

## Customer Perception towards E-Banking Services-Post Demonetization

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**Abstract:** Electronic banking is the most inventive services offered by the banks. The transformation from traditional banking started from the use of automatic teller machines, ATM, direct bill payment, Electronic Fund Transfer (EFT) and the revolutionary online banking is being accepted by the customers with growing awareness and education. Many people are shifting to e-banking and are readily accepting the usefulness of this option. It allows customers to manage their accounts from any place at any time for minimum cost.

Demonetization changed the economic environment in the country by forcing agents to move from using cash as a medium of exchange to using cash substitute. There are many substitutes for cash in the modern economy ranging from cheques, debit cards, pre-paid cards, credit cards and mobile wallets; one among these is E-banking. E-Banking services are widely accepted which facilitates the customers to conduct wide range of services without any hassle and with minimum cost and efforts.

The research paper focus on the customer's perceptions towards E-Banking services -Post Demonetization. The study revealed that convenience, 24/7 services, low cost, perceived ease of use, trust, effective services plays an important role in usage of E-Banking services

**Keywords:** Customer perception, Time Saving, Cost effective, Inventive and Effective services.

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### I. Introduction

Prime Minister of India, Mr Narendra Modi, took the entire country by surprise when he declared demonetization of INR 500/- (USD 7.69) and INR 1,000/- (USD 15.4) currency on 8th November, 2016. The growth in Bank deposits, which was at a 53 year low at the end of March 2016, has seen a spike ever since the demonetization was announced in India. Although, initially Modi and his government sold this to move as surgical Strike on black money or untaxed wealth the narrative has since shifted to transforming India into a cashless economy.

Last demonetization is done in 1978 where the bank was only way to make all kind transaction but now we are well adapted with technology to support the cash and cashless transaction Government encouraging online banking online shopping is E-wallet, mobile banking, credit and debit cards. The intention behind demonetization was to control the black money under to increase E-transaction in the country. Demonetization is a radical monetary step in which currency units status as a legal tender is declared invalid. This is usually done whenever there is a change of national currency replacing the old unit with a new one. Demonetization of 1978 the government's move to demonetize, even then, was to solve the issue of Black Money, which were quite major issues at the point of time. Compare both demonetization is main difference between then and now is that currency of higher demonetization was barely in circulation online the rupees 500 and 2000 notes today. Due to demonetization E-banking takes a major role. The consumers switch to cashless transactions.

### E-Banking

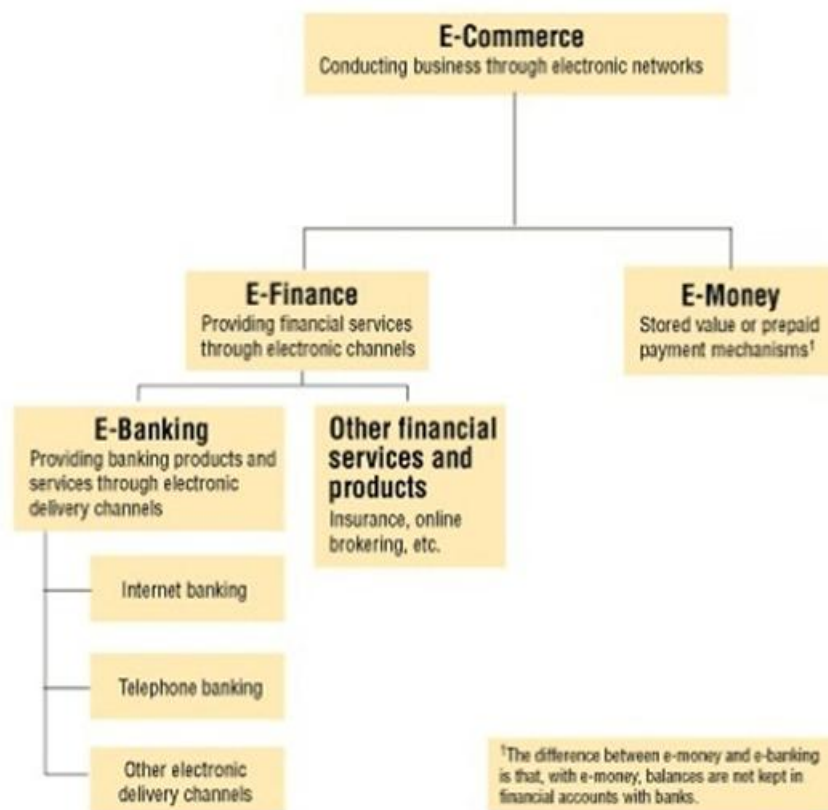
E-banking is the electronic banking that provides the financial service for the individual client by means of Internet. E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic interactive communication channels.

