



USAGE OF E-BANKING SERVICES OFFERED BY PUBLIC AND PRIVATE SECTOR BANKS IN NAGAPATTINAM DISTRICT, TAMILNADU

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Abstract:

Technology has come to play a significant role in the realm of development of newer modes of payment and settlement. Towards this end, innovative products such as e-banking and e-payments have been introduced. E-Banking is the process of conduct of banking with the use of electronic tools and facilities. E-banking offers the users a number of services. In this paper an attempt is made to analyse the usage of e-banking services by public and private sector banks in Nagapattinam District.

Key Words: E-Banking, Banking, Public & Private Sector Banks

Introduction:

Where banking operations are carried out through electronic means, it take the form of 'e-banking'. Electronic means of banking include electronically operated devices such as computers, ATMs, etc. in addition, internet, telephone, mobile handsets and others means are also used as part of E-Banking. An essential feature of e-banking is that it provides round the clock access to banking operations. E-banking (electronic banking) provide 24-hour access to cash through an Automated Teller Machine (ATM) or Direct Deposit of pay-cheques into chequing or saving accounts of a bank. However in modern times, electronic banking involves different types of transactions. Electronic banking takes place through 'electronic fund transfer' (EFT). The EFT uses computers and electronic technology as a substitute for cheques and other paper transactions. EFTs are initiated through devices like cards or codes that lets account access happen. For this purpose, banks use ATM or debit cards and Personal Identification Numbers (PINs). In addition, digital signature or scan is also used for allowing access to account.

E-Banking Services:

E-banking offers the users a number of services. Following are some of them:

- ✓ Round-The -Clock Banking
- ✓ Direct Deposit
- ✓ Phone Payment
- ✓ PC Banking
- ✓ Point-of-Sale Transfers
- ✓ Electronic Cheque Conversion

Benefits of E-Banking:

Following are the benefits that would be derived by the use of e-banking and financial services:

Benefits to Customer Services: Following benefits accrue to customers:

- ✓ More convenience in transacting business
- ✓ Better knowledge of state of accounts
- ✓ Wider range of products/services available to the customers
- ✓ Possible lower cost of accessing banking services
- ✓ Access to virtual services in locations beyond the banks normal operating base through the mechanism of shared network system such as 'SWADHAN' In Mumbai.

Benefits to Suppliers: Following benefits accrue to the banks and financial institutions that supply virtual financial services:

- ✓ Large number of satisfied customers and consequent higher retention rate as regards loyalty.
- ✓ Possibility of attracting new customers.
- ✓ More scope to offer differential services.
- ✓ Greater opportunity to cross-sell.
- ✓ Opportunity for expanding banks operational base by participation in shared networks.

- ✓ Opportunity for cost saving in developing technology initiatives through participations in shared networks.
- ✓ Opportunity for banks to deliver a dynamic range of virtual financial services at less cost through the network.
- ✓ Revenue potential through higher customer service charges for virtual delivery system.

E-Banking: Indian Scenario:

Technology has come to play a significant role in the realm of development of newer modes of payment and settlement. Towards this end, innovative products such as e-banking and e-payments have been introduced. E-Banking is the process of conduct of banking with the use of electronic tools and facilities. The services –based areas of activity of banks have perhaps been the predominant mode of e-banking in India with the internet offering itself as a new delivery mechanism for the banks in reaching the customers. Commencing with simple transactions such as enquiry facilities today messages sent through the internet to banks perform tasks such as funds transfer and account opening. Internet banking however necessitates that banks have a secure web server and a centralized database of their customers to facilitate information flow from customers to the bank and vice versa. While some banks already have put in place systems to meet this requirement, others are at various stages of implementations. A term that is closely associated with e-banking is ‘e-payments’. Effecting payments through electronic means constitute e-payments such as e-cheque, card based payments (credit, debit and smart cards) and EFT are in existence. All these are available in the country and the large – scale usage of these is dependent on the levels of technology available at banks and their ready acceptance by the constituents of banks.

