A Study On Customer Satisfaction Of Electronic Fund Transfer Facility Offered By Public And Private Sector Banks

A. Devi

Research Scholar, Bharathiar University

Dr. G. P. Raman

Research Guide & Supervisor, Controller of Examination, SCSVMV, University, Kanchipuram

Abstract: Electronic banking brought revolution in Indian banking history. It makes banking easier and economic to all segment of the society. Banking products and services is being supplied to the customers through various electronic delivery channels by 24x7. Out of various e-services of banking, electronic fund transfer is a boon to bank customers. Efficiency in payment systems brings about many benefits for a country's economy and its people. This paper is an attempt to study the concept and performance analysis of selective electronic fund transfer mode such as National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS). The purpose of this paper is to measure the customer satisfaction on NEFT and RTGS. This research aims to explore the relationship between demographic profile (Age and occupation) and the customer satisfaction of e-banking services in selective public sector and private sector banks in Chennai city. A purposive sampling technique was conducted with the sample size of 521 bank customers. This empirical study collects secondary data from official websites of RBI, magazines and surfing of Internets. Based on the findings, it suggests bankers to increase the efficiency electronic fund transfer services and to bring customer loyalty.

Keyword: E-banking, NEFT, RTGS, Public and Private Sector banks, Customer satisfaction

I. INTRODUCTION

Electronic banking, commonly known as Internet banking is a kind of systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through the Internet. E-banking helps the customers to save their time by reduced queuing times. It assures Greater security and Reduce risk. Most of the banks in India are regulated under the norms set by RBI and, hence, the Internet banking facility too is quite safe in nature. There is no risk of theft or accidental loss of money. In the early stage of internet banking facilitates utility bill payment, online payments, etc. However, transfer of huge amount from one account to other bank account was done only on the bank branches and through cheque which was being a cumbersome process. In this context, introduction of core banking solution (CBS) paves way for electronic fund transfer and made paper less banking. Electronic Fund Transfer services such as NEFT and RTGS are very easy to access both at bank counter and through internet banking. An individual with little knowledge of computer or the Internet might require operating an RTGS/NEFT through Internet banking. It helps more for the customers having current account and doing banking with huge amount. The customers can do the payment on time and improve their reputation. RTGS, NEFT and IMP transfers money quickly and assured rapid settlement of accounts, thereby improving the overall functionality of any business.

II. REVIEW OF LITERATURE

Divya Singhal and V. Padmanabhan (2008) analyzed with the help of statistical tools clearly indicating the factors responsible for internet banking. Factor analysis results indicate that utility request, security, utility transactions, ticket booking and fund transfer are major factors. Out of the total respondents more than 50% agreed that internet banking was a convenient and flexible way of banking and it also had various transaction related benefits. Thus, providing internet banking

is increasingly becoming a 'need to have' than a 'nice to have' service. Damodaran, M (2010) stated that customer service is the backbone of banking and the banking system in India has the largest outreach for delivery of financial services. While the coverage has been expanding on a daily basis, the quality and content of dispensation of customer service is under tremendous pressure, mainly due to the increasing volumes of operations and ever increasing expectations of the customers. Commitment to hassle-free service to the customers under the oversight of the bank's board is necessary to ensure maximum customer satisfaction. According to World Bank Development report (2013), electronic payments can save over oneper cent of India's gross domestic product (GDP). The "Cash may still be "king" at times, but compared with electronic payments, cash payments are inefficient," According to the multi-lateral agency, the rising use of payment by electronic medium can help to save 1.6 per cent of India's GDP. "Cash can carry significant handling and transportation costs, and run the risks of theft, loss, and counterfeiting." Banking Industry Association (2014) stated that new payment platform and channels such as RTGS, NEFT, the Aadhaar Payment Bridge, AEPS and CBS are bringing about large-scale changes in consumer usage.

