

A STUDY ON CUSTOMER'S PREFERENCE AND ATTITUDE TOWARDS E-BANKING SERVICES

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Abstract

E -banking has replaced the traditional banking system in India by bringing drastic changes in the banking habits of the customers. Also known as internet banking or online banking, it has made a profound influence on financial services sector by reducing the operational cost of banking.

The contactless payments and use of online banking services has increased significantly due to the COVID-19 crisis. The pandemic has shifted to some extent the customers perception towards banking services to have a digital platform experience. According to a new report of crowd fund insider, over two-thirds or 68% of Indian consumers are currently using digital or mobile banking platforms to settle transactions now. The total number of Internet users in the country has risen from 795.18 million at the end of December 2020 to 825.30 million at the end of March 2021 up nearly by 4% in Q4 of FY 21(as per TRAI).

This paper aims to examine the pandemic effect of E-Banking service quality on customer satisfaction in banks and identify the main factors affecting the usage of internet banking and mobile banking. The paper identifies the consumers perception and preferences towards various e-banking services namely net banking, mobile banking. To achieve the objectives of the study, data was collected through a questionnaire from a sample of 192 respondents.

Keywords: Customer preferences, E-Banking, Internet Banking, Mobile Banking

1.Introduction:

E-Banking means providing all forms of banking products and services through various electronic devices. A customer can have access to their accounts and transfer funds and operate various transactions through e-banking with a computer or a mobile phone.

E -banking has replaced the traditional banking system in India by bringing drastic changes in the banking habits of the customers. Also known as internet banking or online banking, it has made a profound influence on financial services sector by reducing the operational cost of banking.

The use of online banking services and contactless payments has increased significantly due to the COVID-19 crisis. The pandemic has shifted to some extent the customers perception towards banking services to have a digital platform experience. The IAMAI report finds that an estimated 281 million daily Internet users, out of which 182.9 million or 62% access internet daily in urban area, as compared to only 98 million users or 53%, in rural India. The total number of Internet users in the country has risen from 795.18 million at the end of December 2020 to 825.30 million at the end of March 2021 up nearly by 4% in Q4 of FY 21 (TRAI). Over two-thirds or 68% of Indian consumers are currently using digital or mobile banking platforms to settle transactions, according to a new report.

II. Review of literature

Jafirullah Khan Jebran (2012) in his research paper focuses on the issues to find out consumers' perception on general banking activities of a commercial bank in Bangladesh. The paper provides an understanding of different factors that affect consumer perception on general activities of a bank. Here 3 factors are generated with the help of factor analysis. This sort of research is also helpful to find out consumer's perception in different industries and organizations.

Dilara Aydi (2014) in his study investigated the customers perception towards the internet banking services to identify the main factors affecting the usage of internet banking in Turkey and concluded with statistical analysis that awareness factor has no effect on customer satisfaction of internet banking and that education levels affect the usage of the internet banking services in Turkey.

Amitha D (2016) deals with the consumers perception towards e-banking system related to consumer awareness towards e-banking system with special reference to Tuticorin District of Tamil Nādu. She observed that respondents felt the services of E-banking too complex to use (30%) and respondents also believe the E-banking to be risky (12.22%).

Aarthi Sharma (2017) in her paper tries to review the trends opportunities and challenges in digital banking in India and also gives recommendations of how to overcome the challenges. (Sreelakshmi & Prathap, 2020) in their study recommended that conducting various health and awareness campaigns on the threat of Covid19, would prove to be beneficial in the promotion of mobile banking along with preventive health concerns. They also discuss how important it is to reiterate the needfulness for foster in the self –efficacy amongst the customers to utilize the services via online literacy and promotion n programs. Their study also pointed out that

through the provision of additional features and offerings on a single platform, the adoption of mobile payment services could be further boosted

Rajesh Kumar Srivastava (2021) in his study revealed that education, gender, income play an important role in usage of internet banking. The research corroborated the conceptual framework stating that if skills can be upgraded there will be greater will to use internet banking by consumers. Inhibitory factors like trust, gender, education, culture, religion, security, price can have minimal effect on consumer mindset towards internet banking.

III. Research Objectives:

The objectives of this study are: -

1. To analyse the awareness of E banking technology.
2. To understand the main attributes that affect the usage of E-banking services.

