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A Comparative Study on E-Banking Services between Nationalized and Private Banks in Dindigul District

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Abstract

The paper presented the comparative study between nationalized and private banks in e-banking in Dindigul cities. E-banking is the provision of banking services through e-channels and the customer can access the data without any time and geographical limitation. This paper identified the how much e-banking adoption in different banks in Dindigul cities. Also comparative study of banks in different region to analyze ATM, Net banking, Mobile banking services used by user in that bank. This paper is basically concerned with the customer aspect of e-banking searching for customer satisfaction levels and adoptions of banks. This is a comparative study between nationalized and private banks and find out the majority of which kind of transaction in banks in Dindigul cities.

Keywords: E-banking, internet banking, ATM, Online banking, Mobile banking.

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Introduction

E-banking refers to electronic banking. It is like e-business industry. E-banking is also called as “Virtual banking” or “Online banking”. E-banking is a result of the growing expectations of banks customers. E-banking involves information technology based banking. Under this IT system the banking services are delivered by way of computer controlled system. This system does involve direct interface with the customers. The customers do not have to visit the bank’s premises. Internet has helped customers in doing their banking transactions in a cost effective manner, which is convenient and time saving also. The e-banking service is available 24*7 and it also allows customers to access the same from remote areas. But there is some risk involved in it as well, that is of data security and privacy. This is the biggest challenge for e-banks. The Automated Teller Machines (ATM) imparted flexibility to bank customers. ATM is popularly known as any time money machine. Each bank installs ATMs in important places, markets, railway stations and at different points in cities and towns. Whenever the customer wants get fast cash, withdrawal or cash deposit he can go to an ATM spot and transact his business. The ATMs located at different spots are linked to the host computer in the bank. The transaction are in real time; i.e.. Instantaneously booked to customers account.

Customers are provided to banks via internet. Coupled with computerization of the branch network of each bank, the Reserve Bank of India suggested to all banks to network their branch offices for intra bank connectivity for addressing the twin issues of intra bank funds transfer and transmission of critical MIS information between branches and controlling offices. Mobile banking is a Technology that allows customers to conduct a number of financial transactions through a mobile device such as a mobile phone or personal digital assistant (pda). Mobile banking services are being offered on various access channels viz. Short Messaging Services (SMS), Interactive Voice Response (IVR), Mobile Application, Wireless Application Protocol (WAP) etc. Mobile Banking, we can check account balance, transfer funds, pay bills, Book bus and flight tickets, recharge prepaid mobile or DTH connection and do a lot more effortlessly and securely. Most of the banks provide different types of services like mobile banking, online banking etc.

Objectives

1. To study public sector banks v/s private sector banks from the e-banking perspective in Dindigul cities.
2. To assess the customers’ and bank employees’ satisfaction level with the current banking facilities.
3. To find the most important factor that is inducing people towards e-banking.
4. To understand the benefits e-banking as compared to traditional banking, in terms of cost, efficiency, time, secrecy, quality of service and complaint

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resolution, from both the customers' and the employees' perspective.

Research Methodology

The word "research" is used to describe a number of similar and often overlapping activities involving a search for fact. A search concerned with information rather than knowledge Or analysis and answers can normally be found in a single source. This is a comparative study on the e-banking service of both public and private sector banks and the banks selected for this study are State Bank of India, representing the Public Sector and HDFC Bank, representing the Private Sector, mainly on two criterions, the first being the convenience during the research, mainly from the same city i.e., Haridwar and second being the diversity of the banks and their prominence in their respective sectors.

Problem Identification, Need and Relevance of the Research

It is evident from the literature reviewed, that E-banking has emerged to be beneficial for both the financial institutes and the customers. Also, for a bank to survive in this cut-throat competition it is important to offer the best products, with quick service, with complete security features and to be up-to-date with the RBI guidelines, therefore a comparison between public and

private sector banks was also necessary to understand the market situation of e-banking better from both customers' and the bank employees' perspective. This forced the researcher to select this as a topic of her research. This research would help both the e-banking customers and the banks, not only selected for the study, but also for the other banks. To the best of knowledge and belief no research work from this angle has been undertaken by anybody till now.

Data Analysis

The major statistical tool used in this study is Percentage analysis

Limitations of the Study

This study is geographically restricted to Dindigul city only. Limited numbers of banks (only Public sector and Private sector banks) were covered under the study. The sample size do not ensure representative and conclusive finding and finally, a more robust analysis is needed to reach a strong conclusion.

Hypothesis

There is no significant difference between the types of banks (Public and Private sector) with respect to service quality dimensions.

