

A STUDY ON CUSTOMER SATISFACTION IN INTERNET  
BANKING WITH SPECIAL REFERENCE TO TIRCHIRAPPALLI  
DISTRICT

Dr. M. Abdul Hakkeem<sup>1\*</sup>

Y. Moydheen Sha<sup>\*\*</sup>

**Abstract**

Banking is a highly information intensive activity that relies heavily on information technology (IT) to acquire, process, and deliver the information to all relevant customers. Banks used the Internet technology as a strategic weapon to revolutionize the way they operate, deliver, and compete against each other. As a result Online Banking was introduced as a channel where bank customers could perform their financial transactions electronically via their banks' Web sites. In this study an analysis of the differences in risk perceptions between bank customers using Internet Banking and those not using Internet Banking was done and it showed that risk perceptions in terms of financial, psychological and safety risks among customer not using the internet was more meaningful than those using internet banking. Customers not preferring to use internet banking thought that they would be swindled when using this service, and therefore, are particularly careful about high risk expectation during money transfers from and between accounts. Private and foreign banks are trying to turn more and more customer towards the usage of internet for the banking transaction. This study is basically to know the relation of various independent variables on the customer usage of internet for banking.

**Key words:** Internet banking, online, Bank, perception, e-banking, SWIFT, fund transfer.

\*\*\*\*\*

\* Research Advisor, PG & Research Department of Commerce, Jamal Mohamed College(Autonomous), Tiruchirappalli-620 020, Tamilnadu, India.

\*\* Ph.D Research Scholar, PG & Research Department of Commerce, Jamal Mohamed College(Autonomous), Tiruchirappalli-620 020, Tamilnadu, India

## INTRODUCTION

Banking has come a long way from the time of ledger cards and other manual filing systems. Most of the banks today have electronic systems to handle their daily voluminous tasks of information retrieval, storage and processing. Irrespective of whether they are automated or not, banks by their nature are continually involved in all forms of information management on a continuous basis. The computer is, of course, an established tool for achieving a competitive edge and optimal resource allocation. Competition and the constant changes in technology and lifestyles have changed the face of banking. Nowadays, banks are seeking alternative ways to provide and differentiate amongst their varied services. Customers, both corporate as well as retail, are no longer willing to queue in banks, or wait on the phone, for the most basic of services. They demand and expect to be able to transact their financial dealings where and when they wish to. With the number of computers increasing every year, the electronic delivery of banking services is becoming the ideal way for the banks to meet their clients' expectations

E-banking provides enormous benefits to consumers in terms of ease and cost of transactions, either through Internet, telephone or other electronic delivery. Electronic finance (E-finance) has become one of the most essential technological changes in the financial industry. E-finance as the provision of financial services and markets using electronic communication and computation. In practice, e-finance includes e-payment, e-trading, and e-banking.

## INTERNET BANKING

Internet banking or e-banking can be defined as online systems which allow customers to plug into a host of banking services from a personal computer by connecting with the bank's computer over the telephone wires. Technology continues to make online banking easier for the average consumer. Banks are using a variety of names for online banking services, such as PC banking, home banking, electronic banking or Internet banking. Regardless of the given name, these systems certainly offer specific advantages over the traditional banking methods.

E- Banking can be defined as “delivery of bank’s services to a customer at his office or home using Electronic Technology.” The quality, range and price of these electronic services decide a bank’s competitive position in the industry.

Internet banking (or E-banking) means any user with a personal computer and a browser can get connected to his bank’s website to perform any of the virtual banking functions. In internet banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would be a borderless entity permitting anytime, anywhere and anyhow banking. The network which connects the various locations and gives connectivity to the central office within the organization is called intranet.

These networks are limited to organizations for which they are set up. SWIFT is a live example of intranet application

### STATEMENT OF PROBLEM

The study focus the customer satisfaction and adoption of internet banking of IOB, ICICI Banks in Trichirappalli Town. All the Banks are introduce the e-banking facility since its inception and today is the bank having largest number of e-banking in the country. As the use of internet banking is increasing day-by-day, it is important to study the insight about the level of customer satisfaction with respect to various aspects of Bank and to identify the problem areas and proposed recommendation leading to improvement. This study will also help to gain knowledge about the internet banking to the customers.