IV. Scope of the study:

The scope of the study is limited to the customers of internet banking and mobile banking services in Hyderabad during Covid scenario. The study is confined to a period from March 2020 to March 2021 and its impact on E Banking Services.

V. Research Methodology:

In order to study a Questionnaire has been prepared and conducted a survey in online through google form in Hyderabad. Out of the surveys 192 were usable. These respondents were selected using simple stratified sampling method. The data collected from the questionnaire were analysed and presented in the tables using histogram and percentage.

VI. Analysis & Interpretation of Data

1. Customers Demographic profile.

1.1 The distribution of respondents on the basis of gender is given below.

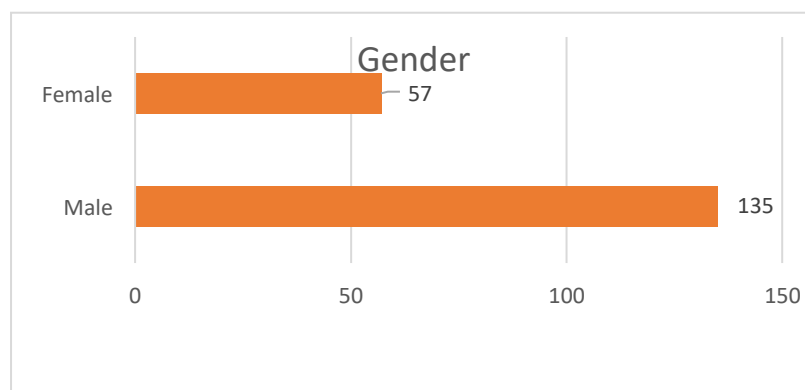


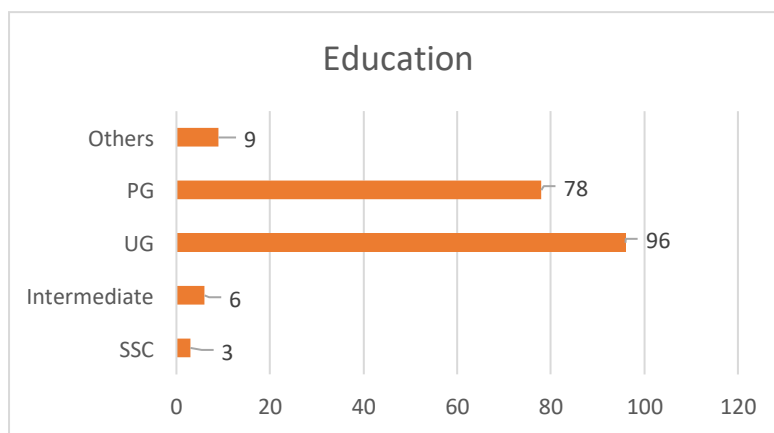
Table 1-Gender of the respondents

<i>Gender</i>	<i>Frequency</i>	<i>Percentage</i>
Male	135	70.3 %
Female	57	29.7 %
Total	192	100

As shown in the above table out of the 192 respondents, 135 (70.3%) are male users and 57 (29.7%) are female users of E-Banking.

1.2 The distribution of respondents on the basis of education is given below.

Table 1.2. Education of the respondents

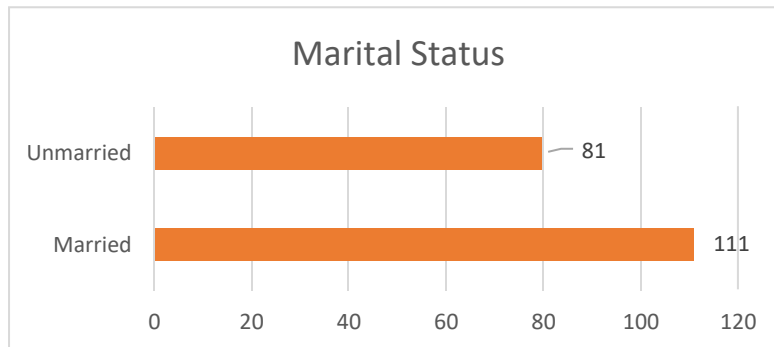


<i>Education</i>	<i>Frequency</i>	<i>Percentage</i>
SSC	3	1.6 %
Intermediate	6	3.1 %
UG	96	50 %
PG	78	40.6 %
Others	9	4.7 %
Total	192	100

As shown in the above table out of the 192 respondents, 3(1.6%) is from SSC, 6(3.1%) are from Intermediate, 96(50%) are from UG, 78(40.6%) are from PG and 9(4.7%) are from others.

