

A Study of Customer Perception towards E-Banking - In Indore City of Madhya Pradesh

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Abstract: *Internet banking is also called as E-banking, is a topic receiving great recognition in the banking sector and its regulatory body nowadays. Along with the other concerned areas of the E-commerce, E-banking also holds a strong place of discussion. Banks today facilitated a high level of convenience to its customers by offering banking services through electronic mediums such as Internet and Mobile banking. This research-paper tends to gather conceptual perspectives on the role and nature of E-services and the e-service experience now days. Recent advances in technology have created a surge in technology-based services or e-services, and there is an increased recognition of its role in differentiation and consumer interfaces.*

Keywords: E-banking, Customer perception, Banking services, risk perceived

1. Banking Industry

A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into leading activities, either directly or through capital market. A bank connects customers that have capital deficits to customer with capital surpluses. Due to their critical status within the financial system and the economy generally subject to minimum capital requirement which are based on an international set of capital standards, known as the Basel Accords.

In modern times, a bank is a financial institution whose primary activity is not to act as an agent for customers and to borrow and lend the money but to act as PAYMENT BANK because of generalization of use of computer-mobile technology among people of India.

1.1 What is online banking?

Online banking is a new phase in retail banking services. With the help of online banking several types of services through which customers can request information and carry out their banking transaction such as balance inquiry, inter account transfers, utility bills payment, request check book etc., via a telecommunication network or internet without physically visit the branches. E-Banking in personal banking service on the internet, protected with bank identifiers. It is available anywhere, anytime. E-Banking banks allows customer to pay invoices to finish and foreign recipients easily and securely. One can also check his/her account balances and transactions. order new card, withdrawal a loan and make mutual fund subscriptions. The excess of e-banking services by obtaining bank identifiers. The use of E-banking as such is free of charge but some transactions may be levied some sort of commission and fee in accordance the service tariff will be levied on orders the other transactions carried out through banking.

1.2 Need for internet banking?

In traditional banking, one has to approach the branch in person, to withdraw cash or deposit a cheque or request a

statement of accounts. In true e-banking system, any inquiry or transaction is processed online without any physical approach to the branch (anywhere banking at any time) Providing internet banking is increasingly becoming a “need to have” than a “nice to have” service. The net banking, thus now is more of a norm rather than an exception in India too as many developed countries due to fact that it is the cheapest way of providing banking services. Banks have traditionally been in the forefront of harnessing technology to improve their products, services and efficiency. They have, over a long time, been using electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial- up connections, private network, public network etc. and the devices include telephone, personal computers including the ATM. With the popularity of PC's, easy access to internet and (WWW), internet is increasingly used by banks as a channel for receiving instructions and delivering their product and services to their customers. This form of banking is generally referred to as internet banking, although the range of product and services provided by different banks very widely both in their content and sophistication.

2. Review of Literature

According to **Durkin and Howcroft (2003)** evaluated that the banker-customer relationship was improved through mobile, phone and internet banking. The authors found that new technology has made the banks very competitive and profitable and internet has played a key role in it. Customers are no longer interested in buying off the shelf solution but require remedies that fit their business models and plans. It is therefore crucial for banks to have strong relationship with evolving customers, in order to ensure they are at the right place at the right time. In order to obtain and create the benefits, relationship marketing need to be managed correctly in order to maintain, enhance and develop a long-term relationship between businesses customers.

As stated by **Suleiman et al. (2006)**, studied the impact of e banking on Malaysian banking sector. The study aimed at providing an overview of e-banking adoption in Malaysian.

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Out of 53.9%, who used e-banking, 85% it for saving bank facility, 55.8% for current account facility, and 37% for third party transfer. The researcher analysed website contained 32 elements, and a survey was conducted to obtain customers, perspective of e-banking. The researchers over view that results of the study cannot be generalized to the general population. Nevertheless, the result provide a fair indication of what services e-banking users find useful and which group of customers were likely to use the service more.

