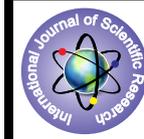


## Customer Satisfaction towards E-Banking Services A study of selected banks in Gulbarga



### Commerce

KEYWORDS :

**Karigoleshwar**

Assit. Professor, Dept. of Commerce and Management, Govt. First Grade College Farahatabad. Tq: Dist: Gulbarga.

**Waghmare Shivaji**

Professor, Dept. of Commerce, Gulbarga University Gulbarga.

#### Introduction:

With the popularity of the Internet increasing steadily, most of the industries are finding new and interesting ways to make use of this new and equally interesting medium so as to keep up with the constantly changing preferences of customers all over. Nowadays, one can do almost anything over the Internet - from shopping for groceries to making a free call to a friend in any corner of the world through computer! Yes, the Internet has seemingly endless possibilities and the banking industry in turn has decided that it won't be left behind in capitalizing the opportunities provided by internet in its business.

Tremendous progress in the field of information technology has reduced the world to a global village and it has caused unprecedented change in the banking industry. The development and the increasing progress that is being experienced in the Information and Communication Technology have brought about many changes in almost all facets of life. In the Banking Industry, it has been in the form of E-banking, which is now replacing the traditional banking practice. E-banking has many benefits that add value to customers' satisfaction in terms of better quality of service offerings and at the same time enable, the banks gain more competitive advantage over other competitors. E-banking services includes like, mobile banking, online banking, ATM (Automated teller Machine), DCM (Cash deposit machine), RTGS (Real time gross settlement), NEFT (Net electronic fund transfer), tel banking, etc. For this purpose, the researcher has carried out the research work in order to know how banks are delivering e-banking services using the advanced technology. In addition to it, the present paper aims to bring to the limelight the benefits associated with e-banking services and problems too.

#### Objective of the study:

- 1). To know age wise and profession wise customers who prefer e-banking services
- 2). To determine usage and reasons for preferring e-banking services
- 3). To examine the expected associated risks of e-banking services

#### Review of literature:

Parasuraman (1985) in his paper on "A conceptual model of service quality and its implication for future research," he found that perceived service quality was significant predictor of customer satisfaction by using SERVQUAL instrument. Therefore, it was hypothesized that clients using commercial retail services of the banks with favorable perceptions of service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) will experience higher satisfaction. Multiple regression of survey responses indicated that assurance satisfied banking customers more than did reliability whereas favorable perceptions regarding SERVQUAL remaining dimensions did not prove to be instrumental in satisfying customers. Implications for banking practitioners and future research were also discussed in the paper.[1]

Ammayya T (1996) in his article on "Developing competitive advantage through absorption of technology in knowledge, skills and attitudes of people" he stated that, while appreciating the introduction of information technology in banks stressed on training needs of people who play crucial role in turning the hardware and software and networking tools into a powerful combination to aid the bank in improving the service quality and performance. [2]

Girish V, Preetha S (1997) in his paper on "Technology in banks - A global perspective" he argued that technology in banks would help to increase the level of productivity and customer satisfaction. To meet the challenges posed by the entry of foreign banks, Indian banks will have to invest heavily in technology to meet competition, reduce cost, improve customer service, improve productivity and offer new products/services. [3]

L.O. Ugwu, T.O. Oyebisi, M.O. Ilori and m.E.R. Adagunodo (2000) in their article on "Organizational Impact of Information Technology on Banking and Insurance Sector in Nigeria" they stated that, there are indeed no doubts that majority of organizations including the banks have taken the advantage of IT to enhance their operations. Today most of them have website on the Internet in order to extend their services globally, provide executive services and promote quality of service delivery. [4]

Reddy. Y. V. (2001) in his article on "Indian Banking: Paradigm Shift in Public Policy" he stated that Banks are at different stages of technology adoption partly due to their different legacies, as much as the differences in their strategic approaches to computerization and technology absorption. [5]