### OBJECTIVES OF THE STUDY

- ❖ To examine the reach of internet banking
- ❖ To know the customer adoption in internet banking
- ❖ To study the customer satisfaction about internet banking
- ❖ To understand the different services& issues in Internet banking.
- ❖ To know about the customer awareness , its quality and availability
- ❖ To recommend solutions based on the study

### REVIEW OF LITERATURE

**Rajesh Kumar Srivastava (2007)** The growth in e-banking with the increase in the range of interface options available to access online banking solutions has resulted in a steady increase in the number of customers interacting through remote channels to a greater extent than before. In a climate of increasing online competition, banks that have chosen to retain extensive branch networks are re-aligning the roles of staff in these branches and moving towards a relationship-driven sales culture

**Singhal, D and V. Padhmanabhan (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.

**Wan et al. (2005)** study the customers' adoption of banking channels in Hong Kong. They covered four major banking channels namely ATM, Branch Banking, Telephone Banking and Internet Banking. The study segmented the customers on demographic variables and psychological beliefs about the positive attributes processed by the channels. The psychological factors were ease of use, transaction security, transaction accuracy, speediness, convenience, time utility, provision of different personal services, social desirability, usefulness, economic benefits, and user involvement.

**Hwang et al., 2007** E-banking has emerged as a significant and rapidly growing component of the world economic exchange. Through e-banking the world economic exchange has been reduced to a tiny global village in terms of its information capacity and the resources it holds which can be accessed by anybody from anywhere in the globe.

**Anguelov et al. (2004)** Consumers are attracted to these technologies because of convenience, increasing ease of use, and some instances cost saving. All business, including small and medium scale industries, no matter their geographical locations, are all beneficiaries of e-banking. It encompasses all kinds of commercial transaction that is conducted on an electronic medium, mostly through the internet.

## RESEARCH METHODOLOGY

In a view to precede the research in a systematic way the following research methodology has been used. By means of obtaining detailed opinion of the customers, this research falls under the category of descriptive research. Both primary and secondary data collection was made. As a source of primary data collection the interview schedule was prepared in a view to obtain information from the respondents and apart from this to gather some relevant secondary information the secondary data were obtained from news papers, magazines, records, websites and books as a source.

The primary data was collected from about 120 respondents. Based on the information obtained through the questionnaire cum interview schedule the data were coded and some of the analytical tools like Simple Percentage and Chi-square methods were used to analyze the data. The objectives are attained by collecting the secondary data from various journals, magazine and web sites. The study covered ICICI and IOB bank customers from different places in Tiruchirappalli city. The survey also focused on covering all the demographic factors in the conveyance sample itself.

### Analysis and Interpretation of the Primary data

#### 1. Demographic, socio and economic background of respondents

The distributions of the Demographic, socio economic profile of the respondents are as follows:

Table No. 1 Distribution of Respondents on the basis of Demographic, Social and Economic background

|   | Customer profile | No. of Frequency | %            |         |                   |    |    |  |
|---|------------------|------------------|--------------|---------|-------------------|----|----|--|
| 1 | <b>Age</b>       |                  |              | 3       | <b>Education</b>  |    |    |  |
|   | < 20             | 12               | 10           |         | HSC               | 3  | 3  |  |
|   | 20-45            | 48               | 40           |         | Graduation        | 32 | 27 |  |
|   | 45-55            | 41               | 34           |         | Post Graduation   | 41 | 34 |  |
|   | 55-65            | 13               | 11           |         | Professional      | 29 | 24 |  |
|   | > 65             | 6                | 5            |         | Others            | 15 | 12 |  |
| 2 | <b>Sex</b>       |                  |              | 4       | <b>Occupation</b> |    |    |  |
|   | Male             | 92               | 77           |         | Business men      | 31 | 26 |  |
|   | Female           | 28               | 23           |         | Employee          | 42 | 35 |  |
|   |                  |                  | Professional |         | 35                | 29 |    |  |
|   |                  |                  |              | Student | 8                 | 7  |    |  |

