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CUSTOMER PREFERENCE TOWARDS ONLINE BANKING

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Abstract

The banking industry has been rapidly developing the use of internet banking as an efficient and viable tool to create customer value. It is one of the popular services offered by the traditional banks to provide speedier and reliable services to online users. With the rapid development of computer technology as a commercial too internet banking can be used to attract more customers to perform banking transactions in related banks. However, the main problem of internet banking faced by the providers are large number of the banks' customers are not willing to use the internet banking services offered. With this notion, the present study is an attempt to identify the customer preference towards online banking. With the use of a questionnaire method, 170 customers participated in this study have provided valuable feedback and responses. The results of the study show that, survival convenience and customized services influence customer preference towards online banking.

Keywords: *Online banking, Preference, Services, Problems.*

Introduction

Banking sector is a backbone of any financial system in the any world. Online banking, also known as internet banking, it is an electronic payment system that enables customer of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. Online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking

which was the traditional way customers accessed banking services. Customer visits the financial institution's secure website, and enters the online banking facility using the customer number and credentials previously set up. The types of financial transactions which a customer may transact through online banking are determined by the financial institution, but usually includes obtaining account balances, a list of the recent transactions, electronic bill payments and funds

transfers between a customer's or another's accounts'. Most banks also enable a customer to download copies of bank statements, which can be printed at the customer's premises (some banks charge a fee for mailing hard copies of bank statements). Hence, it is imperative to identify the satisfaction of rural customers reside in small towns like Pollachi (Coimbatore District). With this backdrop, the present study has been undertaken.

Review of Literature

Hani A. Al Haliq and Ahmad A. Al Muhirat(2016) underwent a research study to examine the extent of consumer loyalty with electronic saving money (e-keeping money) benefits in the Saudi keeping money area and to address issues with nature of administrations by concentrating on the accompanying: (i) simplicity of utilize; (ii) data security and unwavering quality and its part in affecting client reception of electronic administrations; (iii) the instruments of checking and control over these administrations. The examination utilized scientific and enlightening approach, gathering essential information through an overview. It inspected different parts of electronic administrations gave by banks in Saudi Arabia to reveal more insight into these administrations and client desires, while additionally considering present day thinks about in this field as optional information. The outcomes demonstrate that Saudi banks have prevailing with regards to accomplishing noteworthy consumer loyalty by enhancing their electronic administrations, encouraging electronic exchanges, enhancing handling execution and improving the particulars of electronic administrations.

Khan and Mahapatra (2009) explored the service quality of internet banking operative in India from customer's perspective. It is observed that customers are satisfied with the reliability of the services provided by the banks but are not very much satisfied with the

dimension 'User friendliness'. A seven-dimension model using regression analysis is developed for measuring the overall service quality of i-banking. The result indicates that the two dimensions, viz. 'Privacy/ Security' 'Fulfilment' are not contributing significantly towards the overall service quality. This is an implication that the customers feel that bankers fail in providing the services on these two dimensions satisfactorily. It is also observed that 19 the opinion of male and female of business class differs from the other classes.

Singh and Malhotra (2004) said that the huge advances in innovation and the forceful infusion of data innovation had gotten an outlook change in banking operations. For the banks, innovation has risen as a key asset for accomplishing higher effectiveness, control of operations, efficiency and gain. Internet banking that altered the industry worldwide has ended up being the core issue of different reviews everywhere throughout the world. However there has always been a writing gap on the issue in India. The reason for this paper is to fill noteworthy holes in learning about the internet banking scene in India.

Lustsik (2004) defines E-Banking services as a variety of e-channels for doing banking transactions through Internet, telephone, TV, mobile, and computer. Banking customers' desires and expectations with regard to service are expanding, as technology advances and improve. These days, the customer wants to operate and do his or her banking transactions at any location without going to the bank, at any time without being limited to the bank's working hours, and to do all his or her payments (purchasing, bills, stocks) in a fast and cost-effective way. Consequently, financial services quality ought to be characterized by independence, elasticity, freedom, and flexibility, to accommodate these desires (Khalfan and Alshawaf, 2004).

Objectives of the Study

- To identify the factors influencing customer preference on online banking
- To know the problems faced by customers in online banking
- To suggest suitable measures to improve online banking services

Statement of the Problem

Every human needs safety for their money they earn this facility can be availed through banking sectors. This sector provides many other than safety to money. For availing such services traditional banking involve many process and procedure like time, consumption and queue based service. In developing environment banking sector also got expanded with the help of internet. In order to maximize the above formalities people go with the use of internet.