1.3 The distribution of respondents on the basis of marital status is given below.

Table 1.3. Marital Status of the Respondents

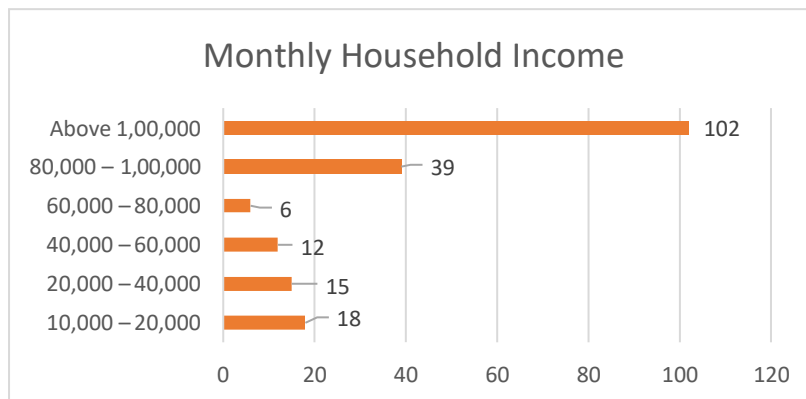


<i>Marital Status</i>	<i>Frequency</i>	<i>Percentage</i>
Married	111	57.8 %
Unmarried	81	42.2 %
Total	192	100

As shown in the above table out of the 192 respondents, 111(57.8%) are married and 81(42.2%) are unmarried.

1.4 The distribution of respondents on the basis of monthly household income is given below.

Table 1.4. Monthly Household Income of the respondents



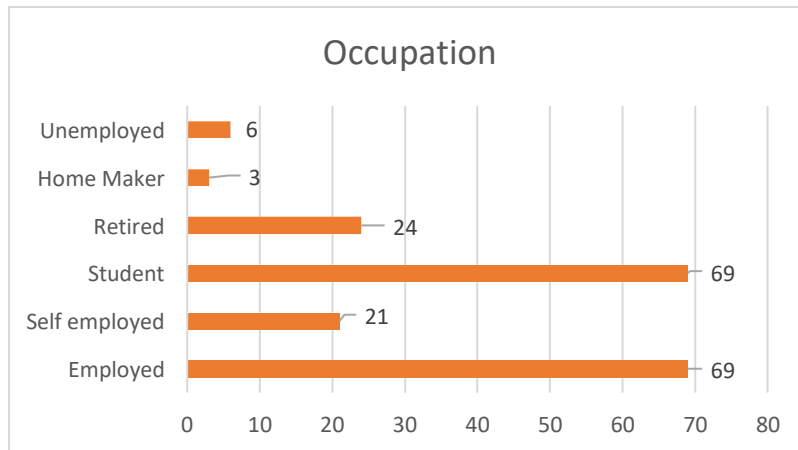
<i>Monthly Household Income</i>	<i>Frequency</i>	<i>Percentage</i>
10,000 – 20,000	18	9.4 %
20,000 – 40,000	15	7.8 %
40,000 – 60,000	12	6.3 %
60,000 – 80,000	6	3.1 %
80,000 – 1,00,000	39	20.3 %
Above 1,00,000	102	53.1 %
Total	192	100

As per the above table out of the 192 respondents, 18(9.4%) are in the group of 10,000-20,000, 15(7.8%) are in the group of 20,000-40,000, 12(6.3%) are in the group of 40,000-

60,000,6(3.1%) are in the group of 60,000-80,000, 39(20.3%) are in the group of 80,000-1,00,000, 102(53.1%) are in the group of above 1,00,000.

