Traditional Banking System and Electronic Payment System: Inclusive of Public and Private Sector Bank in Coimbatore City

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Abstract

The emergence of e-commerce has created new financial needs that in many cases cannot be effectively performed by traditional payment system. Recognizing this, virtually all interested parties are studying various types of electronic payment system and problems related to electronic payment system and digital currency. As every e-banking has its positive and negative impact towards the users and merchants. Therefore this study is based identifying the customers experience towards both traditional banking system and electronic payments systemand their issues.

Introduction

The system of electronic payments is a way of making transactions or paying for goods and services through electronic media without using a cheque or cash. It is also called an electronic payment system or an online payment system. Over the past decade, the electronic payment system has grown more and more due to the widespread use of online banking and shopping. As the world advances more towards technology development, many electronic payment and payment processing systems have been developed to increase, improve and secure transactions in electronic payments while reducing the interest rate of cheque and money transactions.

E-commerce sites use an electronic payment system to make it easier and more convenient to pay for their customers. It has many advantages that:

- More efficient and efficient transactions. This is because they are made in just a few minutes (even with a single mouse click), without losing the client's time.
- It also reduces the cost of the transaction.
- Today it's easy to add payments to a website, so even a non-technical person can realize it in minutes and start processing online payments.
- Payment gateways and payment providers offer highly effective protection and fraud protection to make transactions reliable.

E-commerce, as well as m-commerce is becoming more and more, so the availability of an electronic payment system in your online store is a must. It's simple, fast and convenient for online shoppers. Nevertheless, one of the most popular methods of payment is payments on credit and debit cards, but people also choose some alternatives or local methods of payment. If you run an online

business, find out what your target audience needs, and provide the most convenient and up-to-date e-banking system.

The Electronic Payment Systems can be classified into four categories: Online Credit Card Payment System, Online Electronic Cash System, Electronic Cheque System and Smart Cards based Electronic Payment System.

The beginning of E-banking System

Along with the development of the Internet in the first half of the 90s, the first online payment services began to operate. In 1994, the Stanford Federal Credit Union was created - the first financial institution offering online banking services to all its members. However, the first online payment systems were not generally user friendly and required special knowledge of encryption or data transfer protocol. Moreover, the systems were not adapted to the constant change in the number of users and their transactions.

At the beginning, the main players in the electronic payment market were Millicent (founded in 1995), ECash or CyberCoin (both in 1996). Most of the first online services used micropayment systems, and their common attribute was an attempt to implement electronic cash options (for example, electronic money, digital money or tokens).

In addition, Amazon (one of the pioneers of e-commerce) was founded in 1994, and Pizza Hut begins to accept online food ordering. Can you believe it? The first online delivery system was one step ahead of all competitors Pizza Hut.

Statement of problem

The customers prefer the bank mostly based on their customer responsiveness, service provided and recent banking technologies. Most of the studies where identify about the CRM in banking as per comparative study or customers satisfaction towards to different types of banks. But in this research it's mainly focus to identify which model of services the customers gives more importance and their major usage towards traditional banking system and e-banking system. Still the banks getting lack in these two services and it will help them to take necessary steps to overcome with their customer's problems.

The objectives of the research are:

1. To examine the major usage of traditional banking system and e-banking system.
2. To analyze the issues faced by the customers and deliver suggestions for improving the e-banking system.

Methodology

A research design is the methodical plan of action to be carried out in association with a proposed research work. It brings together both descriptive and analytical method of study. This study was conducted in Coimbatore city. The main source of data isprimary datawere used and sampling design used was convenience. The tools used to do drive the analysis were Frequencies and ANOVA in SPSS 20.

Limitations of the study

1. The study is geographically restricted to Coimbatore City.
2. The sample size is limited to 50 respondents.

Review of literature

Monica Bedi (2010) this study attempts to investigate the relationship between quality of service, overall customer satisfaction and behavioral intentions in public and private banks in India. The data obtained indicate that the quality of services is a significant factor that determines customer satisfaction in the Indian banking industry, regardless of public and private sector banks. However, it was found that various qualities of service measurements are statistically significant for public and

private banks. It was found that customer satisfaction is strongly related to the propensity to recommend. The study will help banks to redefine the corporate image, customer-oriented and quality-oriented.

