

Customers' Perception and Preference towards Online Banking Services during the COVID-19 Pandemic Period in Erode District

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Abstract

Banking is the blood of every economy that flows through all the sectors. A well structured banking sector plays a vital role in the development of the nation. The technological revolution has added to the penetration of banking sector into all the sectors of the economy. The entire banking system underwent a tremendous change after the invention of computer, internet and smart phone. Nowadays, all the banking services are done by internet through smart phone, the third palm of every human being. This study has made an attempt to analyse the customers' perception and preference towards online banking services during the COVID-19 pandemic period with special reference to Erode District. The data has been collected from 250 sample respondents by adopting convenience sampling technique. The statistical tools like Percentage analysis and Henry Garrett Ranking technique are used. The study found that most of the respondents are satisfied with online banking services and the most important problem faced by them is delay in refunding the amount.

Keywords: Banking, COVID-19, Online Banking and Pandemic

1. Introduction

The evolution of online banking started in the early 1980s. The internet banking started its remarkable journey in India during the year 1998 and it was initiated by ICICI bank. Since its inception, the internet banking in India took more than a decade to reach many customers. Less number of internet users, high cost of the software, coverage of the internet and banking literacy stunted the growth of the internet banking in India. The increasing number of smart phone users and user friendly banking apps triggered the rapid growth of online banking users in India. Further, the Corona or COVID-19 is the new word which reached to all the people around the world irrespective of the country and the language. It changed the entire world in all dimensions and this pandemic

caused heavy economic downturn. The curfew and restrictions on the major activities of movement of people made millions of people to switch over towards online banking and third party payment systems like Unified Payment Interface (UPI). Most of the people relied upon online banking services during this pandemic. Without online banking services, the people might face very serious trouble than they have faced. The financial goals of common people and country have now changed, and they may consider switching of their primary bank activity to cope up with online banking services.

2 Review of Literature

Qureshi T.M. *et al.*,¹ evaluated the customer acceptance of online banking. The study concluded that majority

of the customers had accepted online banking culture because of favourable factors and usefulness, security and privacy. Dhananjay B, and Suresh Chandra B,² expressed that retail electronic payment system had progressed in the recent years. The creation of NPCI (National Payments Corporation of India) had set the stage for the development of electronic payments which grew from 1% to 3%. Mukhopadhyay³ in his study of benefits from cashless society found that as more payments were directly credited to the account, cashless payments increased significantly. Tammana Muzawar⁴ made an attempt to study the impact of COVID-19 on mobile banking services in the state of Goa and revealed that mobile banking services like Google pay, Paytm and Phone pay applications were mostly used by the mobile banking customers. The digitalization of banking system had led to a strong foundation of economy and made the country be ready to become cashless economy in order to transform the Indian banking industry.

3. Objectives of the Study

The main objectives of the study are:

- To know the perception of respondents towards the usage of e-banking services.
- To find the preference in using online banking services.
- To ascertain the level of satisfaction and problems faced by the respondents while using online banking services.

4. Research Methodology

The study is an empirical research based on survey method. It is confined to the Erode District of Tamil Nadu and it has been purposively chosen for the study. The data are collected from 250 sample respondents who are having accounts in various banks in Erode District and are using online banking services for more than one year. The respondents are selected by adopting convenience sampling technique. The study includes only primary data that have been collected through a well structured and non-disguised questionnaire. The collected primary data are analysed with the statistical tools such as Percentage analysis, Mean, Sum and Garrett Ranking Analysis.

5. Results and Discussions

5.1 Profile of the Respondents based on Banking Activity

5.1.1 Type of Bank Account

There are four types of bank accounts normally used by the customers namely Savings Bank Account, Current Account, Recurring Deposit and Term Deposit Account. The Table 1 represents the type of bank account held by the respondents.

It is clear from Table 1 that majority (84%) of the sample respondents are holding only savings bank account, 6% of the sample respondents are holding only current account and savings bank account and current account together

Table 1. Type of Bank Account

Type of Bank Account	No. of Respondents	Percentage
Savings Bank a/c Only	210	84
Current a/c Only	15	6
Savings Bank a/c and Current a/c	15	6
Savings Bank a/c and RD/Term Deposit	10	4
Total	250	100

Source: Primary Data

and the remaining 4% of the respondents are holding savings bank account, recurring deposit and term deposit account.

