The sample size can be specified by population estimated variance, a total of 50-100 respondents as the sampling, 50-100 self-administrated questionnaires will be distributed and collected in this study.

Questionnaires was split into 4 parts: part one was screen questions which ensure the respondents who have the experience in internet banking, part two factors influencing customers' satisfaction in internet banking (reliability, responsiveness, assurance, service security, transaction efficiency, ease of use, customer support and performance), part three focused on dependent variable (customers' satisfaction in internet banking), part four was personal information (gender, nationality, monthly 101 income, age, usage and occupation). The questions in part

1 and 4 were designed with category scale. The questions in part 2 and 3 were designed with five-point Likert scales which are: 1= strongly disagree, 2 = disagree, 3 = moderate, 4 = agree, and 5 = strongly agree.

Statistical tools and techniques

Finally, the collected data regarding the customer satisfaction of private and public banks will be analyzed and interpreted by using the statistical tools namely

- Percentage
- Average
- Likert scale

Likert scale is used to compare the customer perception among various private and public Banks. A Likert Scale is a type of rating scale used to measure attitudes or opinions. With this scale, respondents are asked to rate items on a level of agreement

A chi square statistic is a test that measures how expectations compare to actual observed data (or model results). The data used in calculating a chi square statistic must be random, raw, mutually exclusive, drawn from independent variables, and drawn from a large enough sample.

Research gap

After reviewing the literature, the study has been restricted to one Bank comparison. So, this will aim at comparing the Customers perception and E-Banking services offered in various Banks.

The below 6 banks will be concentrated for analyzing the customer satisfaction. The reason for choosing the below private and public banks are: they are identified as most popular and many people will have an account where they provide a lot customer services when compared with the other.

Need for the study

There is a need to measure customer perception towards e- banking services of Private and public Banks. Customers are viewed as a group whose satisfaction with the bank must be incorporated in strategic planning efforts. With the better understanding of customers perceptions, banks can determine the actions required to meet the customer's needs. The main purpose of the study is to know the perception of customers towards the benefits offered by private and banks and identify the factors that influence customers towards payment banking.

Limitation of the study

- The study suffers with lack of time.

- The comparison of customer's perception is not covered with all private and public in India.
- The services which are provided by Public and private banks will vary year by year.
- Study is solely about the satisfaction of the customers towards e-banking services and doesn't include any other factors.
- The study is limited within a range of respondents i.e., within India. Hence it has not considered other locations users perception.

IV. Data Collection and Interpretation

Demographic Study: the demographic study of these E- Banking reveal that most of the respondents belong to the age group between 21-30 years with a majority of 77% of the respondents are Male and also majority of the respondents are qualified graduates.

Nature of the respondents: respondents are from different like professional, self-employment / Business, service and Student etc. are taken for study. Followed with a majority of 41% of professional and 31% of self- employment/Business.

Tangibility

Bank has up - to - date equipment & technology: agree with 46% of respondents is been adopted as a majority and other options are gradually opted by the respondents

Location of the Bank: agree with 46% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Sufficient number of ATM machines: agree with 50% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Reliability

The bank website does not freeze after customer put in all the information: agree with 44% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Information provided on website: agree with 48% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Up to date content: agree with 42% of respondents is been adopted as a majority and other options are gradually opted by the respondents

Assurance

Employees of bank have the knowledge to answer customer questions: agree with 49% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Politeness and friendly staff: agree with 46% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Employees are always willing to help you: agree with 46% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Responsiveness and Communication

E-Banking services are available 24/7: agree with 41% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

E-Banking services respond immediately to clients' requests: agree with 41% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Help is immediately available if there is any problem: agree with 41% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Satisfaction and Quality of Service

I am satisfied with the transaction processing via E- Banking services: agree with 41% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

I think I made the correct decision to use the E- Banking services: agree with 41% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

My satisfaction with the E-Banking services is high: agree with 41% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Empathy

Time bound work of employee: agree with 41% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Help desks, call centers of bank: agree with 43% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Specific needs understood: agree with 53% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Customer Service

Customer friendly environment at Bank: agree with 47% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Customer feedback services: agree with 47% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

Capable of solving complaints adequately: agree with 46% of respondents is been adopted as a majority and other options are gradually opted by the respondents.

i) Chi-square analysis between Age groups and Tangibility of E-Banking services provided by Private and Public Sector Banks.

The calculated value of Chi square is 0.998, which is more than the p value, hence Null hypothesis (H0) is accepted. We can conclude that there is no significant association between Age Group and Tangibility of E- Banking.

Statistical Tool Chi – square

Degree of freedom	3
P value	0.05
Calculated value	0.998

ii) Chi-square analysis between Age groups and Reliability of E-Banking services provided by Private and Public Sector Banks.

