



## A STUDY ON CUSTOMERS SATISFACTION TOWARDS E-BANKING SERVICES IN THANJAVUR DISTRICT

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### ABSTRACT

Information and Communication Technology (ICT) came into picture in the year 1980 in banking industry. There were different phases introduced during the evolution of ICT in the banking sector. New generation private sector banks was started by opening up in the third phase, these banks opening the branches with small network under the computerized environment and they introduced the networking concept and centralized operations. E-banking is a generic term making use of electronic channels through telephone, mobile phones, internet etc. for delivery of banking services and products. In India e-banking is of fairly recent origin. The traditional model for banking has been through branch banking.

**KEYWORDS** :Communication Technology, E banking, Customers Satisfaction.

### INTRODUCTION

Information and Communication Technology (ICT) came into picture in the year 1980 in banking industry. There were different phases introduced during the evolution of ICT in the banking sector. In 1980, second phase of development took place for reduced the time on carrying out the activities as well as providing the service to the customer in the front office and back office operations were automated. This helped to a large extent to improving the customer service, reduction in processing time on the front office and back office operations.

New generation private sector banks was started by opening up in the third phase, these banks opening the branches with small network under the computerized



environment and they introduced the networking concept and centralized operations. The centralized operations led to the fourth phase of development after centralized banking system the banks have already captured substantial business, core banking solution was introduced and instead of branch-customer the bank customer concept was introduced. Core banking solution helps to avoid the problems of decentralized network, data base and related operational costs. In core banking Anywhere, Anytime and Anyhow (AAA mantra) was implemented under which the customer carried out his own required transactions through automated teller machine (ATM), mobile banking, internet banking, and phone banking. Now banker can provide flexible options to the customers at very less

operational costs through ATMs and internet banking.

## E-BANKING

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.

## EVOLUTION OF GLOBAL E-BANKING

E-banking came into being in UK and USA in 1920s. It became prominently popular during 1960s through electronic funds transfers and credit cards. It has been estimated that around 40 percent of banking transaction would be done through Net. The concept of web-based banking came into existence in Europe and USA in the beginning of 1980s. It evolved through three main phases that can be summarized as follows

## E-BANKING IN INDIA

In India e-banking is of fairly recent origin. The traditional model for banking has been through branch banking. Only in the early 1990s there has been start of non-branch banking services. The good old manual systems on which Indian Banking depended upon for centuries seem to have no place today. The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. In 2000, in Singapore and South Korea nearly 5 to 6 per cent of high and middle income group customers conducted banking transaction on the internet but it was only in one per cent in India.

## E-BANKING PRODUCTS AND SERVICES

### Indian banks offer to their customers following e-banking products and services:

- + Automated Teller Machines (ATMs)
- + Internet Banking
- + Mobile Banking
- + Phone Banking
- + Tele banking
- + Electronic Clearing Services
- + Electronic Clearing Cards
- + Smart Cards
- + Door Step Banking
- + Electronic Fund Transfer

## Statement of the Problem

The financial institutions are trying to provide all the services at the customer's door step. The customer has become the focal point either to develop or maintain stability in the business. Still many of the banks are facing challenges to understand the mindset of their clients due to often changing preferences and expectations of the customers. The main driver of this change is changing customer need and expectations. Customer attitude has gone hand in hand with the development of ATMs, phone banking and net banking, banks aim to provide all banking product and service offering through electronic mode and their endeavor is to be customer centric. There are several major challenges and

issues facing the online banking today.

The online banking services are provided by both the public sector and private sector banks, and obviously the range of services and the quality of the same differ between the public and private sector banks. Hence, the researcher has undertaken this study to examine the preferences and satisfaction of the customers towards e-banking services of commercial banks in Thanjavur District.

### **OBJECTIVES OF THE STUDY**

In the light of the above background, the main objective of this study is to identify the banking services in Thanjavur district. The study is fulfilling the following objectives:

1. To study various aspects of E-banking services provided by the public and private banks.
2. To determine the preference of customers regarding the E-service quality in select banks
3. To analyze and compare satisfaction of the customers towards e-service quality in public and private sector banks in the study area.
4. To find out the problems faced by the customers while using E-banking services of select banks
5. To suggest suitable suggestions to come out with conclusions based on analysis

### **HYPOTHESIS OF THE STUDY**

Ho1: "There is no significant association between demographic profile of the respondent and their perception on E-banking services."

Ho2: "There is no significant association between demographic profile of the respondent and their preference towards E-banking services."

Ho3: "There is no significant difference between public and private bank customers' opinion towards Comparison of E-Banking with Traditional Banking in various aspects"

### **SAMPLING METHODS**

After identification of branches, the researcher visited banks under study. The personal judgment method has employed for the selection of banks, where two banks chosen for the study. The sample size was fixed at 600 customers. Convenience sampling technique was used to get the questionnaire filled by the customers. Out of 600 respondents, 300 for each sector bank were allotted and 535 respondents agreed to fill up the questionnaire. On further filtering, 509 respondents were found to be properly and completely filled. Out of which 254 from public and 255 from private sector banks, for calculation purpose it is rounded up to 250 from each sector banks. The researcher herself visited the respective branches of banks and data was collected within the premises of the bank

### **TYPE OF ACCOUNT HOLD BY THE RESPONDENTS**

Respondents are classified according to their nature of account holding, i.e., savings bank account, current account, fixed deposit account, recurring deposit account, loan and other accounts. The following table gives details related to type of account hold by customers.

