

# Level of Customer Satisfaction While Using Internet Banking: A Study of Anand City

Yashasvi Rajnikant Rajpara\*, Komal D Mistry\*\*

## ABSTRACT

A considerable growth of internet based services has been observed in the last few years. Managing service quality while using internet as a distribution channel, is the challenge for the service provider. This study aims at evaluating service quality of internet banking services in Anand city from customer's perspective. A structured questionnaire containing 21 quality items is administered to various target groups. In this study, 5 quality dimensions i.e. Responsiveness, Reliability, Efficiency, Privacy of information and Easiness to use are considered. Customers from two leading Banks, one from Public sector (State Bank of India) and one from Private sector (ICICI Bank) were considered for the purpose of study. Data was statistically analyzed to assess overall service quality of Internet Banking.

**Keywords** Customer Satisfaction, Internet Banking, Service Quality.

## 1. INTRODUCTION

In the world of banking, the development of information technology has an enormous effect on development of more flexible payments methods and more-user friendly banking services. Internet banking involves, consumer using the Internet to access their bank account and to undertake banking transactions. At the basic level, Internet banking can mean the setting up of a web page by a bank to give information about its products and services. At an advanced level, it involves provision of facilities such as accessing accounts, transferring funds, and buying financial products or services online.

The service industries are mostly customer driven and their survival in competitive environment largely depends on quality of the service provided by them. In this context, quality of service furnished by banking sector is very important and profitability of their business is closely connected to the quality of service they render (Zahorik and Rust, 1992; Rust et al., 1994; Rust et al., 1996). Businesses seeking to improve profitability are, thus, advised to monitor and make improvements to their service quality on an ongoing basis (Gerrard and Cunningham, 2005). Technology plays a vital role in improving the quality of services provided by the business units.

In India, slowly but steadily, the Indian customer is moving towards Internet banking. But they are concerned about security and privacy of internet banking (Malhotra and Singh, 2009). In the Internet banking, trust plays a very important role. It is very difficult to analyze trust as a phenomenon and may be almost impossible to analyze trust in the context of electronic commerce because of the complexity and risk.

In this paper, an attempt is made to find out the level of satisfaction among customers while using internet banking with special reference to Anand city. There are many forms of Internet Banking like Automated Teller Machine (ATM), Tele Banking, Smart Card, Debit Card, E-Cheques, etc. But here only Internet Banking through Bank's website is considered. The study also attempts to compare the services provided by Public sector and Private sector Bank.

### 1.2 Internet Banking in India

Internet banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a Bank. All the following terms refer to one form or another of Internet Banking: Personal Computer (PC) Banking, Electronic Banking, Virtual Banking, Online Banking, Home Banking and

\*Assistant Professor, SGM College of Commerce & Management (SEMCOM), Vallabh Vidyanagar, Gujarat, India

\*\*Assistant Professor, SGM (EM) College of Commerce & Management (SEMCOM), Vallabh Vidyanagar, Gujarat, India

Mobile 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 Internet banking are often used interchangeably.

Internet banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. Internet banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or to obtain information on financial products and services through a public or private network.

Internet banking is an activity that is not new to banks or their customers. Banks had been providing their services to customers electronically for years through software programs. These software programs allowed the user's personal computer to dial up the bank directly. In the past however, banks have been very reluctant to provide their customers with banking via the Internet due to security concerns. But now banks seem to be very much focused on Internet banking. There are two reasons for the sudden increase in interests of banks in Internet banking. First major reason is because of the improved security methods developed on the Internet. The second reason is that banks did not want to lose a potential market share to banks that were quick to offer their services on the Internet.

In 2001, a Reserve Bank of India survey revealed that more than 20 major banks were either offering internet banking services at various levels or planned to do so in the near future. And in the same year, out of an estimated 0.9 million Internet user base, approximately 17 percent were reported to be banking on the Internet. The above statistics reveal that India does have a high growth potential for internet banking. The banks have already started focusing on increasing and improving their internet banking services. As a part of this, the banks have begun to collaborate with various utility companies to enable the customers to perform various functions online.

Private Sector and foreign banks are leading in providing Internet Banking services. Some of the private banks include ICICI Bank, HDFC Bank, IndusInd Bank, IDBI Bank, Citibank, Global Trust Bank, Bank of Punjab and AXIS Bank, and they had started capturing the market through Internet banking. Hence, the competition is increasing and the lack of technology can make a bank

looses a customer. So, now the public banks are breaking the chains of traditional set-up and gearing up to face the competition from the private sector counterparts.

