

A STUDY ON CUSTOMER SATISFACTION ON INTERNET BANKING

Dr.P.KANAGARAJU,

Assistant Professor and Research Advisor, PG and Research Department of Commerce, Thanthai Hans Roever College (Autonomous), Perambalur-621 220, Tamil Nadu.

G.BALAMURUGAN,

PH.D Research Scholar, PG and Research Department of Commerce, Thanthai Hans Roever College(Autonomous), Perambalur-621 220, Tamil Nadu Affiliated to Bharathidasan University, Tiruchirappalli, Tamil Nadu.

Reference Number:16446/Ph.DK4/Commerce/Part-time/October 2017.Date.22.08.2017

ABSTRACT

The development of e-banking in each country is dependent on the speed of internet access, the features of new online banking, and the frequency of e-banking usage. In the banking industry, e-banking is formed when there is a combination between the information technology and the functions of banks and financial institutions. Internet banking was first introduced in Malaysia in June 2000 when Bank Negara Malaysia gave permission to the local banks to offer Internet banking services. To satisfy customer's need, many types of products and services were provided by the banks through Internet banking websites.

Key words: Customers, Net banking, Satisfaction.

INTRODUCTION:

Customers are the king of market and customer satisfaction becomes a major area of marketing. Satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product performance (outcome) in relation to his or her expectations. Customer satisfaction has been recognized as an important element that drives customer retention, loyalty and post-purchase behaviour of customers. It is well documented that the measurement of customer satisfaction regarding the service quality of firms is a necessary means by which organizations delve into the minds of its customer for useful feedback that could form the basis for effective marketing strategy. Customer satisfaction is one of main aspects determine the success or failure any electronic banking services. As customers get more and more educated, getting insight about

modern banking, via internet banking has evolved as primary area of concern for all leading and upcoming banks in India. It's not surprising that customer satisfaction is rapidly developing into a key success factor from Online or Internet banking standpoint.

STATEMENT OF THE PROBLEM:

Customer satisfaction is a complicated mix of "hardware" (technology, product, price, quality etc.) and "software" (attitude, responsiveness, deliverance, communication etc.). Today's customers are not satisfied with care and courtesy alone, they expect concern and commitment. In this competition environment not the oldest, not the strongest and not the first can survive, but only the "best" can survive. The success of Internet Banking not only depends on the technology but also on the large extend the attitude, commitment and involvement of the operating at all levels and how far the customers reap the benefits from Internet banking services. It is crucial for banks that offer IB services to periodically and consistently measure the satisfaction of their customers. The banking sector reforms initiated new technology in their operating activities; it is only for the purpose to retaining the customers. This study has to examine the customer satisfaction with various service quality dimensions. .

NEED FOR THE STUDY

As an increasing number of Indian banks look at the innovative ways, such as Online banking, to make a customer's banking experience more convenient, efficient, and effective, it becomes even more important to ascertain the customers' perception of the overall service quality and their satisfaction with the current online banking services. Measuring customer satisfaction can provide banks useful information about customer loyalty and retention, and also help them devise effective strategies to use efficient customer service as a distinguishing factor in this heavily customer-oriented service industry. It is a well-known fact that globalization and deregulations over the past decade or so, while helped banks expand their reach beyond countries and continents, have also made them highly competitive. It's getting increasingly difficult for these financial institutions to simply compete based on price. Banks are, therefore, looking at other ways, e.g. offering Internet banking services, to maximize profits as well as retain their loyal customer base. However, this cannot be accomplished without sufficiently high service quality, which when fulfill the constantly changing customer needs, results in improved customer satisfaction. Banks hope to capitalize on these customer satisfaction levels in order to strengthen the customer loyalty as well as expand their overall customer base..

OBJECTIVES OF THE STUDY:

- To identify the factors affecting customer satisfaction on Internet Banking service quality
- To evaluate the satisfaction level of Internet Banking users.

- To examine the major problems faced by users while using Internet Banking services
- To identify the level of trust and awareness level on the security features of Internet Banking.

