

# An Empirical Instigation on Virtual Banking Practices in Selected Public and Private Sector Banks

\*Harsh Shrimali

*Ph.D. Scholar* Mohanlal Sukhadia University, Udaipur (Raj.)

**ABSTRACT:** Virtual banking is the provision of banking services via means other than traditional physical branches. **Forms of Virtual Banking are ATM, Phone Banking, Home Banking and Internet banking.** The rapid increase of Virtual Banking as a banking model has brought a new dimension to the banking industry as it has assisted in offering low cost and convenient banking solutions to the traditionally unbanked lower-end of the market through use of Internet Technology and Information Communication Technologies (ICTs). This paper shows that levels of customer satisfaction have changed due to different banking services offered through Virtual Banking. In this article author analyzed the relationship between type of banks and technology usage by customers.

Key words: - **Virtual Banking, ATM, Phone Banking, Home Banking and Internet banking**

## INTRODUCTION

Virtual banking is a type of online banking in which their products and services can be performed through the electronic distribution channels from anywhere. These types of banks with cost reduction and banking efficient services that benefited from indirect costs are usually paid the higher saving rate than the national average benefits paid to the customers.

“Internet- based financial institution that offers deposit and withdrawal facilities, and other banking services, through automated teller machines or other devices, without having physical (brick and mortar) walk-in premises.”

Virtual banking is a bank without branch which offers its services by means of individual computers or electronic tools, ATM, and telephone. As virtual banks can't put up with the cost of branch opening, they offer the savings obtained from the costing to their customers as high saving interest.

Virtual banking is the provision of banking services via means other than traditional physical branches. Currently, virtual banking exists in the forms of ATM, Phone Banking, Home Banking and Internet banking.

“Virtual banking is a system which provides banking services over the internet without any need of place and time (Timur, 2006). “Virtual banking” has appeared towards the end of especially 1990s. And, banks started to provide their customers the chance of accessing their accounts in the internet environment by making use of various systems of security in the process of development. A bank’s customer is able to access to his accounts in a secure manner using the security systems available and carry out almost all of the required operations by himself in a secure internet environment established between him and the bank (Timur, 2006).

### Customer Satisfaction

Customer loyalty and customer satisfaction in e-banking are the main elements of this research. The key aspects of Customer loyalty are customer retention; Security and Virtual Banking; and Technology invasion. Customer Retention materializes as an important aspect influencing customer Loyalty with highest Eigen value and it explains maximum variation and is followed by Security and Virtual Banking; and Technology invasion.

According to **Kaur, Kiran (2014)**, “Customer loyalty is associated positively with Confidence, Technology Adoption, and Technical Expertise of staff, Personal Services, Account information, Channel Activity, and Ease of Use from the construct of customer satisfaction”. Customer satisfaction holds ten items and is the dependent variable. Thus, a satisfied online customer can be treasured by enhancing customer satisfaction.

### REVIEW OF LITERATURE

**Kaeke, Charira, Muzondo (2012)**, approached to the rapid increase of Virtual Banking as a banking model has brought a new dimension to the banking industry. It has assisted in offering low cost and convenient banking solutions to the traditionally unbanked lower-end of the market through use of internet technology and Information Communication Technologies (ICTs).

**Lal and Saluja (2012)** stated that today banking becomes easy through e-services & happens online simultaneously with our important work & even having busy schedule as it is available 24\*7. There are more plastic cards in our wallet than currency notes. An enormous part of this change is as a consequence of advent of IT.

According to **Malakooti, Hashemi, Tavakoli (2014)**, virtual banking is a type of online banking in which their products and services can be performed through the electronic distribution channels from anywhere. These types of banks with cost reduction and banking efficient services that benefited from indirect costs are usually pays the higher saving rate than the national average benefits paid to the customers.

**Ahmadalinejad, Hashemi (2015)**, stated that the banks and financial institutions in the modern business world play a crucial role in business dynamics. Virtual banking is based on computer software and systems that require minimum manpower yet lack of required infrastructures for implementation of such banks throughout a country or region has brought twofold challenges.

**Kaur, Pathak, Kaur (2015)**, stated that the Online banking provide the flexibility, efficiency of work, provide the better security of net banking than only it can increased. The upcoming web-based e-banking in developed areas appears bright but consumers and merchants in developing countries face a number of barriers to successful e-banking, including less reliable telecommunications infrastructure and power supplies, less access to online payment mechanisms and relatively high costs for personal computers and Internet access. In future, online banking is used to reduce transaction costs.

According to **Uddin, Akhter (2012)**, the goal of the research on the banking industry in Bangladesh suggest that through the development and operational constructs of service quality, service charge, perceived value, and customer satisfaction and its determinants. “It was further observed that they also have indirect influence on customer satisfaction through perceive value, i.e. perceived value has mediating role between quality, charge fairness and satisfaction. Bank managers are recommended to formulate operations and marketing strategies that focus on desires of customers to enhance level of satisfaction”.

