



## Customer Satisfaction With Internet Banking - an Analytical Study With Special Reference to the Selected Customers In Tirupur District

**Dr.Kathirvel. N**

Assistant Professor, Department of commerce, Government Arts College, Udumalpet

**Karpagavalli.K**

Research scholar, Department of commerce Karpagam University, Coimbatore

### ABSTRACT

*The purpose of this study is to find out the customer satisfaction with internet banking which leads to an increase in the number of loyal customers and hence loyalty leads to attracting more customers, the expansion of business and an increase in net profit.*

*The finding of the study shows that there is a significant variation in the level of satisfaction among internet banking users. The satisfaction of an Internet banking user depends upon facilities availed by customers and awareness about internet banking. The study also suggests that banks must provide information about new up-dated technological services introduced by them to the customer time to time to improve the overall satisfaction of customers.*

**KEYWORDS :** Internet Banking, Customer Satisfaction, Banking Services etc.

### INTRODUCTION

Internet Banking can provide speedier, faster and reliable services to customers for which they are relatively happy. Internet Banking Services can create new competitive advantages and improve their relationships with customers. Incentives provided by banks would dissuade customers from visiting physical branches, and help them get 'hooked' to the convenience of arm-chair banking. The facility of accessing their accounts from anywhere in the world by using a home computer with an internet connection, is particularly fascinating to Non-Resident Indians and High Net worth Individuals with multiple bank accounts. Costs of banking service through the internet form a fraction of costs through conventional methods. Rough estimates assume teller cost at Re.1 per transaction, ATM transaction cost at 45 paise, phone banking at 35 paise, debit cards at 20 paise and Internet banking at 10 paise per transaction<sup>1</sup>. The cost-conscious banks in the country have therefore actively considered the use of the internet "a channel for providing services". Fully computerized banks, with better management of their customer base are in a stronger position to cross-sell their products through this channel.

### INTERNET BANKING IN INDIA

Compared to banks abroad, Indian banks offering online services still have a long way to go. For online banking to reach a critical mass, there has to be a sufficient number of users and the sufficient infrastructure in place. Though various security options like line encryption, branch connection encryption, firewalls, digital certificates, automatic signoffs, random pop-ups and disaster recovery sites are available, there is no Certification Authority in India offering Public Key Infrastructure which is absolutely necessary for online banking. The customer can only be assured of a secured conduit for their online activities if an authority certifying digital signatures is in place. The communication bandwidth available today in India is also not enough to meet the needs of high priority services like online banking and trading.

Banks offering online facilities need to have an effective disaster recovery plan along with comprehensive risk management measures. Banks offering online facilities also need to calculate their downtime losses, because even a few minutes of downtime in a week could mean a substantial loss. Some banks even today do not have uninterrupted power supply unit or systems to take care of prolonged power breakdown. Proper encryption of data and effective use of passwords are also matters that leave a lot to be desired. Systems and processes have to be put in place to ensure that errors do not take place.

Users of Internet Banking Services are required to fill up the application forms online and send a copy of the same by mail or fax to the bank. A contractual agreement is entered into by a customer with a bank for using the internet banking services. In this way, personal data in the application forms are being held by the bank providing the service. The contract details are often one-sided, with the bank having the absolute discretion to amend or supplement any of the terms at any time.

For these reasons, domestic customers for whom other access points such as ATMs, tele-banking, personal contact, etc. are available, are often hesitant to use the internet banking services offered by the banks in India. Internet Banking, as an additional delivery channel, may, therefore, be attractive as a value added service to domestic customers. Non-resident Indians for whom it is expensive and time-consuming to access their bank accounts maintained in India find net banking very convenient and useful.

The purpose of this study is to find out the customer satisfaction with internet banking users which leads to an increase in the number of customers and hence loyalty leads to attracting more customers, expansion of business and an increase in net profit.