III. CONCEPTUAL FRAMEWORK

BANK PAYMENT SYSTEM IN INDIA

Payment system is a set of instruments, banking procedures and, typically, interbank funds transfer systems that ensure the circulation of money.
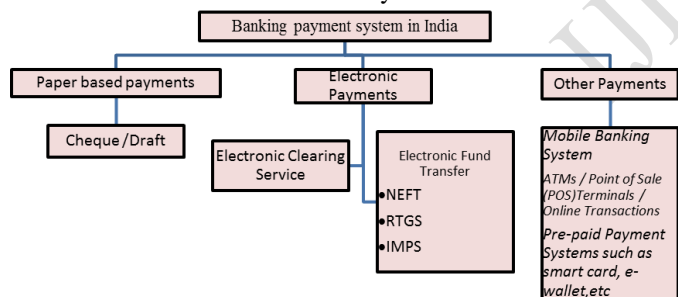

Chart 1: Payment System in India

The present study had taken NEFT and RTGS as its study area.

NEFT

The acronym "NEFT" stands for National Electronic Funds Transfer. It is an online system for transferring funds from one financial institution to another within India usually the banks). The system was launched in November 2005, and was set to inherit every bank that was assigned to the SEFT (Special Electronic Funds Transfer System) clearing system. It was made mandatory by the RBI for all banks on the SEFT system to migrate to NEFT by mid December 2005. As such, SEFT was discontinued as of January 2006. The RBI welcomed banks that were full members of the RTGS to join the NEFT system.

RTGS

The acronym "RTGS" Stands For 'Real Time Gross Settlement'. RTGS is a funds transfer system where money is moved from one bank to another in 'real-time', and on gross basis. When using the banking method, RTGS is the fastest possible way to transfer money. 'Real-time' means that the payment transaction isn't subject to any waiting period. The transaction will be completed as soon as the processing is done, and gross settlement means that the money transfer is completed on a one to one basis without clustering with another transaction. The transaction is treated as final and irrevocable as the money transfer occurs in the books of the RBI (Reserve Bank of India). This system is maintained by the RBI, and is available during working days for a given number of hours. Banks using RTGS need to have Core banking to be able to initiate RTGS

CRITERIA	NEFT	RTGS
Settlement	Done in batches (Slower)	Real Time (Faster)
Full Form	National Electronic Fund Transfer	Real Time Gross Settlement
Timing : Only on bank working days	8:00 am – 6:30 pm	9:00 am – 4:30 pm
Minimum amount of transaction	No limit	2 lakhs
Maximum amount of transaction	2 Lakhs	No limit
When does the Credit Happen in beneficiary account	Happens in the hourly batch Between Banks	Real time between Banks
Maximum Charges as per RBI	Upto 10,000 – Rs. 2.5 from 10,001 – 1 lac – Rs. 5 from 1 – 2 lacs – Rs. 15 Above 2 lacs – Rs. 25	Rs. 25-30 (Upto 2 – 5 lacs) Rs. 50-55 (Above 5 lacs) (Lower charges for first half of day)
Suitable for	Small Money Transfer	Large Money Transfer

Table 1: Differences Between NEFT & RTGS

IV. SIGNIFICANCE OF THE STUDY

The main advantage of a cashless society is that a record of all economic transactions through electronic means makes it almost impossible to sustain black market or underground economies that often prove damaging to national economies. However cash is the preferred mode of payment for those sections of society no having access to formal payment system. A slow transformation has taken place in the various sectors of society migrating financial transaction (receipts and payments) to electronic mode. This transformation will undoubtedly continue because of the universal concept of computerization and digitalization. Electronic payment is less expensive compared to payment through cash. However it is the decision in the hands of the customers. Hence it is

significant to study the concept of electronic fund transfer and to measure the customers' satisfaction in order to identify the factors being satisfactory and dissatisfactory.

V. RESEARCH OBJECTIVES

The main aim of this research is to identify factors influencing customer satisfaction on NEFT and RTGS facilities. However it carries the other specific objectives also, such as

✓ To study the context of NEFT and RTGS and analyze the usage of NEFT and RTGS in India.
✓ To identify the factors influencing the customers satisfaction on NEFT and RTGS and to compare the level of satisfaction of the customers of Public and Private sectors banks in Chennai
✓ To suggest remedial measures to improvise the level of performance of e-payments to bring the cashless society as it provides sustainable growth.

