



QUALITY ASSESSMENT OF BANKING SERVICES FOR DEVELOPMENT OF E-BANKING IN MADURAI DISTRICT

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Abstract

The present paper is the outcome of an empirical study conducted with the objective of investigating customer's awareness regarding e-banking. It covers Customers awareness on E-banking services and its impact and promotional measures used by banks to promote E-banking services in Madurai District of Tamil Nadu. E-banking is one of the basic concepts of modern banking services and this approach improves quality of banking and a differential advantage which leads a bank to a better position on market place in competitive environment. Success of e-marketing lies in researching what drives consumers and opportunity to fulfill those needs and wishes, in ways so that consumers will be satisfied with banking services for a long time period.

The targeted number of consumers' questionnaires distributed on a convenience sampling basis by the 10 banks achieved the minimum projection of 300 consumers. Approach of improving the quality of banking services, as base for developing e-banking practices, according to new trends on financial market place. In Madurai District E-banking are innovative approaches which banks need to accept, according to banking changes in world market place. The major findings of the study shows that there is significant variations exists between the awareness of respondents belonging to different income groups because of banking industry is using advanced and modern technology in the competitive market environment. This study can be concluded that more than half of the people have positive perception and are satisfactory with E-Banking services rendered by banking Sector.

Key Words: *Commercial Banks, E-Banking, Customers, Innovation, Level of Awareness.*

Introduction

At about 150 million Internet users, India now has the third largest Internet population in the world, after China (at 575M) and the US (at 275M). Internet Banking has become an integral part of banking system in India. The concept of e-banking is of fairly recent origin in India. Till the early 90's traditional model of banking i.e. branch based banking was prevalent, but after that non-branch banking services were started. The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce. The Reserve Bank is monitoring and reviewing the legal and other requirements of e-banking on a continuous basis to ensure that e-banking would develop on sound lines and e-banking related challenges would not pose a threat to financial stability. According to report of RBI in jan 2016, there are 196079 ATM and 1337310 point of sale devices in India.

In the world of banking, the development of information technology has an enormous effect on development of more flexible payments methods and more-user friendly banking services. Internet banking involves, consumer using the Internet to access their bank account and to undertake banking transactions. At the basic level, Internet banking can mean the setting up of a web page by a bank to give information about its products and services. At an advanced level, it involves provision of facilities such as accessing accounts, transferring funds, and buying financial products or services online.

The recent years there has been explosion of Internet based electronic banking applications states that the emergence of new forms of technology has created highly competitive market conditions for bank providers. However, the changed market conditions demand for banks to better understanding of consumers' needs.

Indian banks offer to their customers following e-banking products and services:

1. Automated Teller Machines (ATMs).
2. Internet Banking .
3. Mobile Banking .
4. Phone Banking.
5. Tele-banking .
6. Electronic Clearing Services.
7. Electronic Clearing Cards.
8. Smart Cards.
9. Door Step Banking.
10. Electronic Fund Transfer.

The three broad facilities that e-banking offers are

1. Convenience- Complete your banking at your convenience in the comfort of your home.
2. No more Qs- There are no queues at an online bank.
3. 24x7 service- Bank online services is provided 24 hours a day, 7 days a week and 52 weeks a year.

Review of Literature

Trivedi & Patel (2013) analysed the problems faced by customers while using e-banking facilities in India. It observed that most of the customers know about the e-banking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using e-banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using e-banking services.

Kumari Nidhi (2016) The objective of the present paper is to examine and analyze the progress made by Internet Banking in India. Banking is the lifeline of an economy. A strong and healthy banking system is important requirement for economic growth. Indian banking industry, today is observing an IT revolution. The implementation of internet in banking organizations has modernized the banks. Implementing the internet banking approach has benefited the both i.e. consumers as well as banks. Considering the benefits, the banks all over the globe have implemented the internet banking and banking organizations in India are no exception. The competition among the banks has led to the increasing total banking automation in the Indian banking industry. E-Banking is a generic term encompassing internet banking, telephone banking, mobile banking etc. Through E-Banking the bank wants to introduce the core concept of IT based Enabled Services (ITES). The E-Banking services are executed only upon the customer, and these e-banking services would fully integrate with the core banking solution that is already in usage.

Objectives of the Study

The main objective of this study is to examine the awareness of the customers towards e-banking services of the select commercial banks in Madurai District of Tamil Nadu.

1. To know the profile of E-banking services availed customers in Madurai District.
2. To study about awareness of customers towards E-banking services rendered by commercial banks.
3. To offer suggestions to improve the standard of e-banking services.

Research Design and Methodology

From the study both primary and secondary data has been used. Data were collected from 300 bank customers belonging to 10 commercial banks in the Madurai District of Tamil Nadu during June-September 2016. The secondary data has been collected from journals, magazines, banker association reports, RBI reports etc. Convenience sampling method was used in the selection of the sample respondents in the study area. The survey instrument used in the study was a structured questionnaire. The questionnaire was made up the dimension which measures the acceptance of e-banking among customers. The variables were measured using multiple items. The following statistical tools: frequency tables, simple ranking method and one-way anova were used for analysis of the collected data.

