

**A STUDY ON CUSTOMER PREFERENCE TOWARDS E-BANKING SERVICES OF
PRIVATE BANKS IN MADURAI**

S.Srinidhi* Dr. Albin D Robert Lawrence**

**II Year MBA Student, School of Management, SASTRA University, Thanjavur, South India*

***Assistant Professor, School of Management, SASTRA University, Thanjavur, South India*

ABSTRACT

Technology in Indian banking has evolved substantially from the days of back office automation to today's online, centralized and integrated solutions. The promotion of e-Banking technology enabled banks to enhance its operations with cost effectiveness. Customers are also facilitated by reducing their visits to banks. The purpose of this study was to analyse the comfort levels and attitude of users towards online banking and online banking alternatives and to determine if a correlation exists between these factors and demographic characteristics of the respondents. On the basis of random convenient sampling. The collected response was analyzed using frequency and ANOVA in SPSS.

Keyword: E-banking.

1. INTRODUCTION

To cope with the pressure of growing competition, Indian commercial banks have adopted several initiatives and e-banking is one of them. The competition has been especially tough for the public sector banks, as the newly established private sector and foreign banks are leaders in the adoption of e-banking.

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

- Automated Teller Machines (ATMs).
- Internet Banking.
- Mobile Banking.

This study has brought to fore the variations in the level of E-banking preference based on demographic variables and other chosen factors that are closely related to customer preference towards E-banking.

2. STATEMENT OF THE PROBLEM:

A Study on the customer preference towards online banking services of private banks in Madurai city. As still many of the customers prefer visiting the banks in person for doing the transactions because of security reasons and lack of awareness about e-banking. This study helps in analyzing the customer awareness and the security issues related to e-banking, and the level of service the banks are able to provide through the digital medium as this directly impacts the customer loyalty towards the bank.

3. OBJECTIVES OF THE RESEARCH:

- To study the customer preference about the e-banking services provided by the private banks.
- To examine the factors affecting the adoption of E-banking services.
- To find out the factors that influences the adoption of Internet-Banking services.
- To understand the problems encountered in by people while using Internet-Banking services (ATM, Phone Banking, etc).
- To study the most preferred E-Banking service offered by the private banks

4. LIMITATIONS OF THE RESEARCH:

This study has several limitations. Most importantly, the study has addressed only selected concepts important to our understanding of E-banking. It was beyond the scope of this study to undertake a comprehensive analysis of other key concepts and its implications in the E-banking preference. This study is based on the customer preference towards E-banking in Madurai city alone.

5. RESEARCH METHODOLOGY:

Both primary and secondary data collection was made. To collect the primary data questionnaire is prepared. The questionnaire includes questions on demographic variable and the respondents were asked to respond the multiple choice questions. The questionnaires were widely circulated to the customers of different banks. Respondents are selected using convenient sampling method through direct method and also through email. About 150 questionnaires are being circulated and

responses were received from all 150 customers. The secondary data is collected from magazines, journals, books and websites.

6. HYPOTHESIS STATEMENTS:

H0:- There is no relationship between demographic variables of the respondents like gender, Age, Education and occupation, and their preference towards E-banking services of private sector banks.

H1:- There is relationship between demographic variables of the respondents like gender, Age, Education and Occupation, and their preference towards E-banking services of private sector banks.

7. LITERATURE REVIEW

The main intention of the paper is to illustrate how electronic customer care tools can be used to create customer e-loyalty in the field of private internet banking. The knowledge is supported by findings of a questionnaire survey based on a sample of 45 bank experts involved in eCRM and private internet banking. This empirical study of the capability of electronic customer care technologies to enable individual customer banking relationships in the private internet banking field demonstrates the potential for customer loyalty specifically for the internet channel of distribution. **(Salmen, 2003)**

Based on the findings, those respondents who were older, had lower levels of education, and lower annual salaries were not as comfortable and more insecure carrying out financial transactions over the Internet. The inverse proved to be true for those respondents who were younger, with higher levels of education, and higher annual salaries as they showed greater comfort with the idea of online banking transactions. **(Abou-Robieh, 2005)**

The major finding of this study is that customers of all bank groups are interested in ebanking services, but at the same time are facing problems like, inadequate knowledge, poor network, lack of infrastructure, unsuitable location, misuse of ATM cards and difficulty to open an account. Keeping in mind these problems faced by bank customers, this paper frames some strategies like customer education, seminars/meetings, proper network and infrastructure facilities, online

shopping facilities, proper working and installation of ATM machines, etc., to enhance e-banking services. (Uppal & Chawla, 2009)

