

Analyzing Customer Satisfaction of Internet Banking: A Comparative Study in India

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Received: 8 December 2016 Accepted: 2 January 2017 Published: 15 January 2017

Abstract

The aim of this paper is to study the dimensions of internet banking and investigates the impact of these dimensions i.e. Accuracy, Ease of Use, Cost Effectiveness and Security Privacy on Overall Customer Satisfaction.Design/Methodology/Approach: A convenience sampling technique was used to recruit 216 customers through a well designed questionnaire from three public banks i.e. SBI, Punjab National Bank and Bank of Baroda and three private banks i.e. ICICI, HDFC and Axis Bank.

Index terms— internet banking, overall customer satisfaction and multiple regression.

1 Introduction

Internet banking creates unprecedented opportunities for the banks in the ways they organize financial product development, delivery, and marketing via the Internet ??wu, et al, 2006) and provides number of benefits to its customers like reduce physical presence in the branch, anywhere and anytime banking (Geetha, K.T. & Malarvizhi, V.). It also provides various Internet echannels to the customers i.e. ATM, Credit card, Debit card, Internet banking, Mobile banking, Electronic Fund Transfer (EFT), Tele-banking and core banking solution (CBS) that enables banks to extend the full benefits of ATM. However, as per Indian e-banking scenario ATM is most preferable e-banking channel as compare to other e-channels and allowing banks to offer a multitude of customer-centric services on a 24x7 basis from a single location, supporting retail as well as corporate banking activities (Kumbhar, V.M., 2011).

Customer satisfaction is an ambiguous and abstract concept. Actual manifestation of the state of satisfaction will vary from customer to customer, product to product and service to service. The quality of service is one of the major determinants of the customer satisfaction, which can be enhanced by using ICT to survive and grow. The banks in India are using Information Technology (IT) not only to improve their own internal processes but also to increase facilities and services to their customers (Kumbhar, V.M., 2011). In recent years, many banks try to provide a quality online service to satisfy their customers. These banks are introducing e-banking as an assurance to their customers that they will be able to maintain a competitive quality of service in the future, in efforts to avoid losing their customers or retain good customers' base. Offering e-banking is no longer regarded as a competitive advantage but a competitive necessity for banks to retain their customers (Khalil, K. M., 2011) II.

2 Literature Review a) Accuracy

Accuracy refers to the aspects such as how quickly and accurately customers can perform their banking transactions through the bank's website" (Dhurup, Surujlal & Redda, 2014, p. 592). Vivekanandan and Jayasena (2012) in their research have reveals that the accuracy is the top most services demanded from the bank customers. H1: Accuracy has a relationship on customer satisfaction toward Internet banking.

41 **3 b) Ease of Use**

42 Ease of use is refers to the easy to accessing and using the bank's website for searching, navigating and transacting" (Dhurup, Surujlal & Redda, 2014, p. 592). in their research have showed that ease of use had significant impact 44 on customers' satisfaction. H2: Ease of use has a relationship on customer satisfaction toward Internet banking.

45 **4 c) Cost Effectiveness**

46 Cost effectiveness is an important factor in the transition to the employment of online banking services; lower 47 price for banking service and lower cost for internet access leads to adopting internet banking service. Generally 48 customers compare new services with old ones. If they realize that the new services are more cost effective than 49 old services, they adopt new I Abstract-

50 The aim of this paper is to study the dimensions of internet banking and investigates the impact of these 51 dimensions i.e. Accuracy, Ease of Use, Cost Effectiveness and Security & Privacy on Overall Customer 52 Satisfaction.

53 Design/Methodology/Approach: A convenience sampling technique was used to recruit 216 customers through 54 a well designed questionnaire from three public banks i.e. SBI, Punjab National Bank and Bank of Baroda and 55 three private banks i.e. ICICI, HDFC and Axis Bank. Findings -This research showed that dimensions of Internet 56 banking (Accuracy, Ease of Use, Cost Effectiveness, Security & Privacy and Overall Customer Satisfaction) in 57 which Accuracy has no positive effect on Overall Customer Satisfaction but Ease of Use, Cost Effectiveness 58 Security & Privacy have an influence on Overall Customer Satisfaction. important factors in determining the 59 customers' satisfaction in internet banking.

60 **5 d) Security & Privacy**

61 Security can be defined as a form of protection to ensure the customers' safety and to prevent hackers from 62 invading the customers' privacy (Dixit and Datta, 2010). It can be assured by providing a privacy statement 63 and information about the security of the shopping mechanisms and by displaying the logos of trusted third 64 parties" (Ahmad& Al-Zu'bi, 2011, p. 52)."Privacy risk means customers may sacrifice their privacy when they 65 are required to provide personal information in making e-banking transaction" (Chuang and Hu, 2011, p. 4). 66 Kaur et al (2013) in their research have showed that Security & privacy had a major factor that strongly led to 67 customer satisfaction in the online bank.

68 **6 e) Overall Customer Satisfaction**

69 Customer satisfaction is defined as a customer's overall assessment of the performance or experience that the 70 bank has offered to them. This overall satisfaction across the products and services is provided by e-banking has 71 a strong positive effects on customer loyalty ??

