

A STUDY ON ELECTRONIC BANKING SERVICES AND CUSTOMER RETENTION PRACTICE IN COMMERCIAL BANKS WITH SPECIAL REFERENCE TO THIRUVALLUR DISTRICT

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ABSTRACT

Conventional banking in India has experienced a significant shift to modern banking. They are now set to transition to digital banking at a quick rate. The Indian Government's objective of digital payments and rapid growth in internet access in India is predicted to increase to 150 million online banking customers by the end of 2020. Incorporating cutting-edge technologies, commercial banks have transformed the financial services industry by serving as disruptors. The COVID-19 crisis has accelerated the country's digital transformation. Branch operations nearly became unstable because of the social distancing conventions, and banks have to turn to distant alternatives for face-to-face operations. The current study aims to assess the impact of electronic banking services and customer retention methods in Thiruvallur. The survey was distributed to 84 potential online customers using the descriptive research design. The survey shows that the alpha coefficient of Cronbach for 56 items is 0.845, which suggests that the elements possess a high degree of internal consistency. The research study showed that commercial banks could increase regional language electronic services support to provide clients with easy-to-use instructions.

Keywords: E-banking services, technology disruption, Bank reward and retention strategy

INTRODUCTION

India's banks are changing as the country's banking system undergoes considerable disruption and transformation. They spend substantially on digital technology to meet leading international competitors with a broad range of advanced services. The Indian federal Government has also embarked on a journey to significantly digitize the country's population in various areas, including social service delivery and provision, money transfers and transactions, and traditional banking. The burgeoning digital citizenry in India demands that the country's banks keep pace with leading global practices but go above and beyond them by producing new products, services, and business models distinctly Indian and at the forefront of their industry. Through technology progress, customers have easier access to online technologies and business services on mobile devices. Customers are eager to switch services for distinctive digital features such as online bill pay, mobile payments, faster transfer speeds, and convenient loan applications. At the same time, physical banks miss out on opportunities to expand due to the fast-moving transformation of digital services. Recent studies have attempted to examine customers' awareness and perceptions of electronic banking services. In particular, the study meets the knowledge gap in the retention of customers in the Thiruvallur area. The research indicated no statistically significant difference between the client's occupation and the bank's trust in customer retention practices. Finally, it is proposed that the banking sector in the Thiruvallur area continue to investigate and develop long-term business partnerships and cooperation with the core banking system.

LITERATURE REVIEW

Bekele, M. T. (2021) aims to evaluate the customer satisfaction effects of the primary banking systems in Ethiopia. The selection for every respondent from the Ethiopian commercial bank has been based on stratified and convenient sampling approaches. A suitable sample of 400 clients was chosen, and a structured questionnaire survey was utilized to gather the necessary information for the study's objectives. The study's findings revealed that a commercial bank's core banking information system in Ethiopia has a statistically significant positive impact on customer satisfaction. The examination of multiple linear regression also found that R^2 was 89,1% positive and adjusted, which means that the association between core banking and customer happiness is substantial and strongly positive. Generally, Ethiopia's customer satisfaction commercial bank has benefited from implementing the core banking Information System.

Oyelami et al. (2020) investigate the determinants of electronic payment adoption and the role of electronic payment on consumers' purchase decisions in Nigeria. The preliminary data were collected through a cross-sectional survey of banks' customers who have experienced the e-payment modes in Lagos state, Nigeria. The copies retrieved were subjected to the Cronbach alpha test of reliability. All six variables were reliable, ranging between 0.725 and 0.828 Cronbach alpha values within the acceptable limit. The results study revealed a statistically significant positive relationship between electronic

payment systems determinants such as social influence, trust, convenience, security and safety, and online payment adoption in Nigeria. The research results also indicate that digital payment influences the customers' purchase decisions, thus increasing consumers' spending growth in Nigeria.

