

CUSTOMERS' PERCEPTION OF INTERNET BANKING SERVICES-A COMPARATIVE STUDY OF PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT: *Internet banking plays a vital role in today's world. People are looking beyond the traditional way of going to the bank for doing their banking transactions. Internet banking has transformed the traditional way of banking; it has brought new dimensions to the banking industries. This study aims at finding the perception of customers towards internet banking.*

Key Words-*Internet banking, online, Bank, perception, e-banking*

1. INTRODUCTION

Today's scenario where the whole world is treated as one market, transparency and timeliness is one of the influencing factors and companies are moving towards using the Internet as a communication device for distribution of goods and service. In the last few years, the Internet and its applications have been increasingly used in modern banking operations. In developing countries like India, the Internet is used with increasing frequency for financial reporting. India was in the third position in the world for using internet.

Internet is a worldwide network of computer systems. This network provides an electronic medium for delivering, gathering and analyzing information of all kinds. For instance, a business unit can use this technology to create and report its financial and other business information to diverse external user groups. Developing countries constantly produce and use information in part because it is perceived as a resource for development. This information may be acquired by a variety of means. The prospective user needs tools to guide him through a flood of information and eventually secures the exact details that he needs. Almost every country in the developing world has access to internet and World Wide Web for getting financial information.

Banks use the internet to deliver information about financial services, replace transactions done in branch office, which eliminates the need build new branches and to serve customers more efficiently. Internet banking sites offer the prospect of more convenient way to manage personal finances and such services as paying bills through on-line, finding mortgage or auto loans, applying for credit cards and locating the nearest ATM or branch office. Some internet banks also offer 24hours telephone support.

This study covers only when the researcher understands the perception of the customers towards the services of internet banking in Virudhunagar district. Therefore, the researcher has made a special effort to know the customers 'perception of internet banking services.

2. LITERATURE REVIEW

Review of literature provides guidelines in research work. For this research paper various studies are concerned. Some of them are below:-

- ❖ Chien-Ta Bruce Ho and Wen-Chuan Lin (2010) analyses the "Measuring the Service Quality of Internet Banking: Scale Development and Validation" develop a multiple item scale for measuring internet banking service quality. . There are five dimensions and 17 items in the measurement scale for measuring the service quality of internet banking. The five dimensions are named customer service, web design, assurance, preferential treatment, and information provision. Based on the understanding of the key service quality dimensions and the perception of customers toward e-service quality, managers may discover methods to improve customer satisfaction, build customer trust, and create loyal customers.
- ❖ Vijay, M. and Kumbhar (2011) in their article entitled "Determinants of Internet Banking Adoption: An Empirical Evidence from Indian Banking" have showed that demographic characteristics, internet access, awareness, customer education, cost effectiveness and service quality were the most important factors in adoption of internet banking. Therefore, banks need to develop their internet banking services according to demographic characteristics and the needs of the possible customers as well as exiting customers for retain than and encourage to more use to internet banking services.
- ❖ Sudeep S (2013) analyses the paper entitled "The Internet Banking and Customer Acceptance the Indian Scenario" the researcher tried to identify important factors that affect customer's behavioral intention for internet banking. The researcher also proposes a research model which was extended from technology acceptance Model for predicting internet banking acceptance. The quantitative analysis of the model confirmed that the factors identified by the researcher viz. perceived usefulness perceived ease of use, consumer awareness, consumer security concerns, quality of facilities, subjective norms and trust and privacy did influence customer behavioural intentions towards internet banking. The results showed that five variables perceived Usefulness, Perceived Ease of use, Consumer Awareness, Quality of Facilities and Subjective Norms had positive influence on internet banking use. Similarly, result showed that two variables Consumer Security Concerns and Trust and privacy have negative influence on internet banking use. It was observed that effect of only perceived Usefulness and Consumer Security Concerns variable in acceptance of internet banking could be statistically proved. The findings of the study would be useful for Indian banks in planning and upgrading their internet banking services.

- ❖ 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.

3. STATEMENT OF PROBLEM

Technology has a definitive role in facilitating transactions in the banking sector. Application of information technology enables and bank to make the dream of customers – anywhere, anytime banking – a reality. The impact of technology has resorted in the introduction of new products and fast services to customers by various banks in India.