VI. HYPOTHESIS

The hypotheses formulated and structured for the study are:

✓ There is no influence of Age on the level of satisfaction of NEFT/RTGS
✓ There is no influence of Income on the level of satisfaction of NEFT/RTGS
✓ There is no significant different between Public and Private sector banks on the satisfaction level with respect to RTGS/NEFT services

VII. RESEARCH METHODOLOGY AND DESIGN

It is a Descriptive research which comprises of both primary and secondary data. Primary data were collected through well-structured questionnaire. Simple random technique tools have been used for the samples which were collected at random. All the 521 respondents consist the sample size were users of both RTGS and NEFT services of various public and private sector banks. Secondary data were collected from journals, magazines published from to time and internet.

VIII.   DATA ANALYSIS & INTERPRETATION

In this section the collected primary and secondary data are analysed and interpreted. Based on the secondary data collected from the RBI website, the usages of NEFT and RTGS is analysed as follows:

USAGE OF NEFT/RTGS TRANSACTIONS

Usages of selective electronic fund transfer facilities such as NEFT and RTGS for the past six years have been analysed. The data related to the Volume and Value of each transaction

for the months of March 2010, March2011, March 2012, March 2013, March 2014 and March 2015 have been considered for the stud. The number of Transactions given in the tables are in Million (i.e.in 10 Laks), whereas the values of transactions are in Billion (i.e. in 100 crores)

NATIONAL ELECTRONIC FUND TRANSFER (NEFT)				
Month and Year	TOTAL TRANSACTIONS FOR THE RESPECTIVE MONTH	TOTAL OUTWARD DEBITS		RECEIVED INWARD CREDITS	
		NO. OF TRANSACTIONS	AMOUNT (Rs. Crore)	NO. OF TRANSACTIONS	AMOUNT (Rs. Crore)
For the month of March 2010	Total	8277084	43897.4	8277084	43897.4
	Total in Million & Billion	**8.28**	438.97	8.28	438.97
For the month of March 2011	Total	16358800	150381	16358800	150381
	Total in Million & Billion	**16.36**	1503.81	16.36	1503.81
For the month of March 2012	Total	27113193	2403889	27113208	2403890
	Total in Million & Billion	**27.11**	2403.89	27.11	2403.89
For the month of March 2013	Total	47089584	3602476	47089584	3602476
	Total in Million & Billion	**47.09**	3602.48	47.09	3602.48
For the month of March 2014	Total	82831068	5312253	82831069	5312253
	Total in Million & Billion	**82.83**	5312.25	82.83	5312.25
For the month of March 2015	Total	106001351	7173091.372	106001351	7173091.372
	Total in Million & Billion	**106.00**	7173.09	106.00	7173.09

Source: www.rbi.org.in (official website of RBI)
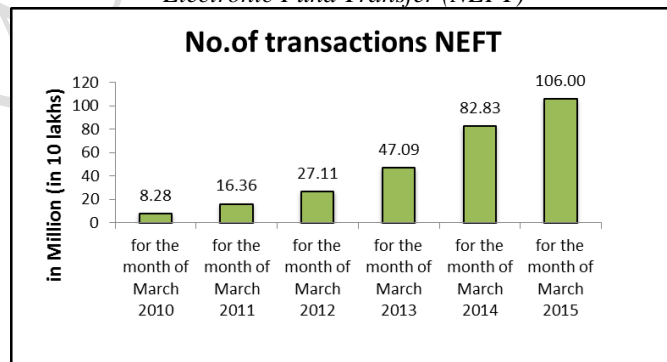*Table 2: presented below to throw some light on National Electronic Fund Transfer (NEFT)*

Chart 2: Diagrammatic representation of NEFT transactions in India

Above Table and Chart depicts that the transaction of NEFT for the March 2010 is 82,77,084, the number of transaction for the month of March 2014 is 8,28,31,068. It shows a very good progress in usage. The value of transaction for the month of March 2010 is Rs. 43897.4 crores. When it sees the value of NEFT transaction for the month of March 2014, it shows Rs. 5312253 crores. It prove that there is a great improvement in the usage of NEFT in India. The NEFT usage is a drastically growing and it serves the purpose.

