E-BANKING PRACTICES AND CUSTOMER SATISFACTION - IN THANJAVUR DISTRICT, TAMILNADU: AN EMPIRICAL STUDY

QUESTIONNAIRE

It is pleasure to welcome you as one of the respondents in a innovative based study on “E-Banking Practices and Customer Satisfaction – in Thanjavur District, Tamilnadu: An Empirical Study”. Kindly spare some of your valuable time and fill up the enclosed set of questionnaires. The purpose of the questionnaires is to collect data and information regarding your satisfaction with e-banking services offered by your banks. Your whole hearted co-operation is solicited.

Note: Kindly answer to each and every question carefully. The data and information provided by you will be kept strictly confidential and used for the said purpose only.

Profile of the Respondent:

Name:

Gender:

Age in years :

Educational Qualifications:

Occupation:

Monthly income (Rs.):

Residing areas:

Duration of using e-banking services:

Awareness of e-banking services:
PART – I
ACCESSIBILITY

1. e-banking services provided by the banks allows easy access to transaction data both recent and historical.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

2. Customers can access to the details on the bank charges, the details on fund transfer between accounts, information on competitors interest rates, foreign exchange rates commission charged for foreign exchange, contact details for complaints, frequently asked questions page, in addition to the availability of search engine.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

3. e-banking service practices involves consistency of performance and dependability.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

4. Employees of e-banking service providers possess the required skills and knowledge to perform the service.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

5. Politeness, respect, consideration and friendliness of contact personnel.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

6. e-banking service providers making the effort to understand the customer’s needs.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

7. Quick response and the ability to get help if there is a problem or question.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree
8. Provision of caring and individualized attention to customers provided by call centers or web administrators.

   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

9. e-banks provide sufficient notice to the users, and suggest alternatives for them to complete their transactions within the closure hours in case of urgent needs.

   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

10. e-banks provide power backup and data recovery system to avoid interrupted transactions in case of power failure.

    Strongly agree  Agree  Neutral  Disagree  Strongly disagree

11. Banks provide 24 hours e-based monitoring and assistance for e-banking services that need immediate assistance.

    Strongly agree  Agree  Neutral  Disagree  Strongly disagree

12. e-banks have more interpersonal interaction with customers throughout the service delivery process which may avoid miscommunications between the users and the service providers.

    Strongly agree  Agree  Neutral  Disagree  Strongly disagree

13. e-banks provide help-desk services and online help facilities, and the customer service officers are friendly when addressing complaints.

    Strongly agree  Agree  Neutral  Disagree  Strongly disagree

14. e-banks provide customer feedback services.

    Strongly agree  Agree  Neutral  Disagree  Strongly disagree
PART – II

CONVENIENCE

15. Customers can access e-banking services at any time and anywhere
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

16. There is no queue while using e-banking services.
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

17. e-banking services save time as compared to conventional banking
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

18. E-banks transaction is easy to use.
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

19. e-banking services are user friendly.
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

20. e-banking services facilities ensure access of account when abroad
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

21. e-banks spend a great deal of time and money for developing e-banking functionality to allow customers an easy and convenient way to manage their money
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree
PART – III

PRIVACY

22. Confidential information is delivered safely from banks to customers.
   Strongly agree        Agree        Neutral        Disagree        Strongly disagree

23. Customers’ financial information may not be passed on to other organizations without consent of the customers.
   Strongly agree        Agree        Neutral        Disagree        Strongly disagree

24. Third parties are not able to assess customers’ financial details.
   Strongly agree        Agree        Neutral        Disagree        Strongly disagree

25. e-banks keep customers information private and confidential.
   Strongly agree        Agree        Neutral        Disagree        Strongly disagree

26. e-banks ensure protection of personal information, risk of fraud and financial loss.
   Strongly agree        Agree        Neutral        Disagree        Strongly disagree

27. Privacy is not significant obstacles to the adoption of e-banking in India.
   Strongly agree        Agree        Neutral        Disagree        Strongly disagree

28. Customers trust that their banks are more concerned about privacy issues and will protect them.
   Strongly agree        Agree        Neutral        Disagree        Strongly disagree

29. Privacy factor influences the adoption of e-banking services.
   Strongly agree        Agree        Neutral        Disagree        Strongly disagree
PART – IV

SECURITY

30. Customers are satisfied with the security system of the e-banking service providers.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

