

**E-Banking Services and Customer Satisfaction in Dindugal District - An Empirical Study**

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**Abstract**

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms. It is well established that satisfied customers are key to long-term business success. For that matter, many market leaders are found to be highly superior-customer-service orientated. They have been rewarded with high revenue and customer retention as well. The revolution of information technology has influenced almost every facet of life, among them is the banking sector. The introduction of electronic banking has revolutionized and redefined the ways banks were operating. As technology is now considered as the main contribution for the organizations' success and as their core competencies. So the banks, be it domestic or foreign are investing more on providing on the customers with the new technologies through e-banking.

**Keywords:** Business, Information Technology, Organization, Electronic banking revolution

**Introduction**

Customer satisfaction and service quality are inter-related. The higher the service quality, the higher is the customer satisfaction. Many agree that in the banking sector, there are no recognized standard scales to measure the perceived quality of a bank service. Thus, competitive advantage through high quality service is an increasingly important weapon to survive. Nowadays, due to the increase in competition, customer satisfaction is considered to be the most important thing in banking services. Customer service is the primary end of any bank. A customer always wants something and expects that the bank should come up to the level to fulfill those needs. Service quality is about meeting customers' needs and requirements, and how well the service level delivered matches customer expectations. Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers. E-banking is a major invention that has changed the business of banking.

World over banks are reorienting their strategies towards new opportunities offered by e-banking. The recent trend shows that most 'brick and mortar' banks are shifting from a 'product-centric' model as they develop their new e-banking capabilities. PC banking, mobile banking, ATM, electronic funds transfer, account to account transfer, paying bills online, online statements and credit cards are the services provided by banks. In addition, the feature, which is commonly unique to internet banking, includes importing data into personal accounting software. Some online banking platforms support account aggregation to allow the customers to monitor all of their accounts in one place whether they are with their main bank or with other institutions. Electronic banking is an activity that is not new to banks or their customers.

Banks having been providing their services to customers electronically for years through software programmes. These software programs allowed the user's personal computer to dial up the bank directly. In the past however, banks have been very reluctant to provide their customers with banking via the Internet due to security concerns. Today, banks seem to be jumping on the bandwagon of Internet banking. Why is there a sudden increase of bank interests in the Internet? The first major reason is because of the improved security and encryption methods developed on the Internet. The second reason is that banks did not want to lose a potential market share to banks that were quick to offer their services on the Internet.

### **Scope of the Study**

Retaining customers is a financial imperative for Indian banks, especially as attracting new customers is considerably more expensive than for comparable, traditional, bricks-and-mortar stores. Understanding how or why a sense of loyalty develops in customers remains one of the crucial management issues of the present day. In increasingly competitive markets, being able to build loyalty in consumers by increasing their satisfaction is seen as the key factor in winning market share and developing sustainable competitive advantage.

### **Research Objectives**

The following are the specific objectives of the research objectives

- 1) To analyze the present e-banking scenario in India
- 2) To study the extent of awareness and the usage of e-banking services in the study area
- 3) To ascertain the customer's satisfaction regarding various e-banking services provided by public and private sector banks.

### **Research Methodology**

In a view to precede the research in a systematic way the following research methodology has been used. By means of obtaining detailed opinion of the customers, this research falls under the category of descriptive research. This study was conducted as a survey that examined customers' satisfaction with e-banking practices in public and private sector banks located in Dindugal District of Tamilnadu.

### **Review**

Lin Ching Tsung and Jung-Yu Lai, their study attempts to explore what factors affect corporate customer satisfaction with e-banking (CCSEB) which is one surrogate variable of success of e-banking services. Based on a survey of 178 respondents collected from Taiwan companies, the results support that environmental, organizational, and globalization factors will affect customer satisfaction with e-banking significantly. Furthermore, there exist a reciprocal relationship between customer satisfaction and post-usage favorite behavior. Durkin, Mark, he adopted a quantitative methodology and examined customer communication preferences when interacting with their bank, with a particular focus on Internet banking registration. The customer satisfaction questionnaire was issued to over 2,000 retail customers. Through regression analysis, the key predictors that indicate whether or not customers will register as Internet banking users were identified. Twenty-five senior branch bank managers were then asked to rank the same set of issues to ascertain what they felt to be the key influencers to customer registration for Internet banking. The similarities and differences between the two sets of findings are identified and the managerial implications for the case bank's marketing strategy discussed.

