

A COMPARATIVE STUDY ON THE E-BANKING SERVICES OF PRIVATE AND PUBLIC SECTOR BANKS

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ABSTRACT

The current world is all about getting everything at hand in a fraction of a second through the biggest medium of the internet. When the products can be availed at hand why would the services be left behind. The banking services are the most important type of services for the services sector. When technology over internet is applied to the banking services are known as e-banking services. With the invent of recent technology, internet banking is anticipated to turn out to be a main banking method for clients. Net banking reduces costs by using supplying customers with another manner of getting access to their bills without bodily journeying a bank. The Indian financial system has the banking system divided into public sector banks and private sector banks. There is always a thin of difference in the availability and usage of services for the public and private sector banks. This paper is an endeavour to take into count the comparison between the public and private sector banks in terms of the e-banking services through a detailed expert opinion and a detailed analysis through ANOVA followed by suggestions based on the findings through the analysis and assessment of the same.

Keywords : E-Banking, Public, Private, Internet.

INTRODUCTION

Banking is one of the major components of the financial institutions in any country irrespective it being developed and developing. When the discussion becomes specific about India it literally becomes the pillars for the financial system of the country. Also, it is that section of the service sector where customer satisfaction is very crucial as the people in the nation invest their trust and priorities in the banks since times immemorial. Coming to the structure of the banking system in India Public sector banks began their existence with the Imperial bank of India which was converted into the present State Bank of India in the year 1955 followed by the setup of its seven subsidiary banks. Later the nationalization of fourteen major commercial banks on July 19, 1969. The process got completed with further

nationalization of six more commercial banks on April 15, 1980. Bank of India became later on merged with PNB and Global Trust Bank with that of OBC bank. Now, IDBI Ltd. Is covered in public sector banks in 2005 as a result this zone represent 27 banks in all.

Private sector banks are those which are owned and managed by private players. In 1951, there were in all 556 private sector banks, of which 474 had been non-scheduled and 92 have been scheduled. Seeing that then, the variety of public sector banks is growing at the same time as the ones of private sector banks are decreasing.

Electronic banking is the inculcation of technology into the banking services. It is the latest norm of the banking sector that has assumed a lot of importance because of the ton of benefits offered by the system such as reduced cost of processing the transaction, reduced time and better efficiency in the services which as a result ensures a better and enhanced banker-customer association. Through the E-banking system, banks are extending their customer base with the assistance of various e-delivery mediums like ATMs, credit/debit cards, net banking, phone banking, EFTs and so forth. E-banking is being provided many banking establishments in order to survive the global competitions, in case of delay in presenting transactions-based services over internet; they may lose their market percentage. To achieve success, banks need to provide e-banking facility in preference to being pushed into it by means of others. E-banking is all about enabling the customers to access their bank accounts at the easy reach of a personal computer and an efficient internet service.

The Government of India has put into force the IT Act, 2000 (Information Technology Act). This Act came into effect from the 17 of October 2000. The existence of this Act, in framework of banking, was to provide legal recognition to electronic transactions and other means of Electronic Commerce.

But there always exists a difference in how the services are provided by the banks to the customers. There always pertains a thin line of difference in how the public sector banks use these services as well as provide them their customers when compared to the private sector banks. The layman opinion always states that the government run institutions and banks lay far behind the private sector banks or institutions when it comes to technology and automation.

OBJECTIVES OF STUDY

1. Ascertain the actual meaning of E-banking and its importance to the banking sector.

2. Validate a proper comparison between the private and public sector banks with respect to the e-banking services being availed.
3. Understand the benefits of E-banking services and customers perception for the benefit.
4. Recommend possible recommendations to patch up the differences in delivery of e-banking services between the public and private sector banks.

REVIEW OF LITERATURE

The financial institutions of the country especially banks act as the core to the saving and investment situation of the country. As the two main functions of any bank is accepting deposits and lending loans. The banking system in India is divided into public and private sector banks. With the growing populace and demand for the banking operations mechanization and automation of the banking activities is the need of the hour here comes the role and importance of E-banking services. But the services exhibit a different effect in both public and private sector banks. The same is being exercised in the present section. Expert opinions on the services are highlighted and discussed in length by the author.

Pikkarainen et al. (2004) pointed out that digital banking era has come up with new approaches of coping with every day banking affairs mainly thru online banking channel. The authors followed era acceptance version to leverage the net environment. The version indicated online banking recognition among private banking clients in Finland thru a sample survey. The estimates of the study showed that expected usefulness, facts on on-line banking, security and privateness, level of service, ease of use on the website were the principal elements influencing on-line banking attractiveness. The authors recommended that banks must now concentrate extra on their e-banking troubles so that on-line banking could come to be more known and accepted for clients.

