1.1 INTRODUCTION

Indian banking industry has witnessed tremendous developments due to rapid changes that are taking place in the information technology. Electronic banking has emerged from such an innovative development. Information technology has become a tool in today’s banking institutions which operate in a highly globalized, liberalized, privatized and a competitive environment. In order to survive in this environment banks have to use information technology. It is increasingly playing a significant role in improving the services in the banking industry.

Personal banking is the term used for new age banking system. Personal banking is also called as internet banking, online banking and it is an outgrowth of PC (Personal Computer) banking. Internet banking uses the internet as the delivery channel by which to conduct banking activity. Internet banking is a result of explored possibility to use internet application in one of the various domains of commerce.
It is difficult to infer whether the internet tool has been applied for convenience of bankers or for the customers’ convenience. But ultimately it contributes in increasing the efficiency of the banking operations as well as providing more convenience to customers. Without even interacting with the bankers, customers transact from one corner of the country to another corner.

1.2 SIGNIFICANCE OF THE STUDY

Personal banking provides the customer with the ability to access almost any type of financial transactions through digital channels. Banks are also continuously upgrading their digital channels like money transfer, payment of tax, bills, online shopping, schedule transactions, mobile banking applications, e-corners (ATMs, cheque deposit machines, self printing pass book, cash deposit machines) plastic money transactions and online banking. The customers would get empowered due to a wide choice of services available on the net at competitive cost. Personal banking provides round the clock services (24x7) so that the customers can avail the banking services at their convenient place and time. With the advantage of having no physical structure to keep up, virtual banks have low overheads.
Especially with the increasing acceptability of digital signatures around the world, Internet banking has made life much easier and banking much faster and more pleasant, for customers as well as the bankers.

Electronic banking plays a vital role for retaining customers and meeting the customer’s satisfaction level. The success of implementation of online banking depends upon the efficiency of the bank customers. In Indian context, quality of service in Internet banking has not been adequately emphasized especially in public sector banks. Therefore, it is essential to focus on quality of services in internet banking and lack of awareness of various services offered by banking services, this study helps the bankers to find out their strengths and weaknesses to provide their service in a better manner. Attracting new customers and at the same time retaining the present customers, a bank needs to understand the expectations and requirements of the customer.

Customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company.
For the purpose, the consumer satisfaction survey helps the bankers to understand the customers’ feeling towards the services they use. A customer satisfaction survey is a very important tool used by the banks in understanding the fact that the services offered are acceptable to customers and the services fulfills the expectation of the users. It can assist business decision-makers in developing strategies to achieve the all-important goal of gaining and retaining customers.

This study helps to analyses the factors influence to adopt internet banking among the customers Thus, there is a lot of scope for the research to present new ideas concerning Internet banking in India that may be useful to the Indian banking industry. To this end a conceptual framework has been suggested to understand the present scenario of service quality practices in Indian Internet banking system. Though the trend of internet banking adoption is coupled with the shifting landscape in the banking industry it may become an important distribution channel for all banks in India. Therefore, there is a need to understand the factors that influence bank customer’ adoption of Internet banking. However, there are limited empirical studies that identify the factors or the relative importance of these factors influencing customers’ decision to adopt Internet banking. Therefore,
this study seeks to provide an understanding of the factors and their importance that affect customers’ adoption of Internet banking. However, to succeed in today’s electronic markets a strategic and focused approach is required. In India, relatively less number of studies has been conducted on the current status of Internet banking and customer satisfaction in public sector banks.

1.3 NEED FOR THE STUDY

Personal banking renders many services to the customers. Information Technology has a lot of influence on banking transactions. It ensures quick service with low transaction cost. But they do not reach the customers in a proper manner because of some practical difficulties such as the customers are not aware of new technology, lack of knowledge about the services offered by the banks, fear of loss of money in online transaction, hesitation to deal with machines, inability to access internet connection etc.

Customers are greatly confused with new concepts of banking. The success of information technology in banking depends upon customer’s satisfaction. In order to get the highest satisfaction on the personal banking services of a bank, the bank customers should have
complete knowledge and awareness on various services offered by their banks. The needs and requirements of the customers are developing and expanding very fast.

The bankers should identify the type of services needed by a customer and render the same to his satisfaction. The factors which influence the customer satisfaction vary due to the attitude of the customers. An attempt has been made to analyze the factors which influence the customer satisfaction in public sector banks.

