



**Research Article**

**A COMPARATIVE STUDY OF CUSTOMER PERCEPTION ON E- BANKING PRODUCTS IN KOZHIKODE AND MALAPPURAM**

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**ABSTRACT**

Banking sector is the lubricating wheel of modern economy and E-banking is one of the emerging trends of the banking industry which is not quite common yet in a developing country like India so it provides a lot of scope for research. This study examines the level of customer perception towards e-banking products in Kozhikode and Malappuram. To serve the objective descriptive research design is used and primary data is collected from 150 respondents with the help of questionnaire. Data is analyzed with the help of weighted arithmetic mean and t- test and it has been concluded that there is no significant difference between the consumer perception towards electronic banking products on Kozhikode and Malappuram respondents. Based on these findings, conclusions were drawn and some feasible recommendations were made.

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**INTRODUCTION**

A customer perception is an ambiguous and abstract concept. The level of customer perception will vary from person to person, product to product and service to service. Customer satisfaction depends on a number of factors which consolidate as environmental, organisational and technological factors. The quality of service is one of the major determinants of the customer perception. Many researchers and experts mentioned that, service quality can be enhanced by using advanced information and communication technology (ICT). Today, almost all banks in are adopted ICT as a mean of enhance service quality of banking services. They are providing ICT based e-services to their customer which is called as e-banking.

Electronic banking is defined as the automated delivery of new and traditional banking products and services through electronic, interactive communication channels, It brings convenience, customer centricity, enhance service quality and cost effectiveness in the banking services and increasing customers' satisfaction in banking services. Even now, customers are also evaluating their banks in the light of e-service era

**Major products of e-banking**

ATM/CDM

ATM/CDM also called 24-hour tellers are electronic terminals

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which give consumers the opportunity to bank at almost any time. To withdraw cash, make deposits or transfer funds between accounts, a consumer needs an ATM card and a personal identification number. No charges up to certain number of withdrawal, after that bank may charges some amounts as fees.

**Mobile Banking**

Mobile banking refers to the use of a smart phone or other cellular device to perform online banking tasks while away from your home computer, such as monitoring account balances, transferring funds between accounts, bill payment and locating an ATM.

**Internet Banking**

Online banking enables bank customers to handle account management and perform account transactions directly with the bank through the internet. This is also known as internet banking.

**Payment Card - Debit Card, ATM Cards, Credit Card**

Payment card is a type of a payment instruments issued to customers that enables the cardholder to access the funds in the customer's account and make payments by electronic fund transfer and access ATM.

**POS Machine**

POS is the acronym for Point of Sales. A POS terminal is a machine installed at Merchant Establishments which enables the merchants to accept payments through payment cards (credit cards, debit cards, gift cards etc.).The installation of POS machine at a merchant outlet will reduce cash handling

and will enhance business revenue for merchants through increased spending option. It is a method of hassle free shopping for customers since they don't need to carry cash with them.

The perception towards the above said e-banking products depends upon number of factors namely accessibility, ease of use cost, time saving, security, privacy, content, speed, latest and accurate information, real time services, service quality etc.. In this research context most important factors are considered. They include Speed, accessibility, cost, convenience, security and privacy and design and content.

## **REVIEW OF LITERATURE**

Vandana Tandon Khanna & Neha Gupta (2015) The study shows the factors such as Technology acceptability, safety, availability, user friendliness and accessibility highly depends on the demographic profile of the population size. Most of marketing decision in terms of enhancing the effectiveness of delivery channels can be taken by considering these factors.

A.Samsunisa (2015) The researcher has identified that different age group of customers have different perception toward the e-banking services and the usage level of these banks" customer is different so bank should concentrate on all the age group of customers for betterment of e- banking banks. It has also seen that different occupation group of customers have different perception toward the e-banking services. There are good number of customer in every group like student, service class, business class and professionals, it shows that they all are keen interesting in using the e-banking services.

Abdullah et al (2015) The variables ease of use, customer support, privacy, and transaction and payment were found to have significantly influenced customer satisfaction toward internet banking transaction.

Abdul and Moydheen (2015). The study reveals that customers not preferring to use internet banking thought that they would be swindled when using this service, and therefore, are particularly careful about high risk expectation during money transfers from and between accounts.

Nudurupati et al., 2016 Increased usage of digital technologies and real-time ICT capabilities already have changed the platform for customers to adopt the e-banking practices. Therefore most of the banks and financial intermediaries are adopting e-banking practices to enable superior banking services to their customers.