**TABLE 1**  
**TYPE OF ACCOUNT HOLD BY THE RESPONDENTS**

Type of Account	Public Sector Bank	Private Sector Bank	Total
Savings Bank Account	49 (19.6)	61 (24.4)	110 (22.0)
Current Account	111 (44.4)	102 (40.8)	213 (42.6)
Fixed Deposit Account	28 (11.2)	26 (10.4)	54 (10.8)
Recurring Deposit Account	7 (2.8)	11 (4.4)	15 (3.6)
Loan and Other Accounts	55 (22.0)	50 (20.0)	105 (21.0)
Total	250 100.0%	250 100.0%	500 100.0%

Source: Primary data

It is concluded that most of the customers prefer public sector banks for holding current account, fixed deposit account and loan account on the other hand most of the sample respondents prefer the private banks for holding saving and recurring deposit accounts. Thus, the findings are pointed to the fact that the highest number of respondents holding current bank account both in public and private sector banks.

#### REASON FOR THE SELECTION OF BANK

A person may select a bank for saving and getting loan due to various reasons. Hence the researcher made an attempt to know how what factors are behind to select a bank by the respondents, data were gathered and result is presented in the following Table 2

**TABLE 2**  
**REASON FOR THE SELECTION OF BANK**

Reasons	Public Sector Bank	Private Sector Bank	Total
Better Service	66 26.4%	56 22.4%	122 24.4%
Helpful Staff	105 42.0%	105 42.0%	210 42.0%
Convenient Place	27 10.8%	30 12.0%	57 11.4%
Influence of Friends and Relatives	24 9.6%	21 8.4%	45 9.0%
Most Popular and Others	28 11.2%	38 15.2%	66 13.2%
Total	250 100.0%	250 100.0%	500 100.0%

Source: Primary data

It could be observed that the highest preference was given in both sector banks to staff behavior i.e., helpful staff and the better service as the second important reason for selecting the bank.

**TABLE 3**  
**RESPONDENTS' GENERAL OPINION ABOUT E-BANKING SERVICES**

<b>E-Banking Services is</b>	<b>Public Sector Bank</b>	<b>Private Sector Bank</b>	<b>Total</b>
Vital	47 18.8%	58 23.2%	105 21.0%
Essential	128 51.2%	111 44.4%	239 47.8%
Desirable	45 18.0%	52 20.8%	97 19.4%
Cannot say exactly	30 12.0%	29 11.6%	59 11.8%
Total	250 100.0%	250 100.0%	500 100.0%

Source: Primary data

It is clearly evident from Table 3 that 18.8 per cent of the respondent from public sector bank and 23.2 per cent of the private sector bank respondent stated that contribution of e-banking is vital, 51.2 and 44.4 per cent of respondents from public and private banks respectively feel as e-banking services are essential. 18 per cent of the respondent from public sector bank and 20.8 per cent of the private sector bank respondent stated that e-banking services are desirable. 12 per cent of customers belong completely to public sector banks and 11.6 per cent of customers belong to private sector banks cannot express exactly their views on e-banking services.

## FINDINGS

1. It is revealed from the study that among the 500 representing customers of public and private sector banks, 69.2 per cent were males and 30.8 per cent were females.
2. Nearly 42 per cent of the customers on the whole, belonged to 31-40 years age group category. 20.8 per cent were in the age group of upto 30 years, 21.2 per cent in the age group of 41 to 50 years, and 15.6 per cent in the age group of above 50 years. It is concluded that most of the customers were belongs to second age group i.e., 31-40 years age group category.
3. It is noted from the study that 47.4 per cent of the total respondents came under the category of graduate level of education and they were 237 in number.
4. It is noted from the study that 23.6 per cent of the respondents come under the monthly income group of below ` 25,000, 58.8 per cent are in the group of ` 25,000 to ` 50,000 and remaining 17.6 per cent are in the last group of above ` 50,000.
5. It is noted from the study 62.8 per cent of the respondents were married they were 314 in number and 37.2 per cent of the total respondents were unmarried and they were 186 in number.
6. It is clear from the study 84.4 per cent of the total respondents from urban area they were 422 in number. 78 respondents were from rural area and they accounted 15.6 per cent on the total. It was observed from the study that majority of respondents were from urban area.

## SUGGESTIONS

1. Banker should organize training program to give proper training to customers for using e-banking and create a trust in mind of customers towards security of their accounts.
2. Make their sites more users friendly. Customers should be motivated to use E-banking facilities more by provide a platform from where the customers can access different accounts at single time without extra charge.
3. Banks should obey the RBI norms and provide facilities as per the norms, which are not being followed by the banks. While the customer must be given the prompt services and the bank officer should not have any fear on mind to provide the facilities as per RBI norms to the units going sick.
4. Banker should be made available internet banking facility in all rural branches to covering up the rural areas with ATMs, mobile and tele banking so that the people in rural areas can also avail better services.
5. Online banking is a technological advancement, which no one can wish away. But there needs to be sufficient safeguards to protect the interest of the customers; The banks need to provide more information pertaining to the use and utility of online banking among the customers, since it will help them in cutting down their cost of operation;

## CONCLUSION

The banking business is becoming more and more multifaceted as a result of liberalization and globalizations. With hostile marketing strategies for making business opportunities, banks have developed innovative products, keeping in view the needs of different classes of individual customers. Banks may pursue a feedback system to know the customers' expectations for improving the level of customer satisfaction to the maximum level. E-banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Today, the click of the mouse offers customers banking services at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs.

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