
A study on the impact of e- banking on customer satisfaction in India

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Abstract: Presently the financial service sector in banking industry is undergoing various innovation. The paper titled is to determine the impact of E-banking on Customer Satisfaction. The objective of this study is to determine the E-banking factors on Customer Satisfaction. Descriptive research design is used in this study. The data is collected on probability basis from 117 respondents and is analyzed with the SPSS tool. The collected data were classified, tabulated and analyzed with statistical tools Frequency analysis, Mean analysis, Independent sample Test, One way Anova and Regression analysis. The result showed that majority of the respondents were female and of age is between 18-25 years who uses E- Banking. Findings of regression analysis is the factors of E-banking is influencing the Customer satisfaction. There is no significant difference between Gender, Marital status and Type of account with respect to perception of E-Banking and Customer satisfaction and there is no significant difference among Age level, Education, Place of Residence, Occupation, Reason with respect to use, Transaction and Encourage to use E-banking with respect to perception of E-banking and Customer satisfaction.

Keywords: Innovation, E-Banking, global competitiveness, Customer Satisfaction, Market Leadership

INTRODUCTION

Technology is making a tremendous impact upon banks in general and the financial services sector is no exception. The application of information and communication technology concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concerns to all banks and indeed a prerequisite for local and global competitiveness in banking industry.

The competition in banking sector augmented over the last few years and to stay competitive, banks are espousing novel tools and techniques to attain customer retention and satisfaction and E-banking is one tool towards it. As the name implies, electronic banking or e-banking involves combination of electronic technology with the banking sector. It relates to provision of banking products and services through electronic delivery channel.

E-banking involves providing banking and related service through extensive use of information technology without direct recourse to the bank by the customer. With growing popularity and benefits of e-banking, lot of banks have realized the importance, competition and challenges brought forth with this new technology and are adapting to this new-age banking. The term electronic banking is the procurement of data or services by a bank to its clients by means of a computer. In light of the recent financial crisis and global economic recession, leaders of financial institutions are under additional pressure not only to maintain customer satisfaction while sustaining lower costs, but also to maintain market leadership.

All banks, especially the large banks and mutual banks, have gradually increased their number of Internet banking services available to customers over the past decades. Through electronic banking, banks have the capacity to draw in versatile clients which give to a great degree huge profit by giving portable money related services. The increase use in credit card is attributable to electronic banking. Customers are now able to shop worldwide without the need of carrying paper money.

Several initiatives taken by the government of India, as well as the Reserve Bank of India (RBI), have facilitated the development of E-banking in India. The government of India enacted the IT Act, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce. The RBI has been preparing to upgrade itself as a regulator and supervisor of the technologically dominated financial system. It issued guidelines on risks and control in computer and telecommunication system to all banks, advising them to evaluate the risks inherent in the systems and put in place adequate control mechanisms to address the risks. The existing regulatory framework over banks has also been extended to E-banking.

India is not only the world's largest independent democracy but it is also an emerging economic giant. The growth potential of India is based on its strong banking institution. A healthy banking system is essential for any economy striving to achieve good growth and yet remain stable in an increasingly global business environment.

The Indian banking system, with one of the largest banking networks in the world, has witnessed a series of reforms over the past few years like the deregulation of interest rates, dilution of the government stake in public sector banks (PSBs), and the increased participation of private sector banks. The growth of the retail financial services sector has been a key development on the market front. Indian banks (both public and private) have not only been keen to tap the domestic market but also to compete in the global market place.

Our research idea is based on the rich knowledge acquired by our peer teams across the university. (Danda, S and Chinnaswami, 2009; Narayanan, Kannan and Sreekumar, 2009; Priya S et al., 2009; Danda and Ravi, 2011; Neelakantan et al., 2011, 2013; Prasanna, Subbarao and Gutmann, 2011; Narayanan et al., 2012; Venugopalan et al., 2014; Krishnan and Chary, 2015; Neelakantan and Sharma, 2015; Ramesh et al., 2016; Manivannan, I., Ranganathan, S., Gopalakannan, S. et al., 2018; Dua et al., 2019; Ezhilarasan, Apoorva and Ashok Vardhan, 2019; Panchal, Jeevanandan and Subramanian, 2019; Rajeshkumar et al., 2019; Ramadurai et al., 2019; Ramakrishnan, Dhanalakshmi and Subramanian, 2019; A.C.Gomathi, S.R.Xavier Rajarathinam, A.Mohammed Sadiq, Rajeshkumar, 2020)

Presently we are working in the Innovation of e-banking. This paper attempts to study the effect of E-banking on customer satisfaction.

