

Customer Preference in E-Banking Services of State Bank of India

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Abstract:

Banking is one which spurs the need of today's changing scenario of Indian economy. Banking institution is indispensable in a modern society. E-banking reduces time, money and efforts so, it is regarded as best practice in today world. Main objective of this research paper is to investigate the modern services quality dimension which affects the customer satisfaction. Sample size of 120 respondents, collected from internet banking users of Thirunelveli City, who are using the internet banking services of State Bank of India. An analysis of e-banking services most of the users are like ATM facility, Credit Card facility, fund transfer and bill payment facility. The skills of bank staff should be upgraded continuously through training. Bank must develop various measures for providing satisfaction to the customers for e-banking services.

Key words: E-Banking, ATM, Bill Payment, Fund Transfer

Introduction

Banking system occupies an important place in a nation's economy. Banking institution is indispensable in a modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market. Banking was initially an urban-oriented financial services, its rural orientation began in 1956, after the nationalizations of the Imperial Bank of India and the establishment of State Bank of India which was given a mandate to go to rural. The RBI adopted the Branch Licensing Policy in the late sixties to induce the commercial banks to open rural branches. Increase in credit deployment in rural areas. The Economic development in our country depends upon the instruments of economic change. So from time and again we need to accept their change which results in regional imbalances in the economic development. The Indian financial system has undergone a sea change over the last decade. Technology revolution has brought many opportunities to widen the scope of operations in the Indian financial system. Banking is one which spurs the need of today's changing scenario of Indian economy. Several researches in the field of banking have confirmed that countries with a well-developed banking system have a good economic growth and development than those with a weaker system. The main functions of banks thus include deposit creation, credit creation and lending of money and other ancillary services.

E-Banking in India

Over the last decade India has been one of the fastest adoptions of information technology, particularly because of its capability to provide software solutions to organizations around the world. The system provides customer- specific information in the form of account balances, transaction details, and statement of accounts. General purpose information like interest rates,

branch location, bank products and their features, loan and deposit calculations are provided in the banks website. The communication is normally done through e-mail. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet. In India many services offer online banking, such as, 1) Bill Payment Service, 2) Funds Transfer (Electronic fund transfer), 3) Credit/ Debit Cards, 4) Railway ticket booking,5) Investment through internet banking, 6) Online Shopping, and 7) Mobile Recharge etc .

Literature Reviews

Francis Buttle in his article (2000) reveals that CRM is widely misunderstood by marketing management and misrepresented by software houses. Companies are being sold front-office and back office solutions, but are missing out on the fundamental, Strategic benefits that CRM can provide. CRM at its most sophisticated has the potential to integrate all business processes around the requirements of strategically significant customers, a fact that most IT solutions fail to acknowledge.¹ Shannon Scullin et.al, (2002) expressed in their study Electronic Customer Relationship Management and it has become the latest paradigm in the world Customer Relationship Management . ECRM is becoming more and more necessary as businesses take to the web. No longer can web-enabled companies rely on the traditional brick and mortar strategies that have gotten them to where they are today. Such organizations have to evolve with the market instead of behind it. This paper promotes the value of ECRM, explores its benefits, outlines the focal points to address prior to implementation, outlines potential pitfalls during implementation and ways to avoid, takes a look at recent

¹ Francis Buttle – “The CRM value chain” – April 2000.

trends. They concluded that the customer –centric and corporate benefits of implementing an ECRM solution, with the understanding that ECRM efforts will only succeed when organizations make their customers win.² Pisharodi R et al (2003) in their study found that a process oriented strategic approach to connect the operational, informational and the organizational components of CRM is critical for the success of CRM application.³ Panda and Parida (2005) studied the role of Customer Relationship Management in Retail Banking in India. Their study reveals that the issue of customer retention behind the CRM Strategy. They concluded that the deployment of CRM techniques and creation of new business intelligence in respect of satisfaction of customers would definitely enhance the loyalty level.⁴ MandeepKhera, (2007) viewed CRM as a historical perspective of customer support, Evolution of CRM and E-Support environment conclude that the solution not only provides a major competitive differentiation, it also enhances an organization's shareholder value.⁵ Dr. Shirmila Stanley (2012) stated in her paper, the Customer Centric Banking Services and Need for CRM in Banks, and also suggested for effective CRM in Banks. She concludes that CRM has become a new mantra in service management, which is both relationship based & information intensive. Banks need to differentiate themselves by offering value-added service and building long-term relationships with their customers. The CRM program must be embraced and promoted by top management and

² Shannon Scullin, Jason Allora Geoffrey Owen Lloyd and Jerry Fjermestad, "Electronic Customer Relationship Management: Benefits, Considerations, Pitfalls and Trends" School of Management, Newjersey Institute of Technology, Newark, NJ07102 (2002).

³Pisharodi, Angur and Shainesh (2003), "Relationship Strategy, Effectiveness and Responsiveness in Services Marketing, Journal of Relationship Marketing, Vol.2, No.1, 2003, pp.3-22

⁴ Panda T. Parida S (2005) – "Role of Customer Relationship in Loyalty Building" –Viakshan, 4(1), pp 114-121.

⁵ Mandeep Khera, Chief Marketing and Sales Officer, Maya Corporation, "The Evolution of CRM & The Challenges of personalized E-Support"

supported with a comprehensive annual CRM plan to ensure organization wide success.⁶ Dr.Dinesh D.Bhakkad (2013) stated in his paper, analyse of the CRM and develops a Customer Service Model for Bank. And banks are realizing that CRM is the magic bullet that helps financial institutions to build stronger and more profitable relationships. He concluded that banks can deliver to customers by having a concise and precise ways of doing things through effective of CRM rather than focusing on developing product strategies.⁷

Objectives of the Study

- To study the various e-banking services provided by the bank.
- To study the awareness of e-banking services among the customers.
- To find out customer satisfaction relating to the e-banking services.

