

## **PREFERENCE AND USAGE OF E-BANKING SERVICES – AN ANALYSIS**

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### **Abstract**

E-Banking has emerged due to stiff competition prevailing among banks, globalization, Information, Communication Technology (ICT) and change in the business environment etc., The demand for innovative banking is on the rise, hence the banks are compelled to switch over from traditional banking to E-Banking. The Information and Communication Technology (ICT) has become an indispensable support to banks to enhance its operations. Banks across the globe have been using ICT as a strategy to maneuver its competitors. At present, the “Brick and Click” strategy has upgraded the “Brick and Mortar” banks. In 1990, after the economic liberalization, new private sector banks emerged. In order to meet the technological competition posed by the foreign banks, the Indian private and public sector banks were compelled to introduce E-Banking technology in its banking operations. This paper offers an insight on the preference and usage of E-Banking services among the E-Banking customers of private and public sector banks.

**Key words: E-Banking, information technology, demography , preference, usage**

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## **Introduction**

According to Financial Crimes Enforcement Network (FINCEN 2005) “Electronic Banking is an umbrella term for the process by which a customer may perform banking transactions, electronically without visiting a brick and mortar institution”. Electronic Banking or Technology-Enabled Banking Self-Services (TEBSS) is a comprehensive term which refers to the process of carrying out the banking transactions electronically using Information Technology. The hassle-free usage of E-Banking services is gaining popularity among the bank customers. Today, the global banking sector considers E-Banking as a strategic tool, to remain competitive, to retain the existing customers and to attract new customers by providing quality Services.

E-Banking Services are Innovative Banking Services which comprises of Internet Banking or Online Banking, ATM Banking, Mobile Banking, Personal Computer Banking and Television Banking. Internet Banking enables the bank customers to conduct their banking operations on the secured Bank Website. The other names for Internet Banks are “Net banks”, “Interactive or Web Banks”, “Virtual Banks”, “Cyber Banks”.

## **Methodology**

The data collection was carried out by using self – administered questionnaire which were presented in close-ended style with structured questions. The questionnaires were distributed to the respondents at various parts of Chennai. The researcher has followed Convenience Sampling technique to collect the data from the E-Banking customers during the period from July 2014 to March 2015.

## **Questionnaire Design**

Following the literature review, questionnaires were framed to analyse the demographic profile and banking details of E-Banking customers which was presented in two sections of the questionnaire, stated as follows.

**Section I:** comprised of the respondents’ personal background, such as gender, age, educational qualification, occupation and their income per month. The respondents’ demographic profiles were designed with the close-ended structure of questions .

**Section II** : contained questions relating to the respondents' banking details, banking habits, their preference and usage of E-Banking services. The questions were close-ended.

### Percentage Analysis

#### Section I

A complete Demographic variables of the E-Banking customers namely gender, age, their educational qualification, occupation and income details are revealed using percentage analysis. The study of the demographic variables has helped the researcher to get an overview of the demographic details of the surveyed E-Banking customers. The demographic variables plays a prominent role in determining the E-Banking customer behaviour towards E-Banking services.

**Table 1**

#### Percentage Analysis of Demographic Variables of E-Banking Customers

| <i>Demographic Variable</i> | <i>Group Variable</i>  | <i>Frequency</i> | <i>Percentage</i> |
|-----------------------------|------------------------|------------------|-------------------|
| <b>Gender</b>               | <b>Male</b>            | 317              | <b>55.6</b>       |
|                             | Female                 | 253              | 44.4              |
| <b>Marital Status</b>       | <b>Married</b>         | 419              | <b>73.5</b>       |
|                             | Unmarried              | 151              | 26.5              |
| <b>Age group</b>            | <b>21-30 years</b>     | <b>284</b>       | <b>49.8</b>       |
|                             | 31-40 years            | 175              | 30.7              |
|                             | 41-50 years            | 69               | 12.1              |
|                             | 51-60 years            | 23               | 4.0               |
|                             | Above 60 years         | 19               | 3.4               |
| <b>Educational status</b>   | High school            | 18               | 3.2               |
|                             | Higher secondary       | 21               | 3.7               |
|                             | Under graduation       | 119              | 20.9              |
|                             | <b>Post graduation</b> | <b>290</b>       | <b>50.9</b>       |

|                             |                       |            |             |
|-----------------------------|-----------------------|------------|-------------|
|                             | Professional degree   | 122        | 21.4        |
| <b>Employment status</b>    | Employees             | 505        | 88.6        |
|                             | Self-Employed         | 65         | 11.4        |
| <b>Nature of Employment</b> | <b>Private sector</b> | <b>460</b> | <b>80.7</b> |
|                             | Public sector         | 45         | 7.9         |
|                             | Business              | 65         | 11.4        |
| <b>Monthly Income</b>       | Less than 15000       | 134        | 23.5        |
|                             | <b>15001-30000</b>    | <b>221</b> | <b>38.8</b> |
|                             | 30001-50000           | 113        | 19.8        |
|                             | 50001-75000           | 55         | 9.6         |
|                             | 75001-100000          | 32         | 5.6         |
|                             | >100000               | 15         | 2.6         |

## Section II

Along with demographic profile, banking details of the customer was also studied by using percentage analysis with regard to customers' Internet knowledge, sources influencing its usage, sources of accessibility, type of banks, number of bank accounts maintained, their usage preference, frequency of usage, preferred E-Banking services etc. This section has helped the researcher to know the banking details of E-Banking customers.

