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ORIGINAL CONTRIBUTION

A Study on Consumer Satisfaction of Online Banking Service at Sivagangai District

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ABSTRACT

Now day's technological advancement makes our life easier. As a part of this advancement banking sector facilities their client involvement by offering most convenient services through electronic such as account transfers, balance inquiries, bill payment, stop-payment request, some even offer online loan and credit card applications. To compete globally banks offer online banking activities customer are now able to transact different types of banking activities via online. People are now busy enough and conciseness among people has increased than enter before. So they expect high quality service with short period of time although technological convergent take place and traditional banking system becomes online. But not all the customers use online banking service in Sivigangai. Some banks offer only limited service and confided themselves with SMS banking and ATM booth. The present scenario not customer satisfaction towards these service, for this purpose I tried interview study I will have got some key factors which are very essential to build up an effective customer relationship. I will have also pointed out come factors which are detrimental to customer relationship and make customers dissatisfied. Finally I will make some recommendation on the basis of my field work.

Key words: Online Banking, Bank Customer Awareness and Satisfaction, E-Banking, Banking System, Banking Industry.

1. INTRODUCTION

Online banking is system allowing individuals to perform banking activities at home, via the internet. Some online banks are traditions banks which also offer online banking, while others are online only and have no physical presence. Online banking through traditional banks enable customers to perform all routine transactions, such as account transfers, balance inquiries, bill payment, and stop-payment request, and some even offer online loan and credit card applications. Account information can be accessed anytime, day or night, and can be done from anywhere. A few online banks updated information in real-time, while others do it daily. Once information has been entered, it doesn't need to be re-entered for similar subsequent

cheques, and future payments can be scheduled to occur automatically. Many banks allow for file transfer between their program and popular accounting software packages, to simplify record keeping. Online Banking (or Internet banking or E-Banking) allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or society. It may include any transaction related to online usage.

Online service used for financial institutions

To access a financial institution's online banking facility, a customer having personal Internet

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access must register with the institution for the service, and set up some password (under various names) for customer verification. The password for online banking is normally not the same as for telephone banking. Financial institutions now routinely allocate customer numbers (also under various names), whether or not customers intend to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of accounts can be linked to the one customer number. The customer will link to the customer number any of those accounts which the customer controls, which may be cheque, savings, loan, credit card and other accounts.

Online banking also referred to as internet banking, uses the internet as the delivery channel by which one uses to conduct banking activities. Online banking will allow an individual to manage his accounts by doing the following activities; make payments, view accounts and inquire about the balances, apply for credit cards and loans electronically. In order to access accounts online, one should have browser software installed in their computers. This software will run the online banking programs stored on the banks world wide web server. Due to the minimal expenses online banks have, they tend to offer low charges on the services they give as compared to the physical site banks. An online bank is not restricted to exist exclusively online or to have a physical site.

Online service to home

The precursor for the modern home online banking service was the distance banking service over electronic media from the early 1980's. The term online become popular in the late '80s and referred to the use of a terminal, keyboard and TV (or monitor) to access the banking system using a phone line. 'Home banking' can also refer to the use of a numeric keypad to send tones down a phone line with instructions to the bank. Online services started in New York in 1981 when four of the city's major banks (Citibank, Chase Manhattan, Chemical and Manufacturers Hanover) offered home banking

services using the videotext system. Because of the commercial failure of videotext these banking services never became popular except in France where the use of videotext (Minitel) was subsidized by the telecom provider and the U.K, where the Prestel system was used. The UK's first home online banking service was set up by Bank of Scotland for customers of the Nottingham Building Society (NBS) in 1983. The system used was based on the UK's Prestel system and used a computer, such as the BBC Micro, or keyboard (Tandata Td1400) connected to the telephone system and television set. The system (known as 'Homelink') allowed on-line viewing of statements, bank transfers and bill payments. In order to make bank transfers and bill payments, a written instruction giving details of the intended recipient had to be sent to the NBS who set the details up on the Homelink system.

Revolution of Indian banking system

The IT revolution had a great impact in the Indian Banking system. The use of the modern innovation and computerization of the banking sector of India has increased many folds after the economic liberalization of 1991 as the country's banking sector has been exposed to the world's market. The Indian banks were finding it difficult to compete with the international banks in terms of the customer service without the use of the information technology and computers.