### STATEMENT OF THE PROBLEM

Upswing in global market, unification of European region and emergence of Asia as a new economic power have created a "Wind of Change". The information technology has revolutionized the business environment and has changed the economic, organizational, social and business structure. The customer is being offered services in his drawing room. In order to succeed and stay successful, marketers need continually to capitalize on the changes in the market. They must cope with the speed of change. The change in the business environment is forcing firms to re-organize themselves. It is services and quality, which retains customers. In the group of service generating industries, banking services occupy a place of outstanding significance. It cannot be denied that with the development of economic activities, the banking sector could emerge as an industry. The public as well as the private sector has been found owning, managing and controlling banking services. It is right to mention that scientific inventions and innovations made ways for the use of technologies in almost all the sectors and the developed countries activated the process of promoting the technology-driven and user-friendly services. A number of information technologies got important places in the management of banking services. In the past, the banking sector did not get any attraction in the Indian economy because of the low level of economic activities and the meager business prospects. Of late, banking has become an integral part of all business and social development activities.

### OBJECTIVES OF THE STUDY

The following are the objectives of the study.

1. To study the customers' awareness and behaviour on various internet services offered by banks.
2. To suggest better ways and means to improve the performance of banks.

### METHODOLOGY

The validity of any research is based on the systemic method of data collection and analysis. Both primary and secondary data were used for the present study. The primary data were collected from four hundred sample respondents from Tirupur District. For collecting the first-hand

information from customers was chosen the simple random sampling method. The data thus collected from the primary sources of information were arranged systematically and sequentially to form simple tables. Apart from this data, the core of the study being "Customer satisfaction with internet banking", the study centre around the dependent variable viz., the level of satisfaction perceived by customers and their relationship with the related independent variables. Simple statistical tools like Percentage, Average, Range, Standard Deviation, Two-way tables and multiple regression analysis were employed appropriately. The study was confined to a period of one year, i.e. from March 2010 to February 2011.

## ANALYSIS AND INTREPRETRATION

### Multiple Regressions

The results of regression analysis are consolidated in Table.1. Of the 9 variables introduced, only four variables namely, Sex, Type of family, Monthly income and Awareness are found to significantly influence customer satisfaction with internet facilities. Only these variables are explained in the paragraphs that follow.

**TABLE NO.1**

### Determinants of customer Satisfaction with Internet Facilities - Multiple Regression Analysis

Variables	Regression coefficient	Standard error	T (df=389)
Age	0.046	0.797	0.058
Sex	3.030**	1.101	2.752
Marital Status	-0.188	1.181	-0.159
Type of Family	3.890**	0.900	4.320
Total Family Members	0.056	0.739	0.076
Educational Qualification	-0.072	0.345	-0.208
Occupation	0.537	0.455	1.182
Monthly Income	-3.463**	0.813	-4.261
Period of Banking	0.558	0.643	0.868
Awareness	0.292**	0.041	7.124

\* Significant at five percent level \*\* Significant at one per cent level

Constant	: 44.036
Std. Error of Estimate	: 5.025
R <sup>2</sup>	: 0.214
R <sup>2</sup>	: 0.234**

### i. Sex

The regression coefficient indicates that the sex of the respondents positively influences the level of satisfaction with internet facilities. Male respondents are more satisfied with internet facilities than female respondents.

### ii. Type of family

The regression coefficient indicates that the type of family of the respondents positively influences the level of satisfaction. The value of regression coefficient increases satisfaction by 4.320 units. The higher the number of family members, the higher the level of satisfaction with internet facilities.

### iii. Monthly income

The regression coefficient indicates that the monthly income of the respondents negatively influences the level of satisfaction. The value of regression coefficient indicates that a unit of increase in income above Rs.30000 shall decrease the level of satisfaction with internet facilities by -4.261 units.

### iv. Awareness

The regression coefficient indicates that the quality of the respondents positively influences the level of satisfaction. The impact is found to be highly significant at one per cent level. The value of regression coefficient indicates that a unit of increase in awareness shall increase the level of satisfaction with internet facilities by 7.124 units.