|          |                                   |    |    |
|----------|-----------------------------------|----|----|
|          | Other                             | 4  | 3  |
| <b>5</b> | <b>Type of account</b>            |    |    |
|          | Savings Bank a/c                  | 52 | 43 |
|          | Current a/c                       | 64 | 54 |
|          | Other a/c                         | 4  | 3  |
| <b>6</b> | <b>Relationship with the Bank</b> |    |    |
|          | >1 year                           | 15 | 13 |
|          | 1 to 4 years                      | 22 | 18 |
|          | 4 to 7 years                      | 41 | 34 |
|          | 7 to 10 years                     | 29 | 24 |
|          | < 10 years                        | 13 | 11 |
| <b>7</b> | <b>Deposit Amount</b>             |    |    |
|          | Below Rs.10,000                   | 15 | 13 |
|          | Rs.10,000 to 50,000               | 42 | 35 |
|          | Rs.50,000 to Rs.1,00,000          | 36 | 30 |
|          | Above Rs.1,00,000                 | 27 | 22 |

**Age:**

From the above table it is clear that 10% of the respondents belongs to the age group of <20, 40% of them are 20-45 years of age, 34% of them are between 45-55 years, 11% of them are between 55-65 years and 5% of them are above the age of 65 years.

**Sex:**

Source: Questionnaire cum Interview Schedule

**Relationship with the bank:**

From the above table shows 77% of respondents are male and remaining 23% of respondents are female.

**Education:**

The above table shows that 3% of the respondents have HSC, 27% of the respondents have completed graduation, 34% of them are post graduates, 24% of them are professionals and 12% of them belong to other category.

**Occupation:**

With regard to occupation, the above table shows that 26% of the respondents are business men, 35% of the respondents are Employees, 29% of them are Professionals, 7% are Students and 3 % are others.

**Type of account with the bank:**

The above table shows that 43% of the respondents are having saving account, 54% of them are having current account and 3% of them are having other deposit account.

The above table shows that 13% of the respondents have less than 1 year of relationship with the bank, 18% of them have 1 to 4 years, 34% of them having 4 to 7 years, 24% of them are having 7 to 10 years of relationship, and 11% of them are having account with the bank for more than 10 years.

#### Amount of deposit with the bank:

The table shows 13% of them are having below Rs10,000 as deposit in the bank, 35% of them are having Rs10,000 to Rs.50,000; 30% of them are having Rs.50,000 to Rs1,00,000 ; and % of them are having above Rs.1,00,000 as deposit in the bank.

**Table-2 showing Customer's overall satisfaction of service provided by Internet banking**

| Opinion             | No. of Opinions from<br>120 respondents | % of Respondents |
|---------------------|---|------------------|
| Highly Satisfied    | 284                                     | 24               |
| Satisfied           | 423                                     | 35               |
| Neutral             | 237                                     | 20               |
| Dissatisfied        | 135                                     | 11               |
| Highly Dissatisfied | 121                                     | 10               |
| Total               | 1200                                    | 100              |

Source: Questionnaire cum Interview Schedule

The above table shows that 24% of the respondents have Highly satisfied about overall service provide by internet banking, 35% of respondent have Satisfied, 20% of respondent have Neutral, 11% of respondent have Dissatisfied and 10% of respondent have highly dissatisfied.