Smith P. R and D Chaffey (2001) in his article on "E-marketing excellence: at the heart of e-business," E-marketing is described as the achievement of marketing objectives through the use of electronic communications technology. It is further identified that the key success factors in e-marketing is achieving customer satisfaction through the electronic channel in terms of the ease of use, performance and quality of service. [6]

A, Jide. (2002) in his article on "Don't open an account, if it isn't an E-bank," he explained that, E-banking is about using the infrastructure of the digital age to create opportunities, both local and global. E-banking enables the dramatic lowering of transaction costs, and the creation of new types of banking opportunities that address the barriers of time and distance. Banking opportunities are local, global and immediate in e-banking. [7]

Vyas P (2004) in his paper entitled "Measurement of customer satisfaction on information technology adoption in banking services." He concluded that there was effective implementation of e-banking services in case of private banks and foreign banks, whereas, nationalized banks were found to have lesser degree of computerization. [8]

Shu, W. and Strassmann, P. A. (2005) in article on "Does information technology provide banks with profit?," he Studied 12 banks operating in the US for the period of 1989-1997 and found that although IT has been one of the most marginal productive factors among all inputs, it cannot increase banks' profits. On the other hand, there are some studies agreeing with the positive influence of IT spending to business value. [9]

Kozak, S. (2005) in his article entitled "the role of information technology in the profit and cost efficiency improvements of the banking sector" he examines the impact of the progress in IT on the profit and cost efficiencies of the US banking sector during the period of 1992-2003. The research shows a positive correlation between the levels of implemented IT and both profitability and cost savings. [10]

Al-Hawari, M. and Ward, T. (2006) in his article entitled "The effect of automated service quality on Australian banks' financial

performance and the mediating role of customer satisfaction” on banking sector and argued that “...the positive effects exerted by e-service quality on customers’ satisfaction while these effects increase the bank’s benefits”.<sup>[11]</sup>

Williamson, D Gregory (2006) in his article on “Enhanced authentication in Online Banking” he stated that, because of the aforementioned problems, online banking services have thus become a crucial concern of financial institutions during this era of sophisticated technological breakthrough. The fact therefore remain that the various electronic banking services and products have no doubt exposed customers to new ways of convenience rather than the conventional banking.<sup>[12]</sup>

Singhal, D and V. Padmanabhan (2008) in their article on “A Study on Customer Perception Towards internet banking: Identifying major contributing factors” they basically that, there are certain issues raised in current literature on e-banking that are considered as major problems of Internet banking amongst which include: the case of Internet criminals and fraudsters attempt to steal customer information through various methods such as phishing and pharming. In other word, there is increased concern about privacy and security of customers’ information because of the fragility of information collected and held electronically and transferred via computer – mediated communications.<sup>[13]</sup>

Rachel Johns, Bruce Perrott (2008) in the article “The impact of internet banking on business-customer relationships” they tries to show how technology has dramatically altered the way businesses operate in a business-to-business (B2B) context and has had profound influences on services, altering the way services are delivered. It is believed that the increased use of self-service technologies (SSTs) impacts on B2B relationships. The paper seeks to explore the impact of the use of internet banking on business relationships.<sup>[14]</sup>

Khan, M S; S. S. Mahapatra and Sreekrumah (2009) in their article on “Service Quality Evaluation in Internet Banking: An Empirical Study in India” they explained that, Internet banking started with simple functions such as real time access to information about interest rate, checking account balances and computing loan eligibility. However, these services have graduated to online bill payment, transfer of funds between accounts and cash management services for corporate organizations and individuals.<sup>[15]</sup>

Ozuru, H. N; Chikwe, J. E and Idika Uduma (2010) in their article on “The use of Traditional payments and electronic payments systems in Nigeria” they explained that, the importance of electronic payment system in any country can never be over emphasized, due to the dramatic transformation in technological advancements that is being experienced by the global financial industry”. They further argued that this new technological development may result to digital money replacing fiduciary currency in some developed countries, for instance, e-money has become legal tender in Singapore since 2008; while the contrast is the situation in many African countries, which are still cash based.<sup>[16]</sup>