31. e-banking service providers consider security as the most important issue of e-banking practices.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

32. e-banking service users have freedom from danger, risk and doubt about security.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

33. e-banking service users believe that the banking infrastructure is reliable in correcting erroneous transactions.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

34. e-banks will compensate for any losses due to security reason or infringements.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

35. e-banking service users perceive that his bank information are secure and that nobody can access their accounts.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

36. Security factor is prime factor for adoption of e-banking services.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree
PART – V

DESIGN

37. e-banking service medium have attractive screen layout and design.
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

38. e-banking service medium has flashy graphics and colour configuration.
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

39. The design with appropriate use of graphical user interface is also considered as an important determinant for using e-banking services.
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

40. The design is keeping customers informed in language they can understand and listening to them.
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

41. It involves the correct technical functioning and the accuracy of service promises (delivering when promised) and product information
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

42. Ergonomic visual structure and design are particularly important for using e-banking services.
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree
PART – V

CONTENT

43. e-banks provide clear, simple and understandable guidance screen ease the customers to perform.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

44. e-banks provides the suitability of the information to the user’s purposes.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

45. Information credibility affects the acceptance of e-banking.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

46. Up-to-date contents of information greatly positively influences the adoption of e-banking.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

47. e-banking services have been upgraded compared to when they first started using the services.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

48. Appealing aesthetic content would have positive impact on drawing potential customers’ attention.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree

49. e-banks provide graphics and text on the e-banking medium to perform e-banking transactions easily.
   Strongly agree    Agree    Neutral    Disagree    Strongly disagree
50. Speed of e-transactions flow is critical to user satisfaction of using e-banking services.
   
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

51. e-banking service medium is not frequent connection breakdown.
   
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

52. Easy to navigate the medium due to smooth speed.
   
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

53. Transition is efficient/no waiting time.
   
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

54. Response speed to complaint is satisfactory.
   
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

55. Speed of e-transactions flow is faster than traditional banking channels.
   
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

56. The customers are highly satisfied with Promptness of the delivery of e-banking services
   
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree

57. Willingness or readiness of employees to provide e-banking services (timeliness of service, giving prompt service)
   
   Strongly agree  Agree  Neutral  Disagree  Strongly disagree
58. One of the main attributes that determines costumers’ decision on using e-banking system is fees and charges
Strongly agree Agree Neutral Disagree Strongly disagree
59. e-banks provides customers convenience and flexibility and can be provided at a lower cost than traditional branch banking
Strongly agree Agree Neutral Disagree Strongly disagree
60. Price of service fees is acceptable.
Strongly agree Agree Neutral Disagree Strongly disagree
61. E-banks charge with the negligible annual fee.
Strongly agree Agree Neutral Disagree Strongly disagree
62. Customers won’t terminate services even if bank charges high annual fee.
Strongly agree Agree Neutral Disagree Strongly disagree
63. If customers are to use new technologies, the technologies reasonably priced relative to alternatives.
Strongly agree Agree Neutral Disagree Strongly disagree
64. Efficient and speedy e-banking transaction with lower transaction cost.
Strongly agree Agree Neutral Disagree Strongly disagree
65. Compared to other banks, your bank offers attractive service costs.
Strongly agree Agree Neutral Disagree Strongly disagree
66. Compared to other banks, your bank charges fairly for similar services.
Strongly agree Agree Neutral Disagree Strongly disagree
67. Compared to other banks, your bank provides more free services.
Strongly agree Agree Neutral Disagree Strongly disagree
All over the world, the banking industry has undergone a intense transformation since the early 1990s. The changed operating environment for the banking sector, underpinned by globalization, deregulation and advances in information technology, has resulted in intense competitive pressure. Banks have responded to this challenge by diversifying through updating Information Technology and modernization of existing system.

E-banking is a revolution of banking sector by information technology. E-banking breaks the boundaries of business premises and banking hours. Anywhere and any time banking transactions can be made.

Though various advancements happening, problems also arising in the level of operation and management level. This paper assesses the current issues and challenges of e-banking in the aspect of security level. Because, it affects the customer satisfaction level.

E-banking security

The security is a primary issues relating to e-banking. New technologies always produce new threats and challenges to security and law enforcement agencies. Open electronic delivery channels create new security issues for banks with respect to confidentiality and integrity of information, non-repudiation of transactions authentication of users and access control.