Ravi Kalakota, presents a framework that provides a conceptual understanding of electronic commerce-based financial services. The study discussed some of the research issues that need to be addressed in this emerging area. Systematic research on online financial services is virtually non-existent. Most of the early work consists of anecdotal evidence from individual companies, usually in the form of trade journal articles, which have no empirical basis. Clearly, there is a need for industry-academia collaboration to understand the online financial services area better. There is also a need to develop methods and tools for measuring the effectiveness of these services. Traditional effectiveness measuring methods will be of limited use in cyberspace as banks enter an era in which financial products are treated as information commodities and banks are in competition with non-banks to serve customers with the best bundle of information. Geetika, Shefali Nandan, in her study, she pointed out that the service quality has been viewed as a determinant of customer satisfaction. Different dimensions of service quality have been considered by various researchers. This study identified components of service quality of Indian Railways at railway platforms. The study is exploratory in nature and uses factor analysis to identify the most important factors of customer satisfaction with service quality. The research methodology is empirical, and a survey of passengers (customers) was conducted. The results of the study are expected to provide a practical contribution in the area of e-banking services and in understanding customer behavior in the business-to-business financial services industry in the global competitive scenario.

**Discussion**

**Demographic Variables and Customer Satisfactions Level on Internet Banking Services**

The relationship between individual demographic variables and customer satisfaction level on internet banking is shown in Table - 1.

**Null Hypothesis**

There is no relationship between demographic variables of the respondents and their satisfactions on internet banking performance.

**Table 1 - Chi-Square Test Result – Internet Banking Services**

<b>Demographic variable</b>	<b>Chi-Square Test – Value</b>	<b>Table value 5% level</b>	<b>Table value 1% level</b>	<b>Ho Accepted / Rejected</b>	<b>Significance</b>
Sex and Satisfactions	2.62	12.59	16.81	Accepted	Not Significant
Age and Satisfactions	10.5	12.59	16.81	Accepted	Not Significant
Educational Qualifications and Satisfactions	3.79	12.59	16.81	Accepted	Not Significant
Occupation and Satisfactions	3.44	15.51	20.09	Accepted	Not Significant
Income and Satisfactions	4.11	15.51	20.09	Accepted	Not Significant

**5% Significance Level**

The chi-square test result reveals that there is no significant relationship between demographic variables, sex, age, educational qualifications, occupation and income and customer satisfactions on internet banking performance.

**Demographic Variables and Customer Satisfactions Level on Mobile Banking Services**

The relationship between individual demographic variables and customer satisfaction level on mobile banking is shown in table - 2.

**Null Hypothesis**

There is no relationship between demographic variables of the respondents and their satisfaction on mobile banking performance.

**Table 2 - Chi-Square Test Result – Mobile Banking Services**

<b>Demographic variable</b>	<b>Chi-Square Test – Value</b>	<b>Table value 5% level</b>	<b>Table value 1% level</b>	<b>Ho Accepted / Rejected</b>	<b>Significance</b>
Sex and Satisfactions	4.6	12.59	16.81	Accepted	Not Significant
Age and Satisfactions	19.9	12.59	16.81	Rejected	Significant
Educational Qualifications and Satisfactions	23	12.59	16.81	Rejected	Significant
Occupation and Satisfactions	31.9	15.51	20.09	Rejected	Significant
Income and Satisfactions	19.1	15.51	20.09	Rejected	Significant

**5% Significance Level**

Table - 2 reveals that there is a significant relationship between the demographic variables, age, educational qualifications occupation, income and customer satisfaction on mobile banking, whereas there is no relationship between sex of the respondents and customer satisfaction on mobile banking services.

**Suggestions**

E-banking should be easily accessible by the users; this should be in terms of approach or convenience, availability, understanding and suitability. It should also be suitable for all categories of customers even the physically challenged. It is suggested that technical problems that occur while withdrawing cash from ATM shall be solved immediately. E-banking service should be according to the customer expectation and satisfaction. The bank should arrange the demonstration programs for the clients to enjoy the services properly. Improved Internet connectivity is very essential for the success of e-banking. The banking industry therefore, needs to ensure regular internet connections with sustained power supply for increasing customer satisfaction.

Customers need to be given more sustained public education and awareness concerning the use of e-banking services such as proper maintenance of ATM cards, how to make various online transactions without giving room for Internet fraudsters, and ensuring more security for their online transactions.

**Conclusion**

E-Banking has changed the traditional patterns of bank operations. These changes in technology, competition and lifestyles all have an impact on how banks operate today. Actually the customer had to physically visit the bank office in order to carry out banking operations. With the introduction of e – banking customers are saving money and time since they do not have to physically visit the bank office. Every bank realizes that they must provide some kind of e – banking to their customers in order to survive. Through e – banking, banks can better maintain the relationship with customers because with e – banking customers tend to interact more with provided services. It also increases the revenues of banks and can easily gain competitive advantage through differentiation of banking services and thereby an image improvement. In true E -banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time. Providing internet banking is increasingly becoming a 'need to have' than a 'nice to have' services. Delivering superior service quality appears to be a prerequisite for success of any service firms. As electronic banking becomes more prevalent, now-a-days customers are evaluating banks based more on their “high-touch” factors than on their “high-tech” factors in most of the developing economy like India.

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