Public sector banks have to put in more effort into personal banking services to attract and retain bank customers and to improve their customers’ satisfaction. Many comparative studies related to public and private sector banks highlighted that the services offered by private banks were better than public sector banks. The problem presented is to identify where the delivery channels are lacking in providing satisfaction to customers and what can be done to resolve this problem.

A research based on personal banking was chosen because by general observation it was noted that many people are not very much aware of personal banking and its services at Tiruchirapalli which should not be the case considering the usefulness and importance of e-
banking in this date and time. Thus, in order to promote personal banking services by making customers more aware of them and determining and highlighting to public sector banks their shortcomings or problem areas.

This research was attempted with following research questions.

- How far are the customers aware of personal banking services offered by their banks?
- Why do customers accept or reject adoption of personal banking services?
- What factors influence the customer satisfaction?
- What motivates the customers to prefer public sector banks?

A probe into these questions brings out interesting facts to reveal the factors influencing customer satisfaction and this research attempts to address these questions. Hence, the study is titled “A STUDY ON CUSTOMER SATISFACTION OF PERSONAL BANKING SERVICES OFFERED BY SELECTED PUBLIC SECTOR BANKS TIRUCHIRAPALLI, TAMILNADU”.

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1.4 OBJECTIVES OF THE STUDY

The objectives of the study are based on research questions.

1. To determine the extent of customer awareness of personal banking services offered by public sector banks in Trichy.

2. To ascertain the customer perception regarding personal banking services offered by public sector banks.

3. To analyze the importance of factors influencing customer satisfaction on using personal banking services offered by public sector banks in Tiruchirapalli.

4. To examine the level of satisfaction of the bank customers while using personal banking services offered by public sector banks.

5. To identify the problems encountered by the bank customers while using personal banking facilities.

6. To suggest measures to improve utilization of personal banking services.
1.5 HYPOTHESES OF THE STUDY

The aim of this study is to test the following hypotheses in line with the objectives mentioned above.

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<tr>
<th>S.No</th>
<th>Hypothesis</th>
<th>Objectives</th>
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<tbody>
<tr>
<td>1.</td>
<td>There is a significant difference between the demographic factors and the usage of e banking services offered by public sector banks.</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>There is a significant relationship between the usage of electronic banking and the factors influencing the usage of electronic banking services offered by public sector banks.</td>
<td>1</td>
</tr>
<tr>
<td>3.</td>
<td>There is a significant relationship between the demographic factors and the factors influencing the respondent satisfaction level.</td>
<td>2</td>
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<tr>
<td>4.</td>
<td>There is a significant association between the important factors influencing usage and the satisfaction level of the respondents.</td>
<td>3</td>
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<td>5.</td>
<td>The adoption levels of personal banking services by bank customers are related to their perception of relative advantage in using them.</td>
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<tr>
<td>6.</td>
<td>There is a significant association between the demographic factors and the problems encountered by the respondents.</td>
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1.6 METHODOLOGY

1.6.1 Selection of sample

There are 20 public sector banks in Truchirapalli excluding their branches and a sample of 5% out of 20 banks is drawn for the study. The five public sector banks selected as sample for the study were State bank of India, Indian Overseas bank, Punjab National Bank, Canara Bank and Union bank of India.

The bank customers using personal banking services from selected public sector banks from the year 2009-2013 constitute total population of 5000 (1400 from SBI, 1100 from PNB, 600 from UBI, 550 from canara and 1350 from IOB) and 10% out of total population constitute the sample. The sample was drawn by using simple random sampling method, a total of 500 respondents, who make financial transaction through personal banking services offered by the selected public sector banks.
1.6.2 STRUCTURE OF SAMPLE DESIGN

<table>
<thead>
<tr>
<th>NAME OF THE BANK</th>
<th>NO OF RESPONDENTS</th>
</tr>
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<tbody>
<tr>
<td>State bank of India</td>
<td>140</td>
</tr>
<tr>
<td>Punjab National bank</td>
<td>110</td>
</tr>
<tr>
<td>Union bank of India</td>
<td>60</td>
</tr>
<tr>
<td>Canara bank</td>
<td>55</td>
</tr>
<tr>
<td>Indian overseas bank</td>
<td>135</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>500</strong></td>
</tr>
</tbody>
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1.6.3 SOURCE OF DATA

The data for this study consisted of both primary and secondary data. The primary data was collected from the bank customers using a validated questionnaire, to study their usage of personal banking services offered by the public sector banks in Truchirapalli district from the year 2009 to 2013.