### **OBJECTIVE OF THE STUDY**

To analyze the relationship between type of banks and technology usage by customers

### **RESEARCH METHODOLOGY**

This particular research is intended to examine the customer’s perception about the virtual banking and related practices by the selected banks of Udaipur.

<b>Sampling procedure</b>
For this study 150 questionnaires were distributed among the customers those are using virtual banking.
<b>Procedure for data collection</b>
To attain the objectives of the study required data were collected through both primary and secondary data source.

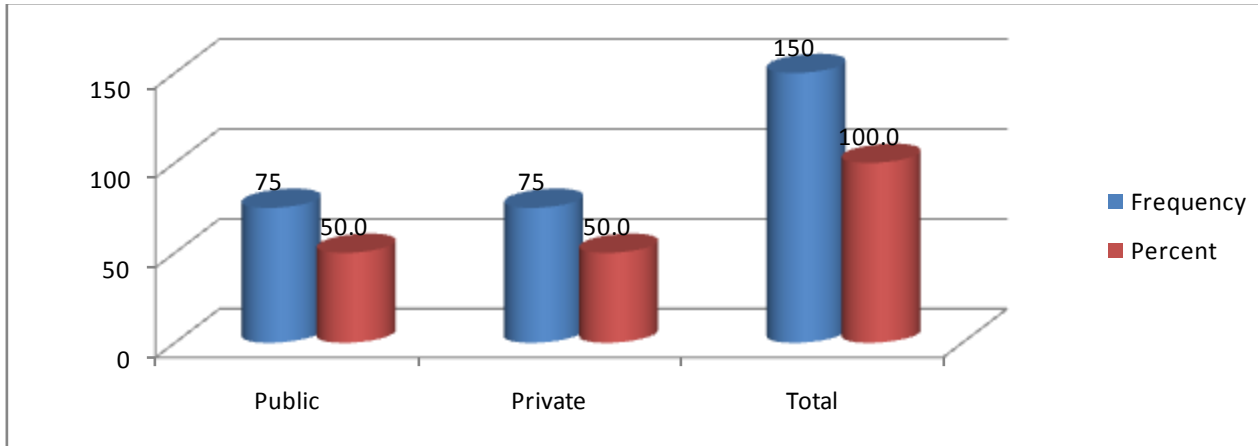
<b>Profile of banks</b>
The study would be conducted in selective branches of two public sector banks viz. State bank of India and BOB and two private sector banks viz. ICICI and HDFC in Rajasthan. An appropriate sample size would be selected for the study.
<b>Analysis of relationship between type of banks and technology usage by customers</b>
<b>Hypothesis</b>
<b>H<sub>01</sub></b> :- Virtual banking related practices are not making positive impact on satisfaction of customers of public and private sector banks.
☞ Promptness of card delivery
☞ Internet banking services
☞ Telephone banking services
<b>H<sub>11</sub></b> :- Virtual banking related practices are making positive impact on satisfaction of customers of public and private sector banks.
☞ Promptness of card delivery
☞ Internet banking services
☞ Telephone banking services

Table1: Frequency table of type of bank

Type of Bank (A3)		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public	75	50.0	50.0	50.0
	Private	75	50.0	50.0	100.0
	Total	150	100.0	100.0	

Source: Primary Data

**Graph 1: Frequency Graph of type of bank**



According to **table 1 and graph 1** in the type of bank classification out of total 150 respondents 75 were associated with public and same number of respondents was associated with private. This shows that both possess same number of respondents and hence result reflects data for both the type of banks.

**Table: 2 Analysis of relationship between type of banks and technology usage by customers**

Descriptive									
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Promptness of card delivery(PCD-D1)	Public	75	1.13	0.421	0.036	1.23	1.20	1	1
	Private	75	1.15	0.431	0.037	1.07	1.22	1	3
	Total	150	1.13	0.412	0.034	1.07	1.20	1	3
Internet Banking Services (IBS-D2)	Public	75	1.26	0.509	0.028	1.02	1.28	1	1
	Private	75	1.21	0.504	0.043	1.12	1.29	1	3
	Total	150	1.19	0.483	0.039	1.11	1.26	1	3
Telephone banking services (TBS-D3)	Public	75	1.57	0.514	0.137	1.27	1.87	1	2
	Private	75	1.56	0.884	0.076	1.41	1.71	1	6
	Total	150	1.56	0.855	0.07	1.42	1.70	1	6

Above **Table 2** shows the descriptive statistics which represents the mean, standard deviation and analysis of technology usage by customers in public and private banks. Higher standard deviation shows that wider scope of the study and the column of analysis showing the given response (in number) by the academicians.