**Table 2**

### Percentage Analysis of Banking Details of E-Banking Customers

| <i>Banking variables</i>            | <i>Group Variable</i> | <i>Frequency</i> | <i>Percentage</i> |
|-------------------------------------|-----------------------|------------------|-------------------|
| <b>Levels of Internet Knowledge</b> | No Internet knowledge | 18               | 3.2               |
|                                     | Beginner              | 45               | 7.9               |

|                             |                       |            |             |
|-----------------------------|-----------------------|------------|-------------|
|                             | Average               | 47         | 8.2         |
|                             | <b>Advanced</b>       | <b>287</b> | <b>50.4</b> |
|                             | Expert                | 173        | 30.4        |
| <b>Sources of Influence</b> | <b>Bank</b>           | <b>213</b> | <b>37.4</b> |
|                             | Advertisement         | 75         | 13.2        |
|                             | Family                | 104        | 18.2        |
|                             | Friends               | 135        | 23.7        |
|                             | Colleagues            | 43         | 7.5         |
| <b>Sources of Access</b>    | Home                  | 151        | 26.5        |
|                             | <b>Workplace</b>      | <b>266</b> | <b>46.7</b> |
|                             | Cyber café            | 18         | 3.2         |
|                             | Mobile                | 135        | 23.7        |
| <b>Bank Type</b>            | Public sector         | 224        | 39.3        |
|                             | <b>Private sector</b> | <b>346</b> | <b>60.7</b> |
| <b>No. of bank accounts</b> | One                   | 177        | 31.1        |
|                             | <b>Two</b>            | <b>255</b> | <b>44.7</b> |
|                             | Three                 | 107        | 18.8        |
|                             | Four                  | 25         | 4.4         |
|                             | Five                  | 4          | 0.7         |
|                             | More than Five        | 2          | 0.4         |
| <b>Usage duration</b>       | Less than one year    | 132        | 23.2        |
|                             | <b>1 yr -3 years</b>  | <b>253</b> | <b>44.4</b> |
|                             | 3 yrs -5 years        | 98         | 17.2        |
|                             | More than 5 years     | 87         | 15.3        |
| <b>Degree of Usage</b>      | Daily                 | 60         | 10.5        |
|                             | <b>Weekly</b>         | <b>237</b> | <b>41.6</b> |
|                             | Fortnightly           | 81         | 14.2        |
|                             | Monthly               | 175        | 30.7        |
|                             | Occasionally          | 17         | 3.0         |

|  |                             |            |             |
|--|-----------------------------|------------|-------------|
| <b>No. of bank visit (per yr)</b>                      | Zero                        | 193        | 33.9        |
|  | <b>1 -5</b>                 | <b>298</b> | <b>52.3</b> |
|  | 6-10                        | 45         | 7.9         |
|  | 11-15                       | 20         | 3.5         |
|  | More than 15                | 14         | 2.5         |
| <b>Preference of E-Banking Services</b>                | <b>Internet Banking</b>     | <b>261</b> | <b>45.8</b> |
|  | ATM                         | 241        | 42.3        |
|  | Mobile Banking              | 45         | 7.9         |
|  | Branch Banking              | 23         | 4.0         |
| <b>Opinion on recommendation of E-Banking services</b> | <b>Willing to Recommend</b> | <b>455</b> | <b>79.8</b> |
|  | Not sure                    | 85         | 14.9        |
|  | Not willing to recommend    | 30         | 5.3         |

### Discussion

It is proved from the above percentage analysis that male use more of E-Banking services compared to female . The finding has the same analogy with Harman Preet Singh (2011), Neha Dixit (2010) and Rajesh Kumar Srivatsava (2007) which has also revealed that Men are more likely to adopt E-Banking as compared to Women. Education plays an important role in determining the usage of E-Banking services. The more the customers are educated, more is their usage of E-Banking services. The same finding is also observed in the study conducted by Harmeen Preet Singh (2011) and Neha Dixit (2010). It is also found that youngsters between the age group of 21-30 years use more of E-Banking services compared to the senior citizens as their inclination towards it is more. The Marital status of customers also influence their usage as they find it convenient to conduct the banking transactions anywhere and anytime amidst their family commitments.

Regarding the banking habits, E-Banking customers prefer Internet Banking to other E-banking services namely Mobile banking, ATM banking and there is weekly usage of E-Banking services. The percentage analysis also revealed that E-Banking customers have

advanced internet knowledge and they are aware of the usage of E-banking services which is also proved by Wadie Nasri (2011) who revealed that familiarity with the Internet influences the acceptance of E-Banking Services. As the E-Banking customers are satisfied with the E-Banking services, they are willing to recommend the usage of E-banking to the non-users too.

### **Conclusion**

Banks use Internet Technology as a strategy to modernize its modes of operation. Changing lifestyle of customers demand speedy, easy accessibility, convenience and time saving technology in their banking operations. E-Banking services have become indispensable in the present era. Banks are competing among themselves to provide the best service quality in the delivery of E-Banking services. In the present scenario, customers evaluate banking services based on the user friendliness, convenience and service quality. The risk perception on E-Banking services among bank customers can be maneuvered through user friendly features, awareness campaigns, high security features etc.

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