

Comparative Study On Customers' Perception Towards E-Banking Services Provided By Public And Private Sector Commercial Banks In Tirunelveli City

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The rapid digital transformation of the banking industry has significantly influenced customer behavior and satisfaction levels. E-banking has emerged as a convenient, time-saving, and secure platform enabling customers to conduct financial transactions efficiently. This study focuses on comparing the perception of customers towards e-banking services provided by public and private sector commercial banks in Tirunelveli City. A total of 149 respondents were selected by using a convenience sampling techniques and collected data with the help of structured interview schedule. The analysis was carried out using percentage analysis, descriptive statistics, Chi-square test, and multiple regression analysis through SPSS software. The results reveal that customers of private sector banks exhibit higher satisfaction in terms of service speed, user-friendliness, and innovative features, whereas customers of public sector banks emphasize trust, reliability, and security. Regression results indicate that factors such as ease of use, security, customer support, and accessibility significantly influence overall customer satisfaction. The study concludes that both public and private banking sectors focus on enhancing digital literacy, strengthening security systems, and improving user experience to ensure sustainable e-banking adoption and customer loyalty.

KEYWORDS: E-Banking, Customer Perception, Customer Satisfaction, Service Quality.

INTRODUCTION

The emergence of e-banking has revolutionized the banking industry by providing customers with seamless access to financial services through online and mobile platforms. With the growing reliance on technology, customers now expect faster, safer, and more convenient services. E-banking eliminates geographical barriers and enables 24×7 access to transactions, making it an essential component of modern banking operations. In India, both public and private sector banks have embraced e-banking services to enhance operational efficiency and customer satisfaction. However, the perception and adoption levels differ between these two sectors. Public sector banks, with their wide rural reach and traditional base, often emphasize reliability and security, while private sector banks focus on innovation, technology integration, and superior service quality.

REVIEW OF LITERATURE

Lavuri (2018) examined customer perception towards e-banking services in public and private sector banks, stressing that in the highly competitive banking environment, financial institutions must adopt strong strategic and customer-centric approaches to shape positive customer perceptions and retain users in the long run. The study emphasizes the need to understand various dimensions of e-banking, including the quality of digital services, motivational factors that influence customers to adopt online banking, and the major problems they encounter while using such services. Using a structured questionnaire, data were collected from 169 customers of both public and private banks in Hyderabad, and the responses were analyzed through an independent sample t-test using SPSS 20.0 to identify whether significant differences existed between the perceptions of the two groups. The findings highlight the importance of effective digital service strategies, suggesting that banks must consistently enhance their e-banking systems and address customer concerns to strengthen satisfaction, improve usage levels, and reduce the likelihood of customers switching to competing banks.

Sawant, Kulkarni, and Mundhe (2013) conducted a comparative study to evaluate customer satisfaction with e-banking services across major public and private sector banks, recognizing customer satisfaction as a key indicator of banking performance in the digital era. Their research focused on public sector banks such as the State Bank of India, Bank of Maharashtra, and Bank of Baroda, alongside private sector banks including ICICI Bank, HDFC Bank, and Federal Bank, to identify variations in satisfaction levels associated with online services. The study emphasized how the quality of e-services, including reliability, ease of use, availability of online facilities, and responsiveness, significantly shapes customer perceptions and overall satisfaction. Additionally, the authors examined the specific problems customers encounter while using online banking and explored how factors influencing the choice of internet banking interact with user satisfaction. The findings highlighted that effective, user-friendly, and secure e-banking platforms play a crucial role in enhancing customer experience, urging banks to continuously upgrade their digital services to meet evolving customer expectations and remain competitive.