Kenneth Chukwuma Nwekpa et al. (2020) investigated the effect of electronic cash systems on customer satisfaction at Fidelity Bank. In this study, a survey research design was adopted, and the sample was composed of forty-one respondents. Pearson Product Moment correlation analysis was used to test hypotheses. The study found that online credit card payment systems considerably affected customer satisfaction at Fidelity Bank. The computerized e-cash system has a substantial effect on customer satisfaction at Fidelity Bank Plc. As a result, it was recommended that banks be compelled to ensure that electronic banking system issues are resolved entirely or reduced to a minimum.

Mohammad Shamsus Sadekin et al. (2020) investigated the methods, impact, privacy, concerns, and opportunities of electronic banking in Bangladesh. All of these are directly concerned with the level of credibility in electronic banking. A questionnaire consisting of forty-four questions was constructed to gather data for this study. It included security, issues, and opportunities that Bangladesh's e-banking industry faces. Two hundred twenty-four responders in all were purposefully chosen among potential customers. The result of the research study indicated that Banks' e-service quality, public awareness, banker's behaviours and academic background are all critical factors in determining customer trust. The survey also found that both financial institutions and customers in Bangladesh stand to benefit significantly by improving e-banking practice and security, both of which are crucial to growing customer trust influencing the adoption of e in Bangladesh.

Rose Nyiranzabamwita et al. (2019) investigated the impact of electronic banking on user payment systems in Rwandan commercial banks. The objectives are to assess the efficacy of e-banking, analyze the factors impacting customer service delivery, and determine the relationship between customer experience and e-banking in Kigali bank. The study sample was 400, and the study was conducted among the clientele of banks in Rwanda. Customers' satisfaction with Bank of Kigali's customer service delivery was explained by a possibility of 0.0374 for online banking, a chance of 0.0004 for mobile money services, and a chance of 0.0010 for digital tax, which are expected to account for 3.74 per cent, 0.04 per cent, and 0.1 per cent of all probabilities, and by chances less than 10 per cent. The study indicated a critical relationship between electronic banking and the experimental parameters and the customer delivery channel in Bank of Kigali's customer delivery channel. The study recommended that clients be educated on the use and benefits of online banking through public awareness activities that increase their understanding of the service.

STATEMENT OF THE PROBLEM

Mass public demands have been expanding, with the prevalence of increased mindfulness, and as a result, banks must now pay more attention to the administration practises offered by them. Several significant complications may arise while conducting online banking transactions. As a result of increased competition, banks have retained client loyalty and retention as a strategy to acquire, maintain, and develop customer relations. A dynamic market environment is defined by fierce competition in the industry, and a lower volume of sales, profits, and market share present in Thiruvallur District, where commercial banks are operating. Researchers explored brand-building variables, difficulties, tactics, and practises in the banking sector in studies related to relationship marketing. They have not investigated the client retention components in the banking industry.

OBJECTIVE OF THE STUDY

- To determine customers' demographic profiles and usage patterns of electronic banking services in the Thiruvallur District.
- To ascertain the primary elements that influence a customer's decision to use Internet Banking Services offered by commercial banks in the Thiruvallur District.
- To establish the extent to which trust affects customer retention in Thiruvallur District commercial banks.
- To analyze the existing retention practices towards electronic banking services employed by Thiruvallur District commercial banks.

SCOPE OF THE STUDY

This survey only included commercial bank internet banking customers and was limited to Thiruvallur Tamil Nadu. The study also discusses the key factors that influence customers' use of internet banking and their preference for banking transactions. The study will improve the socio-economic situation of the area's and their awareness among users.

RESEARCH METHODOLOGY

The current study employs a descriptive research approach to analyze client retention for commercial banks' online banking services. The primary data was gathered from 84 consumers who have a bank account and are associated with a commercial bank for at least one year. The non-probability sampling techniques were used, and then the respondents were selected from commercial banks using the convenience sampling approach.

DATA ANALYSIS AND RESULTS

Demographics Analysis using descriptive Statistics

Sample Background	Per cent
Gender	Male-69% Female-31%
Family Category	Joint family-42% Nuclear family-58%
Education Qualification	Graduate -32% Post Graduate-24% Professional -44%

Friedman Test

He₁: There is no statistically significant difference between the mean rank and the factors impacting the use of internet banking.

