Consumer Preference towards E-Banking: A Study Conducted in Ghaziabad

* Dr. Pooja Tiwari  
Senior Assistant Professor  
ABES EC Ghaziabad

* Dr. Shobhika Tyagi  
Associate Professor  
ABES EC Ghaziabad

Abstract

In the present scenario, internet has changed the world of many people. It has changed the life of many people and has become a powerful tool for communication and marketing. So this has increased the curiosity of authors to understand the perception of the consumer towards e-banking system related to consumer awareness towards e-banking system with special reference to Ghaziabad District of NCR. Both primary and secondary sources are used to collect the data to conduct the study. To conduct the study random sampling has been done. The collection of the data has been done in the month of April to June, 2017. To analyze the data various statistical tool is used such as Simple percentage analysis, averages, F-Statistic, chi square test and probability analysis. To collect the secondary data various sources is explored such as books, journals, newspapers, internet and periodicals.

Based on the study, it can be concluded that majority of the customers are aware about various services provided by the bank in Ghaziabad area in NCR. But still there is a scope for a bank to take some new initiative to further educate its customer regarding the services offered and the new technology offered by the company.

Keywords: Electronic banking; Internet banking, Service quality

Introduction

Due to globalization, the internet has changed the life of many people. Internet has transformed the ways businesses are operating and it has become a powerful and an important tool for business marketing and communication. According to the American Banker, the same trend is followed by the banking industry in recent years and due to which sometimes it is referred as e-banking which indicates that internet is used by the different customers for bank transaction. Emergence of e-banking has made it possible that person can do majority of its bank transactions from a remote location even without moving into the physical financial structure. According to online banking report, almost less than 30% of the consumers are moving directly into the main office lobby or they move to the specific branch for their financial transactions. According to Arunachalam and Sivasubramanian (2007), Internet banking is where a customer can access his or her bank account via the Internet using personal computer (PC) or mobile phone and web-browser. In addition, Ongkasuwan and Tantichattanon (2002) further defines Internet banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with Internet connection to banks’ web sites any time they wish.

Finding of the survey have revealed the fact that there was a planned $2 billion new investment in the new electronic banking technology within the banking industry. Among surveyed banks at the time, about two third (66%) planned to invest in telephone banking technology, and the remaining one third (34%) already targeted e-banking options. In the recent literature certain key issues has been addressed regarding e-banking which include: customer acceptance and satisfaction, customer acceptance and satisfaction, services rendered, value added for consumers and banks, privacy concerns, profitability, operational risks, and competition from non-banking institutions. According to Khan (2007), Internet banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including Internet. Electronic banking is providing new
and a more efficient delivery tool which is electronic in nature as compared to electronic banking through ATMs (automated teller machine) and telephone transaction processing centers. There are several challenges and issues which are coming in the way of e-banking growth and e-business in general. The major concern with the e-banking is the security during the transaction. In addition to it, the major issue faced by internet banking is the quality of services related to delivery (i.e., short advance time required in ordering) and delivery reliability i.e., delivery of items/services.

According to Qureshi et al. (2008), clients shifted from traditional banking to online banking system. The core reason of this transfer is perceived usefulness, perceived ease of use, security and privacy provided by online banking. In addition to it, some customers (who are non-computer "genius" like most senior citizens) have been reluctant in their choice of doing business (including banking transactions) online and worried their unfamiliarity about the computer placing them in a disadvantageous position. The paper deals the consumers perception towards e-banking system related to consumer awareness towards e-banking system with special reference to Ghaziabad District of NCR.

**Objectives**

1. To know the impact of demographic factors on the preference towards E-banking
2. To identify the reasons for preferring E-banking.
3. To study the factors which affect the consumers’ perception towards service quality in E-banking.