The RBI in 1984 formed Committee on Mechanization in the Banking Industry (1984) whose chairman was Dr.C.Rangarajan, Deputy Governor, Reserve Bank of India. The major recommendations of this committee were introduction MICR Technology in all the banks in the metropolis in India. This provided use of standardized cheque forms and encoders. In 1988, the RBI set up Committee on Computerization in Banks (1988) headed by Dr.C.R.Rangarajan which emphasized that settlement operation must be computerized in the clearing houses of RBI in Bhubaneshwar, Guwahati, Jaipur, Patna and Thiruvananthapuram. It further stated that there

should be National Clearing of inter-city cheques at Kolkata, Mumbai, Delhi, Chennai and MICR should be made operational. It also focused on computerization of branches and increasing connectivity among branches through computers. It also suggested modalities for implementing on-line banking. The committee submitted its reports in 1989 and computerization began from 1993 with the settlement between IBA and bank employees' association. In 1994, Committee on Technology Issues relating to Payments System, Cheque Clearing and Securities Settlement in the Banking Industry (1994) was set up with chairman Shri WS Saraf, Executive Director, Reserve Bank of India. It emphasized on Electronic Funds Transfer (EFT) system, with the BANKNET communications network as its carrier. It also said that MICR clearing should be set up in all branches of all banks with more than 100 branches.

Committee for proposing Legislation on Electronic Funds Transfer and other Electronic Payment (1995) emphasized on EFT system. Electronic banking refers to DOING BANKING by using technologies like computers, internet and networking, MICR, EFT so as to increase efficiency, quick service, productivity and transparency in the transactions.

2. REVIEW OF LITERATURE

Daniel (1999), in his research paper, described e-banking as the newest delivery channel offered by the retail banks in many developing countries. The objective of the study was to analyze the current provision of electronic services of major retail banking organizations in the UK. The researcher through a questionnaire found that 25% banks in the UK were those already providing e-banking services, 50% banks were testing or developing such services while 25% were not providing any e-banking services. Electronic channels, PC, digital TV and all these provide greater accessibility and services at lower price. To make services more adaptable, customers should be provided maximum choice and convenience. Restriction and limitation

within organization to operate the services and its market share or strength were viewed as important to decide and operate the e-banking services.

Sathye (1999), in his research paper, explored the factors affecting the adoption of internet banking by Australian customers. The author stated that internet and other virtual banking had significantly lower the cost structure than traditional delivery channels. So, the banks should encourage customers to use internet for banking transactions. The author also emphasized that for adoption of internet banking, it was necessary that the banks offering this service made the consumers aware about the availability of such a product and explain how it adds value to the other products. The analysis of the study showed that security concerns and lack of awareness stand out as the reasons for non-adoption of internet banking by Australian customers. However, internet should be considered as a part of overall customers' service and distribution strategy. These measures could help in rapid migration of customers to internet banking resulting in considerable saving of operating costs of banks.

Talwar (1999) examined the IT Revolution in banking sector which had not only provided improved service to the customer, but also reduced the operational cost. The author brought out that computerization of banks, introduction of Real Time Gross Settlement System, setting up of Inffinet, Electronic Payment Products (such as Electronic Clearing Service) had ensured better resource management, systematic efficiency and substantially reduced inter-branch reconciliation entries. However fear of hacking, tampering of data, secrecy maintenance were certain issues which pose threats on usage of electronic banking. The challenges in banking sector were manifold but still the constitution of National Payment Council by RBI and development of the integrated payment and settlement system was a step in this direction to remove the obstacles coming in the way of using electronic banking.

Kamesam (2001) studied the changes that took place in the Indian banking industry which emphasized on technological advancements and profitability in banks. Technology has helped in centralized data storage with decentralized processing which has helped in reduction of costs and NPAs. Further, emergence of services such as electronic data interchange (EDI), usage of smart cards, RTGS, e-commerce; all resulted in increasing the level of profitability and productivity of banks. The author concluded that in order to reduce crimes, security audit should be done which will be helpful in improving customer service, increase systematic efficiency and thus increased productivity and profitability.