Neha Dixit, Dr. Saroj K. Datta (2010)this paper examines the factors that affect the reception of e-banking services among adult clients, and also indicates the level of concern regarding security and privacy issues in the Indian context. The find reflects many factors, such as security and confidentiality, trust, innovation, familiarity, awareness, increasing recognition of e-commerce services among Indian clients. The find shows that, despite their safety and confidentiality, adult customers are ready to accept online banking if banks provide it with the necessary recommendations. Based on the results of the current study, managers will segment the market on the basis of the age group and express their opinion and will provide them with the necessary recommendations regarding the use of online banking.

Abdul Wajid and Khalid Khan(2011) this study examines perceptions, preferences, problems and offers on online banking in Pakistan. The study shows that mostly customers prefer Internet banking services (IB) for branch banking services due to reliability, convenience, speed, safety and security, economy, convenience and error-free system. On the contrary, parallel discovery shows that security problems, lack of trust and knowledge, problems with the ATM, etc., affect the adoption of clients of Internet banking services. Services that are not in Pakistan,for example. Cash deposit via ATMs, SMS / E-mail Alert service, transfer of funds through ATMs, paying bills for utilities via the Internet finds the most necessary/requiring customer service in this study.

Navneet Kaur and Ravi Kiran(2015)the purpose of this research paper is to examine how consumers of electronic banking services perceive e-banking services for banks of private, private and foreign banks operating in the banking sector of India, and also make deeper introspection of service quality in all three types to see if there is a significant difference as a service based on the nature of the banks. The results were reflected in the fact that clients believe that banks from countries with foreign investments provide better quality functions than private and public sector banks. For convenience and security of transferring funds through networks, public sector banks have higher ratings than private sector banks. The study identifies factors that need to be improved or improved, and banks can accordingly focus on areas that they want to improve / improve to increase customer loyalty.

Analysis and interpretation

Percentage Analysis

Personal Factors		No. of Respondents	Percentage
Gender	Male	24	48.0
	Female	26	52.0
	Total	**50**	**100.0**
Age	18-25 years	19	38.0
	26-30 years	10	20.0
	31-40 years	13	26.0
	41-50 years	5	10.0
	51-60 years	3	6.0
	Total	**50**	**100.0**
Educational Qualification	Diploma	2	4.0
	Graduate	11	22.0
	Post Graduate	24	48.0

	Others	13	26.0
	Total	**50**	**100.0**
Occupational Status	Student	5	10.0
	Business	15	30.0
	Housewife	4	8.0
	Govt.Employee	5	10.0
	Pvt.Employee	17	34.0
	Agriculture	4	8.0
	Total	**50**	**100.0**
Family Income	Less than Rs.15,000	5	10.0
	Rs.15,001-30,000	23	46.0
	Rs.30,001-60,000	15	30.0
	Above Rs.60,000	7	14.0
	Total	**50**	**100.0**
Type of Bank	Public bank	28	56.0
	Private bank	22	44.0
	Total	**50**	**100.0**
Motivation	Own Initiative	25	50.0
	Friends and Family	13	26.0
	Attractive promotions	7	14.0
	Social Media	3	6.0
	Others	2	4.0
	Total	**50**	**100.0**
Period of having account	Less than 3 year	20	40.0
	3-6 years	19	38.0
	6-9 years	9	18.0
	Above 9 years	2	4.0
	Total	**50**	**100.0**
Kind of Account	Savings A/c	39	78.0
	Fixed Deposit A/c	6	12.0
	Current A/c	5	10.0
	Total	**50**	**100.0**
Type of Card	Debit Card	35	70.0
	Credit Card	4	8.0
	Both Cards	11	22.0
	Total	**50**	**100.0**
Frequent visit to Bank	Daily	10	20.0
	Once in a week	15	30.0
	Once in a Month	21	42.0
	Once in Fortnight	4	8.0
	Total	**50**	**100.0**

