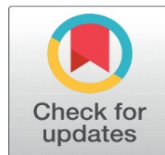
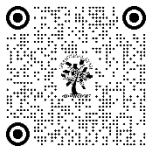


A STUDY ON THE PERFORMANCE OF THE E-PAYMENT SERVICES IN THIRUVANTHAPURAM DISTRICT

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ABSTRACT

The technological development in the financial system such as internet banking, e-payment technologies and information exchanges are related to significant increase in productivity due to improvement in services provided by banks. The reduction of costs of back office activities that represent the majority of banks operating costs, by switching from paper to e- payment instruments, has significant effects in the terms of gains in productivity and economies of scale. The advent of technology has led to the various changes in the society which has made people to spend more time on the internet. This has given the marketers a wonderful opportunity and a new media to promote their products and services through advertising on internet and banking sector is no exception to this. Banking sector has started using internet technology as a tool to upgrade the way they operate, deliver and compete against each other. As a result on-line banking has become the customer service trend for the financial institutions. Mass customisation happens effectively through on-line banking. Therefore, it becomes necessary to study the relevance of on-line banking in current banking scenario.

Keywords: Internet and Banking Sector, Technology, Electronic Clearing and Payment Systems

1. INTRODUCTION

In the recent past, banking business has changed rapidly. While proliferation of financial innovations has brought in new imperatives of comparative competitive advantage, adapting appropriately to a paradigm shift in the banking landscape is a key challenge that banks all over are today confronted with. Banks face a blend of challenges and confronting demands in a more volatile and uncertain environment by local, national and international factors. Hence, it becomes essential to study more about banks and banking in this emerging scenario. Before 1990s, banks were restricted to –accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdrawals by cheque, draft, order or otherwise||. Since 1990s banking has moved way beyond its limited scope. The Indian Banking system has moved towards a new system of e- transactions in the development of the industry.

The banking industry is emerging as the lead player in today's E-world. The banks in the developed countries work as non – branch banks through internet and banks in the developing nations use internet as an information delivery tool to enhance the relationship with its customers. E-Banking has enabled banks to enlarge their market without

opening new branches and customers may be contacted from any corner of the world at any time (day/night). The banks in US are using e-banking as a tool to reach many opportunities whereas banks in Asia are just using it to offer basic services. E-payment and clearing system is a popular feature in e-banking but providing this service is a challenging task in Asia because of the high level security issues associated with it. An efficient, secure and reliable payment and clearing system of a bank reduces the cost of exchange of goods and services, strengthening the financial sector and expanding the accessibility of financial services. The growth of any nation depends on its financial infrastructure, which in turn is affected by the payment and clearing system of the financial institutions.

2. IMPORTANCE OF THE STUDY

The customer determines the success or failure of any business and banking organisation is no exception. Hence it is important to study the preference and satisfaction towards the services of the banks. Customer satisfaction leads to customer loyalty which is significant for the growth and sustainability of any bank. So, unless the banks are able to satisfy their customers, they cannot survive in this competitive world. They should be flexible enough to introduce changes in their core areas in order to suit the demands of their customers. The banks have realised that their business depends on client service and the satisfaction of the customer. Hence, they are compelled to improve the services to the customers and build up relationship with customers. To study the customer satisfaction, it is important to monitor how the banks are performing with regards to their products/service, quality, price, handling of complaints by responding and evaluating issues on time, customer grievances and taking necessary actions for any erroneous transactions.

2.1. OBJECTIVES OF THE STUDY

- To identify the prominent factors that Positive Impact of Electronic Payment System
- To assess the customer's perception towards overall performance of the banks
- To compare the Years in Operation and Factors influence the Banking Decision
- To Analysis Level of Satisfaction towards Electronic Payment System

3. METHODOLOGY

Research Design

Mixed-Methods Approach: The study will integrate both quantitative surveys and qualitative interviews to gather a broad and deep understanding of responses of the customers of Banks in Thiruvanthapuram District of Kerala State.

Sample Selection

Target Population: The study will focus on customers who account in Banks in Thiruvanthapuram District.

Simple Random Sampling Method: For the survey process a simple random sampling is performed.

Sample Size:

75 survey respondents were targeted to ensure statistical reliability.

