

IMPACT ON CUSTOMERS' SATISFACTION OF E-BANKING SERVICES IN PUBLIC SECTORS BANKS IN KANCHEEPURAM DISTRICT –

AN EMPIRICAL STUDY

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ABSTRACT

The study to focus on customers' satisfaction of e-banking services in public sectors banks in Kancheepuram district, presently the modern banking sector has been providing enormous services rendered to various customer amongst services, the customer would get empowered due to a wide choice of services available on the net at a competitive cost. Thus, Internet banking presents a convenient and timesaving service for customers compared to traditional banking. Service is available on the web for twenty-four hours a day, seven days a week, and anywhere they need. For bankers, online banking presents more opportunity to provide customized services and appropriate supply and demand than traditional services. The aim of this research study will have retentions of their customer and attract new modern customers. Hence the banker will bring online banking services and remedy for all the grievances of banking customers.

Keywords: Technology, Customer satisfaction, Services, etc

I. INTRODUCTION

The banking sector is the backbone of any financial system and economy. Commercial banks play an essential role in developing underdeveloped and developing economies by mobilizing resources and their better allocation. The Indian Banking System is regulated by the Central Bank of the country i.e., Reserve Bank of India (RBI), which was nationalized in 1949. The RBI is the primary regulator for the banking sectors. The central government exercises direct and indirect control over banks through RBI to protect the depositors and stabilize the banking system. Extensive powers have been conferred on RBI under the RBI Act, 1934 and the Banking Regulations Act, 1949.

This social transformation process resulted in the unprecedented expansion of banking and the financial system. However, the regulated business environment, poor quality of credit portfolio due to social lending without adequate safeguards against defaults, thin margins on social lending, disruptive tactics of trade unions, an increasing number of loss-making branches due to unmindful branch expansion in rural areas and other factors resulted in the sacrifice of the service quality and the operational productivity and profitability of these organizations. The banks still managed to survive due to the regulated business environment, which killed the scope for competition among banks.

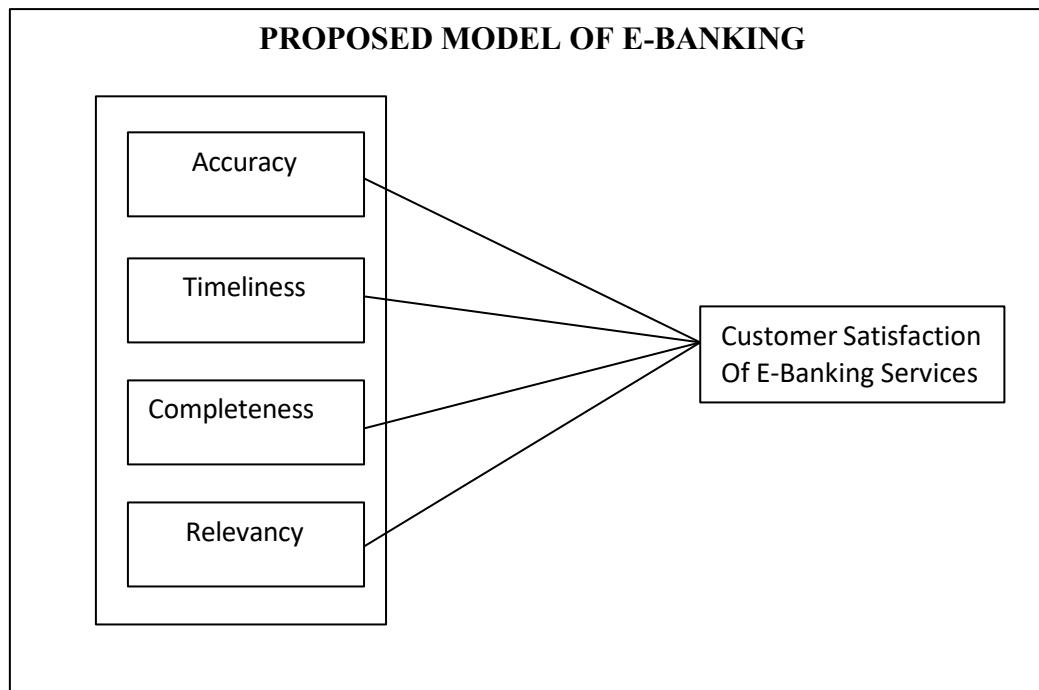
Internet Banking – An Overview

Internet and World Wide Web (WWW) in the developing countries have significantly changed the business environments of today's world. In developing countries, consumers are now focusing on another substitute channel like electronic commerce for shopping, which offers them more and more choices of products and services to help cost savings and ease. The rapid growth of online shopping stuff and changing the fashion of consumer behavior are attracting more and more companies to join the bandwagon.