The secondary data was collected from the sources like Published reports of the Reserve Bank of India, government, etc., relevant books and Journals, Magazines and websites of banks.

1.6.4 PILOT STUDY

The pilot study is completed with the distribution of the questionnaire to 30 customers belonging to selected public sector banks. The drawbacks in the questionnaire were revised in the light of
comments received from experts in the field. The validated questionnaire was finalized for the study.

1.6.5 QUESTIONNAIRE DESIGN

The questionnaire has been constructed into three parts. Part one is framed in such a way to gather the necessary information regarding the personal profile of the respondents. Part two constitute information about the awareness of the respondents about personal banking services and their knowledge, perception, preference towards the public sector banks, problem encountered while using online banking. Part three is framed to measure satisfaction level and the importance related to the experience of personal banking services. The questions in part three have been framed with the help of Likerts five scale (highly satisfied, satisfied, neutral, not satisfied and highly dissatisfied) to measure the level of satisfaction and the importance regarding reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding, co-ordination, technology advancement, content of web information, accuracy, ease of use, timeliness regarding actions and security. 560 questionnaires
were distributed to the respondents after explaining to them the purpose of the study and received 512 filled questionnaires. The properly filled questionnaires numbered 500 questionnaires were selected and taken for data analysis.

1.7 STATISTICAL TOOLS USED FOR DATA ANALYSIS

The primary data collected through the questionnaires were analysed using the SPSS V-20 (Statistical Package for Social Sciences) computer packages. The statistical tools used for data analysis based on the data enumerated from the questionnaires are as follows:

1. **One sample t-test** has been exploited to elicit the opinion of customers on various aspects of technology-driven services offered by public sector banks.

2. **Percentage Analysis** has been used to establish the contribution of variables in both the optional and bi-polar type questions raised in the questionnaires.

3. **One-way analysis of variance (ANOVA)** has been applied to determine the influence of demographic variables on different perceptions of customers on the technological services studied.
5. **Chi-square test** has been applied to determine the existence/nonexistence of association between the various demographic variables and the availment, frequency of preference, levels of satisfaction derived from the technology-driven services taken up for the study.

6. **Factor Analysis** by principal component method has been applied to reduce the number of suggestions made by customers for improving the services into three major meaningful factors.

8. **Multiple Regression Analysis** has been applied to estimate the factors which influence the overall satisfaction of the bank customers of public sector banks in adoption of personal banking services.

1.8 **SCOPE OF THE STUDY**

The research is based on the customer’s satisfaction regarding personal banking services. The research discusses the opinion of the customers regarding the personal banking services provided by the selected public sector banks and the qualities of the personal banking services in the area of reliability, responsiveness, ease of use, satisfaction of competence, courtesy, credibility, access, communication, understanding customers expectation, co-ordination,
timeliness and security. Also the research analyses problems faced by
the customers while using the personal banking services. The research
evaluates the relationship between the activities undertaken through
personal banking services by the customer importance, satisfaction
and the problems of personal banking services.

Personal banking services, ATM cash withdrawals and
remittance machine, self printing pass book, cheque deposit machine,
online banking which the customer uses for various modes of services
like mobile recharge, payment of electric bill, scheduled transaction,
online ticket booking, online shopping etc. were examined. The
problems faced by the customers while dealing with the personal
banking services were analyzed.

1.9 LIMITATIONS OF THE STUDY

1. The study was focused only on selected public sector banks.

2. The study covered the period of five years only (2009 to 2013)

3. It considers the selected respondents of Public Sector Banks in
Trichy only.

4. It covers only selected personal banking services offered by
Public Sectors banks.
1.10 STRUCTURE OF THE STUDY

Chapter I – It covers the introduction, statement of the problem, objectives, hypotheses, limitations and chapter scheme.

Chapter II - deals with the review of related literature.

Chapter III - focuses on the theoretical framework of public banking sector.

Chapter IV – presents the analysis and data interpretations of the level of satisfaction towards personal banking and the factors influencing the customers’ satisfaction towards personal banking services offered by public sector banks.

Chapter V - Exhibits the summary of findings, suggestions based on the findings of the study, conclusion and scope for future research.