ATM frauds

Automated Teller Machine is an electronic machine which is linked to the accounts and records of a banking institution. It allows customers to avail banking services by using Personal Identification Number (PIN), without visiting banking premises. But there is a chance to frauds relating it may be committed both by outsiders and insiders. Frauds can happen due to the negligence on the part of the cardholder or due to lack of alertness on the part of the bank. If the card holder doesn’t follow the common precautionary measures as mentioned below, he/she is exposed to risk.

- A cheat may to through the discarded receipts or carbons to illegally find out the card number.
- A dishonest clerk makes an extra imprint from credit card or charge card for his or her personal use.
• In a “Spoofing attach”, the attacker created a misleading context to trick you into making an appropriate security relevant decision.

• Net using customers are bombered by fake e-mails, asking for personal details like user name and pass word of customers account.

• Another way of becoming a victim is Trojan Horses or malicious software programs that hide in files attached to an e-mail or downloaded from the internet and are installed on the computer. It used for identity to find the customer’s user name and password.

• Apart from that, fraudsters using skimming strategy, by inserting card-sweep device that reads the information on a consumer’s ATM card. Scammers insert onto an ATM, ready to swipe information from unsuspecting customers. They take a blank card and encode all the information from an ATM card when they swipe. The skimmer catches the PIN through a small camera mounted on the ATM.

• Also, scammers insert a portable steel loop into an ATM card slot. The scammer usually approached the victim while at the machine, and poses as the person next in line.

• Some time, an unknown person contacts you claiming to be from the security department to your bank. They ask you to verify personal information of the account holder over the phone such as your birth date or your maiden name.

A sound banking system should possess some basic requirements to protect customers’ interest and faith as follows

- A fraud free culture
- A tested practice code
- An internal grievance redressal system
- Security culture

**Fraud protection guidelines**

Avoidance of fraud is not only the responsibility of bank, it also part of customer. If customer follow the guidelines given below can be minimize the fraud.

- Protect your ATM card as cash.
- Don’t write your PIN anywhere.
- Change the PIN frequently (at least 2 months.
- Don’t set PIN as 1234 or year of birth.
- Don’t give your information over the telephone to any one even one claiming to be from your bank.
- Don’t lending your ATM card to any one.
- Before disposing old cards, cut them up through the account number.
- Carry ATM card that you anticipate you will need.
✓ Sign your ATM cards.
✓ Keep you ATM card number and date of expiry.
✓ Never allow yourself into ATM centre while carrying your transaction.
✓ Don’t accept assistance from any one in ATM centre.
✓ Minimise your time at ATM centre.
✓ Use an ATM only where and when you feel completely comfortable.

Conclusion

From the above, we can came to conclude that security culture is need of the hour. Bankers should ensure that who is accessing what, when and why. This white color crime is not sole problem of banks alone; it is a big threat, which requires a co-ordinate and co-operative action on the part of the bank customers and the law enforcement machinery.

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IMPACT OF GLOBALISATION ON BANKING INDUSTRY

* S.P.DHANDAYUTHAPANI

** T.PRATHEEBA

Abstract

The world is changing at a staggering rate and technology is considered to be the key driver for these changes. With the liberalization and opening up of Indian economy, new private sector banks and foreign banks came into existence and started their fully computerized services. Internet banking is increasingly becoming a "need to have" than a "nice to have" service. Technology in banking has been used to handle greatly expanded customers ways, to reduce the real cost of handling payments, to liberate the banks from traditional constraints on time and places. This paper includes detailed online analysis of productivity, profitability, efficiency, customer satisfaction level prevailing in banking industry and measures to improve security and suggest the scope of computerization in rural/semi-urban banking sectors.

Keywords: Electronic Clearing Services (ECS), Deposit Mobilization.

INTRODUCTION

The banking system which constitutes the core of the financial sector, plays a critical role in transmitting monetary policy impulses to the entire economic system. Money and finance is an important and necessary factor for economic development. Banking industry is the blood vascular system of our economy. It has a positive role to play in the economic development of the country as repositories of people’s savings and purveyors of credit, especially as the success of the economic development depends on the mobilization of resources and their investment in an appropriate manner. In our country, constitutionally committed to socialistic pattern of society-banks have important role to play in the reduction of regional disparities, which is an important objective of the economic planning.

