Vol.1 No.3 July 2013 ISSN : 2320-4168

REGIONAL DIFFERENCE IN UTILIZATION OF ELECTRONIC BANK SERVICES

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Abstract

Bank provides a variety of products and services to the customers, the various services offered by the banks can be utilized by the customers only when they are aware of the services. Today's banking is known as Innovative banking. The coming together of information technology, communication and entertainment has given rise to new innovations in the product design and their delivery in the banking and finance industry. Driven by new technologies, changing customer preferences, and increased competition, banks have taken different outlook in distribution channels like internet banking, mobile banking, core banking, RTGS and NEFT. The empirical findings not only determine the different parameters also provide guidelines to bankers to focus on the parameters on which they need to improve and spread the awareness of technology banking products and services to each and every section of the society.

Keywords: *Internet banking, mobile banking, core banking, RTGS and NEFT.*

Introduction

The new world of technology banking is changing day by day. It is important to understand the customer's perception on technology banking. Today, many financial service organizations are rushing to become more customer focused. Technology banking has given an opportunity for banks to find solutions to management problems like saving time, money and energy, reducing/minimizing paper works, elimination of waiting in queues, lack of communication, and lack of efficiency. It has become the self-service delivery channel that allows banks to provide information and offer services to their customers with more convenience via the web services technology. This system enables financial institutions, individuals and business to access their accounts, transact business or obtain information about financial products and services through a public and private network, including the internet. The services namely internet banking, mobile banking, core banking, RTGS and NEFT are to be processed through the technology banking facilities which prove to be very handy. The rapid advancement in technology distribution channels has produced tremendous changes in the financial industry in recent years, with an

increasing rate of change in technology, competition among players and consumer needs (Hughes, 2001). Technology banking services comprises both high-tech and high-touch services. High-touch services are mostly dependent on people in the service process producing the service, whereas high-tech services are predominantly based on the use of automated systems, information technology and other types of physical resources.

Payment and settlement systems constitute the backbone of any economy. In order to strengthen the institutional framework for the payment and settlement systems in the country, the Reserve Bank constituted, in 2005, a Board for Regulation and Supervision of Payment and Settlement Systems (BPSS) as a committee of its central board chaired by the Governor, RBI. The role of the BPSS is to lay down policies relating to the regulation and supervision of all types of payment and settlement systems, set standards for existing and future systems, approve criteria for authorization of payment and settlement systems, and determine criteria for membership to these systems, including continuation, termination and rejection of membership (Leeladhar,V, 2008). As part of its public policy objective of promoting a safe, secure, sound and efficient payment system, the Reserve Bank has taken several initiatives to develop and promote electronic payments infrastructure. Towards this end, the RBI introduced the Electronic Clearing Service (ECS) and the Electronic Funds Transfer (EFT) system in 1995, the Real Time Gross Settlement (RTGS) system in March 2004, the National Electronic Funds Transfer (NEFT) system in November 2005.

In order to meet the stiff competition as well as enrich the customer satisfaction, many banks have been started technology banking services to their customers. This system has gained popularity within a short span of time, because of its safety, simple and smart services provided to the customers. Some customers opt these facilities for security purposes. Mostly customers prefer technology banking due to dissatisfaction with standard procedures in traditional banking practices. Banks are mostly a business-centric. Thoothukudi is an industrial city, many industries like shipping and logistics agencies, sterlite, spic, tac and being other ancillary industries are situated and through this part plenty of exports and imports are being undertaken. Through the export of variety of goods to the foreign countries, the people at seashore get regular employment which increases their standard of living. However improved exports and imports prevailing in several industries, there is a requirement of funds and improved banking transactions. The public and private sector banks are rendering remarkable services to the customers in fulfilling their requirements and making use of modern technological developments like internet banking, mobile banking, core banking, RTGS and NEFT. Mostly the customers use these services for fund transfer. These tools replace the traditional method of fund transfer namely MT, telegraphic money transfer etc. With considering the above, it is necessary to know about technology banking services and how they are managed by the banks in order to enhance their customer satisfaction. Hence, this study is undertaken to identify the

awareness and attitudes of the customers towards technology banking services with considering region they live.

