

Customer's Satisfaction on Online Banking Services of Public Sector Banks

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Abstract:

In the present Information Technology era the banking industry around the world has been undergoing a rapid transformation. The advancement in the information technology has facilitated better tracking and fulfillment of commitments, multiple delivery channels for online customers and faster resolution of issues. Customer satisfaction is important criteria for banks sustainability, now banks are offers online banking services according to the customer needs and requirements. The present study attempted to analyse customer's satisfactions towards online banking services of selected public sector banks in Chennai City. It is clearly understand from the present study that bank websites and technology platforms has to offer various knowledge features on financial services. To retain the existing customers, banks has to conduct regular surveys on the customer satisfaction. The results of the study shows that variables like prompt response, security and Website design and ease of use are top three factors affected customer satisfaction.

Key Words: Online Banking, Customer Satisfactions, Banking Services, Customer Preference.

Introduction:

Customers are central to optimal performance and financial results. As we know that customer is the king so the prime duty of the banks is to satisfy and retain its customers by providing them with the best of services and products. Customer satisfaction is quite a complex issue and there is a lot of debate and confusion about it. If the banks provide good service quality the customer will be loyal and show their commitment and trust for the bank. Reserve bank of India had set up a 'Working Group on Internet Banking' to examine different aspects of Internet banking (I-banking). The Working Group has issued a report on Internet banking covering different aspects of I-banking. Facilities under Electronic Funds Transfer (EFT) have been upgraded and their spatial reach expanded with multiple settlements in a day. Foreign exchange clearing has been

initiated through the Clearing Corporation of India Limited (CCIL). Adequate security features are being incorporated into the EFT. Preparatory work for the real time gross settlement (RTGS) is complete. India is the second largest uses of internet next to china. Banking and finance market has got the largest share i.e. 21 percent among the other sectors of economy in using information technology. Thus there is a lot of scope for banking institutions to expand their Internet banking services to have a more sophisticated customer base.

b. Review of Literature:

The following relevant studies from India and abroad were reviewed for collect the relevant information's

A study by **Baskar, S. & Ramesh.M (2010)**, reveals the fact that the commercial banks in India were introduce the online banking to their customers in order to retain their customers from the competition of foreign banks. The findings of the study shows that the online customers service quality, online information system quality and banking service product quality are significantly and positively influencing the customer satisfaction.

Cronin, J. and Taylor, S. (1992) analysed the conceptualization and measurement of service quality and the relationships between service quality, consumer satisfaction, and purchase intentions. The results of the study suggest that performance-based measure of service quality may be an improved means of measuring the service quality construct and service quality is an antecedent of consumer satisfaction.

Gerrard, P. & Cunningham, J.B. (2003), investigated the diffusion of Internet banking among Singapore consumers, the results portrait that adopters of Internet banking perceive the service to be more convenient, less complex, more compatible to them and more suited to those who are PC proficient. Adopters were also found to be more financially innovative.

Kamadkodi .N. & Ahmed Khan, M.B. (2008), studied the customer expectations and service level in E-Banking era. The study shows that technology alone cannot give a sustainable competitive advantage for the banks. When all banks introduce IT, it will lose its position as a differentiator. Information Technology along with 'personal touch' will be necessary for the banks to retain existing clients and to attract new ones.

Laforet, S & Lo, X. (2005) analysed the determinant of mobile banking adoption among bank customers in Ghana, with specific to Access Bank. The study suggested that banks in Ghana should create more awareness through personal interaction with customers, develop

quality initiatives in order to build customer's confidence. Equally, banks should also review the cost of their mobile banking service.

Malhotra, P. & Singh, B. (2007), attempted to study the factors affecting a bank's decision to adopt Internet banking in India. The present study aims to examine the relationship between the bank's adoption decision and various bank and market characteristics. The results reveals the fact that larger banks, banks with younger age and banks which have large amounts of deposits are found to exhibit a higher probability to adopt Internet banking adoption.

Padachi, K., Rojid, S. & Seetana, B. (2008), examined the factors that influence the adoption of internet banking in Mauritius. Results of the study indicate the fact that the customers mostly using internet banking for inter account transfer, payment to other personal account, transfer to credit card account, and recharge mobile phones.

Statement of Problem:

The financial reforms in the early 90s and the globalization and liberalization measures lead to paradigm shift in the operational environment of the banks. In the present era Information Technology play the major role in the Indian banking industry. The technological changes have increased the competition and automation among Indian banking industry. Private sector banks and foreign banks have big competition over public sector banks for implementation of technological solutions. Now the concept of Mobile Banking, Tele-Banking, Internet Banking, Web Banking and E-Banking are very popular in Indian banking industry. In order to retaining their existing customers and attract the more new customers they offer the innovative and attractive technology based services to their customers. Private and foreign banks are pioneer in adopting the online banking whereas the public sector banks are beginning to hold on to the competition. With this background the present study is an attempt to study the customer's satisfaction on online banking services offered by selected public sector banks at Chennai city.