Month & Year	Volume			Value (Rs.Billion)		
	Interbank	Customer	Total	Interbank	Customer	Total
March 2010	306888	4057559	4364447	10879.20	37287.31	48166.51
March 2011	361012	4434248	4795260	15046.40	44869.53	59915.93
March 2012	428162	5911452	6339614	17504.13	49669.94	67174.07
March 2013	462327	6832069	7294396	17371.98	60037.57	77409.55
March 2014	420314	8215190	8635504	16561.21	65212.63	81773.84
March 2015	409954	9262785	9672739	11771.5	75649.95	87421.48

Source: www.rbi.org.in (official website of RBI)
Table 3: presents the usage of RTGS (Outward Transactions) in India for the period of March 2010 to March 2016
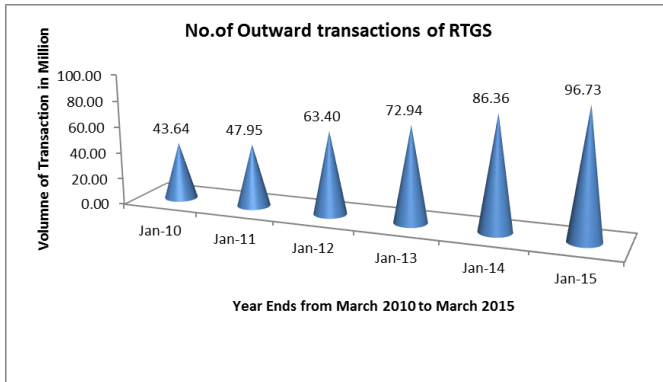
Chart 3: Diagrammatic representation of RTGS Outward transactions in India

Above Table and chart portrays the usage of RTGS in India by the customers for the months of March 2010, March 2011, March 2012, March 2013, March 2014 and March 2015 and its growth rate. The number of transactions of usage of RTGS has doubled in size within the period of 5 years, which shows the customers moving towards the usage of RTGS.

FEATURES SATISFYING CUSTOMERS OF NEFT AND RTGS

One sample T-test has been applied to study the customer satisfaction of the features or the positive characteristics of the RTGS/NEFT services offered by public and private sector banks.

Characteristic Features of RTGS/NEFT	N	Mean	Std. Deviation	Std. Error Mean	'T' value	Significance	Rank
Provision of receipt for the transactions	521	4.2534	.72663	.03183	39.371	.000	1
Access both at bank counter and through internet banking	521	4.2226	.69914	.03063	39.917	.000	2
Charges of RTGS/NEFT transactions	521	3.8656	.99285	.04350	19.901	.000	9
Service timing during business hours	521	3.9539	.91030	.03988	23.920	.000	5
Minimum/Maximum criteria of Amount	521	3.9424	.84156	.03687	25.561	.000	6
Time taken for transfer of fund	521	4.0921	.78884	.03456	31.601	.000	3
Safety and Privacy of transaction	521	4.0576	.81367	.03565	29.668	.000	4
Communication & instruction from bank for RTGS/NEFT transactions	521	3.9079	.82226	.03602	25.202	.000	7
Customer care representatives	521	3.8772	.92833	.04067	21.567	.000	8

Source: Computed data
Table 4: One-Sample Statistics of customer satisfaction on RTGS/NEFT services

From the above table, the analysis regarding factors determining customer satisfaction on use of Internet banking services has shown that the mean value is greater than 4 indicating that the satisfaction level of customers are high with the features of RTGS/NEFT services like provision of receipt for the transaction, allowance of access of RTGS/NEFT transactions both at bank counters and through internet, time taken for transfer of fund and safety and privacy. The level of customer satisfaction is moderate with regard to the criteria of maximum and minimum amount of transaction, communication with regard to RTGS/NEFT, Customer care representation and Charges of RTGS/NEFT transaction. Maximum numbers of the respondents are highly satisfied

with provision of receipt for the transaction and stands first in the level of customer satisfaction.

HYPOTHESIS TESTING

In this section the researcher intended to relate the demographic profile of NEFT/RTGS customers and their satisfaction level. In order to describe the influence of demographic profile of customers on customer satisfaction variables such as age and income of the customers have considered for the study.

One way ANOVA test is applied to test the hypothesis

H0: There is no significant difference in the level of satisfaction and age of the customers

H0: There is no significant difference in the level of satisfaction and occupation of the customers

Age is one of factors influencing the usage of e-banking services, level of perception and satisfaction. For the purpose of analysis, the sample respondents are classified into four age groups. The same size consists of the customers who are below 20 years is 34, customers who are in age group of 21-30 years are 363, customers who are in the age group of 31-40 years are 88 and the customers who are above 40 years are 36.