Dr. M. Abdul Hakeem and Y. Moydheen Sha (2015) in their analysis it was observed that particular age group have used these services, the satisfaction of the customer majorly influenced the convenience, awareness, and responsiveness. In the present technology society, most of the banking customer prefer and switch to e-banking facilities. So the banker may improve their services, loyalty to customers and their retention by increasing awareness of other age groups and concentrating on the factors contributing customer satisfaction.

Nitsure (2014) in his paper examines the problem being faced by developing countries in the adoption of E-banking initiatives due to low penetration of Information Technology. The paper highlighted the problems such as security concerns, rules, regulation and management. In India there is a major risk of the emergence of a digital divide as the poor are excluded from the internet and so from the financial system.

Rahmath Safeena et.al, (2012) in his study "Technology Adoption and Indian Consumers: Study on Mobile Banking" identified that the evolution of e-banking started from the use of Automatic Teller Machines (ATMs) and telephone banking (tele-banking), direct bill payment, electronic fund transfer and the revolutionary online banking transformation from the traditional banking to e-banking has been a 'leap' change.

Ismail and Masinge (2011) in their paper highlighted the importance of using mobile banking to reach to the rural India and especially those who are unbanked. The study highlighted growing use of mobile banking. The perceived usefulness, perceived ease-of-use, perceived cost and the level of customer trust in the mobile banking provider were all important factors influencing the take-up of this new technology.

The research of Aditi Mittal and Sumit Gupta (2013) indicated that the branches are running on the concept of 24 x 7 working, made possible by the use of Tele banking, ATMs, Internet banking, Mobile banking and Electronic banking. These technologies allowed electronic payment systems to be used by maximum number of customers at lower cost and in most efficient manner.

K. Ratna Manikyam (2014) said that banks may have to go for mobile banking services for a cluster of villages. Alternatively, technological institutions have to come out with low-cost, self-service solutions / ATMs. The government and the RBI should actively support such research efforts.

## **Statement of the Problems**

E-banking was promoted by banks so as to improve their service to customers. Through e-banking banks provides facilities like downloading bank statement and passbook, ordering cheque book, downloading various application, account opening, fund transfers between accounts, bill payments, mobile recharges etc. In spite of the effort of banks to make sure that customers enjoy the advantages of e-banking, the bank is met with complaints from customers as regards, breakdown of equipments and network connection,, online theft and fraud, failure of fund transfer, high cost of e-banking. Some customers gave positive attitude towards e-banking services while some others gave negative attitude. Therefore, this study is aimed to make a comparative analysis of customer's perception on e-banking services provided by banks in Kozhikode and Malappuram.

## **Objectives of the Study**

The study seeks to:

1. Examine the level of customer perception on e-banking products in Kozhikode and Malappuram;
2. Compare the level of customer perception on e-banking products in Kozhikode and Malappuram.

## **Hypothesis**

To conduct a comparative study of customer satisfaction toward e-banking products in Kozhikode and Malappuram the following hypothesis were formed

- H<sub>0</sub> There is no significant difference between the customer perception toward e- banking products in Kozhikode and Malappuram;
- H<sub>1</sub> There is a significant difference between the customer perception towards e- banking products in Kozhikode and Malappuram

**RESEARCH METHODOLOGY**

The study was mainly based on primary data and data collected through questionnaire. The primary data collected from sample customers from sample branches of State Bank of India and South Indian Bank through questionnaires. Random sampling was used for selecting the banks; two banks were randomly selected from the total banks in Kerala as at the time of carrying out this study. The banks were divided in to public banks and private banks. One bank was selected from the public sector banks other selected from the private sector banks operating in Kerala. Convenient sampling method is adapted for selecting the respondents. The number of respondents was selected and collected 100 from Kozhikode and 50 from Malappuram. Data analyzes were conducted to classify the data according to the research objectives and was analyzed with the help of various statistical tools like Arithmetic mean, t-test.

**FINDINGS AND DISCUSSIONS**

To find out consumer perception towards electronic banking products, respondents were asked to share their level of agreement on factors divided under few heads. The degree of agreement towards statements was set from 1 to 5 (5 denotes the strongly agree, whereas, 1 is the strongly disagree). In addition following criteria is used for analysis part:-  
 Score in between 1.00-1.80 means Strongly Disagree  
 Score in between 1.81-2.60 means Disagree  
 Score in between 2.61-3.40 means Neutral  
 Score in between 3.41-4.20 means Agree  
 Score in between 4.21-5.00 means Strongly Agree

**Table 1 ATM/CDM Services**

Factors	Kozhikode		Malappuram	
	Mean	Level of Agreement	Mean	Level of Agreement
Security and privacy	4.42	Strongly agree	4.39	Strongly agree
Speed	4.56	Strongly agree	4.59	Strongly agree
Cost	4.46	Strongly agree	4.21	Strongly agree
Design and contents	3.91	Agree	3.90	Agree
Convenience	4.36	Strongly agree	4.27	Strongly agree
Accessibility	4.13	Agree	4.08	Agree
Overall Score	4.31	Strongly agree	4.24	Strongly agree

Table: 1 shows that respondents from both districts strongly agree in all factors except design and content and mobile accessibility. Overall respondents of both the cities have highly positive perception about ATM/CDM services. It is a sign of same level of perception among respondents, in respects various types of CDM/ATM facilities.

