

# A STUDY ON CUSTOMER PERCEPTION AND CURRENT PRACTICE OF E- BANKING TECHNOLOGY IN CHENNAI CITY

<sup>1</sup>K. Ananthasuresh, <sup>2</sup>Dr A Devendran, <sup>3</sup>S V Elumalaiyan

## **Abstract:**

*Now a days Internet banking or Virtual banking is one of the emerging trends in the world. The development progress in the IT have brought about a lot of changes in Banking Industry, it has been in the form of E-Banking or Internet Banking, which is now replacing the traditional banking mechanism. E-Banking is one of the gift to human beings by computer technology. It is a fast spreading service that allows customers to use computer to access account transactions from a remote location such as at home or at the workplace convenience to customers. Telephone Banking, Mobile Banking, Electronic Fund Transfer, ATM and Internet Banking are some of the E-Banking products. An attempt is made in this paper to determine the customer's perception toward the E-Banking services particularly in Chennai City. The main objective of the study is to find out the customer perception and satisfaction towards E-Banking. The study was done based on interview schedule with a sample of 250 respondents. The data ware analyzed using simple percentage analysis and chi-square test to find customer perception and satisfaction towards E-Banking.*

**Keywords:** *Internet, Technology, Banking, Perceptions, Customers and Satisfaction etc.*

## **I. Introduction:**

Internet banking also known as E-Banking or Virtual banking is an electronic payment system that enables customers of a bank to conduct a range of financial transactions through the banking website. The internet banking system will typically connect to core banking system operated by a bank and is in contrast to branch baning which was the tradional way customers accessed banking services.

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<sup>1</sup> Research Scholar (part-time) Faculty of Management Studies, Dr.MGR Educational and Research Institute, Maduravoyal, Chennai 600095.

<sup>2</sup> Associate Professor, Faculty of Management Studies, Dr. MGR Educational and Research Institute, Chennai

<sup>3</sup> Assistant Professor, Faculty of Management Studies, Dr. MGR Educational and Research Institute, Chennai

## Benefits of E-Banking



- ✚ Payment services & Credit
- ✚ Fund Management
- ✚ Pay your bills online
- ✚ View your transaction
- ✚ Transfer money between accounts
- ✚ Mobile banking
- ✚ Syncing with your money applications
- ✚ Provide balance alerts
- ✚ No extra charges

### Need for the study:

Banking services largely depend upon customer demands and their perceived preferences. The entry trend of globalization and liberalization had posed serious problem to domestic banks. Due to rapid change in technology and the entry of private and foreign banks a number of new products and delivery channels have been introduced. The changing environment, banks implemented Tele-Banking, Mobile Banking, Call Centre services, ATM etc., in this regard a study has been undertaken to know the customers perception and current practice of E-Banking services.

## II. Review of Literature:

Rakesh H M & Ramya T J (2014)

In their research paper titled "A Study on Factors Influencing Consumer Adoption of Internet Banking in India" tried to examine the factors that influence internet banking adoption. Using PLS, a model is successfully proved and it is found that internet banking is influenced by its perceived reliability, perceived ease of use and perceived usefulness. In the marketing process of internet banking services marketing expert should emphasize these benefits its adoption provides and awareness can also be improved to attract consumer's attention to internet banking services.

Vijay M. Kumbhar (2011)

In this research paper “Factors affecting the customer satisfaction in E-Banking” some evidences form Indian Banks”. This study evaluates major factors (i.e. service quality, brand perception and perceived value) affecting on customers satisfaction in e-banking service settings. This study also evaluates influence of service quality on brand perception, perceived value and satisfaction in e-banking. Required data was collected through customer’s survey. For conducting customersurvey liker scale based questionnaire was developed after review of literature and discussions with bank managers as well as experts in customer service and marketing.

Kartikeya bolar (2014)

In their research paper “End-user Acceptance of Technology Interface in Transaction Based Environment” this paper presents creators and investors of technology need information about the customers assessment of their technology interface based on the features and various quality dimensions to make strategic decision in improving technology interfaces and compete on various quality dimensions. The research study identifies the technology interface dimensions as perceived by the end-users in a transaction based environment in India, using exploratory factor analysis. The influence of these dimensions on the utility of technology interface and hence the usage is examined by Structural Equation Modeling. The moderating role of user demographics and technology comfort is also tested. Managerial implications are discussed.

#### **Objectives of the study:**

- ✓ To examine E-Banking technical service quality
- ✓ To identify the perception of customers for E-Banking technology service quality
- ✓ To study the E-Banking technology of selected banks in the current scenario

#### **Hypothesis of the study:**

There is no significant difference between the perceptions of customers about e-banking technology service quality with respect to demographic variables viz. sex, age, education, occupation and household income. There is no significant difference between the perceptions of customers about e-banking technology service quality with respect to ownership sector of banks.

### **III. Research methodology of the study:**

The validity of any research depends upon the systematic method of collecting data and analysing the same in a logical and sequential order. In the present study, an extensive use of primary data has been made, making use of descriptive and analytical research. Primary data is collected through well interview schedule. The collected information were reviewed and consolidated into a master table. For the purpose of analysis the data were further processed by using statistical tools. The statistical tools are **Simple Percentage, Chi-Square Test.**

### Scope of the study:

The scope of the present study has been kept limited in Chennai city ICICI Bank, HDFC Bank, Axis Bank, SBI and Canara Bank. The scope of the study is limited to customer perception and E-Banking Technology.

