

A Comparative Study of Impact of Education and Occupation on Customers' Perception of E-Banking Services of Public Sector Bank and Private Sector Bank

(with Special Reference to Gwalior District, Madhya Pradesh)

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Abstract

E-Banking is the term used for new age banking system. It is also called as online banking. E-Banking uses the internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposits. Online Banking is a result of explored possibility to use internet application in one of the various domains of commerce. It is difficult to infer whether the internet tool has been applied for convenience of bankers or for the customers' convenience. But ultimately it contributes in increasing the efficiency of the banking operation as well providing more convenience to customers. The e-banking is believed to facilitate customers transact from one corner of the country to another corner. But the customers carry varied perception about e-banking services based on multiple factors. The present paper explores the impact of education and occupation of a customer in shaping their perception about internet banking in both Public Sector Bank and Private Sector Bank.

Key Words: Online Banking, Customers' Satisfaction, Customers' Perception, Public Sector Bank, Private Sector Bank

Introduction

Banks are the most important service institutions in the economy of any country. Especially, in the Indian economy it plays catalytic role in the socio-economic development since independence. It includes not only public sector but also foreign banks. After banks nationalization (1969 and 1980) the Public Sector Banks have changed from class banking to mass banking. With the advancement of science and technology, the modern market has gone a buyer's market. It is also called as customer oriented market. Advancement in the technology and the concomitant

development in communication channels have resulted in innovation of alternative delivery channels. These have changed the way in to interface the customers. In the traditional banking customer has to visit the branches to carry out banking transactions, but now they have the choice of alternative delivery channels i.e. ATMs, Credit Cards, Debit Cards, Internet Banking, Mobile Banking, Core Banking etc. Customers are now looking for multiple delivery channels and flexible as well as convenient working hours where neither the clock nor the geographical locations are constraint. Therefore, almost all Indian commercial banks are providing services through the various alternative e-channels; it is called as '**Alternative Banking**'.

However, banks in India are struggling for the customer satisfaction so as to retain their customers

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and expand their customer base for good positions in the Banking industry. Since 1985, almost all banks are providing advanced banking services with the help of Information and Communication Technology (ICT). Unfortunately it is realized that, ICT based banking services are not meeting all needs of all types of customers. This phenomenon adversely affected the perception of the customer about the Internet Banking services.

The last decade has witnessed a drastic change in the economic and banking environment all over the world. With the economic and financial sector reforms introduced in the country since early 1990, the operating environment for banks in India has also undergone a rapid change. The process of deregulation and reforms in the Indian banking system resulted in the creation of an efficient and competitive banking system. Deregulation has opened up new vistas for banks to increase their revenues by diversifying into universal banking, investment banking, bank insurance, mortgage financing, depository services, securitization, personal banking etc. An inevitable result of globalization is that it increases the soundness of financial system as a whole and facilitates global competition. At the same time, liberalization has opened the turf to new players and brought greater competition among banks. To survive in this completion, the information and communication technology significantly contributed to the exponential growth and profit of financial institutions worldwide. Technology is the key to move forwards providing integrated banking services to customers. Indian banks have been late starter in the adoption of technology for automation of processes and the integrated banking services. But, with the global adoption of technology, Indian banking is also at the threshold of paradigm shift due to the latest changes. There are various factors which have played vital role in shaping the perception of E- Banking in the minds of the customers.

Review of Literature

Bauer et al, (2004), proposed the three-dimensional service quality concept related to e-banking portals, it consist Core service quality (Ease of use, Comprehensiveness and Credibility trustworthiness ,

Security of payment and data transfer ,Reliability of technical potentials/tangibles of IT systems), Additional services quality (Offering branded financial products, Offering online loans, Experience quality and entertainment) and Solution services quality (Variety , Offering non-bank products and services, Providing individual advice (call back, personal adviser), Personalizing information and conditions and Providing interactive decision support tools).

