

PERCEPTION OF RURAL CUSTOMERS TOWARDS ONLINE BANKING SERVICES IN SIVAGANGAI DISTRICT

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ABSTRACT

Banking Industry is being an Integral part of financial sector of our country. The formation of banks has a very long history. In the early period the activities of the banks were done only by visiting the bank's branch by the customer. But due to the advent of technology and increased literacy among the people make the banks modernized itself and it yields the implementation of various new banking options. Internet banking or online banking is one of such options offered to the present world customers by their banks, not only in India but also in the entire world. After implementation of New Economic Policy, 1991 in India, it paves way for privatization of banks and also opens the gate to the foreign banks. Due to high competition and increasing functional cost in establishing and maintaining a branch, the banks chose the option of going branch less banking say Internet banking or online banking, doing most of the banking activities just by visiting the web page of the bank and get logged on through their unique username and password. It may also reduce unnecessary waiting of customers in a bank's branch to carry out his banking activities. The main objective of the study to know perception of rural customers towards online banking services, especially in Sivagangai district. For the study purpose 110 sample respondents were selected from the study area on the convenience of the researcher. The results show that most of the respondents using online banking are satisfied with the services. And there is significant difference in perception when the quality of services offered deteriorates. Significant difference is found in perception of rural customers amongst their demographic profile. From the above results it is concluded that banks have to constantly improved their services offered can make its customers satisfied.

Keywords: Internet Banking, Customers' perception, Quality Satisfaction, Commercial Banks, India

1. INTRODUCTION

Finance is the bedrock of all commercial activities. Technological advancements are transforming business transactions on a daily basis. Thus, the old model of finance is insufficient to keep up with the rapid speed of technological change. E-banking is the most thorough manifestation of this technology transformation in

the financial function. E-banking is a very recent development, particularly in India, and it is still in its infancy. Due to the rapid advancement of technology, the Internet has emerged as the most effective avenue for providing banking services and products to customers. Banks are now adding Internet components into their strategic plans. It will fundamentally alter how banks operate, deliver, and compete, all the more so now that the competitive advantages of traditional physical branches connectivity are rapidly fading.

Online banking represents a new era in retail banking. Through online banking, customers can obtain information and conduct financial transactions say account balance inquiries, transfers from one account to another either within same bank or from one bank account to another, payment of bill to various utilities like insurance, taxes etc., and cheque book request via a telecommunications network or the internet, without personally visiting the branches of their banks (Sathye, 1999; Daniel, 1999; Mols, 1998). Along with physical market competition, the future will see the emergence of a virtual market (market space) (Rayport and Sviokla, 1994 a, b). As a result, an increasing number of banking institutions are considering shifting their operations from the real to the virtual online based market (technology using virtual realities).

Banks face the most difficult difficulties in internet commerce when it comes to trust, security, and safety. Apart from that, developing and retaining consumer trust would be a future issue for banks, particularly in internet banking (Aladwani, 2001). The vast majority of consumers are wary of using internet banking as a result of concerns over security and privacy (Turban & Lee, 2001). Customer satisfaction is significantly reduced as a result of security issues. Customer acceptance and happiness are critical components of every new product or service's success. (2004) (Huang et al.).

With the advent of mobile banking, banks have gained a substantial competitive advantage over their competitors, contributing significantly to the online banking revolution. The most often requested feature by users is "Transaction Alert / Confirmation." Following a financial transaction, customers feel that an SMS should be sent, and they prefer versions of the IVR (Interactive Voice Response) banking service that include (out-of-band) SMS confirmation over ones that do not. (Peevers et al, 2010). As a result, online banking enables banks to keep on and increase client commitment, increase consumer happiness, spread out market portion, cut down administrative and functional costs, and reinforce banks' competitive advantages against competitors while simultaneously lowering costs. (Khalfan et al., 2006; Almogbil, 2005).

The rural customer of today has a little different perspective on how banking services are offered now than they did a few years ago. Customers' views are constantly shifting, and everyone is looking for something new and different. The novel strategy has caught the attention of rural customers. Because of the shifting behavior of rural consumers, not only public sector banks but also the private sector banks have turned their attention to the Indian rural market.

