

# CUSTOMER AWARENESS AND PERCEPTION TOWARDS E-BANKING SERVICES – A STUDY OF KURNOOL DISTRICT IN ANDHRA PRADESH

\* DR. Godha Rama Krishna,

Asst. Professor, Dept. of Business Management, Rayalaseema University, Kurnool, A.P.

\*\*K.J. Hari Krishna Chaithanya,

Research Scholar in Business Management, Rayalaseema University, Kurnool, A.P.

**INTRODUCTION :** E-banking is the term that signifies and encompasses the entire sphere of technology initiatives that have taken place in the banking industry. E-banking is a generic term making use of electronic channels through telephone, mobile phones, internet etc. for delivery of banking services and products. The concept and scope of e-banking is still in the transitional stage. E-banking has broken the barriers of branch banking.

**EVOLUTION OF E-BANKING SERVICES IN INDIA:** In India, Reserve Bank of India outlined the mission to ensure that payment and settlement systems are safe, efficient, interoperable, authorized, accessible, inclusive and compliant with international standards. The Vision is to proactively encourage electronic payment system for ushering in a less cash society in India. Regulation is keen to promote innovation and competition with an intention to help payment system achieve international standards. Various initiatives by Reserve Bank of India, in mid-eighties and early-nineties, resulted in offering technology based solutions. The need evolved to provide cost effective alternative system.

Electronic Clearing Service (ECS) was launched in 1990s to cater to bulk and repetitive payments. By September 2008, a new avatar in the form of National Electronic Clearing cell was launched to handle multiple credits to beneficiary accounts. National Electronic Clearing Service (NECS) rides on core banking solution of member banks. The retail funds transfer system was introduced in 1990s to allow electronic transfer of fund for people to people payment. In November 2005, a robust system was launched to allow one to one funds transfer requirement of individuals and corporates. Prepaid instruments allow transaction for goods and services against the value stored on payment instrument. It may be in the form of smart cards, magnetic stripe cards, internet wallets, mobile accounts, mobile wallets and paper vouchers. Consequent to the guidelines in mobile banking, selected banks were permitted to offer the service after receipt of necessary permission from Reserve Bank of India. Indian Retail payments pose significant challenges and opportunities. Based on Payment system vision document released by Reserve Bank of India, the number of non-cash transactions, at 6 per person, is low in India. It is estimated that Government subsidies alone constitute more than Rs.2.93 trillion and electronification has a potential to translate 4.13 billion electronic transactions in a year.

To facilitate electronification, Reserve Bank of India established the umbrella organization, i.e., National Payment Corporation of India. Many researches in the past have laid importance on the significant developments that are taking place in the banking industry due to the surge in information technology. While many new products are offered in the area of electronic payment products, banks need to track the usage of these products. Concerns have been raised over the great 'digital divide' between the rich and the poor on the demand side and different operational environments in the private and public sector banks at the supply side.

Growth of information technology has brought in substantial changes in the way of banking transactions were done. With the introduction of Electronic Banking facility, the transactions have become so simple, fast, accurate and reliable. In order to perform a successful transaction, the customer plays an indispensable role. Hence, the awareness levels and perceptions of the customers plays a key role in discharging the service successfully.

**REVIEW OF LITERATURE:** The following is the summary of few studies done earlier on the related topics.

Shubhara Jindal <sup>1</sup>, 'Study of E-Banking Scenario in India', concluded that, E-banking is need of the hour. Though there are lots of hurdles in the way of smooth implementation of E-banking in India but at the same time E-banking has bright future in India. It is golden path for banking sector in India to maximize its profits and also the customer base. That's why E-banking can never be neglected. Moreover the recommendations provided in this research are useful for the banks and also for the customers for better service and satisfaction respectively. Thus only those banks will survive in the future which will manage the changes as per technological developments and customer requirements because future of the banks ultimately stays in the hands of customers. They should be satisfied at any cost. Banks are making sincere efforts to popularize the e-banking services and products. Younger generation is beginning to see the convenience and benefits of e-banking. In years to come, e-banking will not only be acceptable mode of banking but will be preferred mode of banking.

Pooja <sup>2</sup>, 'E-Banking: A Pioneering service approach in commercial banks in India', demand for financial services is changing rapidly and customer behaviour regarding these services is also adapting rapidly. Consequently, with the passing of the traditional banking to electronic banking, new strategies have become necessary in order to attract and retain existing as well new customers. E-banking is the most innovative trend among the customers. The transfer from the traditional banking to e-banking has been a rising amendment in banking dealings. Enlarged competition, the advancement of information & communication technology, and

changing business environment etc. are the important concerns that have forced banking services to change. Also highlights the role and relevance of e-banking in regard to customer services and as a cost reduction tool for banks in India and the initiative taken by RBI along with progress made by Scheduled Commercial Banks in this regard.