		Sum of Squares	Df	Mean Square	F	Sig.	Age group	Mean
Provision of receipt for each transaction	Between Groups	6.733	3	2.244	4.333	.005	Below 20 yrs	4.5294
	Within Groups	267.823	517	.518				
	Total	274.557	520					
Time taken for transfer of fund	Between Groups	11.536	3	3.845	6.371	.000	Between 31-40	4.3864
	Within Groups	312.042	517	.604				
	Total	323.578	520					
Communication /instruction from bank	Between Groups	11.013	3	3.671	5.573	.001	Above 40 yrs	4.1667
	Within Groups	340.564	517	.659				
	Total	351.578	520					

Source: Computed Data
Table 5: ANOVA for influence of age on satisfaction level of RTGS/NEFT services

From the above table 5.4, it is found that among 9 variables, 3 variables such as provision of receipt for every NEFT/RTGS transactions (F=4.333, p=0.05), a time taken for transfer of fund through NEFT/RTGS (F=6.371, p=0.000) and communication and instructions from bank for NEFT/RTGS transactions (F=5.573, p=0.001) are statistically significant. Customers who are aged above 40 years highly satisfied with NEFT and RTGS services, compared to the customers who are in the other age group. Hence null hypothesis rejected, and it's concluded that there is a difference in the level of satisfaction of NEFT and RTGD services among the customers who are in different age group.

Occupation is one of the important social factors that decide the perception of the people. To determine the status of the respondents, they are classified into four categories: government employees, private employees, self employed and professionals.

		Sum of Squares	df	Mean Square	F	Sig.	Occupation	Mean
RTGS/NEFT charges	Between Groups	12.987	3	4.329	4.480	.004	Self employed	4.3500
	Within Groups	499.608	517	.966				
	Total	512.595	520					
Time taken for transfer of	Between Groups	12.954	3	4.318	7.187	.000	Private employee	4.1439

fund	Within Groups	310.624	517	.601			
	Total	323.578	520				
Safety and Privacy of transaction	Between Groups	10.176	3	3.392	5.249	.001	Govt. employee	4.3571
	Within Groups	334.096	517	.646			
	Total	344.273	520				
Communication and instruction from bank	Between Groups	8.703	3	2.901	4.374	.005	Govt. employee	4.2500
	Within Groups	342.875	517	.663			
	Total	351.578	520				

Source: Computed data

Table 6: ANOVA for influence of occupation on satisfaction level of RTGS/NEFT services

From the above table 5.20, it is found that among 9 variables, 4 variables such as RTGS/NEFT charges (F=4.480, p =0.004), Time taken for transfer of fund (F =7.187, p =0.000), Safety and Privacy of transaction (F= 5.249, p=0.001) and Communication are statistically significant. The government employees are highly satisfied compared to the customers who are private employees, self-employed and professionals. It is identified that there is difference in the level of customer satisfaction of NEFT/RTGS services among different occupation segment of the society.

From the above, it can be concluded that

The hypothesis H_1 is rejected that there is a significant difference in the level of customers' satisfaction of NEFT/ RTGS and age of the customers.

The hypothesis H_2 is rejected that there is a significant difference in the level of customers' satisfaction of NEFT/RTGS services and occupation of the customers.

CUSTOMER SATISFACTION OF PUBLIC AND PRIVATE SECTOR BANK CUSTOMERS

The paired 'T' test is being conducted to identify the difference in level of satisfaction between public and private sector bank customers.

H0 – There is no significant different between Public and Private sector banks on the satisfaction level with respect to RTGS/NEFT services

	Type of Bank	N	Mean	Std. Deviation	Std. Error Mean	'T' value	Sig.
RTGS/NEFT	Public	242	4.0554	.59416	.03819	2.012	.045
	Private	279	3.9487	.61176	.03676		

		t-test for Equality of Means
		95% Confidence Interval of the Difference
		Upper
RTGS/NEFT	Equal variances assumed	.21098
	Equal variances not assumed	.21078

Source: Computer data

Table 7: Independent sample Test Table – RTGS/NEFT services

From the above table, it is resulted that RTGS/NEFT (t=2.012, p=0.045) is statistically significant at 5% level. Thus, it can be concluded that there is a significant difference between in the level of satisfaction on RTGS/NEFT services of Public and private sector bank customers.

