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Customer Perception Of Online Banking Services In Private Sector Banks

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ABSTRACT

A study was conducted to critically examine the customer perception of online banking services provided by the private sector Banks in Kanyakumari District. Primary data were collected from 90 sample respondents by applying random sampling technique. Secondary data were collected from various journals, books and web portals. Ranking technique and Regression test were used to analysis the perception for online banking services and satisfaction of customers. The write-up concludes that majority of the customers of online banking are satisfied with their services. It suggest some measures to make online banking services more effective in future.

Keywords: Online banking, customer perception and customer satisfaction

INTRODUCTION

Online Banking is one of the e-banking services relatively a new channel for delivering banking services. Online banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. In India, ICICI bank was the pioneer to introduce Internet Banking. It introduced internet banking in 1997 and has been augmenting his offerings and services, delivery since then availability, skills, efficiency, data security and customized services are the customers' key expectations of their bank. They also expect these characteristics to be presented through digital, mobile and even automated services, accessible 24/7 from anywhere. "The key to survival, therefore, is retention of customer loyalty by providing him with value added services tailored to his needs", (Harshad patel, 2013). Customers have appreciated that internet banking has enhanced customer convenience and comfort. Internet banking has evolved into a "one stop service and information unit" that promises great benefits to both banks and customers.

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STATEMENT OF THE PROBLEM

Online banking is designed mainly by both private and public sector banks in order to achieve two objectives. The First objective is to increase convenience of the customers. This is accomplished by fulfilling the customer's requirements such as online viewing of account details, statement information, bills payment, money transfer, applying for accounts and e-clearance such as rent, loan payment etc. The second objective is to reduce the cost of operation. Now the banks aim at T C S - Total Customer Satisfaction i.e. they are making efforts to match the delivery and performance of products and services which is multidimensional.

This study aims at customer perception of online banking services. On customer point of view some of the factors may have most importance and some of them may have least importance and while some factors also help to enhance customer satisfaction. This study helps us to know who the customers are, how they use, what they want and which factors influence more customer satisfaction. Online banking has numerous advantages and at the same time certain limitations like phishing, identity theft etc., which keeps away customers to use internet banking service. The purpose of this research is to investigate the contribution of online banking service towards customer satisfaction in Private sector Banks in Kanyakumari District.

SCOPE OF THE STUDY

Today without the use of Information Technology, the banking sector may become paralyzed. Banking is and for the time to come, will remain customer oriented business. If one can satisfy the customers effectively, then customer becomes client. Thus to be successful, the banks should satisfy their customers qualitatively as well as quantitatively. They should put the customers first because Customer is the king for the proper functioning of the Indian Banks today (Shikha Agrawal, 2012). Hence the study focuses the customer perception towards online banking service in Kanyakumari District.

OBJECTIVES OF THE STUDY

This study aims to investigate the following objectives:

1. To study and analyses the perception of bank customers regarding online banking services.
2. To examine the relationship between socio economic variables of the respondents.

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3. To determine customer satisfaction of on-line banking services in the sample units in Kanyakumari.

4. To suggest some remedial measures to improve online banking services.

METHODOLOGY

The study is empirical in nature, which includes both primary and secondary data. For collecting primary data, Interview Schedule has been prepared and administered among the respondents. 90 sample respondents were selected on the basis of random sampling method. The secondary sources of data have been collected from various books, journals, periodicals, reports of both private and government organizations.

RESULTS AND DISCUSSIONS

The following table 1 reveals the demographic background of sample respondents from the private sector Banks.

Table 1:Demographic back ground of respondent in private sector banks

Demography factors	Categories	No.of Respondents	Percentage
GENDER	Male Female	57 33	63 37
AGE	Below 30 years 30-45 years Above 45 years	23 34 33	26 38 36
EDUCATION	High school Bachelor degree Master degree	24 23 43	27 26 47
OCCUPATION	Government Employees Private Employee Self – employed Professional	24 19 30 17	27 21 33 19
ANNUAL INCOME	Below 1,00,000 1,00,000 – 2,00,000 More than 2,00,000	27 32 31	30 36 34

From the above table 1 shows that out of 90 respondents 57 (63 percent) respondents are males and 33 (37 percent) respondents are females. 34 (38 percent) respondents under the age group of 30 -45 years and the educational qualification 43 (47 percent) respondents belongs to Master degree. 30 (33 percent) respondents are self employed and 32 (36 percent) earn Rs. 100000 to Rs.200000.

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Awareness of service in private sector banks

Table 2 analyse the awareness of service of online banking among the sample respondents in private sector Banks.

Table 2: Awareness of service in private sector banks

Items	Response & No. of Respondents					
	Strongly agree	**Agree**	**Neutral**	**Disagree**	**Strongly disagree**	**Total**
Knowledge of Online Banking Services	46	30	12	2	0	(n=90)
Risks and Benefit of Online Banking service	26	40	12	9	3	
Application Procedure	27	34	16	11	2	
Usage of Online Banking Service	31	47	8	4	0	

Table 2 shows that 47 respondents agreed that usage of online banking services and 46 respondents strongly agreed that they know about the risks and benefits involved in online banking service.

Security in online banking

Table 3 shows the respondents opinion about security involved in online banking service

Table 3 : Security in online banking

Items	Response & No. of Respondents					
	Strongly agree	**Agree**	**Neutral**	**Disagree**	**Strongly disagree**	**Total**
Safety	43	26	11	7	3	(n=90)
Accuracy of transaction	42	37	6	4	1	
Guaranteed transactions	39	34	10	5	2	
Security	40	31	9	6	4	
FAQs to guide	25	42	14	6	3	
Safeguard measures	32	.41	10	3	4	

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The above table 3 depicts that 43 respondents strongly agreed that safety provisions made by the banker and 42 respondents were agreed by providing accurate record of the transactions and using internet banking service for FAQs to guide.