Vikas Chauhan and vipin Choudhary<sup>3</sup> The present paper attempts to understand the concept of internet banking as well as study the benefit of internet banking from perspective of consumers as Well as banks. Further, this paper discusses the challenges and opportunities associated with the internet banking in Indian context. The discussion Concludes that Concept of Internet banking Is slowly gaining Acceptance in Indian Scenario and Efforts are Being made by government Agencies to make It more Popular among consumers.

Shraddha Nigudde<sup>4</sup>, 'E-banking: services, importance in business, advantages, challenges and adoption in India', concluded that, In India, E-banking is in a nascent stage. No doubt Indian banks are making sincere efforts for the adoption of advanced technology and installation of e-delivery channels but still masses are wary of the concept. E-banks should create awareness among people about E-banking products and services. Customers should be made literate about the use of e-banking products and services. Indicators of the challenges of E-banking should be taken into account to reap the maximum benefits of E-banking in India.

Balwinder Singh and Pooja Malhotra<sup>5</sup> he paper presents data, drawn from a survey of commercial banks websites, on the number of commercial banks that offer Internet banking and on the products and services they offer. It investigates the profile of commercial banks that offer Internet banking, using univariate statistical analysis, relative to other commercial banks with respect to profitability, cost efficiency, and other characteristics. By the end of first quarter, 2004, differences between Internet and non-Internet banks had begun to emerge in funding, in sources of income and expenditures and in measures of performance. It was also found that the profitability and offering of Internet banking does not have any significant correlation.

Jayshree Chavan<sup>6</sup> paper discusses some challenges in an emerging economy. Paper concluded that one of the benefits that banks experience when using e-banking is increased customer satisfaction. This due to that customers may access their accounts whenever, from anywhere, and they get involved more, this creating relationships with banks. Banks should provide their customers with convenience, meaning offering service through several distribution channels (ATM, Internet, physical branches) and have more functions available online.

Trivedi & Patel (2013) analysed the problems faced by customers while using e-banking facilities in India. It observed that most of the customers know about the e-banking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using e-banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using e-banking services.

Haq & Khan (2013) analysed the challenges and opportunities in the Indian Banking sector. The study showed that only 28 per cent banking clients were using internet banking after evaluating the population characteristics. It found that there was no significant relationship in between age and use of cyber banking. It also depicted that there is no relation in between gender and the adoption of internet banking. It observed that qualification in terms of education and income of the respondents were playing the role in the acceptance of online banking. The study suggested that it is the need of time that financial literacy of the users should be increased through various programs which should be run by banks to increase the awareness of internet banking.

Vijayakumar Rajarathinam and charndra Kumar Mangalam(2013), has indicate that users were influenced by factors such as quick direct access, ease of use, anytime anywhere banking, status symbol, safety and security. The influence of the factors varied from the type of users. Consumers have different levels of competency in internet banking usage. The higher the consumers felt about their competency in handling internet banking, higher was their frequency in usage of internet banking. Moderate and novice of internet banking users had relatively lesser levels of usage satisfaction.

Roshanlal and R saluja<sup>7</sup> The progress in e-banking in Indian banking industry is measured through various parameters such as Computerization of branches, Automated Teller Machines, Transactions through Retail Electronic Payment Methods etc. Statistical and mathematical tools such as simple growth rate, percentages and averages etc are used. The paper also highlights the challenges faced by Indian banks in adoption of technology and recommendations are made to tackle these challenges. The paper concludes that in years to come e- banking will not only be acceptable mode of banking but preferred mode of banking.

Jagdeep Singh<sup>8</sup>, in his study 'Scenario of E-Banking in Today's life – A Survey', stated that, people are aware of e-banking to certain extent. The customers are at ease with e-banking as it saves time and made life easy. A.J.Joshua, Moli P Koshy(2011), in this study majority of the respondents have computer and internet access and they are also mostly proficient in using them. The users of internet banking, tele banking and mobile banking are in general found to be spending more hours using computers and internet than non-users of these services. The hours of computer usage, the frequency of internet usage and hours of internet browsing were found to be significantly higher among users as compared to non-users of technology enabled banking self-service. It concludes that banks can target those customers whose usage of computers, internet and other technology products are relatively on the higher side.

