

PROBLEMS FACED BY THE CUSTOMERS IN ONLINE BANKING SERVICES OFFERED BY COMMERCIAL BANKS – A STUDY WITH SPECIAL REFERENCE TO TIRUNELVELI DISTRICT

Abstract

In India, online banking has become a crucial component of the banking system. Internet banking usage has increased but hasn't yet expanded widely enough, according to a Boston Consulting Group study on Indian digital banking. Banks have historically leveraged electronic and telecommunications networks to provide a range of value-added goods and services. Because it eliminates barriers caused by geography, time zones, and locations, the internet promises to significantly cut communications costs, which has had a significant impact on how banks deliver their services. In this study an attempt has been made by the researcher to study the problems faced by the customers in availing online banking services offered by the commercial banks in Tirunelveli district. The primary data was collected with the help of field investigation by framing a well-structured questionnaire which was distributed among 50 sample respondents in Tirunelveli district. The researcher has used statistical tools such as Percentage analysis and garret ranking for analysing the data. The problems such as obsolete technology, technical bottlenecks, security issues, server issues, etc., were identified by the researcher to be the important problems faced by the respondents while availing online banking services.

Keywords: Online Banking Services, Commercial Banks, Tirunelveli District, Banking System, Electronic and Telecommunications Networks.

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I. INTRODUCTION

By making deliberate efforts, the banking system may contribute significantly to the economy's quick expansion. Banks now need fewer employees to operate their business and can increase productivity and profitability because of the banking industry's use of self-service electronic channels in an increasing number of customer-facing sectors. It also took the initiative to implement information technology in the banking industry. Electronic and telecommunications networks have been used by banks for a very long time to supply a variety of value-added goods and services. The internet has had a big impact on banks' delivery methods because it promises to drastically reduce communications costs by removing barriers brought on by geography, time zones, and locations. Customers can access retail banking services via electronic delivery channels every day of the week, around-the-clock. The three main electronic channels for banking services are automated teller machines, telephone/mobile banking, and online banking. In this research article the researcher has attempted to study the problems faced by the customers in availing online banking services offered by the commercial banks in Tirunelveli district.

II. REVIEW OF LITERATURE

1. **Vimala (2016)** In her 2016 study, Vimala highlighted the transformative impact of the Internet on the banking sector. This digital revolution allows individuals to conduct banking activities anytime and anywhere, eliminating the need for physical visits to bank branches. This convenience saves customers valuable time, as transactions can be completed with a simple click. However, despite its speed and convenience, Internet banking is plagued by various security concerns. To safeguard their customers during online transactions, banking institutions have implemented multiple security measures. This study focuses on evaluating the Internet banking security measures employed by Indian Bank in Coimbatore district, with the aim of benefiting its customers. The research involves the use of an appropriate research instrument, and the analysis is based on responses gathered from 50 selected customers. The study concludes with several suggestions for improvement.
2. **Abualsauod and Othman, (2020)** in their research, it was elucidated that the banking industry has witnessed significant technological advancements over the past decade, and the remarkable growth and expansion of online banking in Saudi Arabia cannot be disputed. The application of technology is paramount in the banking sector, particularly in delivering exceptional service to customers through Online Banking (OB). This study seeks to construct a conceptual framework for OB by comprehending the interactions among stakeholders within the banking industry and identifying quality gaps in OB, drawing from relevant literature. The study pinpointed five quality gaps associated with OB and delineated three phases of customer interaction with online banking systems. Consequently, the primary objective of this research is to assess the impact of these quality gaps on customers' inclination to use OB in Saudi Arabia, as well as their satisfaction with OB services. Notably, technology and human interaction gaps were identified as significant factors influencing customers' willingness to adopt OB. Furthermore, service reliability, technical knowledge, and human interaction gaps were found to have a substantial influence on customer satisfaction with OB.

3. **P. Raja and J. Selvakumari, (2015)** Conducted a study titled "An Examination of Internet Banking Satisfaction," this research aims to assess the satisfaction levels of internet banking users in Dindigul Taluk, Tamil Nadu. In addition to evaluating user satisfaction, the paper also sets out to determine their awareness of various internet banking services and examine the challenges they encounter while accessing this service. The study reveals that internet banking has become an integral part of daily life, with a particular interest among middle-aged individuals. Banks are taking proactive measures to promote internet banking utilization among a broader demographic.
4. **Garima Srivastav and Arun Mittal, (2016)** "Impact of Internet Banking on Customer Satisfaction in Private and Public Sector Banks" is the title of their study. Thesis was an exploratory study paper that examined how different Internet banking (IB) services affected bank clients' overall satisfaction levels. A total of 500 respondents, or 65% of the sample, were surveyed in India (Delhi-NCR)—250 from private sector banks and 250 from public sector banks. The results of this investigation showed that consumers desired private sector banks to enhance their offerings in areas including customer service quality, how often password changes were reminded of, safety, password and ID privacy, and accurate data entry into bank records. Customers' issues differed when it came to public sector banks; for example, they were more concerned about the inadequate regulatory framework in Internet banking and the stagnation of E-banking laws and regulations. However, in the case of both bank sectors, clients shared a common concern over security vulnerabilities. The findings also demonstrated that, given the right direction and ongoing development of genuine, the clients were prepared to embrace online banking.
5. **Kumaretal. (2016)** In their study, it is emphasized that the rapid advancement of information technology has a significant impact on the future of financial services, particularly within the banking sector, which is undergoing more substantial changes compared to other financial service providers. The increased utilization of mobile services and the internet as novel channels for banking transactions and international trade necessitate heightened focus on the security of e-banking to prevent fraudulent activities. The ongoing developments and advancements in Information and Communication Technology have brought about significant transformations in various aspects of life. Within the banking industry, this transformation is evident in the form of online banking, which is progressively replacing conventional banking practices. Online banking offers numerous advantages, enhancing customer satisfaction through improved service quality and enabling banks to gain a competitive edge over their rivals. This paper addresses some of the challenges encountered in emerging economies in this context.