Research Design

The main objective of this research paper is to investigate the modern services, quality dimension which affects the customer satisfaction. For the purpose of achieving the objective, a descriptive research study was conducted.

Sampling and Sample Size

Primary data was collected from internet banking users of Thirunelveli City, who are using the internet banking services of State Bank of India. The sample size consists of 120

⁶ Dr. Shirmila Stanley – “New Perspectives in the Banking Sector – The CRM way”, International Journal of Marketing, Financial Services & Management Research Vol.1, Issue 11, Nov.2012, ISSN 2277 3622.

⁷ Dr. Dinesh D. Bhakkad – “A CRM Model Design for Customer Services in Bank Sector”, Banking Finance, Feb. 2013, pp.18 to 22.

respondents, Convenience sampling technique was used for a period of two months (February – March 2014).

Analysis of Results

Table 1 shows that 120 sample respondents of E-Banking users. Among the 120 sample respondents, 81 respondents are male and 39 respondents are female. Maximum e-banking users are graduates and post graduates.

Table 2 shows that most of e-banking users doing business and self-employed. Maximum users are using ATM/Debit card, Mobile banking and Credit card. Frequency of usage daily and weekly.

Table 3 shows the gender wise opinion of banking services: the significant relationship between gender and ATM usage. The calculated value is less than the table value, hence the hypothesis accepted.

Table 1

CATEGORY	FREQUENCY	PERCENTAGE
Gender wise Respondents		
Male	81	67.5
Female	39	32.5
Total	120	100
Age wise Respondents		
Up to 20 Years	33	27.5
21 to 40 Years	47	39.2
41 to 60 Years	30	25.0
Above 60 Years	10	8.3
Total	120	100
Education wise Respondents		
Up to HSC	14	11.7
Graduates	60	50
Post Graduates	36	30
Others	10	8.3
Total	120	100

Table 2

CATEGORY	FREQUENCY	PERCENTAGE
Occupation wise Respondents		
Self Employed	30	25
Business and Service	48	40
Student	32	27
Home maker	10	8
Total	120	100
Monthly Income wise Respondents		
Up to 15000	39	32.5
15001-30000	34	28.3
30001-45000	31	25.8
Above 45000	16	13.3
Total	120	100
Electronic Banking Services wise Respondents		
ATM	65	54
Credit Card	12	10
Electronic Fund Transfer	8	7
Internet Banking	11	9
Mobile banking	24	20
Total	120	100
Frequency of Usage wise Respondents		
Daily	50	42
Once in a Week	34	29
Once in a month	10	8
Twice in a Month	26	21
Total	120	100

Table 3 GENDER WISE OPINION ON E BANKING SERVICES

Opinion of Services	High		Medium		Low		Chi-Square Test (Table Value (0.05) = 5.99, df=2)	
	Male	Female	Male	Female	Male	Female	Chi-square Calculative Value	Result
ATMs is Convenient to Operate	31	10	40	20	10	9	3.16	Significant
ATMs are Well Maintained	55	5	16	30	10	4	38.52	Insignificant
Less Waiting Time to Use ATMs	10	10	65	19	6	10	13.09	Insignificant

Most Prefer to make payment through Bank	41	5	35	24	5	10	19.59	Insignificant
Bill Payment Service Charges is Very Low	34	5	40	29	7	5	10.20	Insignificant
Bill Payment is most Convenient	26	10	45	25	10	4	0.79	Significant
Fund Transfer is Very Fast	14	24	57	10	10	5	25.72	Insignificant
Fund Transfer Most Economical	26	4	50	25	5	10	13.03	Insignificant
Fund Transfer through this bank is very safe	21	10	50	24	10	5	0.01	Significant
Credit Card has high Value	10	9	50	20	21	10	2.41	Significant
Charges for Credit card are competitive	31	5	45	15	5	19	31.05	Insignificant
Very easy to obtain credit card	26	5	50	24	5	10	11.77	Insignificant
Online Shopping is very convenient	26	6	49	23	6	10	9.33	Insignificant
Safe to make investments through online services	5	10	71	19	5	10	21.29	Insignificant

There is significant relationship between gender and bill payment. The calculated value is less than the table value, hence the hypothesis accepted. Again there is significant relationship between gender and safe fund transfer. So it is found that calculated value is less than the table value, hence the hypothesis accepted. There exists again a significant relationship between gender and credit card facility. So calculated value is less than the table value, hence the hypothesis accepted. An analysis of e-banking services shows that most of the respondents are like ATM facility, Credit Card facility, and fund transfer and bill payment facility.

Suggestion

- Bank must develop various measures for providing satisfaction to the customers for e-banking services
- Creating awareness among the people regarding e-banking services.

- Some of the customers are lacking of computer skills. Banks should organize seminar and conference to educate the customers, how online banking should be used.

Conclusion

The internet banking has been growing rapidly in India. In recent years, banks offer many internet services; the competition resulted into benefit to the customers. No need of personal visit to bank. E-banking reduces time, money and efforts so it is regarded as best practice in today world. So in the world of globalization e-banking provides a lot of comforts to us by using internet banking, mobile banking, electronic fund transfer etc. State bank of India suffers due to the rigid mentality of the old employees. The skills of bank staff should be upgraded continuously through training. Though it has certain problems for utilizing such services can be removed by invention of new technology.