

Customer Satisfaction in E-Banking Services

C K Sunith

Assistant Professor, Model Engineering College, Kochi-21, Kerala.

ABSTRACT: *Electronic Banking incorporates a variety of platforms such as internet banking, automated teller services and mobile phone banking to deliver banking products to the customer. The study aimed to identify most popular electronic banking services among customers. Customer service being an integral part of banking, the study also focused on the satisfaction of customers utilising E-Banking services.*

Key Words: *Electronic Banking, Automatic Teller Machine, Internet Banking, Mobile Banking, Level of Satisfaction.*

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I. INTRODUCTION

Electronic Banking is the automated mode of delivery of new and traditional banking products and services directly to the customer through electronic communication channels. Electronic banking incorporates systems that enable individual customers to access their accounts, transact with speed and obtain current and updated information on latest financial products and services through public or private networks. It accommodates a variety of platforms such as internet banking, telephonic and television based banking, automated teller services, mobile phone banking as well as personal computer based and offline banking services. Since most of these technology services have become popular in our country, customers now have every opportunity to willfully choose and exploit the features provided by advanced electronics and information technologies such as automatic teller machines, internet, mobile phones, personal digital assistants and personal computers and experience electronic banking services through privileges and facilities delivered with assistance from modern technologies. Banks will have to incur capital costs and incorporate advanced technologies to save on operating costs and to earn customer goodwill, but must extract maximum returns from such assets while cutting down operating expenses at the same time.

II. OBJECTIVE OF THE STUDY

The proposed study attempts to identify the preferred methods of banking transactions among respondents. The impact of chosen parameters on customer satisfaction will be subjected to statistical analysis and hypothesis testing. The study will also attempt to throw light on the extent of satisfaction of E-Banking customers.

III. RESEARCH METHODOLOGY

Preliminary literature surveys were conducted to analyse the current status of use and adoption of banking technologies through online and offline search for articles and research papers published in various magazines and journals for secondary information. Hypotheses were formulated. For primary information, questionnaire in hard copy was prepared and distributed to the sample population, and a survey was conducted using the questionnaire so prepared in an autonomous professional college near Kochi. The questionnaire helped gather data from a sample size of 172 respondents on proposed variables. Hypothesis tests were conducted based on the responses received. The sampling methodology adopted was convenience sampling.

IV. CONTRIBUTION FROM THE STUDY

The study is based on the conceptual model that competency and efficiency of banking services, accurate and timely information, efficient web portal management as well as customer relationship management, demonstration and training of customers and economy of services determine the extent of satisfaction of E-Banking customers. The study aimed to identify most popular electronic banking services among customers. The study has also attempted to trace the extent of satisfaction of E-Banking customers.

V. LITERATURE REVIEW

Literature survey was primarily based on the articles and research papers available both online and offline. The parameters mentioned in the papers obtained through literature review were used in the formulation

of the questionnaire. Researchers have formulated different conceptual and theoretical frameworks for customer satisfaction, as expressed through their works. Willard Hom^[3] in his work has attempted to clarify various theories about customer satisfaction covering both macro and micro models of customer satisfaction. According to him, macro-models of customer satisfaction theorize the place of customer satisfaction among a set of related constructs in marketing research while micro-models of customer satisfaction theorize elements of customer satisfaction. In his work, Vijay M Kumbhar^[4] has attempted to evaluate the influence of service quality on brand perception, perceived value and satisfaction in E-Banking. The conclusion he arrived at was that perceived value, brand perception, cost effectiveness, easiness to use, convenience, problem handling skills, security and responsiveness are some of the factors affecting customer satisfaction in E-Banking. Abhijith et.al.^[5] have found that the net profit and closing stock of a bank bear no impact on improving customer satisfaction. The authors have mentioned 'Indian Customer Satisfaction Index' as one of the key parameters for measuring customer satisfaction in Indian banking sector. Unyathanakorn et. al. ^[6] in their work focused on factors that affect customer satisfaction with respect to online banking services provided by commercial banks. American Customer Satisfaction Index and Thailand Customer Satisfaction Index models were used to evaluate customer satisfaction, in their work. Anis Ali et. al.^[7] have observed that bank employees lack empathy and responsiveness. Customers are dissatisfied with nature and discriminatory behaviour of bank employees according to the profession of the customers. However, they could not identify any significant difference between the level of satisfaction of customers from rural and urban areas. Aayasha Nawaz^[8] in her work, has attempted to evaluate level of satisfaction of customers of State Bank of India in Bareilly district in Uttar Pradesh. Correlation was found between customer satisfaction and dimensions such as green card services, individual attention by bank, addressing customer issues and promptness in cheque clearance. Besides, a good number of researchers have made useful contributions in the area and disclosed their findings.