The Following Chart shows the overall satisfaction of internet banking services

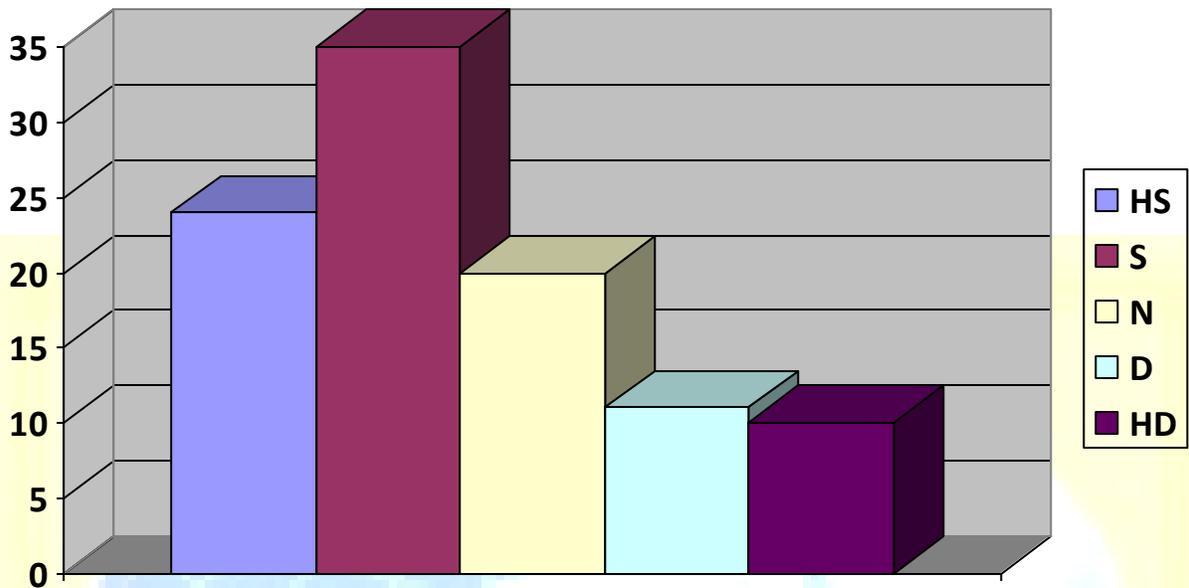


Table-3 showing the Customer's opinion on internet banking

| SI | Service provided by Internet Banking | HS | S  | N  | D  | HD | Total |
|----|--------------------------------------|----|----|----|----|----|-------|
| 1  | ATM Service                          | 28 | 42 | 24 | 14 | 12 | 120   |
| 2  | Mobile Banking                       | 38 | 32 | 29 | 10 | 11 | 120   |
| 3  | e-Ticket                             | 23 | 52 | 23 | 16 | 6  | 120   |
| 4  | e-Payment                            | 31 | 39 | 27 | 13 | 10 | 120   |
| 5  | Online Trading                       | 18 | 47 | 24 | 16 | 15 | 120   |
| 6  | Debit card / Credit card             | 35 | 38 | 19 | 16 | 12 | 120   |
| 7  | Funds Transfer                       | 26 | 44 | 24 | 11 | 15 | 120   |
| 8  | e-Statement                          | 20 | 52 | 14 | 22 | 12 | 120   |
| 9  | Safety                               | 35 | 31 | 22 | 15 | 17 | 120   |
| 10 | Privacy                              | 30 | 46 | 31 | 3  | 10 | 120   |

Source: Questionnaire cum Interview Schedule

From the above table shows the respondents opinion about the internet banking. Here, 'HS' denotes Highly Satisfied, 'S' denotes Satisfied, 'N' stands Neutral, 'D' stands Dissatisfied and 'HD' denotes Highly Dissatisfied.

### Chi-Square Analysis

Relationship between demographic variables and respondents satisfaction regarding e-banking.

The opinion of respondents obtained in the following factors denoted as F1 – F7

F1. ATM Service

F2. Mobile banking Service

F3. Online Trading Facility

F4. Debit Card/Credit card

F5. Funds Transfer Facility

F6. Safety factors available

F7. Privacy.

**Table No-4 shows the Satisfaction of respondents on internet Banking**

| Satisfaction of respondents on internet banking in<br>chi-square values |   |                         |                         |                |  |
|---|---|-------------------------|-------------------------|----------------|--|
| <i>Demographic Variables</i>  | <i>Service Provided by Internet Banking</i> | <i>Calculated Value</i> | <i>Chi-Square value</i> | <i>Results</i> |  |
| <b>Age</b>  | ATM Service (F1)                            | 21.02                   | 26.29623                | Accepted       |  |
| <b>Sex</b>  | Mobile Banking (F2)                         | 16.53                   | 9.48773                 | Rejected       |  |
| <b>Education</b>  | Online Trading (F3)                         | 9.99                    | 26.29623                | Accepted       |  |
| <b>Occupation</b>   | Debit Card/Credit Card (F4)                 | 21.43                   | 26.29623                | Accepted       |  |
| <b>Type of Account</b>  | Funds Transfer (F5)                         | 19.64                   | 15.50731                | Rejected       |  |
| <b>Relationship with the Bank</b>                                       | Safety Factors(F6)                          | 26.95                   | 26.29623                | Rejected       |  |
| <b>Deposit Amount</b>   | Privacy (F7)                                | 16.37                   | 21.02607                | Accepted       |  |

The above table reveals that there is a relationship between the respondent's opinion on Service provided by Internet banking and the demographic variables like Age, sex, Education, Occupation, type and amount, Years of relationship with the bank and amount deposited.

