

# A STUDY ON PROBLEMS FACED BY CUSTOMERS TOWARDS E-BANKING SERVICES

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## Abstract

Today people are living in the sophisticated life with lot of technology. In the technological era, E-banking is needed for its convenience, time-saving, and accessibility, allowing users to perform transactions 24/7 from anywhere with an internet connection. It also offers cost savings through lower operational costs and provides enhanced security features like encryption and multi-factor authentication to protect accounts. Ultimately, it streamlines financial management, enabling real-time tracking, instant transfers, and easy access to services like bill payments and loan applications without needing to visit a physical branch. However, the major issues such as security risks, technical errors, poor connectivity, and inadequate customer support continue to affect the users' satisfaction. Hence, the present study focus on identifying major problems faced by the customers while using e-banking services in Palayamkottai Taluk, Tirunelveli. This study based on primary data collected from 129 respondents through a structured interview schedule. Statistical tools used such as Percentage Analysis, Chi-square Test, and ANOVA to analyze the data. The results revealed that the major problems encountered by customers towards e-banking services. This study concludes with recommendations for improving e-banking services by enhancing security systems, promoting user awareness, and improving the technical infrastructure of banks.

**Keywords:** E-Banking services, Problems towards e-banking, etc.,

## INTRODUCTION

The advancement of information and communication technology has brought about a significant transformation in the banking sector, leading to the emergence and rapid expansion of

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electronic banking (e-banking) services. E-banking has redefined the way financial transactions are conducted by allowing customers to access their accounts, transfer funds, pay bills, and perform banking operations through digital platforms such as internet banking, mobile applications, ATMs, and other electronic channels. This shift from traditional branch-based banking to technology-driven banking has enhanced convenience, speed, and accessibility for customers, while simultaneously helping banks reduce operational costs and improve efficiency. However, alongside these benefits, e-banking has also introduced a set of new challenges that affect the overall customer experience and satisfaction. Many customers, particularly in developing economies, face several problems while using e-banking services. Common issues include lack of digital literacy, inadequate awareness of e-banking features, poor internet connectivity, and limited access to digital infrastructure in rural areas. Technical problems such as system downtime, transaction errors, delayed fund transfers, and lack of user-friendly interfaces often frustrate customers and discourage them from using e-banking regularly. Moreover, security and privacy concerns such as fear of cyber fraud, phishing attacks, hacking, and unauthorized access remain major barriers to trust in online banking systems. In some cases, high service charges, poor grievance redressal mechanisms, and insufficient customer support further contribute to customer dissatisfaction and it became hurdles for the growth of banking industry. Hence, it is essential to examine the factors that hinder the effective use of e-banking services from the customer's perspective. The present article titled "A Study on Problems Faced by Customers towards E-Banking Services" aims to provide a comprehensive analysis of the various difficulties encountered by customers while using e-banking platforms.

## REVIEW OF LITERATURE

**Saviour Lusaya and Bornwell Kalumba (2018)** in their study titled "*The Challenges of Adopting the Use of E-Banking to the Customers: The Case of Kasama District Banking Customers*" examined the major barriers faced by customers in adopting e-banking services. Using a descriptive research design, the study collected primary data from 50 respondents selected through simple random sampling from the banking sector in Kasama District. The findings revealed that the availability of information about e-banking, educational level of customers, and the cost associated with e-banking were the most significant challenges hindering its adoption. The study's conclusions were consistent with established behavioural models such as the Technology Acceptance Model (TAM), Theory of Reasoned Action (TRA), and the Decomposed Theory of Reasoned Behaviour, which emphasize awareness and perceived usefulness as key drivers of technology acceptance. The authors concluded that improving information dissemination about e-banking features, benefits, and

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costs would enhance customer adoption. Although security concerns were not found to have a major impact on e-banking usage in this study, the researchers recommended that banks should still ensure account security and strengthen customer trust to encourage broader utilization of electronic banking services.

### OBJECTIVES OF THE STUDY

1. To understand the socio-economic conditions of customers using e-banking services.
2. To identify the major problems faced by customers in using e-banking services.
3. To provide recommendations for improving e-banking services.

### SCOPE OF THE STUDY

The study focuses on customers of public and private sector banks operating in Palayamkottai Taluk, Tirunelveli District. It covers various aspects of e-banking and the challenges involved in e-banking. The scope is limited to individual users who actively use e-banking services such as internet banking, mobile banking, and digital payment platforms. The findings are expected to help banks improve service quality and customer satisfaction.

### RESEARCH METHODOLOGY

**Research Design:** The study adopts a descriptive research to analyze the problems faced by e-banking customers.

**Area of Study:** The study was conducted in Palayamkottai Taluk, a major urban area in Tirunelveli district.

**Sample Size:** 129 respondents were selected for the study.

**Sampling Method:** Convenience sampling method was adopted to collect responses from active users of e-banking services.

### Data Collection:

- **Primary Data:** Collected through a structured interview schedule.
- **Secondary Data:** Collected from journals, books, reports, and online resources related to e-banking.