The Internet and Mobile Association of India (IAMAI) found that about 23% of the online users in India preferred Internet Banking as the banking channel to carry out their transactions, followed by ATM, which is preferred by 53%. Out of 6,365 Internet users sampled, 35% preferred online banking channel in India. (Source: IAMAI Report, 2006). In the study by IAMAI, it was found that the people are not doing financial transactions on the banks' Internet site in India because of reason such as security concerns (43%), preference for face-to-face transactions (39%), lack of knowledge about transferring online (22%), lack of user friendliness (10%), or lack of the facility in the current bank (2%). So, there are many reasons regarding the acceptance of Internet Banking amongst customers.

## 2. LITERATURE REVIEW

Researchers have paid much attention to the close relationships between service quality is customer satisfaction (Parasuraman et al., 1988). Oliver suggests that service quality is a more specific judgment which can lead to a broad evaluation of customer satisfaction (Oliver, 1993). Regarding the particular service quality dimensions that influence the formation of customer satisfaction, Johnston (1995, 1997) has found that the causes of dissatisfaction and satisfaction are not necessarily the same. Some service quality attributes may not be critical for consumer satisfaction but can significantly lead to dissatisfaction when they are performed poorly.

Johnston (1995) identified attentiveness, responsiveness-care and friendliness as the main sources of satisfactions in banking service, and integrity, reliability, availability and functionality as the main sources of dissatisfaction. Yang et al. (2004) identified five online service quality dimensions (responsiveness, reliability, competence, access and security) and their relationships with the customer-satisfaction. Wolfenbarger and Gilly (2002) observed that reliability and fulfillment are the strongest predictors for customer satisfaction.

Liu and Arnett (2000) identified five critical dimensions of online service quality in relations to customer satisfaction in the website. Among these, the quality of information that is relevant, accurate, timely, customized and complete are given priority for the customer satisfaction in the online services. The study by Khalil and Pearson (2007)

has found that trust significantly affects attitude towards internet banking acceptance. To encourage internet banking adoption, banks need to develop strategies that improve the customer's trust in the underlying technology.

The other factors include quick response, assurance, follow-up and empathy. Security, correct transaction, customer control on transaction (personalization), order tracking facilities and privacy are other important factors in the online service that affect the customer satisfaction. Joseph et al. (1999) investigated the influence of internet on the delivery of banking services. They found six underlying dimensions of e-banking service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization.

Jun and Cai (2001) identified 17 service quality dimensions of internet banking service quality. These are reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding the customer, collaboration, continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features. They also suggested that some dimensions such as responsiveness, reliability and access are critical for both traditional and internet banks..

From the brief review of related literature, it can be concluded that study related to level of satisfaction of consumers is having growing importance in the economy. It is an attempt to find out the level of satisfaction while using Internet Banking in Anand city.

**Table 1:** Demographic Profile

<i>Demographic Variable</i>	<i>Frequency</i>	<i>Percentage</i>
Age:		
Less than 30 years	100	33.33
31 – 40 years	150	50.00
41 – 50 Years	30	10.00
Above 50 years	20	6.67
Total	300	100.00
Gender:		
Male	218	72.67
Female	82	27.33
Total	300	100.00
Profession:		
Service	221	73.67
Business man	71	23.67
Not working	8	2.67
Total	300	100.00
Status of Usage:		
From last 2 months	50	16.67
From last 6 months	70	23.33
From last 1 year	150	50.00
From last 2 years	30	10.00
Total	300	100.00
Name of Bank:		
State Bank of India	150	50
ICICI Bank	150	50
Total	300	100

### 3. RESEARCH DESIGN

The main purpose of this research is to identify the various Service Quality dimensions, which affects the customer satisfaction.