Kannabiran, and Narayan, (2005) mentioned that the emergence of new private-sector banks, expansion by the foreign banks, the changing business model of the nationalized banks compounded by the financial sector reforms. Internet banking has comprehensive features and functionality offered by Internet banking enabled the bank to provide world-class customer service, at the same time improving efficiency and reducing the cost of operations. As per their review the banking system has to meet the requirements of urban India, where Internet has become a way of life, particularly among the professionals and employees in technology companies, all of whom have easy access to the Internet at their workplace and, in most cases, from their homes as well.

Rajesh (2007) in his study on Indian customer's perception on usage of internet banking revealed that education, gender, income play an important in usage of internet banking. The research corroborated the conceptual framework stating that if skills can be upgraded, there will be greater will to use internet banking by consumers. Inhibitory factors like trust, gender, education, culture, religion, security, and price can have minimal effect on consumer mindset towards internet banking.

Rajeev (2008) studied the Internet Banking usage from and Indian customer perspective. The study shows that relative benefit, security concern, decision making capability, observability, gender and age group are the major factors affecting the usage of Internet bank services. To expand internet banking services, banks must aim younger customer than older customers. Moreover, internet banking attracts males more than females, irrespective of income level, due to its relative advantage over traditional banking.

Divya & Padmanabhan (2008) conducted a research on the perception of customers towards Internet Banking in order to identify major contributing factors. They concluded that Internet Banking is becoming increasingly popular because of convenience and flexibility.

Gbadeyan & Akinyosoye (2011) in their research concluded that the development and the increasing progress being experienced in the information and communication technology have brought about a lot of changes in the banking industry, in the form of online banking. It is now replacing traditional banking practices. Online banking has a lot of benefits which add value to customer satisfaction in terms of better quality of services offering and the same time enable the banks gain more competitive advantage over other competitors. This paper identified some associated risks that seem to hinder the success of e-banking services and thus constitute major concern to both financial institutions and customers.

Prerna & Preeti (2011) in their studies explored the issues in mobile banking perceived critical for adoption by both mobile banking users as well as non-users. The study identifies certain issues pertaining to banks, mobile handsets and telecom operators viz; mobile handset operability, security/privacy, standardization of services, customization, downloading & installing application software and telecom service quality. The study suggests that from consumers' perspective mobile handset operability, security/privacy and standardization of services are the critical issues.

Jamaluddin (2013) in his study on E-banking challenges and opportunities in India concluded that India is still in the early stage of e-banking growth and development. Competition and changes in technology and lifestyle in the last 10 years have changed the face of Banking. The changes that have taken place impose on banks tough standards of competition and compliance.

According to Nasimunnisa, Ayub & Sowmya (2014) banking services are inevitable for any adult individual in the normal routine of personal and employment life. It is mostly viewed as the only safe medium of

saving money-in India. E-Banking is a serious improvement which is considered as a great relief in this modern, constantly changing environment.

Objectives of the study

1. To Study the influence of Education level on the perception of e-banking among the customers.
2. To Study the influence of Occupation on the perception of e-banking among the customers.

Methodology

For this purpose of investigation, the study considered the twenty branches of Private Sector Bank (ICICI Bank) and Public Sector Bank (Canara Bank) in Gwalior. The primary data have been collected from the customers who were a mix of Government / PSUs employees, Professionals, Businessman and Retired. A structured questionnaire was prepared for this purpose. The total four hundred respondents were selected from the identified banks. The data was collected by using convenient sampling method. The statistical tools used were one-way ANOVA.

Data Analysis and Interpretation

The data collected from the customers were classified and systematically analyzed against e-banking services categorized as ATM, Internet Banking, Mobile Banking and Credit Card. The Education and Occupation factors influencing the internet banking services have been analyzed in detail and are presented in the following tables.

Demographic Profile of the Respondents

The educational and occupational backgrounds of the sample respondents are presented in the following tables to understand the customers' perception about e-banking services.

