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A Study on Consumer Perception towards Service Quality of Public Banking Section in Rayalaseema Region

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ABSTRACT

Banking is a highly information-intensive activity that relies heavily on information technology (IT) to acquire, process, and deliver information to all relevant customers. Banks used Internet technology as a strategic weapon to revolutionize the way they operate, deliver, and compete against each other. As a result, E-Banking was introduced as a channel where bank customers could perform their financial transactions electronically via their banks' Web sites. In this study, an analysis of the differences in risk perceptions between bank customers using E-Banking and those not using E-Banking was done and it showed that risk perceptions in terms of financial, psychological, and safety risks among customers not using the internet were more meaningful than those using EBanking. Customers not preferring to use E-Banking thought that they would be swindled when using this service, and therefore, are particularly careful about high-risk expectations during money transfers from and between accounts. In the present paper, efforts have been made to study the satisfaction level of the customers as well as the perception of the customers towards E-Banking services rendered by the public sector banks in the Rayalaseema district of Andhra Pradesh.

Keywords: Bank, E-Banking, Customer, Financial, Satisfaction, Services, Transactions

INTRODUCTION

E-banking is an umbrella term by which a customer can carry out simple and advanced transactions electronically without a brick-and-mortar model. The term includes using ATMs, telephone transactions, and also a website which does not entail the physical presence of the customer in the physical environment of a bank. Though e-banking has been in India for over a decade now Internet has brought about unprecedented changes in the banking sector. There is a significant growth in e-banking and e-banking transactions which signals a huge increase in business potential opportunities. Banks need to have a long-term view of customer acquisition goals and expected business growth to build a long-term view of the server technology to be adopted.

A recent study by the Boston Consulting Group (BCG) estimates that e-commerce spending would grow to 60-70 billion in the next three-four years, from $16-17 billion now. Further Indian digital banking survey conducted by the Boston Consulting Group, indicates that usage of Internet Banking and Mobile Banking had gone up but remains limited. The percentage of customers using internet banking with Nationalized Banks had gone up by 0.14 percentage points to 2.64 percent in 2024, while for Private bank accounts; the corresponding number had gone up by 0.33 percentage points to 24.21 percent.

Technology has become more accessible, cheaper, and easier to use, which has a major impact on the world's trade and commerce. With the introduction of the Internet and the World Wide Web, companies recognized IT as a tool to do business while consumers acknowledged it as not only an opportunity to purchase goods over the internet and services but also to obtain information. It has also changed the way of doing banking transactions. It creates new products, service market opportunities, and better service output. Technology adoption by the banks has enabled the use of different technology tools in banking, which enable the bank to reduce transaction costs, save money, and also save more time. It is categorized as electronic banking.

The Indian Banking sector shows the strength and resilience of a strong sector which handles financial transactions for a large and growing economy. It is commonly acknowledged that banking is a trust-based relationship. The banks form the pivot of the entire financial system of our country. A well-functioning customer protection regime in the financial sector provides effective safeguards for retail financial services customers, while on the other hand, it empowers customers to exercise their rights and fulfill their obligations.

Information and communication technology is playing a vital role across many industries and sectors, resulting in a positive impact on economic development cutting across the geographical barriers. The banking sector in India has seen greater emphasis being placed on technology and innovation. Today, a tech savvy customer is empowered to choose a desired service from a variety of products – card payments, NEFT transfer, RTGS transfer, ECS /NECS payments, mobile payments etc. Technology has been helping in delivering affordable financial services with greater efficiency without compromising on levels of safety, security and reliability.

REVIEW OF LITERATURE

Lewis and Birmingham (1991) studied the needs, attitudes and behavior of youth market for financial services and found that the youth market is not homogeneous in terms of needs and behavior. Dutta et al, (2009) studied perception of expectations of customers across all the banks in India. It was found that foreign banks were the most preferred banks followed by private bank and public banks.

Parasuraman (2000) developed a multiple- item scale known as the Technology Readiness Index (TRI). A confirmatory factor analysis of the measurement scale was used to test and validate that a four- dimension model (36 statements) of technological readiness was reasonable. The four dimensions of TRI identified by Berndt et al. (2010) are optimism, innovativeness, discomfort and insecurity. Of the four dimensions, optimism and innovativeness are drivers of technological readiness, while discomfort and insecurity are inhibitors of technological readiness.

Richard Shambre (2013) observed the fact that increased usage of technology is strongly correlated with technology readiness. In other words, the more technological ready customers, the more likely who will use the technology more frequently and regularly. In addition, high levels of technological readiness indicate that custumer's are more likely to use a different mix of technologies.

Vandana Tandon Khanna and Neha Gupta(2015) concluded that factors such as technology acceptability, safety, availability, user friendliness and accessibility highly depends on the demographic profile of the customers. Most of the marketing decisions in terms of enhancing the effectiveness of delivery channels can be taken by considering those factors. Also customers are exposed to newer technology, which helps them to generate information by fewer clicks, should be channelized by public sector banks by providing value added services. Safeena et al. (2010) determines the customer's perspective on internet banking adoption. Finding shows that perceived usefulness, perceived ease of use, customer's awareness and perceived risk are the important determinants of online banking adoption and have strong and positive effect on customers to accept online banking system.

