

Customers' Perceptions towards E-Banking Services – A Study of Select Public Sector Banks in Rayalaseema Region of Andhra Pradesh

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Abstract

In the present modern economy the acceptability of technology is very high in almost all the areas of business. But the response of the customers towards the technological developments in the banking sector is not up to satisfaction levels. The present study focuses on perceptions of banking customers towards the various e-banking services. A sample of 680 respondent customers of State Bank of India (SBI) and Andhra Bank in Rayalaseema region of Andhra Pradesh are included in the study. The data analysis is analysed through Statistical Program for Social Science (SPSS-21.0).

Key Words: Andhra Bank, E-banking services, Modern economy, Rayalaseema region, State Bank of India, Technology

Introduction

Various developments have taken place in Indian Banking. Among the various developments, technology has influenced the way customer interacts with banks. Electronic channels and products such as ATMs, cards, internet banking and mobile banking are offered along with traditional branch channel. Differences in the usage of channels exist between developed countries and developing countries. Evidence suggests that there is a shift from traditional channel to electronic channels. For example, usage of digital banking in developed countries is more than 90 percent and diffusion of digital channels in developing countries range from 11 percent to 25 percent. The study by Capgemini in his report “World Payments Report 2014” indicate that non-cash transactions have reached 334 billion transactions. There is greater propensity of customers to move towards digital channels. Banks which develop digital capabilities are going to benefit. Customers recognize greater convenience through digital channels. However, banks will need to cope up with issues of customer service and frauds which are associated with digital channels.

JagdeepSingh(2012), in his study ‘Scenario of E-Banking in Today’s life – A Survey’, stated that, people are aware of e-banking to certain extent. The customers are at ease with e-banking as it saves time and made life easy. Rama Krishna G and Venu Gopal Rao(2008), conducted a study on “Quality of Customer Service in Public Sector Banks” and has suggested that Banks should revise their policies and take appropriate measures for providing customer satisfaction and to retain the customers from shifting to competitors”. R.Anuradha(2001) stated that “the need for the change of Indian banks and the forces behind the change like globalisation, liberalisation, international trade, IT revolution etc., The study also highlights various consequences that are to be faced by the Indian banks if they remain unchanged.”

Need for the Study

The review of various studies and literature on banking revealed that there are very few studies covered the concept of customer perceptions and customer service in Banks largely at country and state level. But the researcher did not find any study covering the perceptions of customers towards E-Banking services in select public sector banks particularly at one of the backward region of Andhra Pradesh i.e. Rayalseema Region. Technology places a pivotal and indispensable role in extending E- Banking services. It would be useful to study the perceptions of customers towards E-Banking Services in an underdeveloped drought prone region of Andhra Pradesh i.e., Rayalaseema Region.

Objective of the Study

The specific objectives of the study are:

- To study the socio-economic profile of the respondent customers
- To analyze the perceptions of customers towards E-Banking services

Research Methodology

The present study is mainly based on primary data and is behavioural in nature. However, the secondary data is also made use of at some places of the study wherever it became necessary. The primary data is collected through a structured questionnaire. For the purpose of the sample two largest public sector banks i.e. SBI and Andhra Bank were selected for the study based on turnover of the banking industry. The sampling technique used is stratified sampling, constitutes four districts, divided into 14 revenue divisions. The sample size is 700 but only 680 questionnaires are received from the respondents. Thus, the rate of response is 97.1%. The primary data collected is analyzed through SPSSp-21.0.

Data Analysis and Interpretation

Socio-Economic Profile of Respondents

Age group of respondents: Age of the customers is one of the important profile variables of the customers. It shows their level of experience and maturity. In the banking industry, age plays a predominant role in their level of expectation and perception on the service quality of banks. In general, the youngsters expect more than the elders who are highly experienced and emotionally balanced. The age of the customers in the present study is confined to up to 30 years, 31 to 40, 41 to 50, 51 to 60 and above 60 years. The distribution of customers on the basis of their age is given in table no. 1

Table No.1: Age

		Frequency	Percent
Valid	Up to 30 years	142	20.9
	31-40	194	28.5
	41-50	186	27.4
	51-60	114	16.8
	60 and above	44	6.5
	Total	680	100.0

Source: Field Survey

It can be inferred from the table no. 1 that, out of the total respondents, 20.9% of the respondents belong to less than 30 years age group, followed by 28.5% of the respondents belong to the age group of 31 to 40 years, 27.4% of the respondents belong to the age group of 41 to 50 years and 16.8% of the respondents belong to the age group of 51 to 60 years and 6.5% of the respondents in the age group of above 60 years.

