

A STUDY ON RURAL CUSTOMERS' SATISFACTION AND IMPACT OF E-BANKING SERVICES IN TIRUNELVELI DISTRICT

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Abstract

Now-a-days banking is known as innovative banking. Developments in information technology have given a rise to innovations in the product and service designing and their supply in the banking sector and finance industries, customer services and satisfaction are their centre point of all the efforts. One of the important areas of banking is where information technology has a positive influence so on substitutes for traditional funds movement services. With the advent of online banking, electronic funds transfer and other similar products and services for funds transfer within quick time which was impossible a few years ago. With networking and inter connection, new problems are taking place related to security, privacy and confidentiality to e-banking transactions. Banking through electronic channels has gained increasing popularity in recent years. This system popularly known as e-banking provides alternatives for faster delivery of banking services to a wide range of customers. This study aims to collect customers opinions regarding this adoption of various e-banking technologies, its importance and problems associated with e-banking in Tirunelveli district. Structured questionnaire addressing the various research questions were used. The results revealed that there is a high adoption level of e-banking technologies in Tirunelveli district with ATM well favoured. The internet banking is gradually gaining an increasing awareness but faced with the problem of high cost of internet connectivity and lack of telecommunication infrastructure. It is recommended that e-banking transaction should have desirable properties like authenticity, confidentiality, unforgivable and integrity coupled with provision of adequate telecommunication infrastructure and increased culture of internet usage.

Key words: electronic banking, online banking security, impact on e-banking technology

1. Introduction

Banks are playing an important role in the economic development country. Economic development of a country involves investment in various sectors of the economy. The conventional functions of banking are confined to accept deposits and to lend money through loans and advances. Now-a-days banking is known as innovative banking. Use of information technology has given rise to innovations in the product and service designing and their delivery in the banking sector and finance industries, customer services satisfaction are their principle work. Present banking scenario has come up with many new initiatives, which are oriented to provide a better customer service and facilities with the help of information technology. Banking sector focuses the larger economy its

linkages to all sectors make it representative for what is going on in the economy. Indian banking sector, presently has the same sense of opportunity that is evidence in the Indian banking market and economy. The current developments in the worldwide markets offer too many opportunities to the banking sector.

2. Technology and banking

The emergence of new technology allows access to banking and banking services without physical direct recourse to the bank premise by the customer. The technology-led process is leading us to what has been described as virtual banking. The benefits of such virtual banking services are manifold. Through the competition, many banks quickly realized that there are a momentous number of customers like to do banking electronically. As such, many banks, based on their existing 24-hour telephone banking systems, have developed and implemented several important e-banking applications so that their customers now are able to pay bills, transfer money among accounts, check account history, download statement information, and computerize their cheque books online all at easy and around the clock

3. Electronic banking and its utilization

Electronic banking in simple term means, it does not involve any physical exchange of money, but it's all done electronically, from one account to another, using the internet. Internet banking is just like normal banking, with one big exception. Electronic banking also known as internet banking is the latest in the series of technological wonders of the recent past. ATMs, tele-banking, internet banking, credit cards and debit cards have emerged as effective delivery channels for traditional banking products. Banks know that the internet opens up new horizons for them and moves them from local to global frontiers. Internet banking refers to systems that enable bank customers to get access to their accounts and general information on bank products and services through the use of bank's website, without the intervention or inconvenience of sending letters, faxes, original signatures and telephone confirmations. It is the types of services through which bank customers can request information and carry out most retail banking services such as balance reporting, inter account transfers, bill-payment, etc. via telecommunication network without leaving their home/organization. It provides universal connection from any location worldwide and is universally accessible from any internet linked computer. Information technology developments in the banking sector have speed up communication and transactions for clients. It is vital to extend this banking feature to clients for maximizing the advantages for both clients and service providers. Internet is the cheapest delivery channel for banking products as it allows the entity to reduce their branch networks and downsize the number of service staff. The navigability of the website is a very important part of Internet banking because it can become one of the biggest competitive advantages of a financial entity. Bankers consider minimizes inconvenience, minimizes cost of transactions and

time saving to be important benefits and chances of government access, chances of fraud and lack of Information security to be vital risks associated with electronic banking. Due to increase in technology usage, the banking sector's performance increases day by day. Internet banking is becoming the indispensable part of modern day banking services.

4. Benefits of e-banking

- No matter wherever the customer is in the world. Balance enquiry, request for services, issuing instructions, etc. from anywhere in the world is possible.
- Managing funds in real time and most importantly, 24 hours a day, 7days a week.
- Convenience acts as a tremendous psychological benefit all the time.
- Brings down “Cost of Banking” to the customer over a period a period.
- Cash withdrawal from any branch/ATM
- On-line purchase of goods and services including online payment for the same.
- Reduces customer visits to the branch and thereby human intervention.
- Inter-branch reconciliation is immediate thereby reducing chances of fraud and misappropriation.
- On-line banking is an effective medium of promotion of various schemes of the bank, a marketing tool indeed.
- Integrated customer data paves way for individualized and customized services.

