

## **Customer Satisfaction in E-Banking Services**

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### **Abstract**

The banking system is central to India's economy. Banks are contributing significantly in the growth and development of economy. However, banking sector in India is currently passing through an exciting and challenging phase. Though, India Banking System registered tremendous growth and reforms were introduced to improve the performance and efficiency in banking system. The reform measures have brought about sweeping changes in banking sector. Electronic banking services, whether delivered online or through other mechanisms, have spread quickly in recent years. The threat of new entrants has led many banks to offer e-finance ranging from basic to fully integrated internet services. The Indian banking sector is faced with multiple and concurrent challenges such as increased competition, rising customer expectations, and diminishing customer loyalty. The numerous challenges faced by banks such as increasing competition, pressure on spreads, and systemic changes to align with international standards have necessitated a re-evaluation of strategies and processes in order to remain competitive in this dynamic environment. Present paper attempts to examine the customer satisfaction regarding e- banking services. The paper is based mainly on primary data collected through field survey in the state of Uttar Pradesh.

### **Introduction:**

The emergence of the internet has significant impact on the diffusion of electronic banking. With the help of the internet, banking is no longer bound to time or geographical boundary. Consumers have relatively easy access to their accounts 24 hours. Therefore, Internet banking provides many benefits to both banks and their customers. One advantage of banks going online is the potential savings in the cost of maintaining a traditional branch network while internet banking is extremely beneficial to customers because of the savings in costs, time and space, its quick response to complaints, and delivery of improved services. In this part of dissertation, an attempt has been made to examine the e – banking services and satisfaction of bank customers regarding internet banking services. The economic environment has changed

due to changes in the financial structure. Measuring banking performance has become a major task. Banking sector is the dominating component of the financial sector. Hence, it is important to examine, as to whether the productivity of banks has improved after reforms. Such information can provide useful guidance to policy-makers towards understanding the efficacy of the reforms process, especially on the banking sector. Technological progress and deregulation both have provided new opportunities for banks and increased competitive pressure among banks and non banks alike. Banks have responded to these new challenges with imagination, strength and by exploring new areas. In this process banks are exposed to financial, operational business and event risks. Hence, banks must gain risk management capability in order to survive in the modern market-oriented environment and support the economic growth.

#### **Review of Literature:**

E-banking is now a widespread occurrence. It is a priceless and powerful tool for supporting growth, fostering innovation, and boosting competitiveness. Every nation needs a physically robust banking sector since it may significantly influence economic development by providing professional financial services. The financial sector has been greatly impacted. In order to fully utilise the new technology and offer their customers high-quality online service, banks must come up with innovative solutions. Banks must improve the quality of experienced online customer service when there is a lack of face-to-face connection in order to gain and maintain competitive advantages and client relationships Aronson et al. (2006). Due to the organizational benefits of customer satisfaction, firms today place a lot of emphasis on this topic. Customer loyalty is related to customer satisfaction (Fornell, 1992). Building and maintaining great customer relationships is also related to customer satisfaction (Blattberg, et al, 2009). Customer satisfaction can be seen as a link between the service's perceived value and what customers anticipate it to be worth. Customers are said to be satisfied if the perceived value of the services meets their expected value. Customer satisfaction is defined by Kotler and Armstrong (2013) as "the degree to which a product's perceived performance meets a buyer's expectation." The components of the marketing mix serve as a means to an end, enabling marketing managers to successfully prepare for and accomplish organizational goals and objectives. Marketing mix, according to McCarthy and Perreault (1987), is a set of elements under an organization's control that it uses to appease its

target market. Marketing mix is "the set of controllable marketing variables that the firm combines to elicit the reaction of demands in the target market," according to Kotler and Armstrong (1989). The two meanings have a lot in common. They both concurred that the marketing mix should be used as a manageable instrument to fulfill the target market. According to Rafiq and Ahmed(1995) , the main area of contention in literature is what constitutes controllable variables or tools. McCarthy's (1964) 4Ps marketing mix has drawn a lot of criticism from the literature, particularly from the service industries (Robins, 1991; Davies, 1997; Mulhern, 1997;and Kotler,2003). Booms and Bitner (1981) expanded the 4Ps paradigm to reflect the service industry by adding process, physical evidence, and participation. The 4Ps' expansion by Booms and Bitner has received widespread support (Rafiq and Ahmed, 1995).

