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# **A STUDY ON CUSTOMER SATISFACTION TOWARDS ELECTRONIC FUND TRANSFER**

**Hema**

DR.N.G.P ARTS AND SCIENCE COLLEGE

## **CHAPTER -I**

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### **1.1 INTRODUCTION OF THE STUDY**

Electronic Funds Transfer (EFT) is a system of transferring money from one bank account directly to another without any paper money changing hands. One of the most widely-used EFT programs is Direct Deposit, in which payroll is deposited straight into an employee's bank account, although EFT refers to any transfer of funds initiated through an electronic terminal, including credit card, ATM, Fed wire and point-of-sale (POS) transactions. It is used for both credit transfers, such as payroll payments, and for debit transfers, such as mortgage payments. For payments, funds are transferred electronically from one bank account to the billing company's bank, usually less than a day after the scheduled payment date.

### **1.2 STATEMENT OF THE PROBLEM**

To transfer money, the customer had to physically visit the bank. The customer had to meet the recipient in person and give them the money if they wished to do so. This is what customers used to do before banks existed. Following the bank establishment, it began accepting deposits and subsequently moving money. In the past, they would write cheques, deposit them, and have the bank credit their account with the money for doing fund transfer. However, there were disadvantages to this procedure like a cheque might be misplaced, that someone might steal it, or that someone might flee with the money. In addition, it was a waste of time and money because customers had to spend various costs to visit the bank.

However, internet banking emerged after banks incorporated technology, and electronic fund transfers followed. These days, there are numerous options, including RTGS, UPI, IMPS, and NEFT. These systems simply require a tiny commission, and customers can send money to anyone at any time. Every day of the year, customers are able to transfer money. Many customers are currently transferring funds through EFT. Because it is quite convenient. Therefore, the purpose of this study is to investigate and comprehend how customers are satisfied with electronic fund transfers.

### **1.3 OBJECTIVES**

The following are the objectives,

- To analyse the factors which influence the customers to use EFT.
- To measure the level of customer satisfaction towards EFT.
- To identify the difficulties faced by the customer while using EFT.

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### **1.4 RESEARCH METHODOLOGY**

#### **Research Area:**

This research study was conducted only in Coimbatore City.

#### **Sample Size:**

The sample size of this study is 75 respondents. The sample includes all age groups both male and female.

#### **Data Collection:**

##### **Primary Data:**

The primary data has been collected from 75 respondents by using questionnaires.

##### **Secondary Data:**

The secondary data was collected from various like Articles, Journals, Websites.

**Tools used:**

The tools used by,

**1.Ranking analysis**

Ranking is the data transformation in which numerical or ordinal values are replaced by their rank when the data are sorted.

**2.Weighted average**

A weighted average is a calculation that assigns varying degrees of importance to the numbers in a particular data set. A weighted average can be more accurate than a simple average in which all numbers in a data set are assigned an identical weight. It is widely used in investing and many other fields.

Formula for weighted average method:

$$\text{Weighted average} = \frac{\text{Sum of weighted terms}}{\text{Total number of terms}}$$

To find the weighted term, multiply each term by its weighting factor, which is the number of times each term occurs.

**3.Simple percentage analysis**

A simple percentage is a way to express a number as a fraction of 100. It is calculated by dividing the part by the whole and then multiplying by 100. In this method based on the opinion of the respondents percentage is calculated for the respective scale of each factor

Formula for simple percentage method:

$$\text{Simple percentage method} = \frac{\text{Number of respondents replied}}{\text{Total number of respondents}} * 100$$

**1.5 LIMITATION OF THE STUDY**

- A limited number of respondents may not accurately represent the broader customer base, leading to skewed results.
- Participants may provide socially desirable answers rather than their true feelings, affecting the reliability of the data.
- The study may not account for long-term satisfaction trends, as customer experiences can change over time with continued use of electronic fund transfer services.
- Differences in participants' familiarity with technology can influence their satisfaction levels, complicating the analysis.

**CHAPTER -II****REVIEW OF THE LITERATURE**

The primary object here is to review the relevant literature of the current state of Marketing theories, applications of marketing strategies, intellectual property Stipulations and the influences of the Internet to the digital content industry. The Review eventually leads to inadequate resources: concepts, theories, and talents. In Truth, there are still no generally accepted theories for planning intangible assets or IP For marketing or relevant decisions, and so certainly no mature systems and theories. Therefore, ultimately this research attempts to present possible solutions to this Problem.

