

CONSUMER SATISFACTION IN THE E-BANKING SECTOR

Dr. S. Sudharsan

Assistant Professor, Department of Social Work (Aided), Madras Christian College, Chennai, India.

Abstract: E-Banking is the process by which a customer can perform banking transactions electronically without visiting a banking institution. E-banking refers to the use of information technology which allows customers to access banking services electronically like paying bills, transfer of funds, and check their account balance, to get updates and other information. The e-banking channels are new delivery channels for banks in India. These channels are informative and act as a transactional medium for the users. Nowadays banks are working hard to attract customers and retain their place in the banking sector. Customers who use e-banking tend to be more profitable, and willing to refer their bank to friends and family than the traditional banking customers. Advanced technology is playing a major role in improving the services in banking. Electronic banking, automated fund transfers, and electronic fund transfers etc. are all technological innovations that have helped banks to provide faster and easier access for their customers.

Keywords: Banking sector, e-banking, consumer satisfaction.

INTRODUCTION:

E-BANKING is an online system which allows customers to plug into a host of banking services from a personal computer by connecting wires. Technology continues to make online banking easier even for the average consumer. Banks are using a variety of names for online banking 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. The information technology has revolutionized various aspects of our life. The world at large is rapidly entering into the 'Net Age'. Banking activities carried on through computers and other electronic means of communication is called as 'Electronic Banking' or 'E-Banking'. E-Banking is the process by which a customer may perform banking transactions electronically without visiting a banking institution. The following terms all refer to one form or another of electronic banking: personal computer (PC) banking, Internet banking, virtual banking, online banking, home banking, remote electronic banking, and phone banking. PC banking and Internet or online banking is the most frequently used designations. It should be noted, however, that the terms used to describe the various types of electronic banking are often used interchangeably. 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. Customer, both corporate as well as retail, are no longer willing to queue in banks, or wait on the phone, for the most basic services. They demand and expect to be able to transact their financial dealings where and when they wish. With the increasing technology every year, the electronic delivery of banking services is becoming the ideal way for banks to meet their client's expectations. Consequently, the revolution of information technology has brought about changes in the way banking transactions are carried out. From the traditional banking,

which involved voluminous and laborious paper work, the banking networking in India has been slowly transforming into online banking what is popularly called as E-BANKING (i.e.) electronic banking. The changing needs of customers reflect the expectations of value added servicing for basic banking requirements. The new concepts of e-banking have broken the barriers of branch banking. Customer can do their business from home and office, round the clock service using the pc or telephone and through the system of internet banking. E-banking services include conducting banking transactions electronically. Some of the transactions performed through on-line banking include opening new account, reviewing transaction details, checking various account balances, transfer of funds, payment of bills, reconciliation, applying for loans, fund transfer from one account to another etc. Advanced technology is playing a major role in improving the services in banking. Electronic banking, automated fund transfers, and electronic fund transfers etc. are all technological innovations that have helped banks to provide faster and easier access for their customers. Receiving and making payments electronically includes the advantages of low external and internal costs, certainty of payment date, improved cash flow projections, reduced frauds, and improved accuracy due to reduced data entry. Technology was the base for banks introducing automated teller machines(ATM) and point of sale(POS) in the 1970's telephone banking in the 1980's and Internet in 1990's. Ironically, these same innovations could eventually make physical banks obsolete. Traditional banks are left to either compete solely in price, or to spend lots of money on promotion and maintenance of expensive branches. With the Internet and related technologies, virtual banking will begin to take new forms. Currently, virtual banking exists in the forms of ATMs, phone banking, home banking and Internet banking. Online consumer banking, electronic shopping malls and marketing focused websites tend to get the most publicity and there are

various examples of this in use. Technology is an integral part of the process of transformation that banks are undergoing. New technology like electronic banking is improving bank's cost competitiveness and changing their go-to-market approach. Electronic fund transfer systems (EFTS) are a very broad field incorporating many financial services. Among the services most frequently associated with EFT'S are transfer of funds through wires, direct deposit of income checks, authorized payments, check verification, credit card authorization payments, ATM's, automated clearing house facilities and POS. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), and kiosk. The various retail and wholesale services provided by e-banking are as follows:

E-banking support services: In addition to traditional banking products and services, financial institutions can provide a variety of services that have been designed or adapted to supporting other banking services. Management should understand these services and the risks they pose to the institution. This section discusses some of the most common support services: web linking, account aggregation, electronic authentication, website hosting, payments for e-commerce, and wireless banking activities.

OBJECTIVES OF THE STUDY:

- To analyze the utility of e-banking.
- To examine customer opinion on services provided through electronic banking.
- To identify the problems with regards to e-banking services.
- To study the customer satisfaction and multiple delivery channels of e-banking.

Research Methodology: The study was exploratory in nature with survey method used to complete the study. The study was conducted during the period December 2010 – March 2011. The population of the study is the users of e-banking services in Chennai region. Purposive sampling technique was used to select the samples/non-random convenience sampling. Sample size was 100 respondents.