2. LITERATURE REVIEW

Suleiman et. al., (2005) investigated the influence of electronic banking on the Malaysian banking sector. The study's goal was to provide an overview of the implementation of electronic banking in Malaysia. In order to assess the potential consequences of e-banking, the researcher examined the websites of various financial institutions. According to the researcher, the findings of the study cannot be generalized to the broader population. Although the results are preliminary, they provide a reasonable idea of which services e-banking users find beneficial and which category of consumers is more likely to utilize those services more frequently.

Boatang (2006) has investigated some of the issues that have influenced the important decisions made by banks while implementing e-banking techniques in their operations. The outcomes of the study revealed that operational restrictions relating to consumer location, the desire to preserve customer happiness, and the capacities of the banks were identified as being present. It was pointed out by the author that it was necessary for African banks to understand their customers' needs, the corresponding services to provide, the resources and partnerships required to supply such services, and to build effective e-banking strategies that maximized value for both customers and banks, among other things.

Mojdeh Ghezelayagh (2007) conducted research on "Prediction of Customers' Attitudes towards Using Internet Banking in Iran," which was published in 2007. It is the goal of this research is to look into the potential of e-commerce in the Iranian banking sector for improving customer service. The findings demonstrate that the potential of e-commerce extends from straightforward applications, such as providing information about services, to more complex applications, such as those that include users in the design and customization of services.

E-banking has been detailed in detail by Sarangapani and Mamatha (2008), who have also highlighted all of the difficulties and challenges that have arisen as a result of its implementation. Their research looked at the websites of various banks for internet banking adoption and discovered that private sector banks were the most prevalent providers of Internet banking services, followed by public sector banks, overseas banks, and older private sector institutions. The author made several recommendations for policies that could help to increase the use of e-services in the future. Customer confidence should be built up by assuring them that the transactions they conduct are risk-free and that there is no possibility of fraud taking place. In addition, the system should be free of legal complexities and ambiguities.

"Technology and Service Quality in the Banking Industry - Importance and Performance of Various Factors Considered in the Electronic Banking Services," by Thomas Ogoro Ombati, Peterson Obara Magutu, and Stephen Onserio Nyamwange (2010) was published in the journal "Technology and Service Quality".

Researchers conducted a study in order to assess the relationship between technology and service quality in the Kenyan banking industry. In the findings, it was discovered that the most important dimension was secure services, which was followed by the convenience of the ATM location, efficiency (no waiting), customers' happiness with the ability to set up accounts so that they may conduct transactions promptly, the correctness of records, the ease of use, complaint satisfaction and 24-hour operations are all important considerations.

When it comes to bank fees, according to Koskosas I. (2011) in his paper "The Pros and Cons of Internet Banking: A Short Review," the ordinary banking consumer is often filled with dread. Customer prices are continuing to raise, according to a poll conducted by Bank-rate, a company that provides information on banks and banking. Penalties range from ATM charges to fees for maintaining a minimum balance. Individuals interested in paying reduced costs in exchange for improved customer care can look into internet banking.

"Progress of Banking in India: Customers' Perspectives" is the subject of a study by Komal and Vandna Rani (2012). The present study is focused with the numerous techniques of doing banking electronically. This study has been separated into four sections, each of which deals with a different component of E-banking, namely, ATMs, Internet banking, mobile banking, and credit cards, among others. It is the primary focus of this article to examine the customer experience in banking, specifically how to determine the level of customer satisfaction. In particular, this study contrasts public sector banks, private sector Indian banks, and private sector international banks in the banking industry.

The authors of "Customer Perception Study towards E-Banking Services Of Public and Private Sector Banks - With Special Reference to Chittoor District of Andhra Pradesh," Dodda Raju and T. Narayana Reddy (2014), investigated the perceptions of customers towards e-banking services provided by both public and private sector banks in the Chittoor district of Andhra Pradesh. The study was primarily concerned with determining the relationship between demographic characteristics and internet banking behavior. In accordance with the findings of the study, understanding customer perceptions of internet banking services can assist banks in providing better and more efficient service to their customers.