**Sandhya S(2021) "A study on SBI customers satisfaction towards e-banking services"** now- a -days banks are not following the traditional or conventional banking with manual operations. Banks have moved from disbursed to a centralized environment, which shows the impact of technology on banks. The customer is king and the service providers are rushing to pay observance to the king, the financial service providers are trying to provide their services to the Customers in the comfort of their homes. E-banking has emerged as a convenient channel for these service providers. For the present study purpose, simple convenient random sampling has been selected. This particular survey was directed only at Mysore City and customers using E-banking service in State Bank of India (SBI). The sample size is of 50 respondents consisting of customers who are availing of E Banking services in SBI. The simple average method and percentage method has been used to analyse the data. The data has been analysed with the help of the Tabular method. At present banking sectors provide different services through E-banking systems. The customer is looking for quality services which can provide satisfaction. From the study it is understood that the customers are highly satisfied with the E-banking services in Mysore city.

**Mr. Manju.S(2021) "A Comparative Study of Customer Satisfaction towards E-Banking Services in Selected public and private sector banks, Mandya District"** In banking industry, E-services are at revolutionary stage. Electronic based banking is replacing conventional banking systems. Now, the trend in banking has evolved from a cash economy to a plastic card economy. Fierce competition among banks along with the global forces has compelled the banks to adopt technological changes to face the electronic age. The overall population or sample size for study was only 75 respondents,

out those 35 respondents from canara bank (02 Branches) and 40 respondents from Axis bank (02 Branches).Hypothesis were use as a Customers expect the bank prospect in order to know the bank procedure and effective use of communication network by the bank. Irrespective of banks, employees who interface the customers directly ought to be very empathetic and should be able to understand the customer needs and requirements. Training the human resource in this regard would help the banks retain their customers and attract more and also programme at least 6 months once to educate the bank up to date.

Mr. S.Karthick(2020)"A Study On Customer Attitude Towards Electronic Fund Transfer System In Thiruverumbur" The study covers the Trichy area only. Trichy is one of the popular Districts of tamilnadu. The electronic fund transfer is not so popular. The scope of the study will be very limited and the approach of the study will focus mainly on the attitude of the customers.The bank should create awareness about EFT among the customers of all segments irrespective of age, income etc. In general most of the account holders are not availing the EFT system for so many reasons like technological upgradation, security etc... So it is the responsibility of the bank officials to educate the customers through proper training.The banks can reduce the transaction cost for the EFT system in order to increase.

**Dr. G. Gopalakrishnan-(2018)" A Study of Customer Satisfaction Level And Customer Perception of E-Payment App"**The growth of Modern civilization depends on payments. The system has changed from the stone age barter system to coins, from coins To online payments. This is the study of customer satisfaction level of people who are using E-PAYMENT APP".In this survey the sample size decided was 400 respondents.The current study is based on primary data collected from 200 respondents from the different parts of Pune. The findings say that Private app companies should keep on adding good features to the app. Government payment app companies should provide better services like private app companies.Payment app companies should add safety and security features so that it minimizes its risk. Payment app companies should promote their services through various media . Payment app companies should use discounts and offers to make customers use their services.

## CHAPTER -III

### 3.1 INTRODUCTION ABOUT BANK

A bank is a financial institution that plays a crucial role in the economy by accepting deposits, providing loans, and offering a range of financial services to individuals, businesses, and governments. Banks serve as intermediaries between those who have surplus funds, such as savers and investors, and those who need funds, such as borrowers seeking loans for various purposes, including purchasing homes, financing education, or expanding businesses. In addition to facilitating transactions and managing money, banks also provide services such as payment processing, wealth management, and currency exchange.

### 3.2 MEANING OF EFT

An electronic funds transfer (EFT) is a digital transfer of cash through an online payment system. An EFT can be performed within the same bank, or between banks, and typically uses payment systems such as the Automated Clearing House for ACH payments, Fedwire or SWIFT for wire transfers, or credit card and debit card networks.

EFTs are becoming increasingly common in B2B payments as many businesses shift from traditional paper checks towards more efficient and lower-cost E-payment methods such as ACH. The EFT can happen between accounts within one bank or between accounts across multiple banks. Other transaction types that are considered EFT include direct deposit, ATMs, virtual cards (used globally), peer-to-peer payments, and personal computer banking.

