



# **CUSTOMERS' PERCEPTION TOWARDS BANKING PRODUCTS AND SERVICES - A STUDY WITH REFERENCE TO PARAMAKUDI TOWN**

**Dr. P.SOUNTHARYA\***,

\*Ph.D., Research Scholar (Full Time), PG and Research Department of Commerce, Government Arts College, Paramakudi, Ramanathapuram Dist.

\*\* Assistant Professor and Research Supervisor, PG Department of Commerce, Government Arts and Science College, Sivakasi.

## **ABSTRACT**

Online banking usually offers features like electronic bill payment. There are growing numbers of banks that operate exclusively online due to cost advantage compared to traditional banks. The study has been undertaken with regard to the following set of objectives: To study the socio-economic profile and their level of perception of the customers and to analyse the factors considered by the respondents to select a particular bank. In the present study primary and secondary data have been used. Moreover a convenient random sampling technique has been adopted for selecting a sample of 225 respondents who have used internet banking in Paramakudi Town in selected banks through questionnaire. The current research paper deals to identify the customer perception towards banking products and services level.

## Introduction

The Internet banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. With the popularity of PCs, easy access to Internet and World Wide Web (WWW), banks increasingly use Internet as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking, although the range of products and services offered by different banks vary widely both in their content and sophistication. Hence, it is essential to study the opinion of the customers towards internet banking services.

## STATEMENT OF THE PROBLEM

The recent trends show that most 'brick and mortar' banks are shifting from a 'product-centric' model to a 'customer-centric' model as they develop their new e-banking capabilities. They have, over a long time, been using electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial-up connections, private networks, public networks etc and the devices include telephone, Personal Computers including the Automated Teller Machines, etc.

With the popularity of PCs, easy access to Internet and World Wide Web (WWW), banks increasingly use Internet as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking, although the range of products and services offered by different banks vary widely both in their content and sophistication. Hence, it is essential to study the customers' Perception towards Banking Products and Services in Paramakudi.

## OBJECTIVES OF THE STUDY

The study has been undertaken with regard to the following set of objectives:

- To study the socio-economic profile and their level of satisfaction of the customers.
- To analyse the factors considered by the respondents to select a particular bank.
- To offer suitable suggestions for improving the products and services of banking based on the finding of the study.

## RESEARCH METHODOLOGY

The study is based on both primary and secondary data. The primary data has been gathered from 225 respondents. The primary data has been gathered by using well structured and pre tested questionnaire. The secondary data has been collected from books, journals, magazines, report and websites. A sample of 225 respondents has been chosen by using convenient sampling technique. The primary data has been analysed by using the following statistical tools such as Percentage analysis, Likert's five point scaling technique, Pearson Correlation Co-efficient, Mean and Standard deviation.

## SCOPE OF THE STUDY

The present study focuses on components used for measuring the satisfaction of the respondents towards internet banking, level of satisfaction towards banking products and services and problems faced by the respondents in internet banking.

## SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS

The socio-economic variables of the respondents like gender, age, marital status, education, qualification, occupation, and monthly income of the selected customers in the study area have been taken into account for the analysis to know the social background of the respondents. This information would be helpful to relate their social position with their products and services of internet banking. Table 1 deal with the important variable of the respondents.

**TABLE 1**

### SOCIO ECONOMIC PROFILE OF THE RESPONDENTS

Demographic		No. of Respondents	Percentage
<b>Gender</b>	Male	169	75.11
	Female	56	24.89
	<b>Total</b>	<b>225</b>	<b>100</b>
<b>Age wise Classification</b>	Below 25	123	54.67
	25-50	69	30.66
	Above 50	33	14.67
	<b>Total</b>	<b>225</b>	<b>100</b>
<b>Marital Status</b>	Married	178	79.11
	Unmarried	47	20.89
	<b>Total</b>	<b>225</b>	<b>100</b>
<b>Educational</b>	SSLC level	26	11.56