72 **7 b) Respondents' Demographic Profile**

73 In this study, the respondents comprised 46.0% of females and 54% males. Majority of the respondents in this 74 study, that is, 44%, were in the age group between 20 years old to 29 years old. In terms of their education levels, 75 43.1% of the respondents have obtained a Masters degree. It is also interesting to note that, in this study, 22.2% 76 of the respondents were earning in between 10000 to 20000 per month.

77 **8 c) Usage of Internet Banking**

78 All the respondents that involved in this survey had experience in using Internet banking. In fact, 24.4% of the 79 respondents are using Internet banking for more than four years. Most of the respondents used Internet banking 80 on fund transfers because it can be done at anytime and anywhere. The data showed that only 9.7% of the 81 respondents are using Internet Banking from 6 to 12 months.

82 **9 d) Measurement of Constructs**

83 A reliability test was performed with the Cronbach's alpha value for all the variables were above 0.6 as shown in 84 Table ?? Therefore, all the variables in this study are at the acceptable level.

85 IV.

86 **10 Results and Discussion**

87 The table 2 shown the result from regression analysis of the overall independent variables in the model used to 88 describe the satisfaction level in the study. The Adjusted R Square is .406 which means that 40.6% variation is 89 explained by dimensions of e-banking i.e. Accuracy, Ease of Use, Cost Effectiveness and Security & Privacy. The 90 F value is 30.353 and Sig. Value is .000, which is less than 0.05, which indicates that the independent variables 91 have statistically significant effect on Customer Satisfaction (Zafar et al 2012). Therefore, H1 is not supported 92 in this study. However, the other three independent variables are significant in this study and therefore H2, H3 93 and H4 were supported in this study.

94 Analyzing Customer Satisfaction of Internet Banking: A Comparative Study in India services ??Kumbhar,
95 2012, p. 15). in their research have showed that cost effectiveness were H3: Cost effectiveness has a relationship
96 on customer satisfaction toward Internet banking. H4: Security and privacy have a relationship on customer
97 satisfaction toward Internet banking. Ease of Use 0.819 3.

98 Cost Effectiveness 0.873 4.

99 Security & Privacy 0.862 5.

100 Overall Customer Satisfaction 0.821 Overall Reliability 0.932

101 The finding in this research matches with Ahmad and Al-Zu'bi (2011). Ease of use was positively related to
102 customer satisfaction toward Internet banking too. The outcome shows H2 is supported. The results proved that
103 Ease of use has a relationship with customer satisfaction toward Internet banking. An increase in the degree of
104 Ease of use to customer will increase the level of customer satisfaction.

105 The finding in this research matches with Kumbhar (2011) in their research have showed that cost effectiveness
106 were important factors in determining the customers' satisfaction in internet banking. The results show that H3
107 is supported.

108 The finding in this research matches with Ahmad and Al-Zu'bi (2011) in this research have showed that Security
109 and Privacy had a positive significant influence on customer satisfaction toward Internet banking. According to
110 Zhao & Saha (2005), the results show that H4 is supported. This shows that Internet banking users realize that
111 Internet banking providers play an important role to protect the consumers' privacy.

112 V.

113 **11 Conclusion**

114 In this research Ease of Use, Security & Privacy and Cost Effectiveness have a relationship with Overall Customer
115 Satisfaction towards Internet banking. Internet banking providers should put more effort to improve on these
116 three factors in order to increase overall customer satisfaction. Even though accuracy variables do not have a
117 relationship with customer satisfaction in this research, the importance of this one variable cannot be ignored
118 by Internet banking providers because prior research had shown that accuracy variable is important in fulfilling
119 customer satisfaction toward Internet banking. This research can help Internet banking providers to know
120 Internet banking users' opinion and find the solution through customers' perspective. It can help Internet
121 banking providers easily achieve customer satisfaction.

122 There are several recommendations that can help in overcoming this research. The problem of constraints on
123 time can be solved by increasing the range of time in conducting a research in the future. The sample size of the
124 research should be increased because the sample size may affect the reliability of the research. Sample size can
125 help to improve the reliability between independent variables and dependent variable.

126 Since one hypothesis had been rejected, a broader sample size should be used to ensure the reliability and
127 generalizability of the research results. Increase in sample size can help researchers to choose more working adults
128 who work in different areas in NCR. In addition; this research study is geographically restricted to NCR due to
129 time and financial constraints and also restricted to Public & private banks only. Co-operative & foreign banks
130 are not included in the study. These are some of limitations in this research but they can be solved by applying
131 the recommendations mentioned above. After the limitations are solved an accurate and reliable result can be
132 generated in the future research. ¹

Dharmalinga & Kannan,
2011; Mohideen, 2011;
Nupur,
2010;
research methodology

III.

a) Sample and Data Collection

A structured questionnaire that was adapted
from prior research (Prameela, 2013; Maheswari, 2011;

Figure 1:

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11 CONCLUSION

1

S. No	Variables	Cronbach's alpha (?)
1.	Accuracy	0.791
2.		

Figure 2: Table 1 :

2

Variables	t-value	Sig.	Results
Accuracy	1.868	.063	Not Supported
Ease of Use	2.840	.005	Supported
Security & Privacy	3.747	.000	Supported
Cost Effectiveness	3.362	.002	Supported
			R Square =.406
			?=.000
			Year

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Figure 3: Table 2 :

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