Masocha, R. N. Chiliya and S. Zindiye (2011) in their article on “E- Banking adoption by customers in the rural milieu of South Africa: A Case of Alice, Eastern Cape, South Africa” they stated that, e-banking will definitely overwhelm traditional banking in the near future; since more developing nations seem to direct their focus on financial market building up their infrastructure with specific attention on e-banking, e-commerce and e-learning.<sup>[17]</sup>

#### Research Methodology:

The study is mainly based on primary data and secondary data. The primary data Collected from sample customers from sample branches of State Bank of India and Axis bank through questionnaires. Stratified sampling was used to conduct the research study; two banks were randomly selected from the total banks in Gulbarga as at the time of carrying out this study. The banks

were divided into Public banks and Private Banks. One bank was selected from the Public sector banks while other selected from the private sector banks operating in Gulbarga. The respondents were further divided into the following strata: male/female; age wise; profession wise. A simple random sampling of each stratum was then taken for the study. 50 respondents were taken as sample i.e. 25 respondents from each banks in Gulbarga city.

The secondary data is collected from the official records of the banks like weekly abstracts, circulars and statistics of various banks published by RBI bulletins, the annual reports of the Banks, Annual Action Plan prepared by lead Bank Officers, information collected from Libraries of the Institutes and Universities and Banking journals published by Indian Banks Association etc.

#### Results and discussions:

This section considered the discussions on respondents’ profile, quality of e-banking services by banks, effect of customers’ relationship on bank services and customers’ level of education as it influence the adoption of e- banking services.

**Table 1: Gender and marital status wise e-banking services users:**

e-banking users	Male %	Female %	Total %
Married	19 38%	13 26%	32 64%
Unmarried	12 24%	06 12%	18 36%
Total	31 62%	19 38%	50 100%

#### Sources: (Field survey)

Table 1. Reveals gender wise e - banking services users. In this regard, survey data revealed that about 62% of the respondents were male (38% are married and 24% are unmarried) while 38% were female (26% are married and 12% unmarried). This tends to indicate that there are more male customers than the female customers and married respondents are more when compare with unmarried.

**Table 2: Age wise e-banking services users:**

Age	No. of Respondents	Percentage
30 year and below	13	26%
31 to 50 years	35	70%
51 year and above	02	04%
Total	50	100%

#### Sources: (Field survey)

Table No. 2 discloses the opinion of respondents in their age wise. In this context, 70% of the respondents are between 31 – 50 years age; 26% are 30 years and below and remaining 04% are above 50 years old and above. This is quite clear from the figures that the majority of the bank customers are above 31 to 50 years who are responsible persons of the family and more of them are literate persons who are engaged in any occupation. And following to that 26% of respondents are young and energetic persons who are well aware of e-banking usage. While, above 51 year and above respondents of this category are acquainted with the old traditional banking system and they are not having trust in e-banking services.

**Table 3: Occupation of respondents who are using e-banking services:**

occupation	No. of Respondents	Percentage
Employees	23	46%
Businessmen	17	34%
Agriculturists	04	08%
Others	06	12%
Total	50	100%

**Sources: (Field survey)**

Table No. 3 reveals the occupation of respondents who are using e-banking services. That 46% (23) of the respondents are employees; 34% (17) of respondents are businesspersons; 08% (04) of respondents are agriculturists and remaining 12% (06) of respondents are others who are other than the above categories persons. In the ultimate analyses it can be stated that, employees are educated and they know very well about the e-banking services where as businessmen always seek fast, effective, and efficient kind of services that's why they are next to employees. Agriculturists are very few in number because they are not aware of e-banking services.