Unnithan (2001) described the impact of e-banking adaptation on Australian and Indian banking sectors with the help of qualitative and quantitative analysis. The researcher found that Australia had a strong platform for e-banking growth with 37.7 percent of population willing to engage in e-banking mostly in urban areas due to literate young working population with discretionary income. However, India by comparison was played by weak infrastructure, low PC penetration and consumer reluctance in rural sector. But the professionals are compelling the government and bureaucracy in the country to support and develop new initiatives at a faster speed of internet banking. However, in both the countries, e-banking was a successful strategic weapon for banks to remain profitable in a volatile and competitive market place

Ilu et al. (2002) reviewed that information technology was rapidly changing the banking industry. The study evaluated the impact of IT on the banking industry in Nigeria. The analysis was done through a structured questionnaire and out of 260 respondents, 86 per cent agreed that IT was really helping the banks, 83.1 per cent agreed that IT had a great positive impact on services rendered by the banks and 66.5 percent disagreed that IT had an effect on services rendered by the banks. The study revealed that IT had appreciable effect on banks' productivity, cashier's work, banking transactions, bank patronage, bank service delivery and customers' services. This affects the growth of banking

industry because now customers can withdraw money from any branch of their bank. The study also revealed that telephones, computer systems, LANs were available and being used by all the banks, while WANs, EFT and wireless phones were available in some of the banks. To make an effective use of e-banking, there should be adequate supply of power and that's the major deterrent of e-banking technique used in Nigeria.

Lustik (2003) analyzed the main criteria for successful inter-bank strategy and brought out benefits of e-banking from the viewpoint of banks, their clients and the economy in general. The author explained that banks in Estonia had achieved significant success in the implementation of electronic banking. The findings of the paper were helpful to understand the main reasons and factors responsible for the rapid growth of electronic banking. The author further revealed that making payment via e-banking creates overall economy savings to the amount of 0.93 per cent of GDP. Electronic banking was not a small application to computer fans and innovative adopters, and a profound research was needed to map its customer base for the enhancement of value creation process.

Sureshchander and Rajendran (2003), in their paper, focused on investigating the important factors of customers' perceived quality in banks of developing economy like India. The authors had taken 15 public sector banks, 14 private banks and 14 foreign banks for the period under study. The researchers found that there seems to be a great variation in respect of services offered by three groups of banks. They used core services such as human element, systemization of services, tangibility of services and social responsibility as critical factors. They analyzed that three groups of banks in India seem to vary significantly in terms of service quality factors but from the customer perception of service quality, it could be acceptable only if customers' need could be satisfied at the right time in a right manner.

3. STATEMENT OF PROBLEM

Online banking has been facing a tough challenge with reference to marketing from the beginning. Even then, they have been able to make sustainable sales to the customer. Square soft has been developing their own e-commerce website eBay easy for their client. This article aims at analyzing the customer perception about online banking, and the factors influencing online purchase decision.

OBJECTIVES OF THE STUDY

1. To study the awareness of Online Banking among the respondents.
2. To study the problems faced by customers in Online Banking
3. To study the customer's satisfaction towards Online Banking

4. RESEARCH METHODOLOGY

The data were collected from the patron of rural bank with help of questionnaire to evaluate the patron's awareness on the service quality of the bank with various dimensions. For this purpose, I have used five point scale questionnaire. The questionnaire consisted of five point scaling technique to judge the awareness of the Patron for banks. The data were collected from the rural areas of Sivagangai. For this purpose, I was selected 5 taluk. This study used the 5 point

scale to measure about banking service to rural Patron. It designed to find awareness of Patrons regarding rural bank service. This study follows six variables to understand the awareness of Patrons in rural area.

This study used the five point scale designed to measure the perceived service quality of banking Patrons in rural areas. This study focused on bank provided awareness to the Patron, and how was render service to the Patron. It is measured by using Independent T-test, Weight Rate Rank. Through the 20 items of five points scale analyzed both the expectation and awareness of Patron. In this study used five dimension of were grouped in statements such as, Tangibility, Reliability, Responsiveness, Assurance and Empathy.

STATISTICAL TOOLS AGE GROUP AND AWARENESS LEVELS OF PATRONS

The bankers acts as the agent of his Patrons in performing the function, government scheme implementation awareness, credit cards, display of all the information on the notice board, locker facilities, collection of cheque, draft, payment of insurance premium, tax, rent issuing of draft and the like. For the service, they change some amount as commission. Their level of awareness about these services is varying from place to place for which the researcher has used independent t-Test and weight rate rank. It is a parametric test. It can be applied to find rapport.