Contributed by **Bahl, Sarita (2012)** determined that security and privacy issues are the big issue in e-banking, if security and privacy issue resolved, the future of electronic banking can be very prosperous. Age and income levels of the customers are the important demographic factors in the banks which have been used to measure the perception of the customers on e-banking services. E-banking customers need and requirements of customers.

Contributed by **Dr. M. Abdul Hakeem and Y. MoydheenSha (2015)** in their analysis it was observed that particular age group have used these services, the satisfaction of the customer majorly influenced the convenience, awareness and responsiveness. In the present technology society, most of the banking customer prefer and switch to e-banking facilities.

3. Objectives of Study

- To analyse customers perception on e-banking in Indore.
- To analyse different risks perceived by users of e-banking in Indore.
- To analyse the usage of e-banking services on the basis of demographic factors.

4. Hypothesis of Study

- H_0 = There is no significant association between profession and usage of e-banking services.
- H_0 = There is no significant association between age and usage of e-banking services.
- H_0 = There is no significant association between education and usage of e-banking services.

5. Research Methodology

Data Collection: The study is completely based on Primary data.

Sample Size: The sample size used for the study is 100.

Sample Area: The area of research is Indore. In this city the main occupation are industrial activities, educational institutions and agricultural activities were play a vital role for development of semi-urbanization economy. Hence plays very effective role in creating employment opportunities for industrial labour and educational employees. Hence, we have selected the Indore city for the research.

Tools for Data analysis: Chi-square & Mean averages

6. Data Analysis & Descriptive Analysis

6.1 Chi Square analysis

Table 1.1: On the basis of Profession

Profession	How often do you use E-Banking				Total
	Daily	Monthly	Half yearly	Yearly	
Employee	7	12	0	0	19
Business	4	8	1	1	14
Student	12	34	10	5	61
Housewife	0	2	1	1	4
Total	23	56	12	7	98

Interpretation

The above table shows the cross tabulation between profession and usage of e-banking, and here the majority of respondents who are using e-banking services are students, and the least users are housewives.

Hypothesis

H_0 = There is no significant association between profession and usage of e-banking services.

H_1 = There is significant association between profession and usage of e-banking services.

Chi-Square Tests on profession

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.344 ^a	9	0.323
Likelihood Ratio	13.893	9	0.126
Linear-by-Linear Association	8.292	1	.004
N of Valid Cases	98		

^a11 cells (68.8%) have expected count less than 5. The minimum expected count is .29.

Interpretation

The chi square test is applied on the different professions and how much they are using e-banking services. The P -value, $0.323 > 0.05$, this interprets that null hypothesis (H_0) is accepted and the alternative hypothesis (H_1) is rejected which in turn means that the two variables amongst which the test is carried out do not have significance association between them. The data taken of analysis of this chi square is insignificant.

Table 1.2: On the basis of Age

Age	How often do you use E-Banking				Total
	Daily	Monthly	Half yearly	Yearly	
20-30years	21	49	11	6	87
31-45years	2	5	1	2	10
46-60years	0	1	0	0	1
61 and above	0	1	0	0	1
Total	23	55	12	8	93

Interpretation

The above shows that the cross tabulation between age and usage of e-banking, here the majority of the respondents who are using e-banking services are lying in the range of 20- 30years, the trend of using e-banking is declining with in the age groups of 46-60years and above 60years.

Hypothesis

H₀ = There is no significant association between age and usage of e-banking services.

H₁ = There is significant association between age and usage of e-banking services.

Chi-Square Test on Age

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.654 ^a	9	.933
Likelihood Ratio	3.896	9	.918
Linear-by-Linear Association	.356	1	.551
N of Valid Cases	99		

a. 11 cells (68.8%) have expected count less than 5. The minimum expected count is .08.