Review of Literature:

Vrushali M ramdasi, et al.,(2015) in their study they analyzed the overall usage of E-Banking services by the customers from public and private sector Banks in India. The study concluded that different age group of customers have different use of the E-Banking services so bank should concentrate on all the age group of customers for betterment of e-banking banks. It has also seen that different occupation of the customers attract them towards E-banking. 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

Esther M, et al.,(2015) in their study highlighted the study people in generally are aware of the concept of electronic banking. As e-banking is still relatively new in India, the intention to use e-banking is very limited. The finding reveals that people know about the services but still many are not aware of all the services and do not use them. Banks should ensure that electronic banking is safe and secure for financial transaction like as traditional banking. Therefore the banks should make some potential strategies to create awareness of all e-banking services

Jaroslay Belas, et al.,(2016) in their article examined selected attributes of commercial bank security in relation to customer satisfaction. The study focused on products of electronic banking which represent a significant segment for the current banks. They study concluded that, the banking sector has vastly developed electronic communication with their clients in the current years. Improving electronic distributional channels of banks is on one hand connected to better availability of products and services for clients; on the other hand it also leads to a potential risk increase. This risk is represented by a possible private data theft, then access of hackers to clients’ accounts and in the end by stealing the money from clients. The results thus confirmed that security issues currently influencing also customer satisfaction and loyalty have become a crucial element of bank activities. Commercial banks which base their business mostly on their own trustworthiness are forced to constantly improve applied technologies and protect themselves against potential hacking attacks.

Thinamano C Ramavhona, et al.,(2016) in their study investigated factors which influence the adoption and use of Internet banking in the context of South African rural areas. In this study, a quantitative research approach was used. Their study concluded that the lack of awareness on Internet banking services and its benefits such as its convenience and the possibility to conduct banking transactions from any location with Internet is found to be the reason for South African rural area retail bank consumers’ reluctance to adopt Internet banking. The security of transactions conducted over the Internet is the main concern and significant element that customers consider before adopting Internet banking in South African rural areas as they perceive it as being easily exposed to fraud. As a result, this perception erodes retail bank customers’ confidence to adopt Internet banking. Retail bank customers in South African rural areas will adopt Internet banking if the Internet banking processes are simplified and user-friendly.

Inder pal Singh, et al.,(2017) Studied customer satisfaction by use of internet banking the study concluded that Banks have come to understand that survival in the new economy relies on upon conveying a few or the majority of their keeping money benefits on the Internet while keeping on supporting their conventional framework. Banks have empowered a wide cluster of keeping money items and administrations, being made accessible to retail and discount client through an electronic dissemination channel, by and large alluded to as e-managing an account. Banks have generally been in the cutting edge of harnessing innovation to enhance item and proficiency. Innovation is modifying the connections amongst banks and its inward and

outside clients. Innovation has additionally disintegrated the section obstructions confronted by numerous businesses. With one time speculation, innovation has realized predominant items and channel administration with a unique concentrate on client relationship. The incremental expenses acquired for development and enhancement are likewise more gainful.

Najah Hassan Salamah(2017) in his study aims to evaluate the significance of electronic system integrated in the banking sector for providing convenience services to their clients and the overall impact caused by electronic services on bank transaction. There search has applied analytical descriptive methodology to analyze the impact of electronic banking services on the bank transactions. The analysis revealed that electronic services have contributed to increase both the financial activity of the bank as well as number of its clients. In the banking sector, professional training can be given to banking officials, so that they can effectively work on the electronic system. The satisfaction has covertly impact a customer inclination towards electronic banking and electronic banking has positively influenced the banking transaction.

Objectives of the Study:

- The following are the objectives of the present study.
- ✓ To know the e-banking experience of the sample respondents in the study area.
- ✓ To ascertain the mode of adoption of e-banking service by the sample respondents in the study area.

Methodology:

Nagapattinam district has been selected for the purpose of primary data collection. To carry out the research objectives, the researcher has used both primary and secondary data. The secondary data and information have been collected from various sources like business newspapers, journals, magazines, etc. Primary data has been collected through well structured interview schedule from the sample respondents of both public and private sector Banks. For this study the respondents are selected using convenient sampling technique. The sample size is fixed as 150 and from each bank i-e., public and private sector bank 75 customers are selected.

Results and Discussion:

The following table highlights the demographic profile of the sample respondents of Public and Private sector banks in Nagapattinam District.