3.1. DATA ANALYSIS

Data analysis is an essential process that entails examining, purifying, changing, and modelling data to uncover valuable insights, derive conclusions, and facilitate decision-making. In research and industry, data analysis facilitates the interpretation of intricate data sets, reveals patterns, and identifies trends.

Table 1 Demographic Background

Demographic Characteristics	n (Total = 75)	% of n
Gender		
Male	48	64

Female	27	36
Age		
Below 25 years	11	15
25-35 years	28	37
36- 45 years	21	28
Above 45 years	15	20
Marital Status		
Single	33	44
Married	42	56
Educational Qualification		
Upto H.Sc	15	20
Bachelor Degree	26	35
Diploma	9	12
Master Degree	18	24
Professional	7	9
Occupation		
Student	12	16
Student with part time job	7	9
Business	20	27
Private Company	22	29
Government employee	14	19
Monthly Income		
Below Rs. 25,000	29	39
Rs.25,001- Rs.50,000	21	28
Rs.50,001 - Rs.75,000	16	21
Above Rs.75,000	9	12

Source Primary data

n - Number of respondents

The demographic factors like gender, age, marital status, educational qualifications, monthly income and occupation are to be studied to understand the sample better. The respondents included male and female. The respondents belonged to different age groups but majority being 25 years to 35 years. Hence, younger people participated in the survey more willingly than the older people. The sample included literates of all levels mostly Bachelor Degree. Majority of the respondents were married and employed in private companies whose monthly income was below Rs. 25000.

Table: 2

Positive Impact of Electronic Payment System

Particulars	n (Total = 75)	% of n
Online customer support	21	28
Builds confidence	16	21
Responsive towards problems	15	20
Creates awareness of Eproducts	12	16

Manage finances efficiently	11	15
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Source: Primary data

n - Number of respondents

The above table stated that the Positive Impact of Electronic Payment System. The most of the respondents said that Online customer support, 21 percentage of the respondents said that e-payments Builds confidence, 20 percentage of the respondents said that e-payments Responsive towards problems, 16 percentage of the respondents said that e-payments Creates awareness of E-products and 15 percentage of the respondents said that e-payments Manage finances efficiently.

Table: 3

Particulars	n (Total = 75)	% of n
Check account balance	16	21
Transfer funds	28	37
Pay bills	11	15
Stop payments	7	9
Know foreign exchange rates	8	11
Access bank's innovative products/ services	5	7

Source: Primary data

n - Number of respondents

The above table stated that the Frequency of using E-Banking Services. The most of the respondents said E-Banking Services is support to Transfer funds, 21 percentage of the respondents said that it help to Check account balance, 15 percentage of the respondents said that Pay bills, 11 percentage of the respondents said that e-payments help to Know foreign exchange rates, 9 percentage of the respondents said that Stop payments and 7 percentage of the respondents said that e-payments Access bank's innovative products/ services.

HYPOTHESIS I

Null Hypothesis: There is no significant difference between Mean Ranks towards Overall Performance of the E-Payment Services

Table: 4

Test for significant difference between Mean Ranks towards Overall Performance of the E-Payment Services

Particulars Mean S.D. Mean Rank Chi square value P value

Particulars	Mean	S.D.	Mean Rank	Chi square value	P value
Agency Services	4.32	0.947	3.75	53.979	0.000** Significant
ECS	3.53	1.070	2.75		
EFT	2.88	1.262	2.11		
ATMs	3.79	1.004	3.09		
RTGS	3.89	1.134	3.29		

Source: Statistically analysed data

According to the above table, there is a substantial disparity between the mean rankings of Overall Performance of the E-Payment Services. Based on the chi-square value of 53.979 and the p-value of 0.000 ($p < 0.01$), it can be concluded that the null hypothesis is rejected.

HYPOTHESIS II

Null Hypothesis: There is no significant difference between Years in Operation and Factors influence the Banking Decision

Table: 5

Principal Component Analysis of Years in Operation and Factors influence the Banking Decision

Particulars	Factors		
	1	2	3
Easy access to account information	0.809		
User Friendly / cordial relationship	0.676		
Time Saving	0.581		
Comfortable		0.797	
Good ambience		0.622	
Safe		0.556	
Free from errors			0.840
Easy payment of bills			0.728

A Principal Component Analysis (PCA) was conducted to explore the factors that contribute to the Years in Operation and Factors influence the Banking Decision. The results of this investigation are shown in the table 5. The principal component analysis (PCA) finds three primary components, with each factor weighing on these components. When the loadings are higher, it indicates that the linkages between the factor and the component are greater.