Time and cost Saving

Table 4 deals with respondents opinion about time and cost saving on online banking service.

Table 4 : Time and cost Saving

Items	Response & No. of Respondents					
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Economical	52	28	6	4	0	(n=90)
Lesser time	53	30	5	2	0	
Additional Benefits	18	32	20	13	7	
Bankers encouragement	26	35	14	11	4	

The above table depicts that 53 respondents strongly agreed that online banking reduced the waiting time and 52 respondents strongly agreed that it's a cheaper mode to conduct the banking transactions.

Perception of using online service

The perception of respondents towards online banking services are ranked in the following table.

Table 5 : Perception of using online service

S.No	Items	Garret Mean score	rank
1	Less mental effort	34.24	V
2	Clear interaction	36.82	IV
3	Skillful customer	46.24	III
4	Easy learning	49.10	II
5	Any time and any where banking	69.70	I

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It is evident from table 5 that most of the respondents perception towards the online banking services is any time and any where banking got Ist rank, easy learning rank IInd and less mental effort ranks last respectively.

Determinants of customer satisfaction towards online banking

In order to assess the influence of online banking towards customer satisfaction in connection with private sector Banks, multiple regression analysis has been used. Table 6 illustrates the results of the multiple regression analysis.

Independent Variable : Awareness of Service, Security, Cost & Time, Knowledge & Quality of Internet Connection, Self- efficiency, Keenness to change, Perceived usefulness, Perceived ease of use, Perceived enjoyment, Trust, Attitude towards using and Adoption intention.

Dependent Variable: Customer Satisfaction

Table 6 : Regression Analysis For Private Sector Banks

Factors	Unstandardized Coefficient		Standarized Coefficients	T	Sig
	B	Std Error	Beta	Std	Std Error
(Constant)	3.053	1.532		1.994	0.046
Awareness of service	0.062	0.89	0.041	0.703	0.482
Security	-.019	0.056	-.20	-.323	0.744
Cost & Time saving	0.331	0.071	0.243	4.460	0.000
Knowledge & quality of internet Connection	0.063	0.062	0.050	1.024	0.305
Self-efficiency	0.011	0.084	0.006	0.136	0.891
Keenness to change	-.093	0.118	-.041	-.791	0.430
Perceived usefulness	0.032	0.063	0.031	0.503	0.614
Perceived case of use	-.117	0.071	-.103	-1.674	0.093
Perceived Enjoyment	-.148	0.063	-.120	-2.274	0.023
Trust	0.586	0.092	0.351	6.530	0.000
Attitude towards using IBS	0.004	0.091	0.003	0.053	0.956
Adoption Intention	0.650	0.087	0.403	7.142	0.000

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Multiple R=0.658 F-value=20.095 d.f(12,282) P<0.01 R^2 = 0.452

$\hat{Y}$ = 3.053 + 0.062X1 + 0.331 X2 + 0.063X3 + 0.011X4 + 0.032X5 + 0.586X6 + 0.004X7+ 0.650X8 – 0.019 X9 – 0.093X10 - 0.117X11 - 0.148X12 where $\hat{Y}$ are the estimated customer satisfaction scores. Table 4.14 shows the variable that reached the significant level is Cost and time saving, perceived enjoyment, Trust and Adoption intention. The above equation describes that on an average of Trust changes by 1 unit there will be 0.586 increases in the customer satisfaction. The result of the t test reveals that the calculated significance of regression coefficient (0.658) is valid at 1% level. The multiple R found to be 0.452 which reveals that exist a relationship of 45.2% between the various factors influencing to adopt internet banking and its customer satisfaction. However the R2 was only 0.426 which confirms the customer satisfaction varies only by 42.6%. Finally the F test shows that the results are significant at 1% level. Thus under the beta values of independent variable adoption intention which has the highest beta coefficient ($\beta = 0.650$, $t = 7.142$ and $p = 0.000$) is the most significant independent variable followed by trust ($\beta = 0.586$, $t=6.530$ and $p = 0.000$) and cost and time ($\beta = 0.331$, $t= 4.460$ and $p=0.000$) respectively. So, these are the major factors that strongly lead to customer satisfaction of the online customers.

SUGGESTIONS

1. The bank websites should have customer-centric approach in the sense that such websites must be trust worthy and create good confidence among the customers of the banks. Moreover, the banker should try to fulfill various promises and commitments made to the customers.

2. This is another step to promote customer satisfaction through good online banking service. In other words, proper instructions, guidelines and clarifications have to be made available in operating net account. Ambiguity in transactions does not lead to satisfaction. Thus, a banker has to provide necessary communication to its customers.

3. This is yet another step to be taken by the banker which involves accessing the website of a bank from anywhere else. It is further strengthened by anytime and anywhere banking by the bankers. Lack of accessibility arises in remote place or in rural areas. In such a situation a banker has to provide and use powerful devices to ensure easy accessibility.

4. Online banking is an impersonal form of banking. To remove the bottle necks in the operation and functioning of the internet banking, a banker should establish continuous

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communication with the customers in the form of email, face book, etc. This would help to remove misunderstanding and default in the performance of both banker and customer. Moreover, the banker should send periodical communication to ensure constant touch with the customers.

CONCLUSION

The study analyses customer perception of online banking services. The customers are not fully aware of the operational part of the online banking transactional facilities. On the basis of the observations of the respondents, the banker has to concentrate more about the online banking activities will definitely help in a positive manner.

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