REVIEW OF LITERATURE

Ramani (2017) In her research paper studied the impact of e-payment system on Indian banking sector. E-payment was required for handling large volume of business payment and remittances for hassle free, quicker and faster payment remittances at low cost, and paperless transactions. The researcher highlighted various steps taken by RBI for the e-payment. It includes RTGS, deferred net settlement system such as electronic clearing services debit and credit, electronic fund transfer and NEFT. The researcher studied that these methods had increased the use of core banking solutions, data warehousing and data mining. E-payment had reduced the chances of fraud, improved customer service by cutting the delay in payment obligation.

Singh and Malhotra (2017) In their study made an attempt to discover factors affecting a bank's decision to adopt internet banking in India. The study was based on 88 banks comprising of public, private and foreign banks covering financial years from 1997 to 2005. The results of the study showed that large banks having high fixed expenses, high income and expenditure tend to use more technology. Banks had used internet banking as complementary channel to existing branch network. However, the private and foreign banks were quick adopter to internet banking than public sector banks. The adoption of this innovation by other banks increases the probability that a decision to adapt will be made as it has increased the profitability and productivity of banks.

Kautish (2018) In his study described the paradigm shift of banking sector from traditional banking to online banking. The objective of the paper was to discuss the derivation of value added tool of online banking system which was used to attract new customers and retain the existing ones. It helped the banks to acquire more business from existing customers. People preferred to use online banking because of its availability, better performance, ubiquity, speed and its effectiveness. Further, the author discussed two bank models integrated banking model where the banks provide internet banking services as an extension to their basic services like ATM and phone banking. So, it is a kind of hybrid approach and the other was stand alone internet banking model, where the banks totally rely on the online channel. To improve the services through e-banking, banks should think from the customers' perspective and there should be creativity and 51 innovations in designing and implementation of e-banking processes. The author concluded that as e-banking was a relatively new concept in the global banking scenario so the best of this concept was yet to come.

DATA COLLECTION:

Primary data refers to the data, which is collected for the first time. The primary data collection was done with the help of questionnaire method.

Secondary data refers to the study made by others for their own purposes. It was collected from books, journals, magazines and websites.

TOOLS USED FOR DATA COLLECTION:

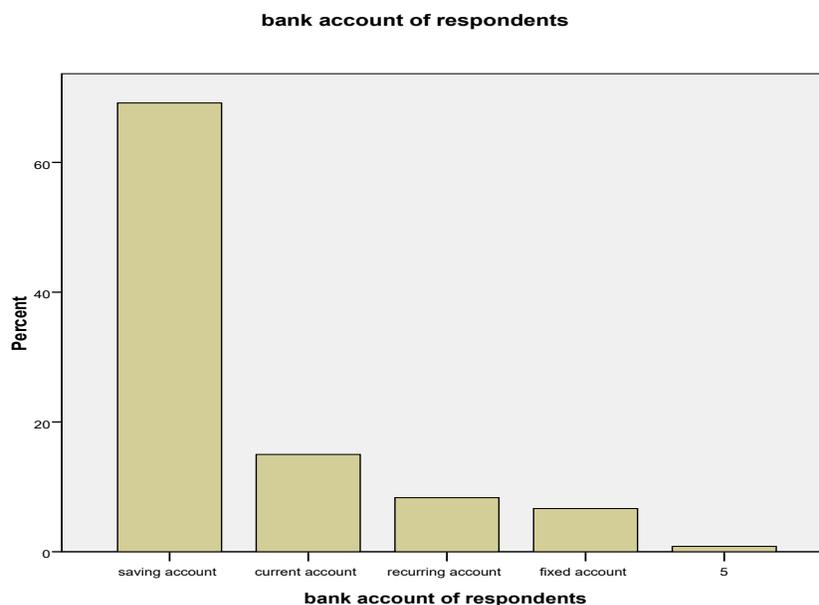
The required data for this analysis were gathered by adopting questionnaire method. Simple percentage analysis were admired in all questions were ever required and multiple regression analysis were used for satisfaction.

SAMPLE SIZE:

Due to time limitation of the study, only 120 customers selected as sample unit from the population. The study is conducted on the basis of the responds of the selected sample and findings are drawn based on their responds..