Data Analysis and Interpretation

Demographical Data

Factors		
Gender	Male	40%
	Female	60%
Age	Upto 20	5%
	20-40	60%
	40-60	25%
	Above 60	10%
Occupation	Business	15%
	Govt job	10%
	Private job	70%
	Others	5%
Education	HSC	5%
	Degree	20%
	Master degree	65%
	Others	10%
Marital status	Married	75%
	Unmarried	25%
Income	Upto 10000	15%
	10000-30000	30%
	Above 30000	55%

From the above data it can be said that out of the 250 respondents 40% were Male and 60% were female. 5% of the respondents were under the age of 20, 60% were in the age group of 20 to 40 years, 25% were in the age group of 40-60 years and 10% were above 60 years. If we see the educational qualifications then 5%

were 12th pass, 20% were graduates and 65% were post graduates and 10% were others. 75% of the respondents were married and 25% were unmarried. Of the 250 respondents 15% had an income of less than 10,000 rupees, 30% had an income between 10,000-30,000 rupees and 55% had an income of more than 30,000

rupees.

SERVEQUAL Factors (In Percentage)

E= Excellence, G= Good, M=Moderate, B=Bad, W =Worst

Factors	Nationalized bank					Private bank				
	E	G	M	B	W	E	G	M	B	W
Modern equipment used by bank(computer, cash counting machine, Atm etc)	15	25	8	3	0	30	15	4	0	0
Physical facilities at the bank (building, furniture, counter ,water facility, space etc)	4	20	17	7	1	13	31	5	2	0
Employees neatness and appearances	11	23	14	2	0	26	18	5	1	0
Material quality and appearances (pamphlets, challans, pass book, cheque book etc)	4	19	18	7	3	29	15	6	0	0
Time schedule for the operations(standard time)	10	23	17	0	0	15	31	4	0	0
Employees interest in solving customers problems	9	26	11	3	1	18	30	2	0	0
Consistency of service provided by the employees	6	14	21	7	9	27	10	4	2	0
Time taken for operation against standard time	7	20	20	2	1	29	18	3	0	0
Quality of record maintained by the employees (neatness, error ,accuracy etc)	6	19	15	9	1	15	28	7	0	0
Information and guidance's to the employee's	4	20	15	7	3	25	16	8	0	2
Promptness of service rendered by the employees (clarity , speed, softness etc)	4	19	15	8	3	25	17	7	0	2
Employees willingness to help the customers	5	17	17	7	4	26	16	8	0	0
Employees attitude to hear the customers problem	6	14	21	7	9	27	10	4	2	0
Employees behavior to increase the confidence of customers	4	18	23	2	2	24	17	8	2	0
Confidence of safety of funds with the bank	3	18	18	9	2	24	17	8	1	0
Employees courtesy with customers	6	22	16	6	1	27	13	9	0	0
Employees knowledge to answer the questions of customers	4	19	18	7	1	28	13	7	0	0
Employees individual attention to the customers	11	23	14	2	0	26	18	5	1	0
Convenience of bank operating hours	6	18	17	7	1	28	13	7	0	0
Employees personal relation with customers	4	18	16	8	3	28	13	7	3	0
Employees aim to promote the customer interest	5	17	22	4	2	30	13	7	0	0
Employees interest to understand the specified needs of customers	6	14	21	7	9	27	10	4	2	0

Data Analysis and Interpretation

1) Modern equipment used

If we look into the tangible factors like modern equipments used we find that private sector score more in this area. 30% of the people having a relationship with the private bank find that the modern equipments used by the private banks are excellent as compared to only 15% of the people having a relationship with the nationalized bank.

2) Physical facilities

As far as physical facilities are concerned customers of private banks are more satisfied than those of the nationalized banks. It is evident from the fact that 44% of the customers of private banks have given a rating of excellent and good. Whereas only 24% of the customers of nationalized banks have given a rating of excellent and good.

3) Employee's appearances

Customers of the private banks feel that the employees are very presentable as it is evident from the fact that 44% of the customers of private banks feel so. In comparison to this only 34% of the customers of nationalized banks feel so.

4) Material quality

If we consider the quality of the materials used for pass book, Cheque book etc. we find here also the customers of private banks are satisfied with it. As 44% of the customers have given a grading of excellent and good as compared to 23% in the case of nationalized banks.

5) Time schedule for the operations

Private Banks fair well as compared to nationalized banks in maintaining time schedule for operations. 46% of the private bank customers feel so as compared to 33% of the nationalized bank customers.

6) Employee's interest in solving customer's problems

Customers of private banks feel that employees of these banks are interested in solving their problem. It is evident from the fact that 48% of the customers of private banks feel so. In comparison to this only 35% of the customers of nationalized banks feel so.

7) Consistency of service provided by the employees

If we look into the consistency of the services being rendered by the banks from both the sectors we find that 37% of the private bank customers feel so as compared to 20% of the nationalized bank customers.