REVIEW OF LITERATURE

(Toor et al., 2016) Intends to investigate the impact of e-banking variables on customer satisfaction with the help of the five service quality dimensions. The outcome of the study is that by E-banking leads to satisfy the customers and thus banks can gain competitive advantage by offering better-quality to the customers in today's emulous world.

(Ahmad, n.d.) (Aad et al., 2011) (Ahmad, n.d.) The purpose of this paper is for exploring the adoption of E-banking functionality and the outcomes of customer satisfaction. The outcome of this study is that there is a positive impact on Jordanian commercial bank customer satisfaction, loyalty and positive WOM.

(Hammoud et al., 2018) The purpose of this study is to examine the relationship between the dimensions of E-Banking service quality and customer satisfaction. The study reveals that E-banking has become one of the essential banking service that increases the banking industries focuses on the customers and the quality dimensions.

(Mahdi et al., 2010) has investigated that E-Banking, or the distribution of financial services via electronic systems, has spread among customers due to rapid improvement in IT and through competition between banks.

(Sumra et al., 2011) The study is qualitative in nature which examines the different objectives which determines the performance of banks mainly in terms of profitability. It also reveals the effect of customers' literacy on provision of services from banks' perspective.

(Marimon et al., 2012) The purposes of this study is to propose and apply scales to measure service quality and service recovery in the setting of electronic banking (e-banking) services. This research examines the impact of electronic service quality (e-quality) and service recovery (e-recovery) on loyalty (e-loyalty) in the setting of e-banking services.

(Asiyanbi and Ishola, 2018) This paper made a research of employees a cross-sectional survey design and convenience sampling technique of bank customers through a self-report questionnaire. The study exhibits that customers were glad using e-banking products, Customers' segmentation and more investment in e-banking infrastructure were advised for promoting electronic banking services.

(Addai et al., 2015) the purpose of the study is to determine the impact of e-banking service delivery on satisfaction of customers in the selected banks. This study reveals that there is a positive correlation between customer satisfaction and e-banking availability, reliability and convenient. It is therefore recommended that banks provide customers with uninterrupted, reliable and convenient e-banking services in order to satisfy and retain customers

(Kumbhar, 2011) This study evaluates the influence of service quality on brand perception, perceived value and satisfaction in e-banking. Required data was collected through customers' survey. The outcome reveals that Contact Facilities, System Availability, Fulfillment, Efficiency and Compensation are comparatively less important because these dimensions explains that there is only 21.70 per cent of variance in customers' satisfaction.

(Mobarek, 2007) explains about banks' external environment, including globalization and deregulations, have made the banks highly competitive. Banks find it difficult to compete on price, and need to look at other ways to retain customers. The research reveals that the electronic age were unanimous as the banking industry strongly feels that it must adapt to the electronics age if they are to move with time and customer demands and not be left behind.

(Casalo et al., 2008) this study is about the customer loyalty and positive word-of-mouth (WOM) have been traditionally two main goals aimed at by managers. The outcome focuses on the online banking, the importance of these concepts is even greater due to the increasing competence in electronic commerce.

(Oni et al., 2016)The purpose of this paper is to investigate factors affecting e-banking usage based on electronic service (e-service) quality, attitude and customer satisfaction. The result reveals that perceived e-service quality has a strong influence on customer satisfaction and use of e-banking, which means that greater quality of e-service.

(Sadiq Sohail and Shanmugham, 2003)This paper examines the current trends in the e-commerce revolution that has set in motion in the banking sector. It reveals that accessibility of Internet, a wareness of e-banking, and customers' reluctance to change are the factors that significantly affected the usage of e-banking.

(Agarwal et al., 2009)The study determines the factors affecting customer perception and attitude towards and satisfaction with e-banking is an essential part of a bank's strategy formulation process in an emerging economy like India. The research was conducted to find the security and the most important factors in affecting their satisfaction level facing the problem while using e-banking.

