

## **Customer's Perception towards E-banking- A Comparative Study of Public and Private Sector Banks**

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### **Abstract**

*The growth of the internet, mobiles and communication technology has added a different dimension to the banking services. Many banks have implemented internet banking to offer their customers a variety of services with more convince and accessing information and making transactions. It includes full control over clients account likewise, deposits, withdrawals, transfers, online payments and updates. That leads to customer satisfaction and customer retention which is increasingly developing into key success factors in e-banking. The main objective is to do comparative study of public and private sector banks regarding the customer's perception for preference and non-preference of E-banking. The sample size of customers shall be 640 from Private sector banks (ICICI, HDFC) and Public sector Banks (SBI, PNB) at different regions. Four districts are selected from Malwa region (Mohali, Ludhaina, Fatehgarh Sahib and Patiala). t-test is used to study the significance of difference between Public and Private sector banks for customer's perception regarding e-banking services. Finally, this paper suggests that Banks should hire technical staff to eradicate the technical defaults and their service should be instant and 24\*7 days to assist the anytime, anywhere and anyhow.*

**Keywords:** *Customer Perception, E-Banking, Public Sector Banks & Private Sector Banks*

### **Introduction**

Electronic banking is an offshoot of innovative and creative development. This advancement has changed the way of working of banking industry as well as banking relationships. The growth of the internet, mobiles and communication technology has added a different dimension to the banking services. Many banks have implemented internet banking to offer their customers a variety of services with more convince and accessing information and making transactions. It includes full control over clients account likewise, deposits, withdrawals, transfers, online payments and updates. That leads to customer satisfaction and customer retention which is increasingly developing into key success factors in e-banking.

### **Objective of the Study**

The main objective is to do comparative study of public and private sector banks regarding the Customer's perception for preference and non-preference of E-banking.

### **Research Methodology**

The research instruments to collect the data are structured questionnaire and direct personal interview. Questionnaires consisted of open as well as close ended questions. It consisted of two sections. First section related to the socio-economic demographic information. It contained information about respondents regarding their gender, marital status, educational qualification, occupation household income. Second section is again divided into three sub parts. First part comprise questions to measure consumer's preference to use E-banking after that second part consist questions related to non-preference of customers toward E-banking and third part covered customer's expectations regarding E-banking services. The sample size of study was 640 responded

From Private sector banks (ICICI, HDFC) and Public sector Banks (SBI, PNB) at different regions four districts were selected from Malwa region (Mohali, Ludhaina, Fatehgarh Sahib and Patiala) on the basis of literacy rate as per 2011 population census (ppplanning.com). The sample selected was divided according to age, income and occupation. The Sample of different categories is selected through simple random sampling technique. For a smooth and accurate analysis of the data, advanced statistical analysis software like the SPSS is used.

### Analysis and Interpretation

**T-test Analysis** (Significance of difference between Public and Private Sector Banks for Customer's Perception about the E-banking services of the bank)

**Table 1: Significance of difference between Public and Private sector banks for Customer's Perception about the E-Banking services of the bank**

Public Sector Bank (n=300)		Private Sector Banks (n=300)		t value	Df	p value
Mean	SD	Mean	SD			
139.5	48.1	148.3	38.8	-2.46	598	0.01**

**Source:** Author's Calculation

Table 1 indicates significance of difference between private and public sector banks for their perception about E-banking services of the bank. P value is 0.01 which is less than significant value 0.05. It indicates that there is significant difference in perception of customers' of public sector and private sector banks regarding E-banking services of the bank.

**Table 2: Significance of difference between Public and Private sector banks for non- preference of E-banking services**

Public sector banks (n=300)		Private sector banks (n=300)		t value	Df	p value
Mean	SD	Mean	SD			
62.5	26.3	58.2	23.9	2.10	598	0.04*

**Source:** Author's Calculation

Table 2 indicates significance of difference between private and public sector banks for their non-preference of E-banking services. The P value is given to be 0.04 which is greater than significance 0.01. This shows that there is insignificant difference between customers of private

and public sector banks regarding non-preference of E-banking services.

**Table 3: Comparison between Public and Private sector banks for customer's Perception regarding Preference of the E-Banking services of the bank**