HISTORICAL PERSPECTIVE OF INDIAN BANKING

The earliest Indian bank was the Bank of Hindustan set up in 1770. Then in the 19th century the Presidency banks were set up under a charter. Private banks was allowed in 1900. In 1921 these banks were amalgamated to form the Imperial Bank of India. In 1935 the Reserve Bank of India was constituted as the apex bank. Up to 1949, it was a private ownership bank, then with the passage of the Banking Regulations Act 1949, it came under Government control. State bank of India came into existence and became the Bank of the government of India in 1955 with RBI taking control of the Imperial Bank of India. State bank of India, in turn took over the shares in the private banks floated in the erstwhile princely states. Thus the first phase of nationalization of the banking
sectors took root in 1949 and culminated in the nationalization of fourteen banks in the year 1969. The independence to the first nationalization period was marked by the consolidation of the banking sector. From 566 banks in 1951, the number came down to 86 in 1971, as weaker banks were emerged with the healthier ones. The department of Banking was set up under the Ministry of Finance.

STRUCTURE OF INDIAN BANKING SYSTEM

In India though the money market is still characterized by the existence of both the organized and the unorganized segments, institutions in the organized money market have grown significantly and playing an important role. Amongst the institutions in the organized sector of the money market, commercial banks and commercial co-operative banks have been in existence for the past several decades. The regional Rural Banks came into existence since the middle of seventies. Thus with the phenomenal geographical expansion of the commercial banks and the setting up of the RRBs during the recent past, the organized sector of the money market has penetrated into the rural areas as well. Besides the aforesaid institutions which mainly served sources of short term credit to industry, trade, commerce and agriculture, a variety of specialized financial institutions have been set up in the country to cater to the specific needs of industry, agriculture and foreign trade. Some of them are commercial banks, public sector banks, private sector banks.

COMPUTERIZATION IN BANKS

Banking, a core industry of any economy should be growth oriented. Computerization is a positive step to bank growth. With the aid of computers, the bank work can be done faster. Not only the present work load can be reduced to a great extent but also the bank can expand its working area with the same manpower. The first effort of computerization and mechanization in the banking industry was drawn up in 1983-84. But the process of introducing computerization in the banking industry in India, particularly in public sector banks is very slow. There are so many difficulties inherent in nationalized banks which have hurdles in their endeavor to mechanization/automate their operations due to stiff opposition from unions for the introduction of any sort of automation fearing loss of jobs, vast network of branches largely located in rural/semi-urban areas. The main agenda of private banks is to provide better services to the customer who can afford it. Their approach can be termed as cherry picking banking, which aims at the customers. Their perceptions is also strategically different. They view the customers as financial partners rather than custodians of their customer’s money- a shift from custodianship to companionship. To achieve the goals these banks eliminated the constraint of time and distance by expanding the banking hours from eight to twenty four and reducing the distance from infinity to zero.

With the development of information technology, it has brought a revolution in the banking industry. The banks appear to be on
fast track for IT based products and services. Deregulation and Liberalization in the financial sector have stimulated financial innovations. The four major objectives of computerization in banking are

- Improvement in customer service
- Better house-keeping
- Faster decision making
- Increase in productivity and profitability

The virtual financial services can be categorized as Automated Teller Machines (ATM), Remote Banking Services, Remote Banking Interface, Smart Cards.

**ELECTRONIC BANKING**

E-banking refers to the use of technology which allows customers to access banking services electronically whether it is to pay bills, transfer funds, view accounts or to obtain information and devices. Technology in banking has been used in four major ways

- To handle a greatly expanded customer ways
- To reduce substantially to real cost of handling payments
- To liberate the banks from the traditional constraints on time and place
- To introduce new products and services

The various benefits of electronic transfer of funds are fast, safe, secure and hassle free. The Electronic Clearing Services (ECS) i.e., electronic Debit and Credit clearing services provides some advantages

- Payment on due date
- No more “loss in transmit”
- Effortless receipt
- No fraudulent encashment
- No hassle of standing in long queues
- No more disconnection of telephone/electricity line
- Corporates can eliminate postal delays as well as paper work and lengthy procedures
- Saves cost on stationary, printing and postage
- Immediate receipt and payment of dues
- Appreciation from investors/customers