Information and communication technology help reduce the transaction cost of business firms by providing cards and business services. Electronic banking would help financial institutions to lower price which is very crucial for the long-term survival of the banks (Burnham,1996).² Financial institutions are now focusing on new delivery channels which include virtual public and private networks, dial-up connections, personal computers and Automated Teller Machines (ATMs). The websites of financial institutions play a vital role in electronic banking and deliver sufficient information to customers. Mols (1998)³ stated that electronic banking provides a reduced amount of time compared with traditional banking. Still, to get benefits from these services, the readiness of consumers to accept new technologies is more needed.

Internet Banking in India

The financial products and services have become available over the Internet, which has become an important distribution channel for several banks. Banks boost technology investment spending actively to address revenue, cost, and competitiveness concerns. A study on Internet users, conducted by Internet and Mobile Association of India (IAMAI), found that about 23% of the online users prefer internet banking as the banking channel in India, second to ATM, which is preferred by 53%. Until the advent of ATMs, people were unaware and not directly affected by the technological revolutions in the banking sector. ATMs became the major revelation for customers since it offered the facility to avoid long queues in front of the cashiers in banks. It also provided them the flexibility of withdrawing money-anytime, anywhere¹⁵. In the study by IAMAI, it was found that the people are not doing financial transactions on the banks' Internet sites in India because of reasons such as security concerns (43%), preference for face-to-face dealings (39%), lack of knowledge about transferring online (22%), lack of user-friendliness (10%), or lack of the facility in the current bank (2%).



II. REVIEW OF LITERATURE

A literature review may be purely descriptive, as in an annotated bibliography or it may provide a critical assessment of the literature in a particular field, stating where the weakness and gaps are, contrasting the views of particular authors or raising questions. Such a review will not be just summary but will also evaluate and show relationships between different materials, so that key themes emerge.

Millson, F. and Kirk-Smith, M. (1996) in their article, indicated that members of Quality Committees (QCs), were positive in their views towards QCs' effectiveness. A change in actual performance was the most relevant measure.

Royne, M. (1996), in his article, provided the initial direction in determining the proper SQ attributes to focus on promotional efforts when banks have a target market at least partially defined by gender and age. Further, gender and age were not the only characteristics on which marketing efforts should be based. Therefore, other segmentation variables, such as psychographics, geographies, and benefits sought, must be considered when developing marketing and advertising strategies.

III. OBJECTIVES OF THE STUDY

- To analyze the profile of the customers in public sector banks in Kancheepuram district.
- To study the relationship between profile variables and the level of satisfaction towards internet banking.
- To identify the factors influencing the customers' satisfaction towards internet banking.
- To offer a suitable suggestion to improve the customer services of the banks based on the findings.

Limitations of the Study

The following limitations of this research are worth mentioning. In this research, only 500 respondents are restricted to measure customer satisfaction. A large sample of respondents can only produce better results. The study area only restricted Kancheepuram; perhaps the research area may be a broader result may the best.

Significance of the Study

Today, the Indian banking industry is in the midst of the IT revolution. A great deal of automation is observed in the Indian banking industry these days. New private sector banks and foreign banks have the edge over public sector banks as far as implementations of technological solutions are concerned. Bankers in India are continuously looking for the newer know-how to improve their banks' service quality to gain a competitive edge. Therefore, service quality in Internet banking plays a vital role in retaining customers and meeting the customer's satisfaction level. In the Indian context, the quality of service in Internet banking has not been adequately emphasized. Therefore, it is essential to focus on the quality of service in Internet banking. In doing so, it can provide guidelines for the bankers to implement the quality program in Internet banking.