Table 1: Demographic Profile of the Sample Respondents

| Demographic Factors | Frequency | | Percentage | |
|---------------------------|-----------|--------|------------|--------|
| | Private | Public | Private | Public |
| Gender | | | | |
| Male | 46 | 52 | 61 | 69 |
| Female | 29 | 23 | 39 | 31 |
| Age in years | | | | |
| 18-23 | 20 | 22 | 27 | 29 |
| 24-30 | 34 | 25 | 45 | 33 |
| 31-50 | 17 | 26 | 23 | 35 |
| Above 50 years | 4 | 2 | 5 | 3 |
| Level of Education | | | | |
| Up to HSC | 32 | 22 | 43 | 30 |
| UG | 22 | 19 | 30 | 25 |
| PG | 18 | 21 | 24 | 28 |
| Others | 2 | 13 | 3 | 17 |
| Occupation | | | | |
| Student | 22 | 27 | 29 | 36 |
| Salaried | 31 | 31 | 41 | 41 |
| Professional | 19 | 16 | 25 | 21 |
| Self employed | 3 | 1 | 5 | 2 |
| Total | 75 | 75 | 100 | 100 |

Source: Primary Data

Table 1 exhibits the distribution of the respondents (bank customers in the sample) by demographic and socio-economic characteristics. It can be observed from the table that male customers comprising 65 per cent and female customers comprising 35%. The respondents in the age between 24 and 30 years constitute more followed by those in the age between 31 and 50 years, 18 and 23 years and above 50 years constituting 39 per cent, 29 per cent 28 per cent and 4 per cent respectively. By level of education, 54 per cent of customers were graduates, 36 per cent of customers were up to higher secondary level and the remaining 10 per cent were belongs to other category i-e, Polytechnic, ITI etc. The salaried group has constituted more i-e., 41 per cent of the total sample. As much as 33 per cent of the sample respondents are found unemployed group i-e., students. Next to the above group, 23 per cent are professional and 3 per cent are self employed in the study area.

Table 2: E-Banking Experiences of the Sample Respondents

| Ever used E-Banking | Frequency | | Percentage | |
|---------------------|-----------|--------|------------|--------|
| | Private | Public | Private | Public |
| Yes | 52 | 55 | 69 | 73 |
| No | 23 | 20 | 31 | 27 |
| Total | 75 | 75 | 100 | 100 |

Source: Primary Data

Table 2 provides the distribution of the sample cases by e-banking experiences with present bank. As per the table, the proportion of customers who have experienced e-banking services is more for public sector banks (73%) compared to that of private sector banks (69%). 31% of private sector banks and 27% of public sector banks customers are not using e-banking services in the study area.

Table 3: Number of years using E-Banking Services by the Sample Respondents

| Number of Years | Frequency | | Percentage | |
|------------------|-----------|--------|------------|--------|
| | Private | Public | Private | Public |
| Less than 1 year | 12 | 17 | 23 | 31 |
| 1-2 years | 30 | 27 | 57 | 52 |
| 2-3 years | 6 | 4 | 12 | 7 |
| 3-5 years | 2 | 6 | 4 | 8 |
| Above 5 years | 2 | 1 | 4 | 2 |
| Total | 52 | 55 | 100 | 100 |

Source: Primary Data

According to Table 3, 57 per cent private sector banks customers and 52 percent have stated that they are using E-Banking services 1-2 years and 23 per cent private sector banks customers and 31 per cent have stated that they are using E-Banking services less than 1 year in the study area.

Table 4: Reasons for using E-Banking Services by the Sample Respondents

| Reasons | Frequency | | Percentage | |
|------------------------------|-----------|--------|------------|--------|
| | Private | Public | Private | Public |
| Speed | 15 | 18 | 29 | 32 |
| Convenience | 13 | 11 | 25 | 20 |
| Cheaper | 4 | 6 | 8 | 11 |
| Easier | 8 | 11 | 15 | 20 |
| Prestigious | 5 | 2 | 10 | 4 |
| Anywhere and anytime banking | 8 | 7 | 15 | 13 |
| Total | 52 | 55 | 100 | 100 |

Source: Primary Data

From the above table it is clear that, 29 per cent of private sector bank customers expressed speed is the reason for using e-banking service, followed by 25 per cent, 15 per cent, 15 per cent, 10 per cent and 8 per cent customers stated that convenience, easier, anywhere and anytime banking, prestigious and cheaper is the reason for using e-banking services in the study area. Regarding public sector bank 32 per cent of customers expressed speed is the reason for using e-banking service, followed by 20 per cent, 13 per cent, 11 per cent and 4 per cent customers stated that convenience, easier, anywhere and anytime banking, cheaper and prestigious is the reason for using e-banking services in the study area.

