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## **An empirical study on the consumer perception towards e-banking with special reference to Bhagalpur city**

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### **Abstract**

Banking is defined as the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to conduct economic activities such as making profit or simply covering operating expenses. The Policies and Strategies of Private and Public banks are different that leads variation in the customers' satisfaction level. The banker has to understand the customer needs and in the same way, the customer has to know about the various services offered by the banks. Increased level of awareness among the customer leads to increased preferences.

In today's era it is necessary to find the relation between the use of digital banking and its usage by consumers. On another hand banks are putting continuously effort on developing products based on consumer needs which are friendly and convenient to use. Various papers were examined to understand how people have accepted digital banking as part of life in various countries.

The study aims to find customer preference towards digital banking by customers in Bhagalpur. Descriptive study was conducted on research which shows customer preference towards E- banking. The research intends to know what the effect of Digital banking. The study includes both Qualitative and Quantitative approach to find out the impact of customer preference towards Digital Banking. Questionnaire was used as our data collection tool. From the questionnaire it was analyzed that majority of respondents have ranked transfer of funds and payments as main reason behind using digital banking services.

**Keywords:** E-banking, consumer, awareness, economic activities

### **Introduction**

Banking is defined as the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to conduct economic activities such as making profit or simply covering operating expenses. Banking sector is a backbone of any financial system in the any world. Indian Banking Industry covers various segments such as Current Account, Saving Account, Housing Loan, Vehicle Loan, Personal Loan, Education Loan, and consumer durable loan, credit card and debit card. There are various drivers of banking in India which contributes in the growth of banking. To meet the changing preferences of the customers and to stay ahead of competitors, bankers are bound to provide quality and efficient services.

Banks can enhance customer service by leveraging on technology, maintenance of efficient service delivery standards and business process re-engineering. A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by extending loans or indirectly through capital markets. A bank serves as a link between customers who have capital deficits and customers having capital surplus. Although Banks may be focusing on various innovative promotional tools but still they are facing a problem of marketing myopia i.e. the mistake of paying more attention to the specific products a company offers than to the benefits and experiences produced by these products.

### **Conception of E-banking**

The most general type of electronic banking in our times is banking via the Internet, in other words Internet banking.

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This type of banking allows consumers to check the balances in their accounts, transfer funds and order electronic bill payments. Internet banking systems allowing customers to apply for loans, trade stocks or mutual funds, and even view actual images of their checks or deposit slips. Consumers all over the world have relatively easy access to their accounts 24 hours per day, seven days a week. It makes available to customers a full range of services including some services not offered at branches. Internet banking has the advantage that the customer avoids travelling to and from a bank branch. In this way, Internet banking saves time and money provides convenience and accessibility.

Customers can manage their banking affairs when they want, and they can enjoy more privacy while interacting with their bank. It has been claimed that Internet banking offers the customer more benefits at lower costs. Turban *et al.* (2000) indicated that Internet banking is extremely beneficial to customers because of the savings in costs, time and space it offers, its quick response to complaints, and its delivery of improved services, all of which benefits make for easier banking.

### Review of Literature

Ravi C.S Kundan Basavaraj (2013) <sup>[10]</sup> have determined that the variety of products and services to the customers and understand the customer's needs and investigate the preference and satisfaction level of customers towards loans, deposits schemes, insurances and value added services rendered by private and public banks and analyze the customer preference and satisfaction towards banking services both private and public banks.

Prof. (Dr.) Dinesh *et al.* (2015) have examined that how much e- banking used in Public and Private sectors bank in reference to SBI and HDFC bank and to find the consumer satisfaction in respect of e-banking and the perception of employees for using e-banking in Public and Private sectors banks and analyze the working style as comparison between Public and Private sectors banks.

K. Thanga Glara Dr. C. Eugene Franco (2017) have determined that the factors influencing in the adoption of E-banking provided by public and private sector banks, identify the level of satisfaction of customers of public and private sector banks towards their usage of E-banking. It is finding that the customer satisfaction in using ATM services, the customers of both sectors of banks are equally satisfied.

Anis Ali, L.S. Bisht (2018) <sup>[9]</sup> have examined that to measure satisfaction level of customers of Public and Private Banks and factors responsible for variation in customers' satisfaction between Private and Public banks in India and to know the reasons for responsible for variations in satisfaction level or dissatisfaction level in public and private banks and know the factors responsible for the low satisfaction level among the banking customers.

Dr. G. Veeramani, *et al.* (2020) has examined that to find the customer satisfaction and preference towards E-banking. It analyzes and compares satisfaction of the customers towards eservice quality in public and private sector banks and preference of customers regarding the E-service quality and revealed some of the important e-services imparted by

the banks and also services wanted by the customers of the banks in future.

### Objectives of the study

The study aims at identifying the overall customer perception towards the e-banking services. The study also aims at knowing whether demographic variables of the customer have influence on customer satisfaction on e-Banking.

### Hypotheses of the study

The study is based on the following hypotheses. There is no relationship between demographic variables of the respondents like Age, Occupation, and their perception regarding services of e-Banking.

**H<sub>1</sub>:** There is no significant difference between Age of the customer and their perception toward the services of Ebanking.

**H<sub>2</sub>:** There is no significant difference between occupation of the customer and their perception toward the services of E-banking.

### Research Methodology

In a view to precede the research in a systematic way the following research methodology has been used. By means of obtaining detailed opinion of the customers, this research falls under the category of descriptive research. Both primary and secondary data collection was made. To collect the primary data Questionnaire is prepared. A pilot study was conducted to validate the reliability of the questionnaire. The questionnaire includes questions on demographic variable and the respondents were asked to rate their perception level of e-banking services on a five point Likert scale.