Results and Discussion

The key contribution of this paper is holistic analysis of banking services quality in Tamil Nadu as a base for development of e-banking services in this region. The paper gives the statement that development of e-banking in this region will improve financial business and achieve social and economy objectives. The rapid development of e-banking services in the world financial market place has impact in the development of these approaches in financial business in other regions. Beside good knowledge in banking sector and good relationship with consumers, employees in banking sector have to improve new skills in communications with consumers in on-line environment. All those could improve position of bank on financial market place, as well as, improve consumers' satisfaction.

Table No.1 Level of Awareness About E-Banking Services Availed Customers

SL.No.	Yes	No	Total
Gender-wise Awareness Level			
Male	200 (97%)	06 (3%)	206 (100%)
Female	85 (90%)	09 (10%)	94 (100%)
Total	285	15	100

Age-wise Awareness Level			
Below 25 Years	58 (90%)	06 (10%)	64 (100%)
26-40 Years	138 (99%)	01 (1%)	139 (100%)
41-60 Years	82 (99%)	01 (1%)	83 (100%)
Above 60 Years	03 (21%)	11 (79%)	14 (100%)
Total	282	18	300

Source: Computed from Primary Data

Table No.1 is reveals that majority of the Male (97%) and Female (90%) is well aware of Electronic Banking facilities and services like internet banking, telephone banking and mobile banking etc. It is also expresses that all age group of respondents are know the E-banking operation except the age group of above 60 years respondents is not well aware of online banking services due to traditional followers other than this group all age groups are well aware about e-banking services rendered by commercial banks in Madurai District.

Table No.2 Priority for Choosing the Present Bank

SL.No.	Priority	Mean Score	Ranks
1	Advertising	3.50	III
2	Location	3.81	II
3	Recommendation of others	2.82	IV
4	Services Charges or Fees	1.73	V
5	Services Quality	4.14	I

Source: Computed from Primary Data

One of the general questions in the survey was about criteria for choosing a consumer's present bank. By analysis of respondents, results are presented in Table no.2. It has been found that the quality of services had the highest mean score of 4.14, followed by location mean score of 3.81, advertising mean score of 3.50, recommendation of others mean score of 2.82 and services charges or fees has possessed the least mean score of 1.73. Therefore, the research proves that the quality of banking services has impact on the process of banking services.

Ho: There Is No Significant Difference Between E-Banking Service Factors And Income Group In The Study Area

The evolution of electronic banking started with the use of automatic teller machines and has included telephone banking, direct bill payment, electronic fund transfer and online banking. This research shows that the application of e-banking can help their local banks reduce operating costs and provide a better and fast service to their customer.

ANOVA analysis has been applied to test whether the significant variation exists between the awareness of respondents belonging to different income group.

Table No.3 Difference between E-banking Factors and Income Group

Quality of Services	Mean Score	D.F	t-Value	Sig.
Easy to use of E-banking	6.834	2	2.864	0.050
	336.479	287		
It provides Safety and Security	9.130	2	3.493	0.032
	368.498	287		
It provides the Accurate Inform.	10.151	2	4.013	0.019
	356.656	287		
It Saves Time	8.455	2	3.565	0.030
	334.457	287		
It is Cost Effective	8.412	2	3.361	0.033
	353.995	287		
It is Transparency Services	7.773	2	2.788	0.063
	393.139	287		

Source: Computed from Primary Data

From the above table, it is clear that for the statement of E-banking provide; Easy to use of E-banking, E-banking provide Safety and Security, E-banking provide the latest and accurate details, E-banking is Save Time, and E-banking is Cost Effectiveness are less than 0.05, it means that there is significant variations exists between the awareness of respondents belonging to different income groups because of banking industry is using advanced and modern technology in the competitive market environment.

Summary and Conclusion

1. It is observed that majority of the Male (97%) and Female (90%) is well aware of Electronic Banking facilities and services.
2. It is captured that the quality of banking services has impact on the process of banking services.
3. It means that there is significant variations exists between the awareness of respondents belonging to different income groups because of banking industry is using advanced and modern technology in the competitive market environment.

E-banking is a generic term making use of electronic channels through telephone, mobile phones, internet etc. for delivery of banking services and products. The progress in e-banking in Indian banking industry is measured through various parameters such as Computerization of branches, Automated Teller Machines, Transactions through Retail Electronic Payment Methods etc. Here it can be concluded that people have more than half of the people have positive perception and are satisfactory with E-Banking rendered by the commercial banks in Madurai District. Still people of these areas are not using all the E-banking services frequently because they very little more knowledge about computer, mobile and internet; so they feel hesitation is using E-banking services.

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