**Table 4: usage of e-banking services:**

Usage of services	No. of Respondents	Percentage
Prefer e-banking	42	84%
Prefer face to face banking	06	12%
Not aware of e-banking	02	04%
Total	50	100%

**Sources: (Field survey)**

Table-4 depicts the responses of the users usage of e-banking services. Table envisage that 84% (42) of respondents are of the opinion that they prefer e-banking services; 12% (06) of respondents confirmed that they prefer face to face banking; remaining 04% (02) of respondents expressed that they not aware of e-banking services. These figures and facts speak that the customers prefer e-banking services of the banks because these are the innovative kind's services, which are attracted by the all over the world. Even though still few customers who are tied with the personal banking system i.e. face to face banking and there is other who does not know about the e-banking at all. It is the need of the bank today to convince all of them in order to stay in the market.

**Table 5: Reasons for preferring e-banking services:**

Reasons	No. of Respondents	Percentage
Anytime/anywhere	13	26%
Easy to operate	12	24%
Reliability & convenient	06	12%
No need to wait	05	10%
Improved customer services	03	06%
others	02	04%
Total	50	100%

**Sources: (Field survey)**

The table no.5 defines the opinion of respondents about the reasons for preferring e-banking services. In this context, 13(26%) respondents were of the opinion that e-banking service is anytime and anywhere available service; 12(24%) respondents were felt that it is easy to operate. 06(12%) respondents were opined that e-banking services are reliable and convenient services; 05(10%) respondents depict that e-banking services are providing improved customer services and remaining 02(04%) respondents prefer e-banking services for other reasons. This envisages that customers are preferring e-banking services many reasons because it is totally satisfying all kind of respondents.

**Table 6: Benefits of e-banking services are identified:**

Benefits	No. of Respondents	Percentage
Convenience	07	14%
Better quality product/ services	05	10%
Customized solution	08	16%
Very fast, effective and efficient	06	12%
Better rates	03	06%

Mobility	03	06%
Queue management:	04	08%
Others	06	12%
Total	50	100%

**Sources: (Field survey)**

The table no.6 discloses the opinion of respondents about the benefits of e-banking services. Majority of respondents 08(16%) were of the opinion that e-banking service is customized solution; 07(14%) respondents were felt that it is convenient service; 06(12%) respondents were opined that e-banking services are very fast, effective and efficient; 05(10%) respondents spelt out that e-banking service has provided better quality product/ services; 04(08%) respondents were thought that e-banking service provides queue management; and remaining are better rate services, mobility kind services and others. This envisages that the e-banking services are providing many more services by replacing traditional banking services.

**Table 7: The expected problems of e-banking services identified:**

Expected risks	No. of Respondents	Percentage
Lack of trust	15	30%
Security Concern Problems	18	35%
Lack of mutual relationship	07	15%
Complex transactions	04	08%
Other problems	06	12%
Total	50	100%

**Sources: (Field survey)**

Table 7 depicts the expected problems of e-banking services. Table envisage that 15(30%) respondents are of the opinion that they are having lack of trust regarding e-banking services; 18(35%) respondents confirmed that they doubt about security; 07(15%) respondents were of the opinion that they may fall under lack of mutual relationship with banker; 04(08%) respondents expressed that they may face complex transactions problem; remaining 06(12%) respondents face other problems like lack of knowledge, electricity disturbances, absences of special law, others etc. These figures and facts speak that the customers are facing some problems as well as they have some doubts about the e-banking services. All the above problems shows still they are tied with the personal banking system i.e. traditional banking system.

**Conclusions and recommendations:**

From the above discussion, it is quite clear that, E-banking service has become an accepted norm of monetary transactions for millions of users in India over the past decade and definitely, a right more to impart convenience to the customer as well as the bankers. The ease with which a customer can check his account, make online payments, make error free transactions, economy in costs, reduction in time spent in carrying out business activities, reduce congestion in banking halls, improve delivery system and quick transfer money between accounts has made this mode of banking hugely popular among Indians who are perpetually short of time to visit the bank premises physically. E-banking also provides a host of non-transactional features, which are quite handy to the customer. However, along with the world of conveniences this method of banking has a few inherent pitfalls, which need to be understood in order to protect the interest of the customers and their money to eradicate complications subsequently.

