



Management

A COMPARATIVE STUDY ON SATISFACTION OF CUSTOMERS OF PUBLIC SECTOR AND PRIVATE SECTOR BANKS TOWARDS E BANKING IN TIRUNELVELI DISTRICT

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Abstract

The last two decades in the banking industry has seen many developments to face the competition among its competitors. Technology is one field that banking industry focuses on for this competition. Nowadays e-banking is the popular technology used by banks. E-banking is the outcome of technological innovations and competition. The customers' satisfaction is also very important to face the challenges for the banks to cope up with other banks. Hence this paper focuses on the satisfaction level of customers towards e-banking services ² provided by Public and Private Sector banks in Tirunelveli District. This study is limited to Tirunelveli area only, Tamil Nadu. The objectives of this study are to find out the factors influencing in the adoption of E-banking provided by public and private sector banks, identify the level of satisfaction of customers of public and private sector banks towards their usage of E-banking. Convenience sampling method have adopted for this study. The primary data were collected from questionnaire method. From the analysis, it is found that with regard to satisfaction in ATM services, the customers of both sectors of banks are equally satisfied.

Also the customers are satisfied with the e-banking services provided by private sector banks. It is suggested that ease of use is the major factor to induce the customers to adopt e-banking. Therefore banks should maintain its applications more user friendly and up to date. ATMs receive the higher attraction among the e-banking channels. Banks must pay attention and plan to make the ATMs as the key distribution channel for all kinds of banking transactions.

Keywords: E-Banking; Satisfaction; ATM; Public Sector Bank; Private Sector Bank.

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1. Introduction

Banks in India need to be admired on the enclosure of technology in a large way in their day-to-day operations. The last two decade has seen many constructive developments in the Indian Banking Sector. Nowadays e-banking is the popular technology used by banks. E-Banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. E-banking is the outcome of technological innovations and competition. In fact, banks have been using electronic and telecommunication networks for delivering a wide range of value added products and services. As a part of their e-banking initiatives banks offered the following new delivery channels to customer's Automated Teller Machines (ATM)/ Cash Dispensers (CD), Phone banking, Internet banking and Mobile banking. Banks used e-banking as mechanism to fight fierce competition that existed in the market and also to retain the customers base they had customer's response to e-banking was enthusiastic and followed predicted path of Technology Adoption Life Cycle models (Shreyan at 2002).

2. Statement of the Problem

In the competitive environment of the post liberalization era, financial sector reforms have significantly relaxed the market. Banks has evolved new products and services to attract the customers through innovative technological delivery channels. There are also several special operations which give an intensive marketing push to increase the customer base and usage of technological innovative banking services. For Indian Banks, there is a wide market potential amongst e-banking. The demand for e-banking is necessitate by the growing e-commerce transactions and the paradigm shift in banking led by technology. From the perspective of both users and providers, E-Banking is cost effective, quick and convenient. Hence, it is needed to identify the reason why customer's preference e-banking.

3. Objectives of the Study

- 1) To find out the factors influencing in the adoption of E-banking provided by public and private sector banks.
- 2) To identify the level of satisfaction of customers of public and private sector banks towards their usage of E-banking.
- 3) To offer Suggestions

4. Scope of the Study

The study aims to find out the perception and preference of customers towards e-banking offered by Public and Private sector banks. This study also aims at measuring the satisfaction of the customers and offer suitable suggestions to solve the problems. This study also compares the perception and preference of customers towards e-banking services offered by public and private sector banks in Tirunelveli district.

5. Research Methodology

For this research both primary and secondary data were collected. Primary data were collected from the customers of public sector and private sector banks using e-banking and it was collected through well-defined and well-framed questionnaire. Snowball sampling method was used for selecting sample respondents. Four hundred and sixty one respondents were selected. The secondary data were collected from various websites, books, journals and magazines.

6. Analysis and Interpretation of Data

Demographic profile is one of the important variables to determine the usage and satisfaction of the respondents. The following tables clearly explain about the demographic profile of the respondents in the study area.

