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## CUSTOMER PERCEPTION TOWARDS INTERNET BANKING – A STUDY WITH REFERENCE TO MAYILADUTHURAI TOWN

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### Abstract

*Banking operations are becoming increasingly customer dictated with the phenomenal increase in country's population and the increased demand for banking services; speed, service quality and customer satisfaction are going to be key differentiators for each bank's future success. Thus it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain a competitive edge. Here an attempt is made to know about customers' perception regarding e-banking.*

Keywords: *Banking, internet banking, technology, service quality, etc.*

### Introduction

As the banking industry has been constantly innovating and with the advent of technological development particularly in the area of telecommunication and information technology, one such innovation is internet banking. Internet banking is defined as an internet portal through which the customers can use different kinds of banking services from bill payments to making investment (Pikkarainen et al., 2004). All the banks using internet as an additional channel or banks using internet only as delivery channel are now on the equal footing to offer their banking services on the internet and to compete for customers around the world (Karjaluo et al., 2002). Internet banking is useful for both the bankers and the customers. The rationale use of internet banking technology from the bank point of view is mainly related to cost savings (Robinson, 2000; Sathye, 1999).

### Statement of the Problem

With the development of information technology, the world has become a global village and it has brought a revolution in the banking industry. The banks appear to be on fast track for IT based products and services. Bank customers are becoming very demanding and it is the extensive use of technology that enables banks to satisfy adequately the requirement of customers. Technology has become the fuel for rapid change. E-banking impinges on operations of banking in a number of different ways. It has enabled the banks to handle the payments electronically and inter-bank settlement faster and in large volumes. There is increase in customer satisfaction level, reduction in cost of banking operations, increased productivity and as such there is a tremendous scope for Indian banks to enlarge their E-banking services which could enhance their competitiveness. Further, new technology has rapidly altered the traditional ways of doing banking business. Customers can view the accounts, get account statements, transfer funds, purchase drafts by just making a few key punches. Availability of ATMs and plastic cards, EFT, electronic clearing services, internet banking, mobile banking and phone banking; to a large extent avoid customers going to branch premises and has provided a wider range of services to the customers. So, the present study is a modest attempt to know about customers' perceptions regarding e-banking.

### Objectives of the Study

In the light of the above background the main objective of this study is to identify customers perception about E-Banking services in the Mayiladuthurai Town. The study is conducted with the following objectives.

1. To highlight the overview of E-Banking
2. To determine the perceptions of customers regarding the E-Banking Services.
3. To come out with conclusions based on analysis of primary data.

### Methodology

This study is an empirical study; it is based on the primary and secondary data. The primary data relating to the customers' perception about E-Banking services offered by commercial banks were collected from person having their accounts in any public sector bank or private sector bank in Mayiladuthurai town by interviewing them directly by the researcher with the help of an interview schedule.

### Limitations of the study

The study is subject to the following limitations.

- ❖ The study area is confined only to Mayiladuthurai town and may not apply findings and suggestions to other areas.
- ❖ The findings of the study depend purely on the responses given by the sample respondents and hence it cannot be generalized.
- ❖ The Present Study is limited only perception of the bank customers not that of bank employees regarding e-banking services.

#### Demographic Profile of the Customers

Gender	Frequency	Percentage
Male	72	72
Female	28	28
<b>Age wise classification</b>		
Below 30 Years	53	53
30-40 Years	27	27
40-50 Years	15	15
50-60 Years	5	5
<b>Education wise classification</b>		
Below Matric	2	2
HSC	19	19
Graduate	26	26
Post Graduate	33	33
Professional Degree	20	20
<b>Occupation wise classification</b>		
Businessman	21	21
Serviceman	43	43
Professional	17	17
Agriculturist	5	5
Any other	14	14
<b>Income wise classification</b>		
Below Rs.10,000	17	17
Rs.10,000-Rs.15,000	20	20
Rs.15,000-20,000	18	18
Rs.20,000-Rs.25,000	16	16
Above Rs.25,000	29	29
<b>Type of account hold</b>		
Savings	76	76
Current	16	16
Salary	8	8

Source: Primary Data

From the table presents a comprehensive profile of bank customers who had participated in this research study. It can be seen from table, the sample consists of more males (72%) than females (28%). There are more respondents who are married (63%) than unmarried (37%). Majority of the respondents (53%) are in the age group of below 30 years and 27% are in the age group of 30-40 years. About 32% respondents are post-graduate, 27% are graduates and 20% are having the professional degrees. This profound that the sample is skewed towards the more educated segment of the population. About 43% of the respondents are serviceman, 20% are businessmen and 17% are professional people. 29% of the respondents are having the income more than Rs. 25,000 Per month and 20% are having in between Rs. 10,000-Rs.15,000 Per month. 76% are having savings account in the banks, 16% are having current account and 8% are having salary account in the banks.

