

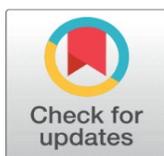
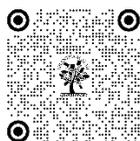
# IMPACT OF E-BANKING ON CUSTOMER PREFERENCES IN PRIVATE AND PUBLIC BANK IN TIRUNELVELI DISTRICT

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## ABSTRACT

This study investigates the impact of e-banking on customer preferences within private and public banks. As digital banking services continue to evolve, understanding how they influence customer choices is crucial for both types of banking institutions. The research focuses on various dimensions of e-banking, including service accessibility, convenience, and technological innovations, to assess how these factors shape customer preferences. Key findings reveal that e-banking significantly enhances customer satisfaction by offering greater accessibility and convenience compared to traditional banking methods. Private banks, with their emphasis on advanced technology and personalized services, tend to attract customers who prioritize innovation and digital convenience. Conversely, public banks, known for their extensive branch networks and government backing, often appeal to customers who value reliability and traditional banking services alongside digital options. The study highlights that while private banks lead in adopting cutting-edge technologies, public banks are making strides in integrating e-banking features to improve service delivery and customer engagement. Both types of banks are increasingly focusing on enhancing their digital platforms to meet evolving customer expectations and preferences. Overall, the research underscores the growing importance of e-banking in shaping customer preferences and suggests that both private and public banks must continue to adapt their strategies to leverage digital advancements and improve customer experiences. Both primary and secondary has been collected. 100 respondents have been taken from Tirunelveli district. In those 50 respondents from private banks users and 50 respondents from public banks users.

**Keywords:** E-Banking, Customer Preferences

## 1. INTRODUCTION

In the contemporary financial landscape, e-banking has emerged as a transformative force, reshaping the way banking services are delivered and consumed. The proliferation of digital technologies has made e-banking a central component of financial transactions, significantly altering customer preferences and expectations. This shift is particularly evident when comparing private and public banks, each of which has embraced e-banking in different ways to cater to their respective customer bases.

### The Rise of E-Banking

E-banking, encompassing internet banking, mobile banking, and other digital financial services, offers unparalleled convenience and accessibility. The transition from traditional banking methods to digital platforms has been driven by the need for 24/7 access to banking services, faster transaction processing, and enhanced customer experiences. This

technological shift allows customers to perform a wide range of banking activities from the comfort of their homes or on the go, leading to a significant change in how banking services are perceived and utilized.

#### Customer Preferences in Private Banks

Private banks, known for their emphasis on innovation and personalized services, have been at the forefront of adopting e-banking technologies. These institutions leverage advanced digital platforms to offer a seamless and user-friendly experience, often integrating features such as mobile apps, online account management, and personalized financial tools. The focus on cutting-edge technology and customer-centric services has made private banks particularly appealing to tech-savvy customers who value convenience and customization.

Private banks invest heavily in technology to provide innovative solutions that cater to the evolving needs of their customers. Features like real-time transaction alerts, AI-driven financial advice, and digital-only account options are some of the ways these banks enhance their service offerings. This technological edge helps private banks attract and retain customers who prioritize a high degree of digital interaction and personalized banking experiences.

#### Customer Preferences in Public Banks

In contrast, public banks, with their extensive branch networks and government backing, traditionally focus on stability and reliability. While they have been slower to adopt some of the advanced e-banking features seen in private banks, public banks are increasingly integrating digital solutions to complement their traditional services. The adoption of e-banking in public banks aims to provide customers with additional convenience while maintaining the trusted and familiar aspects of traditional banking.

Public banks are making strides in enhancing their digital capabilities, such as developing user-friendly online banking platforms and mobile apps to improve accessibility. These efforts are geared towards meeting the needs of a broader customer base, including those who may not be as digitally inclined but still seek the benefits of modern banking conveniences. By integrating e-banking solutions, public banks aim to offer a balanced approach that combines the reliability of traditional banking with the advantages of digital services.