Puja k and Yukti A expressed that Private Banks have more happy customers because of accurate offerings. Private sector banks are properly keeping level of quantity of its clients by means of offering better banking offerings when compared to the Public sector banks. In any economy, revolutionary technologies and converting expectancies of markets, consideration of high-quality of each and every provider is crucial to enhance customers' delight stage.

Gill HS, Arora S., (2013) discovered that the private banks are superior technologically but the opposite scenario prevails in the public sector banks found from their evaluation that that patron delight in banks range in keeping with the quality of services.

Nominal prices of services, region of bank branches and personnel mindset in the direction of solving problems of clients are the elements chargeable for maximum client's satisfaction. Private bank customers are happier with their financial institution because of their multiple branches at accessible locations and technological centres. Public sector banks aren't so technologically advanced. However, Public sector banks are keeping satisfaction degree of the customers because of its reliability, excessive reputation within the society and minimum expenses of the services. Customer care offerings of the private banks are better than public sector banks.

Dixit, Neha and S. K. Datta (2010) Electronic banking services is a synonym for self-provider technology. The count of net customers has extended beyond expectations, but most of them are reluctant to offer sensitive private facts to web sites due to the fact they do not believe e-commerce safety. This paper investigates the elements which are affecting the acceptance of e-banking offerings amongst adult clients and also shows stage of problem concerning safety and security issues in Indian context. Also, a reason, of no longer accepting on line banking via adult customers is not any education or steering from the financial institution's facet.

Krishnamoorthy, V. And R. Srinivasan (2013) state that it has always been a challenge for the banks to retain their existing customers. Financial institutions like the banks need to work out strategies for their long-term survival and sustenance, such as making a few modifications and changes as per the requests and desires of the customers or instead they ought to instigate strong belief and relationship with the existing customers.

Inder Pal Singh, Dr. Payal Bassi (2017) in their study, to satisfy the want of the clients, both private and public sector banks provide numerous internet services to their customers. It's far stated that for correct use of net offerings a bank must provide an attention dragging and easy to use medium. Proper protection concerns must be addressed by the banks so that clients can effortlessly use these internet offerings supplied by means of the banks without any fear or insecurity.

A Study of Demographics and customers satisfaction in internet banking”, Kumbhar and Vijay (2011), this study is analysed to assess the association amid the demographics & client's satisfaction in internet banking. It additionally found out relationship between service quality and client's satisfaction in addition to pleasure in net banking carrier provided with the aid of the public sector bank and private sector banks. The study located out that overall delight

of personnel, businessmen and professionals are higher in internet banking carrier. Also, it turned into located that there's giant distinction within the customers notion in net banking offerings provided via the public and privates sector banks.

RESEARCH SCOPE

The present study is useful since it helps to understand the detailed comparison between the public and private sector banks in terms of their ability to deliver services to the customers through electronic banking as a medium. It helps to understand where the banks lack and where they succeed over the other in comparison. Hence the study provides great scope for further studies

RESEARCH METHODOLOGY

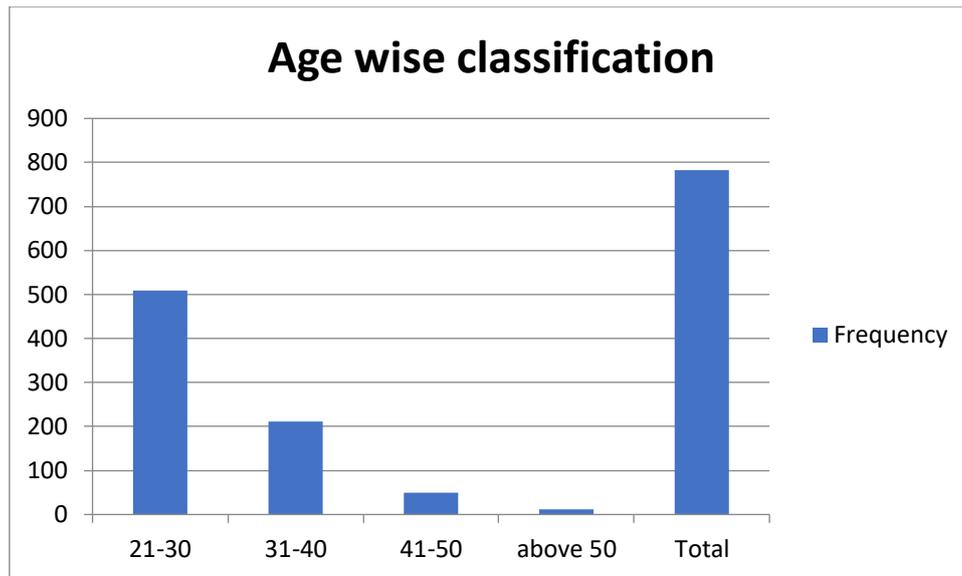
For the purpose of the study five nationalised banks and five private sector banks were selected. 782 respondents were selected as a sample size from the defined population. This study is descriptive research, and the data were collected on a probability sampling basis.