**SURVEY OF BANKING IN INDIA**

Information technology has made the banking services faster, more efficient and more economical. Its impact can be seen on the efficiency of banks, productivity, profitability, employment, psychology of customers. In India around 73% of the bank branches are located in rural and semi-urban areas. In the country as a whole, only 10% of the branches of the public sector banks are fully computerized and 22% are partially computerized. But on the other hand some new private sector banks are fully computerized and they are launching a gateway to facilitate intra-bank transfer of funds through internet. They are bringing banking services to the very door step. Recently, they have started to penetrate in semi-urban and rural sector of India. Their profits, branch network is on the increasing trend. The gap regarding the productivity, profitability and customers psychology of Internet using banks, fully computerized and
partially computerized banks is widening. New private sector banks have leveraged the internet effectively in taking away the customers from public sector banks and significantly increased their revenue potential. Internet banking is just one manifestation technology capabilities of these banks. Most companies have transferred or are in the process of transferring their payrolls to the new private sector banks or foreign banks in big cities. Due to the adoption of information technology by many banks there are radical changes in the psychology of the customers regarding banks environment.

The studies of Adhivarahan concluded that the number of incidents of e-fraud and online breaches is the highest in India. Therefore cyber crimes in banking sector have to be treated with more care. For this purpose, a statutory body similar to “internet fraud center” should be formed in India. The studies of B.Janki includes the focus on technology to add value to customer service, develop new products, strengthen risk management, and asset liability management and improve profitability. The studies of Bhattacharya revealed that public sector banks had the highest efficiency among the three categories with foreign and private banks having much lower efficiencies. However PSBs started showing a decline in efficiency after 1987, private banks showed no change and foreign banks showed sharp rise in efficiency.

PRODUCTIVITY ANALYSIS

Productivity can be defined as the output per unit of a factor of production in a given period. In a banking institution staff member constitute the most important input. Because of this fact, the concern for improving productivity has to be focused on staff productivity alone. Now-a-days, Information Technology is another powerful factor which is affecting productivity of banks. Productivity is a ratio of input and output. It includes the area of employee efficiency which has definite bearing on the profitability. As banking operations are influenced by govt. policy, RBI directives and various other socio-economic compulsions, it is difficult to set fixed parameters for productivity in banks. The productivity analysis has been done on various on-line banks, fully computerized banks and partially computerized banks. The sample analysis on HDFC bank is given below.

![Fig.1: level of computerization and percentage growth rates in branches of HDFC bank](image-url)
PROFITABILITY ANALYSIS

This analyses the profitability of banks by two major methods i.e., trend analysis and ratio analysis. The interest rates on working funds, non-interest expenditure of working funds, net profits of working funds, current deposits, saving deposits, burden ratios and other profitability ratios are measured with various banks private, public and other inter group comparisons are done among the different banks. The above discussions concludes that the profitability of selected nationalized banks, its associate banks are required to do a lot to come out of present state of affairs. The position of private sector banks is comparatively better than public sector banks. There is a good effect of computerized index on some important parameters of profitability.

SATISFACTION LEVEL OF CUSTOMERS

Customer satisfaction is the strongest foundation for the success of an organization. It determines the future cash inflows of the business. The organization has to depend on its existing as well as new customers to keep itself growing. In case customer is not satisfied and defects, there will be a loss and missing opportunity to make profit. The defection rate of the customer is a major determinant of the profitability if any business.

CONCLUSION

The Liberalization of banking sectors and Information Technology revolution is entirely changing the way banking business is done and has considerably widened the range of products and increased the expectations and demands of the customers. Information Technology has made the banking services faster, more efficient and more economical. Its impact can be seen on the efficiency of banks, productivity, profitability, employment, psychology of customers. The gap regarding the productivity, profitability and customers psychology of internet using banks, fully computerized and partially computerized banks is widening. Managing bank profitability in economic downturns must be improved.

*Assistant Professor, Department of Management Studies, Anna University of Technology, Tiruchirappali – 24. E-mail prof.pani_2007@yahoo.co.in Mobile 9994657523

**Final Year MBA, Anna University of Technology, Tiruchirappali – 24. E-mail t.pratheeba@gmail.com Mobile 9566583885
INTRODUCTION

In the post liberalized era, the banking sector has witnessed sweeping changes due to aggressive infusion of information technology. For the banks, Information Technology has emerged as a strategic resource for achieving higher efficiency, control of operations, productivity and profitability. For customers, it is the realization of their ‘Anywhere, Anytime, Anyway’ banking dream. This has prompted the banks to embrace technology to meet the increasing customer expectation. Information Technology has made the banking services faster, more efficient, and more economical. Its impact can be seen on the efficiency of banks’ productivity, profitability, employment and psychology of customers. The Internet is taking banks in the directions beyond other than loans and deposits. With the introduction of Information Technology, banking in India will never be the same again.