Statistical Tool Chi – square

Degree of freedom	3
P value	0.05
Calculated value	0.995

The calculated value of Chi square is 0.995, which is more than the p value, hence Null hypothesis (H0) is accepted. We can conclude that there is no significant association between Age Group and Reliability of E- Banking services provided by Private and Public Sector Banks.

iii) Chi-square analysis between Age groups and Responsiveness & Communication of E-Banking services provided by Private and Public Sector Banks.

Statistical Tool Chi – square

Degree of freedom	3
P value	0.05
Calculated value	0.779

The calculated value of Chi square is 0.779, which is more than the p value, hence Null hypothesis (H0) is accepted. We can conclude that there is no significant association between Age Group and Responsiveness & Communication of E-Banking services provided by Private and Public Sector Banks.

iv) Chi-square analysis between Employment Status and Customer Service of E-Banking services provided by Private and Public Sector Banks.

Statistical Tool Chi – square

Degree of freedom	3
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P value	0.05
Calculated value	0.770

The calculated value of Chi square is 0.770, which is more than the p value, hence Null hypothesis (H₀) is accepted. We can conclude that there is no significant association between Employment Status and Customer Service of E-Banking services provided by Private and Public Banks.

Findings

1. With reference to E-Banking services offered by Public sector and Private sector Banks.
2. The study shows that the customers are provided with various E-Banking Services and which is very flexible.
3. Majority of public and private sector customer respondents are aware about the e-banking facilities while opening account. This can also be concluded that private sector respondents are more aware of the e-banking facilities as compared to public sector banks.
4. The services which are provided by the online Banking are online-Bill Payment, balance check, Bank Statement, Ticket booking, Debit, credit and cheque book request, transferring the money from one account to another and many other services were provided by both Private and Public Banks.
5. The modern banking services also include such as core banking solutions, No frills account, demat accounts etc.
6. In order to analyze the perception of customers the below dimensions were used in the form of questionnaire.
7. Tangibility, Reliability, Assurance, Responsiveness and communication, satisfaction, and quality service, empathy, efficiency, accuracy, security, easy and convenient banking and customer service.
8. The factors which are influencing the private and public Banks include the access technology and infrastructure related factors, sector-specific internet banking factors and other socioeconomic factors. Indeed, the analysis shows that development of a service by the banks is not sufficient, on its own, to ensure adoption. Access infrastructure to the service is a prerequisite and access at home may be a relevant factor. Time and trust are needed to convert consumers of banking services to the use of e-delivery channels, including the internet.
9. The variables which were used in the questionnaire were Independent Variables: Income, Employment status, marital status, education level and other dependent variables such as: 11 dimensions such as Tangibility, Reliability, Assurance, Responsiveness and communication, satisfaction, and quality service, empathy, efficiency, accuracy, security, easy and convenient banking and customer service.
10. The services were compared between the private and public Banks.

Conclusion

The major theme of the research was to study customer perception on E-Banking services towards Public and Private Banks. There are four major objective and data collected through questionnaire. It was analyzed by the percentages and Chi-Square test. The dimensions were used to frame the questionnaire i.e., Tangibility, Reliability, Assurance, Responsiveness and communication, satisfaction, and quality service, empathy, efficiency, accuracy, security, easy and convenient banking and customer service.

As per the result, 77% of respondents in the group of 21-30 years and 19% of respondents in the group of 31-40 years, followed by 55% of the respondents belonged male and 45% of respondents belonged female and 45% of respondents studied PG and with followed 41% of respondents studied degree, 41% of respondents working as professional, 31% of respondents are students and 32% of respondents earned Rs. 10000-25000 for a month and 30% of respondents earned Rs. 25000-40000 for a month respectively. The result in Chi-Square test is: Tangibility with 0.998, Assurance with 0.999, Responsiveness and communication with 0.779, Satisfaction with 0.723, Reliability with 0.995, Empathy with 0.786, Efficiency with 0.959, Accuracy with 0.968, Security with 0.976, Easy and convenient Banking with 0.516 and Customer service with 0.770. The above test tells that it is more than 0.05 and the Null Hypothesis is accepted.

Suggestions

1. ATM's: A valuable ATM availability must be increased, ATM's are short of their services to the people, ATMs need to be filled more amount of cash, Availability of cash at ATM always, cash withdrawal without ATM card.
2. Customer service: Be more efficient in terms of customer service, Better services needs to be provided, educate the customer on financial literacy, and improve the flexibility, quality services and net banking services.
3. Banks should be friendlier in helping and solving the common public queries and banking employees should be more cooperative and Technology should be used in a good way.
4. E-Banking services: Customers are started to use E- Services via smartphones and other electronic devices, but still the additional transaction charges were been debited from the customer account. It has to be removed by all nationalized and private banks immediately to make easier to customers for transaction and other relevant usage.
5. Bank Website: Online payment should be more appropriate, most of the time the bank server 's always down. Server issues must be fixed and give better security for transaction
6. Training: the suggestion is to provide the customers with up-to-date training with the technology how to use the net banking.

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