



Research Article

A STUDY ON CUSTOMER SATISFACTION TOWARDS INTERNET BANKING IN CHENNAI

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ABSTRACT

E-Banking automates all the traditional banking activities which has made banking transactions much easier and convenient, thus leading to higher productivity and profitability. E-Banking is the elimination of paper based transactions and radical change in the banking operations. This study is needed to offer appropriate knowledge about various aspects of Internet Banking services. The study is to identify the customer's preferences and to find out the level of satisfaction of customers through Internet banking. Thus an attempt has taken to study the level of customer satisfaction towards internet banking in Chennai environ.

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INTRODUCTION

Banking plays a very important role in the economic life of the nation. The strength of the economy depends on the soundness of its banking system. Although banks create no new wealth but their borrowing, lending and related activities facilitate the process of production, distribution, exchange and consumption of wealth. In this way, banks become beneficial partners in the process of economic development.

E-Banking automates all the traditional banking activities which has made banking transactions much easier and convenient, thus leading to higher productivity and profitability. E-Banking is the elimination of paper based transactions and radical change in the banking operations. Hence, E-Banking implies performing basic banking transactions by customers round the clock globally through electronic media. E-banking is more of a science than art and it is knowledge based. One of the widespread electronic channels of E-Banking is Internet Banking.

Internet Banking In India

Internet banking as a medium of delivery of banking services and as a strategic tool for business development, has gained wide acceptance internationally and is progressing in India as more and more banks entering the fray. India can be said to be on the threshold of a major banking revolution with net banking having already been unveiled. Online banking or Internet banking allows customers of a financial institution to conduct financial transactions on a secure website.

under Shri. W.S. Saraf, to look into technological issues relating to payment system and to make recommendations for widening the use of modern technology in the banking industry. The Saraf Committee recommended introduction of Electronic Funds Transfer Systems in India. It also reviewed the telecommunication system like use of Bank net and optimum utilization of SWIFT by the banks in India. The Sphere Committee in 1995 had recommended framing of RBI (EFT system) Regulations under Section 58 of the Reserve Bank of India Act, 1934 (RBI Act), amendments to the RBI Act and to the Bankers' Books Evidence Act, 1891 as short term measures and enacting of a few new Acts such as the Electronic Funds Transfer Act, the Computer Misuse and Data Protection Act.

Internet banking in India began taking roots from the early 2000. ICICI Bank was the pioneer to introduce Internet Banking and later Citibank, HDFC Bank and other banks followed the suit, Public Sector banks have lagged far behind in adoption of the Internet Banking facilities, but State Bank of India, which entered the arena of ATM banking quite late, was able to expand at a rapid pace and cover almost all the cities of India. In 2001, a survey conducted by the Reserve Bank of India revealed that of 46 major banks operating in India offered nearly 50% of the services through internet banking at various levels. While in 2009 about 56 banks in the country are providing e-banking facilities. Out of these 56, majority are the Private Sector and Foreign Banks. The number and level of services offered by Modern Banks are increasing day by day. Today banks are very valuable for the utilization of the resources of the country. As of 2013, there are more than 15 million online banking users in India. The

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recent statistics reveals that around 34 million people are using Internet banking.

Banks in India are at different stages of the web-enabled banking cycle. Initially, a bank, which is not having a web site, allows its customer to communicate with it through an e-mail address, communication is limited to a small number of branches and offices which have access to this e-mail account.

With gradual adoption of Information Technology, the bank puts up a website that provides general information of the banks, its location, services available e.g. loan and deposits products, application forms for downloading and e-mail option for enquiries and feedback. Some of the banks permit customers to interact with them and transact electronically with them. Certain banks like ICICI Bank Ltd., have gone a step further within the transactional stage of Internet banking by allowing transfer of funds by an account holder to any other account holder of the bank.

Some of the aggressive players in this area such as ICICI Bank Ltd., HDFC Bank Ltd, UTI Bank Ltd., Citibank, Global Trust Bank Ltd. and Bank of Punjab Ltd. offer the facility of receipt, review and payment of bills on-line. These banks have tied up with a number of utility companies. The first online real time e-commerce credit card transaction in the country as carried out on the Easy3shoppe.com shopping mall, enabled by HDFC Bank Ltd. on a VISA card.