Customers' perception is an important element which play significant role in the determination of customers satisfaction. Satisfaction is influenced by perception of service quality, price, and other personal expectations in regard to service. The perception of a customer is greatly influenced by the customer's level of education and their occupational profile. The customers' perception about e-banking services was assessed from

Table 1: Profile of the Respondents
(N = 400)

Profile		Number	Percentage
Education	Graduate	158	39.5
	Post Graduate	121	30.25
	Professional Degree	121	30.25
Occupation	Govt./PSUs	110	27.5
	Businessman	115	28.75
	Professional	91	22.75
	Retired	84	21

Source: Primary Data

its four types of services i.e. ATM (Automated Teller Machine), Internet Banking, Mobile Banking and Credit Card.

Objective 1: Perception about e-banking services of Public Sector Banks and Private Sector Banks between the customers of three Educational Groups (E1 = Up to Graduate, E2 = Post Graduate and E3 = Professional Degree)

In the study of 400 respondents, 158 (39.5%) were

educated up to Graduation, 121 (30.25%) of the respondents were Post Graduates and 121 (30.25%) were having Professional Degree. The mean and standard deviation of the customers of three educational groups were calculated along with the f-value against each e-banking service. The perception of customers of different educational groups about their e-banking services of Public Sector Bank and Private Sector Bank is analyzed and presented in the table 2 and 3 respectively.

Table 2 : Comparison of Perception of e-banking Services of Public Sector Banks among three Education Groups of respondents (E1=up to Graduate, E2=Post Graduate, E3=Professional Degree)-One Way ANOVA

e-Banking Services	E1 (N=158)		E2 (N=121)		E3 (N=121)		F-Value
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	
ATM	3.40	.944	3.33	.860	3.23	.911	1.16NS
Internet Banking	3.57	.777	3.38	.777	3.39	.820	2.63NS
Mobile Banking	3.14	.691	3.13	.605	3.06	.582	.649NS
Credit Card	4.57	.612	4.72	.504	4.58	.544	2.854*

*Significant at 0.05 level NS=Not Significant

In Public Sector Banks, from the table 2, it is found that there exists significant difference in the mean value of one factor of e-banking services as perceived by the respondents of various educational groups. Credit Card has shown significance difference at 0.05 levels in mean and standard deviation values, with F value of 2.854. In Credit Card, E2 clients have very good perception

(Mean = 4.72) about it than E3 (Mean = 4.58) and E1 (Mean = 4.57). There is significant difference between E1 and E2. Mean is higher in E2 (Mean = 4.72) than E1 (Mean = 4.57) implying that E2 clients have very good perception about the Credit Card than the E1 clients. There is no significant difference in the mean values of other factors of e-banking services.

Table 3: Comparison of Perception of e-banking Services of Private Sector Banks among three Education Groups of respondents (E1=up to Graduate, E2=Post Graduate, E3=Professional Degree)-One Way ANOVA

e-Banking Services	E1 (N=158)		E2 (N=121)		E3 (N=121)		F-Value
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	
ATM	4.68	.480	4.61	.506	4.65	.512	.717NS
Internet Banking	4.13	.526	4.26	.588	4.22	.491	2.467NS
Mobile Banking	3.98	.602	3.98	.651	4.03	.562	.345NS
Credit Card	2.95	1.166	2.88	1.097	3.10	.935	1.27NS

NS= Not Significant

From the given table 2, it is seen that the customers have an average perception about the ATM, Internet Banking and Mobile Banking of the Public Sector Bank and within this the E1 customers have comparatively higher perception about the e-banking services of the Public Sector Bank.

In the Private Sector Bank, no significant difference is found in the mean values of any of the four factors of e-banking services. However, it is seen from the table 3, that customers of all the educational groups E1 (Mean = 4.68), E2 (Mean = 4.61) and E3 (Mean = 4.65) have more than good perception about the ATM higher than any other factors of e-banking services. On the contrary, the mean values of customers of all the educational groups indicate that the Credit Card has the below average perception among the customers compared to other factors of the e-banking services.

