

## CUSTOMER'S AWARENESS AND UTILIZATION OF E-BANKING SERVICES - A CASE STUDY IN PALANI

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Banking in India has passed through several phases since the times when formal banking activity commenced. Off all, the current phase is the most interesting one where technology is playing predominant role in deciding the acceptability or otherwise of a particular bank to the customer. Electronics having influenced the human life style, banking could not remain an exception. Banking today has become more complex with different products and services which stems from reliance on automation and technological change which has shaped it from a manual - intensive industry into one highly automated and technology dependent. Intense competition has forced banks to rethink the way they operated their business. They had to reinvent and improve their products and services to make them beneficial and cost effective. Technology in the form of electronic banking has made it possible to find alternate banking practices at lower costs. More and more people are using electronic banking products and services because a larger section of the banks are customer based the banks must be able to offer those customers products and services that allow them to do their banking by electronic means. If they fail to do this they will simply, not survive.

### **Core Banking and E-Banking**

Core banking solutions provides a wide range of banking operations. It enables banks to offer to highest level of customer service through highly scalable products, capable of handling large transaction volumes on a real time basis. It provides flexibility in implementation as it can be configured to run in both centralized and distributed environments. Core bank is an integrated set of core banking components designed to meet the challenges of new banking demands. A banking institution within a core platform can adjust its strategic business activities with the changing market conditions.

E-banking provides a number of services at the doorstep of customers which is otherwise not possible. These services are provided through bank websites. The E-banking services are offered to the customers in the form of Internet banking services, phone banking, and mobile banking and ATM services. Internet banking services are provided to a large extent by all the banks. The most common services among internet banking are balance inquiry and transaction history.

### **Objectives**

- To identify the various E-banking products and services offered by the banks.
- To assess the extent of customers utilization of E-banking services.

### Research Design

A survey has been conducted to know the customers awareness and utilization of E-banking services of SBI bank, with the help of a questionnaire which consists of both open and closed end questions. The total sample consists of 300 customers (100 each of savings and current account customers and 50 each of senior citizens and NRI accounts) the responses received from the respondents are tabulated and responses are expressed in percentages along each dimension of aspect.

### Hypothesis

It is assumed that all the SBI customers of Palani Branch are aware and are utilizing the E-banking services and are benefited from them.

### Scope of the study

The scope of the study encompasses understanding the customer's awareness and utilization of the technology based services provided by the bank and their satisfaction patterns. The study will be helpful in increasing the awareness, utilization and satisfying the customers and ultimately improve the bank's performance.

### Limitations

- The study is conducted on a sample of customers which may not represent the exact general opinion of the population.
- The survey is conducted in a particular location.

**Table 1 Classification of customers by nature of account held**

Type of account holder	No. of customers
Savings bank account	100
Current Account	100
Senior citizen Account	50
NRI Account	50

Above the table shows that various type of account holders they are operating with the bank.

**Table 2 Customer's awareness pattern along various kinds of E-banking services of the bank**

Kind of Service	No of Responses	% of Response
ATM Banking	282	94.0
Internet Banking	142	47.3
Mobile Banking	260	53.3
Real Time Gross Settlement(RTGS)	90	30.0
Electronic Fund Transfer(EFT)	50	16.7
National Electronic Fund Transfer(NEFT)	60	20.0

Table-2 Indicates that customer's awareness pattern along various kinds of E-banking services of the bank. About 94 percent of the customers are aware of ATM, around 47.3 percent are aware of internet banking, around 30.0 percent are aware of Real time gross settlement, around 16.7 percent are aware of electronic fund transfer and around 20.0 percent are aware of national electronic fund transfer.

### ATM banking

It enables the customer to withdraw their money 24hours a day, 7days a week, ATM allows a customer to withdraw cash up to specified amount by operating the machine via a magnetic card to a host computer. Now ATM stands for "Any Teller Machine".