Gender of respondents: Since the gender of the customers has its own role in their level of expectation and perception on the service quality of commercial banks, it is included as one of the profile variables. The female customers are usually seeking more service quality from banks than the male customers. But male customers give more importance to certain service quality factors than the female customers. Hence, the study analyses the gender among the customers in the groups of banks. The results are shown in table no.2

Table No. 2: Gender

		Frequency	Percent
Valid	Male	349	51.3
	Female	331	48.7
	Total	680	100.0

Source: Field Survey

It can be interpreted from the table no. 2 that, out of the total respondents, 51.3% of the respondents are male and 48.7% of the respondents are female.

Marital status of respondents: Since the marital status of the customers has its own role deciding and opting for certain services with the bank, it is included as one of the factors for study. Married customers may have desperate need of a locker facility, home loan facility etc. when compared with other category of respondents. Hence, the study analyses the marital status of respondents in table no. 3

Table No. 3: Marital status

		Frequency	Percent
Valid	Married	324	47.64
	Unmarried	354	52.05
	Separated	2	0.29
	Total	680	100

Source: Field Survey

It can be observed from the table no. 3 that, out of the total respondents, 47.64% of the respondents are married, 52.05% of the respondents are unmarried and 0.29% of the respondents are separated.

Employment status of respondents' spouse: Since the employment status of the respondents spouse indicates a role in deciding making and opting for certain services with the bank, it is included as one of the factors for study. If both wife and husband are employed, the facilities that they opt with the bank differ with that of other category of respondents. Hence, the study analyses the employment status of respondents' spouse.

Table No. 4: Spouse employment status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employed	186	57.40	57.40	57.40
	Unemployed	138	42.59	42.59	100
	Total	324	100	100	

Table-5: Family size

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Upto 2	89	13.1	13.1	13.1
	3	186	27.4	27.4	40.4
	4	283	41.6	41.6	82.1
	Above four	122	17.9	17.9	100.0
	Total	680	100.0	100.0	

Source: Field Survey

It can be understood from the table no. 4 that, out of the total respondents who are married, 57.0% of the respondents stated that their spouse is employed and 42.5% of the respondents stated that their spouse is unemployed.

Family size of respondents: Since the family size of the respondents indicates the consumption factors and opting for certain services with the bank, it is included as one of the factors for study. If family size is big the requirements may differ with that of other category of respondents. Hence, the study analyses the family size of respondents. It can be visualized from the table no. 5 that, out of the total respondents, 13.1% of the respondents stated that their family size is two, 27.4% of the respondents stated that their family size is three, 41.6% of the respondents stated that their family size is four, 17.9% of the respondents stated that their family size is above four,

B. Perceptions of Customers towards E-Banking Services

Account holder: It can be analysed from table no. 6 that, with regard to details of account holders, majority of 52.9% of the respondents are having account with State Bank of India, followed by 33.8% of the respondents are having account with Andhra Bank and 13.2% of the respondents are having account with both the banks.

Table No. 6: Details of account holders

		Frequency	Percent
Valid	Andhra Bank	230	33.8
	State bank of India	360	52.9
	Both	90	13.2
	Total	680	100.0

Source: Field Survey

Factors influencing to opt a bank: It can be concluded from table no. 7 that, with regard to the factors influencing respondents option in selecting a bank, majority of 52.9% of the respondents are influenced by branch network, followed by 42.1% of the respondents with proximity, 4.4% of the respondents with latest technology and 0.6% of the respondents were influenced by the relationship with the bank staff. The data reveals that, bank having more number of branches proved to attract more customers.

Table No. 7: Details of factors influencing to opt a bank

		Frequency	Percent
Valid	Branch Network	360	52.9
	Latest Technology	30	4.4
	Proximity	286	42.1
	Relationship with bank staff	4	.6
	Total	680	100.0

Source: Field Survey

The cost of adoption is very high

It can be analyzed from the table no.8 that, with regard to the customers perception towards adoption of E-Banking services and with regard to the statement that, the cost of adoption is very high, 22.1% of the respondents have strongly disagreed with the statement, 20.1% of the respondents have disagreed with the statement, 18.2% of the respondents were neutral with

the statement, 19.9% of the respondents have agreed with the statement and 19.7% of the respondents have strongly agreed with the statement.

Table-8: The cost of adoption is very high

		Frequency	Percent
Valid	Strongly disagree	150	22.1
	Disagree	137	20.1
	Neutral	124	18.2
	Agree	135	19.9
	Strongly agree	134	19.7
	Total	680	100.0

Source: Field Survey

Traditional banking still remain the best option

It can be concluded from the table no.9 that, with regard to the customers perception towards adoption of E-Banking services and with regard to the statement that, traditional banking still remain the best option, 18.7% of the respondents have strongly disagreed with the statement, 21.6% of the respondents have disagreed with the statement, 17.1% of the respondents were neutral with the statement, 22.8% of the respondents have agreed with the statement and 19.9% of the respondents have strongly agreed with the statement.