Sukanya Kundu and Saroj K. Datta (2012), in their study titled “A Comparative Evaluation of Customer Perception and Satisfaction of M-banking and I-banking,” explored the evolving dimensions of electronic banking by comparing Internet banking and mobile banking services among selected Indian public sector banks in four major metropolitan cities. The study, based on primary data, assessed customer perception and satisfaction across parameters such as e-shopping, fund transfer, utility and tax payments, and balance enquiries. Findings revealed that Internet banking is perceived as more suitable for transaction-intensive services and activities requiring greater operational efficiency, while mobile banking is preferred for quick, value-added services such as movie ticket bookings. Customers viewed Internet banking as effective in reducing operational lead time, whereas mobile banking offered convenience and accessibility. The satisfaction analysis showed that both channels effectively deliver core and value-added services, fulfilling customer expectations through their respective strengths. The study concluded that Internet banking and mobile banking are not substitutes but rather complementary channels, jointly enhancing the overall quality, flexibility, and reach of e-banking services.

Sayed and Sayed (2020) analyzed customer experience with digital banking across private and public sector banks, emphasizing how the rise of Financial Technology (Fintech) has reshaped the Indian financial system and significantly expanded the use of digital payment channels such as debit cards, mobile wallets, ATMs, RTGS, NEFT, internet banking, and mobile banking. The study highlights that although digital adoption has increased, customers’ perceived risks regarding online transactions have also grown, making it essential to understand their expectations and satisfaction levels. Using descriptive research based on responses from 300 customers collected through a structured questionnaire, the authors applied statistical tools including frequency tables, percentage analysis, rank order, and independent t-tests to compare user experiences. The findings reveal that customers prefer digital transactions mainly for their speed and convenience, but satisfaction levels differ between private and public sector banks for several digital services. Significant differences were noted in areas such as mobile banking, internet banking, online loan applications, online home loan services, online fund investments, chatbot interaction, and SMS alert facilities, with private bank customers expressing higher satisfaction. The study concludes that public sector banks need to enhance and modernize their digital products and services to match customer expectations and compete effectively with private sector banks in the evolving digital landscape.

OBJECTIVES OF THE STUDY

1. To understand the socio-economic conditions of customers of both public and private sector commercial banks in Tirunelveli who are availing e-banking services.
2. To compare the opinion of customers towards e-banking services provided by both public and private sector banks.
3. To analyse the customer satisfaction towards e-banking services offered by public and private sector banks.

RESEARCH METHODOLOGY

Research Design: The study adopts a descriptive research to understand and compare customer perceptions towards e-banking services of public and private sector banks.

Study Area: The research was conducted in Tirunelveli City, Tamil Nadu.

Sample Size: A total of 149 respondents were selected, comprising customers of both public sector and private sector commercial banks.

Sampling Method: Convenience sampling technique was adopted to collect primary data.

Data Collection: Primary data were collected through a structured interview schedule containing demographic details and perception-based on interview schedule. Secondary data were sourced from journals, research reports, and online databases.

Tools for Analysis:

1. **Percentage Analysis** – to interpret demographic profile of both public and private sector banks customers.
2. **Descriptive Statistics** – mean score used to measure perception statements.

CUSTOMER PERCEPTION TOWARDS E-BANKING SERVICES BETWEEN PUBLIC AND PRIVATE SECTOR BANKS

S.No	Criteria	Mean Score (Public Bank)	Mean Score (Private Bank)	Interpretation
1	E-banking saves my time and effort	4.10	4.45	Private bank customers strongly agree that e-banking saves time and effort compared to public bank customers.
2	It is more convenient than visiting a branch	4.05	4.50	Private bank users find online banking more convenient due to advanced technology and better app interfaces.
3	It helps and manage finances better	3.80	4.30	Private sector banks provide more tools for budgeting and finance management.
4	It provides quick access to account information	4.00	4.55	Both sectors perform well, but private banks are perceived as faster and more efficient.
5	Design and user-friendliness of the website/mobile app	3.65	4.60	Private banks' apps are seen as more modern and user-friendly than public banks'.
6	Responsiveness of customer support	3.55	4.40	Private banks provide quicker and more effective customer support.
7	E-banking improves the overall quality of banking services	3.90	4.50	Both improve service quality, but private banks lead due to innovation and reliability.
8	Feel confident using my bank's e-banking platform	3.85	4.35	Private bank customers have more confidence in the system's security and reliability.