Objectives of the study:

To study the customer satisfaction on online banking the following objectives are framed.

1. To forecast the factors which are influencing the customer's satisfaction on online banking of selected public sector banks at Chennai city
2. To predict the level of satisfactions of the customers who are using the online banking of selected public sector banks at Chennai city

Hypothesis of the study

The following are important hypothesis of the present study.

1. Customers who are using the online banking of selected public sector banks are satisfied with banks prompt responses.
2. Customers who are using the online banking of selected public sector banks are satisfied with banks online banking security.
3. Customers who are using the online banking of selected public sector banks are satisfied with banks Reliability & Confidence.
4. Customers who are using the online banking of selected public sector banks are satisfied with Efficiency of banks Website.
5. Customers using the online banking of selected public sector banks are satisfied with Banks Competence.
6. Customers using the online banking of selected public sector banks are satisfied with Banks Website Design & Ease of use.

II. Research Methodology

The purpose of this study is to fulfill the significant gaps in customer satisfaction online banking services in Chennai City. The period of the present study is 2018. The present study confined with selected public sector banks alone. For the purpose of analysis data were collected from 200 respondents from selected public sector banks customers at Chennai city who are using the online banking services. These customers were chosen from only five public sector banks they are Sate Bank of India, Canara Bank, Indian Bank, Indian Overseas Bank and Punjab National Bank at Chennai. The data for this study are unique in several respects. First, the data covers the selected public sector banks which are offering the online banking services. Secondly, the information was compiled from the websites of the respective public sector banks.

Limitations of the Study

1. The sample taken for the purpose of study comprises only from five public sector banks at Chennai city.
2. Only selected important online banking services and product alone are studied in the present study.
3. The information about the various services and products of online banking being offered by the public sector banks at Chennai has been explored from the web sites of concern public sector banks only.

III. Analysis and Discussions:

To study the customers' satisfaction towards online banking services offered by public banks at Chennai two important tests were employed. First one is KMO & Bartlett's test to check whether the data is appropriate to proceed with the factor analysis or not. Second one is factor analysis to study six-dimension customer satisfaction variables.

Table-1 KMO & Bartlett's Test

| KMO & Bartlett's Test | | |
|--|--------------------|--------------|
| KMO Measures of Sampling Adequacy | | 0.756 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1563.49 |
| | Degree of Freedom | 262 |
| | Significance | 0 |

The six-dimension customer satisfaction variables had Coefficient alpha of 0.756. It is a good score of satisfactory, compared to standard 0.70 score (Sekaran, 2005). KMO and Bartlett's test of Sphericity was significant (Chi-Square – 1563.49, $p < 0.000$). The KMO measure of sampling adequacy was higher at 0.691 and the value exceeded the recommended value of 0.60 (Kaiser, 1974). The results of KMO and Bartlett's test suggest that the data is appropriate to proceed with the factor analysis.

Customer Satisfaction towards internet banking services of Public Sector Banks- Factor Analysis:

The present study made an attempt to analyse the customer satisfaction on online banking services using Principal Component Analysis method. In the present study there are six variables considered called banks prompts responses, online banking securities, reliability and confidence, efficiency of website, competence and website design & Ease of use of public sector banks.

Table-2- Customer satisfactions towards banks prompts responses of public sector Banks

| S.No | Factors consider under banks prompts responses | Factor loading | Eigen Values | Percentage of Variance | Reliability |
|-------------|--|-----------------------|------------------------------|-------------------------------|--------------------|
| a | Online banking transaction always speed & accurate | 0.761 | (Cronbach α = 11.679) | 26.931 | (0.796) |
| b | Confirmation of transactions done at Website | 0.753 | | | |
| c | Staff gives personal attention for customers' queries. | 0.721 | | | |
| d | Services delivered at exact time as | 0.716 | | | |

| | | | | | |
|----------|--|-------|--|--|--|
| | mentioned in website | | | | |
| e | Maintenance of error free records by bank | 0.689 | | | |
| f | Sincerity in solving customers' problem | 0.654 | | | |
| g | Confirmation of transactions done at Website | 0.762 | | | |

Table -2 explains the customer satisfaction towards banks prompts responses. Principal Component Analysis revealed six factors with Eigen value exceeding 1.0 explaining the variance up to 26.931 for sample public sector banks. The variance up to 0.761 in sample public sector banks for Online banking transaction always speed & accurate, 0.753 in sample public sector banks for confirmation of transactions done at Website, 0.721 in sample public sector banks for staff gives personal attention for customers' queries, 0.716 in sample public sector banks for services delivered at exact time as mentioned in website, 0.689 in sample public sector banks for maintenance of error free records by bank, 0.654 in public sector banks for sincerity in solving customers' problem and 0.762 in public sector banks for confirmation of transactions done at website. To determine the important factors of customer satisfaction towards bank prompts responses varimax rotation performed for 6 factors. These factors were labeled according the variables. The factor analysis reveals that reliability measures exceeded the minimum value of 0.60 for all variables for sample public sector banks. Hence the hypothesis -1 Customer using the online banking service of sample public sector banks are satisfied with banks prompt responses is accepted.