Interpretation

The chi square test is applied on the different age groups and how much they are using e-banking services. The *P*-value, **0.933 > 0.05**, this interprets that null hypothesis (H₀) is accepted and the alternative hypothesis (H₁) is rejected which in turn means that the two variables amongst which the test is carried out do not have significance association between them. The data taken of analysis of this chi square is insignificant.

Table 1.3: On the basis of Education

Education	How often do you use E-Banking				Total
	Daily	Monthly	Half yearly	Yearly	
High school & Below	0	0	0	0	0
Graduation	13	29	7	5	54
Post-Graduation	11	26	5	3	45
Total	24	55	12	8	99

Interpretation

The above shows that the cross tabulation between education and usage of e-banking, here the majority of respondents who are graduates or some degree holders are using it frequently as compared to others.

Hypothesis

H₀ = There is no significant association between education and usage of e-banking services.

H₁ = There is significant association between education and usage of e-banking services.

Chi-Square Test on Education

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.004E2 ^a	8	.001
Likelihood Ratio	11.552	8	.175
Linear-by-Linear Association	1.007	1	.316
N of Valid Cases	99		

a. 9 cells (60.0%) have expected count less than 5. The minimum expected count is .01.

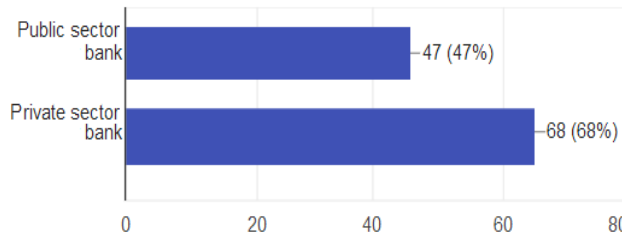
Interpretation

The chi square test is applied on the different age groups and how much they are using e-banking services. The *P*-value, **0.001 > 0.05**, this interprets that null hypothesis (H₀) is accepted and the alternative hypothesis (H₁) is rejected which in turn means that the two variables amongst which

the test is carried out do not have significance association between them. The data taken of analysis of this chi square is insignificant.

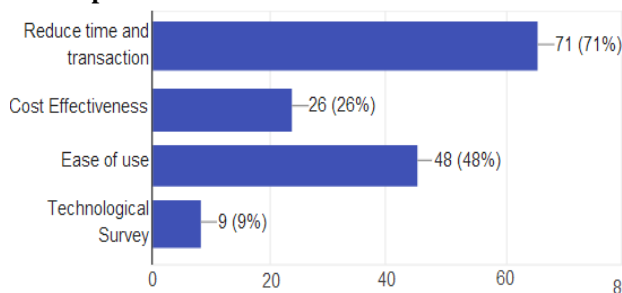
6.2 Data Analysis

Which category of the banks do you consider as most technologically 100 responses



Interpretation- From the above we can say that private sector banks are more popular and highly preferred by the people as compared to public sector bank.

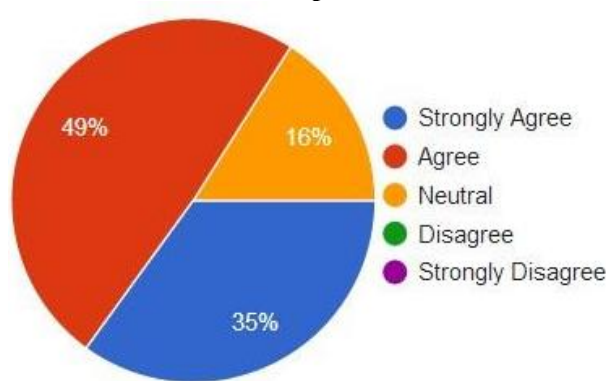
Which factor promotes you to use the new techniques in banking 100 responses



Interpretation

From the above we can conclude that 71% respondents are using new techniques provided by the banks because it consumes less time. 26% respondents are using new techniques provided by the banks because it is cost effective. 48% respondents are using new techniques provided by the banks because of ease of use. 9% respondents are using new techniques provided by the banks because of technological survey

