A Study of Consumer Awareness towards e-Banking

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Abstract

The paper deals the consumers perception towards e-banking system related to consumer awareness towards e-banking system with special reference to Tuticorin District of Tamilnadu. Data for this investigation were collected from primary as well as secondary sources. The sampling is random. The data was collected during the months between April to June, 2015. The data collected from the primary source were analysed with the help of various statistical measures such as simple percentage analysis, averages, F-Statistic, chi square test and probability analysis were used. Secondary data have been collected from books, journals, newspapers, internet and periodicals. It is inferred that 36.67% of the respondents income levels are up to Rs. 1,00,000, 52.22% of the respondents are Rs. 1,00,001 to Rs. 3,00,000 and 11.11% respondents are belonging to above Rs. 3,00,000 and the average income is 18722. The study reveals that, the opinion of customers on future expectations. Out of the total respondents, Majority (i.e.) 58.89% of the sample respondents have mentioned that they would like operate their banking transactions in a core banking environment which is free from neither technical intervention such as computer connecting nor 23.33% of the samples respondents expect the bank will provide security. 17.78% of the sample respondents have stated reasonable charges have to be imposed on their banking transaction. The main difficulty for using the E-banking facility is less knowledge about the operations of banking facility (50%). Respondents also feel the services of E-banking too complex to use (30%) and respondents also believe the E-banking to be risky (12.22%). The research report is based on primary data. According to the study, the researcher concludes that the most of the bank customers are aware about all the banking services in Tuticorin District of Tamilnadu. The banks further have to take necessary steps to educate the customers regarding the new technology and other services offered by the banks.

Keywords: Electronic banking; Internet banking; Credit/debit cards; Transparency; Accuracy; Cost saving; Customer’s awareness and Satisfaction

Introduction

The Internet has changed the operations of many businesses, and has been becoming a powerful channel for business marketing and communication American Banker [1]. The banking industry has followed this trend in recent years, and sometimes called “e-banking” referring to all banking transactions now completing through Internet applications [2,3]. The advance of communication and computer technology and the availability of the Internet have made it possible that one can do most banking transactions from a remote location even without stepping into a physical financial structure i.e., the emerging of e-banking Bruene [4]. Today, less than 30% of the same consumer financial transactions run through a branch office or the lobby of a main bank office (Online Banking Report. As a result, the banks, as an industry, are formulating strategic plans to fight back in winning their customers suggested by Healy [5].

E-banking has been viewed as an advanced upgrading from previous electronic delivery systems to open many new business opportunities for the banking industry [6]. A survey revealed that at that time there was a planned $2 billion new investment in the new electronic banking technology within the banking industry Radeki [7]. Among surveyed banks at the time, about two third (66%) planned to invest in telephone banking technology, and the remaining one third (34%) already targeted e-banking options. Some key issues addressed in the recent literature about the e-banking include: customer acceptance and satisfaction, services rendered, value added for consumers and banks, privacy concerns, profitability, operational risks, and competition from non-banking institutions Boss et al. [8]. In addition to previous electronic banking delivery systems-automated teller machine (ATMs) and telephone transaction processing centers, online banking provides banks a new and more efficient electronic delivery tool Costanzo [9]. There have been several major challenges and issues faced to the e-banking growth and the e-business in general. One major obstacle addressed most is the security concern [10,11]. Another issue challenged e-business (including e-banking) is the quality of delivery service-including both delivery speed (i.e., short advance time required in ordering) and delivery reliability i.e., delivery of items/services on time Furst et al. [12]. Limited payment options available to online customers are also being complained by Furash. [13]. Additionally, customers (who are non-computer “genius” like most senior citizens) have been reluctant in their choice of doing business (including banking transactions) online and worried their unfamiliarity about the computer placing them in a disadvantageous position [14]. The paper deals the consumers perception towards e-banking system related to consumer awareness towards e-banking system with special reference to Tuticorin District of Tamilnadu.

Objectives

1. To know the socio economic characteristics of the customers of E-banks
2. To identify the reasons for preferring E-banking.
3. To study the consumer’s service quality in E-banking System.
4. To find out the opinion of the respondents regarding the various problems of E-banking
5. To give valuable suggestions to improve awareness and satisfaction about E-banking services.

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Research Methodology

The study is intended to cover the awareness and satisfaction about E-banking facility provided by commercial banks in Tuticorin district of Tamilnadu. Data for this investigation were collected from primary as well as secondary sources. The sample chosen consisted of 90 sample respondents representing the customers of E-banks. The sampling is random. The data was collected during the months between April to June, 2015. The data collected from the primary source were analysed with the help of various statistical measures such as simple percentage analysis, averages, F-Statistic, chi square test and probability analysis were used. Secondary data have been collected from books, journals, newspapers, internet and periodicals (Table 1).