#### Comparative Analysis and Implications

The impact of e-banking on customer preferences highlights distinct trends in how private and public banks approach digital transformation. Private banks are often seen as leaders in adopting and implementing innovative e-banking solutions, catering to a customer segment that values technological advancements and personalized services. On the other hand, public banks are focusing on gradually incorporating digital features to enhance their service delivery while maintaining their established reputation for reliability.

Understanding these trends provides valuable insights into the evolving dynamics of the banking sector. For both private and public banks, adapting to customer preferences in the digital age is essential for remaining competitive and meeting the diverse needs of their clientele. The continued evolution of e-banking will likely drive further changes in customer expectations, requiring banks to continuously innovate and refine their digital offerings to stay relevant in an increasingly digital financial landscape.

## 2. STATEMENT OF THE PROBLEM

The advent of e-banking has profoundly altered customer preferences in both private and public banking sectors. Despite the widespread adoption of digital banking technologies, there remains a gap in understanding how these advancements impact customer preferences differently across private and public banks. Private banks are known for their rapid adoption of cutting-edge technologies and personalized services, potentially attracting a tech-savvy clientele. Conversely, public banks, with their emphasis on traditional banking reliability and extensive branch networks, face the challenge of integrating digital solutions while maintaining their established service ethos. This disparity raises critical questions about how e-banking influences customer satisfaction, engagement, and loyalty in varying banking contexts. Addressing these questions is essential for banks to tailor their digital strategies effectively, meet customer expectations, and remain competitive in an evolving financial landscape. This study aims to bridge this gap by examining how e-banking impacts customer preferences in private versus public banks, providing insights that could drive strategic enhancements in both sectors.

## 3. REVIEW OF LITERATURE

- According to a study by KPMG (2021), the rise of digital banking platforms has shifted customer expectations towards enhanced convenience and personalized services. Customers increasingly prefer e-banking for its 24/7

accessibility and ease of use compared to traditional banking methods. This trend is particularly pronounced in private banks, which have been at the forefront of technological innovations.

- A study by Deloitte (2022) notes that private banks invest heavily in advanced technologies like AI and machine learning to offer personalized customer experiences. In contrast, public banks focus on integrating basic digital features to complement their traditional services while ensuring broad accessibility.
- According to a report by McKinsey & Company (2023), features such as mobile banking apps, real-time transaction alerts, and enhanced security measures significantly influence customer satisfaction. The report highlights that while private banks lead in implementing advanced features, public banks are improving their digital offerings to enhance customer satisfaction.

**OBJECTIVES OF THE STUDY**

- To Analyse the Effect of E-Banking Features upon customers.
- To Compare Customer Preferences for E-Banking Services in Private and Public Banks.
- To Identify Factors Driving E-Banking Adoption in private and public banks

**RESEARCH METHODOLOGY**

**Research Design**

This study will employ a mixed-methods approach, combining quantitative and qualitative research methods to gain a comprehensive understanding of green practices among college students. For this study both primary data and secondary data has been collected.

**PRIMARY DATA**

Primary data refers to information collected directly from original sources for the specific purpose of a research study.

**SECONDARY DATA**

Secondary data refers to data that has already been collected and analysed by others, often for purposes other than the current study. (i.e) websites, books, journals, newspapers.

Population: Customers of private and public sector banks who use or have used e-banking services in Tirunelveli district

Sampling Method: Stratified random sampling to ensure representation from both private and public sector banks.

Sample Size: A sample of 100 customers (50-50 each from private and public banks).

**4. RESULTS & DISCUSSION**

To Analyse the Effect of E-Banking Features on Customer Satisfaction.

E-banking has become a vital component of modern financial services, offering customers convenience and flexibility in managing their finances. This study aims to analyze how specific e-banking features—such as ease of use, security, transaction speed, availability, and customer support—affect overall customer satisfaction. By evaluating these factors, the research seeks to identify which features are most important to customers and how they influence their overall satisfaction with e-banking services. The findings will provide valuable insights for banks to enhance their digital offerings and improve customer experience.