**NEED FOR THE STUDY :** The past two and half decades, which marks the era of liberalization and reforms in the country, has been eventful one for the Banking industry changing the face of the industry far beyond recognition. Technology has brought in substantial changes in Banking in terms of customer services through introduction of E-Banking services along with new product innovations. It is necessary to know the awareness levels and perception of customers towards E-Banking services.

Government of India has declared demonetization for third time in India on 8<sup>th</sup> November 2016 by withdrawing Rs. 500/- and Rs. 1,000/- notes. The primary objective of demonetization is to promote electronic transactions. Since November 2016, Government of India along with many statutory bodies and voluntary organizations, organized various activities and programs to

create awareness about cashless transactions and to promote electronic transactions. The percentage of electronic transactions have been creeping up for the last few months.

The review of various studies and literature on Banking revealed that there are very few studies covered the concept of customer perceptions and customer service in Banks largely at country and state level. But the researcher did not find any study covering the perceptions of customers towards E-Banking services in select public sector banks particularly at one of the backward districts of Andhra Pradesh i.e. Kurnool district. Technology places a pivotal and indispensable role in extending E-Banking services. It would be useful to study the awareness levels and perception of customers towards E-Banking Services in Kurnool district of Andhra Pradesh.

In the light of technological innovations and demonetization, it is felt that, there is an imperative need to study the awareness levels of customers towards E-Banking services.

**OBJECTIVES OF THE STUDY :** The following are the objectives of the study:

1. To examine the awareness levels of customers towards various E-Banking services
2. To study the perceptions of customers towards E-Banking services and
3. To offer suitable suggestions for the development of E-Banking services.

**METHODOLOGY & SAMPLING :** The present study is mainly based on primary data and is behavioural in nature. However, the secondary data is also made use of at some places of the study wherever it became necessary. The primary data is collected through a structured questionnaire. The questionnaire is designed keeping in view the objectives of present research work and it is pre-tested by means of a pilot study.

The relevant secondary data is gathered from the Reserve Bank of India Reports and publications, Indian Bankers Association publications, National Institute of Bank Management publications, business newspapers, journals, magazines are also relied upon. The data and the information collected with the help of questionnaire are processed and analyzed using SPSS software.

Table No. 1 : Distribution of Sample Respondents- Revenue Division

Revenue Division	Number of Respondents	Percent
Kurnool	230	33.33
Nandyal	230	33.33
Adoni	230	33.33
<b>Total</b>	<b>690</b>	<b>100.0</b>

Source: Field Survey

For the purpose of the sample public sector banks located in Kurnool district were selected for the study based on turnover of the banking industry. As the universe of the study is entire Kurnool district, an attempt is made to stratify the region into strata. The stratification is done on the basis of geographical and administrative factors.

The district is divided into 3 revenue divisions. In order to collect primary data for the purpose of the study, multi-stage sampling technique is adopted. At the first stage all revenue divisions of the district were chosen for the study.

In the final stage, from each of the revenue division, a modest a sample 230 customers/respondents were selected for the study. Convenient Sampling method has been employed. While selecting the elements of the population, efforts were made to approach the respondents by taking into consideration various factors such as rural- urban background, economic status, professional background and educational qualification.

On this basis, the total respondents of the study should have been 700. But, some of the respondents have not responded to the items of the schedule. Hence, they were eliminated from the study and the actual sample size is presented in table no. 1

**DATA ANALYSIS AND INTERPRETATION :** The primary and secondary data collected from different sources have been tabulated and interpreted meaningfully. The data has been analysed thoroughly and various inferences and conclusions have been drawn from the data.

Table No. 2 : Details of levels of awareness towards E-Banking services – Descriptive statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Debit	680	1	5	4.04	1.131
ATM banking	680	1	5	3.95	1.234
Internet banking	680	1	5	3.06	1.401
Credit card	680	1	5	3.03	1.419
Electronic transfers	680	1	5	3.02	1.431
Mobile banking	680	1	5	2.98	1.408
Electronic payment systems	680	1	5	2.98	1.397
Telephone banking	680	1	5	2.96	1.430
Valid N (listwise)	680				

Table No. 3: Perception towards usage of E- Banking Services – ATM banking

ATM banking					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly useful	92	13.5	13.5	13.5
	Frequently useful	91	13.4	13.4	26.9
	Occasionally useful	84	12.4	12.4	39.3
	Rarely useful	201	29.6	29.6	68.8
	Not useful	212	31.2	31.2	100.0
	Total	680	100.0	100.0	

Source: Field Survey

**INFERENCE:** It can be understood from table no. 2 that, with regard to the level of awareness towards E-Banking services the descriptive statistics are as detailed. Based on mean value, debit card is the most preferred service, followed by ATM banking at second, internet banking at third place, credit card at fourth place, electronic transfers at fifth place, mobile banking at sixth place, electronic payment systems at seventh place and telephone banking at eighth place.