**Table 3 Frequency distribution of customers utilizing ATM Banking**

Name of account holder	Utilized	Not utilized	Major purpose of utilization of ATM Banking				Total
			Withdraw	service offered	fund transfer	Balance enquiry	
Savings bank holder	96	04	54 (56.25)	3 (3.12)	35 (36.45)	4 (4.16)	96
Current account holder	94	06	47 (50.0)	3 (3.19)	32 (34.04)	12 (12.76)	94
Senior citizen	42	08	24 (57.14)	0 (-)	13 (30.95)	5 (11.90)	42
NRI	50	-	16 (32.0)	5 (10.0)	23 (46.0)	6 (12.0)	50

The above table-3 shows that sample respondents 282 No's of customers are utilizing ATM services. Senior citizen (57.14%) and savings bank account holders (56.25%) utilizing ATM services for withdraw purpose. (11.9%) senior citizens are utilizing ATM service for balance enquiry.

### Internet Banking

Internet banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. The bank provides internet banking services, where in customers with the help of internet connected to their computers can avail the services such as knowing the balance in their accounts, verify cheque status ,make account transactions etc.,

The table-4 indicates that 142 customers utilising internet banking services. Current account holder (57.14%) and senior citizen (55.5%) are utilising internet banking for online booking and purchasing. Savings bank account holder (7.89%) are using operating account with anywhere and NRI (7.69%) using internet banking information about various products and services.

Table 4 Frequency distribution of customers utilizing Internet Banking

Name of account holder	Utilized	Not utilized	Major purpose of utilization of Internet Banking				Total
			Online booking purchasing	Information about various products and services	purchase and sale of securities	operating account with anywhere	
Savings bank holder	38	62	20 (52.63)	2 (5.26)	13 (34.21)	3 (7.89)	38
Current account holder	56	44	32 (57.14)	4 (25.0)	13 (23.21)	7 (12.5)	56
Senior citizen	9	41	5 (55.5)	-	4 (44.44)	-	9
NRI	39	11	14 (35.89)	3 (7.69)	17 (43.58)	5 (12.8)	39

**Mobile banking**

Mobile banking is one of the important technology based services introduced by the bank which enables the customer to avail the different services by just sending a message which saves time and money. It is a system of providing service to a customer to carryout banking transactions on the mobile phone through a cellular service provider. We can rather call this facility as “anywhere and any moment banking”.

Table 5 Frequency Distribution of customers utilizing Mobile banking

Name of account holder	Utilized	Not utilized	Major purpose of utilization of Mobile Banking				Total
			Balance enquiry	Access of account through E-mail	payment of bill	Funds transfer	
Savings bank holder	84	16	55 (65.47)	8 (9.52)	12 (14.28)	09 (10.7)	84
Current account holder	96	04	31 (32.29)	10 (10.4)	13 (13.54)	42 (43.75)	96
Senior citizen	30	20	6 (20.0)	2 (6.67)	3 (10.0)	19 (63.33)	30
NRI	50	-	3 (6.0)	1 (2.0)	9 (18.0)	27 (54.0)	50

The table-5 reveals that 260 customers utilising mobile banking services. Saving bank account holder (65.47%) using mobile banking for balance enquiry, senior citizen(63.33%) using mobile banking for funds transfer. The remaining NRIs (6%) and (2%) are using balance enquiry and access of account through E-mail.

#### Real Time Gross Settlement (RTGS)

This system was implemented by RBI on March 26, 2004. Real time gross settlement is a system of transferring funds from one bank to another bank or financial institution in real time without any kind of settlement delay. It is applicable only within the country. The beneficiary's are account within two hours of receiving the funds transfer message. Once the transaction is put through, the customer cannot stop payment. Non-customer cannot avail this facility. The customer can transfer an amount of Rs 1lakh and above using Real time Gross settlement system.