Factor I:

It indicates that the Easy access to account information (0.809), User Friendly / cordial relationship (0.676) and Time Saving (0.581).

Factor II:

It comprises that the Comfortable (0.797), Good ambience (0.622) and Safe (0.581).

Factor III:

It embraces on Free from errors (0.840) and Easy payment of bills (0.728)

Table: 6

Level of Satisfaction towards Electronic Payment System

S.No.	Level of Satisfaction	Total score	Mean Score	Rank
1	Dealing with technical problems associated with ECS	415	3.46	III
2	Service charges charged by the bank towards ECS	375	3.13	VI
3	Availability of ATM centres of my bank at convenient locations	362	3.02	VII
4	Security of ATM centres of my bank	404	3.37	V
5	Dealing with technical problems associated with ATM	347	2.89	VIII
6	Overall performance of ATM centres of my bank	494	4.12	I
7	Security of RTGS of my bank	405	3.38	IV

8	Service charges charged by my bank for using RTGS	420	3.50	II
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Source: Computed Data

Table 6 reveals that, 'Overall performance of ATM centres of my bank' get the first rank, 'Service charges charged by my bank for using RTGS' obtain second rank and 'Dealing with technical problems associated with ECS' get the last rank with the mean score of 4.12, 3.50 and 2.89. It can be concluded that the Banks meet and chat with the customers who enter the branch hence word of mouth promotion plays a pivotal role in motivating the respondents about the use of e-payment services.

4. FINDINGS

- The respondents belonged to different age groups but majority being 25 years to 35 years.
- The sample included literates of all levels mostly Bachelor Degree.
- Majority of the respondents were married and employed in private companies whose monthly income was below Rs. 25000.
- The most of the respondents said that online customer support.
- 21 percentage of the respondents said that e-payments Builds confidence.
- 20 percentage of the respondents said that e-payments Responsive towards problems,
- 16 percentage of the respondents said that e-payments Creates awareness of E-products.
- 15 percentage of the respondents said that e-payments Manage finances efficiently.
- The most of the respondents said E-Banking Services is support to Transfer funds.
- 21 percentage of the respondents said that it help to Check account balance.
- 15 percentage of the respondents said that Pay bills.
- 11 percentage of the respondents said that e-payments help to know foreign exchange rates.
- 9 percentage of the respondents said that Stop payments.
- 7 percentage of the respondents said that e-payments Access bank's innovative products/ services.

5. SUGGESTIONS

- 1) Customers' expectations overweigh the banks' services and so banks offer unique services to match the customer's growing expectations.
- 2) There should be many programs to create awareness about the e- products and e- services.
- 3) Banks should cooperate with Government to curtail the online frauds.
- 4) Regular training on changing technology would help banks to empower its employees to have an edge over its competitors.
- 5) Banks should make their websites such that there are no advertisements that pop in while the customers are accessing their E- Banking account.

6. CONCLUSION

In the recent decades, the banking industry has changed rapidly due to the technological developments. The change is in respect of internet banking, e- payment technologies and information exchanges which have in turn led to reduction in costs of back office activities. With the increase in the contribution of e- payments in the GDP and the use of e- payment products, the prospect of electronic payments growth is bright. The government is increasingly using technology to aid financial inclusion efforts thereby improving financial access. The study revealed that E- Banking is both constructive and obstructive. The obstacles in banking development include technological difficulties, misuse of information, incomplete information about e-products/ services and cyber-crimes. These obstacles can be transformed to opportunities for future growth. The banks should aim on providing satisfying and safe services. Quality and safety of

banking services should not be compromised for the costs attached to it. RBI must manage interest rates efficiently to encourage savings and investment. Customers will opt for public sector banks if the rigid procedures are dealt away with. The private sector banks should not let the customer information being mishandled by hackers. Banks should design tailor made services to attract senior citizens and to increase the level of satisfaction of Electronic Payment and Clearing System for long term customers. The mantra behind maximizing the success of Electronic Payment and Clearing System is by offering user friendly and safe services at reasonable costs

CONFLICT OF INTERESTS

None.

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