5. Impact of e-banking on traditional services

E-banking transactions are much cheaper than branch or even phone transactions. E-banks are easy to set up, so lots of new entrants will arrive. E-banking gives consumers much more choice. Consumers will be less inclined to remain loyal. Portal providers are likely to attract the most significant share of banking profits. Indeed banks could become glorified marriage brokers. They would simply bring two parties together e.g. buyer and seller, payer and payee. The products will be provided by online, experts in their field. Traditional banks may simply be left with payment and settlement business even this could be cast into doubt. Traditional banks will find it difficult to evolve. Not only will they be unable to make acquisitions for cash as opposed to being able to offer shares, they will be unable to obtain additional capital from the stock market. E-banking is just banking offered via a new delivery channel. It simply gives consumers another service. Experience in Scandinavia appears to confirm that the future is clicks and mortar banking. Traditional banks are

starting to fight back. The start-up costs of an e-bank are high. Establishing a trusted brand is very costly as it requires significant advertising expenditure in addition to the purchase of expensive technology. E-banks have already found that retail banking only becomes profitable once a large critical mass is achieved. Consequently many e-banks are limiting themselves to providing a tailored service to the better off. E-banking transaction needs some interface to communicate with banking customer. All the electronic transaction performs through some interfaces.

6. Need of the study

Most of the research work conducted in the field of e-banking has targeted urban population but satisfaction level of rural customers has not been studied in opulence. In this reference, the present study attempts to analyse the satisfaction level of rural customers.

7. Objectives of the study

1. To analyse overall satisfaction of rural customers from e-banking services.
2. To identify the factors that influence rural customers' satisfaction from e-banking.
3. To identify the obstacles hindering the wide acceptability and propensity to use e-banking in rural areas.
4. To test the strength of relationship of rural customers' satisfaction with different factors identified as major determinant affecting adaptability and satisfaction from e-banking

8. Research methodology

The study is primarily based upon primary data collected through a questionnaire from 100 rural users of e-banking channels from different villages of Tirunelveli district.

9. Findings

TABLE 1
Respondents' Opinion about E- banking Services

Opinion	No. of Respondents	Percentage
Vital	16	16
Essential	56	56
Cannot say	28	28
Total	100	100

It is interpreted that 16 per cent of the customers felt it vital, about 56 per cent of them are completely aware that it is essential in the present day and rest are not sure about its use.

TABLE 2
Sources of Awareness

Sources	No. of Respondents
Bank officials	27
Advertisement in print media	29
Television & radio advertisement	29
Online advertisement	18
Family members	5
Friends	11

TABLE 3
Use of E-banking Services

Services	No. of Respondents
ATM	80
Internet	6
Mobile	14
Total	100

TABLE 4
Preference of E-banking Services

Variable	Rank
ATM	1
Home, office or pc banking	2
Face to face banking	3
Mobile banking	4
Internet banking	5

TABLE 5
Purpose of Using ATM Facility

Variable	No. of respondents
Withdrawal of cash and checking account balance	76
Deposit of cash	09
Request cheque book	05
Paying bills	0
Any other	10

TABLE 6
Importance of Adoption of E-Banking Services

Statement	Level of Acceptance				
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
E- banking services are generally faster than traditional banking	37	50	0	1	0
E- banking services have no time limit since I can use them at any time of the day.	34	43	4	4	0
There is high degree of convenience in accessing E- banking services.	15	51	15	4	0
E-banking channels are easier to use than traditional channels.	21	51	8	4	1
E-banking services are generally cheaper than traditional banking at the branch.	21	39	11	10	2
Using E- banking service is more prestigious than queuing at the bank halls	23	49	4	0	2

TABLE 7
Reasons for Non-Adoption of E-banking Services

Statements	Level of Acceptance				
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Security concerns is the most discouraging factor in using e-banking services	16	42	18	5	1
Most of the customers are not aware of e-banking services provided by their banks	19	49	7	6	1
E-banking services generally do not have privacy of customers information	8	32	22	16	2
Most of the customers prefer traditional banking	11	38	17	18	0
Most banks provide few e-banking services and some have not yet adopted.	11	44	9	15	1
Some banks charge high fees on using e-banking services	23	38	10	3	1

The concept and technology are new to the rural consumers in recent years, mostly people are using nearer to one year. The different facilities of e-banking which are provided by the banks in that, balance inquiry are the mostly preferred out by its various facilities, the concept are not much developed so the other types of facilities are provided by the banks are not having much usage like term loan, online FD, demand draft facilities, etc. Comparing the traditional banking with e-banking, it seems that most respondent are satisfied with e-banking that e-banking provides different types of facility available to the respondent to use. Expectations of consumers towards e-banking are: it should be time saving and convenient to use, and rural banking through internet. Reasons for using e-banking facilities are, by having traditional account in the same bank and excellent services provided by it.

10. Conclusion

Undoubtedly e-banking is a strong catalyst for the economic development and in order to enhance the propensity to use e-banking as a primary channel, it must be tailored suiting to the need of the customers. The study found that rural customers are quite satisfied with the provisions of updating, accuracy of transactions and convenience. However, they were not found to be much satisfied with the regulatory mechanism and compensation given in case of fraudulent attack by unauthorized person or error by bank. Further, they expect better services that should be provided for differently able persons. Most of them were not aware of multi-language provision in e-banking. Therefore, in order to enhance the propensity to use e-banking channels in rural areas, the use of regional languages during transactions should be promoted as well as publicized. The availability of bio-metric and voice call system for making transactions through e-banking like while using ATM may have magnifying results for securing patronage of rural customers particularly that of illiterate section.

11. Reference

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