<b>Qualification</b>	High School level	32	14.22
	Diploma level	39	17.33
	Grauduate	35	15.59
	Post graduate	48	21.33
	Others	45	20.00
	<b>Total</b>	<b>225</b>	<b>100.00</b>
<b>Occupation</b>	Salaried	98	43.56
	Professional	79	35.11
	Business	34	15.11
	Others	14	6.22
	<b>Total</b>	<b>225</b>	<b>100</b>
<b>Monthly Income</b>	Below 20,000	38	16.89
	20,000-40,000	78	34.67
	40,000-60,000	85	37.77
	Above 60,000	24	10.67
	<b>Total</b>	<b>225</b>	<b>100</b>

Source: Primary Data

From the table 1 it is found that male respondents (75.11 per cent) are more than female respondents (24.89 per cent). Age wise distribution of respondents show that 123 respondents belong to the young age group of below 25 (54.67 per cent) than middle age group (30.66 per cent) and above old (14.67 per cent). Among the 225 respondents, 79.11 per cent respondents are married 20.89 per cent respondents are unmarried. 48 (21.33 per cent) have completed their education upto post graduate level, 45 (20 per cent) come under others category, 39 (17.33 per cent) have finished their education upto diploma level, 35 (15.56 per cent) have completed their education upto graduate level, 32 (14.22 per cent) have high school level, 26 (11.56 per cent) have completed their education upto SSLC level. 98 (43.56 per cent) are salaried, 79 (35.11 per cent) are professionals, 34 (15.11 per cent) are businessmen and 14 (6.22 per cent) belong to others category. 85 (37.77 per cent) earn a monthly income of Rs. 40,000-Rs. 60,000, 78 (34.67 per cent) earn a monthly income of Rs. 20,000-Rs. 40,000, 38 (16.89 per cent) earn a monthly income of below Rs. 20,000 and 24 (10.67 per cent) earn a monthly income of above Rs. 60,000.

### **BANK PROFILE OF THE CUSTOMERS**

In this section, name of the bank holding account, type of the account, years of having accounts in the banks and years of using internet banking have been analysed.

## NAME OF THE BANK HOLDING ACCOUNT

Table 2 points out the name of the bank in which the respondents are holding account.

**Table 2**  
**Name of the Bank holding account**

Name of the bank	No. of Respondents	Percentage
SBI	48	13.60
Pandian Gramma Bank	36	10.20
IOB	76	21.53
ICICI	94	26.63
TMB	32	9.07
AXIS bank	52	14.72
Other banks	15	4.25
<b>Total</b>	<b>353</b>	<b>100.00</b>

Source: Primary data

(Note: As the respondents are having account in more than one bank, the total exceeds 225)

It is clear from Table 2 that 94 (26.63 per cent) have account in ICICI, 76 (21.53 per cent) have accounts in IOB, 52 (14.73 per cent) have accounts in AXIS bank, 48 (13.60 per cent) have accounts in SBI, 36 (10.20 per cent) have accounts in Pandian Gramma bank, 32 (9.07 per cent) have accounts in TMB and 15 (4.25 per cent) have accounts in other banks.

## TYPE OF ACCOUNTS MAINTAINED IN THE BANKS

Table 3 illustrates the type of account maintained in the banks.

**Table 3**  
**Type of Account Maintained in the Banks**

Type of Account	No. of Respondents	Percentage
Savings bank account	225	62.15
Current account	35	9.67
Other accounts	102	28.18
<b>Total</b>	<b>362</b>	<b>100</b>

Source: Primary data

(Note: As the respondents are having more than one account, the total exceeds 362)

It is understood from table3.8 that 225 (62.15 per cent) have savings bank account, 102 (28.18 per cent) have other accounts and the remaining of 35 (9.67 per cent) have current accounts.

## YEARS OF HAVING ACCOUNT WITH THE BANK

Table 4 states the years of having account with the bank.