1.5 The distribution of respondents on the basis of occupation is given below.

Table 1.5. Occupation of the Respondents



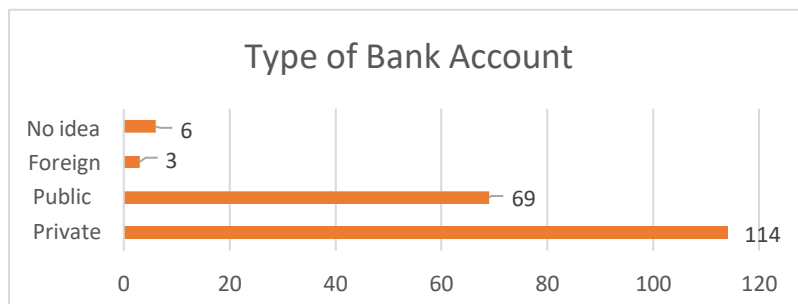
<i>Occupation</i>	<i>Frequency</i>	<i>Percentage</i>
Employed	69	35.9 %
Self employed	21	10.9 %
Student	69	35.9 %
Retired	24	12.5 %
Home Maker	3	1.6 %
Unemployed	6	3.1 %
Total	192	100

As per the above table out of the 192 respondents, 69(35.9%) are in the employed group, 21(10.9%) are in the self-employed group,69(35.9%) is in the student group, 24(12.5%) are in the retired group, 3(1.6%) is a home maker and 6(3.1%) are from the unemployed group.

2. Customer’s preference of choice of type and nature of Bank a/c

2.1 The distribution of respondents on the basis of type of bank a/c is given below.

Table 2.1 Type of Respondents Bank Account



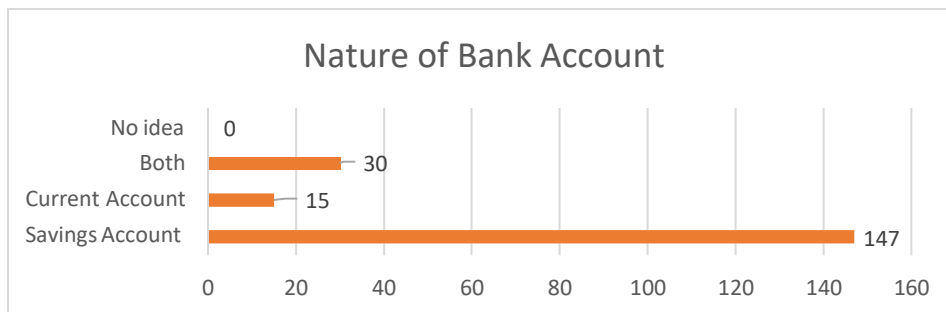
<i>Type of Bank Account</i>	<i>Frequency</i>	<i>Percentage</i>
No idea	6	3.1 %
Foreign	3	1.6 %
Public	69	35.9 %
Private	114	59.4 %

Private	114	59.4 %
Public	69	35.9 %
Foreign	3	1.6 %
No idea	6	3.1 %
Total	192	100

As per the above table out of the 192 respondents, 114(59.4%) have their bank account in the private sector, 69(35.9%) have their bank account in the public sector, 3(1.6%) has their bank account in the foreign sector and 6(3.1%) have no idea.

2.2 The distribution of respondents on the nature of bank a/c is given below.

Table 2.2. Nature of User’s Bank Account



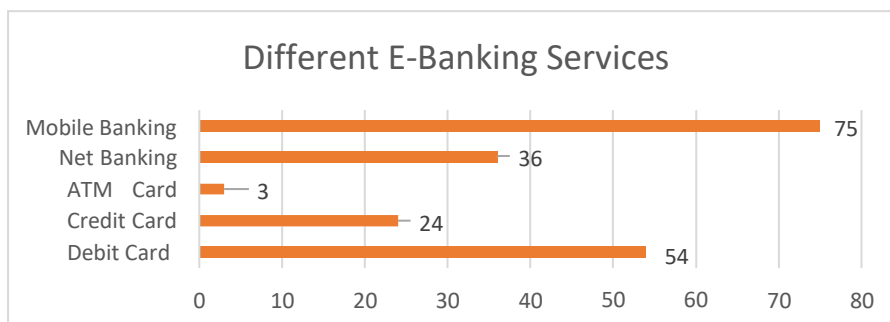
<i>Nature of Bank Account</i>	<i>Frequency</i>	<i>Percentage</i>
Savings Account	147	76.6 %
Current Account	15	7.8 %
Both	30	15.6 %
No idea	0	0 %
Total	192	100

As per the above table out of the 192 respondents, 147(76.6%) have a savings account, 15(7.8%) have a current account, 30(15.6%) have both types of accounts.