AGE OF THE RESPONDENTS

Age Groups in years	Frequency	Percentage
Below30	14	14
31-40	48	48
41-50	23	23
51-60	10.7	10.7
Above60	4.3	4.3
Total	100	100

Source: primary data.

ONLINE TRANSACTION	RANK OF BANK				
	1	2	3	4	5
Online booking tickets	ICICI	HDFC	SBI	IOB	CANARA
On line purchasing	ICICI	HDFC	CANARA	SBI	IOB
Money transfers	ICICI	SBI	CANARA	HDFC	IOB
Payment of fills	HDFC	ICICI	SBI	IOB	CANARA
Tax filing	ICICI	CANARA	CANARA	IOB	SBI

The above table ranks the banks is the sample on the basis of the data obtained from customer. In term of online booking ticket, on line purchasing, money transfers, payment of fills, tax filing services done by the bank. Through the data the ICICI bank ranks higher. In terms of

money transfer service of bank HDFC Bank is at the top. It clearly shows that the private sector banks are able to offer good service to the customer when compared with the public sector banks.

ATTRIBUTES	NO OF RESPONDENTS					RANKING	
	1	2	3	4	5		
Online booking tickets	33	28	20	12	7	One	On line purchasing
On line purchasing	40	30	18	10	2	Two	Money transfer
Money transfer	38	32	16	6	8	Three	Tax filing
Payment of fills	22	28	16	20	14	Four	Online booking tickets
Tax filing	32	35	24	7	2	five	Payment of fills

Sources of variation	Sum of Square	Df	Mean Square	F	P-Value	F -Value
Between Groups	1.661	2	.830	.057	.002	2.86608
Within Groups	1.510	1	1.510	.053	.007	

The F value is less than the critical or table value which shows the customers considers the entire attribute as important while rating their satisfaction. Therefore the hypothesis those customers consider the entire attribute important while rating their satisfaction stands accepted.

It was collected for these attributes using a 5 point scale with 1-No opinion, 2- Dissatisfied, 3- Moderate, 4-satisfied and 5- Highly satisfied.

For each respondent, the average rating of these 25 attributes is calculated. Furthermore consolidated average of all the respondents was arrived separately for male and female date. These two final averages are compared by this technique.

As per the table 1 the average overall rating by male is 4.38 with a standard deviation of 1.037. In the case of female, the overall rating is 4.09 with a standard deviation of 0.981. as per the Table2, the F-test (Levene’s test) for evaluating the equality variance is first examined. It can be seen from the Table that the p-value is =0.084 (which is greater than 0.05), which indicates that the variance available between the variable. The values under “t-test for equality of means” are examined. The p-value for the equal variance t-test is p=0.239. Since the p=0.239 is greater than 0.05. That is proved that male is use this services better than female.

Group Statistics

	Sex	N	Mean	Std. Deviation	Std. Error Mean
Bank's Internet Service	Female	44	4.09	1.361	.205
	Male	56	4.38	1.037	.139

Independent Samples Test

	Levene's Test for Equality of Variances	t-test for Equality of Means								
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Bank's Internet Service	Equal variances assumed	3.047	.084	-1.185	98	.239	-.284	.240	-.760	.192
	Equal variances not assumed			-1.148	78.414	.255	-.284	.248	-.777	.209

6. CONCLUSION

Online banking offers the customers the ease and comfort of banking whenever and wherever it is most convenient for them. Customers can access their account to monitor and control activity with accurate, up-to-date information whether they are at home, work, or out of town. Online banking gives them direct access to their bank account information 24 hours a day, 365 days a year, rather it can be any of the two. Other than checking account status and making payments and deposits, one is able to transfer

funds, trade shares, receive alerts concerning their accounts and account aggregation. As technology advances, we should embrace it, because sooner or later the majority of the population will be banking online. Connection to online banking is available worldwide. By making our banking activities simpler and efficient, online banking is not out to erase our banking habit but it is improving them. Thus online banking is safer, quicker, less expensive, convenient and more preferable by the customers.

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