**Table 6 Frequency Distribution of customers utilizing Real Time Gross Settlement (RTGS)**

Name of account holder	Utilized	Not utilized	Major purpose of utilization of RTGS				Total
			Minimum amount 1,00,000	No upper ceiling of RTGS	Funds settled can be used immediately	Inter bank customers and net clearing transactions can be settled	
Savings bank holder	28	72	10 (35.7)	8 (28.57)	5 (17.85)	5 (17.85)	28
Current account holder	35	65	5 (14.28)	12 (34.28)	3 (8.57)	15 (42.85)	35
Senior citizen	16	34	3 (18.75)	3 (18.75)	5 (31.25)	5 (31.75)	16
NRI	11	39	4 (36.36)	5 (45.45)	2 (18.18)	-	11

The above table-6 shows that 90 customers utilizing RTGS services. NRI (45.45%) using no ceiling limit the amount can be transferred current account holder (42.85%) using RTGS as interbank customers and net clearing transaction. The remaining (8.57%) using funds settle can be used immediately.

#### Electronic funds Transfer (EFT)

Electronic funds transfer (EFT) system to facilitate speedier transfer facilitates transfer of funds from the bank accounts of one customer to the bank account of another

customer. The sender and the receiver of funds may be located in different cities and may even bank with the different banks. Funds transfer within the same city is also permitted. The scheme has been in operation since February 7, 1996.

**Table 7 Frequency Distribution of customers utilizing Electronic Fund Transfer (EFT)**

Name of account holder	Utilized	Not utilized	Major purpose of utilization of EFT			
			Transfer from any place	Transfer from one bank to another	maximum Rs2 crore	Total
Savings bank holder	14	86	10 (71.4)	4 (28.57)	-	14
Current account holder	17	83	7 (41.17)	4 (23.52)	6 (35.29)	17
Senior citizen	8	42	5 (62.5)	3 (37.5)	-	8
NRI	11	39	4 (36.36)	5 (45.45)	2 (18.18)	11

The above-7 indicates that 50 customers utilizing EFT. Savings bank account holder (71.4%) and senior citizen (62.5%) using EFT for transfer of funds from any place. The (18.18%) are using EFT for maximum amount transfer for 2crore.

#### National Electronic Fund Transfer (NEFT)

National electronic funds transfer system established by carrying out interbank funds transfer within India, and providing for settlement of payment obligations arising out of such funds transfers, among hourly batches. There are 11 settlements from 9 am to 7 pm on week days and five settlements from 9am to 1 pm on Saturdays. A remitter can transfer funds up to Indian rupees 50,000/- from any of the national electronic funds transfer enabled branches in India.

**Table 8 Frequency Distribution of customers utilizing National Electronic Fund Transfer**

Name of account holder	Utilized	Not utilized	Major purpose of utilization of NEFT				Total
			No upper limit	Service at free of cost	Pay order issued cannot be revoked	Transfer 4 batches	
Savings bank holder	17	83	5 (29.41)	7 (41.17)	5 (29.41)	-	17
Current account holder	10	90	-	-	3 (30.0)	7 (70.0)	10
Senior citizen	5	45	2 (40.0)	2 (40.0)	1 (20.0)	-	5
NRI	28	22	8 (28.57)	4 (14.28)	10 (35.71)	6 (21.42)	28

The table-8 reveals that 60 customers utilising NEFT services. Current account holder (70.0%) using NEFT for transfer of funds. Savings bank account holder (41.17%) using the service at free of cost. The remaining (14.28%) NRIs are using for same purpose.

### **Suggestions**

The following points are suggested to increase the awareness and utilization of the e- banking services.

- E-banking with fewer infrastructures and with less human resources the services can be offered effectively. This will reduce further operational cost, ultimately leading to increased profitability for suitable services, consortium concept may be adopted for effective delivery of e-banking services.
- The bank may conduct periodical meetings with the customers and answer the queries of the customers relating to the usage of technology based services of the bank.

### **Conclusion**

The study revealed that the awareness and utilization of e-banking services like ATM, Internet banking, Mobile banking, Real time gross settlement (RTGS) Electronic fund transfer (EFT) national electronic fund transfer (NEFT) is very low. The bank needs to adopt various measures to increase the awareness and utilization of these services.

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