The value of R<sup>2</sup> is found to be significant at one per cent level. This shows that the regression equation framed is a good fit. Around 23.40 per cent of variation in the level of satisfaction with internet is due to the selected variables.

## Stepwise Regression

To find out variables that are prominently associated with customer satisfaction with internet facilities, the step-wise regression is carried out.

**Table 2**

### Variables Prominently Associated with Customer Satisfaction with Internet Facilities - Step-wise Regression Analysis

Step	Constant	Awareness	Monthly Income	Type of Family	Sex	R <sup>2</sup>
1	52.316	0.267	-	-	-	08.70
2	58.095	0.281	-4.242	-	-	16.60
3	51.039	0.307	-4.315	3.820	-	20.30
4	45.812	0.293	-3.418	3.746	3.394	22.90

In the first step, the variable 'Awareness' has been introduced. This variable contributes 08.70 per cent to the variation in internet facilities satisfaction. 'Monthly income' is the variable introduced in step two. This variable, along with 'Awareness', accounts for 16.60 percent of variation in internet facilities satisfaction. The contribution has increased by 9.90 per cent. 'Type of family', a third variable, has increased the contribution from 16.60 per cent to 20.30 per cent. The contribution gets further increased by 2.60 per cent to 22.90 per cent, with the introduction of the variable 'Sex'. 'Sex' is the last variable introduced in the step four. The total contribution of the four variables namely, (i) Awareness (ii) monthly income and (iii) Type of family and (iv) Sex, amounts to 22.90 per cent. The R<sup>2</sup> value of the multiple regression amounts to 23.40 percent. The difference of 0.50 per cent is due to the contribution by other variables.

## LIMITATIONS OF THE STUDY

The study suffers from the following limitations:

1. The time limit is also an important factor which acts as a barrier in the whole research process. The shortage of time period forces the researcher to do research with the small size of samples.
2. The market survey was conducted only in Tirupur District of Tamilnadu. Hence, the results arrived from the study may or may not be applied to other states. Further, the survey method which was adopted for collecting the data in study has its own limitations. Hence, the generalization of the findings of the study is subject to these limitations.
3. Many respondents have a little knowledge about the internet banking in Tirupur district.
4. Most of the respondents due to the lack of awareness and security factors fear to use internet banking, so a fair conclusion is not arrived at as per the few responses only.

## SUGGESTIONS

1. Banks must provide information about new up-dated technological services introduced by them to customers time to time.
2. RBI has to increase the withdrawal limit from internet banking.
3. Banks must make concentrated efforts to educate customers to make a maximum use of internet banking.
4. Problems of technical nature resulting in debiting of customers account without transferring of cash should be rectified urgently.
5. Customers are hesitating to use internet banking for the booking of railway tickets or paying for petrol or other items. This is due to the surcharge levied. So, banks should avoid such charges to attract customers and need to educate customers about the proper use of the internet banking.
6. Transferring of money via internet banking has been scheduled with the working hours of banks; this handicaps customers from doing transactions via internet banking round the clock and during emergency transfer of money; hence, internet banking should be scheduled round the clock like ATM centre used by customers.

## CONCLUSION

In the modern technological era, introducing technology has become a big challenge in all sectors. Especially in service sectors like banks introducing and implementing a new technology has become essential. It can be concluded that internet banking in India is only at its primitive stage dominated by Indian private and foreign banks. The use of internet banking is confined to a few consumer segments. The risks associated with internet banking are many, which the banks have to manage using sophisticated systems and an extensive use of technology.

gy. The legal framework requires an updating to streamline and handle the issues associated with internet banking. The functional model can be used to prioritize perceptual variables concerning consumer behaviour so that value to consumers can be maximized. Banks can focus on strategic consumer groups to maximize their revenues from internet banking. The experiences of global economies suggest that banks cannot avoid the internet banking phenomenon, but to gain a competitive advantage, they must structure their business models to suit to Indian conditions.

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