



## Technology in Banking – Insights of E-Customers of Ahmedabad City

### KEYWORDS

Internet Banking, Grievance Settlement System, Level of Satisfaction, Risk, Speed and Safety.

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### ABSTRACT

Internet banking is approached now a days as preferred mechanism for carrying out one's transactions. Consumers are embracing many benefits of Internet banking. A bank's Internet presence transforms from 'broucheware' status to 'Internet banking' status once the bank goes through a technology integration effort. The paper is an attempt made to answer the following question. 'Will the efficient grievance settlement mechanism provided by the Internet banks ensure that the existing e-users will not switch over to the other banks for availing internet banking services? This question is answered on the basis of primary survey of the internet banking users of Ahmedabad city. Based on the statistical tests, the researcher tries to reveal that if the grievance settlement system of the banks is efficient enough as well as exhibits the speedy solution of the queries of the customers who prefer online mode of transactions then such banks will have increased number of the internet banking users.

### Introduction

The internet technology, a major driver of the global village phenomenon has shaped and continues to shape business models—from bricks and mortar to bricks and clicks or pure play. The internet offers strategic market opportunity once it can be tapped into. It offers 24/7 exchanges, real-time responsiveness, interactivity, an efficient collation of customer data and environmental scanning among others. As a business tool, internet banking is rapidly transforming the world of commerce and banking – making banks faster and more efficient and allowing them to provide more personalized services to the end user- customer. The advantage of Internet is that it allows financial institutions to combine content from multiple sources to one computer. This capability is now considered one of the key enablers for accelerating the use of home banking programs. Moreover, net banking is considered to be the most cost-effective channel for banks. Although this channel is available in Gujarat for the past three to four years, it is only in the recent past that the internet banking has started picking up. A major impediment in the use of the channel is the concern about the security of Internet transactions. On the retail end, banks have started offering Internet Banking through a large number of branches. The facilities offered include account enquiry, money transfers, requests, mail alerts, etc. Some banks have also linked it with railway ticketing and bill payments. Many banks have also started offering Internet banking to their corporate customers. The facility of Corporate Internet Banking service is available to all business enterprise, accessible from anywhere in the globe providing various banking and financial services under single umbrella and giving complete freedom of banking anywhere anytime on 24 × 365 basis.

### Review of Literature

Nath, Ravi. Schrick, Paul. Parzinger, Monica in the paper Bankers' Perspectives on Internet Banking examines bankers' views on providing banking services to customers using the web. Specifically, it addresses issues such as the strategic need for Internet banking, its effect on customer-bank relationships, and customers' experiences in Internet banking.

Vissapragada Srinivas in the Article No More Traditional Banking, Only Virtual (2009) states that Advancement in computer technology and Internet has shown its effect on traditional banking business in India. As internet becomes more accessible, banks have realised the importance of innovative banking and started offering technology based banking services in order to retain the old customers and capture new business opportunities.

**K Saikrishna** in the Article Leveraging IT for Better Banking Services (2009) discusses the innovation in the information technology being used in the Indian Banking System. The advent of technology in the banking has widened the scope for entry in the new markets and helps the bank to develop innovative products, services and effective delivery channels.

**Dr. Sofri Yaha** in the Article Internet Banking in Hyderabad: Issues and Prospects(2009) reveals that Internet has come to occupy most important place in today's banking world. Banking through internet though novel, has picked pace within short span of time. It helps banks offer their products and services in the speedy manner.

**Dr. Himani Sharma** in the paper Bankers Perspective on E- Banking (2011) reveals that bankers are convinced that e-banking helps in improving the relationship between the bankers and customers and that it will bring patent improvement in overall performance of the banks.

Undergoing the Literature Survey and finding out the research gaps brought in front that Benefit of Internet banking was the impression it gave to the public of a cutting-edge bank, thereby enhancing its reputation. However it remains to be seen that 'Will the efficient grievance settlement mechanism provided by the Internet banks ensure that the existing e-users will not switch over to the other banks for availing internet banking services? An attempt is made by the researcher to answer the aforesaid question by conducting the exploratory as well as descriptive research by targeting the e-customers of the NSE 50 banks in Ahmedabad City.