5.1.2 Number of Active Bank Accounts

The Table 2 shows the number of respondents holding active bank accounts

The Table 2 exhibits that majority (51.2%) of the respondents are holding bank account in one bank followed by 29.2% respondents holding bank account in two banks, 14.8% of the respondents are holding active bank accounts in three banks and 4.8% of the respondents are holding active bank account with four banks.

5.1.3 Bank in which Accounts are Operated

The Table 3 gives the name of the bank in which the respondents are operating their bank account.

It is evident from Table 3 that the State Bank of India, Canara Bank, Indian Overseas Bank and Indian Bank are the dominants in the market share where the sample respondents are holding their bank account with the percentages of 32, 26, 20.8 and 20.4 respectively. The Karur Vysya Bank and ICICI Bank are the leading private players where more than 10% of the respondents are having their bank account.

Table 2. Active bank accounts

No. of Bank Accounts	No. of Respondents	Percentage
One	128	51.2
Two	73	29.2
Three	37	14.8
Four	12	4.8
Total	250	100.0

Table 3. Bank in which the respondents operate the account

S. No.	Bank Name	No. of Respondents	Percentage
1	Axis Bank	17	6.8
2	Bank of Baroda	20	8
3	Bank of India	15	6
4	Canara Bank	65	26
5	City Union Bank	10	4
6	Federal Bank	6	2.4
7	HDFC Bank	17	6.8

8	ICICI Bank	28	11.2
9	IDBI Bank	8	3.2
10	Indian Bank	51	20.4
11	Indian Overseas bank	52	20.8
12	KVB	35	14
13	Punjab National Bank	7	2.8
14	State Bank of India	80	32
15	Tamilnad Mercantile Bank	6	2.4
16	UCO Bank	5	2
17	Union Bank of India	10	4
18	Others	6	2.4

Source: Primary Data

5.1.4 Usage of Unified Payments Interface (UPI)

Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank) by merging many banking features, perfectly consistent fund routing and merchant payments into one cover. It caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience. It enables easy money transfer through mobile device immediately on all the

hours and days throughout the year. A single mobile application helps in accessing different bank accounts and its easy operation method creates familiarity among various bank customers in the recent days⁵. The Table 4 reveals the usage of UPI by the respondents.

The Table 4 clearly states that majority (64.8%) of the respondents are using Unified Payments Interface and the remaining 35.2% of the respondents are not using any UPI services.

Table 4. Usage of UPI

Usage of UPI	No. of Respondents	Percentage
Yes	162	64.8
No	88	35.2
Total	250	100.0

Source: Primary Data

5.1.5 Name of UPI Services Used

From the Table 5, it can be inferred that a maximum of 46.9% of the respondents are using GPay (Google Pay), followed by BHIM (Bharat Interface for Money), Paytm, PhonePe, SBI pay, iMobile, Axis pay, MobiWik and BoB UPI.

5.2 Perception towards the Usage of e-Banking Services

In the tech savvy environment, the banking customers feel safe and convenient to use online banking services amidst the strange experiences which lead to some kind of

Table 5. Name of UPI services used

S. No.	Name of the UPI	No. of Respondents	Percentage
1	Axis Pay	13	8.0
2	BHIM	48	29.6
3	BoB UPI	12	7.4
4	GPay	76	46.9
5	iMobile	16	9.9
6	MobiKwik	13	8.0
7	Paytm	45	27.8
8	PhonePe	38	23.5
9	SBI Pay	29	17.9

Source: Primary Data

Table 6. Perception towards the usage of e-Banking services

Factors	SA	A	N	DA	SDA	Total
Safety and Convenience	175 (70)	56 (22.4)	9 (3.6)	5 (2)	5 (2)	250 (100)
Speedy Services	140 (56)	70 (28)	29 (11.6)	6 (2.4)	5 (2)	250 (100)
24 x 7 Services (No Time Barrier)	136 (54.4)	85 (34)	24 (9.6)	5 (2)	0 (0)	250 (100)
Non Availability of ATM	127 (50.8)	68 (27.2)	20 (8)	15 (6)	20 (8)	250 (100)
Prefer to use digital money	119 (47.6)	106 (42.4)	20 (8)	5 (2)	0 (0)	250 (100)
For availing offers	61 (24.4)	85 (34)	64 (25.6)	20 (8)	20 (8)	250 (100)
Non accessibility of bank	51 (20.4)	69 (27.6)	73 (29.2)	42 (16.8)	15 (6)	250 (100)