Tools used for data collection: The research instrument was the questionnaire. The questionnaire elicited both quantitative and qualitative information. For eliciting information on qualitative variables likerts scale ranging from 1 to 5 (where 5= "Highly satisfied"----- 1= "Dissatisfied") was used. These assigned numbers would provide the basis for the codes used for analysis purposes.

Data analysis: SPSS and Excel were used to analyze the results; Statistical tools used for analyzing the data are percentage analysis, chi square test with the help of cross tabulation and weighted average scores.

REVIEW OF LITERATURE:

Malhotra, Pooja & Singh, B. (2010) identified a study on "An analysis of Internet banking offerings and its determinants in India". The bankers as well as society at large will come to know where the banks lag in terms of adoption of Internet banking and in providing different products and services. An understanding of the factors affecting the extent of Internet banking services is essential both for economists studying the determinants of growth and for the creators and producers of such technologies. Polaris Software Lab (2010) "Polaris Software and IndusInd Bank launch INTELLECT PRIVACY Internet Banking Security Card". Intellect PRIVACY is a simple plastic card that customers can use to generate a one-time password (OTP) for carrying out any kind of online banking transaction including the sign on. Banks can issue booklets containing a desired number of cards that would last many transactions. Neha Dixit And Dr. Saroj K. Datta (2010) Bank's managers would segment the market on the basis of age group and take their opinion and will provide them necessary guidance regarding use of online banking. Azouzi, D. (2009) It is worthy to mention that the fear of loss because of transactions errors or hackers plays a significant role in alienating Tunisian customers from online banking. **B. Dizon, J.A. (2009)** identified a study on "Special Feature: Electronic Banking". In the study they have founded that while big banks still conduct the bulk of their business in brick and mortar bank branches, the finance sector has been increasingly investing on e-banking facilities to offer 24-hour, queue free services to their regular clients, whether through ATM machines, mobile phones or the Internet.

MAIN FINDINGS OF THE STUDY:

Following the analysis carried out in the previous chapter, the findings are as follows:

Demographic profile of the respondents:

- The majority of the respondents were male.
- The majority of the respondents were ranging between the age group 20 to 30 years.
- It was found that maximum numbers of respondents were graduates.
- Most of the respondents using e-banking services were salaried.
- The majority of the respondents fall under the income cadre of Rs.20000 and below.

- It is interesting to note that majority of the respondents avail the e-banking facility in ICICI bank.

Utility of e-banking:

- Most of the respondents feel that the main benefit of e-banking services is time saving.
- Maximum of the respondents use the e-banking service for transferring their funds.
- Majority of the respondents feel that the procedures for availing e-banking services are moderately easy.

Customer opinion on services provided through electronic banking:

- Many of the respondents do not hesitate to use e-banking services.
- The finding reveals that the frequency of using their e-banking services by majority of respondents was once in a week.

Problems identified in e-banking services.

- It was found that major problem faced by the respondent while availing the e-banking services is the security issue.
- Most of the respondents feel that the response given by the redressal committee when they post a problem is good.

Customer satisfaction and multiple delivery channels of e-banking:

- The most frequently used e-banking service is ATM.
- Almost 88% of the respondents are satisfied with the up gradation facilities available in the bank's website.
- Majority of the respondents are highly satisfied with the transaction speed of their online banking facility.
- 97% of the respondents are satisfied with the technologies available in e-banking services.

Demographic profile and their association with the factors of e-banking services:

- The research reveals that there is no association between age and the usage of e-banking services among the respondents.
- The finding depicts that there is no association between educational qualification and usage of e-banking services among the respondents.

- The evaluation reveals that the educational qualification of the respondent is not associated with the periodicity of e-banking services.

- The study portrays that the occupation of the respondent has a significant association with the prominently used e-banking facility.

SUGGESTIONS:

- ❖ The banks have to take necessary steps to remove frauds and forgeries in online banking which will attract many online users.
- ❖ The banks have to take necessary steps to retain the trust of current customers as well as for the upcoming customers.
- ❖ Many banks can open a separate redressal committee for immediately solving the problem of e-banking users.
- ❖ Every banks has to update their customers about every transaction they make using their electronic banking.
- ❖ The banks can eliminate the charges levied on the usage of ATM cards by their customers.
- ❖ Secrecy of the PIN should be increased.
- ❖ Banks should provide specific guidance to their customer.
- ❖ Banks has to increase their log-in speed of electronic banking which will save the valuable time of the customer.
- ❖ Regional languages must be introduced as an option for online banking which will be easier for the customers to browse.
- ❖ They may collaborate with foreign banks and provide easy access of customers account in foreign countries.

CONCLUSION:

The electronic banking in the new millennium is likely to be driven by mergers, universal banking and developing information technology. While mergers will confer economies of scale, universal banking will dismantle the barriers between the traditional dichotomies of financial services. The information technology is likely to convert e-banking into a commodity which will suppress the difficulties faced by the pre online banking era. The verdict is that customers are more demanding than ever and their demands will continue to grow at a faster and more aggressive pace. Banks have to think on the ways they approached things in the past and think on creative

ways to reposition themselves for the future. If they are able to meet the needs of customers tomorrow, it will largely be through the internet as a key of delivery channel. E-banking and M-banking are very much a reality now. They are the newer delivery channels. Though the acceptance level may not be high among the customers, nevertheless the segment of population adopting this delivery channels have a huge purchasing power and banks in no way can afford to ignore their convenience.