Geetha, K. (Geetha and Malarvizhi, 2011) explains about the strategic challenge facing banking institutions, today is the growing and changing needs and expectations of consumers in tandem with increased education levels and growing wealth. The finding shows that if banks provide them necessary guidance and ensure safety of their accounts, customers are willing to adopt e-banking

RESEARCH METHODOLOGY

Descriptive research design is used in this study. Primary data is collected from questionnaire which is derived from the work of Shahid, A. (2016).The questionnaires were collected from the 117 respondents by using Convenience sampling from the user of E-banking.The questionnaire is divided into various sections such as demographic variables, independent variables includes factors of E-banking and dependent variables includes customer satisfaction.

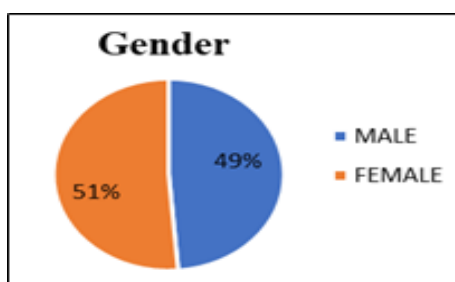


Fig.1: Demographic Profile of the Customers

Figure No.1 This pie chart depicts the gender and the majority of customers are female (51%) followed by Male (49%).

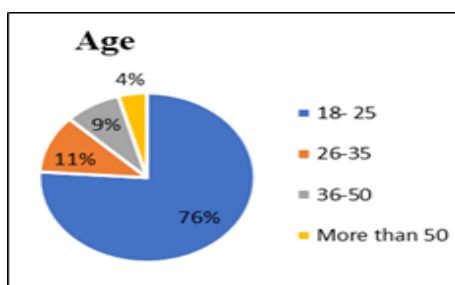


Fig.2: Shows that majority of the customers are those whose age is between 18-25 (76.1%) followed by the age which lies between 26-35 (11.1%), followed by the age group between 36-50 (8.5%) and more than 50 years (4.3%).

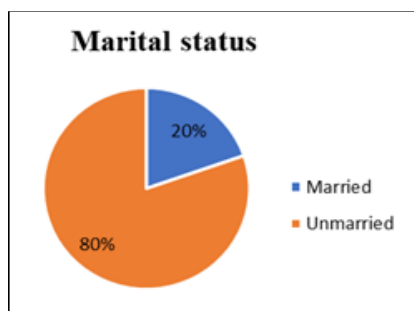


Fig.3: It is clear that majority of the customers are Unmarried (80.3%) and married customers are (19.7%).

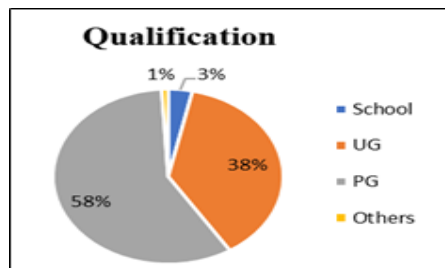


Fig.4: Majority of customers are Post Graduates (58.1%) followed by Under Graduates (37.6%), followed by Schooling (3.4%), Other courses (0.9%).

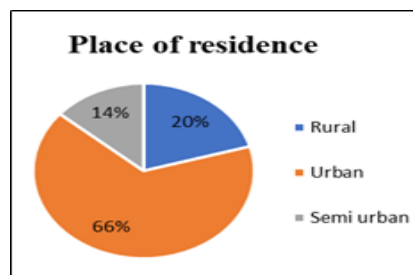


Fig.5: Majority of the customers are from Urban area (65.8%) followed by Rural area (20.5%), and Semi urban area (13.7%).

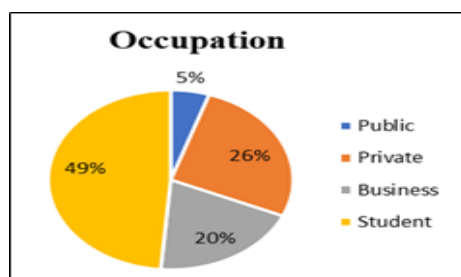


Fig.6: Majority of the customers are Student (48.7%) followed by Private (26.5%), followed by Business (19.7) and Public (5.1%).