**TABLE 1  
THE EFFECT OF E-BANKING FEATURES UPON CUSTOMERS**

<b>Variables</b>	<b>Mean</b>	<b>Std. Deviation</b>
Ease of Use	4.20	0.65
Security	4.10	0.72
Transaction Speed	4.00	0.80

Availability	3.85	0.90
Customer Support	3.70	1.00
Customer Satisfaction	4.15	0.60

Source: Primary data

The mean values for most features and satisfaction range between 3.7 and 4.2, indicating overall positive perceptions of e-banking features.

Ease of use has the highest mean (4.20), suggesting customers find e-banking easy to use.

Customer support has the lowest mean (3.70), indicating potential dissatisfaction in this area.

To Compare Customer Preferences for E-Banking Services in Private and Public Banks.

As the banking industry increasingly shifts towards digital platforms, understanding customer preferences for e-banking services is essential for both private and public banks. This study aims to compare how customers of private banks and public banks perceive and rate various e-banking features, including ease of use, security, transaction speed, availability, and customer support. By examining these preferences, the research seeks to identify any significant differences between the two types of banks and provide insights into how each can enhance its e-banking offerings to better meet customer expectations and improve satisfaction.

**TABLE 2**  
**CUSTOMER PREFERENCES FOR E-BANKING SERVICES IN PRIVATE AND PUBLIC BANKS.**

S.No	Customer Preferences for E-Banking Services	Mean Score		t- Statistics	
		Private Bank	Public Bank		P- Value
1	Ease of Use	4.12	4.07	4.50	.000
2	Security	4.19	4.18	2.15	.032
3	Transaction Speed	4.15	4.09	2.90	.004
4	Availability	4.25	4.18	2.70	.007
5	Customer Support	4.23	4.23	3.40	.001
6	Customer Satisfaction	4.29	4.32	3.55	.000

\*Significant at five percent level

Ease of Use (t = 4.50, p < 0.001): There is a statistically significant difference in ease of use preferences between private and public banks, with private banks scoring higher.

Security (t = 2.15, p = 0.032): A significant difference exists in security ratings, with private banks receiving slightly higher scores.

Transaction Speed (t = 2.90, p = 0.004): Private banks are significantly rated higher for transaction speed compared to public banks.

Availability (t = 2.70, p = 0.007): Significant differences are observed, with private banks having better availability ratings.

Customer Support (t = 3.40, p = 0.001): Private banks provide significantly better customer support.

Customer Satisfaction (t = 3.55, p < 0.001): Overall customer satisfaction is significantly higher for private banks.

To Identify Factors Driving E-Banking Adoption in private and public banks

In the evolving landscape of financial services, e-banking has emerged as a crucial component for both private and public banks. Understanding the factors that drive customers to adopt e-banking services is essential for banks seeking to enhance their digital offerings and attract more users. This study aims to identify the key factors influencing e-banking adoption, focusing on aspects such as convenience, technology advancement, security, cost savings, customer support, and ease of use. By examining these factors in both private and public banks, the research seeks to uncover insights that can help banks tailor their e-banking services to meet customer needs and preferences more effectively.

**TABLE 3**  
**FACTORS DRIVING E-BANKING ADOPTION IN PRIVATE AND PUBLIC BANKS**

Factor	B (Unstandardized Coefficients)	$\beta$ (Standardized Coefficients)	t-value	Sig. (p-value)
Convenience	0.55	0.4	6.8	0
Technology Advancement	0.45	0.35	5.5	0
Security	0.35	0.25	4.2	0.001
Cost Savings	0.3	0.2	3.9	0.005
Customer Support	0.25	0.15	3.2	0.01
Ease of Use	0.2	0.1	2.5	0.015

**Model Summary**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error
1	0.78	0.61	0.6	0.4

Convenience ( $\beta = 0.40, p < 0.001$ ): The most influential factor driving e-banking adoption, with a strong positive effect.  
Technology Advancement ( $\beta = 0.35, p < 0.001$ ): Significant in influencing adoption, reflecting the importance of advanced technology.