Source: Primary Data (SA – Strongly Agree, A- Agree, N- Neutral, DA – Dis Agree, SDA – Strongly Dis Agree)

Figures in Parantheses are Percentages.

issues rarely. It is a novel technology and grows rapidly by rectifying any complaints frequently. The Table 6 presents the perception of the respondents towards the usage of various e- banking services.

The Table 6 states the perception of the respondents towards the usage of e-banking services during COVID-19 pandemic. The safety and convenience is the first priority towards the use of e-banking services during this pandemic and it was strongly agreed by majority (70%) of the respondents. The speedy services (56%) is the primary feature of e-banking and it is the second strongly agreed factor by the respondents followed with 24x7 services (54.4%), non-availability of ATM services (50.8%), prefer to use digital money (47.6%). The maximum (34%) respondents agree for availing offers and 29.2% of the respondents are neutral towards non accessibility of bank.

5.3 Preference in Using Online Banking Services

The respondents make use of online banking services for varied purposes. The preference in using online banking services by the respondents is ranked by employing Henry Garrett Ranking analysis and the findings are shown in Table 7.

The Table 7 depicts the preference of respondents in using online banking services. The results revealed that personal fund transfer is the primary and major utilised online banking feature and it was ranked first by 156 respondents with a mean score of 64.16 followed by online purchases (54.93), business fund transfers, bill settlements, etc. (50.29), store purchases/hotel payments (45.62), recharge of mobile/fast tag or payment of EB bills

Table 7. Purpose of using online banking services

Rank		1	2	3	4	5	6	Total Score	Mean Score	Rank
Purpose Weight	X	77	63	54	46	37	23			
Personal Fund Transfer	F	156	28	4	13	23	26	16039	64.16	1
	FX	12012	1764	216	598	851	598			
Business Fund Transfers, Bill Settlements, etc	F	14	96	35	21	47	37	12572	50.29	3
	FX	1078	6048	1890	966	1739	851			
Online Purchases	F	16	66	98	59	6	5	13733	54.93	2
	FX	1232	4158	5292	2714	222	115			
Recharge of Mobile/ Fast Tag or Payment of EB Bills and other household Bills	F	4	21	39	92	42	52	10719	42.88	5
	FX	308	1323	2106	4232	1554	1196			
Store Purchases / Hotel Payments	F	33	14	38	38	90	37	11404	45.62	4
	FX	2541	882	2052	1748	3330	851			
Payment of School/ College/Course Fees	F	27	25	36	27	42	93	10533	42.13	6
	FX	2079	1575	1944	1242	1554	2139			

Source: Computed

and other household bills (42.88) and payment of school/college/course fees (42.13).

5.4 Level of Satisfaction while Using Online Banking Services

To measure the satisfaction level of respondents on the usage of online banking services, various factors like speed of transaction, security levels, reliability, 24 x 7 service, convenience, bank support, easy operation and user friendliness have been evaluated with the respondents. The Table 8 shows the overall satisfaction level of the respondents in the usage of online banking services.

It is inferred from the Table 8 that majority (50.8%) of the respondents are highly satisfied with the usage of online banking services while 38.8% of the respondents are moderately satisfied and the rest (10.4%) of the respondents are less satisfied. It can be concluded that most of the online banking customers are highly satisfied with online banking services.

5.2 Problems Faced by the Respondents while Using Online Banking Services

In the usage of online banking services, the possibility of error is quite common as the bank server and user devices are located very far and connected through numerous mediums and layers. There are many problems faced by the respondents in this aspect. The Table 9 depicts the problems faced in using online banking services.

The Table 9 states that majority (56%) of the respondents have not faced any problem in the usage of online banking services and the remaining 44% of the respondents encountered problems while using online banking services.

The Table 10 gives the details of the bank in which the respondents face the problem in using online banking services.

