

## Customer Perception on E-Banking Service

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### Abstract

The development and the increasing progress that is being experienced in the Information and Communication Technology have brought about a lot of changes in almost all facets of life. In the Banking Industry, it has been in the form of online banking, which is now replacing the traditional banking practice. The present paper is the outcome of an empirical study conducted with the objective of investigating customer's views regarding e-banking. It covers Customers perception on online banking activities and its impact and promotional measures used by banks to promote online banking.

This paper therefore, examines, if customers' choice of banks is influenced by the quality of e-banking services provided. Stratified sampling was used; while the survey Instrument was a developed Questionnaire comprising open ended and Likert type of questions. The Likert type questions have a 5 point scale (indicating 1 strongly disagree to 5 strongly agree).secondly personal details and customers' e-banking preference in Gwalior. The instrument contained 23 items and was administered to about 300 respondents, while 285 respondents using regularly online banking services. The statistical techniques used for the analysis were the ANOVAs. The ANOVAs analysis revealed that the relationship with different income group of respondents that the perception about the e-banking services offered by banks. The study revealed that education, gender and income play an important role in usage of online banking. The research corroborated the conceptual framework stating that if skills can be upgraded there will be greater will to use online banking by consumers.

**Keywords:** E-banking services, Promotional measures, Customer perception, Satisfaction

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### Introduction

Tremendous progress in the field of information technology has reduced the world to a global village and it has caused unprecedented change in the banking industry. Huge developments in the technology of telecommunications and electronic data processing have further stimulated these changes, use of latest technology in business and finally one is shortage of time due to numerous engagements. The business who cope up the above three matters will survive only. Competition requires less costly and more effective product and

services, and common person want quick services. In banking industry in the past, large queues could be observed for payment of utility bills or for cash withdrawals/deposits. The banks are succeeded to reduce this queue through uses of latest technology, but still busy common people are demanding less time-consuming methods for banking transactions. In this regard, banks are going to utilize internet facility for customer's transactions this method will reduce paper work, and will give quick response to customer while they remain in their office or at home. The financial services industry was one of the first to recognize the potential of the Internet as a means of interacting with customers, however, current data compiled by the Web Marketing Association shows that banks are falling behind other industries with respect to innovation within their Internet channel (Brno-Britz 2006).

The main advantage regarding E-banking is that its availability 24 hours a day and 7 days a week. Customer's perception and life style plays an important role in growth of Internet banking system. (Rogers 1983), analyzed consumers' attitudes towards direct banking, Compatibility with customer existing lifestyles (Lockett and littler 1997).

The banking industry has been undergoing changes since the mid 1990s, in the form of innovative use of information technology and development in electronic commerce (Kalakota and Whinston, 1996). This development made e-banking pose as a threat to the traditional branch operations, despite the fact that electronic commerce is still developing and is rapidly changing (Harris and Spence, 2002; Turbin et al. 2002). According to Ozuru et al. (2010) "The importance of electronic payment system in any country can never be over emphasized, due to the dramatic transformation in technological advancements that is being experienced by the global financial industry". They further argued that this new technological development may result to digital money replacing fiduciary currency in some developed countries, for instance, e-money has become legal tender in Singapore since 2008; while the contrast is the situation in many countries, which are still cash based.

This paper is an outcome of an empirical study conducted with the objective of gaining Customers perceptions regarding e-banking. The paper consists of four sections besides introduction viz. review of literature; research methodology; results & discussion and conclusion.

### Review of Literature

Some of the author has done the work on customer perception about e-banking impact on customer are as follows:

*Filotto et al. (1997)* illustrated that the acceptance rates of ATM were higher among young users. In addition, Barnett (1998) findings proved that younger consumers are more

comfortable in using e-banking. *Mookerji (1998)* explored that internet banking is fast becoming popular in India. Nevertheless, it is still in its evolutionary stage. They expect that a large sophisticated and highly competitive internet banking market will develop in future.