ANALYSIS AND INTERPRETATION

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Classification of the respondents based on the age

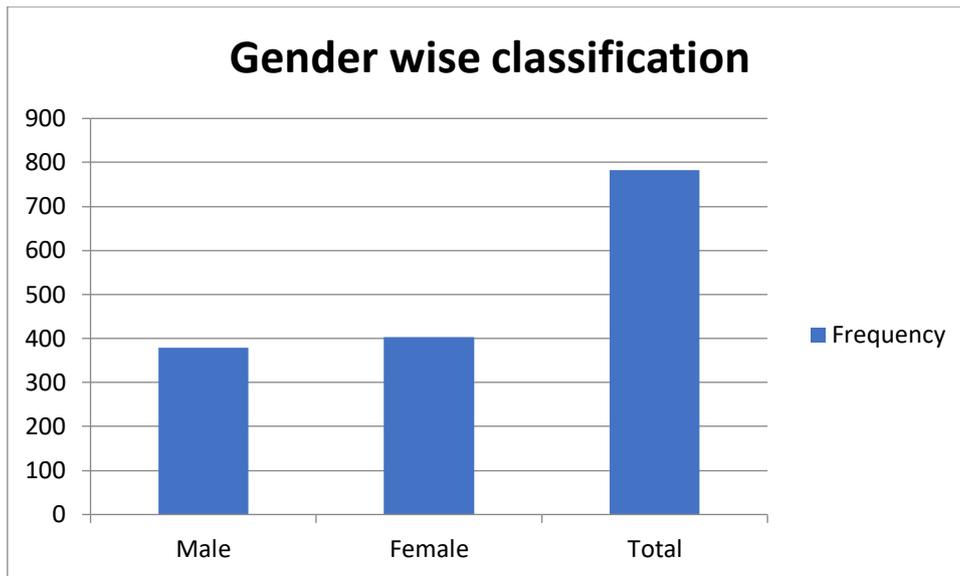
Age	Frequency	Percent
21-30	509	65.1
31-40	211	27.0
41-50	50	6.4
above 50	12	1.5
Total	782	100.0



Above table and the chart related to the Age wise Classification of the respondents, Majority 65.10% of the respondents belongs to the age category of 21-30, 27% of the respondents belong to the age category of 31-40, remaining respondents' lies in the category of 41-50 and above 50years.

Classification of the respondents based on the Gender

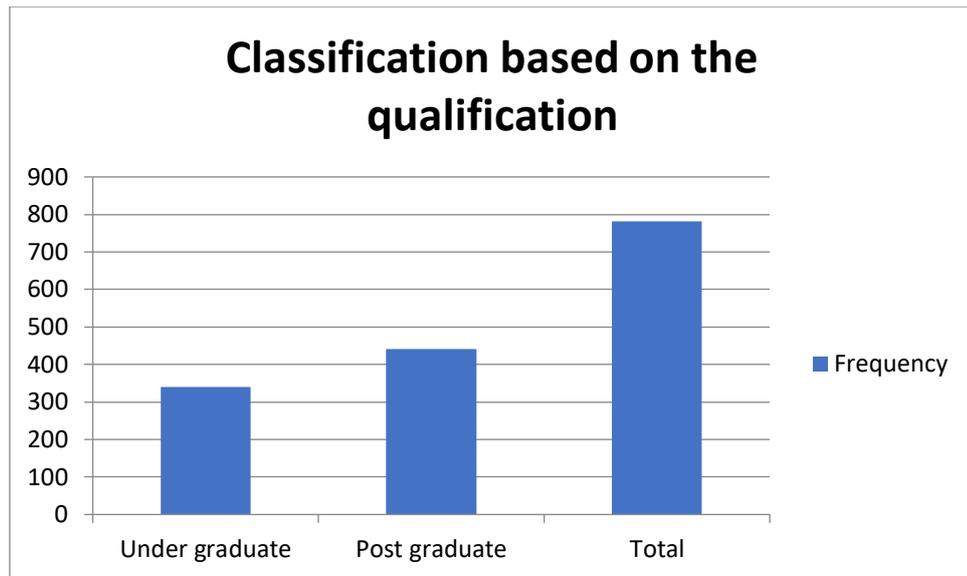
Gender	Frequency	Percent
Male	379	48.5
Female	403	51.5
Total	782	100.0



Above table and the chart related to the classification of respondents based on their gender, Majority 51.5% of the respondents were Female and 48.5% of the respondents were belongs to the category of Male.