**Mobile Banking**

**Table 2 Mobile Banking Service**

Factors	Kozhikode		Malappuram	
	Mean	Level of Agreement	Mean	Level of Agreement
Security and privacy	4.19	Agree	4.03	Agree
Speed	4.39	Strongly agree	4.26	Strongly agree
Cost	4.38	Strongly agree	4.36	Strongly agree
Design and contents	4.16	Agree	3.92	Agree
Convenience	4.26	Strongly agree	4.26	Strongly agree
Accessibility	4.56	Strongly agree	4.32	Strongly agree
Overall Score	4.32	Strongly agree	4.19	Agree

Table: 2 show that respondents from Kozhikode and Malappuram strongly agree in respect of convenience, accessibility, speed and cost. They agree in respect design and content and security and privacy. The overall respondents of both the districts have different level of perception about mobile banking services. Respondents from Kozhikode have strong level of perception than respondents from Malappuram. It is an indication of different level of perception among respondents, in respects mobile banking facilities.

**Online Banking**

**Table 3 Online Banking Services**

Factors	Kozhikode		Malappuram	
	Mean	Level of Agreement	Mean	Level of Agreement
Security and privacy	4.32	Strongly agree	4.26	Strongly agree
Speed	4.19	Agree	3.92	Agree
Cost	4.49	Strongly agree	4.23	Strongly agree
Design and contents	4.31	Strongly agree	4.21	Strongly agree
Convenience	4.56	Strongly agree	4.22	Strongly agree
Accessibility	4.18	Agree	4.16	Agree
Overall Score	4.34	Strongly agree	4.16	Agree

From the above we can conclude that respondents from both districts strongly agree in all factors except speed and accessibility. The overall respondents of both the districts have different level of perception about online banking services. Respondents from Kozhikode have strong level of perception than respondents from Malappuram. It means that there are changes in the level of perception of respondents towards online banking services

**Payment Cards**

**Table 4 Payment Cards**

Factors	Kozhikode		Malappuram	
	Mean	Level of Agreement	Mean	Level of Agreement
Security and privacy	4.58	Strongly agree	4.56	Strongly agree
Speed	4.08	Agree	4.19	Agree
Cost	4.19	Agree	4.16	Agree
Design and contents	4.53	Strongly agree	4.22	Strongly agree
Convenience	3.68	Agree	3.59	Agree
Accessibility	4.19	Agree	3.92	Agree
Overall Score	4.21	Strongly agree	4.11	Agree

Respondents from both districts strongly agree only in respect of two factors i.e., security and privacy and design and content, rest of them they agree only. The overall respondents of both the districts have different level of perception about payment cards. Respondents from Kozhikode have strong level of perception than respondents from Malappuram. It envisages that there is changes in the level of perception of respondent towards online banking services

**POS Machines**

**Table 5 POS Machine**

Factors	Kozhikode		Malappuram	
	Mean	Level of Agreement	Mean	Level of Agreement
Security and privacy	4.32	Strongly agree	4.25	Strongly agree
Speed	4.18	Agree	4.16	Agree
Cost	4.58	Strongly agree	4.52	Strongly agree
Design and contents	4.53	Strongly agree	4.21	Strongly agree
Convenience	4.53	Strongly agree	4.28	Strongly agree
Accessibility	4.41	Strongly agree	4.54	Strongly agree
Overall Score	4.43	Strongly agree	4.32	Strongly agree

Table 5 shows that respondents from both districts strongly agree in all factors except speed. The overall respondents of both the districts have strong level of perception about point of sales. So there is no change in the level of perception of respondent towards online POS services

**Hypothesis Testing**

To measure consumer perception towards e-banking products, respondents were asked to indicate their level of agreement towards 30 statements on five point scale starting from strongly agree (5) to strongly disagree (1) as already discussed above. The views of respondents from both the districts i.e. Kozhikode and Malappuram have been recorded, and in order to know whether there is any significant difference in responses, t-test has been carried out. The test results are mentioned in table given below