The questionnaires were widely circulated to the customers of different banks (any customer who uses the e-banking services of any bank in Bhagalpur city. Sample respondents are selected using convenient sampling method) through direct method and also through email. About 250 questionnaires are being circulated and responses were received from 196 customers and 54 questionnaires were found to be incomplete. The secondary data is collected from magazines, journals, books and websites. Using the remaining 196 complete questionnaire the data is edited, coded and analyzed using SPSS 11.5 using the tests like ANOVA.

### Limitations of the study

The study was conducted in Bhagalpur city and sample is very small hence the results cannot be generalized.

### Analysis and interpretation

To analyze the two hypotheses, different demographic variables are considered. They are Age Group of the respondents and Occupation.

**H<sub>1</sub>:** There is no significant difference between Age of the customer and their perception toward the services of E-banking

**Table 1:** Age Group and Perception of customer on e-banking services - Cross tabulation

| Total | N   | Mean | Std. deviation | Std. Error | 95% Confidence Interval for Mean |            |
|-------|-----|------|----------------|------------|----------------------------------|------------|
|       |     |      |                |            | Lower bond                       | Lower bond |
| 19    | 20  | 2.50 | .607           | .136       | 2.22                             | 2.78       |
| 20-29 | 70  | 2.73 | .635           | .076       | 2.58                             | 2.88       |
| 30-39 | 50  | 2.10 | .763           | .108       | 1.88                             | 2.32       |
| 40-49 | 45  | 2.00 | .739           | .110       | 1.78                             | 2.22       |
| 50-59 | 11  | 1.91 | .831           | .251       | 1.35                             | 2.47       |
| Total | 196 | 2.33 | .769           | .055       | 2.22                             | 2.44       |

The above table depicts the relationship between the age and customer satisfaction on e-banking at 5% level of significance. Majority of the respondents belong to the age group of 20-29 have high level of perception regarding the e-banking services. Majority of respondents who are

between the age group of 30-39 have medium level of perception regarding the e-banking services and majority of them who are between 40-49 have low level of perception and majority of them who are between 50-59 have very low level of perception regarding the services of e-banking.

**Table 2:** ANOVA Test

| Total          | Sum of Squares | DF  | Mean Square | F      | Sig. |
|----------------|----------------|-----|-------------|--------|------|
| Between Groups | 21.192         | 4   | 5.295       | 10.736 | .000 |
| Within Groups  | 94.252         | 191 | .493        |        |      |
| Total          | 114.444        | 19  |             |        |      |

The above table depicts that the p value is .000 which is less than 0.05. So we reject the null hypothesis and accepted the alternative hypothesis. So there is significant relationship between age of the customers and their perception towards the services of e-banking performance.

**H<sub>2</sub>:** There is no significant difference between occupation of the customer and their perception toward the services of E-banking.

**Table 3:** Occupation and perception of customer on e-Banking services-Cross tabulation

| Total          | N   | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean |             |
|----------------|-----|------|----------------|------------|----------------------------------|-------------|
|                |     |      |                |            | Lower Bound                      | Lower Bound |
| Service class  | 40  | 2.32 | .829           | .131       | 2.06                             | 2.59        |
| Business class | 49  | 2.14 | .764           | .109       | 1.92                             | 2.36        |
| Professional   | 55  | 2.13 | .771           | .104       | 1.92                             | 2.34        |
| Students       | 52  | 2.73 | .564           | .075       | 2.57                             | 2.89        |
| Total          | 196 | 2.33 | .769           | .055       | 2.22                             | 2.44        |

The above table depicts the significant difference between the Occupation of the customer and customer perception on e-banking services. Majority of the respondents who are students have high level of perception, majority of service

class customer have medium level of perception towards the services of e-banking and business class and professional customer have very low level of perception regarding the e-banking services.

**Table 4:** ANOVA Test

| Total          | Sum of Squares | DF  | Mean Square | F     | Sig. |
|----------------|----------------|-----|-------------|-------|------|
| Between Groups | 12.329         | 3   | 4.110       | 7.652 | .000 |
| Within Groups  | 103.115        | 192 | .537        |       |      |
| Total          | 115.444        | 195 |             |       |      |

The above table depicts that the p value is .000 which is less than .05. So we reject the null hypothesis and accepted the alternative hypothesis. So there is significant difference between occupation of the customer and their perception on e-banking services

should concentrate on all the age group of customers for betterment of ebanking banks. It has also seen that different occupation group of customers have different perception toward the e-banking services. There are good number of customer in every group like student, service class, business class and professionals, it shows that they all are keen interesting in using the e-banking services. Majority of the people have adopted the E-Banking services and are using more frequently as it is more convenient and cost effective. According to present the use of digital technology has rose and if we look towards the aim of India's Government to make India Digital India is growing at great speed.

**Conclusion**

E-Banking will be successful for banks only when they have Commitment to e-Banking along with a deeper understanding of customer needs. This can come only when the bank has a very big base of customers, best people, and a service attitude. Banks should concentrate on above lines in order to have effective e-banking practices.

The study concluded that different age group of customers have different perception toward the e-banking services and the usage level of these banks' customer is different so bank

### Recommendations

Different age group customers have different perception towards the e-banking services, Mainly the old age people are having the reluctance for using e-banking facilities, so importance to be given to those people and proper training on the usage of e-banking should be given to them and bankers have to adopt the right strategies to attract different age group and give more information about the e-banking services.

Most of the customers prefer e-banking for quickness. So banks should try in all the ways that e-banking is working 24 hour round the clock and service is available to customers without any hassles.

Online Customers are mainly concerned on safety issues so the banks should educate their customers on the safety use of their passwords and pin numbers and it should insist the customers that they should change the passwords and pin numbers frequently so no unauthorized fraudulent practices happen in the online banking.

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