**Research Methodology**

The study is intended to know the preference and satisfaction about E-banking facility provided by commercial banks in Ghaziabad district of NCR. Data for this investigation were collected from primary as well as secondary sources. The sample chosen consisted of 90 sample respondents representing the customers of E-banks. The sampling is random. The data was collected during the months between Jan to April, 2017. The data collected from the primary source were analyzed with the help of various statistical measures such as simple percentage analysis, averages, F-Statistic, chi square test and probability analysis were used. Secondary data have been collected from books, journals, newspapers, internet and periodicals.

**Results and Discussion**

From the above table it is clear that 39% of the respondents belong to up to 20 years, 48% of the respondents belong to between 21-50 years and 13% of the respondents are in the age group of above 50 years.

It is clear 53% of the respondents belong to male group and 47% of the respondents belong to female group. From the survey the above table reveals that 61% of the respondents are married and 39% of the respondents are unmarried. Out of 90 respondents, it is clear that 35% of the respondent’s educational qualification is school level and 27% of the respondent’s educational qualification is college level and 20% of the respondent’s educational qualification is professionals and 18% of the respondent’s educational qualification is diploma. From the above table it is clear that 51% of the occupational status of respondents are belong to employee, 12% of the respondents belonging to business, 8% belonging to agriculture, 11% belong to professional 18% belonging to student. From the above table it is inferred that 33% of the respondents income levels are up to Rs. 2,00,000, 56% of the respondents are Rs. 2,00,001 to Rs. 5,00,000 and 11% respondents are belonging to above Rs. 5,00,000.

The table highlights the customer preference towards E-banking services. Majority (95%) of the customers are satisfied about the mobile banking as most of the customers prefer to adopt the mobile banking services in the near future. 93.3% of the customers are satisfied with the ATM and 77.8% of the customers are satisfied about internet banking. 88.9% of the customers are satisfied about credit/debit cards service and 88.9% are satisfied...
about the Electronic fund transfer services by the customer. The chi-square analysis (χ²=53.1, df=8, P=0.000) result shows there is relationship between the customer preference towards E-banking services and their level of satisfaction. Thus, most of the respondent is aware and satisfied with the services provided by the bankers Easy and convenient access, confidentiality, service quality and time saving are the factors influencing the respondents to prefer e-banking services at 75.56%, 55.56%, 74.44% and 81.11% respectively in Ghaziabad district. 70%, 54.44%, 85.56%, 34.44%, and 97.78% of the respondents are influenced by factors such as transparency, accuracy, cost saving, ubiquity, and speed respectively to prefer e-banking services of the commercial banks. Social status, security, control over funds, time out feature and exchange of information are the motivating factors for the customers at 95.56%, 50%, 40%, 58.89% and 90% respectively to prefer

Figure No1: No of respondent According to Age Group

![Figure No1](image)

Figure No 2: No of respondent According to Gender

![Figure No2](image)

Figure No 3: No of respondent According to Marital status

![Figure No3](image)
Figure No 4: No of respondent According to qualification

Figure No 5: No of respondent According to Occupation

Figure No 6: No of respondent According to Income Group
Figure No 7: Customer preference towards e banking (sample size/90)

Figure No 8: future expectations with E-banking services.

Figure No 9: Difficulty for using the E-banking facility.
Table 1: Motivating services to prefer e banking services (n=90)

<table>
<thead>
<tr>
<th>Motivating Factors</th>
<th>No of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time out feature</td>
<td>53</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>50</td>
</tr>
<tr>
<td>Social status</td>
<td>86</td>
</tr>
<tr>
<td>Transparency</td>
<td>63</td>
</tr>
<tr>
<td>Cost Savings</td>
<td>77</td>
</tr>
<tr>
<td>Easy and convenient access</td>
<td>68</td>
</tr>
<tr>
<td>Ubiquity</td>
<td>31</td>
</tr>
<tr>
<td>Accuracy</td>
<td>49</td>
</tr>
<tr>
<td>Time saving</td>
<td>73</td>
</tr>
<tr>
<td>Control over funds</td>
<td>36</td>
</tr>
<tr>
<td>Speed</td>
<td>88</td>
</tr>
<tr>
<td>Security</td>
<td>45</td>
</tr>
<tr>
<td>Service quality</td>
<td>67</td>
</tr>
<tr>
<td>Exchange of information</td>
<td>81</td>
</tr>
</tbody>
</table>

Table 2: Customer perception on service quality factors.

