

ONLINE BANKING SERVICES OF PUBLIC SECTOR BANKS AT KOVILPATTI TOWN

Dr.S. Baby Thangam

Head and Assistant professor

PG Research Department of commerce

Pasumpon Muthuramalinga Thever College

(An insitution affiliated to manomaniam sundaranar university)

melaneelithanallur.

Tamil Nadu-627953

Email:snbk.2008@gmail.com

K.Murugalakshmi@Viji

PG Research Department Of Commerce

Pasumpon Muthuramalinga Thever College

(An Insitution Affiliated To Manomaniam Sundaranar University)

Melaneelithanallur.

Tamil Nadu -627953

Email:ganesanlakshmi.k@gmail.com

Abstract

The emergence of new banking technology creates highly competitive market conditions, which have a critical impact upon customer behaviour. Hence, it is the need of the hour for the banking sector, to better understand their customers and their attitudes toward technology in general, to enhance increased satisfaction of their customers using online banking. If they succeed, banks will be able to influence and even determine customer behaviour, which will become a major issue in creating competitive advantage in the future. The tools used for this study is chi-square test. The study focused on the online banking services of public sector banks operating in kovilpatti town with an objective of getting valuable suggestions to take strategic decisions and its implementation.

Key words: Banking Technology, Customer Behaviour and Satisfaction.

Introduction

A financial system plays a vital role in the economic growth of an India. It intermediates between the flow of funds and invest in productive assets. It usefully allocates scarce resources of a country. Internet banking uses the Internet as the delivery channel by which to conduct banking services accessed via the internet's world wide web. It uses the global network of computer networks without any "brick and mortar" branch offices. By eliminating the overhead expenses of conventional banks, Internet banking theoretically can pay customers higher interest rates on savings than the national average. Internet Banking can provide speedier, faster and reliable service to the customers for which they are relatively happy. The cost-conscious banks in the country have therefore actively considered the use of internet as a channel for providing services. Fully computerized banks, with better management of their customer base are in a stronger position to cross-sell their products through this channel. Internet banking sites offer the prospect of more convenient ways to manage personal finances, and such services as paying bills on-line, applying for credit cards, and locating the nearest "Automated Teller Machine" (ATM) or branch office. Some internet banks also offer 24-hour telephone support, so customers can directly discuss their needs with banks services representatives.

There are number of reasons due to which satisfaction of customers using online banking services has improved:

- Customer can withdraw funds, transfer funds anytime, anywhere they want.
- Accessibility has been extended through technological development as it allows customers to do business from their home and office.
- It makes the banking activities and transaction very simpler to understand
- There is no requirement of direct control with bank, as services can be operated wherever customer wants. 5. It has reduced the waiting time of the customer; no long queue standing is required.
- Availability of employees at all times is not required as these services are provided 24 hours a day, seven days a week.
- Internet based services has enabled the corporate and retail customers to transact from home, office and travelling.
- Online fund transfer enabled the customer to transfer funds from one bank to another or within the same bank at same time.

- Communication, interaction between the bank and customer has been improved due to online banking. On the whole online banking has become pre-imminent method of carrying the banking transaction and to increase the customer satisfaction.

Review of Literature

Dr Rupesh Roshan Singh, Navneet Kaur (2019) 8, in their research paper titled” Interaction between Online Banking and its Impact on Financial Performance of Banking Sector:- Evidence from Indian Public Sector Banks”, branch banking is converted into online banking owing to huge benefits. But banks have to focus on eliminating issues related with securities of online banking and easily used web-sites would be organized. Also, there is need of the hour to work, more on the research field of online banking.

Yasser Mahfooz, et al., (2013)9, in their research article titled “A Study of the Service Quality issues of internet banking in non-metro cities in India”, confirms that non-users can be converted into users by proper education on the services available and assuring them of the secure environment. Banks can strive for a fully secure online environment where customer details and money are secure.

Statement of the problem

Customers are enjoying the benefit of online banking in one aspect, they are also facing some problems during their interaction with the machines. Some of the important problems include. Many people do not trust the bank services through internet. Usually, human beings prefer to trust others like them and may have some difficulty in trusting a machine especially in the matters of money. They get a doubt whether their money is safe in the process of online banking. In addition, a few cases of forgery have been reported in online banking. There are some frauds or proxy websites which can hack information entered by a person for transaction and later misuse it. As some people find difficult to use online banking and a wrong click may cause monetary loss. The network is down in one area leads to slow process of transactions. In case of normal banking when a problem occurs, they can visit employees in person to solve it. But in online-banking the endless call to the customer care makes it difficult. Another important problem that we face in i-banking is that it may take some time to connect to the banks’ network and to register with online banking. Due to the above problems the customers highly hesitate to make use of the online customer service offered by the banking sector.

Objective of the study

- To study the opinion of customers on online banking services offered by banks in order to ascertain the extent of customer satisfaction
- To analyze the variables influencing customer satisfaction on online banking services.
- To suggest suitable measures to improve quality of on-line banking services.

Methodology

It contains the data collection methods, sample size, sampling design and data analysis plan operationalization of variables. This is also deals with the methods of selection of respondent, tools for analysis and hypothesis of the present study.

Hypothesis

Ho: There is no association between socio economic factors and customer satisfaction.

Ho: There is no association between online banking service and customer satisfaction

Collection of Data

In this study, the customers using online banking services of the twenty public sector banks operating in kovilpatti town are selected randomly there are six public sector banks operating in kovilpatti town. Bank of India, Canada Bank, Central Bank of India, Indian Bank, Indian Overseas Bank, State Bank of India, and so on. The researcher has used both primary and secondary data. The primary data collected through the Interview schedule online banking service of public sector banks at kovilpatti town. A sample of 10 customers in every six banks totally 60 customers has been selected on convenient sampling method to collect the primary data required for the study. The primary data for the study has been collected through distributing questionnaires to the customers of online banking. The collected data was analyzed using mean standard deviation and chi-square test.