**REFERENCE**

01. Parasuraman, A. Berry, L. and Zeithaml, V.A. (1985) "A conceptual model of service quality and its implication for future research," *Journal of Marketing*, Vol.49, No.4, pp.41-50. | 02. Ammayya T 1996. Developing competitive advantage through absorption of technology in knowledge, skills and attitudes of people. *IBA Bulletin*, 18(12): 38-42. | 03. Girish V, Preetha S 1997. Technology in banks – A global perspective. *IBA Bulletin*, 68(4): 183-189 | 04. L.O. Ugwu, T.O. Oyebisi, M.O. Ilori and m.E.R. Adagunodo, 'Organizational Impact of Information Technology on Banking and Insurance Sector in Nigeria' *TECHNOVATION* Vol. 20, No 12, 2000. | 05. Reddy Y V 2001. Indian Banking: Paradigm Shift in Public Policy. *BIS Review*, 3/2002, Twenty-Third Bank Economists' Conference Organized by Indian Banks' Association and Hosted by Allahabad Bank at Kolkata on 16 Jan, 2002 | 06. Smith, P. R and D Chaffey (2001). E-marketing excellence: at the heart of e- business. Butterworth Heinemann, Oxford U. K. | 07. A. Jide.(2002), Don't open an account, if it isn't an E-bank'. Jidaw collective Available at <http://www.Jidaw.com//article.html>, 2002. | 08. Vyas P 2004. Measurement of customer satisfaction on information technology adoption in banking services. *Prestige Journal of Management and Research*, 81(1- 2): 8-16. | 09. Shu, W. and Strassmann, P. A. (2005), Does information technology provide banks with profit?, *Information and Management*, 42 (5), 781-787. | 10. Kozak, S. (2005), the role of information technology in the profit and cost efficiency improvements of the banking sector, *Journal of Academy of Business and Economics*, February 1, 2005. | 11. Al-Hawari, M. and Ward, T. (2006), "The effect of automated service quality on Australian banks' financial performance and the mediating role of customer satisfaction", *Marketing Intelligence & Planning*, Vol. 24 No. 2, pp. 127-47. | 12. Williamson, D Gregory (2006). Enhanced authentication in Online Banking. *Journal of Economic Crime Management*. Vol 4 Issue 2. <http://www.utica.edu/academic/institutes/ecii/Publications/articles/5ID6D996 - 90F2 - F468 - AC09C4E8071575AE.pdf> on 18 march 2009. | 13. Singhal, D and V. Padhmanabhan (2008). A Study on Customer Perception Towards internet banking: Identifying major contributing factors. *The Journal of Nepalese Business Studies*. V (1), 101 – 111. | 14. Raechel Johns, Bruce Perrott (2008), "The impact of internet banking on business-customer relationships", *International Journal of Bank Marketing*, Year: 2008, Publisher: Emerald Group Publishing Limited, | 15. Khan, M S; S. S. Mahapatra and Sreekrumah (2009). Service Quality Evaluation in Internet Banking: An Empirical Study in India. *International Journal of Indian Culture and Business Management*, 2(1), 30 – 46. | 16. Ozuru, H. N; Chikwe, J. E and Idika Uduma (2010). The use of Traditional payments and electronic payments systems in Nigeria: A discourse. *Proceedings of the 11th Annual Conference of International Academy of African Business and Development*. | 17. Masocha, R; N Chilya and S Zindiye (2011). E Banking adoption by customers in the rural milieu of South Africa: A Case of Alice, Eastern Cape, South Africa. *African Journal of Business Management*, 5(5), 1857 – 1863. |