



## CUSTOMERS' PERCEPTION TOWARDS E- BANKING SERVICES AND IMPACT OF DEMONETIZATION ON E-BANKING IN KERALA

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### ABSTRACT

#### KEYWORDS:

*E- Banking, Demonetization,  
Banking technologies.*

*This paper investigates perception of Kerala people toward e-banking services. It also analyses the perceptions of respondents towards impact of demonetization on e-banking. Primary data have been collected through structured questionnaire from the public sector and private sector banks. The result of the study shows that customers are ready to accept the innovative banking technologies provided by the bank or not. It is also seen that technology has greatly influenced the bank customers encouraging them to conduct banking in an innovative manner and demonetization has no significant impact on e-banking services.*

### INTRODUCTION

In the growth and development of economy, banking system of the country plays a major role. Indian economy was stable even during world economic crisis as the banking system of the country is transparent and stable. It is relatively transparent in its operations and follows the internationally accepted best practices. With the advancement of technology and increased competition banks are in the race of becoming the best in the country. With an eye upon customer satisfaction policy, they are providing best of the best services with the minimum hazards. It may also be observed that the past has witnessed with the new concepts such as 'anywhere banking' and 'any time banking' being adopted by Indian banks, which are but offshoots of technology implementation by banks.

With an introduction of ATM, (automatic teller machine) customers can even go to any networked branch or networked ATM, any carryout many banking transactions, with e-banking, many banking activities are carried out from within the customer's home. Such innovations have had a positive impact on customer services besides the benefits that is derived by banks in terms of reduced cost of operations. The information technology has also played a major role in changing orientation of the customers towards banking services. As the e-banking services are penetrating among the customers, banks need to treat its customer not as a customer of any particular branch. Indian banking industry is adopting technology at very fast rate to keep pace with the changing environment. It has embraced many new factors like; internet banking, mobile banking, ATM's, credit card, debit card...Etc. ATM is one of them which is widely accepted by the people and very much popular. It is the extension of banking services outside the banking premises.

Today customers want banking services 24 hours a day, so many banks have introduced Sunday banking and extended business hours to eight hours and Etc. customers do not want to carry cash and this has led to the usage of various forms of plastic cards such as debit cards, credit cards and smart cards. Few banks have introduced world ATM'S for travelers. Online banking is the term used for performing transaction, payments etc. internet banking lets anyone handle many banking transactions via personal computers. One can use personal computers to view his account balance etc. as per the results of previous studies it is clear that internet banking is more preferable to customers because it is time saving.

Major focus of the customers are not innovation and product leadership rather than trust, pricing and convenience. Bank now a days focus to introduce innovative customer oriented services and implementing things differently. So in this changed scenario, banks must be able to recognize and respond to customers whenever, wherever, and how ever they present themselves. So this study lays emphasis on the fast changing banking habits of people especially in Kerala.

### OBJECTIVES

1. To know customer attitude towards e – banking services.
2. To assess the difficulties faced by the users of e - banking and other banking channels.
3. To know changes in banking transactions after demonetization.

### RESEARCH METHODOLOGY

Research design used for the present study is descriptive in nature. Data required for this study is mainly collected through from primary data. Study is based on the random sampling of 50 bank customers both from private sector banks and public sector banks. Structured questionnaire has been used to collect data.

**HYPOTHESES**

1. There is no significant difference in the attitude towards the e – banking services in terms demographic variables.
2. Customers of the banks do not face any kind of difficulties in using e-banking and other banking channels.
3. There is no significance increase in the online banking transactions after demonetization.

**REVIEW LITERATURE**

Aladwani, A. M. (2001) conducted a study field study of drivers, development challenges, and expectations. Digital banking means the internet connectivity which allows customers to get or avail laptops, tablets, mobile phones. To find out the perception of customers towards the banking services especially e banking services Pikkarainen, T., Pikkarainen, K., Karjaluoto, H., & Pahlila, S. (2004) conducted a study. Consumer acceptance of online banking: an extension of the technology acceptance model. They concluded that time availability; updated information, reminder to make payment etc. are the prime reasons for promoting e banking channels. They also recommended some things to the banks to improve ,which includes bank's needs

to educate people about usage of e banking, they must propagate use of online banking ,should provide user friendliness in using of e banking etc.

Laforet, S., & Li, X. (2005). Studied Consumers' attitudes towards online and mobile banking in China and found that through various digital banking channels such as; internet banking , bank can achieve financial literacy , because these channels are access at anywhere , flexible , cost effective, real time basis as well as it provides interesting and exciting experience to acquire financial literacy through animation and pictures.

**RESULT AND DISCUSSION****Customer's attitude towards the various e-banking services**

Customers attitude towards e- banking services have been analysed using independent sample t test and ANOVA. Attitude of banking customers towards various e-banking services with their gender, educational qualification, and occupation. Result of 'independent sample t test' and ANOVA for testing attitude have been given in the Table 1, and Table 2.

**Table 1 Independent sample t test**

| T value | df | Sig(2 tailed) |
|---------|----|---------------|
| 2.51    | 48 | .015          |

As seen in the Table 1 attitude of male and female bank customers towards the banking services are different as test reject the null hypothesis at 5% that the attitude of bank customers towards the e-banking services between

male and female are not significantly different. In order to check whether the attitude of bank customers with different educational qualifications is different, researcher tested it using ANOVA. The result of ANOVA has been shown in Table 2

**Table 2 Result of ANOVA**

|                         | t/F   | P value |
|-------------------------|-------|---------|
| Gender                  | 2.516 | 0.015** |
| Education qualification | 1.610 | .188    |
| Occupation              | 2.833 | 0.016** |

The above table shows the result of the one-way ANOVA. The result shows that the attitude towards the banking services of bank customers of different education qualification are not different. So, the null hypothesis can be accepted that the attitude of bank customers at different educational level towards e-banking services is not different. When the customers are grouped on the basis of occupation it can be seen that, attitude towards e-banking services of bank customers of different occupation are different at 5% significant level as the test reject the null hypothesis at 5% that the attitude of bank customers at different occupation are not significantly different occupation.

