

A Study on Customer Behaviour Towards E-Banking Services

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ABSTRACT

The transition from traditional brick-and-mortar banking to E-Banking services represents a paradigm shift in customer interactions with financial institutions. As customers increasingly turn to online platforms for their banking needs, it becomes imperative to delve into the factors influencing their choices, preferences, and trust in these digital services. This exploration aims to unravel the multifaceted aspects of customer behaviour in the realm of E-Banking, shedding light on the drivers, challenges, and trends shaping their decisions. Though, the E-Banking services having large number of customers, totally 100 persons were selected as sample for this study. The Participants for this study were restricted to Nagercoil, from all domains of the society.

Keywords: *E-Banking, financial institutions, digital services, satisfaction, problems*

Introduction

In the rapidly evolving landscape of banking and finance, electronic banking services, or E-Banking, have emerged as a revolutionary force, reshaping the way individuals manage their finances. This technological advancement, facilitated by the integration of digital platforms, has not only streamlined banking processes but has also significantly impacted customer behaviour and preferences [1]. Understanding the intricacies of customer behaviour towards E-Banking services is crucial for financial institutions striving to provide tailored, efficient, and secure solutions in the digital age [2].

Statement of the Problem

Despite the rapid advancement and widespread adoption of E-banking services, there remains a significant gap in understanding customer behaviour towards these digital platforms. While E-banking offers numerous benefits such as convenience, speed, and accessibility, customer satisfaction and usage patterns vary widely across different demographics and regions. This study aims to investigate the factors influencing customer behaviour towards E-banking services, identify common challenges faced by users, and assess the overall impact of these services on customer satisfaction and loyalty. By addressing these issues, the research seeks to provide insights that can help banks improve their E-banking offerings and better cater to the needs of diverse customer segments.

Review of Literature

Ganpathi [3], illuminated the salience of respondents' educational levels in influencing the adoption of internet banking. This aspect examines how varying levels of education among users impact their willingness, ability and confidence to engage with internet banking. The success of internet banking, it was elucidated, is contingent on customer attitudes and active engagement.

Nayak J. Swathi et al. [4], conducted a comprehensive study on customer satisfaction with E-banking services in Dakshina Kannada. The study revealed that some respondents were not fully satisfied with the E-banking services provided. This finding underscores the need for the banking sector to enhance service quality to improve customer satisfaction. The authors highlighted the importance of making E-banking more accessible and beneficial to senior citizens, particularly in rural areas. They suggested that tailored training programs could help bridge the gap and enhance the usability of E-banking services for this demographic.

Priya and Subbulakshmi [5], underscored the imperative nature of E-Banking Services, which have essentially become indispensable for smartphone users due to the manifold advantages they offer. This ubiquity notwithstanding, there exist minor concerns pertaining to security issues and the operational efficiency of servers in the realm of e-banking. Addressing these issues is crucial for maintaining user trust and ensuring the reliability of e-banking services.

Objectives

The study has been carried out with the following objectives

1. To identify the factors that drive the adoption of e-banking services.
2. To measure the level of customer satisfaction towards e-banking services
3. To trace out the problems faced by the customers while using e-banking services.

Methodology

The present study is descriptive in nature. Data for the present research was collected through both primary and secondary data. Though, the E-Banking services having large number of customers, totally 100 persons were selected as sample for this study. The Participants for this study were restricted to Nagercoil, from all domains of the society like private sector employee, government sector employee, business man, students and housewives having age above 18 years. Samples have been selected randomly. So, simple random sampling method has been used for the study.

Data Analysis

After collecting the primary data, it was classified, arranged and the master table was prepared. Data were organised and tabulated for further analysis. Percentage was used to analyse the demographic profile of the respondents. Likert's five-point scale was used for analysis and interpretation of data. (anchored as 1 = strongly disagree; and 5 = strongly agree).

Demographic Profile of the Respondents

Demographic profile of the respondents was grouped as age, gender, educational qualification, occupation and monthly income. Demographic profile of the respondents was captured in Table 1.

Table 1 Demographic Profile of the Respondents

Category	Profile	Percentage
Age	18 – 28	50
	29 – 38	20
	39 – 48	21
	49 – 58	9
	Total	100
Gender	Male	70
	Female	30
	Total	100
Educational Qualification	SSLC	11
	HSC	6
	Bachelor's degree	49
	Master's degree	29
	Total	100
Occupation	Professionals	27
	Government Service	13
	Entrepreneur	5
	Daily Wage	55
	Total	100
Monthly Income	Less than 30,000	64
	30,000-60,000	26
	60,000-90,000	5
	Above 90,000	5
	Total	100

Source: Primary data

Table 1 implied that 50 per cent of the respondents belong to the age group of 18-28 years, and only 9 per cent of the respondents belong to the age group of above 49 years. By this we say e-banking services gaining popularity among people, especially the younger generation.

70 per cent of respondents are female and 30 per cent of respondents are male, indicating a higher engagement of females in e-banking activities.

49 per cent of the respondents have completed their undergraduate degree while 6 per cent have educational qualification of 12th/ HSC. This indicates that a significant portion of e-banking users holds a higher educational qualification.

55 per cent of the respondents are working for daily wages and 5 per cent of the respondents are Entrepreneur. It is understood that e-banking services are commonly used by majority of people in the society without depending on their occupation.

64 per cent of the respondents having a monthly income less than 30,000 and 10 per cent of respondents having an income less and more than 90,000. This shows that e-banking users are predominantly from lower to middle income brackets.