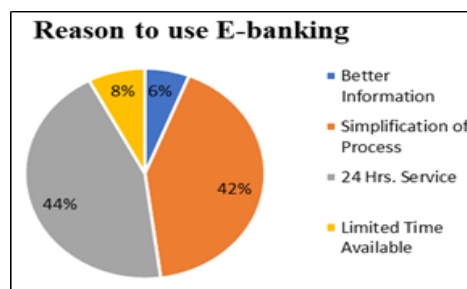


Fig.7: The majority of the customers prefer 24 Hrs. service (44.4%) followed by Simplification of Process (41.9%), followed by Limited Time Available (7.7%) and better information (6.0%).

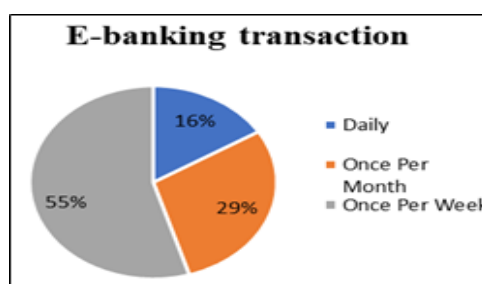


Fig.8: The majority of the customers do E-banking transaction once per week (54.7%) followed by Once per month (29.1%), and Daily (16.2%).

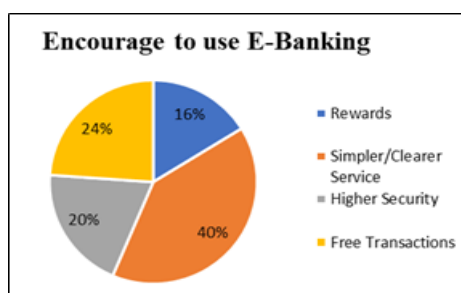


Fig.9: The majority of the customers majority of the customers use Simpler/Clearer Service (40.2%) followed by Free Transactions(23.9%), Higher Security(19.7%) and Rewards.

Table 1: Mean Analysis of Perception of Customers towards E-Banking

S. No	Factors of E-banking	Mean	RANK
1	E-banking is time saving (Saving)	4.30	1
2	E-banking is easy to use (Easy to use)	4.29	2
3	E-Banking is highly secure (Speedy service)	4.11	3
4	E- Banking Transaction procedures are simple and straightforward (Simple)	3.96	4
5	E-banking provides safety (Safety)	3.72	5
6	E-banking is easy to make a bank enquiry (Enquiry)	3.70	6
7	E-Banking is highly secure (Secure)	3.65	7
8	Customer's privacy is one of the main features of E-banking services (Privacy)	3.60	8
9	E-banking is cost effective (Cost effective)	3.56	9
10	Manual Banking is more convenient than Internet Banking (Convenient)	3.18	10
Factors of Customer satisfaction			
11	Overall I am satisfied with the e-banking services (Satisfied)	3.96	1
12	The current E-payment system is encouraging (Encouraging)	3.89	2
13	The e-banking system is delightful (Delightful)	3.76	3
14	I am satisfied with E-banking as it is free from error (Free from error)	3.64	4

Table no.1 shows the mean analysis of factors of E-banking and Customer Satisfaction. From Factors of E-banking it shows that “Saving” has highest mean score of (4.30) followed by easy to use (4.29), speedy service (4.11),procedures simple and straightforward (3.96),safety (3.72), easy (3.70),secure (3.65),privacy (3.60),cost effective (3.56) and convenient (3.18).From Factors of Customer Satisfaction it shows that “Satisfied” has highest mean score of (3.96) followed by encouraging (3.89), delightful (3.76) and free from error (3.64).

Table 2: Analysis of Gender, Marital status and Type of account Vs Perception Of E-Banking and Customer satisfaction

E-BANKING				
S. no	Component	Gender	Marital Status	Type of account
		T-value	T-value	T-value
1.	Time saving	.104	.751	1.275
2.	Easy to use	.991	.631	1.404
3.	Safety	.659	.857	.442
4.	Service	.177	1.161	1.791
5.	Secure	.091	1.701	0.91
6.	Simple	.820	.205	.012**
7.	Enquiry	1.919	.332	.689
8.	Convenient	.419	1.233	1.196
9.	Cost effective	.039**	.631	.026
10.	Privacy	.230	1.651	.586
CUSTOMER SATISFACTION				
11.	Delightful	1.928	.807	.986
12.	Free from error	.783	.259	.189
13.	Encouraging	.022**	.164	1.199

14.	Satisfied	1.062	1.538	.829
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From Table no.2 it is inferred that there is no significant difference between Gender , marital status and Type of account with respect to perception of E-Banking and Customer satisfaction.