Table -3 Customer satisfactions towards online banking security of Public Sector Banks

| S.No | Factors consider under internet banking security | Factor loading | Eigen Values | Percentage of Variance | Reliability |
|----------|---|----------------|------------------------------|------------------------|-------------|
| a | Security features in Website | 0.768 | (Cronbach $\alpha = 3.842$) | 10.862 | (0.746) |
| b | Bank staff support & infuse customer confidence | 0.756 | | | |
| c | Delivery of confidential information's to customers | 0.685 | | | |
| d | Influence of up-to-date web info | 0.624 | | | |

Table -3 depicts the customer satisfaction towards online banking security. Principal Component Analysis revealed four factors with Eigen value exceeding 1.0 explaining the variance up to 10.862 for public sector banks. The variance up to 0.768 in sample public sector

banks for Security features in Website, 0.756 in sample public sector banks for Bank staff support & infuse customer confidence, 0.685 in public sector banks for Delivery of confidential information's to customers and 0.624 in public sector banks for influence of up-to-date web info. To determine the important factors of customer satisfaction towards online banking security varimax rotation performed for four factors. These factors were labeled according the variables. The factor analysis reveals that reliability measures exceeded the minimum value of 0.60 for all variables. Hence the hypothesis-2 Customers using the online banking of sample public banks are satisfied with online banking security are accepted.

Table -4 Customer Satisfactions towards Reliability & Confidence of Public Sector Banks

| S. No | Factors consider under Reliability & confidence | Factor loading | Eigen Values | Percentage of Variance | Reliability |
|-------|---|----------------|------------------------------|------------------------|-------------|
| a | Staff keeps the promises | 0.698 | (Cronbach $\alpha = 2.835$) | 5.641 | (0.791) |
| b | Third parties can't access of financial information | 0.679 | | | |
| c | Understands the specific needs of customers | 0.647 | | | |

Table -4 shows the customer satisfaction towards reliability and confidence. Principal Component Analysis revealed three factors with Eigen value exceeding 1.0 explaining the variance up to 5.641 for public sector banks. The variance up to 0.698 for public sector banks in Staff keeps the promises, 0.679 for public sector banks in third parties can't access of financial information and 0.647 for public sector banks in understands the specific needs of customers. To determine the important factors of customer satisfaction towards Reliability & confidence varimax rotation performed for three factors. These factors were labeled according the variables. The factor analysis reveals that reliability measures exceeded the minimum value of 0.60 for all variables. Hence the hypothesis -3 customers using the online banking of sample public sector banks are satisfied with reliability & confidence are accepted.

Table-5 Customer Satisfaction towards Efficiency of Website of Public Sector Banks

| S.No | Factors consider under Efficiency of Website | Factor loading | Eigen Values | Percentage of Variance | Reliability |
|------|---|----------------|------------------------------|------------------------|-------------|
| a | website performs the service in the first instance itself | 0.785 | (Cronbach $\alpha = 1.853$) | 5.974 | (0.792) |
| b | I trust bank keeps confidential info | 0.692 | | | |

Table -5 reflects the customer satisfaction towards efficiency of website. Principal Component Analysis revealed two factors with Eigen value exceeding 1.0 explaining the variance up to 5.974 for public sector banks. The variance up to 0.785 for public sector banks in website performs the service in the first instance itself and 0.692 for public sector in I trust bank keeps confidential info. To determine the important factors of customer satisfaction towards efficiency of website varimax rotation performed for two factors. These factors were labeled according the variables. The factor analysis reveals that reliability measures exceeded the minimum value of 0.60 for all variables. Hence the hypotheses -4 Customers using the online banking of sample public sector banks are satisfied with Efficiency of Website are accepted.