*Joseph et al. (1999)* examined the influence of internet on the delivery of banking services. They found six primary dimensions of e-banking service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization.

*Mols (1999)* acknowledged that the internet banking is an innovative distribution channel that offers less waiting time and a higher spatial convenience than traditional branch banking with significantly lower cost structure than traditional delivery channels. Internet banking reduces not only operational cost to the bank but also leads to higher levels of customer satisfaction and retention. As a result internet banking is very attractive to banks and consumers, who now have higher acceptance to new technology. (Polatoglu and Ekin, 2001, Mols, 2000, Sathye, 1999, Wisner and Corney, 2001)

*Jeevan (2000)* observed that the internet banking enables banks to offer low cost and high value added financial services. US web-corporation argues that finally banks are finding that a comprehensive online banking strategy is indispensable for success in the increasingly competitive financial services market. Changes in technology, competition and lifestyles have changed the face of banking and banks in the present environment are looking for alternative ways to provide differentiated services.

*Hasan (2002)* found that online home banking has come out as a significant strategy for banks to attract and retain customers. About 75 percent of the Italian banks have adopted some form of internet banking during the period 1993-2000. The study also found that the higher likelihood of adopting active internet banking activities is by larger banks, banks with higher involvement in off-balance sheet activities, past performance and higher branch network.

*Mishra (2005)* in his paper explained the advantages and the security concerns about internet banking. According to him, improved customer access, offering of more services, increased customer loyalty, attracting new customers are the primary drivers of internet banking. But in a survey conducted by the online banking association, member institutions rated security as the most important concern of online banking.

*Nyangosi et al. (2009)* collected customers' opinions regarding the importance of e-Banking and the adoption levels of different e-Banking technologies in India and Kenya. The study highlighted the trends of e-banking

indicators in both countries. The overall result indicates that customers in both countries have developed a positive attitude and they give much importance to the emergence of e-banking.

From the review of literature, we found that income is one of the crucial factors for expanding e-banking. Younger consumers and males are more comfortable in using e-banking. Convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization were found to be primary dimensions of e-banking service quality. In light of the above findings, the present study is undertaken in Indian context to find out customer perceptions about online banking services.

### Objectives of the Study

The main objective of this study is to examine the perception of the customers towards e-banking services of the select commercial banks in Gwalior. In addition, the study has the following secondary objectives:

1. To study the growth and progress of electronic banking.
2. To study the perception of the customers towards payment services.
3. To study about impact of e-banking on customers and bankers
4. To offer suggestions to improve the standard of e-banking services

### Research Methodology

#### Research Type

We use descriptive research and exploratory research design in our studies. **Descriptive** research is also called Statistical Research. The main goal of this type of research is to

describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages, and other statistical calculations. Although this research is highly accurate, it does not gather the causes behind a situation. Descriptive research is used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation. The methods involved range from the survey which describes the status quo, the correlation study which investigates the relationship between variables, to developmental studies which seek to determine changes over time.

### Data Collection

**Primary Data:** Structured Questionnaire

**Secondary Data:** Online Database, Journals, Surveys

### Sampling

The study's objective was accomplished through the collection and analysis of primary data obtained from a purposive sampling technique. Likert scale questionnaire was used to measure the perception of customers about e-banking. Out of 300 administered questionnaires only 285 were retrieved and used for the analysis. Members of the population are chosen based on their relative ease of access. To sample relatives, friends, co-workers, businessman, govt. employees, are all examples of convenience sampling

### Tools

**Statistical :** SPSS

### Results and Discussions

1. To study the relation of Gender, Income and Age wise awareness level of respondents regarding E-Banking.

**TABLE 1. SHOWING AWARENESS LEVEL**

Particular	Yes	No	Total
Gender wise			
Male	201	6	207
Female	84	9	93
Total	285	15	300
Income wise			
<2 Lacs	22	3	25
2-4 Lacs	118	4	122
>4 Lacs	143	5	147
Total	283	12	295