Ashima Tandon and colleagues (2016) published a study titled "Consumer Awareness towards Internet Banking: A Comparative Study of Public, Private, and Foreign Banks" in which they found that consumers were aware of internet banking. The findings of the survey indicated that private and foreign sector banks have a higher level of awareness than public sector banks, with the latter being the exception. In order to compete with private and foreign sector banks, public sector banks must concentrate on their module of service.

"Internet Banking in Sri Lanka," according to Ratheesh N. and Pretheeba P. (2019) Customer Savings Bank in Sri Lanka conducted an investigation on the factors that contributed to the customer adoption of Internet banking. According to the findings of the study, customers believe that using key e banking services, such as bill payments, loan applications, Accounts information, cheque book requests and cheque cancellations, as well as money transfer, is beneficial to them.

Adoption of electronic banking services in India: an extension of UTAUT2 model by Chauhan, Vikas et.al., (2022), examined that despite the fact that Indian banks have given adequate attention to current developments in banking service delivery such as e-banking, mobile banking, mobile payment, e-wallet, and e-money services, customer acceptance of these services has been slow. The study used the UTAUT2 paradigm (Unified Theory of Acceptance and Use of Technology) and added dimensions including customer innovativeness, perceived risk, and the availability of security information. The study also highlighted the significance and influence of newly included variables in explaining customers' willingness to use e-banking services.

3. OBJECTIVES OF THE STUDY

1. The purpose of this study was to determine how rural clients in Sivagangai District felt about online banking services.
2. To Study the difference between level of satisfaction and quality of services offered by banks in Sivagangai District.
3. To find the relation amongst perception of the respondents about online banking and education.

4. METHODOLOGY

Sivagangai district of Tamil Nadu is selected particularly for this study. Sample of 110 rural customers was taken on the basis of convenience sampling technique to assess the perception level of rural customers regarding the online banking services. The study is based on both primary and secondary data, Questionnaire tool is used to collect the needed primary data from the selected respondents. Secondary data was collected from journals, magazines, websites and Internet. Percentage analysis is done for clear understanding of demographic profile of consumers. Mean (M) and standard deviation (SD) are calculated to customers' perception towards online banking services. T - test and F - test are employed to scrutinize the disparity in levels of enjoyment between two people and the quality of the services offered by banks and perceptions of the respondents about online banking according to demographic profile.

5. RESULTS

5.1 Demographic Profile of Consumers

Table-1 depicts the socioeconomic characteristics of selected rural customers in sivagangai district. The findings show that 53.60 percent of them are male, while 46.30 percent are female, that 30.00 percent of them are in the age group of 31 – 35 years, while 16.36 percent of them are in the age group of 36-40 years, that 51.81 percent of them have undergraduate degrees, while 10.9 percent of them have completed secondary school, that 38.18 percent of them earn less than Rs.20,000 per month, and that 10.00 percent of them earn above Rs.30,000 per month, and 55.45 percent of the sample respondents are married while 44.54 percent are unmarried.

Table 1: Socio-Economic Profile of Consumers

Socio-Economic Profile	Frequency (n = 110)	%
Gender		
Male	59	53.60
Female	51	46.30
Age		
21 – 25 years	32	29.09
26 – 30 years	27	24.54
31 – 35 years	33	30.00
36 – 40 years	18	16.36
Education		
Secondary School	12	10.90
Higher Secondary	21	19.09
Under Graduation	57	51.81
Post Graduation	20	18.18
Monthly Income		
Below Rs.20,000	42	38.18
Rs.20,001 – Rs.25,000	33	30.00
Rs.25,001 – Rs.30,000	24	21.81
Above Rs.30,000	11	10.00
Marital Status		
Married	61	55.45
Unmarried	49	44.54