STATEMENT OF THE PROBLEM

The Indian Banking Industry has undergone radical changes due to liberalization and globalization measures undertaken since 1991. Today, Indian Banking Industry is one of the largest service sectors in the world. There has been a great surge in efficient customer services. A highly satisfied and delighted customer is a very vital non-financial asset for the banks in the emerging Information Technology era. The courtesy, accuracy and speed are like a crown factors for a bank. Economic reforms and the entry of private players have seen
nationalized banks revamp their services and product portfolios to incorporate new, innovative customer-centric schemes. Nowadays, due to the increase in competition, customer satisfaction is considered to be the core aspect in banking services.

A customer always wants something and expects that the bank should come up to the level to fulfil those needs. Service quality is about meeting customers’ needs and requirements, and how well the service level delivered matches customer expectations. Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers. The revolution of Information Technology has influenced almost every facet of life, among them is the banking sector. The introduction of electronic banking has revolutionized and redefined the ways banks were operating.

As technology is now considered as the main contribution for the organizations’ success and as their core competencies. So the banks, be it domestic or foreign are investing more in providing on the customers with the new technologies through e-banking i.e., Internet Banking and E-commerce.

E-banking is a major innovation that has changed the way bank conducting its business worldwide. Banks are reorienting their strategies towards new opportunities offered through e-banking. The recent trend shows that most ‘brick and mortar’ banks are shifting from a ‘product-centric’ model as they develop their new e-banking capabilities. PC banking, mobile banking, ATM, electronic funds transfer, account to account transfer, paying bills online, online statements and credit cards are the services provided by banks. Also the feature which is commonly unique to internet banking includes importing data into personal accounting software.

Some online banking platforms support account aggregation to allow the customers to monitor all of their transactions from any corner of the world. Banking through internet is considered as a complimentary delivery channel for the services rather than a substitute for
the brick and mortar banking branches. Thus, e-banking is a strategy to sustain competition in both domestic and foreign banks.

E-banking services not only can create new competitive advantages, perhaps, but also can improve their relationships with customers for banks. Obviously, e-banking can offer better services required by corporations and individuals, it could be a strategic niche no matter for banks or their customers. How to implement e-banking and is becoming a critical important issue. The factors affecting customer satisfactions with e-banking is an essential part of a bank's strategy formulation process in and it has become imperative for both public and private sector banks to perform to the best of their abilities to retain their customers.

Many a times it happens that the banks fail to satisfy their customer which can cause huge losses for banks. In India, there is less number of studies being conducted to identify how effectively the online channels are used by banking industry to increase customer satisfaction. Therefore, the main focus of the study is to examine the e-banking services and analyze the overall satisfaction of the customers regarding the e-banking services of the public and private sector banks in Thanjavur district of Tamilnadu, India.

**SCOPE OF THE STUDY**

Retaining customers is a financial imperative for Indian banks, especially as attracting new customers is considerably more expensive. In increasingly competitive markets, to build loyalty in consumers is the key factor in winning market share and developing sustainable competitive advantage.

Undoubtedly e-banking is the technological wonders and is gaining popularity in banking transactions and it is important for banks to encourage customers to use e-banking. Banks-trusted business service providers, have the opportunity to leverage their existing
relationships to provide full range of high quality trusted internet business services to their customers.

Hence, this study throws light on the e-banking services provided by the banks in the study area and this research study makes an attempt to analyze how banks are attracting the various customers and how the customers are satisfied with the e-banking services provided by the banks. This study will be helpful to draw up further policy for improving customer satisfaction with e-banking practices and act as a secondary data for further research.