ANALYSIS AND INTERPRETATION

Table 1
Profile of the customers

Age	Frequency	Percent	Cumulative Percent
Less than 25	71	14.2	14.2
26-30	95	19.0	33.2
31-35	131	26.2	59.4
36-40	67	13.4	72.8
41-45	58	11.6	84.4
more than 45	78	15.6	100.0
Total	500	100.0	
Gender	Frequency	Percent	Cumulative Percent
male	254	50.8	50.8
Female	246	49.2	100.0
Total	500	100.0	
Educational	Frequency	Percent	Cumulative Percent
UG	82	16.4	16.4
PG	226	45.2	61.6
Professional	140	28.0	89.6
Others	52	10.4	100.0
Total	500	100.0	
Nature of Occupation	Frequency	Percent	Cumulative Percent
Government Employees	155	31.0	31.0
Private	97	19.4	50.4

Business and Trade	88	17.6	68.0
Students	56	11.2	79.2
Others	104	20.8	100.0
Total	500	100.0	
Monthly income	Frequency	Percent	Cumulative Percent
Less than 10,000	106	21.2	21.2
10,001 - 15,000	217	43.4	64.6
more than 15,001	155	31.0	95.6
Not applicable	22	4.4	100.0
Total	500	100.0	
Accounts in Banks	Frequency	Percent	Cumulative Percent
One	169	33.8	33.8
More than one	331	66.2	100.0
Total	500	100.0	

Source: Primary data

Since the sex of the customers has an impact on the level of estimation and perception of banks' services, it is included as one of the profile variables. The nature of opinion and knowledge on the bank's services may ultimately differ from male to female. The first two major age groups among the present study customers are less than 25 years and 25 —40 years, constitute 26.2 and 59.4 percent of the total. The level of education provides more awareness of banking to the customers and exposure to the present Banking experience in years. Educated customers may have more knowledge and exposure to these aspects in general. Hence, the comparative analysis may have an impact on the perception of the services offered by the banks. So, the level of education is included as one of the profile variables in the present study. It is confined to schooling, graduation, and post-graduation. The customers' critical level of education is graduation and post-graduation, which constitute 45.2 and 61.6 percent of the total, respectively. A maximum of 17.6 percent of the customers belongs to the business group. It is followed by the private employer and Government employees, which constitute 31.00, respectively. The first two crucial 17.6 occupations are Government employees and the individual employee who represent 31 percent of its total, respectively. In the present study, the monthly income among the customers is confined to below Rs.10000, Rs.10000 - 20000, Rs.20000 - Rs.30000 and above Rs.30000. The distribution of customers based on their monthly income is illustrated. In the present study, customers' nature is confined to the individual, businessman, corporate, and Govt. office. The quality of the customers is given in the table.

Table 2
Nature of Gender and Level of Satisfaction – Chi-Square Test

			Level of Satisfaction					Total
			1	2	3	4	5	
1	1	Count	112	45	6	48	36	247
		Expected Count	107.4	48.5	10.4	44.1	36.6	247.0
	2	Count	105	53	15	41	38	252
		Expected Count	109.6	49.5	10.6	44.9	37.4	252.0
Total		Count	217	98	21	89	74	499
			217.0	98.0	21.0	89.0	74.0	499.0
Chi-Square Tests								
	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability		
Pearson Chi-Square	5.998 ^a	4	.199	.200				
Likelihood Ratio	6.054	4	.195	.199				
Fisher's Exact Test	5.958			.202				
Linear-by-Linear Association	.014 ^b	1	.906	.915	.467	.028		
N of Valid Cases	499							

The above table that the 'p; value is less than 0.05, the result is significant at 5% level. The analysis concluded that there is a close relationship between the level of satisfaction of respondents and Gender. So, eventually, the Null hypothesis rejected, alternative hypothesis accepted. To find the relationship between the Type of bank of the respondents and Level of economic motivation, a chi-square test is used, and the result of the test is shown..

Table 3

level of monthly income and accounts in number of banks				
		Accounts in Number of Banks		Total
		One	More than one	
Monthly income	Less than 10,000	31	75	106
	10,001 - 15,000	69	148	217
	more than 15,001	67	88	155
	Not applicable	2	20	22
Total		169	331	500

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.529 ^a	3	.004
Likelihood Ratio	14.762	3	.002
Linear-by-Linear Association	.987	1	.321
N of Valid Cases	500		

The above table that the 'p; value is less than 0.05, the result is significant at 5% level. From the analysis, it is concluded that there is a close relationship between the Monthly income of the respondents and the Number of accounts in the banks. So, eventually, the Null hypothesis rejected, alternative hypothesis accepted.