**Table 3: Test of Homogeneity of Variances of technology usage by customers**

Test of Homogeneity of Variances				
	Levene Statistic	df1	df2	Sig.
Promptness of card delivery(PCD-D1)	7.958	1	148	.005
Internet Banking Services (IBS -D2)	12.411	1	148	.001
Telephone banking services (TBS-D3)	.864	1	148	.354
Mobile Banking services (MBS-D4)	25.738	1	148	.000

Levene's Test for Equality of Variance is performed to test condition that the variances of both samples are equal or not. A high value results normally in a significant difference and a low value results normally in a non significant. **Table 3-** results present that Promptness of card delivery (0.005), Internet banking services (0.001), Mobile banking services (0.000) has low value and Telephone banking services (0.354) has high value.

**Table 4: One Way ANOVA for type of banks and technology usage by customers**

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
PCD (D1)	Between Groups	.275	1	.275	1.621	0.020
	Within Groups	25.059	148	.169		
	Total	25.333	149			
IBS (D2)	Between Groups	.538	1	.538	2.326	0.012
	Within Groups	34.235	148	.231		
	Total	34.773	149			
TBS (D3)	Between Groups	.002	1	.002	.003	0.039
	Within Groups	108.958	148	.736		
	Total	108.960	149			

According to **Table 4**, the significant value of **Promptness of card delivery (0.020)** is less than 0.05 so we reject the null hypothesis and accept the alternate hypothesis that **Promptness of card delivery** related

practices are making positive impact on working of public and private sector banks. This decipher that timeliness and adherence to commitment related with card delivery by public and private sector banks are improving their images.

The significant value of **Internet banking services (.012)** is less than 0.05 so we reject the null hypothesis and accept the alternate hypothesis that **Internet banking services** related practices are making positive impact on working of public and private sector banks. This interprets that providing good internet banking services can create a positive brand value for the public and private sector banks.

The significant value of **Telephone banking services (.039)** is less than 0.05 so we reject the null hypothesis and accept the alternate hypothesis that **telephone banking services** related practices are making positive impact on working of public and private sector banks. This shows that telephone banking services can be used as a tool to satisfy customer and hence creating a positive impact.

## CONCLUSION

The central aim behind organizing this research is to examine the opinion of customer about virtual banking, its usage, problems faced by them and also modes of virtual banking in public and private sector banks in Udaipur City of Rajasthan and to determine the perception of customers towards these virtual banking services which will help in further inspecting the virtual banking services offered to them by their banks and also the level of satisfaction among customers.

After the analysis of relationship between type of banks and satisfaction with technology usage by customers has been found. For this purpose various hypothesis were formulated and evaluated with the help of above tables' descriptive statistics, test of homogeneity of variances and one way ANNOVA and Levene's test. Results show that most of the demographic variables are positively related with the satisfaction of technology usage by customers. Results show that Promptness of card delivery, Internet banking services and Telephone banking services are impacting both public and private sector banks in a positive way.

## REFERENCES

- Kaur Navneet Ms., Kiran Ravi (Ms) Prof. (2014) “**Customer Satisfaction and Customer Loyalty in E- Banking in India: The Intricacies of Relationship**”, IOSR Journal of Business and Management (IOSR-JBM), e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 16, Issue 9, Ver, VI (Sep. 2014), PP 06-13. [www.iosrjournals.org](http://www.iosrjournals.org)
- Uddin Belal Mohammed, Akhter Bilkis (2012) “**Determinants of Customer Satisfaction of Banking Industry in Bangladesh**”, Pak. J. Commer. Soc. Sci. 2012, Vol. 6 (2), 242-256.
- Kaur Navpreet, Pathak Ashutosh Dr., Kaur Parminder (2015) “**Online Banking of E-Commerce in India**”, Navpreet Kaur et al. Int. Journal of Engineering Research and Applications, ISSN : 2248-9622, Vol. 5, Issue 4, ( Part -6) April 2015, pp.39-49.
- Malakooti V. Mohammad Dr., Hashemi Mohsen Seyyed Dr., Tavakoli Narges (2014) “**An Effective Solution for the Service Support of Virtual Banking Using the Key Performance Indices Based on Cobit-5 Architecture**”, Proceedings of the International conference on Computing Technology and Information Management, Dubai, UAE, 2014. ISBN: 978-0-9891305-5-4 ©2014 SDIWC.
- Ahmadalinejad Mehrpooya, Hashemi Mohsen Seyyed (2015) “**A National Model to Supervise on Virtual Banking Systems through Bank 2.0 Approach**”, ACSIJ Advances in Computer Science: An International Journal, Volume 4, Issue 1, No. 13, January 2015, ISSN- 2322-5157, [www.ACSIJ.org](http://www.ACSIJ.org)
- Lal Roshan Dr., Saluja Rajni Dr. (2012) “**E-Banking: The Indian Scenario**”, Asia Pacific Journal of Marketing & Management Review, ISSN: 2319-2836, Vol.1 (4), December (2012).
- Kaseke Nyasha, Charira Amos, Muzondo Noel (2012) “**Virtual Banking by Commercial Banks and Customer Satisfaction in Zimbabwe**”, International Journal of Advanced Research in Management and Social Sciences, ISSN- 2278- 6236, Volume 1, No. 2, August 2012, [www.garph.co.uk](http://www.garph.co.uk).