Table-9: Traditional banking still remain the best option

		Frequency	Percent
Valid	Strongly disagree	127	18.7
	Disagree	147	21.6
	Neutral	116	17.1
	Agree	155	22.8
	Strongly agree	135	19.9
	Total	680	100.0

Source: Field Survey

3. The services are simply too expensive for the low income group

It can be described from the table no.10 that, with regard to the customers perception towards adoption of E-Banking services and with regard to the statement that, the services are simply too expensive for the low income group, 20.9% of the respondents have strongly disagreed with the statement, 21.5% of the respondents have disagreed with the statement, 18.5% of the respondents were neutral with the statement, 17.4% of the respondents have agreed with the statement and 21.8% of the respondents have strongly agreed with the statement.

Table-10: The services are simply too expensive for the low income group

		Frequency	Percent
Valid	Strongly disagree	142	20.9
	Disagree	146	21.5
	Neutral	126	18.5
	Agree	118	17.4
	Strongly agree	148	21.8
	Total	680	100.0

Source: Field Survey

4. No difference as compared to branch banking

It can be explained from the table no.11 that, with regard to the customers perception towards adoption of E-Banking services and with regard to the statement that, no difference as compared to branch banking, 18.8% of the respondents have strongly disagreed with the statement, 21.5% of the respondents have disagreed with the statement, 20.6% of the respondents were neutral with the statement, 20.1% of the respondents have agreed with the statement and 19.0% of the respondents have strongly agreed with the statement.

Table-11: No difference as compared to branch banking

		Frequency	Percent
Valid	Strongly disagree	128	18.8
	Disagree	146	21.5
	Neutral	140	20.6
	Agree	137	20.1
	Strongly agree	129	19.0
	Total	680	100.0

Source: Field Survey

5. Fear of absence of appropriate legal system

It can be interpreted from the table no.12that, with regard to the customers perception

Table-12: Fear of absence of appropriate legal system

		Frequency	Percent
Valid	Strongly disagree	142	20.9
	Disagree	121	17.8
	Neutral	147	21.6
	Agree	121	17.8
	Strongly agree	149	21.9
	Total	680	100.0

Source: Field Survey

towards adoption of E-Banking services and with regard to the statement that, fear of absence of appropriate legal system, 20.9% of the respondents have strongly disagreed with the

statement, 17.8% of the respondents have disagreed with the statement, 21.6% of the respondents were neutral with the statement, 17.8% of the respondents have agreed with the statement and 21.9% of the respondents have strongly agreed with the statement.

Overall Satisfaction towards E-Banking Services

Table No. 13: Details about overall satisfaction towards E-Banking services

overall rating					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly satisfied	163	24.0	24.0	24.0
	Moderate	336	49.4	49.4	73.4
	Dissatisfied	181	26.6	26.6	100.0
	Total	680	100.0	100.0	

Source: Field Survey

It can be illustrated from the table no.13 that, with regard to the overall satisfaction of respondents towards E-Banking services, 49.4% of the respondents stated that, they are moderately satisfied, 26.6% of the respondents stated that, they are dissatisfied and 24.0% of the respondents stated that they are highly satisfied. Satisfaction level is less due to technological complexity and lack of consumer education. Hence, steps to be initiated to spread consumer education among the public for easy accessing of E-Banking services.

Hypothesis

Null hypothesis: There is no significant relationship between customers’ overall satisfaction towards e-banking services and socio-economic profile of the respondents

Alternative hypothesis: There is a significant relationship between customers’ overall satisfaction towards e-banking services and socio-economic profile of the respondents

The relationship between customers’ overall satisfaction towards e-banking services and socio-economic profile is explored with the help of chi-square test and results are furnished in the Table No. 14.

Table-14: Relationship between customers’ overall satisfaction towards e-banking services and socio-economic profile of the respondents

Gender							
			Overall rating			Total	
			Highly satisfied	Moderate	Dissatisfied		
Gender	Male	Count	80	191	78	349	
		Expected Count	83.7	172.4	92.9	349.0	
	Female	Count	83	145	103	331	
		Expected Count	79.3	163.6	88.1	331.0	
Total		Count	163	336	181	680	
		Expected Count	163.0	336.0	181.0	680.0	
Chi-Square Tests							
			Value	df	Asymp. Sig. (2-sided)		
Pearson Chi-Square			9.336 ^a	2	.009		
Likelihood Ratio			9.360	2	.009		
Linear-by-Linear Association			1.469	1	.225		
N of Valid Cases			680				
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 79.34.							
Marital status							
			Overall rating			Total	
			Highly satisfied	Moderate	Dissatisfied		
Marital status	Married	Count	76	175	73	324	
		Expected Count	77.7	160.1	86.2	324.0	
	Unmarried	Count	68	136	81	285	
		Expected Count	68.3	140.8	75.9	285.0	
	Separated	Count	19	25	27	71	
		Expected Count	17.0	35.1	18.9	71.0	
	Total		Count	163	336	181	680
			Expected Count	163.0	336.0	181.0	680.0
Chi-Square Tests							
			Value	df	Asymp. Sig. (2-sided)		
Pearson Chi-Square			10.573 ^a	4	.032		
Likelihood Ratio			10.545	4	.032		
Linear-by-Linear Association			2.057	1	.151		
N of Valid Cases			680				
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 17.02.							