E-banking includes the systems that enable financial institution, customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), kiosk, or Touch Tone telephone.

### E-Banking In Current Scenario:

Electronic banking is one of the truly widespread avatars of e-commerce the world over. Various authors define E-banking differently but the most definition depicting the meaning and features of E-banking are as follows:

1. E-banking is a combination of two, electronic technology and banking.
2. E-banking is a process by which a customer performs banking transactions electronically without visiting brick-and-mortar institutions.
3. E-banking denotes the provision of banking and related service through extensive use of information technology without direct resources to the bank by the customer.



SOURCE: <http://www.imf.org/external/pubs/ft/fandd/2002/09/images/nsoul-c1.gif>

#### **Fuctions Of E-Banking:**

- An Inquiry about the information of account
- Card account's transfer
- Bank-securities accounts transfer
- The transaction of foreign exchange
- The B2C disbursement on net
- Client service
- Account management
- Reporting the loss

#### **Types Of E-Banking Services:**

The Basic Level Service is the bank's web site which disseminates information on different products and services offered to customers and members of public in general. It may receive and reply to customer's queries through email; In the next level are Simple Transactional Web sites which allow customers to submit their instructions, applications for different services, queries in their account balances, etc. but do not permit any fund-based transactions on their accounts; The third level of Internet banking services are offered by Fully Transactional Web sites which allow

- Web-Linking
- Wireless E-banking
- Person-To-Person Payments
- Automated teller machine (ATM)
- Telephone banking
- .Mobile banking.

- Internet banking
- Plastic Cards as Media for Payment
  - Credit Cards
  - Debit Cards
  - Smart Cards
  - ATM Card

#### **Challenges:**

1. Security and privacy risk: a large number of users refuse to adopt e banking facility due to securities privacy risk.
2. Consumer awareness: in India the use does not have on e banking in India still lower awareness.
3. Less Internet connections:-available in Indian context.
4. E banking the main challenge in infrastructure risk in post demonetization.
5. Challenge to E-Banking through social and cultural barriers.

## **II. Literature Review:**

Amitabh Mishra, B R Kumar and Dharam Bir Singh, 2013“A study of Gaps in Service Quality at a leading Private Sector Commercial Bank in Greater Noida”The study concludes that account holders are relatively more dissatisfied with the service quality dimension and suggested the various quality measures. This is useful in determining the weak areas of a bank’s service where immediate steps are necessary thus strengthening the performance of banks.

“A study of Consumer Perception on the use of E- Technology in the Retail Banking Sector: A Comparative Study of Public Sector and Private Sector Banks” Aashish Shashikant Jani, 2012. The key areas of strength, as observed in case of Public Sector Banks are Accessible, Privacy and Demo at the Counter and the areas of significant improvement possible, applies to the following areas Transfer of Funds, Convenience, Timeliness, Cost Effective Services and Network Coverage. On the other hand, key areas of strength in Private Sector Banks are: Bill Payment, Customer Correspondence, E Shopping, Technical Efficient Services, Loan Application, Insurance, Accuracy and Goodwill The area where improvements are required are with reference to Receiving Alerts, Mobile Banking, Online Trading and Advertisement. It is evident that most of the customers prefer e channel with time and cost utility. They are not fully aware about the operational part of e channels. After realizing the potential of e banking, banks will have to change in order to grab the opportunity and to face the challenges posed by technology.

#### **Objectives of the study:**

- ✓ To analyze the awareness of customers towards the e-banking services.
- ✓ To identify the type of E-banking services mostly preferred by customers - post demonetization.

## **III. Research Methodology:**

The primary data is collected by conducting an online survey using *Question pro- an online software*.

#### **Survey Analysis**

In order to understand and examine the awareness and preferences of customers with respect to usage E-banking services a structured questionnaire was executed to 110 respondents out of which 107 only have responded. Collected data was analyzed with the help of SPSS package. Percentages and Chi square test were used for testing the hypothesis. The sample consisted of 39 male and 67 female respondents. The study is undertaken with a hypothesis that there is no relationship between the gender of the respondent and the perceptions with regards to e-banking services. Chi-square test is executed and at 5% level of significance the hypothesis is accepted or rejected

#### **Gender v/s opinion of having a bank account**

From the table below it is clear that 88.7%% of the respondents are availing banking facility and 11.3% of the respondents are not availing banking facilities. Among this majority of them is male.From Chi-Square test value at 5% level of significance, since the value is greater than 05 it is clear that there is a relationship between gender and opinion of having a bank account