Preference/ Banks	Public		Private		t value	Df	p value
	Mean	SD	Mean	SD			
E-banking is more convenient then Branch Banking.	4.14	0.99	4.29	0.95	-1.894	598	0.06
E-banking is more reliable and safe than branch Banking.	3.81	1.06	4.07	0.94	-3.174	598	0.00**
E-banking serves customers 24*7 days a week.	3.96	1.04	4.14	0.97	-2.112	598	0.04*
E- banking provides instant alert Message.	3.84	1.11	4.00	0.99	-1.784	598	0.07
It helps in reducing the no. of Complaints /queries in the bank.	3.58	1.19	3.74	1.14	-1.720	598	0.09
E-banking replaces physical facilities to The customers.	3.60	1.20	3.79	1.12	-2.040	598	0.04*
The customers are attended individually.	3.59	1.27	3.78	1.11	-1.950	598	0.05
It provides the customers with needful Information from time to time.	3.58	1.31	3.76	1.06	-1.851	598	0.06
Bank official website give upgrade latest offers to the customers.	3.54	1.29	3.66	1.12	-1.251	598	0.21
Young generation more depend on E-Banking.	3.66	1.31	3.81	1.14	-1.463	598	0.14
E-banking itself show the cost/charges Involved in it.	3.55	1.32	3.66	1.13	-1.065	598	0.29
Password facility provides Confidentiality to the transaction.	3.49	1.36	3.71	1.11	-2.202	598	0.03*
More trusted by modern young Generation.	3.65	1.32	3.85	1.17	-1.997	598	0.05
It also increases the financial security.	3.39	1.33	3.63	1.22	-2.304	598	0.02*
Privacy can be easily maintained.	3.41	1.37	3.58	1.23	-1.627	598	0.10
It also ensures to provide information on Fraudulent usage.	3.39	1.42	3.53	1.26	-1.296	597	0.20
Transfer of funds is faster through E-Banking.	3.49	1.41	3.68	1.25	-1.746	598	0.08
E-banking provides more responsibility, Accuracy and accountability.	3.47	1.38	3.61	1.24	-1.338	598	0.18
It provides accuracy/reliability in billing Generation.	3.40	1.39	3.69	1.26	-2.735	598	0.01**
It instantly registers the complaints.	3.43	1.39	3.63	1.21	-1.848	598	0.07
E-banking is very easy to operate.	3.38	1.42	3.69	1.26	-2.763	598	0.01**
It improves the satisfaction level of Customer service.	3.40	1.44	3.68	1.25	-2.519	598	0.01**
E-banking is faster as compare to manual banking.	3.47	1.42	3.74	1.25	-2.464	598	0.01**

Bank adopts new technology frequently.	3.45	1.45	3.63	1.29	-1.606	598	0.11
E-banking reduces the paper work Burden.	3.43	1.51	3.66	1.29	-2.065	598	0.04*
It reduces the waiting time to receive the Service.	3.37	1.51	3.65	1.26	-2.498	598	0.01**
E-banking ensures to improve goodwill Of the banks.	3.39	1.51	3.57	1.30	-1.567	598	0.12
It reduce the overall work load of the Bankers.	3.40	1.51	3.52	1.30	-1.044	598	0.30
It has ability to provide better service Quality to customers.	3.32	1.51	3.56	1.33	-2.035	598	0.04*
It provides E-receipt of every Transaction.	3.35	1.50	3.64	1.32	-2.485	598	0.01**
It is service of any time and any place.	3.36	1.52	3.73	1.34	-3.165	598	0.00**
It provides better understanding Relationship between customer and banker.	3.21	1.50	3.60	1.37	-3.354	598	0.00**
Bank attracts more and more customer By their services.	3.26	1.50	3.59	1.34	-2.785	598	0.01**
E-banking helps to reduce the long Queues in window.	3.61	1.35	3.98	1.22	-3.466	598	0.00**
Bank matches with expectation of customer	3.31	1.41	3.64	1.19	-3.041	598	0.00**
Customer prefer e-banking after their First experience with e-banking.	3.46	1.43	3.68	1.25	-1.975	598	0.05
E-banking increases the performance of the bank	3.34	1.51	3.61	1.21	-2.364	598	0.02*
E-banking meet the cash requirement of The customer even after the bank is closed.	3.43	1.46	3.65	1.27	-1.999	598	0.05
Physical representation of services through plastic card, credit and debit Card is easy.	3.53	1.46	3.70	1.21	-1.556	598	0.12
E-banking provides online wallet Facility.	3.06	1.49	3.18	1.30	-1.021	598	0.31

**Source:** Author's Calculation

\*\*p<0.01 and \*p<0.05 level of significance

Table 3 indicates the Comparison between public and private sector banks for customer's perception for preference of the E-banking services of the bank. P value is equal to 0.00 and which is less than significant value 0.01 in case of statements E-banking is more reliable and safe than branch banking, E-banking is service of any time and any place. It provides better understanding relationships between customers and banks, E-banking helps to reduce the long queues in window, banks matches with expectation of customer which indicates highly significant difference regarding customer's perception for preference of E-banking services between public sector and private sector banks. In case of statements E-banking serves customers 24\*7 days a week (P value =0.04), E-banking replaces physical facilities to the customers (P value =0.04), password facility provides confidentiality to the transaction (P value =0.03), it also increases the financial security

(P value = 0.02), E-banking reduces the paper work burden (P value=0.04), it has ability to provide better service quality to customers (P value= 0.04), E-banking increases the performance of bank (P-value=0.02), the P value in all these statements is less than significant value 0.05 which indicates significant difference regarding customer's perception for preference of E-banking services between public and private sector banks. In case of statements, it provides accuracy, reliability in billing generation, E-banking is easy to operate, E-banking is faster as compared to manual banking, it reduces the waiting time to receive service, it provides e-receipt of every transaction, bank's attract more and more customers by their services P value is 0.01 which is equal to significant value 0.01 and indicates highly significant difference in perception of customers of public and private sector banks regarding these statements related E-banking.

