A study on service quality of information technology with reference to private and public sector banks in thoothukudi district

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INTRODUCTION

The financial reforms that were initiated in the early 1990s and the globalization and liberalization measures brought in a completely new operating environment to the banks. The bankers are now offering innovative and attractive technology based services and products such as Anywhere Banking, Anytime Banking, Telebanking, Internet Banking, Web Banking ect., to their customers to cope with the competition. Internet banking is a new delivery channel for banks in Thoothukudi. Technology plays a vital role in improving the quality of services provided by the business units. Advent and adoption of internet by the industries has removed the constraint of time, distance and communication making globe truly a small village. Financial sector being no exception, numerous factors such as competitive cost, customer service, increase in education and income level of customers, etc. Influence banks to evaluate their technology and assess their electronic commerce and internet banking strategies. Internet banking allows banking from anywhere, anytime and is used for transactions, payments etc. over the internet through a bank, a credit union or society's secure website. The Service industries are mostly customer driven and their survival in competitive environment largely depends on quality of the service provided by them. In this context, quality of service furnished by banking sector is very important and profitability of their business is closely connected to the quality of service.

In the 1980s the Reserve Bank of India focused on –improvements in the productivity‖ of the banking sector. Being convinced that technology is the key for improving the productivity, the Reserve Bank took several initiatives to popularize the use of technology by banks in India. A high level committee was formed under the chairmanship of Dr.C.Rangarajan, then Governor of RBI, to draw up a phased plan for computerization and mechanization in the banking industry over a five years time frame of 1985-1989. The focus by this time was on customer service and two models of branch automation were developed and implemented. Having gained experience in the earlier mode of computerization, the second Rangarajan committee constituted in 1988 drew up a detailed perspective plan for computerization of banks and for extension of automation to other areas such as funds transfer, e-mail, BANKNET, SWIFT, ATMs and INTERNET BANKING.

However, the service quality in Internet banking from customers needs a thorough analysis to find out the determinants for success and growth of new channel of delivery in Thoothukudi so that useful guidelines for bankers can be extracted. To this end, this study aims at determining the service quality of banks operative in Thoothukudi with regards to internet banking and identifying the important parameters crucial for service quality from customer's perspective.

II STATEMENT OF THE PROBLEM

Good customer service quality is the major issue for the businesses that are operating in e-commerce, which will determine whether the businesses will survive or fain in the future. Maintaining effective customer service helps to build and maintain customers' relationship that is the key success in e-commerce. In order to satisfy customer's needs, many companies need to set up web sites that provide quality information and services to customers. Better service quality

typically can help to get higher profitability. In addition considering the high costs of acquiring new customers and the apparently high customer turnover of many online services, it is very important for service provider to study the determinants of service quality.

One of the Primary concerns of Internet banking users to identify the various problems like risk and security, no human touch, computer fatigue, lack of knowledge, difficult to use and language issue and so on. To determine the dimension of service quality this study attempts to assesses the service quality of internet banking.

III. SCOPE OF THE STUDY

This study has been undertaken mainly to highlight the dimension of service quality of internet banking in Thoothukudi district banks provide internet service dimension like accessibility, reliability, operates 24x7 hours a day, privacy/security and efficiency. Whereas this study aims at analyzing the service quality dimension of the Internet Bank users only.

IV. OBJECTIVE OF THE STUDY

The following objectives have been used framed to carry out the study.

☆ To study the dimensions of service quality of internet banking.

☆ To examine the difficulties of while using internet banking services.

☆ To offer the suggestions for improving the quality of internet banking services.

☆ To examine the relationship between service quality and their satisfaction in internet banking

☆ To examine the relationship between customers _demographics and their satisfaction in internet banking

☆ To examine the customers' satisfaction in internet banking service provided by Public and private sector banks.

V. METHODOLOGY OF THE STUDY

The primary data have been collected directly from the users of the internet services through on interview schedule. Secondary data have been collected from standard books, articles, magazines, encyclopaedia and internet. The researcher has been selected on convenience sampling technique and the total numbers of samples were 80. The various statistical tools used to analysis the primary data collected from the selected samples were percentage analysis, mean-score analysis, chi-square test and correlation for easy understanding data were tabulated.

DATA ANALYSIS AND INTERPRETATION

INTRODUCTION

The information as regards service quality of internet banking was collected with the help of an interview schedule. The information is presented here.

TABLE – 1

AGE

S.No	Age	Number of Respondents	Percentage
1	Below 25 years	26	33
2	25-35 years	28	35
3	36-45 years	14	17
4	Above 45 years	12	15
	Total	**80**	**100**

Source: Primary data

The above table reveals that, 35% of the respondents belong to the age group of 25-35 years, 33% of the respondents belong to the age group of below 25 years, 17% of the respondents belong to the age group of 36-45 years and only 12% of

the respondents belong to the age group of above 45 years. From above analysis, it is understood that the middle age people are interested to access the internet banking services.