3. Customer’s preference of various E-Banking services

3.1 The distribution of respondent’s preference of various E -banking services are given below.

Table 3.1 Respondents preference of E-Banking services

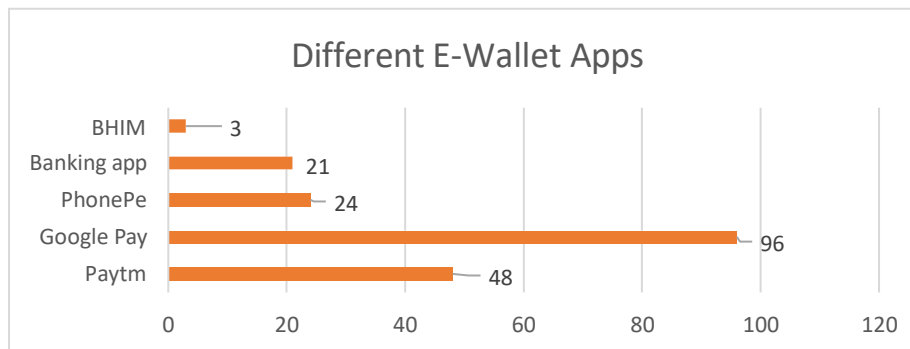


<i>Different E-Banking Services</i>	<i>Frequency</i>	<i>Percentage</i>
Debit Card	54	28.1 %
Credit Card	24	12.5 %
ATM Card	3	1.6 %
Net Banking	36	18.8 %
Mobile Banking	75	39.1 %
Total	192	100

As per the above table out of the 192 respondents, 54(28.1%) use Debit Cards, 24(12.5%) use Credit Cards, 3(1.6%) use ATM cards, 36(18.8%) use Net Banking, 75(39.1%) use Mobile Banking.

3.2 The distribution of respondent's preference of various E -wallet apps are given below

Table 3.2. Respondents' preference of E-wallet apps

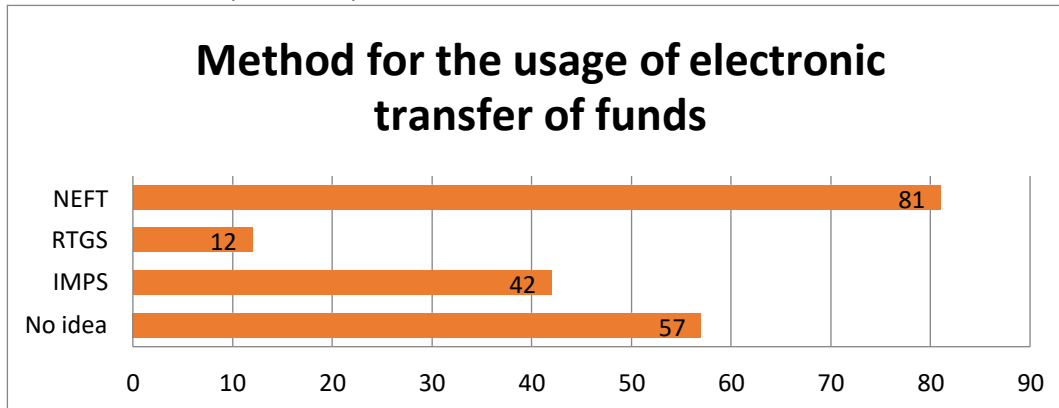


<i>Different E-Wallet Apps</i>	<i>Frequency</i>	<i>Percentage</i>
Paytm	48	25 %
Google Pay	96	50 %
PhonePe	24	12.5 %
Banking app	21	10.9 %
BHIM	3	1.6 %
Total	192	100

As per the above table out of the 192 respondents, 48(25%) use Paytm, 96(50%) use Google Pay, 24(12.5%) use PhonePe, 21(10.9%) use Banking app, 3(1.6%) use BHIM.