Family size							
			Overall rating			Total	
			Highly satisfied	Moderate	Dissatisfied		
Family size	Upto 2	Count	19	52	18	89	
		Expected Count	21.3	44.0	23.7	89.0	
	3	Count	46	99	41	186	
		Expected Count	44.6	91.9	49.5	186.0	
	4	Count	63	136	84	283	
		Expected Count	67.8	139.8	75.3	283.0	
	Above four	Count	35	49	38	122	
		Expected Count	29.2	60.3	32.5	122.0	
	Total		Count	163	336	181	680
			Expected Count	163.0	336.0	181.0	680.0
Chi-Square Tests							
			Value	df	Asymp. Sig. (2-sided)		
Pearson Chi-Square			10.774 ^a	6	.096		
Likelihood Ratio			10.907	6	.091		
Linear-by-Linear Association			.921	1	.337		
N of Valid Cases			680				
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 21.33.							
Employment							
			Overall rating			Total	
			Highly satisfied	Moderate	Dissatisfied		
Employment	Self employed	Count	45	99	45	189	
		Expected Count	45.3	93.4	50.3	189.0	
	Full time salaried person	Count	93	205	107	405	
		Expected Count	97.1	200.1	107.8	405.0	
	Retired person	Count	25	32	29	86	
		Expected Count	20.6	42.5	22.9	86.0	
	Total		Count	163	336	181	680
			Expected Count	163.0	336.0	181.0	680.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.350 ^a	4	.174
Likelihood Ratio	6.422	4	.170
Linear-by-Linear Association	.345	1	.557
N of Valid Cases	680		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 20.61.

Educational qualification

			Overall rating			Total
			Highly satisfied	Moderate	Dissatisfied	
Educational qualification	Post graduate	Count	29	60	24	113
		Expected Count	27.1	55.8	30.1	113.0
	Graduate	Count	93	214	113	420
		Expected Count	100.7	207.5	111.8	420.0
	Intermediate	Count	13	24	11	48
		Expected Count	11.5	23.7	12.8	48.0
	No formal education	Count	28	38	33	99
		Expected Count	23.7	48.9	26.4	99.0
Total		Count	163	336	181	680
		Expected Count	163.0	336.0	181.0	680.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.801 ^a	6	.253
Likelihood Ratio	7.937	6	.243
Linear-by-Linear Association	.334	1	.563
N of Valid Cases	680		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.51.

Monthly income

			Overall rating			Total
			Highly satisfied	Moderate	Dissatisfied	
Monthly income	Less than 20,000	Count	31	71	27	129
		Expected Count	30.9	63.7	34.3	129.0
	Above 20,000-40,000	Count	78	181	85	344
		Expected	82.5	170.0	91.6	344.0

		Count				
	Above 40,000-60,000	Count	36	61	43	140
		Expected Count	33.6	69.2	37.3	140.0
	Above 60,000	Count	18	23	26	67
		Expected Count	16.1	33.1	17.8	67.0
Total		Count	163	336	181	680
		Expected Count	163.0	336.0	181.0	680.0
Chi-Square Tests						
		Value	df	Asymp. Sig. (2-sided)		
	Pearson Chi-Square	12.906 ^a	6	.045		
	Likelihood Ratio	12.894	6	.045		
	Linear-by-Linear Association	2.095	1	.148		
	N of Valid Cases	680				
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 16.06.						

Source: Primary data

A glance at the table no. 14 reveals that for gender the significant value .009, marital status (.032), family size (.096), employment (.174), educational qualification (.253) and monthly income (.045). Hence for gender, marital status and monthly income null hypothesis is accepted and alternative hypothesis is rejected and for family size, employment and educational qualification null hypothesis is rejected and alternative hypothesis is accepted. Based on the chi-square test it can conclude that there is a significant relationship between customers' overall satisfaction towards e-banking services and family size, employment & educational qualification, whereas for gender, marital status and monthly income there is no significant relation.

Limitations of the Study

In a study of this magnitude though meticulous care is taken in each and every aspect of study. Certain limitations are likely to be there in the study.

- Some respondents were not aware of certain procedures and aspects of E-Banking.
- Few respondents were hesitant to give correct details.
- There might be a sense of bias crept in answers given by the respondents.

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