(Primary Source)

It can be observed from the above table stated that a most of the respondents 38% are in the age group of 18-25 years which indicates that a large number of young adults have participated in the survey, 52% of the respondents are have higher proportion of female customers in the bank, 48% of the respondents are educated at the level of post graduate, 34% of the respondents belongs to private employees, 56% of the customers from the public sector have more dealings with the banks and visit bank branches once in a month, 50% of the respondents have selected their banks based on their own initiatives, 46% of the bank customers surveyed are in the income between Rs.15,000-30,000,majority of the respondents 40% are banking with their banks for less than three years, 78% of the respondents are availing of savings bank facilities from the bank, 70% of the respondents are preferred to use of debit card.

ANOVA

H_0: There is no significant difference between the personal factors and customers satisfaction towards traditional banking services.

H_0: There is no significant difference between the personal factors and customers satisfaction towards e-banking services.

H_0: There is no significant difference between the customer's satisfaction on traditional banking services and types of banks.

H_0: There is no significant difference between the customer's satisfaction on e-banking services and types of banks.

The table describes the result of ANOVA in terms of personal factors, source of variation, sum of squares, degree of freedom, mean squares, F values, p values and their significance on their customer's satisfaction towards traditional banking services.

Table 1: Personal Factors and Customers Satisfaction on Traditional Banking Services

Personal Factors		Sum of squares	Df	Mean Square	F	P value	S/NS
Gender	Between Groups	.287	1	.287	.877	.354	NS
	Within Groups	15.713	48	.327			
	Total	16.001	49				
Age	Between Groups	6.657	4	.1664	3.208	.021	S
	Within Groups	23.343	45	.519			
	Total	30.001	49				
Educational Qualification	Between Groups	.310	3	.103	.303	.823	NS
	Within Groups	15.691	46	.341			
	Total	16.001	49				
Occupation	Between Groups	.624	5	.125	.357	.875	NS
	Within Groups	15.376	44	.349			
	Total	16.001	49				
Income	Between Groups	1.404	3	.468	1.475	.234	NS
	Within Groups	14.596	46	.317			
	Total	16.001	49				

* Significant at the 0.05 level

From Table 1, it can be interpreted that the calculated p value is less than 0.05 for one out of five factors. Hence the null hypothesis is rejected (significant) for one factor namely age and the hypothesis is accepted (not significant) for four factors namely gender, educational qualification, occupation and monthly income.

It is concluded that there is asignificant difference the personal factor of the bank customer's age in respect of their customer's satisfaction towards traditional banking services.

Table 2: Personal Factors and Customers Satisfaction on E-Banking Services

Personal Factors		Sum of squares	Df	Mean Square	F	P value	S/NS
Gender	Between Groups	13.962	1	13.962	4.281	.044	S
	Within Groups	156.538	48	3.261			
	Total	170.500	49				
Age	Between Groups	.594	4	.148	.766	.553	NS
	Within Groups	8.726	45	.194			
	Total	9.320	49				
Educational Qualification	Between Groups	.472	3	.157	.818	.491	NS
	Within Groups	8.848	46	.192			
	Total	9.320	49				
Occupation	Between Groups	15.834	5	3.167	4.078	.004	S
	Within Groups	34.166	44	.776			
	Total	50.000	49				
Income	Between Groups	.384	3	.128	.659	.581	NS
	Within Groups	8.936	46	.194			
	Total	9.320	49				

* Significant at the 0.05 level

From Table 2, it can be interpreted that the calculated p value is less than 0.05 for two of five factors. Hence the null hypothesis is rejected (significant) for the two personal factors namely gender and occupational status. And the hypothesis is accepted (not significant) for three factors namely age, educational qualification and income level.

It is concluded that there is asignificant difference the personal factors of the bank customers such as gender and occupational statusin respect of their customer's satisfaction towards e-banking services.