Source: Computed from Primary Data

5.2 Perceptions of the Respondents Towards Using Online Banking Services

Table 2: Perception of customers towards using online banking services

S. No	Sub Scales	Frequencies (Percentage)					N	Mean	SD	Rank
		SD	DA	N	A	SA				
1	I like the convenience of online banking	0 (0.0)	2 (1.82)	12 (10.90)	55 (50.0)	41 (37.27)	110 (100)	4.06	0.78	1
2	My banking is more intriguing because of online banking services	2 (1.82)	4 (3.63)	24 (21.8)	52 (47.27)	28 (25.45)	110 (100)	3.51	1.15	6
3	Using online banking services on a regular basis is a smart idea	0 (0.0)	3 (2.72)	17 (24.54)	78 (70.90)	12 (10.90)	110 (100)	4.05	0.83	2
4	I'm always on the searching for new banking options	3 (2.72)	7 (6.36)	19 (17.27)	59 (53.63)	22 (20.00)	110 (100)	2.86	0.57	7
5	It makes me happy that I choose my bank and its online banking	0 (0.0)	5 (4.54)	17 (24.54)	52 (47.27)	36 (32.72)	110 (100)	3.70	0.66	4
6	I will tell people about my bank's internet service	2 (1.82)	2 (1.82)	20 (18.18)	50 (45.45)	36 (32.72)	110 (100)	3.91	0.78	3
7	The site of my Internet banking is more user friendly	2 (1.82)	4 (3.63)	24 (21.8)	52 (47.27)	28 (25.45)	110 (100)	3.68	0.83	5

Source: Computed from Primary Data

The accompanying table shows respondents' perceptions towards online banking services in Sivagangai district. The perception of sample respondents "I like convenience of online banking" ranked first with mean score of 4.06, whereas the statement "Using online banking services on a regular basis is a smart idea" ranked second with mean score of 4.05. and "The site of my Internet banking is more user friendly" ranked third with 3.91 and the statement "It makes me happy that I choose my bank and its online banking" with the score 3.70 ranked fourth followed by the statement "The site of my Internet banking is more user friendly" ranked fifth with the score of 3.68 and "My banking is more intriguing because of online banking services." ranked sixth and "I'm always on the searching for new banking options." ranked seventh with mean score of 3.51 and 2.86.

5.3 Rural Consumers Perception About Level of Satisfaction and The Quality of The Online Services Offered by Banks

Table 3: Descriptive statistics on online banking practice according to Satisfaction and Quality of service

	N	Mean	Std. Deviation	Std. Error Mean
Online banking practices	319	53.0031	8.64844	.48422

Independent Samples Test

Independent Samples Test on online banking practice according to Satisfaction and Quality of service

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2- tailed)
Online banking practices	Equal variances assumed	.040	.842	-2.380	552	.018
	Equal variances not assumed			-2.371	497.36	.018

**** Significance at 0.05**

As seen in the preceding table, the t-value is -2.380 and the p-value is 0.018. This is less than a 0.05 percentile. Because the difference is statistically significant, it can be concluded that there are significant differences between the perceptions of respondents about the Satisfaction and Quality of services when it comes to providing online banking services, according to the results of this study

5.4 Perceptions of The Respondents About Online Banking and Their Socioeconomic Profile

The relation amongst respondents' perception about online banking services and their socioeconomic profile is given below as:

5.4.1 Perception about Online banking services and Gender

Table 4: Perception about Online Banking Services and Gender

Gender	N	M	SD	t-Value	Sig.
Male	59	35.50	4.43	4.702	.000
Female	51	27.96	4.55		

Source: Computed from Primary Data

The mean value for online banking service is 35.50 for male respondents while the mean value is 27.96 is for female respondents and it enlighten that perception towards online banking is better for consumers in

male category than the female consumers. Because the t-value of 4.702 is significant at the one percent level, there is a statistically significant difference in Perception about Online banking services between male and female consumers.

5.4.2 Perception about Online Banking Services and Age

Table-5 shows the relationship between consumer perceptions of online banking services and the age of the consumers who use them.

Table 5: Perception about Online banking services and Age

Age	N	M	SD	F-Value	Sig.
21 – 25 years	32	36.71	4.54	4.791	.000
26 – 30 years	27	35.13	5.06		
31 – 35 years	33	35.10	4.31		
36 – 40 years	18	34.66	5.11		

Source: Computed from Primary data

The mean value for Perception about Online banking services is 36.71 for consumers falling in the age group of 21-25 years, while it is 34.66 for consumers falling in the age group of 36-40 years. This demonstrates that Perception towards online banking services is better for consumers falling in the age group of 21 – 25 years than for consumers of other ages, including those in the age group of 36 – 40 years. Because the F-value of 4.791 is statistically significant at the one percent level, there is a substantial variation in Perception about Online banking services amongst customers of different ages.