### 3.3TYPES OF EFT

#### Electronic fund transfer through IMPS:

IMPS (Immediate Payment Service) is a real-time electronic fund transfer system that enables users to transfer money instantly between bank accounts, 24/7, including weekends and holidays. It allows for various types of transactions, such as person-to-person, person-to-account, and person-to-merchant transfers, making it a convenient option for urgent payments and everyday transactions. IMPS operates through multiple channels, including mobile banking, internet banking, and ATMs, ensuring accessibility for users across different platforms. To initiate a transfer, users need to register for mobile banking and obtain a unique Mobile Money Identifier (MMID) linked to their mobile number. The sender can transfer funds using either the beneficiary's mobile number and MMID or their account number and IFSC code. Transactions are authenticated through a two-factor authentication process, enhancing security. IMPS transactions are processed in real-time, with funds credited to the beneficiary's account immediately, making it an efficient solution for urgent financial needs. Additionally, there are no transaction limits on holidays, allowing for seamless fund transfers at any time.

#### Electronic fund transfer through RTGS:

RTGS (Real-Time Gross Settlement) is an electronic fund transfer system that enables the instantaneous transfer of large sums of money between banks on a gross basis, meaning that transactions are settled individually in real-time rather than in batches. This system is primarily used for high-value transactions, typically above a specified minimum amount, and operates during designated banking hours on business days. To initiate an RTGS transfer, the sender must provide the beneficiary's bank account number, the name of the beneficiary, and the IFSC (Indian Financial System Code) of the recipient's bank. The transaction is processed immediately, ensuring that funds are transferred and credited to the beneficiary's account without delay. RTGS is

known for its reliability and security, as it is governed by the central bank, which oversees the entire process to prevent fraud and ensure compliance with regulatory standards. While there may be a fee associated with RTGS transactions, the service is favored for its efficiency, making it an ideal choice for businesses and individuals needing to conduct significant financial transactions swiftly and securely.

#### **Electronic fund transfer through NEFT:**

NEFT (National Electronic Funds Transfer) is an electronic payment system that facilitates the transfer of funds between banks in India on a deferred net settlement basis. Unlike real-time systems, NEFT processes transactions in batches, typically settling them at regular intervals throughout the day. This system is widely used for transferring funds for various purposes, including personal payments, business transactions, and bill payments. To initiate an NEFT transfer, the sender must provide the beneficiary's bank account number, the name of the beneficiary, and the IFSC (Indian Financial System Code) of the recipient's bank. NEFT transactions can be initiated through various channels, including internet banking, mobile banking, and bank branches. While NEFT does not have a minimum or maximum limit for transactions, it is particularly suitable for non-urgent payments, as the funds are credited to the beneficiary's account within a few hours, typically by the end of the day. NEFT is known for its reliability, security, and ease of use, making it a popular choice for individuals and businesses looking to transfer money electronically in India.

#### **UPI**

Unified Payments Interface (UPI) is a revolutionary digital payment system in India that allows users to make instant money transfers and payments using their smartphones. Launched in 2016 by the National Payments Corporation of India (NPCI), UPI enables seamless transactions between bank accounts through a mobile application, eliminating the need for traditional banking methods like cash or checks. Users can link multiple bank accounts to a single UPI ID, making it easy to send and receive money, pay bills, and make purchases at merchants, all in real-time. The system operates 24/7, allowing for transactions at any time, including weekends and holidays. UPI transactions are secured through two-factor authentication, ensuring user safety and privacy. With its user-friendly interface and the ability to scan QR codes for payments, UPI has gained immense popularity, transforming the way people conduct financial transactions in India and contributing significantly to the country's digital economy. Its integration with various apps and services has further enhanced its accessibility, making it a preferred choice for millions of users.

### **3.4 ADVANTAGES OF EFT**

#### **Speed**

The speed of EFTs can not be compared to other alternatives. While some kinds of EFTs get your transaction completed immediately, others take just 1-2 days to get completed. They are far faster and easier to process than paper cheques. Generally, EFT payments are executed instantly for any online/offline purchase you make.

#### **Cost Effective**

Traditional money transfers are more expensive than EFTs due to the fees that your bank charges you. When you transfer via cash or cheque, you will have to pay for printing cheques or bills, postage, as well as the applicable transaction fee. However, with EFTs, you avoid many of these expenses and this makes them a very cost-effective solution.

#### **Less human error**

Cash deposits and cheque transactions are highly prone to human mistakes. Someone may miscalculate the total amount of money to be sent or lose track of the cheque or cash when it is in transit to the recipient.

#### **Direct Deposit:**

Transferring funds electronically can be used for a wide variety of purposes. Business owners and employers alike benefit from direct deposit when it comes to settling invoices and paying employees. Besides sending money to friends and family, individuals can also use electronic bank transfers to transfer funds between their own accounts. It's important to keep in mind, however, that the process does not happen instantly and typically takes 2-3 business days.

