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Inconvenience in E-Banking: An Empirical Study in Tirupati, A.P.

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Abstract

Information Technology (IT) revolution has ushered a new era for the Indian Banking industry, almost all the banks are using e-delivery channels and they are attracting the customers through the Information Technology. Where this technology is cost effective time saving and also attracting the young and potential customers. The gap is widening among various bank groups i.e. public and private banks in Indian Banking industry. The results reveal that the sample respondents are facing inconvenience through ATM on different aspects. 80.8 % of the sample respondents faced inconvenience with ATM without cash, where as 76.7 % felt problem with ATM out of function. 62.5 % sample respondents stated that the ATM is over crowded and 61.7 % mentioned that they have not received paper statement while transacting with ATM. It is evident from the analysis that the highly educated sample respondents are facing less inconvenience with ATMs when compared to the other educational groups. Even though, the ATMs are regularly using by customers, inconveniences are also regular in ATM services and there is an urgent need to resolve the issues by giving top priority by the banks to provide better customer service. It is suggested to provide more Cash Deposit Machines (CDM) with dual function of deposit and withdraw of cash. The banks should take care of loading CDMs with in time and they should attend to the customer's queries promptly.

Keywords: CDM, ATMs, PSBs, IT.

Introduction

Information Technology (IT) revolution has ushered a new era for the Indian Banking industry, almost all the banks are using e-delivery channels and they are attracting the customers through the Information Technology. E-banking channels are cost effective and time saving and also attracting the young and potential customers. The gap is widening among various bank groups i.e. public and private banks in Indian Banking industry. A survey was conducted in Tirupati town during December 2014 to April 2015 by the researcher in Andhra Pradesh regarding the perceptions of customers on e-banking in general and the inconvenience in ATM services in particular and analysed in this paper. (Kaura, 2013).

Objectives

- To evaluate the perceptions of customers in Tirupati town on e-banking provided by public and private sector banks
- To analyse the customers inconvenience in ATM services provided by public and private sector banks
- To give suggestions for providing better customer service through e-channels.

Banking Profile in Tirupati

There are 24 Public Sector Banks (PSBs) and 13 private sector banks are having branches in Tirupati. Almost all the PSBs in the district are having their significance with branch network in Tirupati (District Annual Credit Plan, 2014). There are 75 branches of PSBs are functioning in Tirupati. Among these PSBs, Andhra Bank and State Bank of India (SBI) are having more number of branches with 16 and 13 respectively. SBH the associate bank of SBI is also having a large number of branches in Tirupati. The newly formed public sector bank i.e. IDBI is also has its branch in Tirupati, whereas Bharatiya Mahila Bank (BMB) which included in PSBs has no branch in Tirupati. There are 13 private sector banks have their operations in Tirupati. Among these, HDFC bank, ICICI bank and Karur Vysya bank are functioning with 2 branches each whereas the other private sector banks are performing with single branch in Tirupati (Kaura, 2013; DACP, 2014).

Branches and ATMs of select Commercial Banks in Tirupati

Two Public Sector Banks and two private sector banks are selected for the study in Tirupati of Chittoor district, Andhra Pradesh. It is purposively selected the private and public sector banks to compare the e-banking inconvenience in services providing by them. The branch network and ATMs of select commercial banks is presented in Table 1.

Table 1: Branch Network and ATMs of select Commercial Banks in Tirupati

Name of the Bank	No. of Branches	No. of ATMs
State Bank of India (SBI)	13	16
Andhra Bank (AB)	16	10
ICICI Bank	2	08
HDFC Bank	2	06

Source: Compiled from Annual Credit Plan 2014 – 2015, Chittoor district

The above Table 1 is clearly explained that Andhra Bank and SBI in public sector are having more number of branches and ATMs in Tirupati and in private sector ICICI and HDFC banks are purposively selected to compare the e-banking inconvenience in services providing by both public and private sector banks. SBI is having 13 branches and 16 ATMs (including cash deposit machines), Andhra Bank has 16 branches with 10 ATMs in Tirupati where as in private sector ICICI Bank has 2 branches with 8 ATMs and HDFC bank has 2 branches with 6 ATMs.

Methodology

The study was restricted to Tirupati town, Chittoor district, A.P, with reference to four banks such as SBI, Andhra Bank, ICICI Bank and HDFC Bank and the customers of these banks were interviewed with well-structured schedule. The select banks belong to two groups i.e. public and private sector banks, they are purposively selected for comparative study. The sample size of the study is 120 (30 from each bank) respondents based on the simple random technique. To understand the customer's perceptions a structured schedule is designed to collect primary data from them.

Findings of the Study

The various findings of the sample study with regard to e-banking inconvenience in services and perceptions of customers on ATMs inconvenience have been presented and analysed in the following tables.

Inconveniences with ATMs

The Inconvenience with e-channel, ATM is presented in Table 2. The results reveal that the sample respondents are facing inconvenience through ATM on different aspects. 80.8 % of the sample respondents faced inconvenience with ATM without cash, where as 76.7 % felt problem with ATM out of function.

62.5 % sample respondents stated that the ATM is over crowded and 61.7 % mentioned that they have not received paper statement while transacting with ATM. Only 19.2 %

of the sample respondents have expressed wrong debits with ATM and 50.8 % stated that the ATMs are located at faraway places. 44.2 % of the sample respondents mentioned that there are some technical problems while inserting ATM card into the machine and 35 % have expressed inconvenience while entering PIN on the keyboard.