Table 3: Customer's Satisfaction on Traditional Banking Services and Types of Banks

Personal Factors		Sum of squares	Df	Mean Square	F	P value	S/NS
Passbook entry	Between Groups	.852	1	.852	.767	.386	NS

	Within Groups	53.328	48	1.111			
	Total	54.180	49				
Stop payment instruction	Between Groups	.240	1	.240	.218	.643	NS
	Within Groups	52.880	48	1.102			
	Total	53.120	49				
Deposit of cash	Between Groups	4.688	1	4.688	8.718	.005	S
	Within Groups	25.812	48	.538			
	Total	30.500	49				
Standing instructions	Between Groups	8.578	1	8.578	5.796	.020	S
	Within Groups	71.042	48	1.480			
	Total	79.620	49				
Statement printout	Between Groups	2.922	1	2.922	2.354	.132	NS
	Within Groups	59.578	48	1.241			
	Total	62.500	49				
Safety lockers	Between Groups	6.751	1	6.751	11.110	.002	S
	Within Groups	29.169	48	.608			
	Total	35.920	49				

* Significant at the 0.05 level

From the table 3, it is found from thetable that the calculated p-value is less than 0.05 for three out of six factors. Hence the null hypothesis is rejected (significant) for the three factors namely Deposit of cash, Standinginstructions and safety lockers and the hypothesis is accepted (not significant) for three factor namely passbook entry, stop payment instruction, statement printout.

It is concluded that there is a significant difference between the customer's satisfactions of traditional banking services such as Deposit of cash, standing instructions in respect towards type of banks.

Table 4: Customer's Satisfaction on E-Banking Services and Types of Banks

Personal Factors		**Sum of squares**	**Df**	**Mean Square**	**F**	**P value**	**S/NS**
Utility payments	Between Groups	11.379	1	11.379	11.101	.002	S
	Within Groups	49.201	48	1.025			
	Total	60.580	49				
Statement of account	Between Groups	.655	1	.655	.684	.412	NS
	Within Groups	45.925	48	.957			
	Total	46.580	49				
Balance enquiry	Between Groups	11.379	1	11.379	11.101	.002	NS

	Within Groups	49.201	48	1.025			
	Total	60.580	49				
Transfer of funds	Between Groups	10.772	1	10.772	12.326	.001	S
	Within Groups	41.498	48	.874			
	Total	52.720	49				
Pay tax	Between Groups	.011	1	.011	.011	.918	NS
	Within Groups	47.269	48	.985			
	Total	47.280	49				
Application download	Between Groups	8.283	1	8.283	13.283	.040	S
	Within Groups	47.950	48	1.323			
	Total	50.950	49				

* Significant at the 0.05 level

From the table 4, it is found that the calculated p-value is less than 0.05 for three out of six factors. Hence the null hypothesis is rejected (significant) for three factors namely Utility payments, Transfer of funds, and application download and the hypothesis is accepted (not significant) for three factors namely statement of account, balance enquiry and payment of tax.

It is concluded that there is a significant difference between the customer's satisfactionsof e-banking services such as Utility payments, Transfer of funds, and application downloadin respect towards type of banks.

Suggestion

From this research it is refereed that the customer's satisfied with their traditional and e-banking services according to personal factors. Whereas, in case the types of banks, the customers are not satisfied with the standing instructions on traditional banking services. Mostly the customers are satisfied with both traditional and e-banking services. Though the public and private sector banks should concentrate more on their customers expected services like customer responsiveness, trendy technologies knowledge between them and bank employees, charges over e-banking transactions should be make consider to reduce it. If these changes have taken into the consideration of public and private sector banks their reputation level will reach highand lead to more number of customers in future aspects and also helps in customer retention.

Conclusion

Every year in the world of electronic payments there are new solutions that stimulate the growth of electronic commerce. New players make electronic payments easily accessible and convenient for users who pay online.Online and offline payments are interpenetrating, and the difference between the two is becoming increasingly blurred each year. This is mainly due to the dynamic growth of technologically advanced mobile devices with an Internet connection, and retailers, who allow you to pay for their brick and mortar stores with their smartphone, are nothing exceptional these days.The growth in the number of online buyers is noticeable, so we are confident that intelligent technologies will become more popular than conventional banks.

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