### Research Purpose

1. To study the relationship between Grievance Settlement System maintained by NSE 50 banks and Level of Satisfaction reflected by Internet Banking Users.
2. To understand that whether the security and speed with which the grievances are solved leads to increased level of satisfaction of Internet Banking Users of NSE 50 banks of Ahmedabad City.
3. To investigate the relationship between internet banking service provided, customer satisfaction and how these affect customers' behavioral intentions and preference for not switching the other banks for availing internet banking services.

### Research Hypothesis

1. Grievance settlement system of internet banking services provided by the banks and preference for banks for carrying banking transaction are independent to each other.

- Grievance settlement system of internet banking and satisfaction level regarding the internet banking services provided by the banks are independent to each other
- Risk, Speed and safety regarding internet banking and satisfaction level regarding the internet banking services provided by the banks are independent to each other.
- There is a significant impact of grievance settlement system of internet banking on satisfaction level regarding the internet banking services provided by the banks.
- There is a significant impact of risk, Speed and safety regarding internet banking on satisfaction level regarding the internet banking services provided by the banks.
- There is a significant impact of grievance settlement system of internet banking and Satisfaction level on preference for banks for carrying banking transaction are not independent to each other.

**Research Methodology**

For the purpose of the survey, the population consisted of top 4 Banks among NSE 50 (S & P CNX Nifty) companies which has average market capitalization of 5 billion rupees or more during last six months. These banks are State Bank of India, Punjab National Bank, ICICI Bank Ltd. and HDFC Bank Ltd. A survey was conducted with the help of questionnaire to assess its comprehension and the average completion time. The researcher has used the personal contact method for conducting the survey and The questionnaire was filled up by the 300 users of internet banking facilities having an account in NSE 50 banks viz State Bank of India, Punjab National Bank, ICICI bank and HDFC Bank of Ahmedabad city. The sample size of 300 internet banking users is arrived as follows.  $n = N \div 1 + N(e)^2$  where  $n$  = sample size,  $N$  = Population Size and  $e$  = Precision level. Accordingly it is  $1400 \div 1 + 1400(.05)^2$ . It comes to 311. Based on the convenience sampling method the researcher has secured the responses of 300 e-customers.

**Data Analysis and Interpretation**

The analysis has been in conformity with the objectives of the study and the hypotheses formulated to achieve the objectives. For that the researcher uses the descriptive statistics and techniques like chi square, correlation and regression to identify the dependency, extent of relationship as well as impact.

**Complaints Regarding Internet Banking Services Cross Tabulation based on Likert Scale.**

Table 1

Complaints	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Very Often	65	64	48	51	72
Often	33	84	87	63	33
Sometimes	59	82	101	39	19
Rarely	113	71	38	59	19
Never	35	41	56	47	121

Source: Survey

Figure 1



Figure 2



Inference: To find out the frequency with which customers are having complaints against their banks with regard to internet banking services, five parameters of complaints are considered which are very often, often, sometimes, rarely and never. Table and figure reveals that respondents rarely had the complains regarding internet banking services as indicated by maximum mean score of 3.67. This is confirmed by the 113 respondents who strongly agree to this proposition. This indicates that internet banking services provided by their internet banks are proper as well as the respondents use internet banking services without any discomfort which again shows that internet banking is prospective.

**Results of Chi Square Test: (To Check Whether Variables Are Independent to Each Other or Not)**

Table 2

Variables	Significance value	Level of significance
Grievance settlement system and preference for bank	0.00	0.05
Grievance settlement system and satisfaction level	0.00	0.05
Risk, speed & safety and Satisfaction level	0.00	0.05

- Regarding Grievance settlement system and preference for bank  $P < \alpha$  so we cannot accept  $H_0$ . So Grievance settlement system of internet banking services provided by the banks and preference for banks for carrying banking transaction are not independent to each other.
- Regarding grievance settlement system and satisfaction level  $P < \alpha$  so we cannot accept  $H_0$ . I.e Grievance settlement system of internet banking and satisfaction level regarding the internet banking services provided by the banks are not independent to each other.
- Regarding Risk, speed, safety and satisfaction level  $P < \alpha$  so we cannot accept  $H_0$ . Risk, Speed and safety regarding internet banking and satisfaction level regarding the internet banking services provided by the banks are not independent to each other