**OBJECTIVES OF THE STUDY**

The research objectives of study are:

1. To analyze the e-banking practices and services in Thanjavur District
2. To study the extent of awareness and the usage of e-banking services by customers in the study area.
3. To ascertain the customer satisfaction on the various e-banking services provided by public and private sector banks in Thanjavur District.
4. To identify the impact of demographic variables on customer satisfaction towards e-banking practices.
5. To analyse the problems and prospects of e-banking services in the study area and to test the following hypothesis:

**Hypothesis:**

**H1:** The factors-accessibility, convenience, privacy, security, design, content, speed and fees and charges have positive relation with customer satisfaction;

**H2:** There is no difference in the e-banking services rendered by public sector banks and private sector banks; and

**H3:** Democratic variables have no influence over the customer satisfaction on e-
banking services.

**METHODOLOGY**

The study is of descriptive in nature. Survey method was used for the study to examine the customer satisfaction towards e-banking practices and services in public and private sector banks located in Thanjavur District of Tamilnadu. Both primary and secondary data were used for the study.

**Sampling:**

Multi stage sampling technique was followed for the study. At the first stage, Thanjavur district was purposely selected as it is a representative district of Tamil Nadu and two main towns in the district namely, Thanjavur and Kumbakonam were selected for in-depth study. In the second stage the two leading banks having large network of branches – one from public sector and another from private sector namely State Bank of India and ICICI Banks were selected to assess their e-banking services and also, two branches, one from Kumbakonam and another from Thanjavur were selected as sample representing each of the two banks taken for the study.

In State Bank of India, there were 3943 in Thanjavur and 2297 customers Kumbakonam using e-banking services, and the number of customers for ICICI bank were 1628 and 1229 in Thanjavur and Kumbakonam respectively. The sample size was calculated to guarantee a sufficient number of respondents in each bank branch. Thus, the following formula was used to estimate the population sample size (The Survey System, 2007):

\[
\text{Minimum Sample Size (n)} = \frac{t^2 \times p \times (1-p)}{m^2}
\]

Where:
- \(n\) = required sample size (minimum size)
- \(t\) = Confidence level at 95% (standard value of 1.96)
- \(p\) = Estimated fractional population of subgroup
- \(m\) = Margin of error at 5% (standard value of 0.05)
As per the formula, the required sample size is 253 customers from SBI and 116 customers from ICICI Bank. Therefore, sample size of 160 and 93 customers from SBI and 66 and 50 customers from ICICI bank in the respective branch of Thanjavur & Kumbakonam are determined on the basis of proportionate to the total customers.

With the help of the respective bank officials a list of customer respondents using e-banking services was prepared.

Primary data were collected with the help of pre-tested structured questionnaires from the sample selected for the study.

**MAIN FINDINGS OF THE STUDY:**

Measuring customer satisfaction is paramount importance for improving service quality and retaining customers on a long-term basis. The study demonstrates that there are eight factors that affect satisfaction with regard to e-banking services in the study area. The study reveals that the insufficient number of ATMs, Improper location of ATMs, not maintaining adequate cash with full denomination, security concern, connectivity, fees and charges, frequent out of order of ATMs, restriction for use other cards are some of the major problems faced by the e-banking users in the study area. Customers have difficulty in precisely defining expectations pertaining to their interaction with websites. The researcher has given various recommendations to the Indian banking sector to improve customer satisfactions. As such, to foster customer loyalty to a website, managers must (a) develop a thorough understanding of how customers assess e-Service Quality, and (b) implement systems to detect and eliminate information, design, and communication gaps. This study will also be helpful to draw up further policy for improving customer satisfaction with e-banking practices and act as a source for further research.
CONCLUSION

E-banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Today, the click of the mouse offers customers banking services at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs. No country today has a choice-whether to implement E-banking or not given the global and competitive nature of the economy. Banks have to upgrade and constantly think of new innovative customized packages and services to remain competitive. The invasion of banking by technology has created an information age and commoditization of banking services. Therefore, E-banking has become a strategic weapon for banks to remain profitable.

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TECHNOLOGICAL IMPACT ON BANKING OPERATIONS – A REAL TIME CHALLENGE

Dr. M. SELVACHANDRA, Associate Professor,
Dept. Of Commerce,
A.D.M. College for Women,
Nagapattinam 611 001.

S.P. DHANDAYUTHAPANI Assistant Professor,
Dept. Of Management Studies,
Anna University of Technology,
Tiruchirappalli 620024.

The banking industry in the world has undergone a very great transformation, since the early 1990s. The changed operating environment for the banking sector, due to globalization, deregulation and advances in IT, has resulted in the extreme competitive pressures among the banks. Banks have responded to this challenge by diversifying through organic growth of existing business as well as requisitions. This has exposed the banking sector to newer risks and posed serious regulatory challenges.