Table 2: Inconvenience with E-Channel –ATM

Inconvenience with ATM	Frequency	Per cent
No cash	97	80.8
Out of function	92	76.7
Over crowded	75	62.5
Wrong debits	23	19.2
No paper statement	74	61.7
Pin enter keyboard problem	42	35.0
Non availability of nearest ATMs	61	50.8
Card entering issues	53	44.2
Total	120	100.0

Source: Compiled from sample data

Relationship between the Education and Inconvenience with ATMs

Table 3 depicts the relationship between education and inconvenience with ATMs faced by the customers. The education is categorized into three groups viz., up to intermediate, graduation and post-graduation.

It is evident from the above analysis that 47.6 % of the customers who studied up to intermediate, 43.6 % of customers with graduation and 45.5 % of post graduates expressed high level of inconvenience with ATMs. It is evident from the analysis that the highly educated sample respondents are facing less inconvenience with ATMs when compared to the other educational groups. But from the calculated Chi square value, it is concluded that there is no much variation between different Educational groups and the levels of inconvenience with ATMs faced by the sample respondents.

Relationship between the Banks and inconvenience with ATMs

The bank wise inconvenience with ATMs is displayed in Table 4 and in Figure 1. From the Chi square value, it is concluded that the inconvenience with ATMs both in public and private sector banks is significant.

Table 3: Inconvenience with ATMs – Education Wise

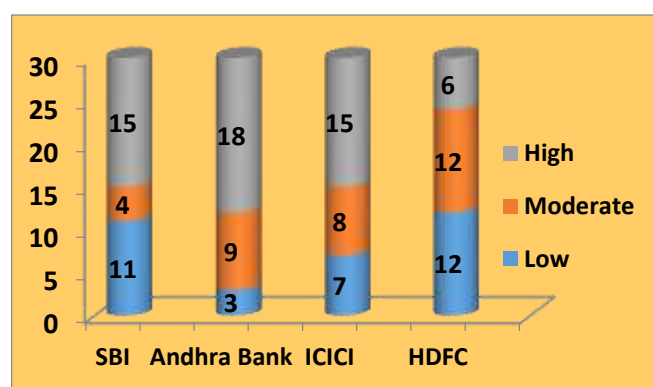
Chi-square value	p-value	Inconvenience with ATMs			Total
		Low	Moderate	High	
5.304	0.257				
Education	Up to Intermediate	2	9	10	21
		9.5%	42.9%	47.6%	100.0%
	Graduation	17	14	24	55
		30.9%	25.5%	43.6%	100.0%
	Post-Graduation	14	10	20	44
		31.8%	22.7%	45.5%	100.0%
Total		33	33	54	120
		27.5%	27.5%	45.0%	100.0%

Source: Compiled from sample data

Table 4: Inconvenience with ATMs – Banks Wise

Chi-square value	p-value	Inconvenience with ATMs			Total
		Low	Moderate	High	
16.121*	0.013				
Name of the Bank	SBI	11	4	15	30
		36.7%	13.3%	50.0%	100.0%
	Andhra Bank	3	9	18	30
		10.0%	30.0%	60.0%	100.0%
	ICICI	7	8	15	30
		23.3%	26.7%	50.0%	100.0%
	HDFC	12	12	6	30
		40.0%	40.0%	20.0%	100.0%
Total		33	33	54	120
		27.5%	27.5%	45.0%	100.0%

Source: Compiled from sample data *Chi-square value is significant at 5 % level

**Fig 1:** Inconvenience with ATMs

The inconvenience with ATMs is low in HDFC Bank with 40 % where as it is high in Andhra Bank with 60 %. The Table reveals that there is a less inconvenience in private sector ATMs like HDFC Bank and in public sector SBI when compared to other public and private sector banks like Andhra Bank and ICICI Bank ATMs.

Discussions

E-banking facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking service considerably (Uppal, 2010). It has been pointed out that e-banking has posed several challenges to the regulators and supervisors (RBI Reports, 2014).

E-banking makes easier for customers in their transactions and services (Vijayakumar, 2010). He stated that customers can access services more easily for banks through wireless communication system.

The present empirical study also reveals that the e-banking makes customers transactions with greater speed and accuracy. But some of the inconveniences in e-banking services (ATMs) caused to dissatisfaction among customers. These inconveniences should be arrested by taking little bit precautions by the bankers.

Conclusion & Suggestions

Today technology is a key facilitator in strategic implementation and also shapes organisational structure. The thrust of the banks are towards offering e- banking services at the customer's doorsteps or at the click of a mouse. Automated Teller Machines (ATMs), Internet banking, Mobile Banking and new upcoming electronic banking channels have become important vehicles of offering banking services. In India, the ATMs, no doubt, have become pervasive while popularity and usage of Internet banking and Mobile Banking in particular are yet to achieve the desired levels in spite of their being cost effective in nature. Even though, the ATMs are regularly using by customers, inconveniences are also regular in ATM services and there is an urgent need to resolve the issues by giving top priority by the banks to provide better customer service. It is suggested to provide more Cash Deposit Machines (CDM) with dual function of deposit and withdraw of cash. The banks should take care of loading

CDMs with in time and they should attend to the customer's queries promptly.

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