**Table 4**  
**Years of Having Account with the Bank**

Years	No. of Respondents	Percentage
Less than 5	78	34.67
5-10	39	17.33
10-15	85	37.78
More than 15	23	10.22
<b>Total</b>	<b>225</b>	<b>100</b>

Source: Primary data

Out of 225 respondents, 85 (37.78 per cent) have accounts in banks for a period of 10-15 years, 78 (34.67 per cent) have accounts in banks for a period of less than 5 years, 39 (17.33 per cent) have accounts in banks for a period of 5-10 years and the remaining of 23 (10.22 per cent) have accounts in banks for a period of more than 15 years.

### YEARS OF USING INTERNET BANKING

Table 5 reveals the years of using internet banking.

**Table 5**  
**Years of Using Internet Banking**

Years	No. of Respondents	Percentage
Less than 1	86	38.22
1-2	78	34.67
2-3	49	21.78
More than 3	12	5.33
<b>Total</b>	<b>225</b>	<b>100</b>

Source: Primary data

Out of 225 respondents, 86 (38.22 per cent) have used internet banking for a period of less than 1 years, 78 (34.67 per cent) have used internet banking for a period of 1-2 years, 49 (21.78 per cent) have used internet banking for a period of 2-3 years and the remaining of 12 (5.33 per cent) have used internet banking for a period of more than 3 years.

### ANALYTICAL FRAMEWORK

Simple ranking technique has been used to analyse the factors considered while selecting a particular bank.

Weighted mean score analysis has been used to analyse the components used for measuring the satisfaction of the respondents towards internet banking.

Level of satisfaction of the respondents towards products and services has been measured with the help of mean and standard deviation. For measuring the level of satisfaction of the respondents towards products, sixteen statements related to products have been framed with the help of Likert's five point scaling technique. For measuring the level of satisfaction of the respondents towards services, twenty two statements related to services have been framed with the help of Likert's five point scaling technique. The responses observed for each statement in the schedule have been scored. To secure the total satisfaction score for the respondent five points are given for 'Strongly Agree', four points for 'Agree', three points are given for 'No opinion', two points for 'Disagree' and one point for 'Strongly Disagree' responses.

In case of products, the total satisfaction score of a respondent is obtained by adding up scores of all the 16 statements. In case of services, the total satisfaction score of a respondent is obtained by adding up scores of all the 22 statements. The level of satisfaction has been classified into three categories namely low level, medium level and high level satisfaction for analytical purposes.

The score values greater than  $\bar{X} + S.D.$  and the score values less than  $\bar{X} - S.D.$  have been classified as high level of satisfaction and low level of satisfaction, respectively. The score values between  $(\bar{X} + S.D.)$  and  $(\bar{X} - S.D.)$  have been classified as medium level of satisfaction.  $\bar{X}$  and S.D. are the arithmetic mean and standard deviation calculated from the score value of 225 respondents.

### Level of Satisfaction for products

The calculated values of  $\bar{X}$  and S.D. are 44.61 and 2.34 respectively.

Therefore,

$$\bar{X} + S.D. = (44.61 + 2.34) = 47.26 = 47 \text{ and above} \quad - \quad \text{High level satisfaction}$$

$$\bar{X} - S.D. = (44.61 - 2.34) = 42.27 = 42 \text{ and below} \quad - \quad \text{Low Level satisfaction}$$

$$(\bar{X} - S.D.) \text{ And } (\bar{X} + S.D.) \text{ between } 42 \text{ to } 47) \quad - \quad \text{Medium Level satisfaction}$$

### Level of Satisfaction for services

The calculated values of  $\bar{X}$  and S.D. are 73.21 and 5.48 respectively.

Therefore,

$$\bar{X} + S.D. (73.21 + 5.48) = 78.69 = 79 \text{ and above} \quad - \quad \text{High level satisfaction}$$

$$\bar{X} - S.D. (73.21 - 5.48) = 67.73 = 68 \text{ and below} \quad - \quad \text{Low Level satisfaction}$$

$$(\bar{X} - S.D.) \text{ and } (\bar{X} + S.D.) \text{ between } 68 \text{ to } 79) \quad - \quad \text{Medium Level satisfaction}$$

Karl Pearson's Co-efficient of Correlation has been used to examine the relationship between level of satisfaction of the respondents towards products and services.