Table 3 Analysis of E-Banking Vs E-Banking and Customer Satisfaction

E-BANKING					
S. no	Component	Age	Education	Place of residence	Occupation
		T-value	T-value	T-value	T-value
1.	Time saving	1.696	.615	.457	1.289
2.	Easy to use	.493	.373	.800	1.023
3.	Safety	2.385	1.014	2.228	.049**
4.	Service	.795	1.316	1.196	.043**
5.	Secure	.970	1.914	2.504	.796
6.	Simple	.516	.777	.156	1.793
7.	Enquiry	.029**	1.749	.379	.454
8.	Convenient	1.216	.779	2.808	.003***
9.	Cost effective	.551	1.020	.041**	.940
10.	Privacy	1.056	1.559	.082	.006***
CUSTOMER SATISFACTION					
11.	Delightful	2.291	1.514	1.693	1.040
12.	Free from error	1.021	1.031	1.424	1.719
13.	Encouraging	.718	1.194	.104	.579
14.	Satisfied	1.043	1.224	1.854	.499

From Table no.3 it is inferred that there is no significant difference between Age, Education, Place of residence and Occupation with respect to perception of E-banking and Customer satisfaction.

Table 4: Analysis of E-Banking Vs E-Banking and Customer Satisfaction

E-BANKING				
S. no	Component	REASON TO USE	TRANSACTION	ENCOURAGE TO USE
		T-value	T-value	T-value
1.	Time saving	.003***	.351	.973
2.	Easy to use	.020**	1.050	2.237
3.	Safety	.487	.969	.034**
4.	Service	.561	.199	.199
5.	Secure	.502	1.035	.012**
6.	Simple	.078	1.309	1.491
7.	Enquiry	.275	.039	.879
8.	Convenient	1.614	2.811	2.362
9.	Cost effective	.176	1.963	1.194
10.	Privacy	.199	.529	.895
CUSTOMER SATISFACTION				
11.	Delightful	.683	.092	.133
12.	Free from error	2.075	1.516	2.348
13.	Encouraging	.693	.124	1.838
14.	Satisfied	.374	.919	1.465

From Table no.4 it is inferred that there is no significant difference among the Reason to use, Transaction and encourage to use with respect to perception of E-banking and Customer satisfaction.

Table 5.1: REGRESSION

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708 ^a	.501	.497	.51890

Table 5.2: ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
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1	Regression	31.114	1	31.114	115.554	.000 ^b
	Residual	30.964	115	.269		
	Total	62.078	116			

Table 5.3: REGRESSION COEFFICIENTS

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.410	.321		1.279	.203
	factors of E-banking	.894	.083	.708	10.750	.000**

Dependent Variable: factors of Customer satisfaction

R is the correlation, its value is 0.708 and R square is degree of determination, its value is 0.501. The degree of determination shows the extent to which factors of E-banking leads influences the Customer Satisfaction. Here the Customer Satisfaction is determined to an extent of 50.1 % by factors of E-banking. Table No 6 shows the values of beta and the significant value. It is clear that variables such as E-banking factors have the significant value of less than 0.05. It is inferred from the table that factors of E-banking is influencing the Customer Satisfaction.

DISCUSSION& RESULTS

The study was instigated to analyze the perception of the impact of e-banking on customer satisfaction. Based on the factors selected as independent variables as Time saving, Easy to use, Safety, Service, Secure, Simple, Enquiry, Convenient, Cost effective, Privacy and dependent variable Delightful, Free from error, Encouraging and Satisfied, the hypothesis proved that factors customers are agreeing towards-banking. In the regression analysis, the factors of E-banking and customer satisfaction have the significance value less than 0.05, hence the factors strongly influences Customers to use E-banking.

CONCLUSION

Electronic Banking has greater impact in the economy and in the banking sector as well. Making financial services available to the poorest people is recognized as an important part of poverty reduction strategies. Technological innovation offers significant hope, although it will result in fundamental changes to banking delivery mechanisms as well as to the very role of banking service providers and their relationships with customers. In case of productivity, efficiency, economic growth, giving optimum service to the customers, electronic banking has huge contribution as a whole. The customers should be imparted education and made aware of the use of e-channels. Also Employees of the banks should be made fully aware about the use of e-channels so that they may guide the customer effectively.

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