Materials And Methods

The electronic banking is a system of banking with an electronic communication network which permits on-line processing of the same day credit and debit transfers of funds between member institutions of a clearing system (Anyawaokoro, 1999 ; Omotayo, G. 2007). Liquidity constraints and uncertainty about incoming payment flows induce a form of payments gridlock, banks delay out going payments in the hope of reducing their liquidity demands by receiving early payments. Such delays lead to an inefficient aggregate increase in the precautionary demand for reserves. Imposing RTGS can thus involve liquidity costs and result in payment delay (Angelini 1998). Various phases of computerization from automating the accounting process and back office function to the current phase of inter-bank connectivity through Real Time Gross Settlement (RTGS) Kumar (2006). The study emphasizes on some key IT issues like driving factors, IT budget, process re-engineering, outsourcing etc. Although IT is introduced in banking but compared to the automation level adopted in some developed countries, it is imperative to further improve and stabilize the mechanization process in Indian banking industry. Uppal R.K. (2010) points out M-banking customers are the highest in e-banks which have positive impact on net profits and business per employee of these banks. Among all, foreign banks are on the top position followed by new private sector banks in providing m-banking services and their efficiency is also much higher as compared to other groups. The study also suggests some strategies to improve m-banking services. Joseph and Stone (2003) say that the internet deals with a large number of varied financial transactions like customer payments, securities transaction applications, for loans or insurance acquisitions. The consequence of the structure and intention of the internet to be an open network means high security risks are involved with financial transactions. Nupur (2010) growth of electronic banking in a country depends on success of internet access, new online banking features, household growth of internet usage, legal and regulatory framework. E-banking can offer speedier, quicker and dependable services to the customers for which they may be relatively satisfied than that of manual system of banking.

This study is based on the survey method which consists both primary and secondary data. Primary data were collected from around 634 respondents in Thoothukudi district who were selected randomly. After security on the completeness of the collected questionnaires, the sample size comes to 606. The secondary data were also collected from various books, journals and websites. After collecting the primary data, they have arranged in a systematic manner for analysis. The collected data have analyzed with the help of SPSS

package by applying statistical tools like chi-square test, t-test and F-test for arriving the conclusion.

Results And Discussion

Table: 1 Customers' Age wise Awareness on Technological Banking Services

	Value	df	P value	Minimum Expected Count
Internet banking	18.302	6	.006	32.90
Mobile banking	12.211	6	.057	32.34
Core banking	14.265	6	.027	6.10
RTGS	9.566	6	.144	14.97
NEFT	8.424	6	.209	14.60

The relationship between the age of the respondents and their awareness about technological banking services is analyzed through chi-square test. The awareness on Internet banking and Core banking facilities has significant association with age of the respondents. So the awareness on duo services is mainly based on age of the respondents. Whereas, the awareness on Mobile banking RTGS and NEFT facilities are not closely associated with the age of the respondents as the P values of these services are less than 0.05. Hence age of the customer plays a role in use of internet and core banking but the impact of age does not found in other services -M-banking, RTGS and NEFT

Table: 2 Place of Residence and Awareness on Technological Banking Services

	Residence	N	Mean	Std. Deviation	t value	P value
Internet banking	Rural	247	2.36	.672	12.564	.000
	Urban	359	1.61	.761		
Mobile banking	Rural	247	2.51	.668	10.959	.000
	Urban	359	1.83	.800		
Core banking	Rural	247	1.71	.581	4.686	.841
	Urban	359	1.48	.588		
RTGS	Rural	247	2.87	.426	12.055	.000
	Urban	359	2.13	.899		
NEFT	Rural	247	2.86	.442	11.991	.000
	Urban	359	2.11	.904		

The awareness of the respondents on technological banking services is analyzed in region wise i.e. respondents reside at rural and urban areas. As per the result, the mean scores of the rural respondents are higher than the urban respondents in all the services. The hypothesis of core banking is accepted, as the significant value is higher than 0.05. This

shows that there is a significant relationship between awareness of the respondents on core banking service and their place of residence. In contrast to the above, the hypotheses for the remaining services such as internet banking, mobile banking, RTGS and NEFT facilities are rejected since the P values of these services are less than 0.05 at 5% significant level. Hence there is a significant relationship between the awareness of the respondents on technological banking services except core banking service and their place of residence.