TABLE: 1.1

Socio-Economic Profile

| Variables | Category | No. of Members | Percentage |
|---------------------------|--------------------|-----------------------|-------------------|
| Gender | Male | 41 | 68 |
| | Female | 19 | 32 |
| Age | Up to 25 years | 20 | 33.33 |
| | 26-30 | 22 | 33.67 |
| | 31-50 | 12 | 20 |
| | More than 50 | 6 | 10 |
| Educational qualification | HSC | 14 | 23.33 |
| | Diploma | 16 | 26.67 |
| | Under Graduate | 21 | 35 |
| | Post Graduate | 9 | 15 |
| Marital Status | Married | 40 | 66.67 |
| | Unmarried | 20 | 33.33 |
| Occupation | Private employed | 10 | 16.6 |
| | Govt employed | 7 | 11.67 |
| | Unemployed | 15 | 25 |
| | Professional | 12 | 20 |
| | Business | 16 | 26.67 |
| | Less than Rs 15000 | 10 | 16.67 |

| | | | |
|----------------------------|--------------------|----|-------|
| Monthly income | Rs. 15001-Rs 30000 | 30 | 50 |
| | Rs.30001-Rs.45000 | 15 | 25 |
| | Above Rs.45001 | 5 | 8.33 |
| No. of Members in a family | Below 4 members | 32 | 53.34 |
| | 4-5 members | 15 | 25 |
| | 5-6 members | 8 | 13.33 |
| | Above 6 members | 5 | 8.33 |
| Types of Account | Savings A/c | 45 | 75 |
| | Current A/c | 15 | 25 |
| Type of family | Nuclear | 47 | 78.33 |
| | Joint | 13 | 21.67 |

Source: Primary Data

The socio-economic profile of respondents implies that the 68% of the respondents were males with 36.67% in the age group of less than 26-30 years and many of them were graduates. 66.67% of the respondents were married. 50% of the respondents are employees and earn Rs. 15000- 30000 as monthly income. Maximum number of respondents belong to the nuclear family having the total members less than four with two earning members in their family.

2. Information about Online Banking

The respondents are found to hold their accounts only in State Bank of India of came to know about the online banking services through the advertisements. Respondents revealed that their bank provides all type of core banking facilities and they make use of alternative banking facilities too. They recommended the use of online banking to friends, relatives and their associates found to use the customer service facility in online banking and also reveal that the bank charge a very reasonable amount for the special services offered by them.

3. Online Services availed to Customers by public sector banks

For this study chosen online banking for time convenience using it for bill payments of the respondents have opined that they use online banking once a month have reported that they use mobile phones to access the online banking and the majority of the respondents opined that they are neither satisfied nor dissatisfied in online banking have suggested bringing out certain reformations in the module of internet banking. They feel online banking is time saving concept compared to person-person banking for easy transfer of money from one bank to another and from one account to other account.

Table 1.2

Online Service among Bank Customers

| S.No | Online banking services | Mean | S.D |
|------|-------------------------------------|------|-------|
| 1 | All time availability | 5.00 | .000 |
| 2 | Ease of use | 4.40 | .924 |
| 3 | Everywhere banking | 4.20 | .605 |
| 4 | Security | 4.00 | 1.426 |
| 5 | Direct access | 3.30 | 1.197 |
| 6 | Time saving | 3.90 | 1.231 |
| 7 | Comfort of use (no need to go bank) | 3.60 | .807 |
| 8 | Inexpensive | 3.60 | .924 |
| 9 | Easy Processing | 3.66 | 1.368 |
| 10 | Easy fund transfer | 3.59 | .669 |
| 11 | Over all | 3.60 | .924 |

Source: Primary Data

The above table 1.2 denotes that in the online banking services of having high Standard deviation (1.426) among the customers. If highly faced by online banking customers with the arithmetic mean (5.00).

4. Customer satisfaction

For analyzing customer satisfaction, socio economic profile of the respondents such as gender, age, educational qualification, marital status, occupation, monthly income, number of members in the family, number of earning members in the family, type of account, type of family, status of member and annual savings are taken as independent factors and the customer satisfaction is taken as a dependent variable.

Table 2

Result of Chi-Square Analysis

| Personal factors | Factor | df | Calculated value | Table Value | | Significant |
|------------------------------|-----------------------|----|------------------|------------------|------------------|-------------|
| | | | | @5 percent level | @1 Percent level | |
| Gender | Customer Satisfaction | 1 | 0.58 | 3.841 | 6.635 | NS |
| Age | | 3 | 1.56 | 7.815 | 11.341 | NS |
| Educational qualification | | 4 | 11.63 | 9.488 | 13.277 | Significant |
| Occupation | | 5 | 8.32 | 11.070 | 15.086 | NS |
| Marital status | | 1 | 13.07 | 3.841 | 6.635 | Significant |
| Monthly income | | 3 | 8.68 | 7.815 | 11.341 | Significant |
| No. of members in the family | | 3 | 0.66 | 7.815 | 11.341 | NS |
| Types of Account | | 3 | 1.30 | 7.815 | 11.341 | NS |

Source: Primary Data

From the chi-square analysis we identified that there is a significant effect of three variables namely educational qualification, marital status and monthly income of the respondents towards customer satisfaction.

Conclusion

Undoubtedly e-banking is a strong catalyst for the economic development and in order to enhance use e-banking as a primary channel, it must be tailored suiting to the need of the customers. As more and more customers adopt the internet for their banking transactions, it becomes important for management of banks to be innovative in their approach to meet customer requirements.

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