ANALYSIS AND INTERPRETATION

Bank account of respondents

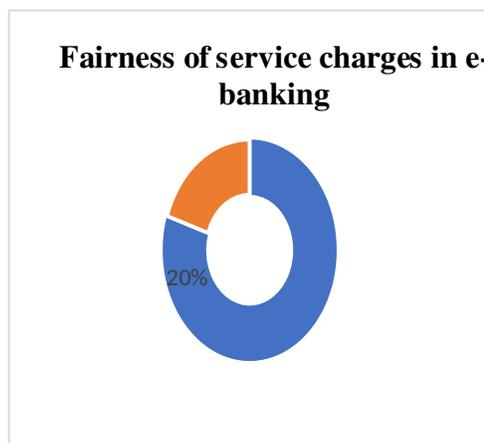


Source: Primary data

In the above table shows, 69.2 % of the total respondents having saving bank account, 15.8 % of the respondents have current account, 8.3 % have recurring account and only 6.7 % of the respondents have fixed account. It concludes that majority of the internet

banking users using saving account for their transaction purpose.

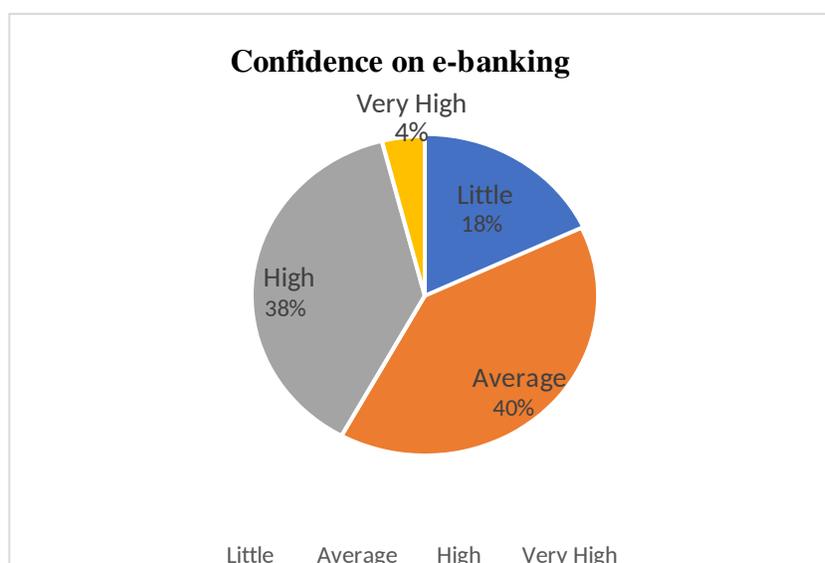
FAIRNESS OF SERVICE CHARGES IN Net -BANKING



Source: Primary data

The result shows that majority of respondents are satisfied with the service charges for Internet banking .Only 20% of respondents are not satisfied with the charges , it is not fair in their point of view.

LEVEL OF CONFIDENCE ON NET-BANKING SERVICES

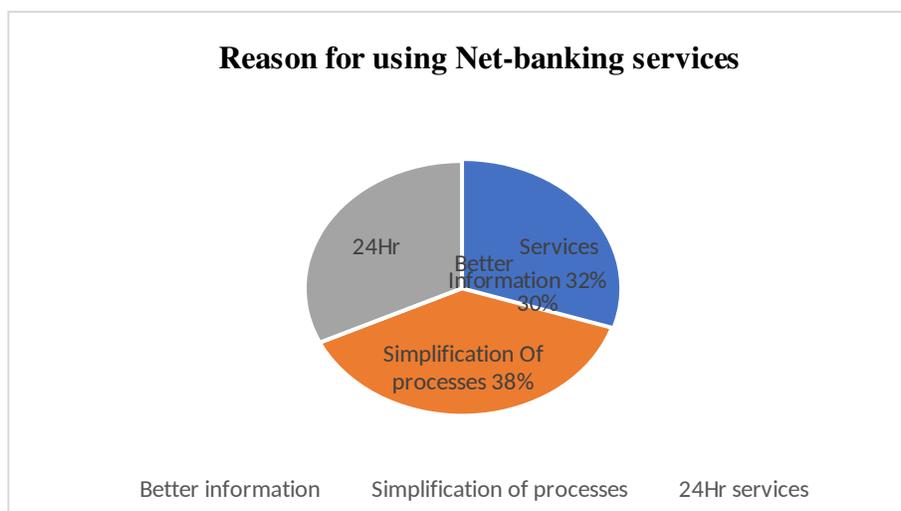


Source: Primary data

The result shows that 40% of respondents has an average confidence in e-banking, closely followed by 38% of respondents having high confidence in

this service.

