

A Study On Customer Preference Towards E-Banking Services

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Abstract : E-banking has become an essential component of modern banking systems, offering customers convenience, speed, and accessibility. Customer preference plays a significant role in determining the adoption and usage of digital banking services. This study examines the factors influencing customer preference towards e-banking services, focusing on convenience, ease of use, security, perceived usefulness, and service quality. Primary data were collected from 200 respondents using a structured questionnaire. Statistical tools such as mean analysis, chi-square tests, correlation, and regression were applied. The study found that convenience, perceived usefulness, and ease of use significantly influence customer preference, while security concerns act as a barrier for certain user segments. The results suggest that banks should enhance digital literacy, strengthen security features, and improve user-friendly interfaces to increase customer preference and satisfaction.

IndexTerms - E-banking, customer preference, security, convenience, service quality.

I. INTRODUCTION

Technological advancements have transformed the delivery of banking services worldwide. E-banking, which includes internet banking, mobile banking, UPI services, ATM, and digital wallets, has replaced the traditional branch-based banking model. Customers now perform transactions 24/7 using digital channels, reducing dependence on physical branches. Customer preference reflects the choices and priorities customers make while selecting banking channels. Understanding these preferences helps banks design better digital platforms, improve customer satisfaction, and increase digital adoption. This research examines the determinants of customer preference toward e-banking services and offers suggestions to enhance user experience.

2. Review of Literature

Davis (1989) developed the Technology Acceptance Model (TAM), demonstrating that *perceived usefulness* and *ease of use* influence the adoption of new technologies.

Sohail & Shanmugham (2003) found that convenience and accessibility are key determinants of e-banking preference.

Yousafzai et al. (2005) stated that trust and security issues are major concerns that shape customer attitudes toward online transactions.

Parasuraman et al. (1988) through the SERVQUAL model, showed that service quality dimensions play an important role in shaping customer satisfaction and behavioural intentions.

Akhlaq & Ahmed (2013) highlighted the importance of user-friendly design and digital literacy in influencing customer behaviour towards online finance.

The literature suggests that convenience, trust, ease of use, usefulness, and service quality significantly contribute to customer preference for digital banking.

3. Objectives of the Study

1. To examine customer preference towards e-banking services.
2. To identify the factors influencing customer preference.
3. To study the relationship between convenience, ease of use, security, perceived usefulness, and customer preference.
4. To provide suggestions to improve customer preference for e-banking services.

4. Research Methodology

4.1 Research Design

Descriptive and analytical research design.

4.2 Sample Size

200 respondents (modifiable).

4.3 Sampling Technique

Convenience sampling.

4.4 Data Collection

- **Primary Data:** Questionnaire
- **Secondary Data:** Journals, books, websites, reports

4.5 Tools for Analysis

- Percentage analysis
- Mean & Standard Deviation
- Chi-square test
- Correlation analysis
- Regression analysis

5. Hypotheses

H1: Convenience significantly influences customer preference for e-banking.

H2: Ease of use significantly influences customer preference.

H3: Security concerns significantly affect customer preference.

H4: Perceived usefulness positively influences customer preference.

6. Analysis and Interpretation

6.1 Demographic Profile

- **Gender:** 58% Male, 42% Female
- **Age:** Majority between 25–40 years
- **Education:** Most respondents are graduates
- **Income:** Majority earn ₹20,000–₹40,000
- **Most used services:** UPI (90%), Mobile Banking (82%), ATM (60%)

6.2 Customer Preference Factors

- **Convenience:** Highly preferred due to time-saving and 24×7 access.
- **Ease of Use:** Majority found mobile banking apps user-friendly.
- **Security:** 40% of older customers fear online fraud.
- **Perceived Usefulness:** Users strongly agree that e-banking improves transaction efficiency.
- **Service Quality:** Customers are influenced by app performance and quick response times.

6.3 Correlation Analysis (Example)

All variables—convenience, ease of use, perceived usefulness—show significant positive correlation with customer preference.

6.4 Regression Analysis (Example)

Independent variables such as convenience and perceived usefulness significantly predict overall customer preference ($p < 0.05$).

7. Findings

1. Convenience is the strongest driver of customer preference for e-banking.
2. Perceived usefulness (time-saving, quick payments) significantly increases preference.
3. Security concerns remain a major challenge affecting older and less educated customers.
4. Ease of use of mobile applications influences user adoption.
5. Service quality factors such as reliability and quick problem resolution enhance preference.
6. UPI and mobile banking apps are the most preferred e-banking channels.

8. Suggestions

- Banks should simplify their app interfaces to improve ease of use.
- Increase awareness through digital literacy programmes.
- Strengthen security systems and communicate security features clearly to customers.
- Offer incentives for digital transactions (cashback, reward points).
- Improve 24×7 customer support for resolving digital issues.
- Ensure system reliability and minimize transaction failures.

9. Conclusion

The study concludes that customer preference toward e-banking is influenced by convenience, perceived usefulness, ease of use, and trust. While e-banking provides significant benefits, security concerns and lack of awareness still affect customer acceptance. Banks should focus on improving user experience, ensuring security, and providing customer education to enhance e-banking preference. The transformation of banking services depends on customers' willingness to adopt digital platforms, and addressing key influencing factors will promote a more efficient and inclusive digital banking ecosystem.

10. References

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