Sunith (2019), Studied about "Customer Satisfaction in E-Banking Services" in which he has found that Core banking solutions have enabled banks to extend full benefits of ATM services, mobile and internet banking solutions to all the customers. Core banking solutions offer a package of benefits to customers on a round the clock basis from a single centralized location through all possible delivery channels. Such a centralized approach has made a 'one – stop solution' for all financial services a possibility. Results of the survey do indicate customer inclination towards the use of ATM services when compared to other technology counterparts. But this phenomenon may not continue indefinitely.

The dynamic nature of technology and time may lead to change in customer preferences. Again, customers will be forced to review their preferences with changes in policies and regulations of the ruling elite, which became evident during the recent demonetization regime. Customers today are left with a multitude of offers, options and opportunities when choosing banking services. They are rapidly evolving in their use of banking services and technologies. Changing customer preferences and behaviours indicate need for introduction of new strategies and latest technologies to attract and maintain customers. In fact, customer behaviours seem to change faster than lead times for new products and services

The Internet has emerged as a major force in the financial service sector. The corollary of this phenomenon has been the appearance of fierce competition among banks providing online services to their customer/clients. Online/Internet banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred as Internet banking, e-banking, virtual banking and by some other terms.

Online banking is becoming a popular tool to attract customers and deliver customer value and satisfaction. customer satisfaction is a critical factor for online banking service providers to maintain and improve their profitability. Online banking has gained popularity for a number of reasons, including convenience, cheaper, multifunctional services, trendy and hassle free.

Online banking services have emerged as a decisive factor for customers when choosing a bank. Banks offer several online products and service to their customers, which create opportunities to strengthen their relationships with customers, sell additional services, and prevent encroachment on their business activities by focusing on convenience, transparency, and efficiency. It is in this regard, a fundamental understanding of factors causing customer satisfaction in online banking has attained greater importance. The present study examines the satisfaction level of customers using online banking service in Rayalaseema.

Customer Satisfaction and Online/Internet Banking

Customer satisfaction is increasingly recognized as a main pillar for success in the business environment and also a key factor for the survival and growth of the banking sector. Providing superior service quality enhances customer satisfaction and encourages more participation among customers.

High Service quality deliverance leads to overall customer satisfaction. With the widespread adoption of online banking services, the knowledge of factors causing satisfaction are beneficial to those in the industry, thereby allowing them to focus and further strengthen the crucial areas that lead to highly satisfied customers.

Therefore, it is imperative for banks to align their strategies in response to changing customer' needs and developments in technology. The research is undertaken to gain a better understanding of the service quality dimensions that affect online banking customer‟s satisfaction with reference to Rayalaseema city

MAJOR FINDINGS OF THE STUDY

1. Majority of the respondents are males, constituting 56.5 per cent of the total sample, indicating that most of the customers using online banking services are males.
2. Majority of the respondents constituting around 36 per cent of the sample belong to the age group of 21-30, followed by 27 percent belonging to the age group of 31-40 years.
3. Majority of the respondents representing around 61 per cent of the sample are educated having a Degree or Post Graduation. The findings establish the fact that individuals engaged online banking is educated with a bachelor or a master degree.
4. Majority of the respondents constituting 50 per cent (cumulative value) of the sample are salaried employees out of which, 26 per cent of the respondents are salaried employees in private service, 24 per cent are employees in government service
5. The study reports that majority of the respondents (49 cumulative per cent) using online banking services belong to the income group of less than Rs 30,000 per month indicating respondents are from middle income group are using online services compared to the respondents in the higher income group.
6. The study reports that website design, service reliability, responsiveness of bankers, customer service, and security contributed significantly in influencing online customer satisfaction.

Important Managerial Implications And Recommendations

1. The majority of the users of online banking services are men. Hence it is suggested that female customers could be encouraged to do online banking. This can be done by by providing step-by-step demonstration on how to use the online banking service on their website in order to encourage the acceptance of online banking service.

2. Banks must constantly upgrade their online security systems by installing latest security solutions that are reputed and certified so as to enhance the confidence level of customers as most of the respondents are concerned about privacy issues or having their accounts tampered with, are resulting in huge financial losses.

CONCLUSION

The success of online banking not only depends on the technology but also the attitude, commitment and involvement of employees at all levels and how far the customers reap the benefits from Internet banking services. In this study service quality factors, website design, service reliability, customer service, responsiveness and security are the major determinants of online customer‟s satisfaction towards online banking.

Banks should take initiatives to provide consumer education and awareness in order to encourage adoption and usage of online banking services. Online banking and friendly customer service will help improve the consumer confidence, and eventually overall customer satisfaction. There is a need for improving and upgrading online security to cope up with the growing volume of business transactions.

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