It is clear from the Table 10 that the customers of State Bank of India (18.2%) faced more problems followed by the customers of Indian Bank (12.7%), Google Pay

Table 8. Satisfaction level towards the usage of online banking services

Level of Satisfaction	No. of Respondents	Percentage
High	127	50.8
Moderate	97	38.8
Low	26	10.4
Total	250	100.0

Source: Computed

Table 9. Problems faced in using online banking services

Problems Faced	No. of Respondents	Percentage
Yes	110	44
No	140	56
Total	250	100

Source: Computed

Table 10. Bank/UPI in which problems are faced

S. No.	Name of the Bank/UPI	No. of Respondents	Percentage
1	Axis Bank	4	3.6
2	Bank of Baroda	5	4.5
3	BHIM	7	6.4
4	Bank of India	4	3.6
5	Canara Bank	8	7.3
6	GPay	14	12.7
7	IDBI Bank	3	2.7
8	Indian Bank	14	12.7
9	KVB	6	5.5
10	Paytm	12	10.9
11	PhonePe	13	11.8
12	State Bank of India	20	18.2
	Total	110	100.0

Source: Primary Data

(12.7%), PhonePe (11.8%), Paytm (10.9%), Canara Bank (7.3%), BHIM app (6.4%), KVB (5.5%), Bank of Baroda (4.5%), Axis Bank (3.6%), Bank of India (3.6%) and IDBI bank (2.7%).

5.6 Nature of Problems Faced while using Online Banking Services

The nature of problems faced by the respondents while using online banking services is shown in Table 11.

Table 11. Problems faced by the respondents while using online banking services

Problems Faced	VH	H	M	L	VL	Total
Complicated Steps	18(16.4)	16(14.5)	23(20.9)	11(10)	42(38.2)	110(100)
Slow in Operation	6(5.5)	19(17.3)	26(23.6)	25(22.7)	34(30.9)	110(100)
Less Security	14(12.7)	22(20)	32(29.1)	26(23.6)	16(14.5)	110(100)
Transaction Failures	24(21.8)	31(28.2)	11(10)	32(29.1)	12(10.9)	110(100)
Non Availability in All Places	22(20)	43(39.1)	23(20.9)	18(16.4)	4(3.6)	110(100)
Delay in Refunding	37(33.6)	42(38.2)	6(5.5)	11(10)	14(12.7)	110(100)
Poor Customer Care Support	35(31.8)	30(27.3)	9(8.2)	14(12.7)	22(20)	110(100)

Source: Primary Data VH- Very High, H- High, M- Moderate, L – Low, VL – Very Low

Figures in Parantheses are Percentages.

The Table 11 explains that 31.8% of the respondents have faced poor customer care support as the very highest problem followed by non availability in all places (39.1%) and delay in refunding in case of transaction failure (38.2%) as the highest problem and less security (29.1%) as the moderate level problem.

6. Suggestions

The COVID-19 curfew has made the people to stay in their home itself for longer period and increased their usage of online banking services. The spread of the acceptability of digital cash encouraged the people to use it everywhere. Based on the findings of the study, it is suggested to the banks,

- To improve the technology for better serving towards easy steps of operations, increased security, zero transaction failures and fast refunding process.
- To take adequate steps to enhance customer care support which will increase the satisfaction level of the customers?
- To give more awareness to the people through social media regarding the various apps available and its usage.

7. Conclusion

In any economy, the banking system is considered to be its backbone. With the development of banking sector, the country can have consistent economic growth. The present study has focused on analysing the customers' perception and preference towards the usage of online banking services during COVID-19 pandemic period. During COVID-19 breakout, people are in a situation to maintain social distancing and less prone to crowded

areas. In this scenario, the advancement in technology enables the banking customers to make use of online banking services at a wider manner. The study revealed that most of the respondents are using online banking services particularly transaction with savings bank account. Further, they are comfortable with Gpay services than other UPI services. The most important problem faced by many respondents is that such UPI services are not available at all places and there exist delay in refunding in case of transaction failure. The suggestions that are given based on the findings of the study would enable the banking sector to satisfy the needs of their customers. These recommendations would enhance the perception level of banking customers towards online banking services which is the need of the hour during this prolonged pandemic situation.

8. References

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