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CUSTOMERS PERCEPTION ON E-BANKING: AN EMPIRICAL STUDY ON RURAL BANKS IN THE SELECTED DISTRICTS OF ODISHA

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ABSTRACT

The advancement in IT enabled services has brought a sea change in the operations of the banking sector. With the e-banking facilities offered by the banking organizations, the customers are now transacting online sitting in their homes and offices. In order to know the customers perception towards e-banking services, the present paper has made an attempt to study the e-banking facilities offered by the rural banks of selected districts of Odisha. For this purpose, a survey was conducted and 57 rural banks having e-banking facilities and 375 customers of these banks were included in the survey. The study reveals that most of the customers of rural banks are satisfied with the e-banking facilities particularly the security and privacy.

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Introduction

E-Banking refers to the use of the internet as a remote delivery channel for banking services, including viewing and verifying transactions on account, checking balances, printing statements, monitoring noncredit and unpaid cheques, and many more. The service provided by banks on the internet has evolved from simple consultation of account to a full range of banking services. Compared to the traditional form of banking, the internet has the advantage of eliminating most of the network and software costs attached to other electronic banking innovations through the use of browsers. e-banking also allows customers to interact more intensively than before with the front office of the bank and at the same time allow banks to centralize back office operations and increase their efficiency. The day and night availability of such services make it very convenient for the clients of banks. After globalization of the Indian economy, the need to upgrade services to an internationally accepted level have prompted many of our banks to offer internet banking services. With e-banking, customers are supposed to transact from the comfort of their homes and offices and are able to do most of the

transactions which would have been done in the banking halls. Using a personal computer with an internet connection, they are able to transact on their traditional accounts such as cash withdrawals, transfer from one account to the other, make payments of utility bills, viewing and printing of statements, request for cheque books etc. Now, most of the countries in the world think highly of e-banking and make it as impetus to the development of the economy. Even they think e-banking has more importance than the industrial revolution. It is getting more and more attention from all types of business houses and consumers, both at national and international level. The highly successful operations of some well known names on the internet, such as eBay, Yahoo, Dell and Amazon, the banking institutions have also adopted this net work for their business purpose.

Statement of the Problem

e-banking is the latest development that has added a new dimension to banking transactions by making it more convenient. It reduces the long queues in banking halls.

Nonetheless, there are some problems which do not encourage banking through internet and causes many customers to be physically present in the bank premises instead of taking advantage of e-banking. The problems like low broadband internet penetration, customers' preference for traditional banking transaction, fear of online threats/scams, lack of basic knowledge of computers and the high cost of internet accessibility are some of the main reasons threatening the growth of e-banking particularly in Rural/Gramya Banks. Anyway, this is a new way of doing business. In any "business to customer" (B2C) type of environment, satisfying a customer is the ultimate goal of business. The concept of customer satisfaction is equally important for service organizations, such as banks, as many of them subscribe to the fact that higher customer satisfaction will lead to greater customer loyalty (Boulding *et al.*, 1993) which in turn, leads to future revenue. "Customer satisfaction" not only means a happy customer but rather more than that. With the growing trend of information technology in banking sector, customers prefer to deal online with their bank because of the rising trend of technology improving quality and customer satisfaction. Moreover, online banking facilitates, cost-effective decision on e-banking operations and IT managers to enhance customer service quality, develop trust in customers and boost market share in this expanding but increasingly competitive business area. It thus, generates customer satisfaction and also customer commitment. In this context, how online banking facilities help the customers of Rural Banks is the thrust area of present research work.

Review of Literature

The boom of internet and electronic banking has evoked several research efforts aimed at understanding service satisfaction in relation to virtual business environment. Thus, the unique characteristics of internet based services are extensive human- computer interactions and high level self service may imply that customers perceive satisfaction from online services differently when contrasted with their offline counterparts. Many research studies have been conducted in the area of internet banking from different angles highlighting the prospects and challenges. The important studies include the studies conducted by Rawani and Gupta (2002), Rao *et al.*(2005), Shah and Siddiqui (2006), Srivastava (2007) and Uppal (2008). Most of the studies focused on modern banking services provided through the adoption of e-banking for effective delivery system of banking services given to the customers. Further, with regard to customer satisfaction on e-banking, the notable research works conducted by the researchers include the studies of Sahrawat (2003), Costanzo *et.al.* (2003), Lee *et al.*(2005), Raja *et. al* (2008) and Siddik (2012). These studies pointed out how e-banking facilities had increased the customer satisfaction to a great extent.