TABLE – 2
MONTHLY INCOME

S.No	Income	Number of Respondents	Percentage
1	Below Rs. 20,000	12	15
2	Rs.20,000 – Rs. 40,000	36	45
3	Rs.41,000 –Rs. 60,000	16	20
4	Above Rs.60,000	16	20
	Total	**80**	**100**

Source: Primary data

Table 2 shows that out of 80 respondents 45% of the respondents are earning Rs. 20,000 -Rs.40,000 per month, 20% of the respondents are earning Rs. 41,000 – Rs. 60,000 and above Rs.60000 per month and only 15% of the respondents are earning below Rs. 15,000 per month. It is inferred that most of the respondents are earning Rs.20,000 - Rs.40,000 per month.

TABLE – 3
ACCOUNT HOLDING BANKS

S.No	Account Holding Banks	Number of Respondents	Percentage
1	Public Sector Bank	56	70
2	Private Sector Bank	15	19
3	Both	9	11
	Total	**80**	**100**

Source: Primary data

Table 3 explain that out of 80 respondents, Majority 70% of the respondents hold their account in public sector bank, 19% of the respondents hold their account in private sector bank and the rest 11% of the respondents hold their account in both. It is inferred that most of the respondents hold their account in Public Sector Bank.

TABLE – 4
PREFERENCE OF INTERNET BANKING SERVICES

S.No	Services	Number of Respondents	Percentage
1	Personal Bank transaction activity	31	39
2	Check balance online	12	15
3	Consumer loan or credit card online	2	3
4	Inter account Transfer	18	22
5	Online bill payment	17	21
	Total	**80**	**100**

Source: Primary data

The above table indicates that out of 80 respondents 39% of the respondents have preferred the services of personal bank transaction activity, 22% for inter account transfer ; 21% - Online bill payment; 15% - check balance online and the rest 3% of the respondent to the consumer loan or credit card loan. It is inferred that personal bank transaction (39%) is the most popular service preferred by the users.

TABLE – 5

AVAILED SERVICES

S.No	Availed Services	Number of Respondents	
		Yes	No
1	ATM	80 (100%)	-
2	Online Banking	68 (85%)	12 (15%)
3	Tele Banking	26 (33%)	54 (67%)
4	Mobile Banking	63 (79%)	17 (21%)
5	Home Banking	25 (31%)	55 (69%)
6	Electronic Fund Transfer	50 (63%)	30 (37%)

Source: Primary data

Table 5 shows that out of 80 respondents, 80% of the respondents have availed ATM services from the bank. The respondents 15% have not availed online banking and 85% of the respondents have availed online banking. The respondents of 67% have not availed tele banking and 33% of the respondents have availed tele-banking. 21% of the respondents have not availed Mobile banking and 79% of the respondents have availed Mobile banking. 69% of the respondents have not availed Home banking and 31% of the respondents have home banking. 37% of the respondents have not availed electronic fund transfer 63% of the respondents have availed electronic fund transfer.

TABLE – 6

SATISFACTION ON INTERNET BANKING SERVICES

S.No	Satisfaction	Mean Score	Rank
1	Operates 24 hours a day	4.63	1
2	Efficiency	2.95	2
3	Privacy / Security	2.94	3
4	Accessibility	2.65	4
5	Reliability	2.18	5

Source: Primary data

Table 6 explains that the respondents are highly satisfied on operates 24 hours a day (4.63), Efficiency (2.95) and privacy / security (2.94). They are also satisfied on Accessibility (2.65). They are dissatisfied on reliability (2.18). Hence, it is revealed from the table that the respondents are dissatisfied on reliability.

TABLE – 7

PROBLEMS RELATED TO INTERNET BANKING SERVICES

S.No	Problems	HA	A	DA	HAD	Mean Score
1	Risk and Security	13	39	26	2	2.79
2	No Human Touch	11	29	31	9	2.52
3	Computer Fatigue	4	32	38	6	2.42
4	Lack of Knowledge	8	22	38	12	2.32
5	Difficult to use	6	18	50	6	2.3
6	Language Issue	9	25	35	11	2.4

Source: Primary data

Table 7 shows that most of issues are highly agreed by the internet banking services. The internet banking services are highly agreed on risk and security (2.79) and no human touch (2.52). They are also agreed on computer fatigue (2.42), lack of knowledge (2.32), difficult to use (2.3), language of issue (2.4).

TABLE – 8

AGE AND SATISFACTION ON BANKING SERVICES

S.No	Particular	Age	
		Below 35 years	Above 35 years
1	Accessibility	3	2
2	Reliability	5	5
3	Operates 24 hours a day	1	1
4	Privacy / Security	4	3
5	Efficiency	2	4

Source: Primary data

Spearman's Rank Correlation : $r = 1 - 6 \Sigma D^2 / N (N^2 - 1)$

Value : 0.9

Table 8 shows that there is correlation between the ranks given by the age of below 35 years and above 35 years on their satisfactions towards banking services. Because the spearman's rank correlation coefficient 0.9 lies between -1 to +1. Hence, the two group respondent's opinion is the same.