“Computerization” is not the goal but it certainly helps in identifying customer needs and designing tailor –made products to match them in an efficient manner. As computerization gains deeper roots, many customers who are now comfortable with the traditional bank branch, will prefer to avail banking services through ATMs, internet banking and other delivery channels for their speed and convenience.

Designing services to suit the requirements of customers necessitates tailoring bank services to what the customers want, rather than making them helplessly accept whatever banks can conveniently provide. Mere designing a service will not bring magic unless it is backed by good delivery, since bad delivery of a perfectly designed service is as disastrous as perfect delivery a badly conceived service. Above all, there is an imperative need to access how customers perceive bank services. This is so because what is a good customer service today may become an indifferent service tomorrow and bad service the next day.

Moreover, deregulation of services and the applications of new technologies are presenting considerable challenge to banking companies both private and public and this challenge has to be addressed through new approaches. While in private sector banks, technological revolution has taken place quickly that they are able to offer quality services at reasonable cost. On the other hand, the public sector banks seem to adopt it in a phased manner.

Hence, there is a need to analyse new technological services, that is, internet banking provided by the private sector bank vis-a-vis public sector bank. Further, the systems and procedures are vehicles for delivery of customer satisfying services. In this context, it is vital to study to what extent the systems and procedures are reoriented in the customer’s interest in the changed new technological environment in private and public sector banks.

In view of the above facts, it is imperative to undertake this study and to assess how customers perceive internet banking services and their satisfaction level in public sector and private sector banks in Virudhunagar district.

4. OBJECTIVES OF THE STUDY

The Main Objectives of the present study are;

1. To study the net banking services rendering by the commercial banks in India.
2. To examine the dimension wise comparison of internet banking services of selected public and private sector banks in Virudhunagar district.

5. METHODOLOGY

This is an empirical study based on the survey method. Both primary and secondary sources of data have been used in this study. The necessary primary data have been collected from the customers of public and private sector banks in Virudhunagar district. Secondary data have been obtained from the records and annual reports of the selected banks, journals and published theses related to this study.

6. SAMPLE DESIGN

Totally, 131-commercial bank branches are functioning in the study area of Virudhunagar district. Out of these, 92 banks are public sector and 39 banks are private sector. The researcher has selected ten banks for his study. Out of ten banks, five banks from public sector and another five banks from private sector. As far as the customers are concerned, 600 customers (300 each from public and private sectors) are identified and selected by using the stratified random sampling technique.

7. ANALYSIS OF THE STUDY

STATISTICAL TOOLS USED:

- a. Mean
- b. Standard Deviation
- c. Co-efficient of Variation

Dimension-wise Analysis

In line with the objective of the study, the main areas of concerning perception of services related to internet banking and its dimensions are convenience, courteous service, responsiveness, security / privacy, handling complaints and retail banking. As in framework of analysis, perception were measured on a five point ‘strongly agree’ to ‘strongly disagree’ scale. In order to analyze and compare the perception levels of different public and private sector banks and consistency in perception mean score, standard deviation and co-efficient of variations were computed from total score of customers.

CONVENIENCE: TABLE 1 - Comparative Perception of Customers under the Dimension of Convenience

Elements of Internet Banking Dimensions (Convenience)	Public Sector			Private Sector		
	\bar{X}	S.D	C.V (%)	\bar{X}	S.D	C.V (%)
Convenient location and Timings	4.36	1.14	26.15	3.73	0.88	23.59
Reducing the processing time	3.89	1.04	26.74	3.12	1.05	33.65

Low service charges	4.54	0.81	17.84	3.01	1.04	34.55
Easy to maintain banking transaction activity	4.02	1.01	25.12	3.55	1.08	30.42
Providing a wide range of products and services	4.15	1.51	36.39	4.05	0.85	20.99

COURTEOUS SERVICE: TABLE 2 - Comparative Perception about the Customers under the Dimension of Courteous Service