5.4.3. Perception about Online banking services and Education

The following table illustrates the relationship between perceptions of online banking services and consumer education:

Table 6: Perception about Online banking services and Education

Education	N	M	SD	F-Value	Sig.
Secondary School	12	33.12	4.27	5.017	.000
Higher Secondary	21	35.22	5.18		
Under Graduation	57	36.79	5.15		
Post-Graduation	20	38.13	3.86		

Source: Computed from Primary data

The mean value for Perception about Online banking services is 38.13 for consumers with a postgraduate degree, while it is 33.12 for consumers with a secondary school degree. This demonstrates that Perception

about Online banking services is better for consumers with a postgraduate degree than for consumers with other educational levels, such as secondary, higher secondary and under graduation.

Because the F-value of 5.017 is statistically significant at the one percent level, there is a substantial variation in Perception about Online banking services among customers with varying levels of education.

5.4.4 Perception about Online banking services and Monthly income

Table 7 shows the relationship between perception towards online banking customers and the monthly income.

Table 7: Purchase Decision Making in Viral Marketing Environment and Monthly Income

Monthly Income	N	M	SD	F-Value	Sig.
Below Rs.20,000	42	33.91	4.31	5.398	.000
Rs.20,001 – Rs.25,000	33	36.02	4.23		
Rs.25,001 – Rs.30,000	24	35.92	4.42		
Above Rs.30,000	11	38.91	4.04		

Source: Computed from Primary Data

In a perception of rural customers towards online banking services, the mean value for perception is 38.91 for consumers earning incomes greater than Rs.30,000 per month, while it is 33.91 for consumers earning incomes less than Rs.20,000 per month, indicating that perception towards online banking is better for consumers earning incomes greater than Rs.30,000 per month than for consumers earning other income levels. Because the F-value of 5.398 is statistically significant at the one percent level, there is a substantial difference in perception of rural customers towards online banking services among consumers who earn monthly.

5.4.5 Perception about Online Banking Services and Marital Statuses

The relationship between Perception about Online banking services and the marital status of consumers is depicted in the following table no.8

Table 8: Perception about Online banking services and Marital statuses

Marital Status	N	M	SD	t-Value	Sig.
Married	61	32.72	4.81	4.904	.000
Unmarried	49	37.91	3.31		

Source: Computed from Primary Data

In a Perception about Online banking services, the mean value for Perception about Online banking services among consumers in unmarried status is 37.11, while the mean value for Perception about Online banking

services among rural consumers in married status is 32.72. This demonstrates that Perception about Online banking services is more favorable for consumers in unmarried status than for consumers in married status. Because the t-value of 4.904 is statistically significant at the one percent level, there is a substantial difference in Perception about Online banking services among customers based on their marital status.

6. PROBLEMS AND SUGGESTIONS

The top most challenges that the rural customers encounter while using online banking services like resistance to change among seniors and technical issues while using the Internet banking site. These challenges may overcome by giving training to the customers by its bank and also focus on improving the existing online banking service continuously may help the banks to face these challenges.

7. CONCLUSION

Online banking is a reward of technological advancements. Thanks to developments in mobile technology and implementation of 3G and 4G LTE exist throughout the country enables the remote customers who do not have the reach to physical branch banking can also use the banking facilities of any bank they wish to, say one can have account in foreign bank and avail its benefits just by having a mobile phone and laptop. It also helps the banks to expand its customer base without shelling extra money in establishing branches in all parts of the countries. Countries like India with wide landscape needs this kind of advancements to make the customers inclusive of all financial initiatives taken by the Governments. This study reveals that the perception towards online banking amongst rural customers results that the young generation to actively include themselves in various government initiatives rather than the seniors. By reducing the complications and introducing the online banking even in their mother tongue may attract more customers towards online banking.

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