



RURAL CUSTOMERS' AWARENESS ABOUT E-BANKING SERVICES: A STUDY IN ERODE DISTRICT

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ABSTRACT

Financial sector in India is dominated by the banking sector that contributes significantly to the revenues of this industry. The technology has made banking transaction for clients more convenient and allowed banks to explore new business facilities in the ever changing and turbulent environment. The primary objective of this paper is to analyse the rural customers awareness about e-banking services in erode district. For the present study, primary data have been used and they have been collected from 300 sample bank customers by using questionnaire. The 300 bank customers have been selected by using convenience sampling method. The collected data have been analysed by using Simple Percentage and Chi-square test. The result revealed that majority of the rural customers are having low level awareness about e-banking services and it is suggested that banks may educate the customers to increase the awareness about e-banking services.

KEYWORDS : Banking, E-banking, E-banking technology, Fund transfer system and Customers awareness.

INTRODUCTION

Technology innovations have become both a challenge and opportunity for Indian banks to gain strength in domestic market as well as increase their presence in global market. New concept of banking has changed from business dealing with money transaction to business dealing in financial interactions i.e. information's and transactions. Revolutionary developments in information technology, global pressure and better informed customer demand Indian banks to adopt information technology tools in their services, which can assure efficient delivery system with lesser cost and time thereby maintaining its reliability. As a result, Indian banking sector changed its way of operational activities with passage of time and now they are reengineering their traditional system into electronic banking.

E-banking, introduced in the end of last decade, has completely changed the shape of Indian banking sector. E-banking means "*delivering of banking services to a customer as per his convenience using information technology*". Technology plays a crucial role in satisfying business requirements by improving productivity, profitability and easy accessibility. Thus, information technology in banking sector has emerged as key differentiator of performance. Using e-banking banks are expanding their customer base with the help of multiple delivery channels like automated teller machine, internet banking, phone banking, EFTs, web trading, e trading etc. E-banking is becoming a driving force behind Indian banking progress and helping them in exploring business opportunities along with their traditional business of accepting deposits and giving loans.

Indian banks are well on their way to achieve global benchmark. Changes in banking sector through e-banking assure achievement of twin objectives i.e. stability and growth. At its infancy stage, e-banking was introduced in very raw form through application of Advanced Ledger Posting Machines (ALPMs) in early 80's. Despite of its introduction, Indian banks were facing lot of challenges including availability of inexperienced skills, lack of technology innovations, resistance from banking staff etc.

Second phase of restructuring was initiated in late 80's with the concept of Total Branch Automation (TBA). However, redefined shape of e-banking emerged in early 90's when Government adopted policy of liberalization and privatisation which led to new banking models where centralized banking system was adopted in the form of Core Banking Solutions (CBS). Indian Financial Network (INFINET) introduced in 1999 assured fast connectivity with in inter-bank and intra-bank transactions.

Arrival of foreign banks and private sector banks in Indian

financial market forced Indian banks to adopt e-banking, as it was the question of survival because of increased competition. These foreign and private banks that were working on the strategy of global banking pushed Indian banks to restructure their services if they were to retain their market share. Recent developments in Indian banking system has made it possible to use electronic technology to various banking transactions like cash dealing, fund transfer, payments of bills, online instruction to the banks for various services which assured fast services as per customer requirements.

REVIEW OF LITERATURE

The review of previous studies is considered as an essential for every research to carry on investigation successfully. It helps to understand the problem in-depth, the methodology followed and to identify the unexplored part of the field of study under consideration. In this regard a review of some of the previous studies in the field of the present study is summarized in this section.

Karimzadeh (2012) examined that E banking services is latest technological services, contain many features and benefit from customer point of view but customer awareness and computer illiteracy are the barrier of E banking services. Investigates the Challenge in E-Banking service are socio-cultural -less awareness, illiteracy and computer, banking receipt, tendency to hold cash, contact with bankers. Knowledge-lack of technology, limited trained workers, poor information infrastructure and legal security.

Khasawneh (2012) examined factors services quality, customers' satisfaction, perceived usefulness and personal factor. Questionnaire was filled by 441 respondents, T test was used to conduct this study. Conclude that personal factor - knowledge, importance, trust, useful, behavior and the personal experience as major factors influencing Jordanian customer's to adopt E-banking services.

Fozia (2013) analysed the general framework about Electronic banking. E-banking provides various services to their customer such as fund transfer, paying bills, check balance, investment on financial securities and also submit electronic loan applications through internet banking.

Statement Of The Problem

The core issues faced by banks today are on the fronts of customers service expectations, cutting operational costs and managing competition. For this, banks are exploring new financial products and services that would help them to grow without losing existing customers. And any financial product or service that a bank offers will be intrinsically related to

technology. Only technology can help banks in meeting these objectives. Under the regime of banking sector reforms, information technology (IT) Act, 2000 gave new dimensions to the Indian banking sector. IT has created transformation in banking structure, business process, work culture and human resource development. It affects the productivity, profitability and efficiency of the banks to a large extent.

From various studies, it is observed that with the more and better use of technology along with the efficient employees, the efficiency of the banks going better and they started to compete successfully in the foreign markets too. The future of e-banking is bright but still there are some difficulties that interrupt the working of the banks. It is also observed that there is a significant difference in the profitability performance of fully-computerized and partially-computerized banks. This significant difference is due to the best performance of internet using and fully computerized banks in India. Technology is a crucial factor affecting the banks performance and making them capable to earn more through new opportunities.

