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A study on customer satisfaction and preference towards net banking services in private sector banks with reference to Coimbatore city of India

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Abstract

Banking in India originated in the last decades of the 18th century. The banks were The General Bank of India which was started in 1786. The three were merged in 1921 to form Imperial Bank of India, Which upon India's independence becomes the State Bank of India. But, the banking functions became an effective force only after the first decade of 20th century. The first NET BANKING SERVICES was implemented by ICICI Bank. Later on the other banks also introduced the NET BANKING SERVICES to the customers.

Key words: Bank account, net banking, private sector

INTRODUCTION

Banking in India originated in the last decade of the 18th century. The first banks were The General Bank of India which started in 1786, and the Bank of Hindustan, both of which are now defunct. The oldest bank in existence in India is the state bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial bank of India, which, upon India's independence, became the State Bank of India.

DEVELOPMENT BANK OF INDIA

The banking functions become an effective force only after the first decade of 20th century. To understand the history of modern banking in India, one has to refer to the "English Agency Houses" established by the East India Company. This Agency House, were basically trading firms and carrying on banking business part of their main business. The East India Company laid the foundations for modern banking in the first-half of the 19th century with the establishment of the three following banks:

- (i) Bank of Bengal in 1809
- (ii) Bank of Bombay in 1840
- (iii) Bank of Madras in 1843

These banks are also known as "Presidency Banks" and they function well as independent units. During the last part of 19th century and early phase of 20th century, the Swedish moment induced the establishment of a number of banks with Indian management.

INTRODUCTION OF NET BANKING SERVICES

The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. Several initiatives have been taken by the Government of India as well as the Reserve Bank to facilitate the development of e- banking in India. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce. The Reserve Bank is monitoring and reviewing the legal and other requirements of e-banking on a continuous basis to ensure that e-banking would develop on sound lines and e-banking related challenges would not pose a threat to financial stability.

A high level Committee under chairmanship of Dr. K.C. Chakrabarty and members from IIT, IIM, IDRB, Banks and the Reserve Bank prepared the „IT Vision Document- 2011-17“, for the Reserve Bank and banks which provides an indicative road map for enhanced usage of IT in the banking sector. Indian commercial banks have adopted several initiatives and e-banking is one of them. The competition has been especially tough for the public sector banks, as the newly established private sector and

foreign banks are leaders in the adoption of e-banking. Indian banks offer to their customers following e-banking products and services.

STATEMENT OF THE PROBLEM

Here the necessity for selecting a problem in research is defined. The problem is stated as to what extent the respondents are satisfied with NET BANKING SERVICES and FACILITIES, the difficulties faced by them in getting the required information and which factors are creating more influence on the respondents.

OBJECTIVES OF THE STUDY

This study is undertaken with the following objectives

- To study the socio economic characteristics of the sample respondents.
- To know the respondents preference towards net banking in private sector banks.
- To know the customer preference of net banking in private sector banks.
- To analyze the factors which influence the respondents to make net banking through private sector bank?
- To know the satisfaction level of respondents regarding net banking in private sector banks.
- To offer suggestions and recommendation for further improvement of net banking services in private sector banks.
- To offer suggestion based on the result on the study.

SCOPE OF THE STUDY

A study on customer opinion towards net banking services with reference to various private sector banks. The private sector banks provide various utility services of net banking facilities to their customers. The purpose of this study is to analyze the satisfaction level of the customer towards net banking services. The research will cover the customer opinion on net banking services which will be helpful for further development and growth of banking industries.

RESEARCH METHODOLOGY

Research methodology is a systematic way to solve the research problems. Hence the methodology of research problems used to design by the researcher through the research.

AREA OF THE STUDY

Coimbatore city have been included in the study. Coimbatore is the suitable place for the study due to the availability of people with all types of educational background. More over Coimbatore is traditionally a trading and industrial centre and now it is emerging as more users of net banking services.

PERIOD OF THE STUDY

The primary data of the study covers customer satisfaction towards net banking services; the data collection was made during the month of December 2014 to march 2015. The data covers of 120 respondents from various respondents in Coimbatore city.

SOURCES OF DATA COLLECTION

- Primary data
 - Secondary data
- Primary data was collected by using Questionnaire. Secondary data was collected in books, journals and websites.

SAMPLE DESIGN

The study is based on the convenient random sampling, the researcher must decide the way of selecting a sample or what is popularly known as sample design. In other words a sample design is a definite plan determined before any data are actually collected for obtaining a sample from a given population. Sampling can be either probability or non-probability sampling, here in this study probability sampling or simple random sampling is used. In this type of sampling technique each and every item in the population has an equal chance of inclusion in the sample and each one of the possible samples, in case of infinite universe, has the same probability of being selected. Sample size for the study is 120 respondents the sample were selected through convenience sampling method.

TOOLS FOR THE ANALYSIS

The tools used are,

- Chi-square test analysis
- Simple percentage analysis

LIMITATIONS OF THE STUDY

The study was carried out to understand the customer satisfaction of net banking services. This study contains the following limitations. They are.

- The comparative research has done in the selective private sector banks show the results may or may not be applicable for public sector banks.
- The study has done in the Coimbatore city it may vary from other areas.
- Due to time and economic constraints of the researcher number of respondents has been limited to 200.
- The suggestions are not constant, because it is given as per the sample respondents. The mindset of the customers will change day by day.