Classification respondents based on the qualification

Qualification	Frequency	Percent
Under graduate	340	43.48
Post graduate	442	56.52
Total	782	100.0



Above table and the chart related to the Educational Qualifications of the respondents, Majority 56.52% of the respondents were qualified as Post Graduate and 43.48% of the respondents were Undergraduates.

ANOVA – PUBLIC SECTOR BANKS WITH E- BANKING SERVICES

Null Hypothesis: There is no significant effect of the public sector banks with e-banking services

Statements	F value	P Value	Hypothesis
Providing better qualities of service	0.696	0.036	H1 accepted
Expanding branch network	0.546	0.027	H1 accepted
Empowered with better access to information	2.213	0.000	H1 accepted
Not necessary to visit the banks	1.257	0.048	H1 accepted
Minimal error of incidence	0.274	0.000	H1 accepted
More benefits and rewards	0.847	0.008	H1 accepted
Speed and efficiency	1.394	0.024	H1 accepted
Security	3.705	0.036	H1 accepted

The above table shows that p value is less than 0.05; hence null hypothesis is rejected. It concluded that there is a significant effect of the public sector banks with e-banking services

ANOVA – PRIVATE SECTOR BANKS WITH E- BANKING SERVICES

Null Hypothesis: There is no significant effect of the private sector banks with e-banking services

Statements	F value	P Value	Hypothesis
Providing better qualities of service	6.160	0.023	H1 accepted
Expanding branch network	4.116	0.041	H1 accepted
Empowered with better access to information	3.259	0.021	H1 accepted
Not necessary to visit the banks	2.679	0.046	H1 accepted
Minimal error of incidence	7.942	0.038	H1 accepted
More benefits and rewards	6.160	0.032	H1 accepted
Speed and efficiency	4.116	0.007	H1 accepted
Security	3.259	0.021	H1 accepted

The above table shows that p value is less than 0.05; hence null hypothesis is rejected. It concluded that there is a significant effect of the private sector banks with e-banking services

FINDINGS OF THE STUDY

- Majority 65.10% of the respondents belongs to the age category of 21-30, 27% of the respondents belong to the age category of 31-40, remaining respondents' lies in the category of 41-50 and above 50years.
- Majority 51.5% of the respondents were Female and 48.5% of the respondents were belongs to the category of Male.
- Majority 56.52% of the respondents were qualified as Post Graduate and 43.48% of the respondents were Undergraduates.
- Factors included for the study is to be Providing better qualities of service, Expanding branch network, Empowered with better access to information, Not necessary to visit the banks , Minimal error of incidence , More benefits and rewards, Speed and efficiency and Security
- Findings for the public sector banks denoted that there is a significant effect of the public sector banks with e-banking services

- Findings for the private sector banks denoted that there is a significant effect of the private sector banks with e-banking services

SUGGESTIONS

1. Customers happen to choose the private sector banks over public sector banks due to preference and attention that the private sector banks pay over the customers as compared to the public sector banks in pursuance of e-banking services. This thing should be covered up by the public sector banks.
2. The public sector banks must ensure that their services are competitive and also assure that the privacy and security issues of customers are well addressed.
3. Customers of the public sector banks are most often not aware of the benefits of e-banking services that are present in the recent times the knowledge of same should be provided by the public banks through messages mails and programs that encourage them to avail the benefits of e-banking services.
4. Ease of use factor must be acknowledged to the customers of public sector banks like it is done in the private sector banks.
5. The customers must be attracted towards the latest updates in the e-banking services through attractive services and schemes.

CONCLUSION

In the current study the researcher attempts to make a comparative analysis between the private and public sector banks in respect of how the e-banking services are availed. Through the findings the researcher can mark up a list of benefits accrued through the e-banking services. Despite the benefits there still exists difference in how the e-banking services are availed by the customers of private and public sector banks. Efforts need to be exercised by the banks in influencing and directing the customer opinion which is also identified in the study. Possible recommendations to exercise the same have been mentioned in length.

The observe reveals that the that clients of public sector and private sector banks are happy with E-banking offerings although no longer incredibly glad the findings of the study could be beneficial for Indian banks in planning and upgrading their net banking carrier.

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