Significance of the Study

The banking industry is a service industry which is crucial for the growth of the economy of Balasore, Bhadrak and Mayurbhanj districts of Odisha. Further, these areas are primarily an agrarian one and largely dominated by tribal people. The development of these districts depends not only on agriculture and allied activities but also on the industrial activities. For this purpose, capital is much needed. In this connection, the banking industry can play a pivotal role and

the role of the Gramya Bank cannot be underestimated. This research paper explores the customer satisfaction towards e-Banking services provided by the Gramya Banks. The study further looks at how customers perceive internet banking useful as compared to traditional banking services, its role in shaping/developing rural economy and assisting rural people for their timely financial requirements.

Objectives of the Study

The main objective of this study is to examine the e-banking adoption among Gramya Banks in Balasore, Bhadrak and Mayurbhanj districts and find out the level of satisfaction of the customers of such banks with the use of e-banking. The detail objectives are as follows

- To study whether adoption of e-banking facilities provided by the Gramya banks to its customers have any effect on security and privacy.
- To examine whether e-banking services provided by the Gramya banks to its customers is more reliable than the old pattern (manual system).
- To examine the impact of service quality of e-banking given by the Gramya banks to its customers.

Scope of the Study

The present study is both descriptive and evaluative in nature and examines the impact of various factors that lead to customer satisfaction/dissatisfaction in e-banking. The study measures the impact of internet banking on performance of Gramya banks operating in three districts namely Balasore, Bhadrak and Mayurbhanj of Odisha. The scope of the study is limited to Gramya Banks with internet banking facilities operating in the districts of Balasore, Bhadrak and Mayurbhanj. However, commercial banks / nationalized banks having net banking facilities operating in the rural areas of the above districts are not included in the present study.

Research Design

For the present research work data have been collected from the primary and secondary sources. Primary data was collected from respondents through a survey. In the present research work, a structured questionnaire was prepared and administered among the customer respondents. Secondary data was obtained through various published documents such as research reports, annual reports, books, Journals and periodicals etc. The primary data was collected by the researchers from October 2016 to December 2016. Since this is a survey method of research, data for long period of time is not necessary. Only a particular time period data is enough to conduct the research work.

Sample Design

For the present study the sample design is outlined below.

Target Population

To answer the research questions of the study, the present research work covers three districts namely Balasore, Bhadrak and Mayurbhanj of Odisha. These districts are chosen purposefully keeping in view the special characteristics of such districts.

They are agriculturally rich, tribal dominance and high literacy. A total of 152 branches of Odisha Gramya Bank are functioning in these three districts out of which 120 branches are having net banking facilities.

Sampling Technique

For the present research work proportionate stratified random sampling technique is used where the sample size is drawn from each strata i.e. the total number of customers in the branches of each strata having net banking facility divided by the total number of customers of these three districts having the net banking facility and then multiplied by the number of sample size collected and included in the study. From each strata, using proportional allocation, sub sample size for each strata is calculated and included in the sample list.

Sample Size

In the present study, 57 Gramya banks covering three districts have participated in the survey work with the consent of the branch managers of Gramya banks having the net banking facilities. 450 questionnaires were circulated among the clients of these banks. However, finally the researchers got 375 valid questionnaires having all the required information.

Statistical Tools and Techniques Used

Finally, the collected data were analyzed and interpreted by using the statistical tools namely percentage, average, scaling technique etc.

Analysis and Interpretation of Data

The analysis and interpretation of data are presented in two sections. The section-1 presents the analysis of data relating the demographic variables and the section-2 presents the customers views on the use of e-banking services of Gramya Banks.

Table 1. Gender-wise Classification of Respondents

Gender	Frequency	Percentage	Cumulative Percentage
Male	322	86	86
Female	53	14	100
Total	375	100	

Source: Primary data collected through survey.