REVIEW OF LITERATURE

1. **Rathamani.P (2002)**¹⁰ in his study on “customer satisfaction towards private sector banks” determines the changing dynamics of banking industry driven by the growth of increase in personal consumption of customer on account rising income and increasing family incomes.
2. **John.s.Gabriel (2005)**² “challenges faced on by private sector banks” said that banking industry mainly focus on the consumer his needs and requirements rather than profit maximization.
3. **Mukta kamplikar (2005)**³ in his study entitled “managing the evidence of services includes people process and physical evidence the human actors who play a point in service that affect quality the actual set of steps and the efficiency of these environment”.
4. **Vijaykumar.T (2007)**⁴ in his studied entitled “the challenge of customer relationship approach for net banking” customer company relationships are increasingly topical for business practioners and researchers the main tasks are identifying, establishing, maintaining, enhancing and terminating relationship with customers with the objective of achieving mutual satisfaction.
5. **Chakarabarty (2009)**⁵ in his study “customer service in banking industry is of the view that in a service industry like banks the quality of customer services hold great significance particularity in the context of sustained business growth”.

PROFILE OF NET BANKING SERVICES IN PRIVATE SECTOR BANKS

The private sector banks are split into two groups by financial regulators in India, old and new. The old private sector banks existed prior to the nationalization in 1969 and kept their independence because they were either too small or specialist to be included in nationalization. The new private sector banks are those that have gained their banking license since the liberalization in the 1990s.

HDFC Bank provides a range of commercial and transactional banking services, including working capital finance, trade services, transactional services, cash management, etc. to large, small and mid-sized corporates and agriculture-based businesses in India. The bank is also a leading provider of these services to its corporate customers, mutual funds, stock exchange members and banks.

ICICI Bank was established by the **Industrial Credit and Investment Corporation of India (ICICI)**, an Indian financial institution, as a wholly owned subsidiary in 1994. ICICI Bank launched internet banking operations in 1998.

The Karur Vysya Bank Limited, popularly known as **KVB** was set up in 1916 by Mr M.A Venkatarama Chettiar and Mr Athi Krishna Chettiar, to capitalize on the previously unexploited market of traders and agriculturists in and around [Karur](#), a town in Tamil Nadu. Though the bank started with a seed capital of 1 lakh, As with most banks, the seed capital has grown, as have the services sold. The bank is managed and guided by the Board of Directors drawn from different fields.

ANALYSIS AND INTERPRETATION

1. CHI-SQUARE TEST ANALYSIS:

TABLE 1

GENDER AND SATISFACTION LEVEL OF SAFETY AND SECURITY

GENDER	SATISFACTION LEVEL				TOTAL
	HIGHLY SATISFIED	SATISFIED	DISSATISFIED	HIGHLY DISSATISFIED	
MALE	4	14	0	1	19
FEMALE	0	6	0	0	6
TOTAL	4	20	0	1	25

NULL HYPOTHESIS:

There is no significance relationship between gender and level of satisfaction

Chi-square result

Factor	Calculated value	Degree of Freedom	Table value at 5%	Hypothesis
Gender	1.6259	3	7.81	Accepted

INTERPRETATION

It can be revealed from the table 1 that the calculated chi-square values are less than the table value, Null Hypothesis is accepted at 5% level. So there is no significant relationship between gender and satisfaction level of safety and security of the respondents.

TABLE 2

EDUCATIONAL QUALIFICATION AND SATISFACTION LEVEL OF SAFETY AND SECURITY

EDUCATIONAL QUALIFICATION	SATISFACTION LEVEL TOTAL				
	HIGHLY SATISFIED	SATISFIED	DISSATISFIED	HIGHLY DISSATISFIED	TOTAL
Illiterate	0	0	0	0	0
School level	0	1	0	0	1
Diploma level	0	0	0	0	0
Degree	4	19	0	1	24
Others specify	0	0	0	0	0
Total	4	20	0	1	25

NULL HYPOTHESIS

There is no significant relationship between educational qualification and satisfaction level of safety and security.

Chi-square result

Factor	Calculated value	Degree of Freedom	Table value at 5%	Hypothesis
Education	10.47	9	16.92	Accepted

INTERPRETATION

It can be revealed from the table.2 that the calculated chi-square values are less than the table value, the Null Hypothesis is accepted at 5% level. So there is no significant relationship between educational qualification and satisfaction level of safety and security.

FINDINGS

2. SIMPLE PERCENTAGE ANALYSIS

Out of 25 respondents 57% are belong to the age group of below 25 years.

Majority of the respondents are male.

34% of post graduate respondents are using NET BANKING SERVICES.

65% of the respondents are using private sector banks for net banking services

35% of the respondents are facing problems while using net banking services.

90% of the respondents are satisfied safety and security of net banking services.

SUGGESSTIONS

Banker must concentrate in avoidance of fake web sites to the net banking services.

The banker should guide the customers to their secured passwords and user name while using net banking services.

There is no enough awareness regarding safety and security of using net banking services. So the banker must give more awareness to their securities.

Transaction of funds must be increased.

Service charge shall be reduced in net banking services and one or two banks providing free service charges for using net banking services.

CONCLUSION

Now a day's people are avoiding to go bank instead of this hesitation the banker itself providing safety and security of the particular login ID and passwords for using NET BANKING SERVICES to their customers to pay ease of bill payments, transaction of fund, online RE-CHARGING, booking tickets through online etc. If the above suggestions are fulfilled then it will be helpful for the improvements of NET BANKING.

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