3.3 The distribution of respondent's preference in various types of funds transfer in E banking are given below

Table 3.3 Respondents preference of methods of electronic transfer of funds

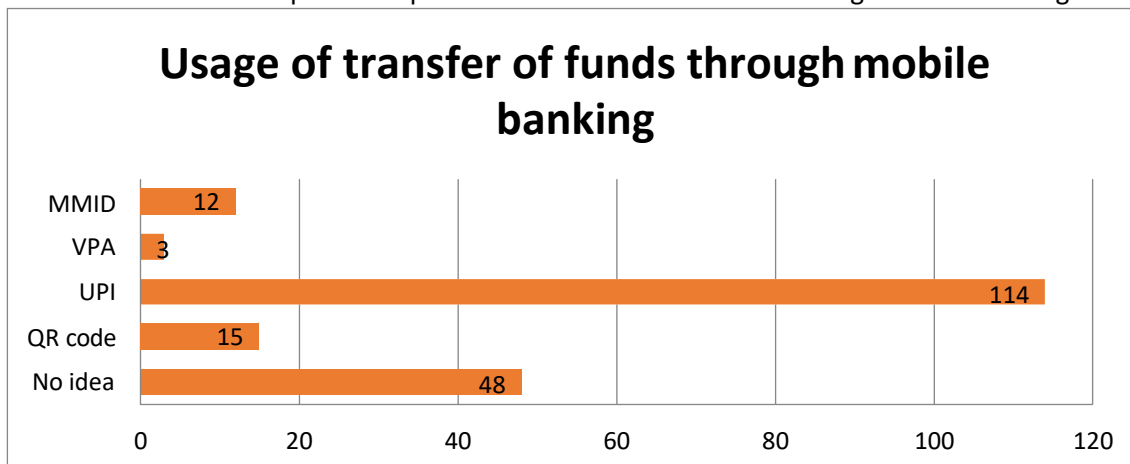


Different types of electronic funds transfer	Frequency	Percent
NEFT	81	42.2%
RTGS	12	6.3%
IMPS	42	21.9%
No idea	57	29.7%
Total	192	100

As shown in the above table, out of the 192 respondents, 81(42.2%) use NEFT, 12(6.3%) use RTGS, 42(21.9%) use IMPS, and 57(29.7%) have no idea.

3.4 The distribution of respondent's choice towards various types of transfer in mobile banking are given below

Table 3.4 Respondents preference of transfer of funds through mobile banking



Method for the usage of transfer of funds through mobile banking

Different methods of mobile transfer	Frequency	Percent
MMID	12	6.3%
VPA	03	1.6%
UPI	114	59.4%

QR Code	15	7.8%
No idea	48	25%
Total	192	100

As shown in the above table, out of 192 respondents, 12(6.3%) chose MMID, 3(1.6%) VPA, 114(59.4%) UPI, 15(7.8%) QR code, and 48(25%) chose No idea.