Table 1: Gender wise classification of the respondents

Gender * Type of Bank Cross Tabulation				
		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
Gender	Male	117	163	280
		52.0%	69.1%	60.7%
	Female	108	73	181
		48.0%	30.9%	39.3%
Total		225	236	461
		100.0%	100.0%	100.0%

From the above table it is clear that, out of 461 respondents majority 60.7 percent are male respondents and rest of the 39.3 percent of the respondents are female respondents.

Out of 225 public sector bank's respondent's majority 52 percent are male respondents and rest of the 48 percent are female respondents.

Out of 236 private sector bank's respondent's majority 69.1 percent are male respondents and rest of the 30.9 percent are female respondents.

Table 2: Age wise classification of the respondents

Age * Type of Bank Cross Tabulation				
		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
Age	18 - 30 Years	103	92	195
		45.8%	39.0%	42.3%
	30 - 50 Years	80	80	160
		35.6%	33.9%	34.7%
	Above 50 Years	42	64	106
		18.7%	27.1%	23.0%

Total	225	236	461
	100.0%	100.0%	100.0%

From the table, out of 461 respondents majority 42.3 percent of the respondents are belong to the age group of 18-30 years, 34.7 percent of the respondents are belong to the age group of 30-50 and rest of the 23 percent of the respondents are belong to the age group of above 50 years.

Out of 225 public sector bank's respondents majority 45.8 percent of the respondents are belong to the age group of 18-30 years, 35.6 percent of the respondents are belong to the age group of 30-50 and rest of the 18.7 percent of the respondents are belong to the age group of above 50years.

Out of 236 private sector bank's respondents majority 39 percent of the respondents are belong to the age group of 18-30 years, 33.9 percent of the respondents are belong to the age group of 30-50 and rest of the 27.1 percent of the respondents are belong to the age group of above 50years.

Table 3: Education wise classification of the respondents

Education * Type of Bank Cross Tabulation				
		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
Education	School Level	24	14	38
		10.7%	5.9%	8.2%
	U.G Level	50	84	134
		22.2%	35.6%	29.1%
	P.G Level	67	67	134
		29.8%	28.4%	29.1%
Professional	84	71	155	
	37.3%	30.1%	33.6%	
Total		225	236	461
		100.0%	100.0%	100.0%

From the above table, it is clear that, out of 461 respondents majority 33.6 percent of the respondents are completed professional courses, 29.1 percent of the respondents are under graduates, another 29.1 percent of the respondents are post graduates and rest of the 8.2 percent of the respondents are completed up to school level.

Out of 225 public sector bank's respondents majority 37.3 percent of the respondents are completed professional courses, 29.8 percent of the respondents are post graduates, 22.2 percent of the respondents are under graduates and rest of the 10.7 percent of the respondents are completed up to school level.

Out of 236 private sector bank's respondent's majority 35.6 percent of the respondents are under graduates, 30.1 percent of the respondents are completed professional courses, 28.4 percent of

the respondents are post graduates and rest of the 5.9 percent of the respondents are completed upto school level.

Table 4: Marital status of the respondents

MARITAL STATUS * Type of Bank Cross Tabulation				
		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
MARITAL STATUS	Single	63	42	105
		28.0%	17.8%	22.8%
	Married	162	194	356
		72.0%	82.2%	77.2%
Total		225	236	461
		100.0%	100.0%	100.0%

From the above table, it is clear that, out of 461 respondents majority 77.2 percent of the respondents are married and rest of the 22.8 percent of the respondents are single.

Out of 225 public sector bank's respondent's majority 72 percent of the respondents are married and rest of the 28 percent of the respondents are single.

Out of 236 private sector bank's respondent's majority 82.2 percent of the respondents are married and rest of the 17.8 percent of the respondents are single.