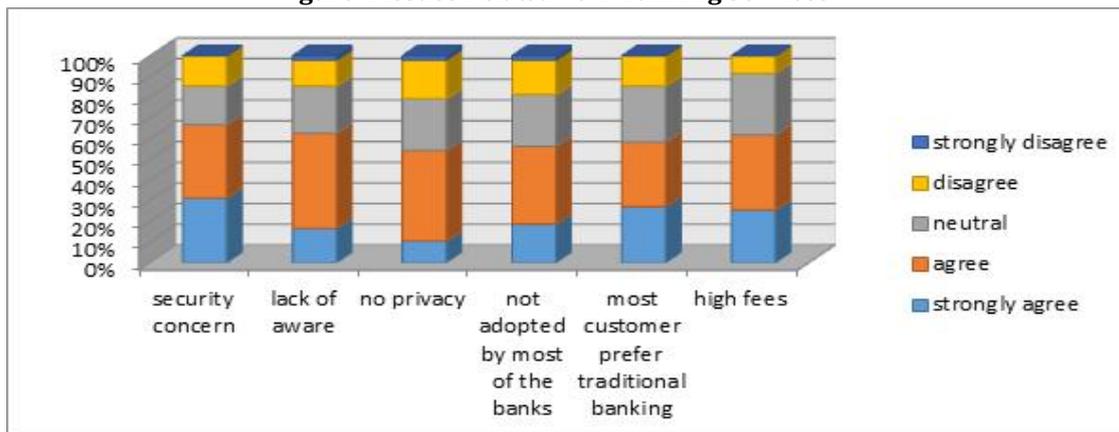
In nutshell, it can be seen from the results for various tests for knowing attitude of bank customers towards various bank services between different genders, education

qualifications, and occupations. As given above attitude of bank customers towards the banking services are not different on the basis of educational qualifications. But we can see that the attitudes towards the banking services are different for different gender group as well as for customers with different

**DIFFICULTIES OF E-BANKING AND OTHER BANKING CHANNELS**

Difficulties of E- banking and other banking channels have been analysed through the perception of respondents. Five point Likert Scale have been used to collect data from the respondents. The result of the analysis have been given in the Figure1

Figure 1 Issues Related To E-Banking Services



The above diagram shows the issues related to e-banking services. 70% of people agree security concern is the major issue in using e-banking services. 55% of bank customers agree for the issue of no privacy.

**BANKING TRANSACTIONS AFTER DEMONETISATION**

The Table 3 and diagram shows the changes occurred in banking transactions after de-monetization. Majority of

people strongly agree about the charge for banking services are high after demonetization and also the usage of ATM increased and as well as POS services increased. After demonetization, deposit has increased, withdrawals were decreased. Least of people agree for the increase of e-wallet usage. A moderate amount of people agree for the increase in mobile banking, fund through electronic mode and a few agree for the opinion that after demonetization, security of banking services has been increased.

Table 3

| Changes                      | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|------------------------------|----------------|-------|---------|----------|-------------------|
| Deposit increased            | 24             | 12    | 24      | 32       | 8                 |
| Withdrawal decreased         | 18             | 28    | 26      | 20       | 8                 |
| ATM usage increased          | 44             | 30    | 12      | 10       | 2                 |
| POS services increased       | 32             | 32    | 22      | 8        | 4                 |
| E wallet usage increased     | 10             | 14    | 44      | 24       | 6                 |
| Mobile banking increased     | 18             | 32    | 26      | 16       | 6                 |
| Fund through E banking       | 18             | 34    | 22      | 20       | 4                 |
| E banking services increased | 18             | 28    | 34      | 18       | 2                 |
| Security improved            | 10             | 28    | 40      | 18       | 2                 |
| High charge                  | 46             | 16    | 18      | 12       | 8                 |
| Reasonable charge            | 10             | 12    | 28      | 32       | 16                |

Banking Transaction Changes after Demonetization

**CONCLUSION**

The study conducted to know the “banking habits of people in Kerala”. It can be concluded that technology has greatly influenced the bank customers encouraging them to conduct banking in an innovative manner. They have good awareness regarding ATMs and credit card whereas it is low in internet and mobile banking. Further, variability of awareness of ATMs is less among the three groups of bank customers and among the different age, education and income groups whereas for all other e-banking delivery channels, variability of awareness is high among different categories.

Banks play a major role in the exchange of money among people. Banks help to deliver money into the hands of required people. The tremendous growth in the banking system enhances the development of the economy. The people of Kerala are actively participating in the banking habits, majority of them uses ATM, but a few among them hold credit cards and are also involved in the internet banking system, mobile banking system, and tele-banking system.

The study shows the banking habits of the people in Kerala whether the customers of the banks are ready to accept the innovative technologies provided by the bank or not, if they are not, what are the reasons for their non-adoption. Internet conquered the world, but banks are still trying to capture a part for their survival. By providing more facilities, to secure their savings, customers of the banks will be more encouraged in the innovative banking system.

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