#### 3.1 Sampling and sample size:

For the purpose of achieving the objective, a descriptive study was conducted. Primary data were collected from Internet Banking users of Anand city from two Banks i.e. State Bank of India (leading Public sector Bank) and ICICI

**Table 2:** State Bank of India

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Responsiveness	In case of any problem, the bank provides accurate and immediate information to solve the problem	12	26	52	36	24
	Bank is willing to help the customer in providing solution for problem	20	14	70	22	24
	If any error happens by bank, they will compensate	2	14	4	32	98
	You can talk to customer service representative by online chat	37	39	24	34	16
	The conformation of the service ordered is provided by the website	24	22	60	24	20
	Bank website enables to access service right at the first time	38	42	32	26	12
	Quick conformation is provided by the bank website for the service	38	42	32	26	12
Reliability	Bank web site do not freeze after you put in all the information	22	18	10	32	68
	Web pages can be downloaded quickly	47	49	24	24	6
	Information provided on bank website is accurate	38	32	42	16	22
	Language and information content on website are easy to understand	12	8	10	42	78
Efficiency	The speed of login of your account is fast	25	25	30	20	50
	It is easy to find all information from website	17	98	16	9	10
	The speed of logout is fast	12	36	22	38	42
	You can rely on bank web pages functioning properly	38	42	32	26	12
	Bank website is accessible all the time	2	4	14	32	98
Privacy of information	Personal information is carefully collected by banks	11	22	18	37	62
	Bank website is completely secure for credit card information	10	9	16	27	88
	You can rely on bank that they don't misuse your personal information	3	7	18	32	90
Easiness to use	The Bank website is easy to navigate and simple to use	42	43	25	20	20
	The policy and notice statement are easy to find on website	2	4	14	32	98

Bank (leading Private Sector Bank) providing Internet Banking services with the help of structured questionnaire. A sample of 300 respondents (150 customers from each bank) who actually use internet banking was selected by following non-probabilistic convenience sampling technique as it is appropriate for exploratory studies.

### 3.2 Research Instrument

Service quality can be defined as the degree of discrepancy between customer's normative expectations for the service and their perceptions of the service performance. Questionnaire had a list of 21 statements related to efficiency, tangibility, responsiveness, reliability and

**Table 3:** ICICI Bank

<i>Quality Dimension</i>	<i>Statements</i>	<i>No. of Respondents</i>				
		<i>Strongly Disagree (1)</i>	<i>Disagree (2)</i>	<i>Neutral (3)</i>	<i>Agree (4)</i>	<i>Strongly Agree (5)</i>
Responsiveness	In case of any problem, the bank provides accurate and immediate information to solve the problem	12	16	32	56	34
	Bank is willing to help the customer in providing solution for problem	24	14	20	70	22
	If any error happens by bank, they will compensate	4	2	14	32	98
	You can talk to customer service representative by online chat	6	4	20	42	78
	The conformation of the service ordered is provided by the website	20	22	24	60	24
	Bank website enables to access service right at the first time	12	32	26	38	42
	Quick conformation is provided by the bank website for the service	19	25	23	38	45
Reliability	Bank web site do not freeze after you put in all the information	21	18	11	32	68
	Web pages can be downloaded quickly	52	46	22	20	10
	Information provided on bank website is accurate	35	28	42	19	26
	Language and information content on website are easy to understand	2	8	20	32	88
Efficiency	The speed of login of your account is fast	22	22	25	25	56
	It is easy to find all information from website	17	78	16	19	20
	The speed of logout is fast	12	16	22	48	52
	You can rely on bank web pages functioning properly	38	40	30	30	12
	Bank website is accessible all the time	2	3	20	25	100
Privacy of information	Personal information is carefully collected by banks	18	22	14	36	60
	Bank website is completely secure for credit card information	14	12	22	22	80
	You can rely on bank that they don't misuse your personal information	10	12	8	25	95
Easiness to use	The Bank website is easy to navigate and simple to use	36	24	25	33	32
	The policy and notice statement are easy to find on website	2	2	6	35	105

empathy. Respondent has to choose one option of each statement depending on whether they Strongly Disagree, Disagree, Neutral, Agree or Strongly Agree with statement. Statements are measured on five point scale where strongly Disagree = 1 point, Disagree = 2 points, Neutral = 3 points, Agree = 4 points and Strongly Agree = 5 points were awarded.

#### 4. ANALYSIS OF RESULTS:

##### 4.1 Demographic Profile of respondents:

Majority of respondents are male (72.67%) and 50% respondents belonging to age group of 31-40. 73.67% Respondents belonging to service class, and 50% respondents using the internet banking from last one year. Numbers of respondents from both the banks are equal.