Age wise			
<25 yrs	59	5	64
25-40 yrs	138	1	139
40-60 yrs	82	1	83
> 60 yrs	6	8	14
Total	285	15	300

Source : Survey

Table no. 1 is revealed that 285 (95%) respondents aware about online banking as gender, income and age wise out of 300. Only 15 respondents not aware about E-banking services

2. To study how many respondent are using E-banking services regularly?

**TABLE 2. RESPONDENTS ARE USING THE E-BANKING SERVICES REGULARLY**

Particular	Yes	No	Total
Gender wise			
Male	179	22	201
Female	76	8	84
Total	255	30	285
Income wise			
<2 Laacs	21	1	22
2-4 Laacs	103	17	120
>4 Laacs	131	12	142
Total	255	30	285
Age wise			
<25 yrs	47	12	59
25-40 yrs	126	12	138
40-60 yrs	76	6	82
> 60 yrs	6	0	6
Total	255	30	285

Source : Survey

Table no. 2 is revealed that 255 (89%) respondents are using online banking regularly as gender, income and age wise out of 285. Only 30 respondents are not using regularly E-banking services

3. To know the opinion of respondents on the regarding E-Banking is time saving process.

**TABLE 3. E-BANKING IS TIME SAVING PROCESS**

Particular	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Gender wise					
Male	19	51	34	74	23
Female	6	22	24	27	5
Income wise					

<2 Lacs	0	4	5	11	2
2-4 Lacs	13	28	31	38	10
>4 Lacs	12	41	22	52	16
Age wise					
<25 yrs	11	19	11	13	5
25-40 yrs	10	40	26	46	16
40-60 yrs	4	13	20	39	6
> 60 yrs	0	1	1	3	1

Source : Survey

From the table 3, it is clear that 101+28=129 (45%) respondents view E-Banking as time saving process. 58 (20%) respondents are neutral. 98 (34%) respondents have

negative views.  
4. To know the opinion of respondents Easy to Use Nature of E-Banking

TABLE 4. E-BANKING IS EASY TO USE

Particular	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Gender wise					
Male	22	51	50	67	11
Female	8	23	26	23	4
Income wise					
<2 Lacs	1	3	8	9	1
2-4 Lacs	17	37	26	35	5
>4 Lacs	12	34	42	46	9
Age wise					
<25 yrs	12	18	11	13	5
25-40 yrs	12	38	42	41	5
40-60 yrs	6	18	21	32	5
> 60 yrs	0	0	2	4	0

Source : Survey

From the table 4, it is clear that 90+15=105 (37%) respondents view E-Banking is easy to use. 76 (27%) respondents are neutral. 104 (36%) respondents have

negative views.  
5. To know the opinion of respondents on the regarding E-Banking provides Safety and Security.

TABLE 5. E-BANKING PROVIDES SAFETY AND SECURITY

Particular	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Gender wise					
Male	19	42	40	81	19
Female	11	20	23	26	4
Income wise					
<2 Lacs	0	3	4	13	2
2-4 Lacs	17	27	27	42	7
>4 Lacs	13	32	32	52	14
Age wise					
<25 yrs	10	15	16	14	4
25-40 yrs	12	33	34	52	7
40-60 yrs	8	14	13	36	11
> 60 yrs	0	0	0	5	1

Source : Survey

From the table 5, it is clear that  $107+23=130$  (46%) respondents view E-Banking provides safety and security. 63 (22%) respondents are neutral. 92 (32%) respondents have negative views.

6. To know the opinion of respondents on the regarding E-Banking provides the latest & accurate information.

**TABLE 6. E-BANKING PROVIDES LATEST AND ACCURATE INFORMATION**

Particular	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Gender wise					
Male	17	44	43	78	19
Female	9	26	23	21	5
Income wise					
<2 Lacs	0	3	3	13	3
2-4 Lacs	12	35	28	32	13
>4 Lacs	14	32	35	54	8
Age wise					
<25 yrs	9	18	14	15	3
25-40 yrs	10	35	36	44	13
40-60 yrs	7	17	16	36	6
> 60 yrs	0	0	0	4	2

Source : Survey

From the table 6, it is clear that  $99+24=123$  (43%) respondents view E-Banking provides latest and accurate information. 66 (23%) respondents are neutral. 96 (34%) respondents have negative views.