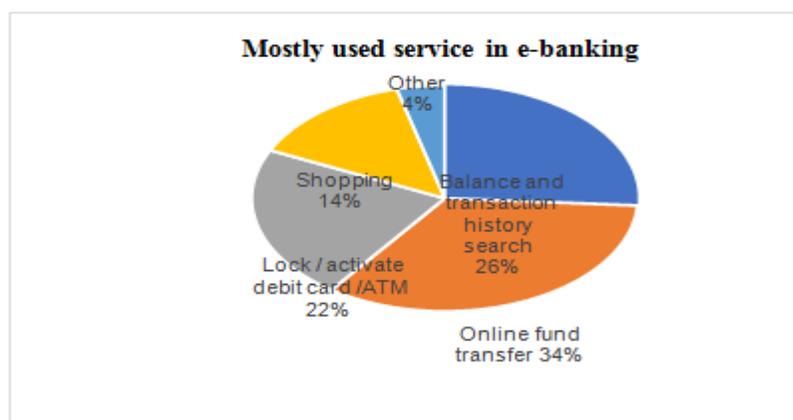
REASON FOR USING NET-BANKING SERVICES



Source: Primary data

The result shows closer percentages for all the given options which clearly explains that the people are using e-banking services frequently for different reasons. The way of simplifying the process in e-banking has been attracted 38% of respondents which stands as the main reason for using e-banking through this survey.

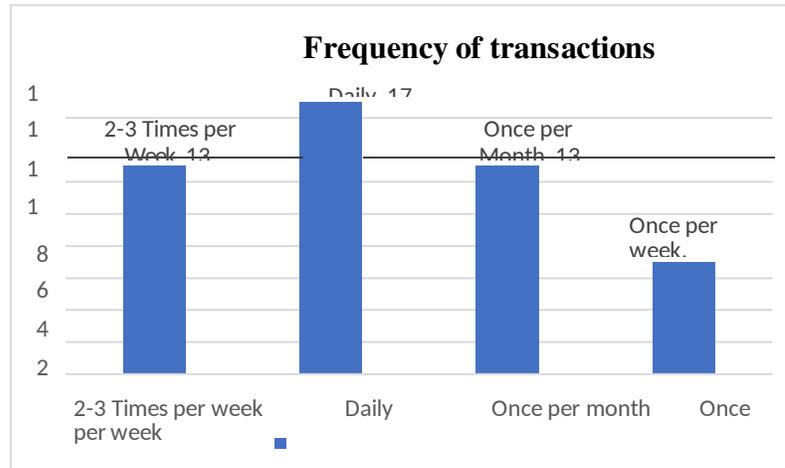
MOSTLY USED SERVICE IN NET-BANKING



Source: Primary data

The result shows that the fund transfer through online is the most using service among the respondents with 34% and secondly balance and transaction history got 26%.

FREQUENCY OF TRANSACTIONS



Source: Primary data

The result shows that people are using Net-banking transaction daily as it stands first with 17 respondents among the 50. Secondly transaction made 2-3 times per week and once per month have equal number of results with 13 respondents.

FEATURES OF INTERNET BANKING SERVICE

Features of internet banking	Frequency	Percent
Service is good	20	16.7
Cheaper service charge	18	15.0
Network is good	15	12.5
They provide security	19	15.8
Easy process for transfer	48	40.0
Total	120	100.0

Source: Primary data

In the above table it shows that majority of the respondents choosing internet banking for the purpose of fund transfer, about 40 % of the respondents using internet banking for fund transfer and 16.7 % of the respondent choosing because good service provide by various bank, 15.8 % of the total respondents like the security features of various banks and remaining are using internet banking because of good network and cheaper

service charge of various bank.