**Table 2**  
**Reasons for Adoption of E-banking**

Reasons for adoption	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	Rank 8	Rank 9	Rank 10	WAS	Overall Ranking
Detail Information	76	84	51	23	28	20	32	30	8	48	6.58	2
Convenience	95	46	44	44	33	34	21	14	57	12	6.61	1
Risk	30	41	30	41	56	90	10	30	28	37	5.51	5
Cost	18	40	40	38	47	85	44	53	24	11	5.56	4
Fastest Mode	61	23	28	42	76	53	52	33	18	14	6.03	3
Funds Movement	10	18	29	56	66	66	59	37	39	20	5.14	6
Internet Access	8	12	58	39	50	49	74	33	38	39	4.95	7
Improved Service	18	42	27	25	33	35	47	85	58	30	4.77	9
Anytime Banking	51	42	30	27	8	10	42	41	93	56	4.87	8
Easy	33	40	45	19	20	9	24	49	34	127	4.46	10

Source: Primary Data

WAS – Weighted Average Score

From the table exhibits that there is a wide divergence of customer's opinion regarding e-banking services. Weighted average for ranking of services. It shows that e-banking provides convenient ways to manage services and finance(6.61) followed by detailed information in seconds(6.58), fastest mode of services (6.03), bring down the cost of banking(5.56), less risk and greater security (5.51 funds (5.14), fastest internet access speed(4.95), anywhere, anytime banking (4.87), reduced wasting cost, increased flexibility and improved service (4.77) and easy to transact from office, house or while traveling(4.46). It can be observed that bank customer found it suitable to transact through electronic banking. Therefore improved services, easy to transact from anywhere and anytime are the main reasons due to which e-banking is adopted by the customers.

**Table 3**  
**Satisfaction Level of Customers Regarding E-banking Services**

E-banking Services	Extremely Poor	Poor	Average	Good	Very Good	Weighted Average Score	Rank
Internet banking services	17	19	88	200	76	3.74	4
Mobile banking services	11	54	166	119	50	3.35	10
Phone Banking services	8	57	178	108	49	3.33	11

Home banking services	33	47	148	122	50	3.27	12
ATM facility	25	19	96	123	137	3.82	2
Credit card Facility	20	16	124	164	76	3.65	5
Debit card facility	9	23	92	185	91	3.81	3
Electronic fund transfer	6	55	99	156	84	3.64	6
Bill Payment service	32	30	131	156	51	3.41	9
Inter-Connectivity of ATM's	3	53	141	139	64	3.52	7
Request Facility	8	22	88	176	106	3.87	1
Information of New Products and Services.	23	29	141	152	55	3.46	8

**Source:** Primary Data

Table 3 mentions the level of E-banking services offered by different banks. The various e-banking services include Internet banking, Mobile banking, Phone banking, Home banking, ATM, Credit cards, Debit cards, Electronic Fund Transfer, Bill Payment etc. Regarding different services customer are having different opinions. Weighted average scores are calculated for all the services. Majority of the respondents are satisfied with the 'request facility' (3.87) which means the customer can easily ask for any sort of information and can request for pass book, account information, balance enquiry etc. through e-banking followed by ATM facility (3.82), debit card facility (3.81), Internet banking services (3.74), credit card facility (3.65), Electronic fund transfer(3.64), Inter-connectivity of ATMs (3.52), Information of new products and services (3.46), bill payment service(3.41), mobile banking services (3.35), phone banking services (3.33), home banking services (3.27). The" respondents' level of satisfaction shows that banks up to some extent are satisfying the requirement of the customers and fulfilling their diverse needs.

## Findings

The following are the findings of the present study.

- ❖ The sample consists of more males (72%) than females (28%).
- ❖ There are more respondents who are married (63%) than unmarried (37%).
- ❖ Majority of the respondents (52%) are in the age group of below 30 years and 27% are in the age group of 30-40 years.
- ❖ About 32% respondents are post-graduate, 267% are graduates and 20% are having the professional degrees.
- ❖ About 43% of the respondents are serviceman, 20% are businessmen and 17% are professional people.
- ❖ 29% of the respondents are having the income more than 25,000 and 20% are having in between 10,000-15,000.
- ❖ 76% are having saving account in the banks, 16% are having current account and 8% are having salary account.
- ❖ Only 35.30 percent customers are found to be very satisfied with their present level of awareness about the system, whereas 48.8 per cent customers are somewhat satisfied with their current level of awareness and they need to add more to their knowledge.

## Conclusion and Recommendations

In a country like India, there is need for providing better and customized services to the customers. Banks must be concerned about the attitudes of customers with regard to acceptance of online banking. The importance of security and privacy for the acceptance of internet banking has been noted in many earlier studies and it was found that people have weak understanding of internet banking, although they are aware about risk. The present study shows that customers are more reluctant to join new technologies or methods that might contain little risk. Hence, banks should design the website to address security and trust issues. The recommendations to the banks are that they have to increase the level of trust between banks" website and customers. In order to achieve this, the following strategies should be applied by banks.

- Banks should ensure that online banking is safe and secure for financial transaction like traditional banking.
- Banks should organize seminar and conference to educate the customer regarding uses of online banking as well as security and privacy of their accounts.
- Some customers are hindered by lack of computer skills. They need to be educated on basic skills required to conduct online banking.
- Banks must emphasize the convenience that online banking can provide to people, such as avoiding long queue, in order to motivate them to use it.

- Banks must emphasize the cost saving that online can provide to the people, such as reduce transaction cost by use of online banking.
- 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.
- Special arrangements should be made by banks to ensure full security of customer funds. Technical defaults should be avoided by employing well trained and expert technicians in field of computers, so that loss of data can be avoided.
- Employees of banks should be given special technical training for the use of e-banking so that they can further encourage customers to use the same.
- Seminars and workshops should be organized on the healthy usage of e-banking especially for those who are ATM or computer illiterate.
- E-banking services should be customized on basis of age, gender, occupation etc so that needs and requirements of people are met accordingly.
- Government should make huge investments for building the infrastructure.

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