Table 5: Occupation of the respondents

Occupation * Type of Bank Cross Tabulation				
		Type of Bank		Total
		Public Sector Bank	Private Sector Bank	
Occupation	Government Employee	43	34	77
		19.1%	14.4%	16.7%
	Private Employee	52	67	119
		23.1%	28.4%	25.8%
	Business	27	41	68
		12.0%	17.4%	14.8%
	Professional	54	46	100
		24.0%	19.5%	21.7%
	Student	24	26	50
		10.7%	11.0%	10.8%
	Housewife	25	22	47
		11.1%	9.3%	10.2%
Total		225	236	461
		100.0%	100.0%	100.0%

From the above table, it is reveals that, out of 461 respondents majority 25.8 percent of the respondents are private employees, 21.7 percent of the respondents are professional, 16.7 percent of the respondents are government employees, 14.8 percent of the respondents are doing business, 10.8 percent of the respondents are students and rest of the 10.2 percent of the respondents are housewife.

Out of 225 public sector bank's respondents majority 24 percent of the respondents are professional, 23.1 percent of the respondents are private employees, 19.1 percent of the respondents are government employees, 12 percent of the respondents are doing business, 11.1 percent of the respondents are housewife and rest of the 10.7 percent of the respondents are students.

Out of 236 private sector bank's respondent's majority 28.4 percent of the respondents are private employees, 19.5 percent of the respondents are professional, 17.4 percent of the respondents are doing business, 14.4 percent of the respondents are government employees, 11 percent of the respondents are students and rest of the 9.3 percent of the respondents are housewife.

Table 6: Income wise classification of the respondents

Monthly Income * Type of Bank Cross Tabulation						
		Type of Bank				Total
		Public Bank	Sector	Private Bank	Sector	
Monthly Income	Less than 20,000 rupees	66 29.3%		40 16.9%	106 23.0%	
	20,000 to 40,000 rupees	64 28.4%		67 28.4%	131 28.4%	
	40,000 to 60,000 rupees	55 24.4%		77 32.6%	132 28.6%	
	More than 60,000 rupees	40 17.8%		52 22.0%	92 20.0%	
Total		225 100.0%		236 100.0%	461 100.0%	

From the above table, it is clear that, out of 461 respondents majority 28.6 percent of the respondents are earn Rs. 400000-60000 per month, 28.4 percent of the respondents are earn Rs. 20000-40000 per month, 23 percent of the respondents are earn less than Rs. 20000 per month and rest of the 20 percent of the respondents are earn more than Rs. 60000 per month.

Out of 225 public sector bank's respondents majority 29.3 percent of the respondents are earn less than Rs. 20000 per month, 28.4 percent of the respondents are earn Rs. 20000-40000 per month, 24.4 percent of the respondents are earn less than Rs. 40000-60000 per month and rest of the 17.8 percent of the respondents are earn more than Rs. 60000 per month.

Out of 236 private sector bank's respondents majority 32.6 percent of the respondents are earn Rs. 40000-60000 per month, 28.4 percent of the respondents are earn Rs. 20000-40000 per month, 22 percent of the respondents are earn more than Rs.60000 per month and rest of the 16.9 percent of the respondents are earn less than Rs. 20000 per month.

Table 7: Factors induced to use e-banking

Factors Induced * Type of Bank Cross Tabulation					
			Type of Bank		Total
			Public Sector Bank	Private Sector Bank	
Factors Induced	Reduced time of transaction	Count	48	70	118
		% within Type of Bank	21.3%	29.7%	25.6%
	Cost effectiveness	Count	39	55	94
		% within Type of Bank	17.3%	23.3%	20.4%
	Ease of use	Count	96	78	174
		% within Type of Bank	42.7%	33.1%	37.7%
	Technology savvy	Count	42	33	75
		% within Type of Bank	18.7%	14.0%	16.3%
Total	Count	225	236	461	
	% within Type of Bank	100.0%	100.0%	100.0%	

From the above table, it is clear that, out of 461 respondents majority 37.7 percent of the respondents says that ease of use is the motivating factor for availing e-banking services, 25.6 percent of the respondents says that reduced time of transaction is the motivating factor for availing e-banking services, 20.4 percent of the respondents says that cost effectiveness is the motivating factor for availing e-banking services and rest of the 16.3 percent of the respondents says that technology savvy is the motivating factor for availing e-banking services.