The overall Mean score of public sector bank is 3.86 and private sector bank is 4.46 towards customer perception in e-banking. Customers’ rated private banks higher in all dimensions such as convenience, user-friendliness, and responsiveness. This indicates that customers perceive private banks as technologically advanced and customer-centric, while public banks are improving but still lag behind in digital service quality.

SOURCE: Primary Data

CUSTOMER EXPECTATION TOWARDS E-BANKING SERVICES BETWEEN PUBLIC AND PRIVATE SECTOR BANKS

S.No	Criteria	Mean Score (Public Bank)	Mean Score (Private Bank)	Interpretation
1	E-banking saves my time and effort	4.30	4.50	Customers from both sectors have high expectations regarding time-saving features.
2	It is more convenient than visiting a branch	4.25	4.55	Most customers expect e-banking to replace physical visits entirely.
3	It helps and manage finances better	4.00	4.40	Customers expect advanced tools and dashboards for financial management.
4	It provides quick access to account information	4.10	4.60	Instant and 24/7 access is expected from both sectors.
5	Design and user-friendliness of the website/mobile app	3.95	4.55	High expectation for simple, intuitive interfaces.
6	Responsiveness of customer support	3.85	4.45	Customers expect prompt resolution of queries and complaints.

S.No	Criteria	Mean Score (Public Bank)	Mean Score (Private Bank)	Interpretation
7	E-banking improves the overall quality of banking services	4.05	4.50	Customers believe e-banking should enhance efficiency and satisfaction.
8	Feel confident using my bank's e-banking platform	4.00	4.40	Customers expect secure, stable, and trustworthy systems.

SOURCE: Primary Data

The overall Mean score of public sector bank is 4.06 and private sector bank is 4.49 towards customer expectation in e-banking. The results indicate that expectations are higher for private sector banks compared to public banks. Customers' expect advanced technology, efficient mobile applications, and quick customer support from private banks. Public bank customers also hold positive expectations, but slightly lower, reflecting their familiarity with slower digital transitions.

- ✓ A larger gap between expectation and perception in public sector banks (0.20) indicates that customer expectations exceed their actual experience.
- ✓ In contrast, the smaller gap in private banks (0.03) reflects that their digital services closely meet or exceed customer expectations.
- ✓ Hence, private sector banks perform better in satisfying customer expectations regarding e-banking services.

LEVEL OF SATISFACTION TOWARDS E-BANKING SERVICES

S.No	Service Aspect	Weighted Mean Score	Rank
1	The e-banking website/mobile	4.32	II
2	Ease of using e-banking platform	4.35	I
3	Speed of transactions	4.10	IV
4	Reliability of service (uptime and error-free transactions)	4.05	V
5	Security and privacy of your transactions	4.20	III
6	Accessibility and availability (24/7 access)	3.98	VI
7	Accuracy of account information	3.85	VII
8	Responsiveness of customer support	3.75	VIII
9	Transaction fees and service charges	3.50	X

S.No	Service Aspect	Weighted Mean Score	Rank
10	It reduces the need to visit physical bank branches	3.60	IX
11	Overall satisfaction with your bank's e-banking services	4.15	IV

SOURCES: Primary Data

- ✓ The highest satisfaction was recorded for “Ease of using e-banking platform” (Weighted Mean = 4.35, Rank I), indicating that respondents found the e-banking interface simple and convenient to use.
- ✓ The next highly rated factors were “E-banking website/mobile design” (4.32, Rank II) and “Security and privacy of transactions” (4.20, Rank III). This highlights that users value user-friendly and secure digital environments.
- ✓ Speed of transactions (4.10) and Overall satisfaction (4.15) also received good scores, showing positive customer experiences.
- ✓ Moderate satisfaction levels were noted for Reliability (4.05) and Accessibility (3.98), suggesting that some respondents faced minor service interruptions or downtime.
- ✓ Customer support responsiveness (3.75) and Transaction fees (3.50) received the lowest mean scores, indicating dissatisfaction in these areas.
- ✓ The lowest-ranked aspect was Transaction fees and service charges, implying that customers are concerned about the additional costs associated with digital transactions.