E-banking is the outcome of technological innovations and competitions. Banks are using an electronic distribution channel to market and sell their products to wholesale and retail customers. The devices used by the banks are telephones, personal computers, automated teller machines, mobile phones and internet. E-banking has also affected the customer's expectations as they prefer to deal with the banks offering better, efficient and innovative services. To face and survive in this cutting edge competition, banks have to deliver better quality services to the customers because it is only a customer who can evaluate quality of services. Hence, the service quality is offering services to customer's specifications and expectations. The banks must know what type of services the customers expect to have and then accordingly serve them the products and services that meet their expectations. The banks should not be adamant to accept changes. Otherwise their survival will become very difficult in the emerging competition. Therefore, there is a need to evaluate the customer's perceptions regarding the recent e-banking services too, which will help to further improve the services if they are not satisfied with their services.

Despite all their efforts in developing better and easier e-banking systems, these still remain largely unnoticed by the customers and certainly underused in spite of their availability. No doubt the main draw back in the banking scenario in India has been lack of awareness about e-banking and lack of willingness to accept and adapt the changes by the customers. It is identified that there is a need for research work in the field of Rural customers awareness about e-banking services in the area of Erode District of Tamil Nadu. Against this background, the present study is an attempt to find out the answer to the following question:

What is the level of awareness of the rural customers about e-banking services in Erode District?

SCOPE OF THE STUDY

The present study has been undertaken in Erode District of Tamil Nadu. This study aims to examine the level of awareness of the rural customers about e-banking services. The study is conducted with primary data collected from 300 sample bank customers. Collected data have been analysed with Simple Percentage and Chi-square test.

OBJECTIVE OF THE STUDY

To analyse the level of awareness of the rural customers about e-banking services in Erode District.

SAMPLE DESIGN

For the present study, primary data have been used. The

Required Primary Data have been collected from 300 bank customers in Erode District, and they have been selected by using convenience sampling technique. The collected primary data have been analysed by using Simple Percentage and Chi-square test.

AWARENESS LEVEL OF THE CUSTOMERS ABOUT E-BANKING SERVICES:

In the present study, an attempt has been made to analyse the Awareness Level of the customers about using e-banking services. For analysing this, 20 factors relating to awareness are given in the Interview Schedule and sample bank customers were asked to give their response. If a sample respondent is aware about factor, score value '2' is given and if a sample respondent is not aware about factor, score value '1' is given. Accordingly, sample Bank Customers are grouped into two categories on the basis of total score value. The sample bank customers who scored above 30 are grouped as sample bank customers having high level of awareness and the sample bank customers who scored 30 and above are grouped as sample Bank Customers having low level of awareness. Table-1 shows that distribution of sample bank customers on the basis of their level of awareness.

Table-1 Classification Of Sample Bank Customers On The Basis Of Level Of Awareness

Level of Awareness	No. of Respondents	Percentage
High	120	40
Low	180	60
Total	300	100

From Table-1, it is found that out of 300 sample Bank Customers, 60 per cent of the sample Bank Customers having Low level of awareness about e-banking services and 40 per cent of the sample Bank Customers having High level of awareness about e-banking services. Hence, it is concluded that the majority of the sample Bank Customers having Low level of awareness about e-banking services.

RELATIONSHIP BETWEEN SOCIO-ECONOMIC CHARACTERISTICS AND AWARENESS LEVEL

In this study, an attempt is made to examine the relationship between socio-economic characteristics of sample Bank Customers and their level of awareness about e-banking services. For analysing this, a null hypothesis is framed and tested with in the help of Chi-square test. The result of the Chi-square are presented in Table-2.

Table-2 Relationship Between Socio-economic Characteristics And Level Of Awareness: Chi-square Test

Socio-Economic Characteristics	Table value @ 5% level	Calculated Value of X ²	Degree of Freedom	Result
Age	5.991	7.3951	2	Insignificant
Gender	3.841	0.2473	1	Significant
Education	7.815	1.6283	3	Significant
Occupation	14.067	2.6109	7	Significant
Marital Status	3.841	0.8272	1	Significant
Type of Family	3.841	0.2690	1	Significant
Size of Family	5.991	3.9575	2	Insignificant
Monthly Income	3.841	0.1587	1	Significant
Residential Status	5.991	4.5591	2	Insignificant

From Table-2, it is found that the calculated values of Chi-square test for all the socio-economic characteristics except Age, Size of the family and Residential Status are less than table values at 5 per cent level of significance. Therefore, the null hypothesis framed is accepted for all the socio-economic characteristics of the sample Bank Customers except Age,

Size of the family and Residential Status. Hence, it is concluded that there is no significant relationship between the socio-economic characteristics of the sample Bank Customers except (Age, Size of the family and Residential Status) and their level of awareness about e-banking services.

CONCLUSION AND SUGGESTION:

In the present study, it is found that out of 300 sample bank customers, 180 sample bank customers are having "low level" of awareness about e-banking services in Erode District. At present, Central Government is very particular in implementing Digital India Programme. Hence, it is suggested that both Central Government and Banks may concentrate more on creating awareness among the Bank customers about e-banking services and various components of e-banking services. It is also suggested that awareness may be created by conducting awareness campaigns frequently with the support of Central Government and Banks may encourage their customers by offering rewards and incentives to them who are using e-banking services often. By doing so, definitely there will be an improvement in rural customers' awareness about e-banking services.

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