VI. CUSTOMER SATISFACTION

A customer is distinguished from a consumer in the sense that a customer pays for a product or service while a consumer is the end user who experiences a product or service. But in some contexts, a customer and a consumer can be the same. Satisfaction, as widely accepted, is the consumer's fulfillment response and is a judgment that a product or service feature or the product of service itself, provided a pleasurable level of consumption-related fulfillment, including levels of under or over fulfillment^[3]. Wikipedia^[9] defines customer satisfaction as a measure of how products or services supplied by a firm meet or surpass customer expectations. Customer satisfaction incorporates such provisions of goods or services that fulfill customer expectations in terms of quality and service, in relation to the magnitude of payment.

The study is based on the conceptual model that competency and efficiency of banking services, accurate and timely information, efficient web portal management as well as customer relationship management, demonstration and training of customers and economy of services offered determine the extent of satisfaction experienced and expressed by E-Banking customers.

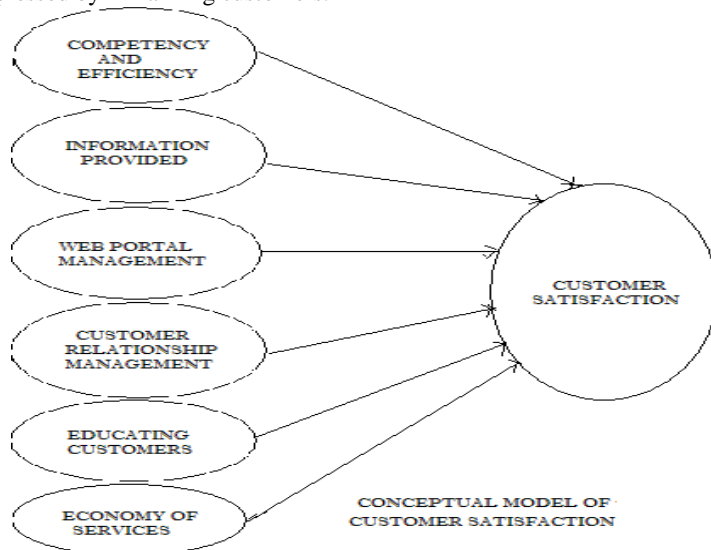


Figure 1 : Conceptual Model of Customer Satisfaction

VII. RESPONDENT DEMOGRAPHICS

Around 172 valid responses were received which represented a population of 1230. 74 male respondents and 98 female respondents participated in the survey as shown in Figure 2. Out of 172 responses received, 152 were earning income below Rs. 25,000/- 6 were earning between Rs. 25,000/- and Rs. 40,000/- and 14 were earning income above Rs. 40,000/- as shown in Figure 2.