This research showed that adoption of e-banking (accessibility, convenience, security, privacy, content, design, speed, fees and charges) had a positive effect on Jordanian Commercial Bank customers' satisfaction, loyalty, and positive WOM. The paper contributes to previous research by adding to existing knowledge regarding what constitutes e-banking service. The paper makes key recommendations towards enhancing current online financial services delivery. (Ahmad, 2011)

The study reveals that mostly customers prefer internet banking (IB) services over branch banking due to reliability, convenience, speed, safety and security, cost effectiveness, user-friendly, and error free system. In contrast the parallel finding shows that security problems, lack of trust and knowledge, ATM machine problems etc. affect the adoption decision of customers of internet banking services. (Omar, 2011)

8. DATA ANALYSIS AND INTERPRETATION:

Table 8.1 Classification of respondents based on demographic factors

Demographic Variables	No of Respondents	Percentage
Age		
21-30	42	28.0
31-40	50	33.3
41-50	33	22.0
51-60	14	9.3
Above 60	11	7.3
Gender		
Male	86	57.3
Female	64	42.7
Marital Status		
Married	113	75.3
Unmarried	37	24.7
Educational Qualification		
Bellow SSLC	6	4.0
SSLC	20	13.3
HSC	12	8.0
Diploma	8	5.3
Graduate	46	30.7
Post Graduate	38	25.3
Professional Degree	18	12.0
Illiterate	2	1.3

Annual Income		
Below 2,50,000	59	39.3
2,50,000-5,00,000	71	47.3
5,00,001-10,00,000	19	12.7
Above 10,00,000	1	.7
Total	150	100.0

(Source: Primary Data)

Table 8.2 ANOVA-Test for Age and preference towards E-banking

Factors	Mean	Sig.	Result
Necessity of E-Banking	4.6067	0.000	Reject H0
Awareness about the E-Services	3.4267	0.000	Reject H0
Need for human contact	3.4933	0.045	Reject H0
Ease of banks website usage	4.1067	0.000	Reject H0
Technical Services of the bank	4.1000	0.000	Reject H0
Information in the banks website is well organized	4.0267	.000	Reject H0
My bank's website is simple to use	4.4067	.000	Reject H0
Banks E-Services are always available for business	4.4733	.023	Reject H0
Details in the banks website are not shared	4.6667	.001	Reject H0

(Source: Primary)

H0 = There is no significant relationship between the Age of the respondents and the preference towards E-banking.

H1 = There is significant relationship between the Age of the respondents and the preference towards E-banking.

From the table, the researcher found that there is significant relationship between the like Age of the respondents and their preference towards E-Banking.

Table 8.3 ANOVA-Test for Gender and preference towards E-banking

Factors	Mean	Sig.	Result
Necessity of E-Banking	4.6067	.190	Accept H0
Awareness about the E-Services	3.4267	.002	Reject H0
Need for human contact	3.4933	.085	Accept H0

Ease of banks website usage	4.1067	.047	Reject H0
Technical Services of the bank	4.1000	.027	Reject H0
Information in the banks website is well organized	4.0267	.223	Accept H0
My bank's website is simple to use	4.4067	.123	Accept H0
Banks E-Services are always available for business	4.4733	.011	Reject H0
Details in the banks website are not shared	4.6667	.878	Accept H0

(Source: Primary)

H0 = There is no significant relationship between the Gender of the respondents and the factors causing stress.

H1 = There is significant relationship between the Gender of the respondents and the factors causing stress.

From the table, the researcher found that there is significant relationship between the like Gender of the respondents and their preference towards E-Banking.

Table 8.4 ANOVA-Test for Educational Qualification and preference towards E-banking

Factors	Mean	Sig.	Result
Necessity of E-Banking	4.6067	.003	Reject H0
Awareness about the E-Services	3.4267	.000	Reject H0
Need for human contact	3.4933	.000	Reject H0
Ease of banks website usage	4.1067	.000	Reject H0
Technical Services of the bank	4.1000	.000	Reject H0
Information in the banks website is well organized	4.0267	.000	Reject H0
My bank's website is simple to use	4.4067	.000	Reject H0
Banks E-Services are always available for business	4.4733	.001	Reject H0
Details in the banks website are not shared	4.6667	.002	Reject H0

(Source: Primary)

H0 = There is no significant relationship between the Educational Qualification of the respondents and the factors causing stress.