Banks like ICICI, HDFC are looking to position themselves as one stop financial shops. These banks have tied up with computer training companies, computer manufacturers, Internet Services Providers and portals for expanding their Net banking services, and widening their customer base.

Significance of Internet Banking

- It is quite convenient to pay the bills, to transfer funds between accounts, to pay the central and state taxes etc. Now it is not necessary to stand in a queue to pay off the bills and to safeguard the receipts.
- Since the Internet Banking services are offered 24/7. It is helpful for the customers to perform the tasks from anywhere and at any time.
- Funds get transferred from one account to the other quickly which helps to manage several accounts easily through internet banking.
- Internet banking offers banks, an opportunity to improve their customer service by collecting and managing information pertaining to their customers and their individualistic preferences.
- Internet banking also provides an opportunity to build on their relationships with their existing customers. (e.g), bank Web portals could offer purchasing services for business travel or insurance to generate more revenue.
- Internet banking is an opportunity for banks to reduce their overhead costs as the need for physical branches is drastically cut down. The running cost of an ordinary bank account is 50-60 per cent of their revenues, whereas the running cost of Internet banking is just 15-20 per cent of revenues. (e.g), In India, Net banking is estimated to cost just INR 2 per transaction compared to the INR 43 incurred while banking at the branch.

- Internet banking helps to provide global market to the national products and services, promotes exports and increase inflow of foreign exchange.

Scope and coverage of the study

1. The scope of the study is to identify the customer's preferences and to find out the level of satisfaction of customers through Internet banking. This study starts with the importance of Internet in the Banking Industry and widens its scope by covering the benefits of Internet Banking from the point of view of all the stakeholders. It also analyses the safety and privacy issues of Internet Banking. The study will also extend to understand the various kinds of models propounded by several researchers.
2. This study is needed to offer appropriate knowledge about various aspects of Internet Banking services. It will be of immense use to know the need of Internet Banking because, in future all banking activities will transform to Internet banking and each and every individual should be aware of this transformation. This particular study about Customer Preferences and Satisfaction towards Internet banking will make us realize the value of this topic by looking at the enhancement level of banks in Chennai which have adopted Internet Banking Services. This study is an attempt to evaluate the necessary requirements and discuss the steps that need to be taken in order to measure and track customer preferences and level of satisfaction.

Objectives of the Study

This study is aimed at to measure the level of satisfaction in experiencing Internet Banking Services in Chennai.

Analysis of Consumer Satisfaction on Internet Banking Services

Statistical Analysis: T Test

T-Test for Level of Satisfaction In Experiencing internet Banking Services

The banking customers are influenced to avail Internet banking services due to the significance and features associated with internet banking services. The banking practices through internet banking channel brings various ranges of experiences among the customers. Such experiences help the customers to derive their level of satisfaction on internet banking services and products. In this study the level of satisfaction derived by the customers in using internet banking services are identified through 20 statements. The sample t-test is applied on twenty variables. This test is performed with the test value 3 and the following results are obtained.

From the above Table 1, it is observed that the mean values for 20 variables of internet banking services range from 3.8133 to 4.0867 and standard deviation are consistent along with computed standard error values. The mean values are greater than 3 and standard deviations are less than 2. This shows that the responses are consistent and the t-values are computed for all the 20 variables.

The significance of the mean is checked by one sample t-test. The findings thereon are also shown in the above Table 1.