Particular and Statistics Value
Mean Rank of E-ticket booking-3.21
Mean Rank of Account opening and Cheque book request-2.63
Mean Rank of Fund transfer-3.53
Mean Rank of Transaction history & bank statement-3.30
Mean Rank of Demand draft/D- mat account statement-2.32
Sample Size -84
Chi-Square-50.542
Df-4
Asymp. Sig.- 0.000

It demonstrates that the null hypothesis is rejected at the 5% significance level since the p-value is less than 0.05. As a result of the Friedman test, it is found that there is a considerable difference between the mean rank and the median rank in terms of internet banking-related parameters. According to the Mean Rank, the most significant reason for electronic banking services is transaction history and bank statements(3.30).

Kruskal-Wallis test

He₂: The customer occupation is not significantly different from the confidence in the banking practice and the retention of clients.

Trust and Customer Retention	Occupation and Mean Rank	h value	p-value
Confidence in banking products or services	Government employee(34.00)	1.092	.779
	businessman(35.88)		
	Student(43.77)		
	Private employee(40.32)		
Trust in the bank to handle your transactions.	Government employee(36.50)	.541	.910
	businessman(45.13)		
	Student(42.99)		
	Private employee(40.04)		
Confidence in how banks deal with complaints.	Private employee(38.00)	.657	.883
	Government employee(39.00)		
	businessman(39.63)		
	Student(43.38)		
Rely on information provided on a loan	Private employee(10.00)	4.026	.259
	Government employee(33.00)		
	businessman(39.40)		
	Student(44.81)		
Have faith in the bank's handling of information security.	Private employee(9.00)	10.081	.721
	Government employee(29.75)		
	businessman(35.70)		
	Student(48.23)		

We accept the negative hypothesis because the p-value is more significant than 0.05. At the 0.05 level of significance, there is sufficient evidence to establish that there is no significant relationship between the client's occupation and the bank's trust in terms of customer retention practices.

One way Anova test

He₃: There is no significant difference between age groups in terms of the customer retention strategy influencing the service provider's E-banking activities.

Customer Retention Strategy	Mean	F value	P value
Banks perks and benefits	2.238	3.958	.050
	0.565		
Ambitious education programme and an eye-catching poster	1.328	2.015	.160
	0.659		
An active participant in community outreach	0.128	.174	.677
	0.735		
Providing one-time promotions	1.642	2.649	.108
	0.620		

Assistance security and financial planning	0.018	.028	.866
	0.650		

As P is more significant than 0.05, the Null Hypothesis is accepted. It is therefore argued that the ages of the customer retention strategy affecting e-banking activities of the service provider do not differ considerably

SUGGESTION AND RECOMMENDATION

To improve online banking services for commercial bank, the following suggestion is being considered.

- Commercial banks were recommended to organize workshops and conferences to enlighten clients about e-bank use, safety and privacy.
- Commercial banks are also encouraged to lower the additional prices for services charged while using internet banking. To avoid further burdens for users while using the services.
- The banks can demonstrate different apps through video demos to utilize the films to conclude the transaction if there is a difficulty.

CONCLUSION

The primary goal of the current study was to identify the critical/vital characteristics that contribute to the retention of commercial bank customers in the Thirvallur district. In light of the study's findings and results, some conclusions have been drawn. It was discovered that Customer Service Quality, Fund Transfer, Transactions Support Inter-Bank Payments, Sending and receiving secure messages from the bank, Easy customer access, and More Privacy are the most dominant elements that contribute to customer retention. Commercial banks should therefore strive on service quality and convenience access to increase their retained client number. Consequently, the Government and financial institutions should work together to improve the electronic banking payment systems in the Thiruvalluvar district. Besides, they have to make significant expenditures on the internet and electrical supplies, which will correct negative values linked with cleared checks information, point-of-sale discounts, and settlement system quick payments.

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