Results and Discussion

From the above table it is clear that 40% of the respondents belong to up to 25 years, 43.33% of the respondents belong to between 26-50 years and 16.67% of the respondents are in the age group of above 50 years and the mean age group is 33.41667 (Table 2). From the above table it is clear 61.11% of the respondents belong to male group and 38.89% of the respondents belong to female group (Table 3). From the survey the above table reveals that 64.44% of the respondents are married and 35.56% of the respondents are unmarried (Table 4). From the above table out of 90 respondents, it is clear that 13.33% of the respondents are illiterate, 22.22% of the respondent’s educational qualification is school level and 26.67% of the respondent’s educational qualification is college level and 20% of the respondent’s educational qualification is diploma (Table 5). From the above table it is clear that 54.44% of the occupational status of respondents are belong to employee, 13.33% of the respondents belonging to business, 8.89% belonging to agriculture, 12.22% belong to professional 18.89% belonging to student (Table 6). From the above table it is inferred that 36.67% of the respondents income levels are up to Rs. 1,00,000, 52.22% of the respondents are Rs. 1,00,001 to Rs. 3,00,000 and 11.11% respondents are belonging to above Rs. 3,00,000 and the average income is 167222 (Table 7). The table highlights the customer preference towards E-banking services. Out of the total respondents, Majority (i.e.) 93.33% of the customers are satisfied about the mobile banking as most of the customers prefer to adopt the mobile banking services in the near future. 88.89% of the customers are satisfied with the ATM and 78.89% of the customers are satisfied about internet banking. 86.67% of the customers are satisfied about credit/debit cards service and 81.11% are satisfied about the Electronic fund transfer services by the customer. The chi-square analysis ($\chi^2=53.1, \text{df}=8, P=0.000$) result shows there is relationship between the customer preference towards E-banking services and their level of satisfaction. Thus, most of the respondent is aware and satisfied with the services provided by the bankers (Table 8). Easy and convenient access, confidentiality, service quality and time saving are the factors influencing the respondents to prefer e-banking services at 75.56%, 55.56%, 74.44% and 81.11% respectively in Tuticorin district. 70%, 54.44%, 85.56%, 34.44%, and 97.78% of the respondents are satisfied about credit/debit cards service and 81.11% are satisfied about internet banking. 86.67% of the customers are satisfied about internet banking, ubiquity, and speed respectively to prefer e-banking services of the commercial banks. Social status, security, control over funds, time out and exchange of information are the motivating factors for the customers at 95.56%, 50%, 40%, 58.89% and 90% respectively to prefer E-banking facility provided by commercial banks in Tuticorin district. 70%, 54.44%, 85.56%, 34.44%, and 97.78% of the respondents are satisfied about credit/debit cards service and 81.11% are satisfied about internet banking. 86.67% of the customers are satisfied about internet banking, ubiquity, and speed respectively to prefer e-banking services of the commercial banks. Social status, security, control over funds, time out and exchange of information are the motivating factors for the customers at 95.56%, 50%, 40%, 58.89% and 90% respectively to prefer

| Age in Group (in years) | No. of Respondents |
|------------------------|---------------------|
| Up to 25               | 36 (40)             |
| Between 26-50          | 39 (43.33)          |
| Above 50               | 15 (16.67)          |
| Total                  | 90 (100)            |

Table 1: Distribution of sample respondents according to their age. Source: Primary Data. Figures in brackets represent percentages to total.

| Gender      | No. of Respondents |
|-------------|---------------------|
| Male        | 55 (61.11)          |
| Female      | 35 (38.89)          |
| Total       | 90 (100)            |

Table 2: Distribution of sample respondents according to their gender. Source: Primary Data. Figures in brackets represent percentages to total.

| Marital Status | No. of Respondents |
|----------------|--------------------|
| Married        | 58 (64.44)         |
| Unmarried      | 32 (35.56)         |
| Total          | 90 (100)           |

Table 3: Distribution of sample respondents according to their marital status. Source: Primary Data. Figures in brackets represent percentages to total.

| Educational Qualification | No. of Respondents |
|---------------------------|---------------------|
| Illiterate                | 12 (13.33)          |
| School level              | 20 (22.22)          |
| College level             | 24 (26.67)          |
| Professional              | 18 (20.00)          |
| Diploma                   | 16 (17.78)          |
| Total                     | 90 (100)            |

Table 4: Distribution of sample respondents according to their educational qualification. Source: Primary Data. Figures in brackets represent percentages to total.
The significant differences among the different customers are noticed in the case of service quality factors namely reliability, anytime and anywhere banking facility and convenience way of operating banking transactions since the respective ‘F’ values are significant at 5 per cent level (Table 10). The table reveals that the opinion of customers on future expectations. Out of the total respondents, Majority (i.e.) 58.89% of the sample respondents have mentioned that they would like operate their banking transactions in a core banking environment which is free from neither technical intervention such as computer connecting nor 23.33% of the samples respondents expect the bank will provide security. 17.78% of the sample respondents have stated reasonable charges have to be imposed on their banking transaction (Table 11). The main difficulty for using the E-banking facility is less knowledge about the operations of banking facility (50%). Respondents also feel the services of E-banking too complex to use (30%) and respondents also believe the E-banking to be risky (12.22%).

Conclusions

The research report is based on primary data. According to the study, the researcher concludes that the most of the bank customers are aware about all the banking services in Tuticorin District of Tamilnadu. The banks further have to take necessary steps to educate the customers regarding the new technology and other services offered by the banks. Banks may extend customer meeting time with bank officials and also friendly approach is necessary. Definitely it will help to retain the existing customers and to attract new customers. It will automatically improve the banking service and development of banks in India and also in abroad. The research report is useful to know the consumer awareness of e-banking system and what types of risk involved in e-banking system.

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