Table-6 Customer satisfaction towards Competence of Public Sector Banks

| S.No | Factors consider under Competence | Factor loading | Eigen Values | Percentage of Variance | Reliability |
|------|-------------------------------------|----------------|------------------------------|------------------------|-------------|
| a | staff is friendly and courteous | 0.783 | (Cronbach $\alpha = 1.973$) | 4.562 | (0.782) |
| b | satisfied with service of I-banking | 0.695 | | | |

Table -6 tells about the customer satisfaction towards competence. Principal Component Analysis revealed two factors with Eigen value exceeding 1.0 explaining the variance up to 4.562 for public sector banks. The variance up to 0.783 for public sector banks in staff is friendly and courteous and 0.695 for public sector banks in satisfied with service of online banking. To determine the important factors of customer satisfaction towards competence varimax rotation performed for two factors. These factors were labeled according the variables. The factor analysis reveals that reliability measures exceeded the minimum value of 0.60 for all variables. Hence the hypotheses -5 Customers using the online banking of public sector banks are satisfied with Competence are accepted.

Table-7 Customer satisfaction towards Website Design &Ease of use of Public Sector Banks

| S.No | Factors consider under Website Design &Ease of use | Factor loading | Eigen Values | Percentage of Variance | Reliability |
|------|--|----------------|------------------------------|------------------------|-------------|
| a | Simple & understandable guidance screen | 0.761 | (Cronbach $\alpha = 2.652$) | 5.462 | (0.748) |
| b | Staff performs service right the first time | 0.742 | | | |
| c | Quick service delivered via website | 0.675 | | | |
| d | Satisfied with the security system | 0.643 | | | |

Table -7 explains customer satisfaction towards website design &Ease of use. Principal Component Analysis revealed four factors with Eigen value exceeding 1.0 explaining the variance up to 5.462 for public sector banks. The variance up to 0.761 for public sector banks in simple & understandable guidance screen, 0.742 for public sector banks in staff performs service right the first time, 0.675 for public sector banks in quick service delivered via website and 0.643 for public sector banks in satisfied with the security system. To determine the important factors of customer satisfaction towards Website Design &Ease of use varimax rotation performed for four factors. These factors were labeled according the variables. The factor analysis reveals that reliability measures exceeded the minimum value of 0.60 for all variables. Hence the hypothesis-6 Customers using the online banking of public sector banks are satisfied with Website Design &Ease of use are accepted.

IV. Findings, Suggestions and Conclusions:

a. Findings from the Study:

The following are important findings of the present study

- i. This is understand from the present study that bank prompt responses for customer quires are influence the satisfaction of the customers who are using the online banking services of sample public sector banks.
- ii. This is found from the present study that security features of sample public sector banks are influences the satisfaction of the customers who are using the online banking services.
- iii. Website design & ease of use of sample public sector banks are highly influence the satisfaction of the online bank customers.

- iv. The present study depicts the fact that reliability and confidence of sample public sector banks are significantly influence the satisfactions of the customers who are using the online banking services.
- v. It is obvious from the present study that competence and efficiency of the website are highly influence the satisfaction of the customers who are using the online banking services of selected public sector banks at Chennai.
- vi. The sample public sector banks are using the Email, SMS and Phone for responding the customer quires and used these tools for communicating with customers.
- vii. Sample Public sector banks are giving higher priority to safeguard the customer's information with help of latest electronic packages.
- viii. Majority of the customers using the online banking services of sample public sector banks are satisfied with banks website design and its easy usage.
- ix. Sample Public sector banks are providing reliable online banking services through that they are getting the customer's confidence.
- x. Finally, almost all the sample public sector banks websites are more efficient in providing the online banking services.

b. Suggestions from the study:

The following are important suggestions from the present study

- i. The sample public sector banks should provide regular communications to customers regarding security feature.
- ii. The sample public sector banks should provide SMS immediate as soon as the transactions are over regarding the details of the latest transactions to prevent the misuse of customer's privacy information.
- iii. The sample public sector banks web portals should focus the information and navigation steps for smooth transaction of customers
- iv. When customers using the sample public sector bank websites the bank should understand the better of customers and customize the products and services.
- v. The sample public sector banks should customize their product and services to cover all categories of people.
- vi. The sample public sector bankers should adopt the latest technology to increasing the virtual banking

- vii. The sample public sector banks has to focus on providing suitable content and navigation features not only on banking and should include other financial services as better service to the customers.

c. Conclusions:

The present study on customer satisfaction towards online banking services covers only five public sector banks at Chennai City. The results of the present study shows that public sector banks websites and technology platforms has to offer various knowledge features on financial services with collaboration of other financial institutions. The usage of up to date information and technologies for customer communication enhance the customer satisfaction. The study is limited to exploring customer satisfaction on internet banking services provided by sample public sector banks. To retain the existing customers, public sector banks has to conduct regular surveys on the customer satisfaction, study the trends of banking periodically and communicate the information for customer usage and know the change of customer profiles for effective customer satisfaction. Future studies can focus on mobile banking, telephone banking, and support services provided by banks for exploration.

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