Elements of Internet Banking Dimensions (Courteous Service)	Public Sector			Private Sector		
	\bar{X}	S.D	C.V (%)	\bar{X}	S.D	C.V (%)
Welcoming the customers with smile.	3.83	0.68	17.75	3.70	0.99	26.76
A positive attitude and willingness to serve the customers	4.63	0.96	20.73	3.93	0.76	19.34
Individual attention and make them feel as special	2.84	1.64	57.75	3.99	0.86	21.55
Employees courtesy	2.61	1.73	66.28	4.03	1.05	26.05
Easy to approach and contact	2.26	1.80	79.65	3.56	0.93	26.12

RESPONSIVENESS: TABLE 3 - Comparative Perception of Customers about Responsiveness

Elements of Internet Banking Dimensions (Responsiveness)	Public Sector			Private Sector		
	\bar{X}	S.D	C.V (%)	\bar{X}	S.D	C.V (%)
Responding to customer enquires immediately	3.86	0.75	19.43	3.69	0.84	22.76
To help customers and provide prompt service	4.06	0.42	10.34	3.65	1.09	29.86
The bank staffs adequately communicate information's to their customers	4.18	0.59	14.11	3.89	0.99	25.45
Promptness with which employees willing to serve	4.22	0.63	14.93	3.79	1.03	27.18
Resolving problems quickly	3.91	0.53	13.55	3.71	0.89	23.99

SECURITY / PRIVACY: TABLE 4 - Comparative Perception of Customers about Security/Privacy

Elements of Internet Banking Dimensions (Security/Privacy)	Public Sector			Private Sector		
	\bar{X}	S.D	C.V (%)	\bar{X}	S.D	C.V (%)
Minimizing the risk	3.56	1.03	28.93	3.61	0.89	24.65
Safety for the customers to use the internet banking	2.90	0.99	34.14	3.50	1.24	35.43
Guarantees of internet banking	4.00	0.51	12.75	3.45	1.09	31.59
Protecting the data and the information	3.09	0.96	31.07	3.24	1.22	37.65
Customers feeling safe in their transactions with the bank	3.95	0.84	21.27	4.20	0.62	14.76

HANDLING COMPLAINTS: TABLE 5 - Comparative Perception of Customers about Handling Complaints

Elements of Internet Banking Dimensions (Handling Complaints)	Public Sector			Private Sector		
	\bar{X}	S.D	C.V (%)	\bar{X}	S.D	C.V (%)
The bank staff's listening to the complaints very patiently	4.28	1.32	30.84	4.05	0.89	21.98
The bank staff apologies if they have committed any mistake	3.30	0.86	26.06	3.38	1.06	31.36
The bank staff acceptance to correct mistakes	4.56	1.04	22.81	3.88	0.83	21.39
Solving verbal complaints immediately by the managers.	3.83	0.68	17.75	3.70	0.99	26.76

The bank acknowledging within 24 hours the receipt of written complaints from the customers	4.63	0.96	20.73	3.93	0.76	19.34
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RETAIL BANKING: TABLE 6 - Comparative Perception of Customers about Retail Banking

Elements of Internet Banking Dimensions (Retail Banking)	Public Sector			Private Sector		
	\bar{X}	S.D	C.V (%)	\bar{X}	S.D	C.V (%)
Opening an account	4.29	1.47	34.27	3.83	0.88	22.98
Issuing a draft, cheque book, passbook and ATM card	4.07	0.70	17.20	3.11	1.24	39.87
Answering routine customer queries account balance, cheque clearing status, interest rates etc.	4.55	1.14	25.05	3.55	0.94	26.48
Giving a locker and transact the locker facility	3.19	1.33	41.69	3.66	0.93	25.41
Issuing an account statement	4.04	1.24	30.69	3.79	0.89	23.48

8. LIMITATIONS OF THE STUDY

The present study is based primary statistics and facts taken from various respondents of Virudhunagar district including urban and rural by filling a prescribed questionnaire. The purity of the result is depends on the purity of the statistics and facts. Each conclusions and suggestions are given from the statistical analysis of the several data. The research is restricted to the Virudhunagar (TamilNadu State) district only.