Table 2 Factors Influencing the Adoption of E-banking Services

Factors	Highly Agree	Agree	Neutral	Not Agree	Not At All Agree	Total	Mean	Rank
Demonetization	22 (110)	41 (164)	26 (78)	9 (18)	2 (2)	372	3.72	IV
Covid-pandemic	38 (190)	40 (160)	14 (42)	6 (12)	2 (2)	406	4.06	II
Family	42 (210)	39 (156)	12 (36)	5 (10)	2 (2)	414	4.14	I
Friends	38 (190)	39 (156)	14 (42)	5 (10)	4 (4)	402	4.02	III
Advertisement	18 (90)	35 (140)	28 (84)	9 (18)	10 (10)	342	3.42	VII
Institution/Workplace	28 (140)	26 (104)	39 (117)	3 (6)	4 (4)	371	3.71	V
Bank Officials	29 (145)	30 (120)	29 (87)	6 (12)	6 (6)	370	3.70	VI

Source: Primary data

Table 2 shows the factors which influencing the adoption of e-banking services offered by Banks. In that the first rank is given to the factor, 'Family' with the score of 4.14, Second rank is given to the 'covid-pandemic' with the score of 4.06 and the least rank is given to the factor 'Advertisement' (rank VII) with the mean score of 3.42. This suggests that family influence is most significant factor, while advertising has the least impact.

Table 3 Satisfaction Level of Customers in E-Banking Services

Satisfaction level	Highly Agree	Agree	Neutral	Not Agree	Not At All Agree	Total	Mean	Rank
Convenience	56 (280)	27 (108)	8 (24)	1 (2)	8 (8)	422	4.22	I
Easy Access	49 (245)	31 (124)	8 (24)	1 (2)	11 (11)	406	4.06	II
Availability	42 (210)	36 (144)	13 (36)	1 (2)	8 (8)	400	4.00	III
Privacy & Security	38 (190)	28 (112)	13 (36)	2 (4)	19 (19)	361	3.61	V
Better Service	36 (180)	32 (128)	22 (66)	3 (6)	7 (7)	387	3.87	IV
Cost Efficient	27 (135)	25 (100)	21 (63)	9 (18)	18 (18)	334	3.34	VI

Source: Primary data

Table 3 clearly depicts the level of satisfaction while using the e-banking services offered. In that the first rank is allotted to the factor, 'Convenience' with the score of 4.22 and the least rank is given to the factor 'Cost efficient' (rank VI) with the mean score of 3.34. This states that e-banking is perceived as not cost-efficient, suggesting that the cost associated with the service may outweigh.

Table 4 Problems faced by Customers in using E-Banking Services

Problems	Often	Sometimes	Never	Total	Mean	Rank
Take lot of time to Complete the transaction	20 (60)	68 (136)	12 (12)	208	2.08	VII
High Charges	25 (75)	42 (84)	33 (33)	192	1.92	XI
Fear of Online Threads or Scams	52 (156)	32 (64)	16 (16)	236	2.36	I
Website Can't open	30 (90)	56 (112)	14 (14)	216	2.16	IV
Lack of Computer Literacy	32	50	18	214	2.14	V

& Internet Options	(96)	(100)	(18)			
Security Concerns	31 (93)	56 (112)	13 (13)	218	2.18	II
Log-in Problem	28 (84)	54 (108)	18 (18)	210	2.10	VI
Lack of assistance	30 (90)	57 (114)	13 (13)	217	2.17	III
Complexity of transactions	30 (90)	42 (84)	22 (22)	196	1.96	VIII

Source: Primary data

Table 4.6 clearly states the problems while using the e-banking services. In that the first rank is allotted to the problem, 'fear of online threads or scams' with the score of 2.36, Second rank is given to 'the security concern' with the score of 2.18 and the least rank is given to the factor, 'high charges' (rank IX) with the mean score of 1.92, indicating that security issues are more pressing than cost consideration in e-banking.

Findings

- Fifty per cent of the sample respondents belong to the age of 18-28 years and nine per cent of the sample respondents belong to the age group of 49-58 years.
- Seventy per cent of the sample respondents are female and thirty per cent of the sample respondents are male.
- Forty-nine per cent of the sample respondents are degree holders and six per cent of respondents have educational qualification of HSC.
- Fifty-five per cent of the sample respondents are daily wagers and five per cent of the respondents are entrepreneur.
- Sixty-four per cent of the sample respondents earn the monthly income less than 30,000 while 10 per cent of sample respondents earn more than 60,000 per month.
- For the factors which influencing the adoption of e-banking services, out of seven factors the first rank is given to the family (4.14) and second rank the covid-pandemic (4.06). The last two ranks are given to bank officials (3.70) and advertisement (3.42).
- For the satisfaction level of customers, out of six factors the respondents have given first rank to convenience (4.22) and the least rank is given to cost efficient (3.34).
- For the problems faced by customers, out of nine factors the respondents have given first rank to the Fear of Online Threads or Scams (2.36) and the least rank is given to the factor, 'high charges' with the mean score of 1.92.

Suggestions

Based on the above findings, the following suggestions are made to the Banking Sectors.

- Revamp advertising efforts to make them more engaging and informative. Use customer testimonials and success stories to highlight real-life benefits. Utilize social media and digital platforms for broader reach and engagement.
- Review and adjust fee structures to be more competitive. Offer promotional discounts or bundled services at reduced rates. Transparently communicate the value and benefits of the fees charged.
- Implement and communicate advanced security protocols such as multi-factor authentication, encryption, and regular security audits. Educate customers on safe banking practices to reduce fear of online threats.

Conclusion

Overall, this study underscores the dynamic nature of customer behaviour in the digital banking landscape and provides valuable recommendations for financial institutions to better cater to their customers' evolving needs and preferences. By focusing on these key areas, banks can enhance the user experience, build greater trust, and foster long-term customer loyalty in the rapidly growing E-banking sector.

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