The hypothesis H_3 is rejected that there is a significant difference in the level of customers satisfaction of RTGS/NEFT services of Public and private sector banks in Chennai.

IX. FINDINGS OF THE STUDY

✓ The sample size consists of 51% and 49% of public sector and private sector bank customers respectively.
✓ Customers using RTGS/NEFT are highly satisfied with the features of NEFT/RTGS such as getting receipt for their transaction, allowance of accessing the facility both at counter and through internet, the time taken for fund transfer and the availability of service only during business hours.
✓ Quick response to the complaint with regard to RTGS/NEFT services is expected from the customers.
✓ Customers opined that the charges of RTGS/NEFT services are high.
✓ Age is not influencing the level of customer satisfaction on RTGS/NEFT
✓ Occupation doesn't show any variation in the level of satisfaction. Those who have used RTGS/NEFT facilities are satisfied with all the factors, except the charges which are levied for the same.
✓ Public sector bank customers are more satisfied than private sector bank customers using RTGS/NEFT services.

X. SUGGESTIONS & RECOMMENDATIONS

✓ Banks must create awareness on the usage of electronic fund transfer through social media and campaign at rural areas to increase the usage of RTGS/NEFT facilities, as it is still unnoticed by many customers.
✓ Charges levied by private sector banks for using electronic fund transfer facility is more compared to public sector banks and thus make a difference in the level of satisfaction in private sector banks. It is suggested to the private sector banks to charge fairly lesser rate to attract customers.
✓ Bankers should encourage the current account holders to access electronic fund transfer facility to avoid delay in payment and to reduce risk in carrying paper currency.

XI. CONCLUSION

Electronic Fund transfer service is one of the best and the easiest methods of carrying out financial transactions in the country though it comes along with certain disadvantages. Electronic fund transfer will reduce the use of paper currency, in turn the plastic money the digital money will play a great role, bringing transparency in bank accounts. To increase the usage of electronic fund transfer, bank should provide a high degree of comfort and offer an utmost security for the customers' financial transactions ensuring zero error.

Creating awareness on usage of NEFT/RTGS is the very first step to increase the volume of electronic fund transfer and to attract more customers, as it still unnoticed by many customers. Reserve Bank of India is providing electronic banking awareness and training (e-BAAT) in association with selective public sector banks. Efficiency in dealing with money transfers and secure online transactions are the key

focus areas of the training module. Bankers should join their hands with the awareness program of RBI to make the customer aware. Electronic fund transfer ensures transparency of fund movement which will help for economic development through capital mobilization.

REFERENCES

[1] Divya Singhal and V. Padmanabhan (2008), " A study on customer perception towards internet banking: Identifying major contributing factors", The Journal of Nepalese Business Studies, Vol.V, No.1, Dec 2008

[2] Damodaran, M Former Chairman, SEBI, New Delhi, Report Of The Committee On Customer Service In Banks, Reserve Bank Of India Mumbai, Memorandum published on May 26, 2010, page no. 103

[3] Banking on Technology Perspectives on the Indian Banking Industry January 2014

[4] Kamesam Vepa (2003), "Indian Economic Scenario Yesterday, Today and Tomorrow", Speech, Reserve Bank of India, Retrieved April 08, 2008

[5] Suneja H R (1994), *Innovations in Banking Services*, Himalaya Publishing House, pp.1-20.

[6] Bellare, M., Garay, J., Hauser, R., Herzberg, A., Krawczyk, H., Steiner, M., Van Herrenweghen, E., and Waidner, M. Design, implementation, and deployment of the iKP Secure Electronic Payment System. J. Select. Areas Commun. 18, 4 (Apr. 2000), 611–627.

[7] "The next big challenge for our banks is to make banking paperless, chequeless and cashless," a speech by Reserve Bank of India (RBI) Deputy Governor KC Chakrabarty

[8] www.rbi.org.in

[9] Infowars.com.