Chi square test has been used to analyse the socio-economic profile of the respondents and their level of satisfaction towards products/services.

**Table 6**

**Level of Satisfaction of the Respondents towards Products and Services**

Level	Products		Services	
	No. of Respondents	Percentage	No. of Respondents	Percentage
High	82	36.44	69	30.67
Medium	104	46.22	134	59.56
Low	39	17.33	22	9.78
Total	225	100	225	100

Source: Primary data

Regarding products, 104 (46.22 per cent) have medium level satisfaction, 82 (36.44 per cent) have high level satisfaction and 39 (17.33 per cent) have low level satisfaction towards products.

Regarding services, 134 (59.56per cent) have medium level satisfaction, 69 (30.67 per cent) have high level satisfaction and 22 (9.78 per cent) have low level satisfaction towards services.

Pearson correlation co-efficient has been used to analyse the level of satisfaction towards products and services. Correlation value ( $r$ ) = 0.962 which indicates that there is a high degree of positive correlation between level of satisfaction of the respondents towards products and services.

**RELATIONSHIP BETWEEN SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS AND THEIR LEVEL OF SATISFACTION TOWARDS BANK PRODUCTS**

Chi square test has been used to analyse the relationship between socio-economic profile of the respondents and their level of satisfaction towards bank products.

$H_0$ : There is no significant relationship between socio-economic profile of the respondents and their level of satisfaction towards bank products.

**Table 7**

**Relationship between Socio-Economic Profile of the Respondents and Their**

**Level of Satisfaction towards Bank Products**

Socio-Economic profile	Calculated value	Table value	Degrees of Freedom	Result
Gender	7.94	2	5.991	Significant
Age (in years)	2.45	4	9.49	Not significant
Marital status	10.44	2	5.991	Significant



Education	29.14	10	18.31	Significant
Occupation	7.62	6	12.52	Not significant
Monthly income	10.30	6	12.52	Not significant

Source: Calculated data

Out of six socio-economic variables, gender, age, marital status, education, occupation and monthly income, three variables viz., gender, marital status and education are significantly related to level of satisfaction towards banks products. The remaining three variables age, occupation and monthly income are not significantly related to level of satisfaction towards bank products.

### **RELATIONSHIP BETWEEN SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS AND THEIR LEVEL OF SATISFACTION TOWARDS BANK SERVICES**

Chi square test has been used to analyse the relationship between socio-economic profile of the respondents and their level of satisfaction towards bank products.

H<sub>0</sub>: There is no significant relationship between socio-economic profile of the respondents and their level of satisfaction towards bank products.

**Table 8**

#### **Relationship between Socio-Economic Profile of the Respondents and Their Level of Satisfaction towards Bank Services**

<b>Socio-Economic profile</b>	<b>Calculated value</b>	<b>Table value</b>	<b>Degrees of Freedom</b>	<b>Result</b>
Gender	12.59	2	5.991	Significant
Age (in years)	16.43	4	9.49	Significant
Marital status	3.47	2	5.991	Not Significant
Education	25.02	10	18.31	Significant
Occupation	22.99	6	12.52	Significant
Monthly income	16.67	6	12.52	Significant

Source: Calculated data

Out of six socio-economic variables, gender, age, marital status, education, occupation and monthly income, five variables viz., age, gender, education, occupation and monthly income are significantly related to level of satisfaction towards banks services. The remaining one variable marital status is not significantly related to level of satisfaction towards bank services.

## Conclusion

Most of the respondents considered innovative & new technology based services while selecting a particular bank. Responsiveness (Promptness with which employees willing to serve) is a factor which is considered for measuring the satisfaction of the respondents towards internet banking. They have medium level satisfaction towards banking products/services. There is a high degree of positive correlation between level of satisfaction of the respondents towards products and services. Most of the respondents considered 'Delay in correcting the mistake' are a major grievance to them.