**Table 6 T-test Results**

ATM/CDM	Kozhikode (N : 100)		Malappuram (N : 50)		t-value	p-value	Result
	Mean	SD	Mean	SD			
Security and privacy	4.42	0.69	4.39	0.66	0.26	0.79	Not significant
Speed	4.56	0.63	4.59	0.65	0.62	0.53	Not significant
Cost	4.46	0.58	4.21	0.54	2.55	0.01	Significant
Design and contents	3.91	0.63	3.90	0.66	2.35	0.02	Significant
Convenience	4.36	0.58	4.27	0.61	0.88	0.38	Not significant
Accessibility	4.13	0.64	4.08	0.61	.458	0.65	Not significant
Mobile Banking	Kozhikode (N : 100)		Malappuram (N : 50)		t-value	p-value	Result
	Mean	SD	Mean	SD			
Security and privacy	4.19	0.82	4.03	0.86	1.11	0.27	Not significant
Speed	4.39	0.74	4.26	0.73	1.02	0.31	Not significant
Cost	4.38	0.68	4.36	0.64	0.17	0.86	Not significant
Design and contents	4.16	0.67	3.92	0.63	2.11	0.04	Significant
Convenience	4.26	0.78	4.26	0.79	0.88	0.38	Not significant
Accessibility	4.56	0.64	4.32	0.61	2.20	.03	Significant
Online Banking	Kozhikode (N : 100)		Malappuram (N : 50)		t-value	p-value	Result
	Mean	SD	Mean	SD			
Security and privacy	4.32	0.65	4.26	0.63	0.54	0.59	Not significant
Speed	4.19	0.72	3.92	0.75	2.06	0.04	Significant
Cost	4.49	0.75	4.23	0.69	2.05	0.04	Significant
Design and contents	4.31	0.63	4.21	0.64	0.91	0.37	Not significant
Convenience	4.56	0.59	4.22	0.54	3.42	0.00	Significant
Accessibility	4.18	0.82	4.16	0.86	0.14	0.89	Not significant
Payment cards	Kozhikode (N : 100)		Malappuram (N : 50)		t-value	p-value	Result
	Mean	SD	Mean	SD			
Security and privacy	4.58	0.72	4.56	0.69	0.16	0.87	Not significant
Speed	4.08	0.67	4.19	0.64	0.91	0.37	Not significant
Cost	4.19	0.67	4.16	0.65	0.26	0.80	Not significant
Design and contents	4.53	0.74	4.22	0.69	2.47	0.01	Significant
Convenience	3.68	0.76	3.59	0.78	0.68	0.50	Not significant
Accessibility	4.19	0.73	3.92	0.68	2.18	0.03	Significant
POS Machine	Kozhikode (N : 100)		Malappuram (N : 50)		t-value	p-value	Result
	Mean	SD	Mean	SD			
Security and privacy	4.32	0.64	4.25	0.65	0.63	0.53	Not significant
Speed	4.18	0.69	4.16	0.67	0.17	0.87	Not significant
Cost	4.58	0.95	4.52	0.97	0.16	0.87	Not significant
Design and contents	4.53	0.68	4.21	0.63	2.78	0.00	Significant
Convenience	4.53	0.67	4.28	0.64	2.12	0.03	Significant
Accessibility	4.41	0.63	4.54	0.59	1.22	0.22	Not significant

Out of 30 statements, for 19 statements no significant difference has been found between responses of Kozhikode & Malappuram respondents while for only 11 statements significant difference is found. As in majority of cases no significant difference is found, it leads to the acceptance of

null hypothesis and it can be concluded that there is a no significant difference between the consumer perception towards electronic banking products on Kozhikode and Malappuram respondents.

**CONCLUSIONS AND SUGGESTIONS**

From the above discussion, it is quite clear that, e-banking products have become an accepted norm of monetary transactions for number of users in India over the past decade and definitely, a right more to impart convenience to the customer as well as the bankers. The ease with which a customer can check his account, make online payments, make error free transactions, economy in costs, reduction in time spent in carrying out business activities, improve delivery system and quick transfer money between accounts has made this mode of banking hugely popular among Indians who are perpetually short of time to visit the bank premises physically. By testing the data's using t-test concluded that there is a no significant difference between the consumer perception towards electronic banking products on Kozhikode and Malappuram respondents. However, when comparing the two cities customers' perceptual level of agreement on e-banking products they have no significant differences on ATM/CDM POS and differences in Mobile banking, online banking and payment cards. Therefore, banker and e-banking service designers should think over these types of e-banking products to customize the product in the country context. And make possible changes on e-banking products according to the customers' perception and need of the period. It will help to enhance the level of customers' satisfaction with e-banking.

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