MANUAL BANKING IS CONVENIENT THAN INTERNET BANKING

Convenience	Frequency	Percent
Strongly agree	16	13.3
Agree	35	29.2
Neutral	60	50.0
Disagree	9	7.5
Total	120	100.0

Source: Primary data

From the above table it shows that, 50 % of the respondents are neutral with convenience of internet banking and manual banking. Only 13.3 % of the respondents are strongly agree that manual banking is convenient than internet banking. It concludes that most of the users need both manual banking service and internet banking for their various transaction purposes.

ASSOCIATION BETWEEN AGE OF RESPONDENTS AND PROBLEMS FACED IN INTERNET BANKING - ANOVA

Problems	Mean Square	F	P value
Inability to login	1.055	1.283	.281
	.822		
Account temporarily locked by bank	1.780	1.846	.125
	.964		
Low speed	1.577	1.702	.154
	.926		
Connection problem due to server errors	1.811	1.553	.192
	1.166		
Inability to get OTP due to network error	2.177	1.895	.116
	1.149		

Source: Primary data

The above table depicts that the p value for all the problems faced through internet banking is same for all age group of respondents. It is also make clear that irrespective of the age every internet banking user faces the same forms of problems like low speed, connection, inability to login, account temporary locked, inability to get OTP. It shows

that the null hypothesis is accepted at 5% level of significance.

ASSOCIATION BETWEEN THE GENDER AND SATISFACTION LEVEL OF INTERNET BANKING - T-TEST

Satisfaction	Gender of the Respondents	N	Mean	Std. Deviation	Std. Error Mean
Manual banking is convenient than internet banking	Male	69	2.62	.824	.099
	Female	51	2.37	.799	.112
Accessibility of internet banking	Male	69	1.72	.725	.087
	Female	51	1.90	.640	.090
Presentation of internet banking	Male	69	2.01	.813	.098
	Female	51	1.86	.775	.109
Speed of transaction	Male	69	1.83	.706	.085
	Female	51	1.82	.623	.087
Clarity of information	Male	69	1.88	.718	.086
	Female	51	1.73	.635	.089

Source: Primary data

From the table P value is greater than 0.01 so null hypotheses is accepted by 1% level of significance and it is concluded that there is no significant difference between satisfaction levels of internet banking towards gender of the respondents.

FINDING OF THE STUDY

- Majority of respondents choose State Bank of India for internet banking service.
- Majority (95.8 %) are satisfied with the use of internet banking service.
- Majority of the respondents using internet banking for the purpose of fund transfer.
- Most of the banks charge fare service charges while using internet banking service.
- Both manual banking and internet banking service are needed for the respondents.
- Frequency of using internet banking consists of 2-3 times in a week.
- Majority of respondents have better perception and opinion about the accessibility of internet banking service and presentation of bank
- Speed and convenience are the main factors for using internet banking service of various banks.
- There is no significant difference between the problems faced through internet banking and age group of the respondents. (P value > 0.01) therefore null hypothesis is accepted

- There is no significant difference between the satisfaction levels of internet banking towards the gender of the respondents.

SUGGESTIONS:

- Most of the bank does not have online service representative or inexperienced online service representative. Those who do not have online customer service representative need to hire trained and energetic employees. Its lead to promptness in problem solving of respondents at the time of occurrence of problem which make customer more satisfied.
- Safe and security features of webpage need to be improved because most of the respondents feel that internet banking is not safe and secure. People are so much conscious about the security measures whether it might provide privacy and security for the information that entered
- Out of the mentioned problem, it is founded that the low speed and connection problem due to server errors are the major problem faced by users. Therefore banks need to take corrective measures to improve their server efficiency
- Banks has to conduct various awareness program in order to improve the level of awareness and knowledge of customers about the functioning of internet banking and its attributes.

CONCLUSION

The results of this research indicated that transaction efficiency, ease of use, service content is important determinants of customers' satisfaction with internet banking. However, privacy and security problems, low speed and connection problems due to server errors are the main/major problems faced by the IB users. It indicates that as cost and time customers spent on internet banking increases, customers' satisfaction will decrease. Therefore, this paper suggests certain policy implications for the banking industry. Thus, the proposed model can be of help in planning efforts towards increasing consumers' satisfaction. By improving these factors, bank management may increase adoption and satisfaction among internet bank users. These also imply initiating appropriate actions to enhance basic facilities and improve privacy and security on internet banking. This in essence will improve business transaction and thus increase overall customer satisfaction.

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