Table 1 One- Sample Statistics and t-test for level of satisfaction in experiencing Internet Banking Services

Influencing Variables	N	Mean	Standard Deviation	Std. Error Mean	Test Value = 3	
					t	Sig.(2-tailed)
Easy to access	522	4.0733	1.15332	0.09417	11.398	0.000
Ease of use	522	4.0867	1.04872	0.08563	12.691	0.000
At anytime service	522	3.9933	1.08990	0.08899	11.162	0.000
At anywhere service	522	3.9533	1.16052	0.09476	10.061	0.000
On any day service	522	3.9533	1.18342	0.09663	9.866	0.000
Instant result of transaction on screen	522	3.8867	1.11450	0.09100	9.744	0.000
Efficient service	522	3.8533	1.11359	0.09092	9.385	0.000
Effective service	522	3.8733	1.12505	0.09186	9.507	0.000
Reduced transaction cost	522	3.8133	1.15501	0.09431	8.624	0.000
Free from cash carry transactions	522	3.9000	1.15131	0.09400	9.574	0.000
Safety	522	3.9333	1.12725	0.09204	10.141	0.000
Privacy	522	3.9667	1.13171	0.09240	10.461	0.000
Saves time	522	3.9933	1.12026	0.09147	10.860	0.000
Saves energy	522	4.0133	1.12915	0.09220	10.991	0.000
User-friendly	522	3.9533	1.09506	0.08941	10.662	0.000
Availability of multifarious services at ones' s convenient place	522	3.9800	1.13202	0.09243	10.603	0.000
Menu display in preferred language on Personal Computer Screen	522	3.9267	1.17637	0.09605	9.648	0.000
Menu display in preferred format on Personal Computer Screen	522	3.9667	1.14936	0.09384	10.301	0.000
Trust worthy	522	3.9467	1.12796	0.09210	10.279	0.000
Minimizes risk in transactions	522	3.8533	1.18371	0.09665	8.829	0.000

Source: Computed data

It is indicated that the t- values for easy to access (t=11.398, p=0.000), ease of use (t=12.691, p=0.000), at anytime service (t=11.162, p=0.000), at anywhere service (t=10.061, p=0.000), on any day service (t=9.866, p=0.000), instant result of transaction on screen (t=9.744, p=0.000), efficient service (t=9.385, p=0.000), effective service (t=9.507, p=0.000), reduced transaction cost (t=8.624, p=0.000), free from cash carry transactions (t=9.574, p=0.000), safety (t=10.141, p=0.000), privacy (t=10.461, p=0.000), saves time (t=10.860, p=0.000), saves energy (t=10.991, p=0.000), user-friendly (t=10.662, p=0.000), availability of multifarious services at one's convenient place (t=10.603, p=0.000), menu display in preferred language on personal computer screen (t=9.648, p=0.000), menu display in preferred format on personal computer screen (t=10.301, p=0.000), trust-worthy (t=10.279, p=0.000) and minimizes risk in transactions (t=8.829, p=0.000) are statistically significant at 5% level (i.e. 0.000).

This indicates that the banking customers in general are highly satisfied with Internet banking services whose mean values are more than 4 namely ease to access, ease of use and saves energy. This further indicates that the customers in general moderately satisfied with services whose mean values are more than 3 but less than 4 namely at any time service, at anywhere service, on any day service, instant result of transaction on screen, efficient service, effective service, reduced transaction cost, free from cash carry transactions, safety, privacy, saves time, user-friendly, availability of multifarious services at one's convenient place, menu display in preferred language on personal computer screen, menu display in preferred format on personal computer screen, trust-worthy and minimizes risk in transactions.

CONCLUSION

Internet banking services has fundamentally changed the business of banking by scaling borders and bringing about new opportunities and by significantly reducing costs of delivery and transaction it has gained closer access to customers. Technology, People and Customers are the three tripods on which the banking industry rests.

Satisfied customers are the important key factors for long-lasting success concerning to Internet Banking. Customer satisfaction is undisputedly one of the key criteria for evaluating the performance of a bank. Most modern alternative delivery channels in the Internet Banking, are playing a key role in delivering products and services effectively and efficiently to customers at their convenience. They enable banks in cost-effective ways to deliver products to customers compared to traditional "Brick and Mortar" branch networks. Banks must be innovative and should match the customer expectations. Delivering quality services to customers is must for gaining highest satisfaction among the customers and for success and survival in today's competitive banking environment. Banks will have to monitor the changing consumer behavior and accordingly, bring change in product, price and channel so as to offer excellent product and customized service on continuing basis. There is also a need for constant innovation in the banking sectors which acknowledge the customer needs, in designing and delivering services with technical superiority.

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