Thus electronic banking is just one aspect of the new online financing world. Such areas as stock trading, payment of taxes, retirement benefits, debt management and mortgage or insurance are being greatly influenced by the growth of e-banking services provided by the bank. The customers are highly comfortable and are highly pleasurable to avail the electronic-banking facilities provided by the banks.

REFERENCES:

1. Malhotra, P., & Singh, B. (2010) "An analysis of Internet banking offerings and its determinants in India", *Journal of Internet Research*, Vol. 20, Iss. 1, pp. 87
2. IIT Madras, (2010), "Polaris Software and IndusInd Bank launch INTELLECT PRIVACY Internet Banking Security Card", PR Newswire
3. Neha Dixit and Dr. Saroj K. Datta; "Acceptance of E-banking among Adult Customers: An Empirical Investigation in India" *Journal of Internet Banking and Commerce*, 15[2], Aug, 2010, Pp 1-17.
4. Azouzi, D. (2009), "The Adoption of Electronic Banking in Tunisia", *Journal of Internet Banking and Commerce*, Vol. 14, Iss. 3, pp. 1-11
5. B. Dizon, Javier A. (2009), "Special Feature: Electronic Banking"
6. Uppal, R K. & Chawla, R. (2009), "E-Delivery Channel-Based Banking Services: An Empirical Study. Institute of Chartered Financial Analysts of India (Hyderabad)".
7. Agarwal, R., Raastogi, S., & Malhotra, A. (2009), "Customers' perspectives regarding e-banking in an emerging economy", *Journal of Retailing and Consumer Services*, Vol.16, Iss. 5, pp. 340-351
8. Mohammed Sadique Khan and Siba Sankar Mahapatra; "Service quality evaluation in internet banking." *International Journal*, 2[1], May, 2009,
9. Pooja Malhotra and Balwinder Singh; "The Impact of Internet Banking on Bank Performance and Risk: The Indian Experience" *Eurasian Journal of Business and Economics*, 2 [4], Mar, 2009, Pp 43-62.
10. Laukkanen, P., Sinkkonen, S., & Laukkanen, T. (2008), "Consumer resistance to internet banking: postponers, opponents and rejectors", *The International Journal of Bank Marketing*. Vol. 26, Iss. 6, pp. 440
11. Routray, S. (2008), "Wireless ATM: A Technological Framework to MBanking", *Journal of Internet Banking and Commerce*, Vol. 13, Iss.1
12. Basheer Ahmed Khan and N. Kamakodi; "Looking beyond technology: a study of e-banking channel acceptance by Indian customers" *International Journal of Electronic Banking*, 1[1], June, 2008, Pp 73-92.
13. Malhotra, P., & Singh, B. (2007), "Determinants of Internet banking adoption by banks in India", *Journal of Internet Research*, Emerald Group Publishing Ltd., Vol. 17, Iss. 3, pp.323-339
14. Shah, M.H., & Braganza, A. (2007), "A Survey of Critical Success Factors in e-banking", *European Journal of Information Systems*, Vol. 16, Iss. 4, pp.511
15. Mahmood Hussain Shah; "A survey of critical success factors in e-Banking" *European Journal of Information Systems*, 16[9], Oct, 2007, Pp 511-524.
16. Awamleh, R. (2006), "Diffusion of Internet Banking amongst educated consumers in a high income Non-OECD country", *Journal of Internet Banking and Commerce*, Vol. 11, Iss.3
17. Bauer H. Hans, Maik, H. & Falk, T. (2006), "Measuring the quality of e banking portals", *International Journal of Bank*, Vol. 23, Iss. 2
18. Kamiya, J. (2006), "How E-Banking Can Ease Your Life", Rediff.com
19. Veneeva, V. (2006), "E-Banking (Online Banking) and Its Role in Today's Society", Ezine articles
20. Jen-Her Wu; "Core Capabilities for Exploiting Electronic Banking" *Journal of Electronic Commerce Research*, 7[2], Nov, 2006, Pp 98-107.
21. Richard Boateng & Alemayehu Molla; "Developing E-banking Capabilities in a Ghanaian Bank" *Journal of Internet Banking and Commerce*, 11[2], Aug, 2006, Pp 111-121.
22. Sulaiman Ainin, C.H. Lim, Alice Wee, *The Electronic Journal of Information Systems in Developing Countries*, Vol 22 (2005), ISSN: 1681-4835
23. Anthoney, R. (2004), "User Friendly E-Banking: A Survey of Online EBanking Retail Initiatives", *Communications of the ACM*, Vol. 47, Iss. 10, pp. 99-102
24. Global Finance Joint Venture, Global Finance, 2004, China, Industrial and Commercial Bank of China, E-commerce, ISSN: 0896-4181;
25. Asghar, O. (2004), "Banking In a Cloud of Electrons".