TABLE – 9

INCOME AND SATISFACTION ON INTERNET BANKING SERVICES

S.No	Particular	Income	
		Below Rs. 60,000	Above Rs. 60,000
1	Accessibility	4	5
2	Reliability	5	4
3	Operates 24 hours a day	1	1
4	Privacy / Security	3	2
5	Efficiency	2	3

Source: Primary data

Spearman's Rank Correlation : $r = 1 - 6 \Sigma D^2 / N (N^2 - 1)$

Value : 0.9

Table 9 shows that there is correlation between the ranks given by the internet banking who are having an annual income of below Rs. 60,000 and above Rs. 60,000 on their satisfaction towards banking services, Because the spearman's rank correlation coefficient 0.9 lies between -1 to +1. Hence, the two group respondent's opinion is the same.

TESTING OF HYPOTHESIS

TABLE – 10

MARITAL STATUS AND PROBLEMS OF THE INTERNET BANKING

Problems / Marital Status	High	Medium	Low	Total
Married	7	31	7	45
Unmarried	8	16	11	35
Total	**15**	**47**	**18**	**80**

Source: Primary data

Chi-square Analysis : $x^2 = \sum \dfrac{(0-E)^2}{E}$

Calculated value : 4.44

Table value : 5.99

Degree of freedom : 2

Level of significance : 5%

  Table 10 states that the null hypothesis is accepted because the calculated value (4.44) is less than the table value (5.99). Therefore, there is no relationship between marital status and problems of the internet banking.

TABLE - 11

EMPLOYEE STATUS AND PROBLEMS OF THE INTERNET BANKING

Problems / Occupation	High	Medium	Low	Total
Non-Government employee	11	35	12	58
Government employee	5	11	6	22
Total	**16**	**46**	**18**	**80**

Source: Primary data

Chi-square Analysis: $x^2 = \sum \dfrac{(0-E)^2}{E}$

Calculated value: 1.39

Table value: 5.99

Degree of freedom: 2

Level of significance: 5%

  Table 11 states that the null hypothesis is accepted because the calculated value (1.39) is less than the table value (5.99). Therefore, there is no relationship between occupation and problems of the internet banking.

VIII. FINDINGS

The findings which are arrived from the analysis on service quality of internet banking are presented below.

★ The respondents of 35% belong to the age group of 25 – 35 years.

★ The respondents of 45% are earning Rs 20,000 – Rs 40,000 per month.

★ Majority 70% of the respondents held their account in public sector bank.

★ The respondents of 39% have preferred the internet banking service of personal bank transaction activity.

★ The respondents of 85% have used availed online banking.

★ The respondents of 67% have not used availed tele-banking.

★ Majority 79% of the respondent have availed mobile banking.

★ The respondents of 63% have used availed electronic fund transfer.

★ The respondents are highly satisfied on operates 24 hours a day (4.63) they also satisfied on efficiency (2.95), privacy/security (2.94), Accessibility(2.95) and Reliability(2.18).

★ The internet banking services are highly agreed on risk and security(2.79), no human touch (2.52) they agreed on computer fatigue(2.42), lack of knowledge(2.32), difficult to use(2.3) and language of issue(2.4).

★ There is correlation between the ranks given by the internet banking who have an age group of below 35 years. On their satisfaction towards banking services. Hence, the two group respondents opinion is the same.

Results of the hypotheses testing:

• There is no relationship between marital status and problems of the internet banking

• There is no relationship between occupation and problems of the internet banking

IX. SUGGESTIONS

• Internet banking facility must be made available in all the banks

• Each section of every bank should be computerized even in rural areas also.

• More ATM coverage should be provided for the convenience of customers.

• No limit on case with drawls on ATM cards.

• The banks should bring out new schemes at time-to-time so that more people can attracted.

• 24 hours banking services should be induced so as to facilitate the customers who may not have a free time in the day time. It will help in facing the competition more effectively.

• The banks should improve the connectivity problems in order to satisfy the internet users.

• The banks should organize awareness program about using the internet bank services.

• The banks should impose additional services for internet bank account holder.

X.CONCLUSION

Information technology has a lot of influence on banking transactions. It ensures quick services with low transaction cost to the customers. Unfortunately the employees and customers off banking organization are not well aware of new technology on account of technophobia. Customers are greatly confused with new concepts of banking. The success of it lead banking depends upon customers awareness. Therefore, the banks should organize and conduct customer's awareness program in their service area. The customers now days are not only exposed of what type of service is being provided by banks in India but in the world as a whole. They expect much more than what is actually being provided.

It can be concluded that both public sector banks and private sector banks lack one or the aspect so that there is no significant difference between overall customers' satisfactions of the banks. Hence, all such banks should aim at satisfying the customers by providing maximum features in their internet banking services.

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