

RURAL CUSTOMERS OPINION ABOUT THE USE OF ELETRONIC BANKING SERVICES WITH SPECIAL REFERENCE TO NAGAPATTINAM DISTRICT- AN EMPIRICAL STUDY

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Abstract:

The primary objective of this study was to assess the rural customers' opinion about use of E-banking services. E-banking has been penetrated in the rural area as well and with the advanced availability of infrastructure the services have been spread to the geography. But still owing to non-internet connectivity or poor internet connectivity, though bankers are ready to provide the e-services it cannot be availed. Therefore, the descriptive research method was used. To assess the opinion of rural customers both qualitative and quantitative data were collected and used. Both primary and secondary data were collected from sample banks and customers. The multistage random sampling technique was used to select the sample banks and sample respondents in the study area. The population of the study was treated as unknown due to bank officials are not given the list of customers. Thus, the total of 384 rural customers was determined as sample size of the study by using Cochran sample size determination formula for unknown population. The analysis result reveals that the sample public sector customers have good opinion about to use of e-banking services in many ways i.e., irrespective of banks majority of the educated, salaried and business and profession occupation customers have the knowledge about e-banking services and use more and majority of the sample customers have stated that the computer self efficacy, cost charged by banks, role of safety, 24 hours service, role of privacy, role of bank officials and neighbours and friends have influenced lot to use of e-banking services than social influence and advertisement. On the other side, majority of the customers have stated that security is the biggest question while using e-banking services.

Keywords: E-banking services, Customer opinion, Public sector banks, Rural Customers.

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I. INTRODUCTION

Now day's banks are constantly searching for ways to improve profitability. On the face of the twenty first century global economy banks' service delivery practices are significantly changing to get hold of advantages encapsulate in the new technologies. However, the degree of e-banking proliferation in rural settings is unarguably under researched to date. The contemporary market environments require the formulation of strategies which curtails and synthesizes the reinforcement of all the accessible modern technologies available to the firm repudiating modest technological instruments which are fitting for ecommerce on the consumer's side has been escalating. For instance, ownership and awareness of the internet and computers is wildly increasing amongst households, businesses and government departments. Indian banking sector has been considerably changed after economic liberalisation in 1991. After that the Indian banking sector became open to world market due to this the Indian banks faced technological problems i.e., customer service to meet international competition. To meet out these challenges the banks moved to internet banking. It refers to the use of Internet for banking services like account opening through internet, fund transfer to different accounts, links the accounts of all branches etc. The services through Internet banking are e-tax payment; access the account to check balance, online trading of shares, online remittance of money, electronic bill payment system, railway reservation, transfer of funds from one customer's account to other, application of loan, etc.³. Thus, the ultimate aim of introducing Electronic Banking (E-banking) was to provide different services to customers at their convenient.

E -banking is vital part of service quality. In today's cut throat competition offering variety of services is need of every bank. E- banking helps to give quality service. Because role of human being is cut down due to E –banking.

II. STATEMENT OF PROBLEMS

The electronic banking provides various benefits to banks, customers and businesses such as lesser transaction cost, reduced human error, lesser paper work, reduced fixed cost, customer satisfaction, faster work, less cost and etc for banks, convenience to use, less transaction cost, easy to do, no time and geographical boundary and etc for customers and account reviews, better productivity, lower costs, lesser errors, reduced fraud and etc for business. At present all major banks in India provides electronic banking services to their customers. To strengthen the electronic banking system in India the Reserve Bank of India established National Payment Corporation of India under the provisions of the Payment and Settlement Systems Act, 2007 to provides various banking services to their customer at their convenience. The electronic banking services provide many benefits to customers particularly rural customers. However, the rural e-banking users are facing several challenges and problems such as traditional banking habits, security, transactional difficulty, technical issues, network problems, customer service, lot of formalities and delay for recovery of funds, technological problems, access charges are high, network problems and etc. In this backdrop, this study has

³ Dhananjay B and Suresh Chandra B (2015).

conducted entitled “**Assess the Rural Customers Opinion about use of E-banking services with special reference to Nagapattinam District.**”

III. OBJECTIVES OF THE STUDY

The objectives of the study are:

1. To identify relation between demographic factor like gender, age, occupation, education, and income of rural consumers.
2. To assess the rural customers opinion about use of E-banking services.
3. To study the factors leads to the customer satisfaction and dissatisfaction opinion of e-banking customers.

IV. HYPOTHESIS OF THE STUDY

1. There is no relationship between the demographic variables of sample customers and their opinion about use of e-banking services in different aspects i.e., technological, financial, usage, security and social aspects of using e-banking services.