**INFERENCE:** It can be explained from the table no. 3 that, with regard to the customers perception levels towards usage of various E-Banking services and with regard to ATM banking, 13.5% of the respondents have rated it as highly useful, 13.4% of the respondents have rated it as frequently useful, 12.4% of the respondents have rated it as occasionally useful, 29.6% of the respondents have rated it as rarely useful and 31.2% of the respondents have rated it as not useful. .

Table No. 4: Perception towards usage of E- Banking Services – Internet banking

Internet banking					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly useful	90	13.2	13.2	13.2
	Frequently useful	91	13.4	13.4	26.6
	Occasionally useful	96	14.1	14.1	40.7
	Rarely useful	198	29.1	29.1	69.9
	Not useful	205	30.1	30.1	100.0
	Total	680	100.0	100.0	

Source: Field Survey

**INFERENCE:** It can be illustrated from the table no. 4 that, with regard to the customers perception levels towards usage of various E-Banking services and with regard to internet banking, 13.2% of the respondents have rated it as highly useful, 13.4% of the respondents have rated it as frequently useful, 14.1% of the respondents have rated it as occasionally useful, 29.1% of the respondents have rated it as rarely useful and 30.1% of the respondents have rated it as not useful.

Table No. 5: Perception towards usage of E- Banking Services – Electronic transfers

Electronic transfers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly useful	105	15.4	15.4	15.4
	Frequently useful	82	12.1	12.1	27.5
	Occasionally useful	102	15.0	15.0	42.5
	Rarely useful	198	29.1	29.1	71.6
	Not useful	193	28.4	28.4	100.0
	Total	680	100.0	100.0	

Source: Field Survey

**INFERENCE:** It can be inferred from the table no. 5 that, with regard to the customers perception levels towards usage of various E-Banking services and with regard to electronic transfers, 15.4% of the respondents have rated it as highly useful, 12.1% of the respondents have rated it as frequently useful, 15.0% of the respondents have rated it as occasionally useful, 29.1% of the respondents have rated it as rarely useful and 28.4% of the respondents have rated it as not useful.

Table No. 6: Perception towards usage of E- Banking Services – Debit cards

Debit cards					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly useful	90	13.2	13.2	13.2
	Frequently useful	96	14.1	14.1	27.4
	Occasionally useful	86	12.6	12.6	40.0
	Rarely useful	195	28.7	28.7	68.7
	Not useful	213	31.3	31.3	100.0
	Total	680	100.0	100.0	

Source: Field Survey

**INFERENCE:** It can be interpreted from the table no. 6 that, with regard to the customers perception levels towards usage of various E-Banking services and with regard to debit cards, 13.2% of the respondents have rated it as highly useful, 14.1% of the respondents have rated it as frequently useful, 12.6% of the respondents have rated it as occasionally useful, 28.7% of the respondents have rated it as rarely useful and 31.3% of the respondents have rated it as not useful.

Table No. 7: Perception towards usage of E- Banking Services – Electronic Payment systems

Electronic Payment systems					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly useful	113	16.6	16.6	16.6
	Frequently useful	131	19.3	19.3	35.9
	Occasionally useful	145	21.3	21.3	57.2
	Rarely useful	142	20.9	20.9	78.1
	Not useful	149	21.9	21.9	100.0
	Total	680	100.0	100.0	

Source: Field Survey

Table No. 8 : Perception towards usage of E- Banking Services – Mobile banking

Mobile banking					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly useful	142	20.9	20.9	20.9
	Frequently useful	132	19.4	19.4	40.3
	Occasionally useful	128	18.8	18.8	59.1
	Rarely useful	132	19.4	19.4	78.5
	Not useful	146	21.5	21.5	100.0
	Total	680	100.0	100.0	

Source: Field Survey

**INFERENCE:** It can be observed from the table no. 7 that, with regard to the customers perception levels towards usage of various E-Banking services and with regard to electronic payment systems, 16.6% of the respondents have rated it as highly useful, 19.3% of the respondents have rated it as frequently useful, 21.3% of the respondents have rated it as occasionally useful, 20.9% of the respondents have rated it as rarely useful and 21.9% of the respondents have rated it as not useful.

