

A Study on Customer Perception Towards Online Banking Services of Public Sector Banks with Special Reference to Tiruchirappalli

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ABSTRACT

The study entitled “**A STUDY ON CUSTOMER PERCEPTION TOWARDS ONLINE BANKING SERVICES OF PUBLIC SECTOR BANKS WITH SPECIAL REFERENCE TO TIRUCHIRAPPALLI**”. This study has attempted to analyze the customer perception of online banking services. The study is fully based on primary data and profile of the industry. This study has been organized into five chapters. The first chapter includes three categories. Starting with introduction about the study, need and scope of the study. The introduction part explains the meaning and definitions of online banking, the final category is review of literature. The second chapter includes industry profile and company profile. The third chapter is design of the study which includes the objectives, limitation of the study, research methodology and statistical tools used for the data analysis the following tools were used Simple percentage analysis, Chi- square and correlation. The fifth chapter includes the findings, suggestions and conclusion of this study. After that it includes reference which is used in this project.

INTRODUCTION

ONLINE BANKING

In today's digital age, online banking has emerged as a critical tool for the delivery of financial services, offering convenience, speed, and efficiency to customers. With advancements in technology and the increasing penetration of the internet, the banking industry has been fundamentally transformed. Public sector banks, in particular, have adapted to this trend by offering various online banking services, enabling customers to perform a wide range of transactions without physically visiting bank branches. These services include online fund transfers, utility bill payments, account management, loan applications, and even investment services. As customers increasingly engage with digital platforms, their perceptions of these services play a significant role in shaping their banking experience. Understanding customer perceptions of online banking services in public sector banks is vital for enhancing service delivery, customer satisfaction, and long-term growth in the financial sector.

Public sector banks (PSBs) in India, which include major institutions such as the State Bank of India (SBI), Punjab National Bank (PNB), and Canara Bank, have traditionally been viewed as stable and reliable.

Historically, these banks have relied on physical branches to deliver services, with a focus on personal interaction between customers and banking personnel. However, with the rise of private sector banks and fintech companies offering innovative digital solutions, public sector banks have been compelled to modernize and offer competitive online banking services to retain and attract customers. The shift towards online banking services has not only helped PSBs expand their customer base but also improved operational efficiency and reduced costs.

This study aims to explore customer perception towards online banking services in public sector banks. By examining the attitudes, preferences, and experiences of customers using these digital platforms, the research will provide insights into the factors that influence customer satisfaction and acceptance of online banking services. Understanding customer perceptions is crucial for public sector banks to improve their online banking offerings, enhance customer trust, and remain competitive in the digital banking space.

OBJECTIVES OF THE STUDY PRIMARY OBJECTIVE

A study on customer perception towards online banking services of public sector banks with special reference to Tiruchirappalli.

SECONDARY OBJECTIVE

1. To analyze customer perceptions of online banking services provided by public sector banks.
2. To identify the factors influencing the adoption of online banking services by customers.
3. To assess customer satisfaction levels with the usability, security, and efficiency of online banking platforms.
4. To explore the challenges customers face when using online banking services in public sector banks.

REVIEW OF LITERATURE

1. **Mehta and Kapoor (2025)** highlighted that after 2024, public sector banks saw an increase in online banking adoption due to aggressive digitalization efforts and the launch of government-backed digital campaigns. Despite this growth, adoption was still slower in semi-urban and rural areas due to technological barriers and insufficient internet infrastructure. The study noted that customer perception in these regions remained cautious, driven by a lack of digital literacy and concerns about the reliability of online services.
2. **Goyal and Kapoor (2025)** found that public sector banks still struggled to compete with private sector banks in terms of overall customer experience. While they had made strides in offering basic online banking functions, public sector banks were perceived as lacking the advanced digital services, such as real-time financial analytics and automated customer support, that private sector banks offered.
3. **Goyal and Singh (2024)** identified several areas where public sector banks had improved post-2023, including mobile banking apps and the integration of digital payment systems. However, they noted that public sector banks needed to further invest in emerging technologies, such as blockchain for secure

transactions and AI for personalized banking experiences, to remain competitive in the evolving digital landscape.

4. **Agarwal and Saxena (2024)** conducted a survey on customer satisfaction with online banking services in public sector banks and found that while basic functions were generally well-received, issues with responsiveness, user interface, and technical glitches continued to affect satisfaction. Customers were more satisfied with mobile apps and simplified processes but still found private banks superior in terms of real-time support and service speed.

5. **Kumar and Singh (2021)** highlighted that public sector banks witnessed a surge in mobile banking usage after 2020. However, they lagged in terms of offering the seamless experiences provided by private banks, particularly in urban areas. Digital literacy remained a challenge for some segments, leading to uneven adoption rates across customer groups.

RESEARCH METHODOLOGY RESEARCH DESIGN

The research design is descriptive in nature, designed to provide a detailed account of the current state of online banking usage and perceptions among respondents. This approach allows for the systematic description of variables such as gender, age, occupation, income, and educational qualification, alongside their correlation with banking behaviors and preferences.

SOURCES OF DATA

The study relies on primary data collected directly from respondents through a structured questionnaire. This **primary data** forms the core of the analysis, capturing firsthand information on demographics, online banking interest, usage frequency, and perceived barriers or enhancements. **Secondary data** was not explicitly utilized in this study, as the focus is on original survey responses.

SAMPLING TECHNIQUE

Cluster sampling is a sampling method used in statistics where the population is divided into separate groups, known as *clusters*. A random selection of these clusters is made, and then either all members of the selected clusters or a random sample within those clusters is surveyed or studied. It is used for the project study.