##### 4.2 Data Analysis and Interpretation:

To identify the various Service Quality dimensions, which affects the customer satisfaction response have been taken from 300 customers (150 from each bank) by way of questionnaire had a list of 21 statements related to efficiency, tangibility, responsiveness, reliability and empathy. Respondent has to choose one option of each statement depending on whether they Strongly Disagree, Disagree, Neutral, Agree or Strongly Agree with statement. Statements are measured on five point scale where strongly Disagree = 1 point, Disagree = 2 points, Neutral = 3 points, Agree = 4 points and Strongly Agree = 5 points were awarded. The total responses received from customers of both the banks were as follows:

**Table 4:** Sample

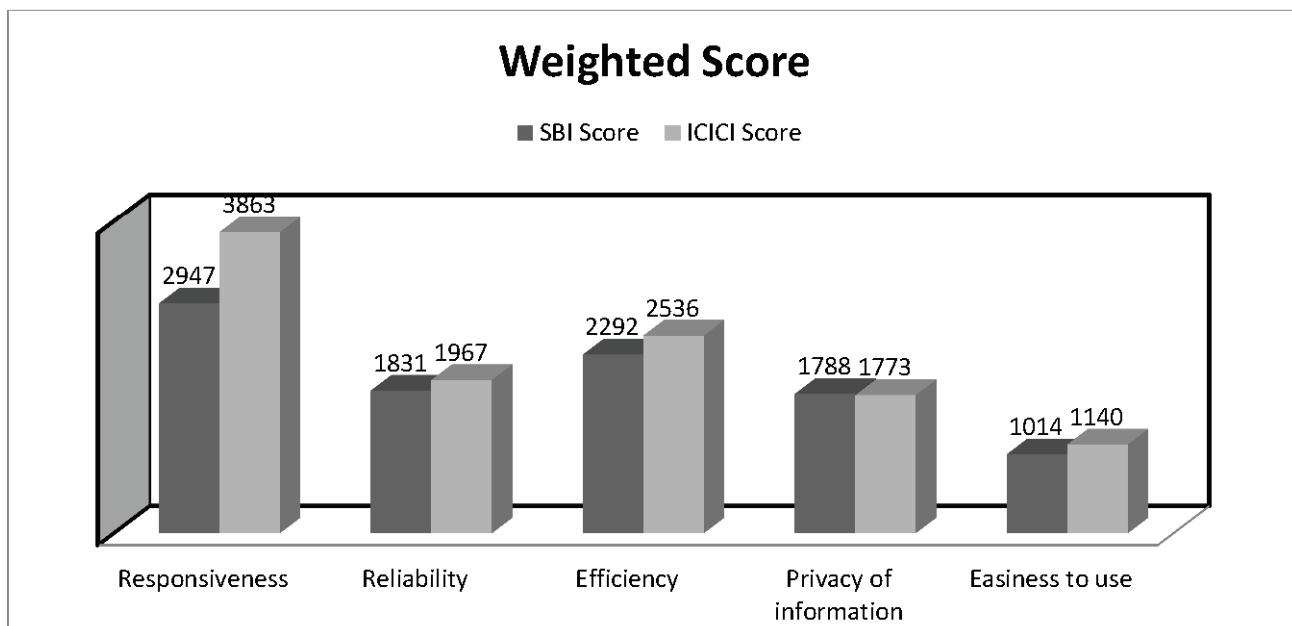
Quality Dimension	SBI Score	ICICI Score
Responsiveness	2947	3863
Reliability	1831	1967
Efficiency	2292	2536
Privacy of information	1788	1773
Easiness to use	1014	1140

For the each response from the respondents points have been awarded for their satisfaction level against each statement. Where for Strongly Disagree = 1 point, Disagree = 2 points, Neutral = 3 points, Agree = 4 points and Strongly Agree = 5 points were awarded. So, total scores for each quality dimension were available for both the banks as follows:

On the basis of score both the banks can be compared on five service quality dimensions, each dimension consist of statements of respective group. The score difference of more than 10% is considered significant.

##### 4.3 Responsiveness

This quality dimension represents statements which reflect response available to the customer from bank website. Here Score of ICICI Bank is more than SBI. So, we can say that the customers of ICICI bank receive better response on website than customers of SBI Bank.



#### 4.4 Reliability

This dimension represents quality of information available to the customer through bank website. Here also Score of ICICI Bank is more than SBI Bank, however the difference of score is not too large. So, we can say that the customers of ICICI bank receives better information but the SBI is also not far behind in terms of providing information to the customers through its website.