Customer demands and expectations must be satisfactorily met in order to provide high-quality service. Customer demands and expectations must always be anticipated and met in order to provide banking customers with high-quality service (Howcrof, 1991). Numerous studies have emphasised the value of banks' services, and they have found that their perceived quality edge increases their profits (Raddon 1987; Buzzell & Gale 1987). According to Parasuraman and Berry (1991), field sales forces gain reputation via providing high-quality service. According to Heskett et al. (1990), a business stands to profit more the longer it retains a customer. The strategic advantages of quality in boosting profit, market share, and returns on investment as well as cutting costs and raising productivity are sufficiently supported by evidence (Adrian 1995; Bateson 1995; Berry et al 1991; Buzzel et al 1981, Garvin 1983; Kotler 2003; etc.). The "ultimate weapon" is maximising client pleasure through superior customer service (Davidow & Uttal 1989).

The handling of the customer's money is the focus of the banking sector as a service sector. Due to the continual nature of this industry, a membership relationship is implied. Banking has a high credibility quality, which makes it difficult to assess with confidence even right away after receiving the goods or services. In this industry, it may also take a long time to make an appraisal that is fully informed (Devlin 2001). Because of this, it is challenging to both measure and determine consumer happiness in banking. Despite decades of research into the idea of service, there is no conceptualization of service quality (Cronin & Taylor, 1992; Rust & Oliver, 1994). Various scholars concentrated on various facets of

service quality. According to the most widely used definition, quality is determined by how well customers perceive the services (Berry et al. 1988; and Parasuraman et al. 1985).

The underlying idea behind this definition is that customers base their view of service quality on previous interactions with the company. As a result, the quality of the service is based on how the customers view it. In India today, there is a fierce amount of competition in the banking sector. It emphasizes the value of services, particularly in maintaining service quality, in addition to emphasizing the need of offering a wide range of products to create competitive advantages (Sousa 1999). A comparison study of clients of private and public sector banks operating in India is conducted using the service quality model (SERVQUAL of Zeithaml et al, 1988) to uncover any discrepancies in the respondents' opinions about service quality management in banks. The survey also makes an effort to determine what the consumers' expectations are for financial services and how well they deliver on those expectations. The banks must now uphold a standard of quality, be dedicated to exceeding expectations for the happiness of customers, shareholders, and staff, and take the lead in the financial sector's expansion and diversification (Balachandran, 2005). In the past few years, banking has seen a significant transition. Customers have rightfully expected banks to provide services of the highest caliber. Because they have many options, buyers will not accept anything less than the best. Banks are aware of the importance of satisfying client expectations. Therefore, there is a pressing need to advance the bank on the high tech ladder.

### **Objectives and Methodology:**

The main objective of the paper is to assess the customer satisfaction regarding e- banking services. The paper is based on a major research study conducted in the Lucknow region of Uttar Pradesh. Public, private and cooperative sector banks were selected in the study. Overall 452 bank customers were randomly selected for field survey. The field survey was conducted with the help of structured interview schedule. With the help of SPSS , data entry and tabulation work was completed while inferences and results were interpreted and discussed.

### **Analysis of Research Findings:**

Withdrawal of money, NRT/RTGS, bill payment and balance enquiry are some of the major uses of e-banking services. However, proportion of respondents using e-banking services for

withdrawal of money, balance enquiry and deposition of money was recorded comparatively high in public sector banks while proportion of respondents availing e-banking services for NRT/RTGS and bill payment was reported high in private sector banks. ATMs, internet banking, mobile banking and online banking are some of the preferred modes for availing e-banking services. However, modes of e-banking services vary across the selected banking sectors. Majority of the respondents were found comfortable with use of ATMs while about 2/5<sup>th</sup> respondents were found comfortable with internet banking. A larger proportion of respondents from private sector banks were found comfortable with internet banking while a larger proportion of respondents from public sector banks were comfortable with use of ATMs.