H1 = There is significant relationship between the Educational Qualification of the respondents and the factors causing stress.

From the table, the researcher found that there is significant relationship between the like Educational Qualification of the respondents and their preference towards E-Banking.

Table 8.5 ANOVA-Test for Annual Income and preference towards E-banking

Factors	Mean	Sig.	Result
Necessity of E-Banking	4.6067	.000	Reject H0
Awareness about the E-Services	3.4267	.000	Reject H0
Need for human contact	3.4933	.914	Accept H0
Ease of banks website usage	4.1067	.003	Reject H0
Technical Services of the bank	4.1000	.047	Reject H0
Information in the banks website is well organized	4.0267	.121	Accept H0
My bank's website is simple to use	4.4067	.001	Reject H0
Banks E-Services are always available for business	4.4733	.121	Accept H0
Details in the banks website are not shared	4.6667	.311	Accept H0

(Source: Primary)

H0 = There is no significant relationship between the Annual Income of the respondents and the factors causing stress.

H1 = There is significant relationship between the Annual Income of the respondents and the factors causing stress.

From the table, the researcher found that there is significant relationship between the like Income of the respondents and their preference towards E-Banking.

9. FINDINGS:

- There is significant relationship Between Age, Educational Qualification, Income of the respondent and the need for E-banking.
- There is significant relationship between Age, Educational Qualification, Income and their awareness on E-Banking at the time of opening the bank account.

- There is significant relationship Age, Gender, Educational Qualification, Income of the respondent and their opinion on need for human contact while banking.
- There is significant relationship Age, Educational Qualification, Income of the respondent and their opinion on technical services of provided by the bank.
- There is significant relationship Age, Gender, Educational Qualification, Income of the respondent and their opinion on availability of E-banking services.
- It is analyzed that 92 % of the respondents are aware of E-banking services through direct source (from Bank officials).
- 71% respondents prefer to use E-banking services once in a month.
- Convenience (88%) and saving time (97%) are the main reason for customers to prefer E-banking services.
- HDFC and AXIS banks are the leading E-banking service providers preferred by the customers.
- Among all the E-services offered by the banks Internet banking and smart cards are most preferred services. Apart from Smart cards and internet banking many customers are not aware of the other E-banking services provided by the banks.

10. RECOMMENDATIONS:

- On the basis of data analysis and interpretations, the following suggestions can be made to the bankers,
- To increase awareness among people, Banks should advertise and conduct special awareness programs to make E-Banking services more popular among customers.
- Can increase ATM centers nearby customer place like cinema theatres, markets etc.
- Most of the respondents like E-banking services provided by the banks, but they hesitate to use because they don't know how to use it in correct manner.

11. CONCLUSION:

Education and awareness campaigns are key focus areas which financial institutions should continuously invest in which would enable the elderly people to use the E-banking facilities. Information should be easily retrievable and communicated in a manner that makes sense to a wide customer base. And the goal should be not just to satisfy but to engage with customers and enrich their experience.

REFERENCES:

- Aderonke, A. A. (2012). An empirical investigation of the level of users acceptance of e-banking . *International journal of academic research in business and social sciences*, 2222-6990.
- Ahmad, A. M.-Z. (2011). E-banking functionality and outcomes of customer satisfaction: An empirical investigation. *International journal of marketing studies*, 53.
- Angelakopoulos, G. M. (2011). E-banking challenges and opportunities in greek banking sector. *Electronic commerce research*, 297-319.
- Ankit kesharwani, s. s. (2012). the impact of trust and perceived risk on internet banking adoption in india: an extension of technology acceptance model . *International journal of bank management*, 303-322.
- Arpita khare, a. m. (2012). Indian customers' attitude towards trust and convenience dimensions of internet banking,. *International journal of sevice and operations management*, 107-122.
- Asfour, H. K. (2014). The impact of mobile banking on enhancing customers E-satisfaction. *International business research*, 26.
- Bashir, I., & Madhavaiah, c. (2016). Customer attitude and behavioural intension towards internet banking adoption in india. *Journal of Indian Business Research*, 132.
- Bhatia, R. K. (2015). An analysis of web disclosure practices of public and private sector banks in india. *IUP journal of management research*, 78.