#### 4.5 Efficiency

This dimension includes statements which represent accessibility of bank website. Here Score of ICICI Bank is more than SBI. So, we can say that the customers of ICICI bank have better access to the bank website than customers of SBI.

#### 4.6 Privacy of Information

This quality dimension represents privacy maintain by bank about information shared by customer on bank website. Here score of SBI is more than Score of ICICI Bank, so in terms of maintenance of privacy customer of SBI trust their bank more, however the score difference is not significant so customers of ICICI Bank also indicate trust on their bank website.

#### 4.7 Easiness to Use

This quality dimension represents navigation and availability of notifications on bank website. Here there is significant difference between score of ICICI bank & SBI. So, we can say that customers of ICICI Bank feel more easiness in use of their bank website in compare to customers of SBI.

### CONCLUSION

The internet banking has been sizzling in India. The growth in recent year attracts many banks to internet services, the competition resulted into benefit to the customers. Within Anand city, due to AMUL, GIDC, and educational institutes, majority of customers using internet banking are from service class. ICICI is the pioneer bank in India into internet banking so in majority of quality dimensions

it scores more than SBI, however looking at the score of privacy of information it seems that, people in India still trust Public Sector Bank. The difference in service quality arises mainly because of skilled human resource. ICICI succeed to attract young & efficient staff for the internet operations, while on the other hand SBI still suffers mentality of old employees. However in last few years, SBI came out as a leading Public Sector Bank, providing internet services.

### REFERENCES

- Gerrard, P. & Cunningham, J. B. (2005). The Service Quality of E - Banks: An Exploratory Study. *International Journal of Financial Service Management*, 1(1), pp. 102 - 117.
- Gupta, V. E-Banking: Global Perspective. IIM Publication.
- Johnston, R. (1995). The Determinants of Service Quality: Satisfiers and Dissatisfies. *International Journal of Service Industry Management*, 8(5), pp. 53 - 71.
- Johnston, R. (1997). Identifying the Critical Determinants of Service Quality in Retail Banking: Importance and Effect. *International Journal of Bank Marketing*, 15(4), pp. 111 - 116.
- Joseph, M., McClure, C. & Joseph, B. (1999). Service Quality in Banking Sector: The Impact of Technology on Service Delivery. *International Journal of Bank Marketing*, 17(4), pp. 182 - 191.
- Jun, M. & Cai, S. (2001). The Key Determinants of Internet Bank Service Quality: A Content Analysis. *International Journal of Bank Marketing*, 19 (7), pp. 276 - 291.
- Khalil, M. N. & Pearson, J. M. (2007). The Influence of Trust on Internet Banking Acceptance. *Journal of Internet Banking and Commerce*. An open access Internet Journal, August , 12,(2). Retrieved from <http://www.arraydev.com/commerce/jibc/>
- Liu, C. & Arnett, K. P. (2000). Exploring the Factors Associated with Website Success in the Context of Electronic Commerce. *Information and Management*, 38(1), pp. 23 - 34.
- Malhotra, P. & Singh, B. (2009). Analysis of Internet Banking Offerings and Its Determinants in India. *Internet Research*, 20(1), pp. 87 - 106.
- Oliver, R. (1993). Cognitive, Affective and of Attribute Bases of Satisfaction Response. *Journal of Consumer Research*, 20, pp. 418 - 430.

- Parasuraman, A., Zeithaml, V. A. & Berry, L. L. (1988). SERVQUAL: A Multiple Item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing*, 64(1), pp. 12 - 40.
- Parmeshwaram. *Indian Banking*. Sultan Chand Publication.
- Rajshekhhar, M. *Banking in New Millennium*. IIM Publication.
- Wolfenbarger, M. F. & Gilly, M. C. (2002). .Com Q: Dimensional Zing, Measuring and Predicting Quality of the E-Tail Experience, Working Paper, MA: Marketing Science Institute, Cambridge. 02-100.
- Yang, Z., Jun, M. & Peterson, R. T. (2004). Measuring Customer Perceived Online Service Quality. *International Journal of Operations & Production Management*, 24(11), pp. 1149 - 1174.
- Zahorik, A. J. & Rust, R. T. (1992). Modelling the Impact of Service Quality on Profitability: A Review. In Swartz, T. A., Bowen, D. E. & Brown, S.W. (Eds.). *Advances in Services Marketing and Management* (pp.49-64). Greenwich, CT: JA Press.