Objective 2: Perception about e-banking services of Public Sector Banks and Private Sector Banks

between the customers of four Occupational Groups (O_1=Govt./PSU, O_2=Businessman, O_3=Professional, O_4=Retired)

In the study of 400 respondents, 110 (27.5%) were Govt./PSU employees, 115 (28.75%) respondents were Businessman, 91 (22.75%) respondents were Professionals and 84 (21%) were Retired from their jobs. The mean and standard deviation of the customers of four occupational groups were calculated along with the f-value against each e-banking service. The perception of customers of different occupational groups about their e-banking services of Public Sector Bank and Private Sector Bank is analyzed and presented in the table 4 and 5 respectively.

In Public Sector Banks, from the table 4, it is found that there exists no significant difference in the mean value of any factors of e-banking services as perceived by the respondents of various occupational groups. However, O4 (Mean = 4.70) has shown high level of

Table 4: Comparison of Perception of e-banking of Public Sector Banks among four Occupational Groups of respondents (O_1=Govt./PSU, O_2=Businessman, O_3=Professional, O_4=Retired) - One Way ANOVA

e-Banking Services	O_1 (N=110)		O_2 (N=115)		O_3 (N=91)		O_4 (N=84)		F-Value
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	
ATM	3.37	.927	3.33	.856	3.26	.929	3.33	.948	.240NS
Internet Banking	3.46	.955	3.45	.639	3.42	.870	3.50	.668	.160NS
Mobile Banking	3.16	.698	3.07	.508	3.05	.639	3.17	.691	.870NS
Credit Card	4.66	.579	4.54	.597	4.58	.539	4.70	.510	1.753NS

NS= Not Significant

Table 5: Comparison of Perception of e-banking of Private Sector Banks among four Occupational Groups of respondents (O_1=Govt./PSU, O_2=Businessman, O_3=Professional, O_4=Retired) - One Way ANOVA

e-Banking Services	O_1 (N=110)		O_2 (N=115)		O_3 (N=91)		O_4 (N=84)		F-Value
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	
ATM	4.62	.542	4.60	.492	4.70	.459	4.71	.480	1.354NS
Internet Banking	4.15	.593	4.09	.450	4.23	.496	4.37	.576	4.962**
Mobile Banking	4.03	.670	3.91	.555	4.03	.586	4.02	.601	.991NS
Credit Card	2.93	1.202	2.86	1.025	3.11	.900	3.05	1.161	1.099NS

**Significant at 0.01 level NS=Not Significant

perception about the Credit Card of the Public Sector Bank as compared to customers of O1 (Mean = 4.66), O2 (Mean = 4.54) and O3 (Mean = 4.58) age groups. The customers of all occupational groups have low perception about the Mobile Banking of the Public Sector Bank.

In the table 5, Internet Banking has shown significance difference at 0.01 levels in mean and standard deviation values, with F value of 4.962. In Internet Banking of Private Sector Bank O_4 clients have very good perception (Mean = 4.37) about it than O_1 (Mean = 4.15), O_2 (Mean = 4.09) and O_3 (Mean = 4.23). There is significant difference between O_4 and O_3. Mean is higher in O_4 (Mean = 4.37) than O_3 (Mean = 4.23) implying that O_4 customers have very good perception about the Internet Banking than the O_3 customers. There is no significant difference in the

mean values of other factors of e-banking services. From the given table 5, it is seen that the customers have an average perception about the Credit Card but has good perception about ATM and Mobile Banking of the Private Sector Bank.

Conclusion

The comparison of educational levels and different occupational groups of customers of both Public Sector Bank and the Private Sector Bank reflect that customers of all educational levels and occupational groups consider the Credit Card of the Public Sector as excellent and Mobile Banking as just average. On the other hand, the ATM of the Private Sector Bank was considered to be excellent by the customers of all the educational levels and occupational groups whereas the Credit Card of the Private Sector Bank was treated to be below average.

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