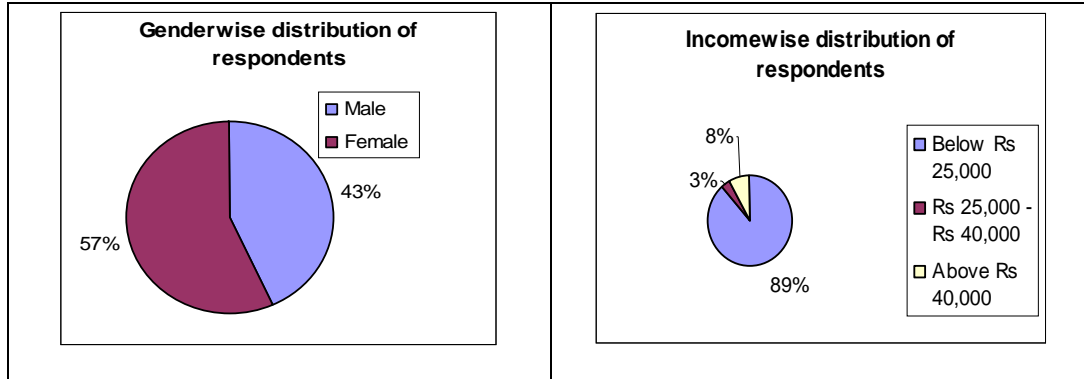


Figure 2 : Gender wise and Income wise distribution of respondents

111 of the respondents were undergraduates while 61 of the respondents had qualifications of graduation and above. The academic background of respondents is shown in Figure 3. 117 of the respondents held their bank accounts in Public Sector Banks alone including State Bank of India, State Bank of Travancore and other Public Sector Banks as well. 28 respondents held their accounts in Private Sector Banks alone while 21 respondents held their accounts in both Public Sector and Private Sector banks. 6 respondents declined to reveal information on banks where they hold their bank accounts (see Figure 3).

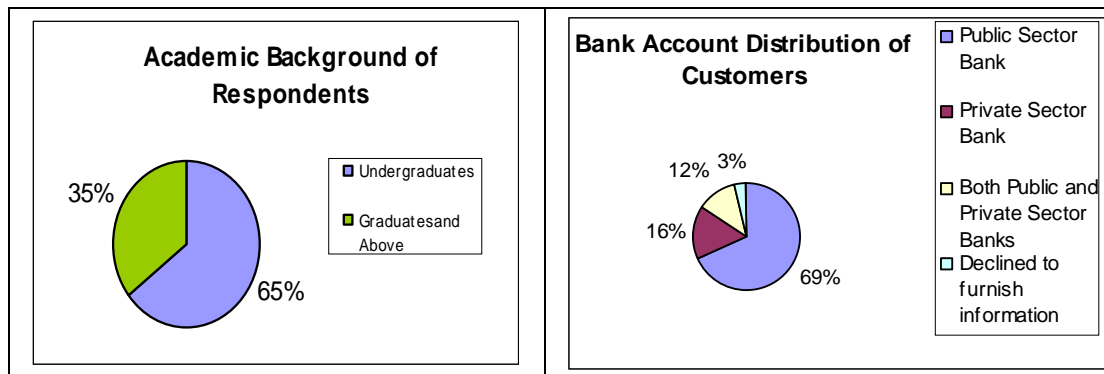


Figure 3: Academic Background and Distribution of Bank Accounts of Respondents

The respondents were asked to rank their preferred method of banking transactions among Automatic Teller Machine, Internet Banking, Mobile Banking and Branch Banking. Out of 172 respondents, 115 (ie; 66.86%) consider ATM as their most preferred method of banking transactions. 47 (ie; 27.33%) of the respondents consider Internet Banking as the most preferred method of banking transactions, 7 (ie; 4.07%) respondents consider Mobile Banking as their most preferred method of banking transactions while 3 (ie; 1.74%) of the respondents consider Branch banking as the most preferred method of banking transactions.