III. OBJECTIVES OF THE STUDY

- To study the demographic profile of the customers using online banking services in Tirunelveli district.
- To examine the problems faced by the customers in using the online banking services offered by the commercial banks in the study area.
- To offer suitable suggestions to solve the problems faced by the customers in using online banking services.

IV. RESEARCH METHODOLOGY

This research is of the descriptive kind. For analysis, the researcher has employed both primary and secondary data. A structured questionnaire was utilized to gather primary data from 50 respondents in the Tirunelveli district. The purpose of the questionnaire was to investigate the challenges that customers encounter when utilizing the online banking services provided by the commercial banks in the study area. A variety of books, journals, periodicals, newspapers, and websites were used to gather the secondary data.

V. DATA ANALYSIS AND INTERPRETATION

1. **Sample Profile:** The socio-demographic profile of customers using online banking services, are exhibited with the help of table 1 below:

Table 1

Demographic Variable	Categories	Counts	Percentage
Gender	Male	35	70
	Female	15	30
Age	Less than 20 years	05	10
	20-40 years	16	32
	40-60 years	20	40
	Above 60 years	09	18
Marital Status	Married	33	66
	Unmarried	17	34
Nature of family	Nuclear family	37	74
	Joint family	13	26

Source: Primary Data

Table 1 provides a clear representation of the demographic characteristics of the respondents. A significant portion of the participants (70%) identified as male. Among the respondents, the largest proportion (40%) falls within the age range of 40-60 years. The majority of the surveyed individuals (66%) reported being married, and a substantial portion (74%) indicated that they come from nuclear families.

VI. TYPE OF BANKS

Table 2

S. No	Type of banks	No. of respondents	Percentage
1	Private sector banks	25	50
2	Public sector banks	25	50
	Total	50	100

Source: Primary Data

The table 2 clearly depicts that 50% of the respondents are account holders of private sector banks and 50 % of the respondents are account holders of public sector banks.

VII. PROBLEMS FACED BY THE CUSTOMERS IN USING ONLINE BANKING SERVICES

Table 3

S. No	Problems	Garret Mean Score	Rank
1	Obsolete technology	49.04	II
2	Technical bottlenecks	46.56	V
3	Server problem	45.64	VI
4	Security issues	51.60	I
5	Online frauds	45.62	VII
6	Transaction cost	47.32	IV
7	Difficult for non-technical person	47.56	III

Source: Primary Data

The above table (table 3) explains that security issues are the main problem faced by the customers while using online banking services with a mean score of 51.6. The other problems such as obsolete technology and difficult for non-technical person is ranked second and third with a mean score 49.04 and 49.76 respectively. The problem of higher transaction cost is ranked fourth with a mean score of 47.32 followed by technical bottlenecks (mean score: 46.56), server problem (mean score: 45.64) and online frauds (mean score: 45.62).

VIII. SUGGESTIONS

- The customers face security issues while using online banking services. The commercial banks should address this issue by ensuring the safety of the customers.
- The commercial banks should use the modern technologies and be updated.
- As the online banking operations are difficult for a non-technical person, the commercial banks should make efforts to help such customers.
- Nowadays the commercial banks charge a very high transaction cost. This must be reduced to gain the customers satisfaction and trust.
- There are also some technological obstacles in using the e-banking services which must be addressed by the commercial banks.

IX. CONCLUSION

Online banking, often referred to as internet banking, is an electronic payment method that enables customers of banks and financial institutions to conduct various financial transactions through the institution's website. The aim of this report is to shed light on the challenges faced by customers when using internet banking services. In conclusion, a significant portion of customers encounters difficulties with e-banking, primarily attributed to factors such as lack of awareness, inadequate training, outdated technology, technical hurdles, frustration with electronic task completion, a trade-off between increased work

efficiency and reduced personal efficiency, and the discomfort or strain associated with internet banking in comparison to traditional manual banking. Consequently, it is recommended that the banking industry take proactive measures to enhance public awareness of the advantages offered by e-banking.

X. SCOPE FOR FURTHER RESEARCH

- Behaviour of M-banking users in Tirunelveli District.
- Present study is carried out in Tirunelveli District. However, in future, this research work could be extended to other areas.
- Present study is about problems faced by the customers in online banking services only. Study on rectify the problems on customers in online banking services in future.
- The research also recommends that a deep study can carried out to study the challenges encountered by the respondents in the process of using the Online banking services.

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