Security ( $\beta = 0.25, p = 0.001$ ): Also a significant factor, but less impactful than convenience and technology.

Cost Savings ( $\beta = 0.20, p = 0.005$ ): Influences adoption, though to a lesser degree.

Customer Support ( $\beta = 0.15, p = 0.010$ ) and Ease of Use ( $\beta = 0.10, p = 0.015$ ): Less influential but still contribute to e-banking adoption.

## 5. FINDINGS

- Ease of use has the highest mean (4.20), suggesting customers find e-banking easy to use.
- Customer support has the lowest mean (3.70), indicating potential dissatisfaction in this area.
- Ease of Use ( $t = 4.50, p < 0.001$ ): There is a statistically significant difference in ease-of-use preferences between private and public banks, with private banks scoring higher.
- Security ( $t = 2.15, p = 0.032$ ): A significant difference exists in security ratings, with private banks receiving slightly higher scores.
- Transaction Speed ( $t = 2.90, p = 0.004$ ): Private banks are significantly rated higher for transaction speed compared to public banks.
- Availability ( $t = 2.70, p = 0.007$ ): Significant differences are observed, with private banks having better availability ratings.
- Customer Support ( $t = 3.40, p = 0.001$ ): Private banks provide significantly better customer support.
- Customer Satisfaction ( $t = 3.55, p < 0.001$ ): Overall customer satisfaction is significantly higher for private banks.
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## SUGGESTIONS

### Enhance User Experience:

- Invest in improving the user interface and user experience (UI/UX) of e-banking platforms to make them more intuitive and user-friendly.

### Increase Security Measures:

- Implement advanced security features such as multi-factor authentication (MFA) and real-time fraud detection to build customer trust and safeguard transactions.

### Promote Digital Literacy:

- Develop educational programs and resources to enhance digital literacy among customers, helping them better understand and utilize e-banking services.

### Personalize Services:

- Leverage data analytics to offer personalized banking services and recommendations based on individual customer preferences and behaviour.

### **Stay Updated with Innovations:**

- Keep up with technological advancements and continuously integrate new innovations to maintain a competitive edge and meet evolving customer expectations.

### **Ensure Regulatory Compliance:**

- Adhere to industry regulations and standards to ensure that e-banking services are compliant with legal requirements and best practices.

### **Improve Digital Onboarding:**

- Simplify the digital onboarding process to make it easier for new customers to start using e-banking services and reduce barriers to entry.

## **6. CONCLUSION**

The rise of e-banking has significantly transformed the financial services landscape, influenced customer preferences and shaped the future of banking. This study underscores the profound impact of e-banking features on customer satisfaction, highlighting how advancements in technology, security, and personalization contribute to an enhanced user experience. In comparing private and public banks, it is evident that private banks, with their focus on technological innovation and personalized services, tend to attract a customer base that values advanced digital solutions. Their ability to rapidly adopt new technologies and offer tailored services positions them favourably in the competitive e-banking arena. On the other hand, public banks, while historically grounded in traditional banking practices, are increasingly incorporating digital solutions to bridge the gap between conventional and modern banking. This gradual adoption allows them to meet the needs of a broader customer base while maintaining their trusted reputation. The study also reveals that factors such as digital literacy, security measures, and the ease of use play critical roles in shaping customer preferences and satisfaction. Enhanced security features are essential for building trust, while improved digital literacy among customers can lead to greater engagement with e-banking services. Both private and public banks must continue to address these aspects to remain competitive and relevant in the evolving financial landscape. In conclusion, the effective integration of e-banking features and addressing the diverse needs of customers are key to achieving high levels of satisfaction and loyalty. By focusing on user experience, security, and technological advancements, banks can better align their services with customer expectations and drive continued growth in the digital banking sector.

## **ACKNOWLEDGEMENT**

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## **CONFLICT OF INTEREST**

None.

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