Table 4

Relationship between Customer's Satisfaction and Nature of Occupation – Chi-Square Test

			Good Accommodation					Total
			Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
	Govt job	Count	152	0	0	0	0	152
		Expected Count	57.0	33.2	20.4	17.7	23.8	152.0
	Private Employe	Count	35	49	0	0	0	84
		Expected	31.5	18.3	11.3	9.8	13.1	84.0

Nature of job	e	Count						
	Business	Count	0	60	27	0	0	87
		Expected Count	32.6	19.0	11.7	10.1	13.6	87.0
	Students	Count	0	0	40	17	0	57
		Expected Count	21.4	12.5	7.7	6.6	8.9	57.0
	Others	Count	0	0	0	41	78	119
		Expected Count	44.6	26.0	16.0	13.8	18.6	119.0
		Expected Count	187.0	109.0	67.0	58.0	78.0	499.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1029.503 ^a	16	.000
Likelihood Ratio	1062.330	16	.000
Linear-by-Linear Association	451.035	1	.000
N of Valid Cases	499		

The above table that the 'p' value is less than 0.05, the result is significant at 5% level. From the analysis, it is concluded that there is a close relationship between the Monthly income of the respondents and the level of satisfaction of customers in the banks. So, eventually, the Null hypothesis rejected, alternative hypothesis accepted.

FINDINGS, CONCLUSIONS, AND SUGGESTIONS

The primary purpose of this part is to present a summary of findings and conclusions of this Study and provide particular suggestions for overcoming the problems identified in this Study relating to customer satisfaction towards various services of the study banks. This Study is undertaken with a broad objective of assessing customer satisfaction services in commercial banks in the Kancheepuram district.

IV. FINDINGS

The nature of estimation and perception of the bank's services may ultimately differ from male to female. The first two major age groups among the customers in the present study are less than 25 years and 25 —40 years, constitute 26.2 and 59.4 percent of the total. Educated customers may have more awareness and exposure to these aspects in general.

Hence, the comparative analysis may have an impact on the perception of the services offered by the banks. The critical level of education among the customers is graduation and post-graduation, which constitute 45.2 and 61.6 percent of the total, respectively. A maximum of 17.6 percent of the customers belongs to the business group. It is followed by private employee and Government employees, which constitute 31.00, respectively. In the first two crucial 17.6 occupations are Government employees and the individual employee who represent 31 percent of its total, respectively. The monthly income among the customers is confined to below Rs.10000, Rs.10000 - 20000, Rs.20000 - Rs.30000 and above Rs.30000. The distribution of customers based on their monthly income is illustrated. The analysis it is concluded that there is a close relationship between the Nature of Occupation of the respondents and Gender. So, eventually, the Null hypothesis rejected, alternative hypothesis accepted. The analysis it is concluded that there is a close relationship between the Monthly income of the respondents and the number of accounts in the banks. So, eventually, the Null hypothesis rejected, alternative hypothesis accepted. The analysis it is concluded that there is a close relationship between the Monthly income of the respondents and the level of satisfaction of customers in the banks. So, eventually, the Null hypothesis rejected, alternative hypothesis accepted.

V. SUGGESTIONS

The banks must play an active role to satisfy the customers' demands while marketing their products and services. Banks must commit to providing the best possible services to their customers. Given below are some suggestions to improve customer services. In the satisfaction level, the Commercial banks offered useful technological innovations to their customers: Therefore, the public sector banks like SBI must update the customer-friendly innovative technologies to provide more level of satisfaction. The customers of both SBI and Commercial banks are not much aware of the availability and usage of specific products like Savings plus and rent plus scheme. Medi plus scheme and Basic banking – no-frills account. Hence it is suggested that the banks should develop new ways of working to improve efficiency in marketing. Banks must adopt customer segmentation, which will help in customizing their product portfolio well. It is suggested that both SBI and Commercial banks dramatically improve their ECS mechanism to increase customer satisfaction towards the services provided under the settlement system and centralized funds management system. It is suggested that both SBI and ICICI banks should dramatically improve their ECS mechanism to increase the level of satisfaction of customers towards the services provided under the settlement system and centralized funds management system. The banks must give relevant facts about their information, technology-based products and services to create awareness among the customers. Research suggests that the banks' financial services and the products offered over information technology should be simple and easy for the customers to understand. Those products and services should not be a challenge for those who have to choose among them.

VI. CONCLUSION

Banks have also installed exclusive data communication networks. They have become the members of the Society for World Wide Inter-Bank Financial Telecommunications (SWIFT) to establish a connection with their branches and with other bank computers network, both nationally and internationally. In this context, it is significant to say that the Commercial banks have to introduce sound information technology-based products and services or schemes with the help of professional excellence. It is further insisted that the banks have to be well aware of the changing needs and requirements of almost all the customers' segments while developing a package or innovating a scheme to satisfy their interest.

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