**Results of Regression: (To Check Impact of Independent Variable on Dependent Variable)**

Table 3

Independent variable	Grievance settlement system preference for banks	Grievance settlement system Satisfaction level	Risk, Speed and safety
Dependent variable	0.00	0.00	0.00
Significance value (P)	0.05	0.05	0.05
Level of significance( $\alpha$ )	0.05	0.05	0.05

From the output,

- Regarding grievance settlement system and preference for the banks  $P < \alpha$  so we cannot accept  $H_0$ . There is a significant impact of Grievance settlement system of internet banking services provided by the banks on preference for banks for carrying banking transaction.
- For Grievance settlement system and Satisfaction level,  $P < \alpha$  so we cannot accept  $H_0$ . So we can say that there is a significant impact of grievance settlement system on satisfaction level.
- For Risk, Speed & Safety and Satisfaction level,  $P < \alpha$  so we cannot accept  $H_0$ . So we can say that there is a significant impact of Risk, Speed & Safety on satisfaction level.

**Results of Correlation (to check the extent of relationship)**

Table 4

Variable	Correlation
Grievance settlement system and preference for bank	0.335075
Grievance settlement system and satisfaction	0.311609
Risk, speed & safety and Satisfaction	0.485096

The output table of the correlation shows that there is moderate relationship between the variables such as Satisfaction level regarding internet banking services and preference for internet bank, Grievance settlement system set up by the internet bank and preference for internet bank, as well as Risk,

Speed and Safety through which the internet banking user uses the facilities of his preferred internet bank.

#### Suggestive Measurements

Since, the use of Internet as banking medium is still at a growing stage of commercial development, it is important for the internet banking service providers to be able to predict the extent to which the internet banking usage as preferred medium of transaction is perceived to be acceptable to their customers. Similarly, it is important for them to understand why the usage of this medium of banking is moderate but prospective. The findings of the study in form of the suggestive measures guide the internet banks about the prospects of internet banking in future. They are mentioned below

1. This study shows that banking facilities which involve concentration on the component of speed, safety and risk have very strong relationship with the level of satisfaction exhibited by the internet banking users. It is the most correlated determinant of acceptance of internet banking. This indicates that internet banks themselves have major role in ensuring that more customers adopt internet banking. The more facilities the internet banks have in the terms of website, locations, security and risk and others, there will be more number of prospective users of internet banking services provided by the banks.
2. The regression test in context of Grievance Settlement System and Level of Satisfaction exhibited by the Internet banking Users showed that  $P < .05$  which is indicative of the fact that if the banks solve the complaints properly and address all the issues very speedily and with minimum risk the prospects of the adoption of the internet banking will increase.
3. The chi square tests conducted on the cross tabs between the variables such as satisfaction level, grievance settlement system, and the components such as risk, speed and safety reveal that  $P < .05$ . Hence all the variables are not independent to each other. They exhibit the dependency level. Any bank which takes care of all the mentioned variables under study will ensure increase in the number of customers adopting internet banking services.

4. The cross tabulations based on the Likert Scale cover the perceptions of the 300 internet banking users related to variable Complaints Regarding Internet Banking Services, etc reveals that Web Based Banking is very prospective and will become pervasive in the banks where the customers have strong preference towards web based banking. Not only that the customers who use the online banking for long time and find very few complaints regarding its usage will prefer such banks to be their internet banks in future also.

#### Conclusion

Thus we can say that Internet Banking Market which is driven by demand side pressure due to increasing access to low cost electronic services, emergence of open standards for banking functionality, growing customer awareness and need of transparency, global players in the fray, close integration of bank services with web based e-commerce or even disintermediation of services through direct electronic payments (E- Cash), more convenient international transactions due to the fact that the Internet along with general deregulation trends, eliminate geographic boundaries, move from one stop shopping to 'Banking Portfolio' i.e. unbundled product purchases is very prospective in nature. Certainly some existing brick and mortar banks will go out of business because they fail to respond to the challenge of the Internet banking. The Internet banking indeed presents the bright prospects in future if very well backed up by the speedy grievance redressal mechanism covering the solutions to the queries of the customers who prefer online banking based on safety and minimum risk as perceived by the online banking users of Ahmedabad city. Not only that the opinions of the target respondents also reveal that brick and mortar banks will be able to increase their profitability by making their consumers aware about usage of internet banking services so provided and also make them understand the solutions provided to improve customer satisfaction and gain share. This will force increase in the number of internet banking users.

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