I prefer E-Banking due to its easy access. 100 responses



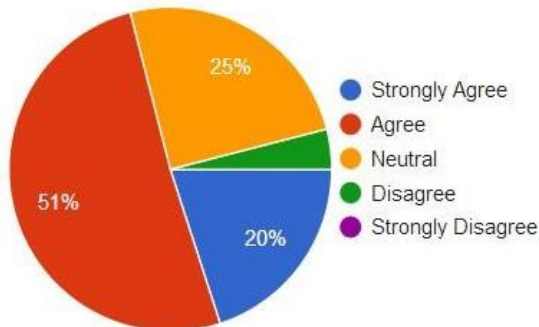
Interpretation

I prefer E-banking due to its easy access mean value is = 1.81

From the above we identify that 35% respondents are strongly agree, 49% respondents are agreed, 16% are at neutral state. Thus we conclude that with increase in growth and technology more respondents are likely to use e-banking services due to its easy access.

I prefer E-Banking, as I have sufficient knowledge

100 responses



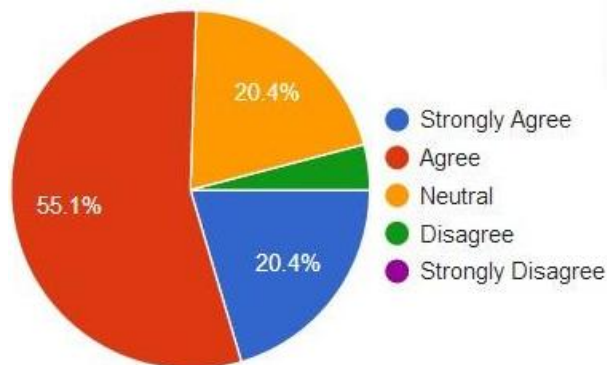
Interpretation

I prefer E-Banking, as I have sufficient knowledge mean value is = 2.13

From the above we identify that 20% respondents are strongly agree, 51% respondents are agreed, 25% respondents are at neutral state and 4% respondents are disagree. Thus we conclude that there are less respondents who have sufficient knowledge about e-banking services

I prefer E-banking because of availability of good speed

98 responses



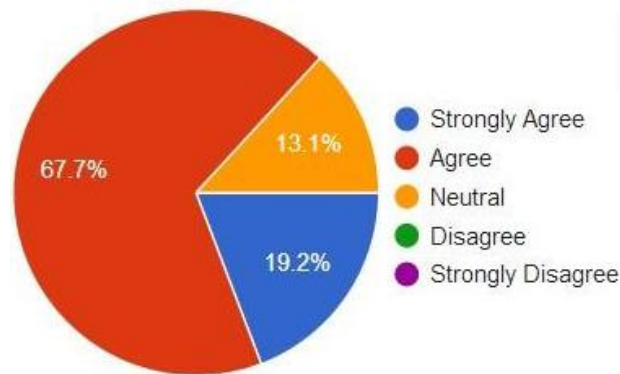
Interpretation

I prefer E-banking because of availability of good speed. Mean value = 2.08

From the above we identify that 20.4% respondents are strongly agree, 55.1% respondents are agreed, 20.4% respondents are at neutral state and 4.1% respondents are disagree. Thus we conclude that there are many respondents who are using e-banking service because they are not facing any hurdle regarding speed while doing transactions.

It is very convenient method of banking

99 responses



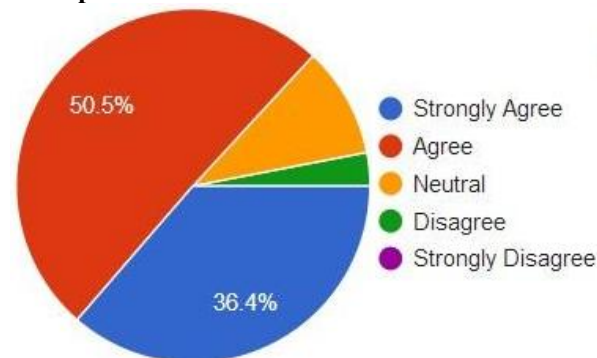
Interpretation

It is very convenient method of banking. Mean value = 1.93

From the above we identify that 19.2% respondents are strongly agree, 67.7% respondents are agreed, 13.1% respondents are at neutral state. Thus we conclude that it is convenient method of e-banking as it reduces transaction cost as well as consumes less time while doing transactions.