7. To know the opinion of respondents on the regarding 24 hours Access of E-banking services.

**TABLE 7. E-BANKING PROVIDES 24HRS. ACCESS OF SERVICE**

Particular	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Gender wise					
Male	15	50	46	73	17
Female	10	26	25	22	1
Income wise					
<2 Lacs	0	3	5	12	2
2-4 Lacs	9	40	30	34	7
>4 Lacs	16	33	36	49	9
Age wise					
<25 yrs	9	16	18	12	4
25-40 yrs	10	41	34	45	8
40-60 yrs	6	19	19	33	5
> 60 yrs	0	0	0	5	1

Source : Survey

From the table 7, it is clear that  $95+18=113$  (40%) respondents say that 24 hours Access of E-banking services. 71 (25%) respondents are neutral. 101 (35%) respondents have negative views.

8. To know the opinion of respondents on the regarding E-banking is cost effective service.

**TABLE 8. E-BANKING IS COST EFFECITE SERVICE**

Particular	Strongly Disagree	Disagree	Neutral	Agrec	Strongly Agree
Gender wise					
Male	15	50	46	72	18
Female	9	29	20	20	6
Income wise					
<2 Lacs	0	4	3	12	3
2-4 Lacs	8	36	31	36	9
>4 Lacs	16	39	32	44	12
Age wise					
<25 yrs	9	21	12	12	5
25-40 yrs	9	41	33	46	9
40-60 yrs	6	17	21	31	7
> 60 yrs	0	0	0	3	3

Source : Survey

From the table 8, it is clear that  $92+24=116$  (41%) respondents say that E-banking is cost effective service. 66 (23%) respondents are neutral. 103 (36%) respondents have negative views.

9. To know the opinion of respondents on the regarding E-banking is speedy service.

**TABLE 9. E-BANKING IS SPEEDY SERVICE**

Particular	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Gender wise					
Male	18	50	40	74	19
Female	13	22	24	22	3
Income wise					
<2 Lacs	1	4	1	16	0
2-4 Lacs	13	31	33	34	9
>4 Lacs	17	37	30	46	13
Age wise					
<25 yrs	11	18	12	16	2
25-40 yrs	15	35	35	44	9
40-60 yrs	5	19	17	32	9
> 60 yrs	0	0	0	4	2

Source : Survey

From the table 9, it is clear that  $96+22=118$  (42%) respondents say that E-banking is speedy service. 64 (22%) respondents are neutral. 103 (36%) respondents have negative views.

10. To know the opinion of respondents on the regarding E-banking is transparency service.

**TABLE 10. E-BANKING IS TRANSPARENCY SERVICE**

Particular	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Gender wise					
Male	18	59	39	64	21
Female	12	27	16	23	6
Income wise					
<2 Lacs	0	5	2	13	2
2-4 Lacs	12	37	28	29	12
>4 Lacs	18	44	25	45	13
Age wise					
<25 yrs	9	24	7	15	4
25-40 yrs	12	38	31	42	15
40-60 yrs	9	24	17	26	6
> 60 yrs	0	0	0	4	2

Source : Survey

From the table 10, it is clear that  $87+2=114$  (40%) respondents say that E-banking is transparency service. 55 (19%) respondents are neutral. 116 (41%) respondents have negative views.