### Sampling Process:

The population for the study included all the Indian banks operating in Chennai city. Out of the total Indian banks operating in Chennai, ICICI Bank, HDFC Bank, Axis Bank, SBI and Canara Bank been selected. The banks selected for the purpose of conducting the study have been selected using non probability convenience sampling techniques. The respondents have been selected systematically from the total customers of the banks. 250 customers have been taken as sample for the study.

## IV. Analysis and Interpretation:

### 4.1 Demographic Profile of the Respondents:

Table no.1 describes the demographic profile of the net banking customers which is taken for the study. Out of 250 respondents who were taken for the study: it has been identified that most (66.80%) of the respondents are male, (50.80%) whose age group is under 26 to 45 years, most (54.4%) of the respondents are graduates, maximum number (37.2%) of respondents are employee, the monthly income of (47.2%) respondents is up to Rs.1,51,000 to 2,50,000 , (50%) of the respondents are came to know about net banking through friends/ relatives.

Table 1. Demographic Profile of the Respondents

Factors	No of Respondents	Percentage
<b>Gender</b>		
Male	167	66.8
Female	83	33.2
<b>Age</b>		
Up to 25	67	26.8
26 to 45	127	50.8
Above 46	56	22.4
<b>Educational Qualification</b>		

Up to School level	27	10.8
Graduate	136	54.4
Post Graduate / Professional	87	34.8
<b>Occupation</b>		
Employee	93	37.2
Business	82	32.8
Industries	61	24.4
Agricultural	5	2
Others	9	3.6
<b>Monthly Income</b>		
Up to 1,50,000	112	44.8
1,51,000 to 2,50,000	118	47.2
2,51,000 to 4,50,000	20	8
Above 4,51,000		
<b>Source of Knowledge</b>		
From Bank staff	4	1.6
Officers	26	10.4
Friends / Relatives	125	50
Advertisement	95	38

#### 4.2 Relationship between Demographic Variables and Customers Level of Perception Towards Net Banking:

Table no.2 depicts the relationship between selected demographic variables of the customers and their level of perception towards net banking. It is clear that , the calculated Chi-square value is less than the table value at five percent level, there does not exists any significant association between educational

qualification and occupation of the net banking customers. Thus the null hypothesis is accepted. It is clear that, the calculated Chi-square value is greater than the table value at five per cent level, there exists a significant association between gender, age and monthly income of the net banking customers

Table 2: Relationship between the Demographic Profile and Level of Perception

Factors	Level of Perception			Total	$\chi^2$ Value	Table Value	Remarks
	Low	Medium	High				
Gender							
Male	78	48	41	167	9.845	5.991	S
Female	28	29	26	83			
Age							
Up to 25	29	22	16	67	18.896	9.488	S
26 to 45	68	47	12	127			
Above 46	22	18	16	56			
Educational Qualification							
Up to School level	11	10	6	27	10.682	12.592	NS
Graduate	76	42	18	136			
Post Graduate / Professional	32	38	17	87			
Occupation							
Employee	39	42	12	93	10.412	13.488	NS
Business	38	37	7	82			
Industries	42	12	7	61			
Agricultural	2	2	1	5			
Others	3	4	2	9			

Monthly Income								
Up to 1,50,000	8	6	4	8	12	6.485	9.488	NS
1,51,000 to 2,50,000	45	38	35	35	118			
2,51,000 to 4,50,000	3	4	3	3	10			
Above 4,51,000	3	4	3	3	10			
Source of Knowledge								
From Bank staff	1	2	1	1	4	21.748	9.488	S
Officers	9	12	5	5	26			
Friends / Relatives	42	48	35	35	125			
Advertisement	32	41	22	22	95			

#### 4.3 Relationship between Demographic Variables and Customers Level of Satisfaction Towards Net Banking:

Table no.3 depicts the relationship between selected demographic variables of the customers and their level of satisfaction towards net banking. It is clear that , the calculated Chi-square value is less than the table value at five per cent level, there does not exists any significant association between Monthly income and occupation of the net banking customers. Thus the null hypothesis is accepted. It is clear that, the calculated Chi-square value is greater than the table value at five per cent level, there exists a significant association between gender, age and educational qualification of the net banking customers.

Table 3: Relationship between the Demographic Profile and Level of Satisfaction

Factors	Level of Satisfaction			Total	$\chi^2$ Value	Table Value	Remarks
	Low	Medium	High				
Gender							
Male	62	68	37	167	18.647	5.991	S
Female	32	31	20	83			

Age							
Up to 25	32	27	8	67	20.412	9.488	S
26 to 45	58	57	12	127			
Above 46	27	15	14	56			
Educational Qualification							
Up to School level	14	9	4	27	14.896	9.488	S
Graduate	66	52	18	136			
Post Graduate / Professional	27	42	18	87			
Occupation							
Employee	39	42	12	93	10.468	16.842	NS
Business	38	37	7	82			
Industries	42	12	7	61			
Agricultural	2	2	1	5			
Others	3	4	2	9			
Monthly Income							
Up to 1,50,000	41	52	19	112	7.412	9.488	NS
1,51,000 to 2,50,000	51	43	24	118			
2,51,000 to 4,50,000	4	4	2	10			
Above 4,51,000	4	4	2	10			

\*significant at 5% percent level

## V. Conclusion:

Competition has already developed that players in the banking sector will take action to recapture the market based on e-customers ' understanding. The future success of the banking sector will rely on how

effectively customers will create product concepts that are relevant to our context and how effectively they will alter and render Indian consumers' perceptions of the Indian consumers and make them aware of the banking products. The future development of the banking industry always relies on how the banks that are geared towards technology and connectivity should be.

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