V. LIMITATIONS OF THE STUDY

To assess the customer opinion is one the difficult task to get truthful opinion from bank customer. Thus, the study has the following limitations.

- a) Nagapattinam district has selected purposively. Therefore, this study has limited with geographical area of Nagapattinam District only.
- b) This study analysed only opinion of banks customers about use of e-banking services provides by sample banks. Therefore, this study not analysed or covered other functions of banks.
- c) The researcher has analysed only banks customers' opinion. Thus, the findings may vary from comparative analysis of public vs private sector banks.

VI. RESEARCH METHODOLOGY

This study was studied to assess the rural customer opinion about use of e-banking services provides by banks in sample Nagapattinam district. Therefore, the descriptive research method was used. To assess the opinion of rural customers both qualitative and quantitative data were collected and used. To test the hypothesis the relevant information was collected from sample banks rural customers. Therefore, primary and secondary data were collected from sample banks and customers.

6.1 Selection of sample customers

The population of the study i.e., list of customers of sample banks could not be obtained from sample banks. Because, the bank officials responded that it is the policy of banks therefore we could not give the list of customers. Therefore, population of the study was treated as unknown. The total of 384 rural customers was determined as sample size of the study by using Cochran sample size determination formula for unknown population. Further, the proportionate random sampling technique was used to determine the sample size of each sample banks.

VII. DATA COLLECTION

The primary data was collected from sample customers by using structured interview schedule. The secondary data about the services given by banks were collected from sample banks officials and banks websites and other relevant information were collected from various reports, magazines, books, journals and other relevant records.

VIII. TOOLS AND TECHNIQUES

To test the framed hypothesis relevant statistical techniques were used such as to present the average the simple percentage was used and to assess the opinion of sample customers' multiple linear regressions analysis was used.

IX. RESULTS AND DISCUSSION

9.1 Demographic Profile of Sample Customers

Age: The age wise distribution of sample customers revealed that t most of the sample customers were under the age group of 31-40.

Gender: Majority of the sample respondent were female which indicates more rural women involves banking activities.

Educational Qualification: Majority of the sample customers (rural customers) are completed upto school level education and graduated and very few customers are not completed formal education.

Occupation: Majority of the banks customers are agriculturist and wage labours and majority of customers are doing business.

Monthly Income: The analysis result clearly shows that irrespective of banks majority of the customers have earned upto Rs.10,000 per month.

9.2 Bank related variables

Number of years account held with bank: Majority of the banks customers have held account with above five years and majority of the private sector banks customers have held account with 3-4 years.

Transfer Limit: Irrespective of banks majority of the public and private sector banks customers have stated that they were satisfied about transfer limit allowed in e-banking services.

Received Discount and Rewards: Irrespective of banks majority of the public and private sector banks customers have stated that they were neither nor satisfied about the discounts and rewards received for using e-banking services.

Service Cost charged by banks: Majority of the public and private sector banks customers have stated that based on the e-banking service cost charged by banks has influenced to use of e-banking services.

Role of Bank officials: Majority of the public and private sector banks customers have stated that the bank officials have motivating the customers to use e-banking. However, one tenth of banks customers have stated that the bank officials have not motivates or gives information to use e-banking services.

Role of 24 hours services: Majority of the public and private sector banks customers have stated that the 24 hours e-banking services provided by banks have influenced to use of e-banking services.

Role of safety: Majority of the public and private sector banks customers have stated that based on the safety mechanism provided by banks the customers are using e-banking services.

9.3 Opinion of Rural Customers about use of E-Banking services

The sample banks customers opinion about use of e-banking services was measured using five points Likert’s scale statements i.e., strongly agree, agree, neither nor agree, disagree agree and strongly disagree. The customers opinion about use of e-banking services were grouped into five aspects i.e., technological aspects, financial aspects, usage aspects, security aspects and social aspects. To test the relationship the null hypothesis was framed and tested by using Multiple Linear Regression techniques i.e., “*There is no relationship between the demographic and bank related variables of sample banks customers and their opinion about various aspects of using e-banking services*”. The demographic variables age, gender, education, occupation and income and the bank related variables number of years account held, transfer limit allowed, received discounts and rewards, service cost charged, role of bank officials, role of 24 hours services and role of safety were used as independent variables. The analysis result is presented in following table.