<table>
<thead>
<tr>
<th>Service quality factors</th>
<th>Mean score</th>
<th>F-statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anytime and anywhere banking</td>
<td>3.64</td>
<td>3.21*</td>
</tr>
<tr>
<td>Time factor</td>
<td>3.2</td>
<td>1.13</td>
</tr>
<tr>
<td>Reliability</td>
<td>2.0</td>
<td>3.14*</td>
</tr>
<tr>
<td>Queue management</td>
<td>2.1</td>
<td>1.64</td>
</tr>
<tr>
<td>Convenience way of operating banking transactions</td>
<td>2.81</td>
<td>3.61*</td>
</tr>
<tr>
<td>Online bill payment</td>
<td>2.3</td>
<td>1.43</td>
</tr>
<tr>
<td>Easy to use</td>
<td>3.2</td>
<td>0.47</td>
</tr>
</tbody>
</table>

*5 % significant level

Customer Perception on Service Quality Factors

The convenience of online banking is helping people gain greater control of their finances and contributing to changing patterns in cash withdrawal and day to day money management. Identified one of the very important service quality dimensions of i-banking service quality is reliability. Saving time is an importance factor which influences the customers prefers to use i-banking. The most popular online transaction through internet banking is funds transfer bill payment. Ease of use is another important determinant for the customer preferring the internet banking. Online banking users say that convenience is the most important factor, online banking lets them access their accounts from anywhere and at any time.

The attitude towards the above said customer perception on service quality factors is measured at a five point scale highly satisfied, satisfied, moderate, dissatisfied, highly dissatisfied which carries 5, 4, 3, 2, and 1 mark respectively. The mean score in the attitude towards various customer perceptions on service quality factors...
are measured by the customers separately is shown in the following table. The customers are asked to rate each SQFs five point scale according to their order of satisfaction. The mean score of each SQFs and F-Statistic is given in table. According to the table, customer perception on service quality factors was found high in the variables namely reliability, anytime and anywhere banking facility and convenience way of operating banking transactions. The mean score values of these variables are 3.2, 3.2 and 3.6. The significant differences among the different customers are noticed in the case of service quality factors namely reliability, anytime and anywhere banking facility and convenience way of operating banking transactions since the respective 'F' values are significant at 5 per cent level. The table reveals that the opinion of customers on future expectations. Out of the total respondents, Majority (i.e.) 58.89% of the sample respondents have mentioned that they would like operate their banking transactions in a core banking environment which is free from neither technical intervention such as computer connecting nor 23.33% of the samples respondents expect the bank will provide security. 17.78% of the sample respondents have stated reasonable charges have to be imposed on their banking transaction.

The main difficulty for using the E-banking facility is less knowledge about the operations of banking facility (45%). Respondents also feel the services of E-banking too complex to use (28%) and respondents also believe the E-banking to be risky (17%).

Conclusions

Based on the study, it can be concluded that majority of the customers have knowledge and awareness about the various services offered by the bank Ghaziabad District of NCR. Furthermore, the banks have to take some initiative to increase the knowledge and to educate the customers regarding the new technology and other services offered by the banks. Bank may extend customer meeting time with bank officials and also friendly approach is necessary. This strategy of bank will help them to retain the existing customers and will able to attract new customers. This will help to improve services of the bank and also helps the banks to penetrate in the rural area within the India and also abroad. This study will help the banks to understand awareness about the consumer regarding e-banking system and what types of risk involved in e-banking system.

References:

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