**Table 1: Gender v/s opinion of having a bank account**

Gender /opinion	Availing bank facility	Not availing bank facility	Total
Female	34	5	39
%	0.321	0.047	0.368
Male	60	7	67
%	0.566	0.066	0.632
<b>Total</b>	94	12	106
%	0.887	0.113	1
<b>Chi – square Test: .710</b>			

Source: Primary Data

**Gender v/s awareness of e banking services**

From the table below it is clear that 91.3% of the respondents are availing E-banking facility and 8.7% of the respondents are not availing e-banking facilities. From Chi-Square test value at 5% level of significance, since the value is greater than 05 it is clear that there is a relationship between gender and opinion of having a bank account

**Table 2: Gender v/s awareness of e banking services**

Gender /opinion	Availing E-bank facility	Not availing E-bank facility	Total
Female	37	1	38
%	35.60%	1.00%	36.50%
Male	58	8	66
%	55.80%	7.70%	63.50%
<b>Total</b>	95	9	104
%	91.30%	8.70%	100.00%
<b>Chi – square Test: .097</b>			

Source: Primary Data

**Gender v/s E banking services used post demonetization**

From the analysis it is clear that 59% of the respondents are using e-banking services after post demonetization and more than half of them are using ATM facilities and have stated that e-banking is essential as a delivery system. Interestingly we find more of female respondents using ATMs. From Chi-Square test value at 5% level of significance, since the value is less than .05 it is clear that there is relationship between gender and the e banking services.

**Table 3: Gender v/s E banking services used post demonetization.**

Gender /opinion	ATM	INTERNET BANKING	MOBILE BANKING	DEBIT Cards	Total
Male	18	11	5	3	37
%	17.30%	10.60%	4.80%	2.90%	35.60%
Female	44	12	5	6	67
%	42.30%	11.50%	4.80%	5.80%	64.40%
<b>Total</b>	62	23	10	9	104
%	59.60%	22.10%	9.60%	8.70%	100.00%
<b>Chi – square Test: .309</b>					

Source: Primary Data

**Age v/s Opinion of having a bank account**

From the table below it is clear that 85.5% of the respondents belong to 18-30 age group availing banking facility and among which 8.5% of the respondents are not availing banking facilities. From Chi-Square test value at 5% level of significance, since the value is greater than 05 it is clear that there is a relationship between age and availing bank facility

**Table 4: Age v/s Opinion of having a bank account**

Age /opinion	Availing bank facility	Not availing bank facility	Total
18-30	82	9	91
%	77.40%	8.50%	85.80%
31-40	7	2	9
%	6.60%	1.90%	8.50%
41-50	2	0	2

%	1.90%	0.00%	1.90%
<b>51-60</b>	3	1	4
%	2.80%	0.90%	3.80%
<b>Total</b>	94	12	106
%	88.70%	11.30%	100.00%
<b>Chi – square Test: .522</b>			

Source: Primary Data

**Age v/s Awareness of E banking services**

From the table below it is clear that 85.6% of the respondents are availing E-banking facility and 8.5% of the respondents are not availing e-banking facilities. From Chi-Square test value at 5% level of significance, since the value is greater than 05 it is clear that there is a relationship between age and e banking facility post demonetization.

**Table5: Age v/s Awareness of E- banking services**

Age /opinion	Availing E-bank facility	Not availing E-banking facility	Total
<b>18-30</b>	80	9	89
%	76.90%	8.70%	85.60%
<b>31-40</b>	9	0	9
%	8.70%	0.00%	8.70%
<b>41-50</b>	2	0	2
%	1.90%	0.00%	1.90%
<b>51-60</b>	4	0	4
%	3.80%	0.00%	3.80%
<b>Total</b>	95	9	104
%	91.30%	8.70%	100.00%
<b>Chi – square Test: .646</b>			

Source: Primary Data

**Age v/s E-banking services used**

From the analysis it is clear that 85.6% of the respondents are using ATM facility as the most preferred channel among the available e-banking services after post demonetization . Interestingly we find more of age group 18-30 are the most active as compared to the others . From Chi-Square test value at 5% level of significance, since the value is greater than .05 it is clear that there is a relationship between age and banking services used.