Table 1
Relationship between the sample banks customers opinion about use of
e-banking services and their demographic and banks related variables
- Multiple Linear Regressions

Independent Variables	Tech. Aspects	Financial Aspects	Usage Aspects	Security Aspects	Social Aspects
<i>Demographic Variables</i>					
Age	-2.214**	0.208	0.558	-2.501	2.348**

Gender	1.523	2.199**	1.889	2.071**	2.007
Education	0.002	2.417**	-2.812**	-2.880**	2.174
Occupation	2.332	-2.448**	1.487	2.24**	3.051**
Income	1.445	0.287	-2.007	0.414	2.868**
<i>Banks related Variables</i>					
Number of years account held	0.223	-0.645	3.143**	2.061	1.453
Transfer limit allowed	1.754	-2.286**	0.311	1.489	1.504
Received discounts and rewards	0.458	3.864*	1.841**	2.068	1.661
Service cost charged	2.046	-2.799**	-2.745**	1.942	1.341
Role of bank officials	1.430	1.945	2.270**	0.147	0.962
Role of 24 hours services	1.005	2.941**	2.567*	2.611**	2.814**
Role of safety	-2.799**	1.413	0.789	2.752**	0.750
Constant	10.547	34.071	20.396	23.008	34.007
R2	0.0472	0.578	0.581	0.569	0.494
N	260	260	260	260	260

Source: Compiled from primary data

* Significant at 1 percent level ** Significant at 5 percent level.

Technological Aspects: The result of multiple linear regression analysis shows that the demographic variables of sample customers i.e., gender, education, occupation and income and the bank related variables number of years account held, transfer limit allowed, received discounts and rewards, service cost charged, role of bank officials and role of 24 hours services provided by banks do not have any relationship with their opinion about technical aspects for using e-banking services. **Hence, the stated null hypothesis is accepted.** However, the demographic variable age and bank related variable role of safety are the influencing factors about the customers' opinion regarding the use of e-banking services. **Hence, the stated null hypothesis is rejected** for the variable age and role of safety to using e-banking services. The demographic variable age and bank related variables role of safety exert negative relationship at 5 percent level about the sample customers' opinion

regarding the use of e-banking services. It implies that the sample customers' opinion about the technical aspects of using e-banking services is based on their age and role of safety. Hence, the result shows that majority of the sample public sector bank customers i.e., lesser age group customers are have good opinion about technological aspects of e-banking services and majority of the customers stated the less safety in technological aspects of using e-banking services.

Financial Aspects: The sample customers opinion about financial aspects of using e-banking services and their demographic variables and bank related variables shows that the demographic variables age and income and the bank related variables number of years account held, role of bank officials and role of safety do not have any relationship with their opinion about financial aspects for using e-banking services. *Hence, the stated null hypothesis is accepted.* However, the demographic variables gender, education and occupation and bank related variables transfer limit allowed, received discounts and rewards and service cost are the influencing factors about the customers' opinion regarding the use of e-banking services in financial aspects. *Hence, the stated null hypothesis is rejected* for the variables gender, education, occupation, transfer limit allowed, received discounts and rewards and service cost charged by banks for using e-banking services. The demographic variables gender and education exerts positive relationship at 5 percent level and bank related variable received discounts and rewards exerts positive relationship at 1 percent level about the sample customers' opinion regarding the use of e-banking services in financial aspects. On the other side the demographic variable occupation and the bank related variables transfer limit allowed and service cost charged by banks exerts negative relationship at 5 percent level. It implies that the sample customers' opinion about the financial aspects of using e-banking services is based on their gender, education, occupation, transfer limit allowed by banks, received discounts and rewards for using e-banks and service cost charged by banks. Hence, the result shows that majority of the sample public sector bank customers i.e., female customers and higher educated customers and received higher discounts rewards customers are have good opinion about financial aspects of e-banking services. However, majority of the business holders, need higher transfer limit and using e-banking regularly for payments and receipts customers are have lesser opinion about financial aspects of e-banking services.

Usage Aspects: The relationship between sample customers opinion about usage aspects of using e-banking services and their demographic variables and bank related variables shows that the demographic variables age, gender, occupation and income and the bank related variables transfer limit allowed by banks and role of safety do not have any relationship with their opinion about usage aspects for using e-banking services. *Hence, the stated null hypothesis is accepted.* However, the demographic variable education and bank related variables number of years account held in banks, received discounts and rewards, service cost charged, role of bank officials and role of 24 hours service are the influencing factors about the customers' opinion regarding the usage of e-banking services. *Hence, the stated null hypothesis is rejected* for the variables education, number of years account held in banks, received discounts and rewards, service cost charged, role of bank officials and role of 24 hours service provided by banks for using e-banking services. The banks related variable role of 24 hours service exerts positive relationship at 1 percent level and the variables number of years account held, received discounts and rewards and role of bank officials exert positive relationship at 5 percent level. On the