4. Customer’s attributes towards the usage of E-Banking services

4.1 The analysis of respondent’s choice towards the usage of internet banking services are given below

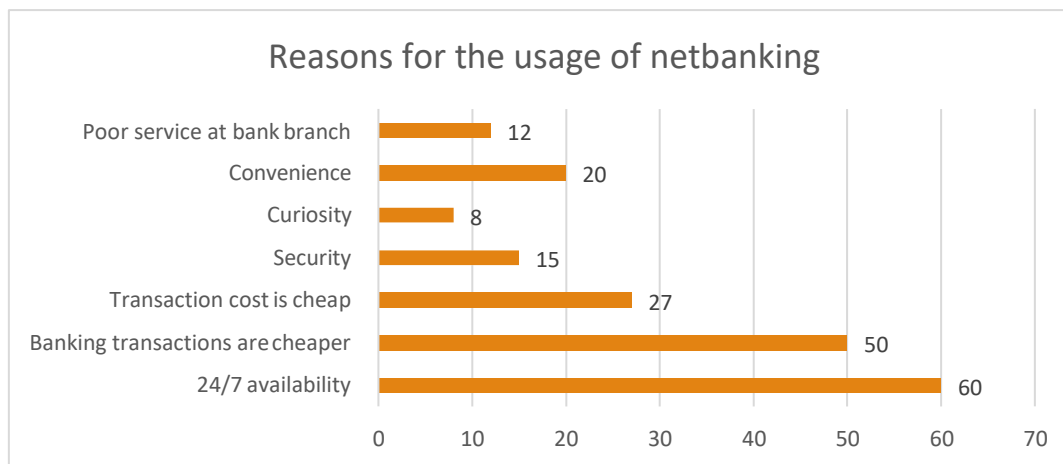


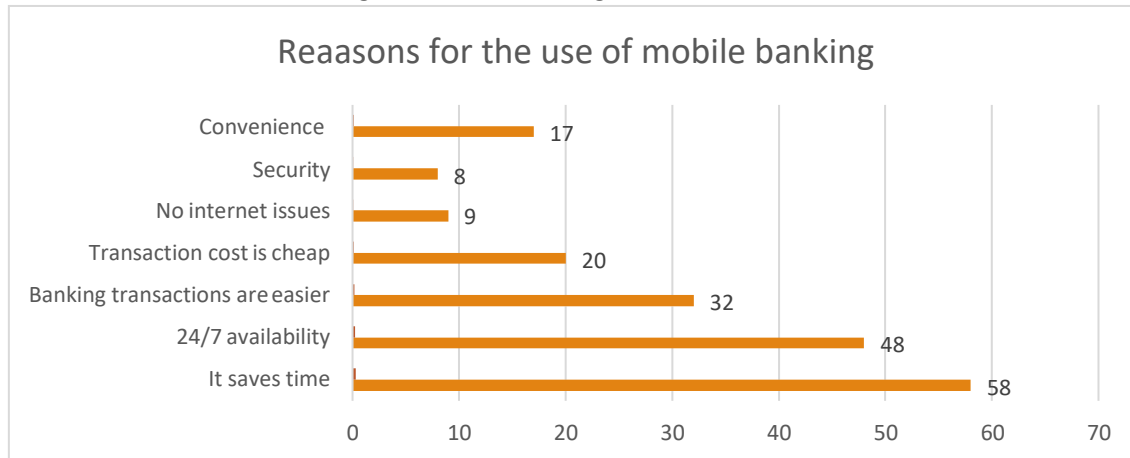
Table 4.1 Reasons for the usage of Internet banking

Various attributes	Frequency	Percent
24/7 availability	60	31.2%
Banking transactions are cheaper	50	26.0%
Transaction cost is cheap	27	14.1%
Security	15	7.8%
Curiosity	08	4.2%
Convenience	20	10.4%
Poor service at bank branch	12	6.3%
Total	192	100

As shown in the above table, out of the 192 respondents, 60 (31.2%) chose 24/7 availability, 50(26%) chose banking transactions are cheaper, 27(14.1%) chose transactions cost is cheap, 15(7.8%) chose security, 8(4.2%) chose curiosity, 20(10.4%) chose convenience 12(6.3%) chose poor service at bank branch.

4.2 The analysis of respondent’s choice towards the usage of mobile banking services are given below

Table 4.2 Reasons for the usage of mobile banking



Various attributes	Frequency	Percent
It saves time	58	30.21%
24/7 availability	48	25.00%
Banking transactions are easier	32	16.67%
Transaction cost is cheap	20	10.42%
No internet issues	09	4.69%
Security	08	4.17%
Convenience	17	8.85%
Total	192	100

As shown in the above table, out of 192 respondents who could have chosen multiple answers, 58(30.21%) chose it saves time, 48(25%) chose 24/7 availability, 32(16.67%) chose banking transactions are easier, 20(10.42%) chose transaction cost is cheap, 09(4.69%) chose no internet issues 08 (4.17%) chose security, and 17(8.85%) chose convenience.

VII. Conclusion and Summary of Findings :

The research report is from the primary data and it can be concluded from the above study that E-banking awareness has increased in the pandemic scenario which will lead to many opportunities in future of innovation and digital transformation in the banking industry.

The students and educated professionals constituted majority respondents of the survey using E -banking services during the pandemic scenario, who maintained accounts in private sector banks and were savings account holders.

From the survey it was found that in context of UPI, google pay appeared to be the most popular app preferred by the users in the covid situation scenario and in the context of electronic funds transfer mode, NEFT was more widely preferred.

The findings of the study indicated that the factor of availability of banking services 24/7 and anywhere and anytime banking, was the major reason of consumers perception of preference towards net banking services among various others factors of security, convenience, transaction cost and services at branches.

On the other hand, savings of time was the major reason of expression by the users for their preference in mobile banking services among many other factors. In fact, the security factor issue constituted the least percentage of dimension which is conclusive evidence that the trust of the users in E banking services has considerably increased in the pandemic scenario.

From the study we can conclude, there is a huge future for digital banking in India and if many users commence using E- banking services including mobile banking and internet banking, it will not only enhance the financial literacy in the country, but also can help to lead trajectory growth of GDP contributing to economic development in future.

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