9. FINDINGS AND SUGGESTIONS

- It is observed that in the case of public sector banks, the coefficient of variation is greater in respect of the dimension relating to convenience 'Providing a wide range of products and services' leads to less consistency and lesser in the elements relating to convenience namely 'Low service charges' leads to more consistency.
- It is found that in the case of private sector banks, the coefficient of variation is greater in respect of the dimension relating to convenience 'Low service charges' leads to less consistency and lesser in the elements relating to convenience namely 'Providing a wide range of products and services' leads to more consistency.
- It is observed that in the case of public sector banks, the coefficient of variation is greater in respect of the dimension relating to courteous service 'Easy to approach and contact' leads to less consistency and lesser in the elements relating to convenience namely 'Welcoming the customers with smile' leads to more consistency.
- It is understood that in the case of private sector banks, the coefficient of variation is greater in respect of the dimension relating to courteous service 'Welcoming the customers with smile' leads to less consistency and lesser in the elements relating to convenience namely 'A positive attitude and willingness to serve the customers' leads to more consistency.
- It is inferred that in the case of public sector banks, the coefficient of variation is greater in respect of the dimension relating to responsiveness 'Responding to customer enquires immediately' leads to less consistency and lesser in the elements relating to convenience namely 'To help customers and provide prompt service' leads to more consistency.
- It is found that in the case of private sector banks, the coefficient of variation is greater in respect of the dimension relating to responsiveness 'To help customers and provide prompt service' leads to less consistency and lesser in the elements relating to convenience namely 'Responding to customer enquires immediately' leads to more consistency.
- It is depicted that in the case of public sector banks, the coefficient of variation is greater in respect of the dimension relating to security/privacy 'Safety for the customers to use the internet banking' leads to less consistency and lesser in the elements relating to convenience namely 'Guarantees of internet banking' leads to more consistency.
- It is indicated that in the case of private sector banks, the coefficient of variation is greater in respect of the dimension relating to security/privacy 'Protecting the data and the information' leads to less consistency and lesser in the elements relating to convenience namely 'Customers feel safe in their transactions with the bank' 'Customers feeling safe in their transactions with the bank' leads to more consistency.
- It is observed that in the case of public sector banks, the coefficient of variation is greater in respect of the dimension relating to handling complaints 'The bank staff's listening to the complaints very patiently' leads to less consistency and lesser in the elements relating to convenience namely 'Solving verbal complaints immediately by the managers' leads to more consistency.
- It is seen that in the case of private sector banks, the coefficient of variation is greater in respect of the dimension relating to handling complaints 'The bank staff apologises if they have committed any mistake' leads to less consistency and lesser in the elements relating to convenience namely 'The bank acknowledging within 24 hours the receipt of written complaint from the customers' leads to more consistency.
- It reveals that in the case of public sector banks, the co-efficient of variation is greater in respect of 'Giving a locker and transact the locker facility' which constitute 41.69 per cent that is, the above mentioned element under the dimension relating to retail banking has greater variation and it leads to less consistent or stability among the selected elements. But for the element under the dimension relating to retail banking namely 'Issuing a draft, cheque book, passbook and ATM card', theco-efficient of variation is lesser (17.20 per cent) and it leads to less variation and more consistency or stability among the selected elements under this dimension.
- In the case of private sector banks, the co-efficient of variation is greater in respect of 'Issuing a draft, cheque book, passbook and ATM card' which constitute 39.87 per cent that is, the above mentioned element under the dimension relating to retail banking has greater

variation and it leads to less consistent among the elements. But for the element under the dimension relating to retail banking, 'Opening an account', the co-efficient of variation is lesser (22.98 per cent) and it leads to less variation and more consistency or stability among the selected elements under the dimension of retail banking.

CONCLUSION

The researcher's aim throughout the study has been to examine how far the customers are satisfied with the internet banking services offered by both private and public sector bank in Virudhunagar district.

On the basis of the study, most of the customers are satisfied in the net banking services provided by the public and private sector banks Virudhunagar district. The private sector banks services are better than public sector banks services. The public sector banks are having State and Central government activities relating financial transaction. It is the main reason for the delayed services to the customers. The private banks are only concentrating their own customers only. General opinion of the respondents is employee's attitude should be friendly approach to the customers at bank premises. It is helps to retain the customers for their business.

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