Table 4: Reasons for not using E-Banking Services by the Sample Respondents

| Reasons | Frequency | | Percentage | |
|------------------------------|-----------|--------|------------|--------|
| | Private | Public | Private | Public |
| Lack of Security | 7 | 4 | 31 | 20 |
| Lack of awareness | 10 | 8 | 44 | 40 |
| Lack of privacy | 4 | 2 | 17 | 10 |
| Trend of traditional banking | 1 | 4 | 4 | 20 |
| High transaction fee | 1 | 2 | 4 | 10 |
| Total | 23 | 20 | 100 | 100 |

Source: Primary Data

The above table exposes the reasons for not using e-banking services in the study area. 44 per cent of private sector banks and 40 per cent of public sector bank customers stated that they have lack of awareness about e-banking services offered by their bank is the reason for not using e-banking services and 31 per cent of private sector banks and 20 percent of public sector banks customers expressed that lack of security regarding e-transactions is the reason for not using e-banking services in the study area.

Table 5: Adoptions of E-Banking Services by the Sample Respondents

| Reasons | Frequency | | Percentage | |
|-------------------|-----------|--------|------------|--------|
| | Private | Public | Private | Public |
| ATM | 33 | 28 | 63 | 51 |
| Telephone Banking | 8 | 10 | 15 | 18 |
| Credit cards | 4 | 6 | 8 | 11 |
| Mobile banking | 4 | 7 | 8 | 13 |
| P.C. Banking | 3 | 4 | 6 | 7 |
| Total | 52 | 55 | 100 | 100 |

Source: Primary Data

The above table shows the results of the analysis comparing adoptions of e-banking services between public and private sector banks by the sample respondents in the study area. Majority of private sector banks customers adopted ATM (63 per cent), telephone banking (15 per cent) as their e-banking mode. Whereas in public sector banks 51 per cent customers adopting ATM for their e-banking operations followed by 18 per cent using telephone banking and 13 per cent using mobile banking for their e-banking operations in the study area.

Findings:

- ✓ The proportion of customers who have experienced e-banking services is more for public sector banks (73%) compared to that of private sector banks (69%).
- ✓ 31% of private sector banks and 27% of public sector banks customers are not using e-banking services in the study area.
- ✓ 57 percent private sector banks customers and 52 per cent have stated that they are using E-Banking services 1-2 years and 23 per cent private sector banks customers and 31 per cent have stated that they are using E-Banking services less than 1 year.
- ✓ 29 percent of private sector bank customers expressed speed is the reason for using e-banking service. Similarly in public sector bank 32 per cent of customers expressed speed is the reason for using e-banking service.
- ✓ 44 percent of private sector banks and 40 per cent of public sector bank customers stated that they have lack of awareness about e-banking services offered by their bank is the reason for not using e-banking services.
- ✓ 31 percent of private sector banks and 20 per cent of public sector banks customers expressed that lack of security regarding e-transactions is the reason for not using e-banking services

Suggestions:

In order to improve the usage of e-banking services in the study area the following suggestions were offered to the officials of both public and private sector banks functioning in the study area.

- ✓ The banks should formulate various strategies to attract the customers still those who are not using the e-banking services in the study area.
- ✓ The banks should create a confidence in the minds of the customers about the security of the e-transactions because majority of the customers have a fear in their mind about security of e-transactions.
- ✓ The banks should provide proper training to their customers and to educate them how to perform the e-banking transactions safely with the help of various mobile apps.

Conclusion:

This study analyzed the usage of e-banking services by the customers of public and private sector banks functioning in Nagapattinam district. The study concluded that the customers are willing to adopt e-banking facilities but they have fear about the safety of e-banking transactions. If the banks overcome the fear in the minds of the customers, definitely in future more number of customers will adopt e-banking services in the study area.

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