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Analytical view on the online banking services of public sector banks in Coimbatore

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Abstract

The emergence of new banking technology creates highly competitive market conditions, which have a critical impact upon customer behavior. 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 behavior, which will become a major issue in creating competitive advantage in the future. Mainly four objectives are involved in this study. The tools used for this study is percentage analysis and chi-square. The study focused on the online banking services of public sector banks operating in Coimbatore district with an objective of getting valuable suggestions to take strategic decisions and its implementation.

Keywords: Banking technology, customer behavior, online banking services, public sector banks and strategic decisions

1. Introduction

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 services to the customers for which they are relatively happy. At present, the total internet users in the country are estimated at 9 lakh. However, this is expected to grow exponentially to 900 lakh by 2025 (N.Ajjan, 2012) ^[1].

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, finding mortgage or auto loans, 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 (Divya *et al*, 2008) ^[2].

2. Review of literature

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.

Nadia Asghar (2012) ^[4], in their article titled, "An empirical analysis of Customer satisfaction on adoption of Internet Banking in Pakistan" proves that in Pakistan 9 particularly in twin cities), customers are satisfied on adopting the internet banking and feel comfortable which processing their day to day business through the online banking facility.

Alabar, T. Timothy (2012) ^[5], in their research paper titled, "Electronic Banking Services and Customer Satisfaction in the Nigerian Banking Industry", identified that electronic banking

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services has been able to cut costs, save time and offer services at the expenses of man-hour to the satisfaction of customers and with electronic banking, opportunities are also created for small banks to compete on more equal footing with the other larger banks in the world to satisfy customers.

3. Statement of the problem

Though, 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 it 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. At this backdrop, following questions stand as challenges for the entire banking industry operating in online.

1. What is the source of awareness of the banking customers?
2. What factors influence a customer to adopt online banking services?
3. What are the determinants of customers' satisfaction on online banking services?
4. What problems are faced by the customers in online banking?

4. Objectives of the study

Based on these questions the following objectives were framed for the study.

- To study the socio-economic profile of the customers using the on-line banking services,
- To evaluate 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 identify the problems faced by customers on on-line banking services and to suggest suitable measures to improve quality of on-line banking services.

5. Methodology

To achieve the objectives of this present study, the study has adopted the following research methodology.

5.1 Sources of data

Of the total population in Coimbatore district it is found that only 17-20 percent of the customers make use of online

banking services. A sample of 200 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. Questionnaire contains questions relating to customer awareness on online banking services, factors influencing them to adapt to the on-line banking services, satisfaction on online services and problems faced by the customers while using online banking services of all public sectors banks in Coimbatore District. The collected data was analyzed using simple percentage and chi-square test.

5.2 Sampling

For this study, the customers using online banking services of the various public sector banks operating in Coimbatore District are chosen randomly there are twenty six public sector banks operating in Coimbatore District are Allahabad Bank, Andhra Bank, Bank of Baroda, Bank of India, Bank of Maharashtra, Canara Bank, Central Bank of India, Corporation Bank, Dena Bank, IDBI Bank, Indian Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab & Sind Bank, Punjab National Bank, Syndicate Bank, UCO Bank, Union Bank of India, United Bank of India, Vijaya Bank and State Bank of India. For analyzing the collected data the two statistical tools namely Simple Percentage Analysis and Chi-Square Test are applied.

6. Summary of findings

The socio-economic profile of the customers, information about online banking, online services availed to customers by public sector banks has been evaluated using simple percentage analysis and to analyze the satisfaction level of the consumers, chi-square test has been employed.

6.1 Socio Economic Profile

The socio-economic profile of the two hundred sample respondents have been evaluated for gender, age, educational qualification, marital status, occupation, monthly income, number of members in the family, number of earning members in family, type of account, type family, status of member in family and annual savings has been evaluated using simple percentage analysis and the results are summarized in the following table.

The socio economic profile of respondents implies that the majority of the respondents were males with majority in the age group of less than 25 years and many of them were graduates. Most of the respondents were married. The majority of the respondents are employees and earn less than Rs. 1,00,000 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. Majority of the respondents have an annual savings below Rs. 1,00,000 and have the savings bank account.

6.2 Information about Online Banking

Majority of the respondents are found to hold their accounts only in State Bank of India and majority of the respondents came to know about the online banking services mostly through the advertisements. Many 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. Many of them are 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.

6.3 Online Services availed to Customers by public sector banks

Most of the respondents had chosen online banking for time convenience using it for bill payments. Many respondents have opined that they use online banking once a month. Many respondents 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. Many of them have suggested bringing out certain reforms 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.

6.4 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 1: Socio-economic profile of respondents

Variables	Category	No. of Members	Percentage
Gender	Male	126	63
	Female	74	37
Age	Up to 25 years	72	36
	26-30	58	29
	31-50	59	29.5
	More than 50	11	5.5
Educational Qualification	H.S.C	23	11.5
	Diploma	24	12
	Under Graduate	73	36.5
	Post Graduate	48	24
	Professional	32	16
Marital Status	Married	109	54.5
	Unmarried	91	45.5
Occupation	Student	43	21.5
	Housewife	17	8.5
	Agriculturist	7	3.5
	Employee	70	35
	Professional	28	14
	Business	35	17.5
Monthly Income	Less than Rs. 1,00,000	87	43.5
	Rs. 1,00,001 - Rs. 2,00,000	56	28
	Rs. 2,00,001 - Rs. 3,00,000	27	13.5
	Above Rs. 3,00,000	30	15
No. of Members in a Family	Below 4 Members	105	52.5
	4 - 5 members	76	38
	5 - 6 members	16	8
	Above 6 members	3	1.5
No. of earning members in family	1 member	66	33
	2 members	107	53.5
	3 members	16	8
	Above 3 members	3	1.5
Type of Account	Savings A/C	159	79.5
	Recurring Deposit	8	4
	Current A/C	16	8
	Fixed Deposit	8	4
	Others	9	4.5
Type of family	Nuclear	155	77.5
	Joint	45	22.5
Status of member	Head of the family	76	38
	Member of the family	124	62
Annual savings	Less than Rs. 1,00,000	142	71
	Rs. 1,00,001 - Rs. 1,50,000	34	17
	Rs. 1,50,001 - Rs. 3,00,000	15	7.5
	Above Rs. 3,00,000	9	4.5

Source: Primary Data

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
No. of earning member in family		3	1.902	7.815	11.341	NS
Type of Account		3	1.30	7.815	11.341	NS
Annual savings		3	0.30	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 (*Simon Gyasi et al.*)^[10]. Gender and age of the customers does not influence the customer satisfaction towards online banking (*Vijay M. Kumbhar*)^[11]. It is reflected in this study, where there is no significant effect of gender, age, occupation, number of members in family, number of earning members in the family, type of account and annual savings of the respondents towards the customer satisfaction.

7. Suggestions

The study prefers to offer the following suggestions,

- Banks must provide more advertisement in rural areas.
- Banks must provide frequent updates of their online banking services to customers.
- The procedure for usage of online banking must be in a simple mode.
- The processing speed should be increased for fast use of all services.
- The pages setup and procedure for registration should be simple.

8. Conclusion

Undoubtedly e-banking is a strong catalyst for the economic development and in order to enhance the propensity to 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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