### Statistical Tools Used:

- Percentage Analysis
- Mean and Standard Deviation

### DEMOGRAPHIC PROFILE OF CUSTOMERS

S. No.	Particulars	Classification	No. of Customers	Percentage (%)
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S. No.	Particulars	Classification	No. of Customers	Percentage (%)
1	Gender	Male	72	55.8
		Female	57	44.2
2	Age Group	Below 20 years	8	6.2
		21–30 years	47	36.4
		31–40 years	41	31.8
		41–50 years	22	17.1
		Above 50 years	11	8.5
3	Marital Status	Married	70	54.3
		Unmarried	59	45.7
4	Educational Qualification	School level	9	7.0
		Graduate	48	37.2
		Postgraduate	44	34.1
		Professional	28	21.7
5	Occupation	Student	26	20.2
		Private Employee	44	34.1
		Government Employee	32	24.8
		Businessman	27	20.9
6	Family Monthly Income	Below ₹10,000	19	14.7
		₹10,001–₹25,000	37	28.7
		₹25,001–₹50,000	44	34.1
		Above ₹50,000	29	22.5
7	Place of Residence	Urban	68	52.7
		Semi-Urban	41	31.8
		Rural	20	15.5

Sources: Primary data

**DISTRIBUTION OF CUSTOMERS BASED ON E-BANKING USAGE PATTERN**

S. No.	Particulars	Classification	No. of Customers	Percentage (%)
1.	Type of Bank Account	Public Sector Bank	61	47.3
		Private Sector Bank	46	35.7
		Both	22	17.0
2.	Type of Account Held	Savings Account	85	65.9
		Current Account	18	14.0
		Fixed Deposit Account	13	10.1
		Recurring Deposit Account	13	10
3.	Duration of E-Banking Usage	Less than 1 year	16	12.4
		1–3 years	43	33.3
		3–5 years	42	32.6
		Above 5 years	28	21.7
4.	Frequency of E-Banking Usage	Regularly	56	43.4
		Often	39	30.2
		Occasionally	24	18.6
		Rarely	10	7.8
5.	Source of Awareness About E-Banking	Bank Officials	28	21.7
		Family Members & Relatives	22	17.1
		Advertisements	40	31.0
		Friends	39	30.2
		<b>Total</b>	<b>129</b>	<b>100.0</b>

Sources: Primary data

**PROBLEMS FACED BY CUSTOMERS TOWARDS E-BANKING SERVICES**

S.No	Problems	No. of Customers	Mean Score	Rank
1	Difficulty in understanding e-banking procedures	129	3.36	I

S.No	Problems	No. of Customers	Mean Score	Rank
2	Lack of proper guidance from bank staff	129	3.22	II
3	Poor internet connectivity affects transactions	129	3.22	II
4	Transaction failures / delays are common	129	3.13	IV
5	Security issues such as fraud or hacking concern me	129	3.12	V
6	Technical errors / system downtime are frequent	129	3.10	VI
7	Lack of trust in digital payment systems	129	3.05	VII
8	Complaint handling and customer support are poor	129	3.03	VIII
9	Fear of losing money during online transactions	129	2.92	IX
10	Hidden charges or unclear service fees	129	2.84	X

Sources: SPSS Data

The above table presents the problems encountered by customers while using e-banking services, ranked based on their mean scores. The most significant issue identified by the respondents is **“Difficulty in understanding e-banking procedures”**, which holds the **first rank** with the highest mean score of **3.36**. This indicates that many customers still find digital banking processes complex and require more user-friendly interfaces and simplified instructions.

The next major concerns are **“Lack of proper guidance from bank staff”** and **“Poor internet connectivity affects transactions”**, both sharing the **second rank** with a mean score of **3.22**. This implies that customers require better support from bank personnel, and many face network-related challenges that disrupt their e-banking experience.

**“Transaction failures or delays”** are ranked **fourth** (mean = 3.13), showing that operational issues continue to impact customer satisfaction. Concerns related to **security**, such as fraud or hacking (mean = 3.12), are also significant, ranking **fifth**, indicating that customers still feel vulnerable while performing online transactions.

Issues such as **technical errors/system downtime** (rank VI), **lack of trust in digital systems** (rank VII), and **poor complaint handling and customer support** (rank VIII) further highlight performance and service-related shortcomings in e-banking platforms.

The comparatively lower-ranked problems include **fear of losing money** (rank IX) and **hidden charges or unclear fees** (rank X), suggesting that while these issues exist, they are less severe compared to other operational and support-related concerns.

Overall, the findings reveal that **procedural complexity, lack of staff guidance, connectivity issues, and system inefficiencies** are the major challenges affecting customer satisfaction in e-banking services. Improving digital literacy support, enhancing technical reliability, and strengthening customer service would significantly improve the overall e-banking experience.