**Table 6: Age v/s E-banking services used**

Age /opinion	ATM	INTERNET BANKING	MOBILE BANKING	DEBIT Cards	Total
<b>18-30</b>	52	20	8	9	89
%	50.00%	19.20%	7.70%	8.70%	85.60%
<b>31-40</b>	5	3	1	0	9
%	4.80%	2.90%	1.00%	0.00%	8.70%
<b>41-50</b>	2	0	0	0	2
%	1.90%	0.00%	0.00%	0.00%	1.90%
<b>51-60</b>	3	0	1	0	4
%	2.90%	0.00%	1.00%	0.00%	3.80%
<b>Total</b>	62	23	10	9	104
%	59.60%	22.10%	9.60%	8.70%	100.00%
<b>Chi – square Test: .803</b>					

Source: Primary Data

**Income v/s opinion of having a bank account**

From the table below it is clear that 61.5% of the respondents are availing banking facility and 11.3% of the respondents are not availing banking facilities. Among this majority of them are from 401000 -500000 income group .From Chi-Square test value at 5% level of significance, since the value is less than 05 it is clear that there is norelationship between gender and opinion of having a bank account

**Table 7: Income v/s opinion of having a bank account**

Income/Opinion	Availing bank facility	Not Availing bank facility	Total
Less than 100000	3	0	3
%	2.90%	0.00%	2.90%
100000– 200000	22	0	22
%	21.20%	0.00%	21.20%
2,010000-300000	8	0	8
%	7.70%	0.00%	7.70%
3,01,000-4,00000	2	0	2
%	1.90%	0.00%	1.90%
4,01000-5,00,000	52	12	64
%	50.00%	11.50%	61.50%
More than 5,00,000	5	0	5
%	4.80%	0.00%	4.80%
Total	92	12	104
%	88.50%	11.50%	100.00%

Chi – square Test: .132

Source: Primary Data

**Income v/s awareness of E- banking services**

From the table below it is clear that 62.1% of the respondents are availing banking facility and 2.9% of the respondents are not availing banking facilities. Among this majority of them are from 401000 -500000 income group .From Chi-Square test value at 5% level of significance, since the value is greater than 05 it is clear that there is relationship between gender and opinion of having a bank account.

**Table8 : Income v/s awareness of E-banking services**

Income /opinion	Availing E-bank facility	Not availing E-banking facility	Total
Less than 100000	3	0	3
%	2.90%	0.00%	2.90%
100000– 200000	20	1	21
%	19.40%	1.00%	20.40%
2,010000-300000	8	0	8
%	7.80%	0.00%	7.80%
3,01,000-4,00000	2	0	2
%	1.90%	0.00%	1.90%
4,01000-5,00,000	56	8	64
%	54.40%	7.80%	62.10%
More than 5,00,000	5	0	5
%	4.90%	0.00%	4.90%
Total	94	9	103
%	91.30%	8.70%	100.00%

Chi – square Test: 658

Source: Primary Data

**Income v/s E-banking services used**

From the table below it is clear that 62.7% of the respondents are availing banking facility and 2.9 % of the respondents are not availing banking facilities. Among this majority of them are from 401000 -500000 income group .From Chi-Square test value at 5% level of significance, since the value is greater than 05 it is clear that there is relationship between gender and opinion of having a bank account.

**Table 9: Income v/s E-banking services used**

Income/opinion	ATM	Internet Banking	Mobile Banking	Debit Cards	Total
Less than 100000	0	1	0	2	3
%	0.00%	1.00%	0.00%	2.00%	2.90%
100000– 200000	16	4	2	1	23
%	15.70%	3.90%	2.00%	1.00%	22.50%
2,010000-300000	6	2	0	0	8
%	5.90%	2.00%	0.00%	0.00%	7.80%
3,01,000-4,00000	1	1	0	0	2
%	1.00%	1.00%	0.00%	0.00%	2.00%
4,01000-5,00,000	36	15	8	5	64
%	35.30%	14.70%	7.80%	4.90%	62.70%
More than 5,00,000	2	0	0	0	2
%	2.00%	0.00%	8	5	64

Total	61	23	10	7.80%	4.90%
%	59.80%	22.50%	9.80%	2	1
Chi – square Test: .128					

Source: Primary Data

#### IV. Suggestions

There is an urgent need to create awareness and follow E-banking services post demonetization, in today's business world of innovative technologies so as to keep the nation in line of global competencies. As initially, these commitments will cause a huge financial burden for Indian banks. For effective adoption of E-banking, the RBI and the Indian government should play major role and formulate policy guidelines and financial incentive. Some suggestions for the banks to encourage E-banking are:

- ✓ Communicate through press
- ✓ Construct websites and spread the news
- ✓ Impart education through E-learning programmers
- ✓ Training and development of relevant skills among bank employees

#### V. Conclusion:

Internet banking brings convenient way of conducting E-banking services. To develop the ability to use E-banking services in post demonetization, infrastructure should be developed and at the same time initiatives to be taken for educating the illiterate people since, they are facing problem in using E-banking services. If banks overcome such difficulties and make the banking transactions effective, this will increase internet user's base in India. Initiative taken by government Agencies will benefit to make the India developed in future and reaches high success rates through co-ordination. This will benefit to Nation and its going towards digital economy which may bring the transparency in the system.

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