Table: 3 Gender wise Usage Level of Technological Banking Services

	Gender	N	Mean	Std. Deviation	t value	P value
Internet banking	Male	462	2.27	.883	4.115	.000
	Female	144	2.60	.702		
Mobile banking	Male	462	2.67	.593	1.820	.069
	Female	144	2.77	.512		
Core banking	Male	462	1.91	.660	.270	.788
	Female	144	1.93	.686		
RTGS	Male	462	2.81	.539	3.287	.001
	Female	144	2.97	.373		
NEFT	Male	462	2.73	.695	2.886	.004
	Female	144	2.91	.457		

Usage of technological banking services among male and female respondents are presented in the table 3. As per result, the mean scores of female respondents are high in all service facilities. The hypotheses of gender status with internet banking RTGS and NEFT are rejected as the p values of these services are less than 0.05. This shows that there is a significant relationship between the usage of these services and their gender status. In contrast to the above, the hypotheses for the services - mobile banking and core banking facilities are accepted since the P values are higher than 0.05 at 5% significance level. Hence, the gender status of the respondents does not influence them in using mobile banking and core banking but it works in case of internet banking, RTGS and NEFT facilities.

Table: 4 Customers Income wise Usage of Services

		N	Mean	Std. Deviation	F value	P value
Internet banking	Up to 8000	204	2.77	.569	34.286	.000
	8001-13000	152	2.30	.862		
	13001-18000	136	2.13	.901		
	Above 18000	114	1.92	.894		
Mobile banking	Up to 8000	204	2.89	.347	12.862	.000
	8001-13000	152	2.64	.603		
	13001-18000	136	2.59	.649		
	Above 18000	114	2.54	.680		
Core banking	Up to 8000	204	1.87	.653	.686	.561
	8001-13000	152	1.92	.593		
	13001-18000	136	1.98	.704		
	Above 18000	114	1.92	.730		
RTGS	Up to 8000	204	2.95	.258	9.482	.000
	8001-13000	152	2.93	.284		
	13001-18000	136	2.74	.740		
	Above 18000	114	2.70	.664		
NEFT	Up to 8000	204	2.99	.371	17.878	.000
	8001-13000	152	2.82	.610		
	13001-18000	136	2.53	.825		
	Above 18000	114	2.61	.723		

As per the table 4 the usage of core banking service does not have significant relationship with income level of the respondents as the P value is more than 0.05 implying that the income of the respondents do not influence the respondents in use of core banking service. However, the usage of other technological banking services like Internet banking, mobile banking, RTGS and NEFT have closely associated with the income level of the respondents. Hence, the usage of these services mainly based on the income level of the respondents i.e. those whose income increases are largely use these services except core banking service.

Conclusion

Technological advancement is inevitable in the banking sector as the globalization requires increasing banking transactions and more services to the customers. The study reflects that the customers have a knowledge and awareness on technology banking services. The majority of the customers are very comfortable and willing to use these services. Today, technology plays a vital role in providing effective and efficient services to bank customers both in urban and rural areas. Age is a crucial factor that determines the

customers on awareness of internet and core banking but it does affect in the cases of m-banking, RTGS and NEFT. The customers in urban area outperform the rural customers with regard to awareness on these services. As far as the usage of these services is concerned, the income level of the customers increases with a large extent to use these services except core banking service. Thus providing technology banking service is increasingly becoming a 'need to have' than a 'nice to have service'.

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