The above Table 1 shows that 86 % respondents are male customers and only 14 % are female customers. In other words, mostly male customers are going to the gramya bank for banking transaction.

Table 2. Age-wise Classification of Respondents

Age group	Frequency	Percentage	Cumulative Percentage
15-25 year	214	56.80	56.80
26-40 year	113	30.40	87.20
Above 40 years	48	12.80	100
Total	375	100	

Source: Primary data collected through survey

From the above Table 2, it is noticed that respondents comprising of 56.80 % belong to the age group of 15 to 25 years, followed by 30.40% customers who belong to the age group of 26-40 years.

However, customers having age above 40 years comprise only 12.80%. It can be inferred that young people mostly go to the rural banks for banking transaction.

Table 3. Occupation-wise Classification of Respondents

Occupation	Frequency	Percentage	Cumulative Percentage
Agriculture	48	12.80	12.80
Govt. service	89	23.73	36.53
Private service	104	27.73	64.26
Business	116	30.94	95.20
Others	18	4.80	100
Total	375	100	

Source: Primary data collected through survey

The Table-3 reveals that 30.94% respondents belong to business category followed by private services and government service with 27.73% and 23.73% respectively. Farmers and others constitute 12.80% and 5.20% respectively. Looking at the above table, it can be said that business class and private service holders are the major customer groups of the rural banks.

Table-4: Education Level of Respondents

Education	Frequency	Percentage	Cumulative Percentage
Illiterate	24	6.40	6.40
Up to 7 th	38	10.00	16.40
10 th	72	19.20	35.60
12 th	93	24.80	60.40
Degree	117	31.20	91.60
Others	31	8.40	100
Total	375	100	

Source: Primary data collected through survey

It is revealed from the table-4 that respondents with degree qualification constitute 31.20% which is followed by 12th pass and 10th pass whose composition in the total sample respondents are 24.80% and 19.20% respectively. It is interesting to note that illiterate respondents constitute only 6.40%.

Table-5: Period of Use of e-Banking Facilities by the Respondents

Period of use	Frequency	Percentage	Cumulative Percentage
1 to 6 months	96	25.60	25.60
7 to 12 months	131	34.80	60.40
More than 1 year	148	39.60	100
Total	375	100	

Source: Primary data collected through survey

To know how old the customers are in using the internet banking facilities, it is found from the table-5 that nearly 40% of the respondents have used the e-banking facilities more than one year. On the other hand, about 26% of the respondents have used the same just less than 6 months and rest 35% have used it more than six months. From the above information, it can be inferred that majority of the respondents have experience in e-banking transaction.

Table-6: Frequency of Use of the e-Banking by the Respondents

Frequency of use	Frequency	Percentage	Cumulative Percentage
Daily	96	25.60	25.60
Once a week	117	31.20	56.80
Once a Month	162	43.20	100
Total	375	100	

Source: Primary data collected through survey

In order to know the frequency of use of e-banking facilities by the respondents, it is found from the table-6 that almost all the customers avail and use the facilities. However, 56.80 percent customers use the facilities either daily or once in a week. The rest respondents (43.20%) are using banking transaction through internet once in a month.

Table 7. Reasons for Opting e-banking by the Respondents

Reasons for Opting	Frequency	Percentage	Cumulative Percentage
Convenience (24 hours service, anywhere connectivity)	59	15.60	15.60
Curiosity	43	11.60	27.20
Better rates	63	16.80	44.00
Safe and secure	44	11.60	55.60
Low service charge	69	18.40	74.00
Easy to track my banking transaction activity	97	26.00	100
Total	375	100	

Source: Primary data collected through survey

With regard to opting for e- banking transaction, the above table-7 shows that 26 % of the respondents use the facility because it is easy to track banking transaction followed by low service charge and better rates. On the other hand 11.60 % respondents each avail the facility either for curiosity or safe and secure.

Table 8. Reliability of e-banking Service by the Respondents

Reliability	Frequency	Percentage	Cumulative Percentage
Very Reliable	96	25.60	25.60
Reliable	119	31.60	57.20
Somewhat Reliable	77	20.40	77.60
Unreliable	46	12.40	90.00
Very unreliable	37	10.00	100
Total	375	100	

Source: Primary data collected through survey

To ascertain the reliability of customers on e-banking transaction of Gramya bank, the table-8 depicts that about 57.20% of the respondents have viewed it reliable/very reliable. However, 22.4 % customers have said that it is unreliable /very unreliable. Further, it is seen from the table that about 20.40 % or 77 respondents expressed that the e-banking facilities provided by the Gramya banks are somewhat reliable.