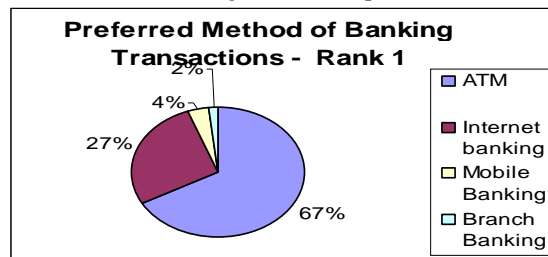


Figure 4: Respondent's most preferred method of banking transactions

VIII. RESPONDENT STATISTICS

Respondent responses for each question in the questionnaire were analyzed based on measures of central tendency such as Mean, Mode, Median, Variance, Standard Deviation and Skew on a five point Likert scale with scores ranging from 1 to 5. A measure of central tendency is a single value that attempts to describe a set of data by identifying the central position within that set of data. As such, measures of central tendency are sometimes called measures of central location. The mean (or average) is the most popular and well known measure of central tendency. It can be used with both discrete and continuous data, although its use is most often with continuous data. The mean is equal to the sum of all the values in the data set divided by the number of values in the data set. However, mean is susceptible to the influence of outliers. Median is the middle score for a set of data that has been arranged in order of magnitude. The median is less affected by outliers and skewed data. Mode is the most frequent score in our data set and represents the highest bar in a bar chart or histogram. Skewness is a measure of the asymmetry of the probability distribution of a real-valued random variable about its mean. The value of skewness can be positive or negative, or even undefined.

Sl. No	Parameter	Particulars	Mean	Standard Deviation	Median	Mode	Skew
1	Bank competency and efficiency	Information updates	3.233	1.073	3	3	0.156
		Round the clock service	3.145	1.03	3	3	0.159
		Speed and promptness of services	3.052	1.010	3	3	0.204
		Complaint redressal	2.709	0.996	3	2	0.396
		Security and precautionary measures	2.988	1.048	3	3	0.424
		Non recurrence of clerical & technical mistakes	2.744	1.078	3	3	0.498
2	Information provided by the bank	Information on new services	3.145	1.117	3	3	0.015
		Information on services & charges	2.924	1.065	3	3	0.005
		Information on transactions	3.215	1.073	3	3	0.077
		Information on RBI guidelines	2.738	1.074	3	2	0.138
		Information on changes and updates in norms	2.855	0.983	3	3	0.11
		Information on value added services	0.11	1.121	3	3	0.083
3	Web portal management	Functioning of web pages and links	3.169	1.098	3	3	0.062
		User friendliness and ease of operation	3.14	0.945	3	3	0.096
		Availability of help and other menus	3	0.943	3	3	2.63×10^{-18}
		Accuracy and relevance of information	2.959	0.901	3	3	0.226
		Clarity and understandability of information	2.994	1.005	3	3	0.256
		Mode of display of updates	2.924	0.997	3	3	0.153
4	Customer relationship management	Honesty and Openness	3.215	1.167	3	3	0.152
		Response to customer requests	2.901	1.058	3	3	0.079

		Face to Face Interaction	2.826	1.094	3	3	0.271
		Keeping Promises	2.75	1.060	3	2	0.367
5	Educating Customers	Advertisements & Information Content	3.14	1.131	3	3	0.041
		Practical Demonstration	2.599	1.052	3	2	0.223
		Awareness on Services and Risks	2.610	1.089	3	3	0.386
		Guidance, Advice and doubt clearance	2.756	1.031	3	3	0.376
6	Economy	Service Charge structure	2.936	1.161	3	3	0.330
		Transaction and Operating cost structure	2.75	0.992	3	3	0.302
		Structure of fines and other deducting charges	2.686	1.137	3	3	0.376

Table 1: Statistical Parameters - Level of satisfaction of E-Banking services

IX. HYPOTHESIS TESTING

In statistical significance testing, a one-tailed test is an effective method of computing the statistical significance of a parameter inferred from a data set, in terms of a test statistic. One-tailed tests are used for asymmetric distributions that have a single tail and are used if only deviations in one direction are considered possible. One Tailed Hypothesis were conducted for a level of significance $\alpha = 0.05$ for the formulated set of null and alternate hypotheses. The value of $|Z_{\alpha}|$ for the level of significance of 0.05 was found to be equal to 1.645 from standard statistical tables. The value of $Z_{\bar{x}}$ was computed using the standard expressions found in the text books of Research Methodology. The value of finite population multiplier was found to be 0.8609 for convenience sampling The computed value of $Z_{\bar{x}}$ was compared with Z_{α} to determine whether null hypothesis can be accepted or not. Out of 6 null hypothesis statements, 3 were accepted and 3 were rejected.