Out of 225 public sector bank's respondents majority 42.7 percent of the respondents says that ease of use is the motivating factor for availing e-banking services, 21.3 percent of the respondents says that reduced time of transaction is the motivating factor for availing e-banking services, 18.7 percent of the respondents says that technology savvy is the motivating factor for availing e-banking services and rest of the 17.3 percent of the respondents says that cost effectiveness is the motivating factor for availing e-banking services.

Out of 236 private sector bank's respondents majority 33.1 percent of the respondents says that ease of use is the motivating factor for availing e-banking services, 29.7 percent of the respondents says that reduced time of transaction is the motivating factor for availing e-banking services, 23.3 percent of the respondents says that cost effectiveness is the motivating factor for availing e-banking services and rest of the 14 percent of the respondents says that technology savvy is the motivating factor for availing e-banking services.

Table8: Satisfaction of customers

TYPES OF BANK	Public sector Bank			Private sector Bank		
	Minimum	Maximum	Mean	Minimum	Maximum	Mean
ATM Services	3	5	3.76	3	5	3.78
Internet Banking Services	2	4	2.83	2	5	3.39
Telephone Banking Services	1	4	2.17	2	4	3.01
Mobile Banking Services	1	3	2.32	2	4	3.53

The table reveals that mean score of respondents on satisfaction on banking services. The mean score of 3.76 with the range of 3 and 5 for public sector banks and 3.78 with a range of 3 and 5 on ATM services reveals that the customers are equally satisfied with both type of banks. The mean score of 2.83 with the range of 2 and 4 for public sector banks and 3.39 with a range of 2 and 5 on internet banking reveals that the customers are better satisfied on internet banking in private sector than public sector banks. The mean score of 2.17 with the range of 1 and 4 for public sector banks and 3.01 with the range of 2 and 4 on telephone banking reveals that the customers comparatively are satisfied in private sector banks. The mean score of 2.32 with the range of 1 and 3 for public sector banks and 3.53 with the range of 2 and 4 on Mobile banking reveals that the customers of public sector banks are less satisfied than private sector banks on mobile banking services. It is understood from the analysis that customers are satisfied with the services provided by private sector banks.

7. Findings of the Study

- In both public and private sector banks male respondents are dominated.
- In both public and private sector banks majority of the respondents belong to the age group of 18-30 years.
- In public sector banks majority of the respondents have completed their professional courses and in private sector banks majority of the respondents are under graduates.
- In both public and private sector banks majority of the respondents are married.
- In public sector banks majority of the respondents are professional and in private sector banks majority of the respondents are private employees.
- In public sector banks majority of the respondents are earn less than Rs. 20000 per month and in private sector banks majority of the respondents are earn Rs. 40000-60000 per month.
- In both public and private sector banks majority of the respondents says that ease of use is the motivating factor for availing e-banking services .
- The customers of both public and private sector banks are equally satisfied with ATM services provided.
- On the whole customers are satisfied with the services provided by private sector banks.

8. Suggestions

- Public Sector banks must give individual attention and proper response to customers in providing information whereas the level of responsiveness is high in the private sector banks. This will help many customers to rely on public sector banks for their banking needs.
- Banks must ensure to their customers that their service is competitive. Many customers feel that the privacy and security features are to be enriched. So banks must concentrate further on security and withhold their customers and improve them more.
- Ease of use is the major factor to induce the customers to adopt e-banking. Therefore banks should maintain its applications more user friendly and up to date.
- ATMs receive the higher attraction among the e-banking channels. Banks must pay attention and plan to make the ATMs as the key distribution channel for all kinds of banking transactions.

9. Conclusion

Internet adoption among Indians has been increasing over the last two decade. Indian banks have also risen to the occasion by offering new delivery channel which has become available to Indian customers. Private sector banks are quite successful in satisfying their customer's needs. But public sector banks are still need to put more efforts to make this sector to survive in the present world of e-banking competition.

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