**Table 4: Comparison between Public and Private sector banks for customer's Perception for non-preference of the E-Banking services of the bank**

Non-preference/Banks	Public		Private		t value	Df	p value
	Mean	SD	Mean	SD			
Customer like meeting people and prefer face to face banking.	3.50	1.28	3.47	1.29	0.318	598	0.75
E-banking is risky as compare to manual system.	3.43	1.29	3.29	1.27	1.307	598	0.19
E-banking lapse security factor.	3.22	1.35	3.12	1.31	0.919	598	0.36
Manual system is much convenient.	3.14	1.38	3.02	1.39	1.032	598	0.30
Secrecy not maintained in E-banking.	3.08	1.42	2.96	1.42	1.064	598	0.29
Education helps in using online banking.	3.15	1.46	2.95	1.46	1.679	598	0.09
There are chances of fraud and forged transactions in internet banking.	3.12	1.38	2.87	1.41	2.222	598	0.03*
It involves huge operating cost/transaction cost.	3.03	1.45	2.72	1.39	2.642	598	0.01**
No instant help is provided to customer in problem.	3.06	1.46	2.79	1.44	2.344	597	0.02*
Customer do not trust internet as channel for banking as it is not safe.	3.03	1.49	2.79	1.39	2.098	598	0.04*
There is frequent disruption of site.	3.03	1.53	2.77	1.35	2.269	598	0.02*
There is no responsibility and accountability of banker in E-banking.	3.04	1.53	2.77	1.38	2.296	598	0.02*
E-banking is difficult for beginner to operate.	3.00	1.56	2.90	1.40	0.852	598	0.39
E-banking having hacking problem.	3.05	1.59	2.80	1.48	1.969	598	0.05
E-banking is time consuming	2.89	1.58	2.73	1.44	1.349	598	0.18

process.							
There is frequent change in technology.	2.99	1.61	2.73	1.44	2.084	598	0.04*
E-banking system differs from bank to bank.	3.11	1.63	2.78	1.50	2.581	598	0.01**
Customer feels helpless (after business hours) when my card is stuck up by ATM machine.	3.33	1.63	3.01	1.52	2.483	598	0.01**
Internet facility/speed effect E-banking.	3.21	1.64	2.93	1.53	2.162	598	0.03*
Computer language barrier itself.	3.09	1.67	2.84	1.58	1.908	598	0.06

Source: Author's Calculation\*\*p<0.01 and \*p<0.05 levels of significance

Table 4 shows comparison between public sector and private sector banks for customer's perception regarding non-preference of the E-banking services of the bank. In case of statements, there are chances of fraud and forged transactions in internet banking (P value=0.03), no instant help is provided to customer in problem (P value= 0.02), customers do not trust internet as channel for banking as it is not safe (P value=0.04), there is frequent disruption of site (P value= 0.02), there is no responsibility and accountability of bank in E-banking (P value =0.02), there is frequent change in technology (P value =0.04), internet facility, speed effect E-banking (P value=0.03), P value is less than significant difference between public sector and private sector banks for customer's perception regarding non-preference of the E-banking services of the bank. P value is 0.01 in case of statements it involves huge operating cost/ transaction cost, E-banking system differs from bank to bank , customers feel helpless (after business hours) when my card stuck up by ATM machine which is equal to significant value 0.01 indicating significant difference between private sector and public sector customer's perception regarding these statements.

### Conclusion

Thus, this study has analyzed the overall customer's perception towards E-banking service provide by the Private (HDFC& ICICI) and Public (PNB & SBI) sector banks which shown that responded are equally satisfied from the E-banking provided their banks. Besides this, many barriers are four which are major challenges for banks, such as, legal and security issues, less awareness, hack problems, frequent changes in technology.

### Recommendations

- Banks should hire technical staff to eradicate the technical defaults and their service should be instant and 24\*7 days to assist the anytime, anywhere and anyhow.
- Banks should promote electronic services by providing discounts rather than charging operating cost by this bank can attract customers who have less income.
- Government should invest money to help the banks, like, providing training to bank staff members and even should organize seminars to make people aware about E-banking. Door

to door awareness program should be started to make aware housewives and agriculturist.

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