



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

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**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. Findings – This research showed that dimensions of Internet banking (Accuracy, Ease of Use, Cost Effectiveness, Security & Privacy and Overall Customer Satisfaction) in which Accuracy has no positive effect on Overall Customer Satisfaction but Ease of Use, Cost Effectiveness Security & Privacy have an influence on Overall Customer Satisfaction.

**Practical Implications:** Banks managers should know what type of services customers want from the banks and what type of services they have satisfied or not so there should be a proper assessment of customers' needs and expectations.

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**GJMBR-C Classification:** *JEL Code: E58*



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## I. 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 e-channels 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. 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, Surujal & 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.

### b) Ease of Use

Ease of use is refers to the easy to accessing and using the bank's website for searching, navigating and transacting" (Dhurup, Surujal & Redda, 2014, p. 592). Kumbhar (2011) in their research have showed that ease of use had significant impact on customers' satisfaction.

*H2:* Ease of use has a relationship on customer satisfaction toward Internet banking.

### c) Cost Effectiveness

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

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services (Kumbhar, 2012, p. 15). Kumbhar (2011) in their research have showed that cost effectiveness were important factors in determining the customers' satisfaction in internet banking.

*H3:* Cost effectiveness has a relationship on customer satisfaction toward Internet banking.

d) *Security & Privacy*

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

*H4:* Security and privacy have a relationship on customer satisfaction toward Internet banking.

e) *Overall Customer Satisfaction*

Customer satisfaction is defined as a customer's overall assessment of the performance or experience that the bank has offered to them. This overall satisfaction across the products and services is provided by e-banking has a strong positive effects on customer loyalty (Ping, Suki & Suki, 2014, p. 743).

### III. RESEARCH METHODOLOGY

a) *Sample and Data Collection*

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

Dharmalinga & Kannan, 2011; Mohideen, 2011; Nupur, 2010; Dixit & Datta, 2010; Kumbhar, 2011; Siu & Mou, 2005; Jun & Cai, 2001) was used to obtain relevant data for this study. The questionnaire was randomly distributed to 216 full time working adults who worked in Delhi, India. The data gathered were analyzed using various statistical methods such as Descriptive analysis; reliability test and multiple linear regression tests were used.

b) *Respondents' Demographic Profile*

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

c) *Usage of Internet Banking*

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

d) *Measurement of Constructs*

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

*Table 1:* Cronbach's Alpha for each variable

S. No	Variables	Cronbach's alpha ( $\alpha$ )
1.	Accuracy	0.791
2.	Ease of Use	0.819
3.	Cost Effectiveness	0.873
4.	Security & Privacy	0.862
5.	Overall Customer Satisfaction	0.821
	Overall Reliability	0.932

### IV. RESULTS AND DISCUSSION

The table 2 shown the result from regression analysis of the overall independent variables in the model used to describe the satisfaction level in the study. The Adjusted R Square is .406 which means that 40.6% variation is explained by dimensions of e-banking i.e. Accuracy, Ease of Use, Cost Effectiveness and Security & Privacy. The F value is 30.353 and Sig. Value

is .000, which is less than 0.05, which indicates that the independent variables have statistically significant effect on Customer Satisfaction (Zafar et al 2012). Therefore, H1 is not supported in this study. However, the other three independent variables are significant in this study and therefore H2, H3 and H4 were supported in this study.

Table 2: Summary of Regression Analysis

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

 $\alpha = .000$ 

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

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

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

## V. CONCLUSION

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

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

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

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