11. Anova test has been applied to test whether the significant variations exists between the views of respondents belonging to different income group. Table No. 11 given below shows this relationship:

**Table No. 11: Showing the relationship different Income Group**

Particulars		Sum of Squares	Df	Mean Square	F	Sig.
<b>E- Banking is time saving process</b>	Between Groups	4.102	2	2.051	1.531	.218
	Within Groups	377.842	282	1.340		
	Total	381.944	284			
<b>Easy to Use nature of E-Banking</b>	Between Groups	6.834	2	3.417	2.864	.059
	Within Groups	336.479	282	1.193		
	Total	343.312	284			
<b>E-Banking provide Safety and Security</b>	Between Groups	9.130	2	4.565	3.493	.032
	Within Groups	368.498	282	1.307		
	Total	377.628	284			

<b>E-Banking Provide the latest &amp; accurate information</b>	Between Groups	10.151	2	5.076	4.013	.019
	Within Groups	356.656	282	1.265		
	Total	366.807	284			
<b>24 hrs. Access of E-banking services</b>	Between Groups	8.455	2	4.228	3.565	.030
	Within Groups	334.457	282	1.186		
	Total	342.912	284			
<b>E-banking is cost effective</b>	Between Groups	8.412	2	4.206	3.351	.036
	Within Groups	353.995	282	1.255		
	Total	362.407	284			
<b>E-banking is speedy service</b>	Between Groups	4.634	2	2.317	1.741	.177
	Within Groups	375.239	282	1.331		
	Total	379.874	284			
<b>E-banking is transparency service</b>	Between Groups	7.773	2	3.886	2.788	.063
	Within Groups	393.139	282	1.394		
	Total	400.912	284			

Source : Survey

From the table it is clear that for the statement E-Banking provide Safety and Security, E-Banking Provide the latest & accurate information, 24 hrs. Access of E-banking services and E-banking is Cost Effective significance level is less than 0.05, it means there is significant variations exists between the views of respondents belonging to different income group. So here our null hypothesis (There is no

relation between income group and perception regarding E-Banking) is rejected. For all other statement null hypothesis is accepted as significance level is greater than 0.05.

12. Different types of E-banking services used by respondents.

**Table No. 12: Showing the E-banking services used by respondents**

Most often service	ATM	E- Investment	E- Shopping	Credit Card	E- Ticket	Bank State- ment	Fund Transfer
<b>Gender wise</b>							
Male	200	62	57	62	57	62	41
Female	84	29	26	29	26	29	10
Total	284	91	83	91	83	91	51
<b>Income wise</b>							
<2 Lacs	22	9	9	9	9	9	7
2-4 Lacs	119	32	27	32	27	32	18
>4 Lacs	143	50	47	50	47	50	26
Total	284	91	83	91	83	91	51
<b>Age wise</b>							
<25 yrs	59	23	21	23	22	23	17
25-40 yrs	137	41	34	41	37	41	23
40-60 yrs	82	26	27	26	23	26	10
> 60 yrs	6	1	1	1	1	1	1
Total	284	91	83	91	83	91	51

Source : Survey

As per above table no. 12, it is clear that respondents are frequently using ATM mostly and other service using low averaging comparatively like e-ticketing, bank statement fund transfer etc. through E-Banking services.

### Conclusion and Suggestions

This paper has focused on appraising the customer perception about e-banking services. Three research objectives guided the study and data were collected through questionnaire and analysed descriptively using percentages, and Anova. It was discovered that customers adapting e-banking services very leisurely such as ATM, home banking, use of payment cards to mention but a few. As per study only 95% people are aware about E-banking Services. 89% people are using the E-Banking services regularly. Others are using in a very irregular manner. 45% respondents said that the E-Banking is time saving process. Only 37% respondents said that E-Banking is easy to use. 46% respondents said E-Banking Provides safety and security. 43% respondents said E-Banking provides up-to-date and accurate information. 40% respondents said that E-banking is 24 hours available and transparency service. 41% respondents said that E-banking is cost effective service. 42% respondents said that E-banking is very speedy services. Frequently used E-Banking services are ATM, Bill payments & getting the bank statements.

Here it can be concluded that people have around 45 % people have positive perception & are satisfactory with E-Banking. Still people of these areas are not using all the E-banking services frequently because they very little more knowledge about computer and internet; so they feel hesitation is using E-banking services

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