Null Hypothesis $H_{0<\#>}$	Statement	Accepted	Rejected
H_{01}	There is significant difference in the level of satisfaction of E-Banking customers on account of the competency and efficiency of E-Banking services.	X	
H_{02}	There is significant difference in the level of satisfaction of E-Banking customers on account of accuracy and relevance of information provided by the banks for E-Banking services.	X	
H_{03}	There is significant difference in the level of satisfaction of E-Banking customers on account of the effective management of web portal for their E-Banking services.	X	
H_{04}	There is significant difference in the level of satisfaction of E-Banking customers on account of the effective management of customer relationships offered by the bank.		X
H_{05}	There is significant difference in the level of satisfaction of E-Banking customers on account of the information and guidance provided by the banks for their E-Banking services.		X
H_{06}	There is significant difference in the level of satisfaction of E-Banking customers on account of the structure of fines and service charges followed by the banks for their E-Banking services.		X
Total #	6	3	3

Table 2: Summary of Null Hypothesis Statements

Hypothesis tests reveal that respondents are satisfied with the competency and efficiency of E-Banking services. Respondents again, are satisfied with accuracy and relevance of information provided by the banks and the management of web portal for E-Banking services. They are however not satisfied with management and quality of customer relationships offered by the bank. Respondents are also not satisfied with the information and guidance provided by the banks for E-Banking services. Again, respondents do not seem to be satisfied with the structure of fines and service charges followed by the banks for E-Banking services. Hypothesis tests have in fact helped to identify some of the vulnerabilities that banks need to focus upon and improve to enhance

customer satisfaction, build customer base and strengthen their loyalty. Again, it is said that retaining existing customers is easier than finding new customers.

X. LIMITATIONS OF THE STUDY

Due to convenience sampling methodology adopted, the entire population of banking customers was not reflected in the study. The study focused mainly on customers within a locality including students in one environment. This can have impact on the representation in the results of the survey. The study however, can be extended to accommodate all categories of customers in all areas. A follow up study may also be planned in future to compare the new results with those obtained from the study. Generalisation of the findings to the whole population can then be made with more accuracy and acceptability.

XI. CONCLUSIONS AND RECOMMENDATIONS

Core banking solutions have enabled banks to extend full benefits of ATM services, mobile and internet banking solutions to all the customers. Core banking solutions offer a package of benefits to customers on a round the clock basis from a single centralized location through all possible delivery channels. Such a centralized approach has made a 'one – stop solution' for all financial services a possibility. Results of the survey do indicate customer inclination towards the use of ATM services when compared to other technology counterparts. But this phenomenon may not continue indefinitely. The dynamic nature of technology and time may lead to change in customer preferences. Again, customers will be forced to review their preferences with changes in policies and regulations of the ruling elite, which became evident during the recent demonetization regime. Customers today are left with a multitude of offers, options and opportunities when choosing banking services. They are rapidly evolving in their use of banking services and technologies. Changing customer preferences and behaviours indicate need for introduction of new strategies and latest technologies to attract and maintain customers. In fact, customer behaviours seem to change faster than lead times for new products and services. The question of how far technology enabled banking services has met the needs and expectations of customers in an ever changing dynamic environment need frequent and timely investigations and revisions. The credibility of entire banking system will be at stake if rapid changing customer preferences are not identified or sensed, customers are not sufficiently informed, their fears, resistances and issues are not resolved as and when required and real time solutions are not offered .

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