H0: There is no relationship between demographic variables and respondents satisfaction regarding internet banking

H1: There is a relationship between demographic variables and respondents satisfaction regarding internet banking.

### FINDINGS:

1. There is no significance between the Age and ATM Service due to null hypothesis was accepted
2. There is significance between the Sex and Mobile banking service due to null hypothesis was Rejected.
3. There is no significance between the Education and Online Trading facility due to null hypothesis was accepted
4. There is no significance between the Occupation and Debit Card/Credit card service due to null hypothesis was accepted
5. There is significance between the Type of Account and Funds Transfer Facility due to null hypothesis was Rejected.
6. There is significance between the Relationship and Safety factors due to null hypothesis was Rejected
7. There is no significance between the Amount of Deposit and privacy due to null hypothesis was accepted.

### SUGGESTIONS

Above analysis reveals that in general bank customers are happy about the various factors associated with Internet Banking. But still customers have resistance to use internet banking because of Safety issues..

The customer feels the absences of personnel touch in the online service so the bankers should respond to customers need as soon as possible. The availability of information should be automatic to the customers periodically, before

they make enquiry for account details. It is to be suggested to prevent online banking from remaining customers to prompt this service through advertising company and also Bank should provide the services in different languages. The bank should extend their tie-up contracts with other various institutions whether financial or non-financial for convenience of its customers

The customers should be very careful while carrying out online transactions that are transfer of account etc. The most common fear in e-banking or net banking is that of security. Most people avoid Net banking because they fear their account will be broken into by hackers. Customers should never share personal information like PIN numbers, passwords etc with anyone, including employees of the bank. PIN and/or passwords should be changed immediately. Customers should properly sign out their login after usage.

## CONCLUSION

Internet banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Today, the click of the mouse offers customers banking services at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs. The rise of Internet banking is redefining business relationship with the customers. Thus internet Banking is becoming the need of the hour and banks which omit to switch over to e-banking cannot survive in this competitive world. Though e-banking posses lot of threats and insecurity problems these are like two sides of coins where we have both advantages and disadvantages. The duty of the bankers is to concentrate on the latest security aspects like fire walls and they should protect the privacy of their customers. .

\*\*\*\*\*

**REFERENCES:**

1. Data Protection in Consumer E-banking Journal of Internet Banking and Commerce, April 2006, vol.11,no.1 (<http://www.arraydev.com/commerce/jibc/>)
2. Adoption of Internet Banking: An Empirical Investigation of Indian Banking Sector By Balwinder Singh, Reader, Department of Commerce and Business Management, Guru Nanak Dev University, Amritsar, India.
3. A Study of Net Banking provided by HDFC Bank, [www.scribd.com/.../a-study-of-netbanking-provided-by-hdfc-bank](http://www.scribd.com/.../a-study-of-netbanking-provided-by-hdfc-bank)
4. ICICI Bank Consumer Banking in India, [www.icicibank.com](http://www.icicibank.com)
5. Basics of eCommerce – Legal & Security issues ISBN 81-203-2432-3
6. “Customer satisfaction in the Indian banking sector – A Study”, IIMB Management review, Vol-20, No.1, March 2008.
7. eCommerce – Concepts, Models, Strategies, CSV Murthy, Himalaya Publishing House
8. eCommerce : An Indian Perspective , 2nd Ed. PT Joseph, SJ
9. Venkataramana.V, Somayajulu, “CRM – Emerging Concepts, Tools and Applications”, Excel Books, New Delhi, 2005.
10. Internet Banking Comptroller’s Handbook October 1999.

**Web Sites:**

11. [www.banknetindia.com](http://www.banknetindia.com) - Banking portal with information on banks and finance in India
12. [www.buzzle.com](http://www.buzzle.com)
13. [www.iba.org.in](http://www.iba.org.in) - Indian Banks' Association
11. [www.internetworldstats.com](http://www.internetworldstats.com)