8) Time taken for operation against standard time

47% of the customers of private banks have given a grading of excellent and good in regard to the time taken for operation as against the standard time. Whereas only 27% of the nationalized bank customers have given a grading of excellent and good in this area.

9) Quality of record maintained by the employees

Customers of private banks feel that the banks maintain the records in a very proper manner. It is evident from the fact that 43% of the customers of private banks feel so. In comparison to this only 25% of the customers of nationalized banks feel so.

10) Information and guidance to the employees

41% of the customers of private banks feel that the bank provides proper information and guidance to its employees but only 24% of the customers of nationalized banks feel so.

11) Promptness of service rendered by the employees

Customers of private banks are pretty satisfied with the promptness of services rendered by these banks. It is evident from the fact that 42% of the customers of private banks feel so. In comparison to this only 23% of the customers of nationalized banks are satisfied in this area.

12) Employee's willingness to help the customers

42% of the customers of private banks feel that the employees of these banks are willing to help the customers. Whereas only 22% of the nationalized bank customers feel so.

13) Employee's attitude to hear the customer's problem

Customers of private banks feel that the employees of these banks have a very positive attitude towards solving the customer's problem. It is evident from the fact that 37% of the customers of private banks feel so. In comparison to this only 20% of the customers of nationalized banks are satisfied in this area.

14) Employee's behavior to increase the confidence of customers

41% of the customers of private banks feel that the employees of these banks try to increase the confidence level of their customers. Whereas only 24% of the nationalized bank customers feel so.

15) Confidence of safety of funds with the bank

It seems customers of private banks are quite confident about the safety of the funds with the banks. 44% of the customers of private banks feel so. In comparison to this only 34% of the customers of nationalized banks are confident about the safety of the funds.

16) Employee's courtesy with customers

44% of the customers of private banks feel that the employees of these banks are very courteous towards their customers. Whereas only 23% of the nationalized bank customers feel so.

17) Employee's knowledge to answer the questions of customers

Customers of private banks feel that the employees of these banks are very efficient in answering to the queries of the customers. It is evident from the fact that 40% of the customers of private banks feel so. In comparison to this only 28 % of the customers of nationalized banks are satisfied in this area.

18) Employee's individual attention to the customers

41% of the customers of private banks feel that the employees of these banks give personal attention to its customers. Whereas only 21% of the nationalized bank customers feel so.

19) Convenience of bank operating hours

Customers of private banks find the operating hours very convenient. It is evident from the fact that 41% of the customers of private banks feel so. In comparison to this only 22 % of the customers of nationalized banks are satisfied in this area.

20) Employee's personal relation with customers

Customers of private banks feel that the employees of these banks develop a personal relation with their customers. As 42% of the customers of private banks feel so. In comparison to this only 22 % of the customers of nationalized banks feel so.

21) Employees aim to promote the customer interest

42% of the customers of private banks feel that the employees of these banks work towards customer interest. Whereas only 23% of the nationalized bank customers are of this opinion.

22) Employee's interest to understand the specified needs of customers

Customers of private banks feel that the employees of these banks understand the specific needs of the customers. It is evident from the fact that 41% of the customers of private banks feel so. In comparison to this only 24% of the customers of nationalized banks feel so.

Findings and Conclusion

When the private sector banks are compared with public sector banks, Private Banks score more in all the 22 parameters considered for this study. Private Banks seems to have satisfied its customers with good services and they have been successful in implementing tangible factors like modern equipment, infrastructural facilities, quality of materials used etc. Private sector Banks have been successful in achieving a satisfying relationship with customers however public sector banks have to improve a lot in this area. Most of the respondents felt that the employees of the private banks are very keen to satisfy their customers. On the other hand customers of nationalized banks felt that the employees were least bothered about their customers.

Private Banks customers feel that their banks take due consideration about their convenience and are ready to cope up with their preferences of working hours. Although in this study it was attempted to cover all aspects of service quality, there may be certain aspects that may have been omitted or that may become relevant as new trends in banking evolve. In future research, customers may reveal new aspects of service quality in retail banking that are important to them, and these would have to be incorporated in the scale so as to further explore the concept of service quality in the retail banking arena.

Suggestions

If the following suggestions are followed by nationalized banks, it can increase customer's satisfaction and ultimately it will be a boost for the Indian banking industry:

- ❖ Staff should be knowledgeable about the services offered.
- ❖ Staff should be more courteous towards their customers.
- ❖ Staff members should apologize for mistakes.
- ❖ Account should be handled carefully.
- ❖ Customers' instructions should be carried out carefully.
- ❖ Operation time should be reduced.
- ❖ Complaint should be handled then and there.
- ❖ Regarding complaint customers should receive follow up contact.
- ❖ Name and address of customers should be handled carefully.
- ❖ There should be a personal touch between the customers and staff.
- ❖ Disagreements with the customers should be avoided.

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