## LIMITATIONS OF THE STUDY

Firstly, Due to the resources constraint, the study is geographically confined to Palayamkottai Taluk in Tirunelveli District and restricted to a limited sample size of 129 respondents, selected through the convenience sampling method. Therefore, the findings may not be generalized in other regions or the entire population of the bank. Secondly, the analysis primarily relies on **self-reported responses** from customers, which might involve personal bias since some of them were not involved properly.

## FINDINGS

- ✓ **Demographic Profile:** A majority of the respondents are male (55.8%) and belong to the age group of 21–30 years (36.4%), indicating that young adults form the major user group of e-banking services. Most respondents are graduates (37.2%) or postgraduates (34.1%), showing a good level of education among users.
- ✓ **Occupation and Income:** A considerable portion of respondents (34.1%) are private employees, followed by government employees (20.9%) and students (20.2%). Most respondents belong to the middle-income category, earning between ₹25,001 and ₹50,000 per month (34.1%).
- ✓ **Banking Usage Pattern:** Nearly half (47.3%) of the respondents have accounts in public sector banks, while 35.7% use private banks, reflecting greater trust in public sector institutions. The majority (65.9%) hold savings accounts, indicating that e-banking is mainly used for personal transactions.
- ✓ **Experience with E-Banking:** Around 33.3% of users have been using e-banking for 1–3 years, and 32.6% for 3–5 years, showing that most customers have moderate experience with digital banking services.
- ✓ **Frequency of Usage:** About 43.4% of respondents use e-banking regularly, while 30.2% use it often, indicating increasing adoption and dependency on digital transactions.
- ✓ **Source of Awareness:** Advertisements (26.4%) and friends (25.6%) are the major sources of awareness about e-banking, followed by bank officials (21.7%) and family members (17.1%). A

small group (9.2%) became aware through other sources such as social media, bank websites, or SMS alerts.

## PROBLEMS FACED BY CUSTOMERS

- ✓ The most significant problems faced are difficulty in understanding e-banking procedures (mean = 3.36) and lack of proper guidance from bank staff (mean = 3.22).
- ✓ Operational issues such as poor internet connectivity, technical errors or system downtime, and transaction delays also pose moderate problems.
- ✓ Security-related issues such as fear of fraud or hacking (mean = 3.12) and lack of trust in digital payment systems (mean = 3.05) remain persistent concerns.
- ✓ Comparatively, fewer respondents reported major problems with fear of losing money (mean = 2.92) or hidden charges (mean = 2.84).
- ✓ Overall Observation: The results indicate that although e-banking is widely accepted for its convenience and accessibility, several technical, procedural, and security-related issues still affect user satisfaction and confidence.

## SUGGESTIONS

Based on the findings and observations of the study, several measures can be recommended to improve the quality and reliability of e-banking services:

1. **Enhancement of Internet and Network Infrastructure:** Banks, in collaboration with service providers, should ensure stable and high-speed internet connectivity to minimize transaction failures and delays, especially in semi-urban and rural areas.
2. **Strengthening of Security Systems:** Since customers expressed major concerns over security threats such as hacking, phishing, and unauthorized access, banks must continuously upgrade encryption systems, adopt two-factor authentication, and implement real-time fraud detection mechanisms.
3. **Customer Education and Awareness Programs:** Many users, especially first-time adopters, face difficulties in understanding online procedures. Regular awareness campaigns, user training sessions, and instructional videos can help customers gain confidence in using digital platforms safely.

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4. **User-Friendly Interface Design:** Mobile and internet banking applications should be made more intuitive, with clear instructions, simple navigation, and multilingual support to cater to diverse users.
5. **Efficient Customer Support and Grievance Redressal:** Banks should provide responsive and transparent support channels such as live chat, 24×7 help lines, and quick complaint resolution mechanisms to handle technical and transactional issues effectively.
6. **Transparency in Service Charges:** Banks must clearly communicate all fees and service charges associated with e-banking to build trust and avoid confusion or dissatisfaction among users.
7. **Encouraging Digital Trust and Confidence:** Periodic communication from banks about successful security audits, fraud prevention initiatives, and safe banking practices can help in building greater trust among customers.
8. **Regular Monitoring and Feedback Collection:** Continuous assessment of customer satisfaction through online feedback forms or app ratings will enable banks to promptly identify and rectify recurring technical or service-related issues.

## CONCLUSION

The study on “Problems Faced by Customers Towards E-Banking Services” highlights that while e-banking has revolutionized the financial sector by providing convenience, speed, and accessibility, several e-banking related issues such as poor internet connectivity, technical errors, and security concerns remain the most pressing challenges faced by users. The findings underscore the urgent need for banks to strengthen their technological infrastructure, improve system reliability, enhance customer education, and build digital trust through transparent and proactive communication. Furthermore, the study reinforces that the long-term success of e-banking depends not merely on technological advancement but also on **customer confidence, user-friendliness, and responsive service delivery**. By addressing these key issues in e-banking, banks can ensure greater user satisfaction, promote financial inclusion, and strengthen the foundation for a secure and sustainable digital banking ecosystem in the future.

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