**INFERENCE:** It can be understand from the table no. 8 that, with regard to the customers perception levels towards usage of various E-Banking services and with regard to mobile banking, 20.9% of the respondents have rated it as highly useful, 19.4% of the respondents have rated it as frequently useful, 18.8% of the respondents have rated it as occasionally useful, 19.4% of the respondents have rated it as rarely useful and 21.5% of the respondents have rated it as not useful.

Table No. 9: Perception towards usage of E- Banking Services – Telephone banking

Telephone banking					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly useful	120	17.6	17.6	17.6
	Frequently useful	159	23.4	23.4	41.0
	Occasionally useful	146	21.5	21.5	62.5
	Rarely useful	118	17.4	17.4	79.9
	Not useful	137	20.1	20.1	100.0
	Total	680	100.0	100.0	

Source: Field Survey

**INFERENCE:** It can be visualized from the table no. 9 that, with regard to the customers perception levels towards usage of various E-Banking services and with regard to telephone banking, 17.6% of the respondents have rated it as highly useful, 23.4% of the respondents have rated it as frequently useful, 21.5% of the respondents have rated it as occasionally useful, 17.4% of the respondents have rated it as rarely useful and 20.1% of the respondents have rated it as not useful.

Table No. 10: Perception towards usage of E- Banking Services – Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
ATM banking	680	1	5	3.51	1.398
Internet banking	680	1	5	3.50	1.385
Electronic transfers	680	1	5	3.43	1.408
Debit cards	680	1	5	3.51	1.398
Electronic Payment systems	680	1	5	3.12	1.389
Mobile banking	680	1	5	3.01	1.444
Telephone banking	680	1	5	2.99	1.386
Valid N (listwise)	680				

**INFERENCE:** It can be analysed from the table no. 10 that, with regard to the customers perception levels towards usage of various E-Banking services and descriptive statistics, ATM banking is the first preferred option, followed by internet banking, electronic transfers at third, debit cards at fourth, electronic payment systems at fifth, mobile banking at sixth and telephone banking at seventh.

**SUGGESTIONS:** The following are the suggestions to enhance the awareness levels among the customers about E-Banking services.

- ✓ Proximity of the bank proves to be a major influencing factor for selection of a bank. Hence, banks should go for branch expansion and see that their branches are available to the customers.
- ✓ Steps to be initiated to enhance customer loyalty and customer retention.
- ✓ Steps to be taken to increase the awareness levels about various E-Banking services such as net banking, mobile banking etc.
- ✓ Government should formulate necessary policies and see that there won't be any infrastructural lapse even in the rural areas enabling the banks to facilitate with E-Banking services.
- ✓ Quality of service is another area where customer is valuing. Hence, measures to be initiated to maintain good quality of service to all the customers.
- ✓ Customers should be provided education / demonstration of E-Banking services as they are technology oriented.
- ✓ Awareness programs are to be launched indicating the advantages of E-Banking system when compared with that of traditional practices.
- ✓ Remarkable growth in usage of E-Banking services can be observed after demonetization. But there is an indispensable need to sustain that growth for taking the actual benefits to the account holders and to the public at large.
- ✓ Inhibitions / fear of using E-Banking services should be eliminated from the customer by giving proper service and suitable advices.
- ✓ It is suggested to redefine the grievance cell and the reasons for Grievances should be analysed and solved immediately.
- ✓ Awareness about Ombudsmen committee is to be created among customers.
- ✓ Proper measures are to be taken to increase the Satisfaction level of the Customers.

Besides all the above indicated measures, experiences and interventions that all are used by successful companies shall be taken as a model of process re-engineering and developing the public sector banks.

**SCOPE OF THE STUDY :** While there are public sector banks, private sector banks, foreign banks, co-operative banks and regional rural banks, only the select public sector banks located in Kurnool District has been chosen for the study. The scope of the study confined only to the select public sector banks located in Kurnool District of Andhra Pradesh.

**LIMITATIONS OF THE STUDY :** In a study of this magnitude though meticulous care is taken in each and every aspect of study. Certain limitations are likely to be there in the study.

1. Some respondents were not aware of certain procedures and aspects of E-Banking.
2. Few respondents were hesitant to give correct details.
3. There might be a sense of bias crept in answers given by the respondents.

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