Table-9: Frequency of Internet Failure/ Breakdown

Failure/Breakdown	Frequency	Percentage	Cumulative Percentage
Not often	99	26.40	26.40
Often	119	31.60	58.00
Very Often	157	42.00	100
Total	375	100	

Source: Primary data collected through survey

With regard to failure of internet banking transaction or break down of the same, it is revealed from the table-9 that majority of the respondents i.e. 42 % have expressed it as very often. It is followed by 31.60 % who said it as often. From this, it can be inferred that about three-fourth of the respondents are of the view that the e-banking facilities provided by the Gramya banks are not running smoothly. When asked above the reason for concern on the use of e-banking, it is found that almost equal no of respondents pointed out three important reasons of

Table 10. Reasons of Concern by the Respondents in using e-banking

Item/Variable	Frequency	Percentage	Cumulative Percentage
Access to Internet Connectivity	137	36.40	36.40
Concerned about security	124	33.20	69.60
Service Availability	114	30.40	100
Total	375	100	

Source: Primary data collected through survey

concern as mentioned in the table-10. However, access to internet connectivity is the major reason of concern.

Table 11. Level of Satisfaction of Respondents with e-banking Facility

Item/Variable	Frequency	Percentage	Cumulative Percentage
Very Satisfied	123	32.80	32.80
Satisfied	111	29.60	62.40
Somewhat Satisfied	72	19.20	81.60
Unsatisfied	44	11.60	93.20
Very unsatisfied	25	6.80	100
Total	375	100	

Source: Primary data collected through survey

From the table-11, it is evident that out of total, 32.80% of the customers are very satisfied, 29.60% customers are satisfied and 19.20% of the customers are somewhat satisfied. About 18% of the customers are either unsatisfied or very unsatisfied on e-Banking service provided by the Gramya Bank.

Table-12: Respondents view on Security and Privacy of e-banking

Item/Variable	Frequency	Percentage	Cumulative Percentage
Very Good	110	29.20	29.20
Good	93	24.80	54.00
Average	76	20.40	74.40
Poor	63	16.80	91.20
Very Poor	33	8.80	100
Total	375	100	

Source: Primary data collected through survey

When the respondents are asked to give their views on internet banking service on a scale with regard to security and privacy, it is found from the table-12 that about 54 % of the respondents have expressed it as good/very good. However, about 25 % of the respondents have viewed it as either poor or very poor.

Findings of the Study

Major findings of the study are presented below.

- Majority of the customers (respondents) in the study are male customers whose percentage is 86.
- Majority of the respondents (56.80 %) belong to the age group of 15-25 years
- Business class customers are highest i.e. 30.80 % of the total sample under study.
- From among the respondents 31.20 % are degree holders.
- With regard to internet use for banking transaction, 39.60 % of sample customers have more than one year experience.

- About 25.60 % of the total sample respondents use the internet banking facility daily.
- With regard to reliability of e-banking service, about 57.20 % expressed either reliable or very reliable.
- So far as internet banking failure or breakdown is concerned, it is noticed that 42.00 % respondents have endorsed it as very often.
- Regarding the reason for opting e-banking by respondents reveals that they use it mainly to easily track banking transaction activity
- Similarly, the main reasons of concern in using e-banking are the failure to access internet connectivity and Security threat.
- With regard to level of satisfaction of the customers on e-banking, 62.40 % feel either satisfied or very satisfied.
- With regard to customers' view on security and privacy on e-banking services, the study noticed that the majority of the customers viewed it as either very good or good.

Conclusion

On the whole the present research is a fact finding research work conducted on a limited scale. In the era of IT revolution and use of more and more IT related technologies; the banks particularly the rural banks/Gramya banks can adopt net banking to a larger extent for customer satisfaction. This in turn, will bring the rural customers as well as the banks to a win-win position. Ultimately, this will boost the various activities of the rural sector.

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