About 30 per cent respondents revealed that they are availing e-banking services on weekly basis while about 1/4<sup>th</sup> respondents reported that they are using e-banking services on alternate days or daily. About 22 per cent respondents further reported that they are occasionally availing e-banking services. This was found more pronouncing in cooperative sector banks (42 per cent). About 15 per cent respondents revealed that they are using e-banking services on monthly basis. Balance enquiry, fund transfers, bill payment, bank statement, cash withdrawal and online purchasing are some of the main financial transactions being availed through use of e-banking services. Majority of the respondents reported that they regularly received prompt communication regarding bank transactions for use of e-banking services. This was found more pronouncing in cooperative sector banks (83 per cent) followed by private sector banks (70.2 per cent). Less than 1/4<sup>th</sup> respondents reported that sometimes they get prompt communication regarding bank transactions for e-banking services. This was found more pronouncing in public sector banks. About 62 per cent respondents reported that e-banking services are cheaper than traditional banking services. This was found more pronouncing in private sector banks (68.9 per cent). However, a large proportion of respondents from public sector banks was either against the view point or could not respond (41.8 per cent). Time saving, 24 hour access, convenience and cost saving are some of the major benefits of e-banking services. However, the proportion of respondents reporting the benefits of e-banking services varies across the selected banking sectors.

Respondents were asked whether cash is available all time at ATM. More than half of the respondents revealed that sometimes cash is available at ATMs. This was found more pronouncing in public sector banks (54.7 per cent) followed by cooperative sector banks (54

percent). Thus, about 37 per cent respondents reported that cash is regularly available at ATMs. This was found more pronouncing in private sector banks. Majority of the respondents reported that they are getting quick and better services through computerization. This was found more pronouncing in cooperative sector banks (81 per cent) followed by public sector banks (67.7 per cent). However, about 37 per cent respondents from private sector banks were against the view point.

About 64 per cent respondents were found satisfied with the availability and access of ATMs of banks. This was found more pronouncing in public sector banks (68.2 per cent) followed by cooperative sector banks (64 per cent). However, more than 1/4<sup>th</sup> respondents from private sector banks were found dissatisfied with the availability and access of ATMs at banks. More than half of the respondents were satisfied with availability of currency notes in ATMs of banks. This was found more pronouncing in public sector banks (56.2 per cent) followed by private sector banks (54.2 per cent). Thus, more than 1/4<sup>th</sup> respondents were found dissatisfied with the availability of currency notes in ATMs. About 56 per cent respondents were found satisfied with the functioning of ATMs. This was found more pronouncing in public sector banks (64.7 per cent) followed by private sector banks (59.6 per cent). More than 2/5<sup>th</sup> respondents from cooperative sector banks were found dissatisfied with the functioning of ATMs. About 56 per cent respondents rated the customer services as good. This was found more pronouncing in public sector banks (64.7 per cent). However, slightly less than 1/4<sup>th</sup> respondents from private sector banks rated the customer services as superior. Less than half of the respondents from cooperative sector banks rated the customer services as fair. However, a higher proportion of respondents from private sector and cooperative sector banks rated customer services as poor.

### **Conclusion:**

The overall, the analysis demonstrates that banks have extended e- banking services and ensured effective delivery of banking services. The ATMs , automatic updation of passbook , mobile banking , SMS alerts on bank transactions etc have improved the outreach and accessibility of banking services. The bank customers are availing e- banking services through use of ATMs, automatic passbook updation machine and mobile banking mainly for withdrawal of money, balance enquiry , NEFT/ RTGS, bill payment and on line purchasing. Majority of respondents were found satisfied with the availability of ATMs, functioning of

ATMs currency notes in ATM and security guards. They also find the services of banks as speedy, accurate and prompt due to introduction of e- banking services. Overall, majority of bank customers rated the banking services as good and superior.

There has been significant improvement in banking services. The technological changes in the banking services have brought about significant improvement in the outreach and quality of banking services and improved overall efficiency and effectiveness of the banks. The customer satisfaction has also improved drastically with major emphasis on customer care. Most of the customers were also found to be satisfied with the products and services of banks. They were also of the view that banks have innovative plans to suit the financial needs of the customers. The technological advancements in the banks are basically designed for meeting out the customers' expectations.

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