In recent days, the technology is occupying a predominant role in banking sector. Reduction of cost and quick delivery of financial services have witnessed to using the technology in banking sector.

In globalization era, Indian banking industry has also been forced to switch over the business through technological modes. The concept of banking in India has drastic changes in term of a business dealing with money transactions and business related information on financial transactions.

IMPACT OF IT ON BANKING PRACTICES

IT has a lot of influences on banking sector. It is a key factor for developing new products and services. It helps in handling higher volumes of transactions and meeting the demands of customers’ expectations. Beyond that providing information for both management and customers in the vital part of IT as far as banking sector is concerned.

CBS

Banks in India has started to visualize the impacts of IT by CBS. Today, IT has been employed as a key factor for developing an appropriate product and using as a mode for delivery switch service. It has acted as backbone to the private banking sector which they entered to the financial market, with full-fledged activity. CBS has opened up with new pleasing views for banks to offer a lot of facilities to its customers, such as anywhere banking, 24X7 banking etc. Customers are feeling free instead of their attachment with particular branch alone. They can take banking services from anywhere in the world.

ANY TIME MONEY

By establishing Automated Teller Machines (ATMs), banks provide any time money to its customers. For that, a plastic coded card issued with full information of customers. A separate Personal Identification Number (PIN) also given for recognize the authenticated persons of a card holder. Through this card, a customer can make mobile
recharging, retail shopping, e-ticketing, payment of LIC premium, verifying the balances, ministatement and deposit cash.

ECS

ECS is the correct solution for bulk and repetitive payment transactions like salary, pension, interest, commission and dividend by the organization. Through this, postal delays, wastage of stationery are reducing. Customers are also benefited by automatic reconciliation and effortless receipts.

TELEBANKING

Customer can get answer from Automatic Voice Recorder (AVR) for simple quires and manned phone terminals for complicated queries.

MOBILE BANKING

BANKET

It is communication network established by RBI on the basis of recommendation of the committee headed by T.N.A. Lyre.

Applications of BANKET
- Quick settlement of transactions
- Improvement in customer service
- Easy transfer of data to RBI
- Useful in dealing of Foreign exchange

INTERNET BANKING

It enables the customer do the banking from his/her home through bank’s website. Customers can avail banking products and services through PC while sitting in office or home. It is otherwise called as virtual banking. All transactions are maintained with 100% confidential.

VOICE MAIL

Foreign banks are offering this IT facility by touch tone telephone answering service. Customers are allowed to leave a message for the concerned desk or department, if the person is not available.

MULTI APPLICATION SMART CARDS

This cards having a chip, which store information permanently, or may be subject to charge. It able to consolidate multiple applications in a single dynamic card. This card can be functioned as an identity card, as driving card, as health card and also for other funds related purposes.
IT SERVICES FOR BANKS

Part form the customers, IT offers more number of services for management of banks. The system provided that Negotiated Dealing System (NDS) for Govt securities, the Real Time Gross Settlement System (RTCGs) and the Centralized Funds Management System (CFMS) [apart from the Structed Financial Messaging System (SFMs) over the Indian Financial Network(INFINET)] and National Electronic Funds Transfer System.

Improvements in programming of NDS has resulted to minimize the processing times for banks. The secured internet website has been linked to the Online Return Filing System (ORFS) using an extensible business reporting language (XBRL) structure to facilitate a single stop reporting by banks.

CHALLENGES A HEAD IN IT

- Vasting challenges in technologies
- Risks related to software, security, technology
- Enterprises Resource Planning
- Imbalance structure of various organizations

PROSPECTUS FOR IT

The following initiation may be taken for smooth offering of various services

- Internet, Intranet and Extranet
- Data warehousing and Data mining
- Structure data uploading and data processing
- Monitoring / Generation of statement by controlling offices
- Single Window System
- Call centers for Customers Relationship Management

CONCLUSION

IT offers incredible services to both customers and Bankers, the effectiveness and efficiency lies the way in which the banks make use of these technologies, for improving the services offered to their customers. But the other side, the success of the IT is based on customer perception on banking services. In real time customer are computer illiterate and they are unaware the new way of banking services provided using IT technology and still they wasting time in waiting lines. So this is an appropriate time for the banking people to create awareness among the customers on how to make use of these e-banking services and to enjoy its benefits.

And if bankers adopts these strategies in their banking services, will be a Midas touch for the entire banking sector