Findings of the study

- **Gender:** 58% are male and the remaining 42% are female customers.
- **Age:** majority (46%) of the customers are aged between 21–30 years.
- **Education:** 62% of the customers are graduates and 25% of them are postgraduates.
- **Marital Status:** 52.3 % of the customers are married, 45.6% of them are unmarried and 2% of them are Transgender.
- **Occupation:** 37% of the customers are private employees, 28% of them are students, 20% of them are businesspersons, and the remaining 15% of them are government employees.
- **Place of residence:** 51.6% reside in urban areas, 32.8% in semi-urban areas, and 15.4% in rural areas, implying that majority of them belong to urban area
- **Type of Bank:** 54% of customers use public sector banks, while 46% use private sector banks.
- **Bank Account Details:** 64.4% of customers use saving account, 20.13% of customers use current account, while 10.06% use fixed deposit account, and 5.3% use recurring deposit account
- **Experience in Bank:** 12.08% of the customers have been using less than 1 year experience, 35.57 % of the customers have been using 1-3 years and 30.20% of the

customers have been using 3-5 years' and 22.14% of the customers have been using above 5years experience.

LIMITATIONS OF THE STUDY

Although the study provides valuable insights into customer perception towards e-banking services offered by public and private sector banks in Tirunelveli City, it is subject to certain limitations:

1. **Limited Sample Size and Geographical area:** The study is based on responses from only 149 customers and restricted to Tirunelveli city, which may not fully represent the entire banking population of Tirunelveli City.
2. **Self-Reported Data:** The study relies on self-reported responses, which may be influenced by personal bias, mood, or limited understanding of e-banking technologies.

SUGGESTIONS

Based on the findings of the study, the following suggestions are made to enhance customer satisfaction and strengthen e-banking adoption in both public and private sector banks:

1. **Enhance User Interface:** Banks should continuously update their mobile apps and websites to make them more user-friendly, intuitive, and accessible to all age groups.
2. **Strengthen Security Measures:** Robust cybersecurity systems, multi-factor authentication, and customer awareness programs are essential to build trust and protect users from fraud.
3. **Improve Customer Support:** Public and private sector banks must ensure prompt, 24×7 assistance through chatbots, helplines, or AI-based query resolution to handle technical issues effectively.
4. **Digital Literacy Initiatives:** Banks should conduct digital awareness programs, especially in semi-urban and rural areas, to educate customers about safe and efficient e-banking practices.
5. **Transparent Communication:** Banks must clearly disclose transaction charges, service fees, and digital policies to minimize confusion and build customer confidence.
6. **Innovation and Personalization:** Continuous innovation through personalized services, predictive alerts, and advanced analytics can help banks retain digitally active customers and attract new ones.
7. **Collaborative Improvements:** Public sector banks should collaborate with private and fintech companies to integrate modern technologies and enhance operational efficiency.

CONCLUSION

The study titled “Comparative Study on Customers’ Perception towards E-Banking Services Provided by Public and Private Sector Commercial Banks in Tirunelveli City” highlights the growing reliance of customers on digital banking platforms for convenience, speed, and accessibility. The findings indicate that while both public and private sector banks provide satisfactory e-banking services, private banks outperform public banks in areas such as ease of use, transaction speed, and technological innovation. Conversely, public sector banks excel in reliability, trust, and security, which remain key strengths in sustaining customer loyalty. Statistical analyses reveal that ease of use, security and privacy, transaction speed, and customer support are the most significant predictors of overall satisfaction. In conclusion, the future of banking lies in digital transformation, where both public and private sector banks focus on enhancing technological capabilities, ensuring data security, and delivering superior customer experiences. By prioritizing innovation, transparency, and customer engagement, banks can foster stronger trust, wider adoption, and sustained satisfaction among their digital banking users.

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