#### **Credit and Debit Cards Transactions:**

Payments made with a credit or debit card are types of electronic funds transfer (EFTs). The EFT type payment method is used whether you're buying items in a physical store, online, or by phone. Despite the fact that funds may take a few days to clear, the EFT payment system automatically verifies the availability of funds, essentially validating the transaction immediately.

#### **ATM Transactions:**

Although cash is received in a tangible form from an ATM, it also constitutes a type of electronic funds transfer. Your ATM communicates with your bank in order to ensure there are funds available before dispensing the cash.

#### **Security**

EFTs are protected by the Electronic Fund Transfer Act (EFTA), which gives users legal recourse if they experience unauthorized transactions or lost or stolen debit cards.

**Flexibility**

EFTs allow individuals and businesses to transact anytime, anywhere.

**Automation**

EFTs can be programmed to occur at specific intervals, making it easy to send and receive money.

**3.5 DISADVANTAGES OF EFT****Irreversible**

Once an EFT has been completed, the bank cannot reverse it.

**Fraud risk**

Despite security measures, EFTs are susceptible to hacking and fraudulent activities.

**Technical issues**

Electronic systems may experience glitches or downtime, which can delay transactions or cause processing errors.

**Fees**

Fees for EFTs can vary depending on the commercial bank and the type of transaction. For example, international wire transfers can be expensive to send and receive, and funds from a lost or fraudulent wire transfer cannot be recovered.

**CHAPTER-V****5.1 FINDINGS**

- Majority (44%) of the respondents belong to the age group of 21 to 30 years.
- Majority (52%) of the respondents are males.
- Majority (48%) of the respondents are having an income level of less than 25,000.
- Majority (66.7%) of the respondents are unmarried.
- (66.7%) of the respondents are undergraduates.
- Majority (42.7%) of the respondents are private employees.
- Majority (78.7%) of the respondents have stated that paperless banking paved the way for yes.
- Majority (86.7%) of the respondents are transferring funds through online.
- According to the data that has been collected to the questionnaire, 52% of the people were aware about the Electronic Fund Transfer.
- Majority (36%) of the respondents are using EFT on a weekly basis.
- Majority (54.7%) of the respondents are aware about the charges levied on EFT.
- Majority (41.3%) of the respondents are using UPI for EFT transactions.
- Majority (48%) of the respondents stated that they transferred less than 50,000 through EFT.
- (42.7%) of the respondents have an opinion about EFT for trust of both equally.
- (51%) of the respondents stated that the operating efficiency of the EFT is fast.
- (64%) of the respondents stated that EFT reduces the work of bank employees for the neutral.
- (33%) of the respondents are ensuring the security of EFT by using strong passwords.
- (51%) of the respondents stated that their convenience in using EFT is convenient.

**5.2 SUGGESTION**

- For customers, it's a convenient and reliable method that supports various banking channels, while suppliers benefit from quicker access to funds and improved cash flow management.
- EFT payments offer lightning-fast transactions, allowing you to receive funds quicker without the wait. Say goodbye to the hassle of paper checks and enjoy the convenience of digital payments.
- Reduces administrative costs and errors. EFT fees are much cheaper than credit card fees.
- Understanding how well banks address customer inquiries and issues can provide insights into overall satisfaction and areas for improvement.
- It enables cross-border transactions, making international transfers easier.

**5.3 CONCLUSION**

The study on customer satisfaction towards electronic fund transfer (EFT) has provided valuable insights into the evolving landscape of digital banking and the preferences of modern consumers. The data reveals that a significant majority of respondents are aware of and actively use various EFT methods, such as UPI, NEFT, and IMPS. This widespread adoption highlights the growing trust in digital banking solutions and the recognition of their benefits over traditional money transfer methods. In this study, it is stated that 67% of the respondents are highly satisfied with instantly pay for items through online. People appreciate the ability to conduct transactions anytime and anywhere, which aligns with their increasingly fast-paced lifestyles. The positive perception of EFT is further reinforced by the respondents' views on operational efficiency, with many acknowledging that electronic transfers reduce

the workload for bank employees and streamline banking processes. The findings of this study indicate a high level of customer satisfaction with electronic fund transfer services, driven by convenience, efficiency, and security. As the banking industry continues to evolve, it is essential for financial institutions to prioritize customer feedback and adapt their offerings to meet the changing needs of their clients. By doing so, banks can enhance customer satisfaction, foster loyalty, and remain competitive in an increasingly digital marketplace.

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