other side the demographic variable education and the bank related variable service cost charged by banks exert negative relationship at 5 percent level. It implies that the sample customers' opinion about the usage aspects of using e-banking services is based on their education, number of years account held, received discounts and rewards for using e-banking, service cost charged by banks, role of banks officials and role of 24 hours service. Hence, the result shows that majority of the sample public sector bank customers i.e., more number of years account held in banks, received discounts and rewards customers, information received from bank officials about e-banking services and role of 24 hours service provided by banks are increased the opinion of e-banking users in financial aspects. However, majority of the higher educated customers have lesser opinion about e-banking services in usage aspects and also the service cost charged by banks has decreased the level opinion about usage aspects of e-banking services.

Security Aspects: The sample customers opinion about security aspects of using e-banking services and their demographic variables and bank related variables shows that the demographic variables age and income and the bank related variables number of years account held, transfer limit allowed by banks, received discounts and rewards, service cost charged by banks and role of bank officials do not have any relationship with their opinion about security aspects for using e-banking services. *Hence, the stated null hypothesis is accepted.* However, the demographic variables gender, education, and occupation and bank related variables role of 24 hours service and role of safety are the influencing factors about the customers' opinion regarding the use of e-banking services in security aspects. *Hence, the stated null hypothesis is rejected* for the variables gender, education, occupation, role of 24 hours service and role of safety for using e-banking services. The demographic variables gender and occupation and the banks related variable role of 24 hours service and role of safety exert positive relationship at 5 percent level. On the other side the demographic variable education exerts negative relationship at 5 percent level. It implies that the sample customers' opinion about the security aspects of using e-banking services is based on their gender, education, occupation, role of 24 hours service and role of safety for using e-banking services. Hence, the result shows that majority of the sample public sector bank female customers and business and profession occupation holders are have higher opinion about use of e-banking in security aspects and also the role of 24 hours service provided by banks and role of safety have increased the opinion of e-banking users in security aspects. However, majority of the higher educated customers have lesser opinion about security aspects of e-banking services.

Social Aspects: The relationship between sample customers opinion about social aspects of using e-banking services and their demographic variables and bank related variables shows that the demographic variables gender and education and the bank related variables number of years account held, transfer limit allowed by banks, received discounts and rewards, service cost charged by banks, role of bank officials and role of safety do not have any relationship with their opinion about social aspects for using e-banking services. *Hence, the stated null hypothesis is accepted.* However, the demographic variables age, occupation and income and bank related variable role of 24 hours service are the influencing factors about the customers' opinion regarding the use of e-banking services in social aspects. *Hence, the stated null hypothesis is rejected* for the variables age, occupation, income and role of 24 hours service provided by banks for using e-banking

services. The demographic variables age, occupation and income and the banks related variable role of 24 hours service exert positive relationship at 5 percent level. It implies that the sample customers' opinion about the social aspects of using e-banking services is based on their age, occupation, income and role of 24 hours service for using e-banking services. Hence, the result shows that majority of the sample banks customers i.e., higher age group customers, business and profession occupation holders, higher income group customers have the higher opinion about use of e-banking in social aspects and also the role of 24 hours service provided by banks have increased the opinion of e-banking users in social aspects.

X. CONCLUSION AND RECOMMENDATIONS

The sample customers have good opinion about to use of e-banking services in many ways. However, they have negative opinion in certain functions and services of e-banking service. Therefore, based on this the following suggestion has been given both for banks and customers. They are:

1. Irrespective of banks majority of the educated, salaried and business and profession occupation customers have the knowledge about e-banking services and use more. Therefore, the banks may give special awareness programme to all type of rural customers about various types of e-banking services and its benefits.

2. Majority of the sample customers have stated that the computer self efficacy, cost charged by banks, role of safety, 24 hours service, role of privacy, role of bank officials and neighbours and friends have influenced lot to use of e-banking services than social influence and advertisement. Therefore, the banks may concentrate on cost of service, safety mechanism, bank officials may more interact with rural customers about e-banking services than giving advertisement.

3. Majority of the customers have stated that security is the biggest question while using e-banking services. Therefore the banks should ensure security aspects to their customers and give special awareness periodically to its rural customers about safety use of e-banking services.

Banking Industry is the backbone of the financial system of a country. Internet banking provides alternatives for faster delivery of banking services to a wider range of customers. Internet banking refers to the use of internet as a remote delivery channel for banking services. In the present context of the market scenario the present study is very relevant and will be very helpful to determining awareness and adoption of technology based banking services among rural customers. It also helps in determining the basic problems while using them and reasons behind not using these services.

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