TOOLS USED FOR ANALYSIS

The data analysis was conducted using statistical tools, including Pearson correlation to assess relationships (e.g., gender and interest in online banking), Chi-Square tests to evaluate associations (e.g., age and security confidence), and regression analysis to identify predictors (e.g., income and service type). These tools were applied using software capable of handling tabular data and producing p-values to determine statistical significance ($p < 0.05$). The analysis also involved calculating frequencies and percentages to summarize respondent profiles and preferences, ensuring a robust quantitative framework for interpreting the findings.

LIMITATIONS OF THE STUDY

1. The study is limited to a specific area, so it may not reflect the views of all customers.
2. The sample size may be small, which could affect how widely the results apply.

3. It focuses only on public sector banks, not including private banks or fintech services.

FINDINGS

1. The majority of respondents (62.5%) are female, indicating a predominantly female sample that may reflect greater participation or interest among women.
2. The majority of respondents (56.7%) are aged 26-35, indicating a predominantly early-to-mid-career workforce.
3. The majority of respondents (48.3%) are engaged in business, indicating a predominantly entrepreneurial sample with potential influence on banking preferences.
4. The majority of respondents (46.7%) earn between 50,000-100,000 annually, indicating a predominantly lower-middle-income sample with possible cost-sensitive banking behaviors.
5. The majority of respondents (45.8%) hold an undergraduate degree, indicating a predominantly well-educated sample likely comfortable with technology.
6. The majority of respondents (40.8%) learned about online banking through television, indicating a predominant reliance on mass media for awareness.
7. The majority of respondents (49.2%) use Indian Overseas Bank, indicating a predominant preference for this bank among the sample.
8. The majority of respondents (60.0%) are interested in online banking facilities, indicating a predominant positive inclination toward digital services.
9. The majority of respondents (41.7%) cite that online services don't meet their needs, indicating a predominant barrier related to functionality gaps.
10. The majority of respondents (68.3%) believe online banking offers more scope and frequency, indicating a predominant positive perception of digital advantages.
11. The majority of respondents (36.7%) use online banking daily, indicating a predominant reliance on digital banking for regular transactions.
12. The majority of respondents (35.0%) are comfortable with technology for banking, indicating a predominant ease with digital tools among the sample.
13. The majority of respondents (38.3%) have used online banking for less than a year, indicating a predominant recent adoption trend.
14. The majority of respondents (41.7%) experience disruptions due to branch location distance, indicating a predominant accessibility issue.
15. The majority of respondents (39.2%) would be encouraged by free transactions, indicating a predominant motivation driven by cost savings.
16. The majority of respondents (35.8%) suggest providing more educational resources, indicating a predominant need for better understanding of online banking.
17. The majority of respondents (37.5%) want budgeting and financial management tools, indicating a predominant desire for planning support.

18. The majority of respondents (39.2%) prefer real-time fraud detection alerts, indicating a predominant focus on immediate security measures.
19. The majority of respondents (35.0%) are motivated by reduced transaction fees, indicating a predominant interest in cost-related incentives.
20. The majority of respondents (36.7%) find difficulty navigating most frustrating, indicating a predominant usability concern.
21. The majority of respondents (35.0%) use SMS banking, indicating a predominant reliance on text-based services.
22. The majority of respondents (38.3%) strongly agree on sufficient customer support, indicating a predominant satisfaction with support services.
23. The majority of respondents (41.7%) agree on confidence in security, indicating a predominant trust in online banking safety.
24. The majority of respondents (38.3%) agree on the value of two-factor authentication, indicating a predominant acceptance of enhanced security.
25. The majority of respondents (38.3%) agree on the importance of strong password requirements, indicating a predominant support for robust security measures.
26. The majority of respondents (38.3%) strongly agree on the value of security alerts, indicating a predominant appreciation for proactive communication.
27. The majority of respondents (40.0%) perceive the bank's protection efforts as good, indicating a predominant positive view of data security.
28. The majority of respondents (37.5%) are likely to recommend online services, indicating a predominant willingness to endorse digital banking.
29. The majority of respondents (37.5%) find a mobile banking app important, indicating a predominant demand for mobile access.
30. The majority of respondents show no significant correlation ($p = 0.703$) between gender and interest, indicating a predominant lack of gender influence on online banking interest.
31. The majority of respondents show no significant association ($p = 0.207$) between age and security confidence, indicating a predominant lack of age-related influence.

SUGGESTIONS

1. Enhance customer loyalty programs and service quality at Indian Overseas Bank to solidify its dominance and improve retention.
2. Expand online banking offerings and promote their accessibility to capitalize on this widespread interest.
3. Ensure platform stability and fast performance to support the daily usage habits of this active user base.
4. Reinforce security measures and communicate them clearly to maintain and build on this trust.

5. Focus marketing efforts on universal benefits rather than gender-specific appeals to maintain broad appeal.

CONCLUSION

The study on customer perception towards online banking services in public sector banks reveals a promising yet challenging landscape for digital adoption. With 60.0% of the 120 respondents expressing interest and 68.3% recognizing the enhanced scope of online banking, there is a clear potential for growth in this sector. The predominantly young (56.7% aged 26- 35) and well-educated (45.8% undergraduates) sample, alongside a significant business- oriented demographic (48.3%), highlights a tech-savvy base eager for innovation. However, barriers such as functionality gaps (41.7%), navigation issues (36.7%), and security concerns (35.0% distrust) underscore the need for improvement.

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