24/7 availability is my prime motive

99 responses



Interpretation

24/7 availability is my prime motive. Mean value = 1.79

From the above we identify that 36.4% respondents are strongly agree, 50.5% respondents are agreed, 10% respondents are at neutral state, 3% respondents are disagree. Thus we conclude many respondents who need 24/7 availability of e-banking services and they are getting the same from e-banking.

Table 1.4: Mean Values

Particulars	Mean Value	Rank
I prefer E-banking due to its easy access.	1.81	2
I prefer E-Banking, as I have sufficient knowledge.	2.13	5
I prefer E-banking because of availability of good speed.	2.08	4
It is very convenient method of banking.	1.93	3
24/7 availability is my prime motive.	1.79	1

Interpretation

From the above table we can conclude that respondents use e-banking firstly, because they are getting facility of 24/7 as its mean value is 1.79 which is the lowest among all. It denotes strongly agree in our likert scale hence the lowest

value signifies the most expedient factor, secondly respondents are using e-banking because it is easily assessable and easy to reach as its mean value is 1.81, respondents are finding this method more convenient and simple as compared to others since its mean value is 1.93, respondents are preferring the e banking because they have find it more easy to reach due to the highest level of technology available with them like good internet speed and hi tech phones. Lastly, respondents are using it because they have got the sufficient knowledge of the e banking via the facilities available.

7. Findings

- 1) Based on this study, the opinion of the sample respondents among the bank customers the various aspects of e-banking / internet banking services provided by public sector bank and private sector bank are evaluated that 68% of respondents are using e-banking. Factor which promotes e-banking is 71% it will reduce time and cost.
- 2) Further, 49% respondents are agreed due to its easy access, 51% using because they are having sufficient knowledge towards e-banking services, 55.1% prefer e-banking services because of availability of good speed, 67.5% goes for e-banking services because this is very convenient method, 50.5% using e-banking services because of 24/7 availability.
- 3) The quick services in banking sector, make obtainable a proposal to use modern technologies to improve operational competence and fineness of services to obtain and grasp the consumers. The use of online banking services provides the probabilities to banks to operate consumers' zeal to assume the services having much planned benefit. In Banking Industry the Internet Banking is a new era which explores the new horizons of success and development to facilitate and for the betterment of society and open the door of development for banking industry to enhance businesses operations.
- 4) Respondents use e-banking / internet banking service because of its easy access, they are having sufficient knowledge about e-banking / internet banking services, availability of good speed, very continent method of banking and it is available 24/7 of customers.

8. Conclusion

With regard to the "intention to use e-banking / internet banking in the future: all respondents have expressed positive opinion that they have intension of using these service in the future. It is further concluded that the bank customers may also continue to use e-banking / internet banking in the future as it is useful in getting account details and balance statement as well as for transferring funds. Moreover, bank customers tend to strongly recommended to use e- banking / internet banking as it is useful for loan transaction, paying bills using available cash in the accounts,

making order to buy and sell shares and generating latest reports of banking transactions.

9. Suggestions

- Deal only with established and reputable merchants.
- Make sure you log out of your online account when finished-especially at work in libraries and net cafes.
- Only make payments to secure websites-look for the padlock symbol in the bottom-right of your browser and click for details.
- Ignore the "remember my password option" on banking and shopping sites.
- Never give your password to anyone.
- Mostly customers are still unaware from e-banking services. So banks should take reasonable steps, for example, advertising campaign, seminars etc. in order to get aware the society from the uses and benefits of e-banking services.

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