Methodology

Research design chosen for the present study is descriptive in nature. The study is based on primary data and secondary data. Primary data is collected by the way of distributing the questionnaire to the customer.

The data required for the study were collected by the way of structured questionnaire in order to know about the customer's satisfaction on online banking. Totally 107 questionnaire were issued and data were collected from the user of online banking. The study covers a period of six months from November 2017 to May 2018.

Data collected was analyzed using simple percentage and weighted average square method.

Results and Discussion

Findings of the study is presented in the following paragraphs

Socio – Economic Profile

Table 1 shows area wise classification of the customers. It is found that out of 107 customers (43) 40% are in urban area and rest of (64) 60% are in rural area of customers. It is found out of 107 customers (64)60% are belong to up to 18-25 years, (21) 19.6% are 26-35 years of customers, (17) 15.8% are belongs to 36-

45 years and rest of (5) 4.6% are above 46 years of customers. It is found out that 107 customers (19) 17.7% are HSC Level, (14) 13% are belongs to diploma (31) 28.9% are under graduate and rest of (43) 40.4% are post graduate of customers. Gender wise classification reveals that (38)35% are male and rest of (69) 65% are female. The table 4 depicts that (41) 38% are married and rest (66) 62% are unmarried of customers. Majority 66(62%) of the customers are unmarried. Monthly income wise classification of customers shows that, (42) 40% of below, Rs. 20,000, (25) 23% are Rs.20, 001 – 30,000, (24) 22% are belongs to Rs. 30,001 – 40, 000 and rest (16) 15% are above Rs.40, 000 of Customers. Majority 42(40%) of the customers belong to the income level of below Rs.20,000. It is found that (50) 47% are belongs to joint family and rest (57) 53% are nuclear family of customers. Majority 57(53%) of the customers belong to nuclear family.

Usage of Online Banking Service

The table 7 shows years of using. It is found that (49) 46% are recently years of using, (30) 28% are belongs to 2-3 years, (13) 12% are 4-5years and rest of (15) 14% are more than 5 years of customers. Majority 49(46%) of the customers use online banking service recently.

Table 8 depicts that (14) 13% of the customers use daily, (18) 17% use weekly, (22) 21% are occasionally, (28) 26% use once in a month and rest of (25) 23% of customers use rarely. Majority 28(26%) of the customers are using online banking monthly once.

Preference towards Online Banking

It is found out of 107 customers, (29) 28% customers prefer due to any time\ anywhere, (27) 25% prefer due to easy to operate, (16) 15% prefer due to reliability and convenient, (23) 21% prefer due to no need to wait, (10) 9% prefer due to time saving, and rest of (2) 2% prefer others category of customers. Majority 29(28%) of the customers prefers as it we

can use any time\ anywhere.

Problem Faced

It is found that out of 107 customers, (35) 33% are face lack of trust security, (29) 27% face concern problems, (34) 32% face lack of mutual relationship and rest of (9) 8% face complex transaction of customers. Majority 35(33%) of the customers face lack of trust security.

Suggestions

The following suggestion can be given after detailed and careful investigation of research problem. These suggestions would definitely help the online banking users to enhance their base by delivering consumer satisfying services: To develop and increase the funds transfer to day to day online banking services. To provide lot of services to available through online banking sectors. The organization shall take necessary action to create more awareness towards online banking. The reduction in the cost of internet & increased speed of network helps to improve the satisfaction level of the user. Proper securities like password management are maintained in order to protect the message from cybercrime & other network threats.

Limitations

The study is based on the primary data, which is collected through questionnaire hence the result will contain the limitation of the primary data. This study is based on information of 107 customers only, so this findings and suggestions of the study. Time was limiting factor for the study, so data from the sample may not reflect the whole.

Conclusion

Customer satisfaction has been

found as playing an essential role for success and survival in today's competitive environment. Over all, results show that highly educated persons who are the major users of the internet banking. The findings of the study shows that, customers prefer internet banking facilities which is save their time and cost enable them to know their account status and transferable funds from one place to another place. The result of the weighted average reveals that, the most of the customers use online banking for their convenience. Moreover, the banks must train their employees effectively handle customer problems, so that they develop trust in the minds of customers about bank employee and service package available online. Thus, providing of online banking service is an important for bank's survival and them compulsory to compete effectively.

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