

CUSTOMERS' SATISFACTION OF E-BANKING SERVICES IN PUBLIC SECTORS BANKS IN CUDDALORE DISTRICT – AN EMPIRICAL STUDY*

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ABSTRACT

The objectives of study to focus on customers' satisfaction of e-banking services in public sectors banks in Cuddalore District, presently the modern banking sector has been providing enormously services rendered to various customer amongst services, the customer would get empowered due to a wide choice of services available on the net at a competitive cost. Thus, Internet banking presents a convenient and timesaving service for customers compared to traditional banking and service is available on the web for twenty-four hours a day, seven days a week and anywhere they need. For the bankers, online banking presents more opportunity to provide customized services and appropriate supply and demand than the traditional services. The aim of this research study will have retentions of their customer and attract the new modern customer. Hence the banker will bring online banking services and remedy for all the grievances of banking customers.

Keywords: Technology, Customer satisfaction, and banking sector etc.

1. Introduction

The banking sector is the backbone of any financial system and economy. Commercial banks play an important role in the development of underdeveloped and developing economies by mobilization of resources and their better allocation. The Indian Banking System is regulated by the Central Bank of the country i.e. Reserve Bank of India (RBI), which was nationalized in 1949. The RBI is the primary regulator for the banking sectors and the central government exercises direct and indirect control over banks through RBI to protect the depositors and to stabilize the banking system. Extensive powers have been conferred on RBI under the RBI Act, 1934 and the Banking Regulations Act, 1949. This social transformation process resulted in the unprecedented expansion of banking and financial system. However, the regulated business environment, poor quality of credit portfolio due to social lending without adequate safeguards against defaults, thin margins on social lending, disruptive tactics of trade unions, increasing number of loss-making branches due to unmindful branch expansion in rural areas and other factors resulted in sacrifice of the service quality and the operational productivity and profitability of these organizations. The banks still managed to survive due to the regulated business environment which killed the scope for competition among banks.

1.1. Internet Banking – An Overview

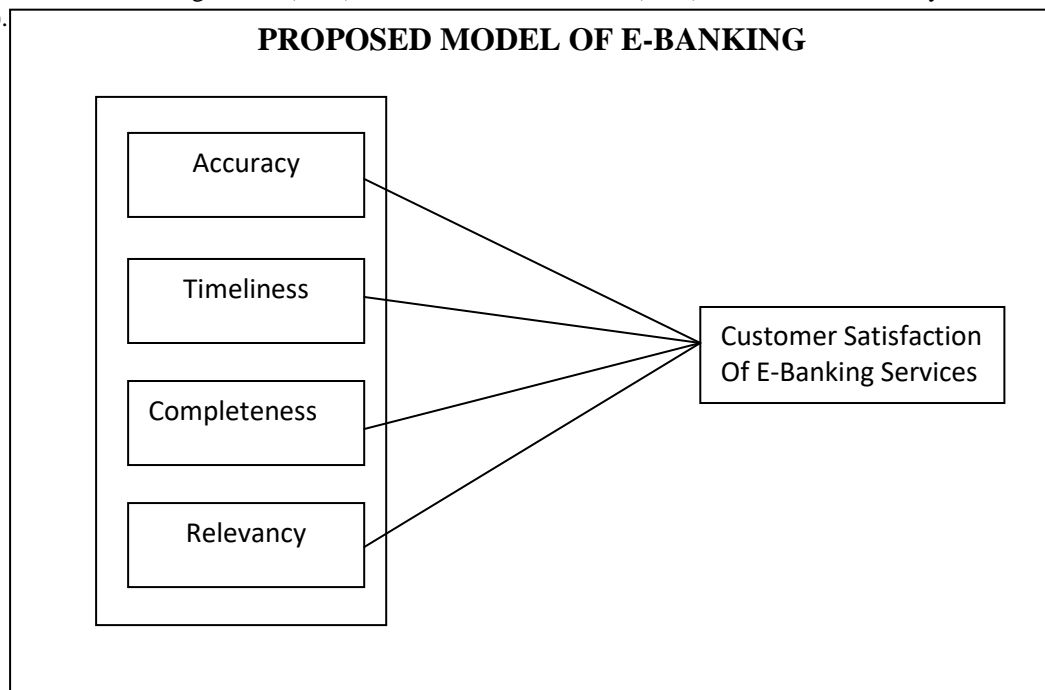
Internet and World Wide Web (WWW) in the developing countries have greatly changed the business environments of today's world. In the developing countries, consumers' are now focusing into another substitute channel like electronic commerce for shopping which is offering them more and more choices of products and services in order to help cost savings and its ease. The rapid growth of online shopping stuff and changing the fashion of consumer behavior is attracting more and more companies to join the bandwagon. Information and

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communication technology is helping to reduce the transaction cost of the business firms by providing cards and business services. Electronic banking would help financial institutions to lower cost which is very crucial for the long-term survival of the banks (Burnham,1996).² Financial institutions are now focusing on new delivery channels which include virtual public and private networks, dial-up connections, personal computers and Automated Teller Machines (ATMs). The websites of financial institutions play a vital role in electronic banking and deliver the sufficient information to customers. Mols(1998)³ stated that electronic banking provides a reduced amount of time as compared with traditional banking but in order to get benefits from these services, the readiness of consumers' to accept new technologies is more needed.

1.2. Internet Banking In India

The financial products and services have become available over the Internet, which has thus become an important distribution channel for a number of banks. Banks boost technology investment spending strongly to address revenue, cost and competitiveness concerns. A study on the Internet users, conducted by Internet and Mobile Association of India (IAMAI), found that about 23% of the online users prefer internet banking as the banking channel in India, second to ATM which is preferred by 53%. Until the advent of ATMs, people were unaware and not directly affected by the technological revolutions happening in the banking sector. ATMs became the major revelation for customers since it offered the facility to avoid long queues in front of the cashiers in banks. It also provided them the flexibility of withdrawing money-anytime, anywhere¹⁵. In the study by IAMAI, it was found that the people are not doing financial transactions on the banks' Internet sites in India because of reasons 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%).



2. Review of Literature

A literature review may be purely descriptive, as in an annotated bibliography or it may provide a critical assessment of the literature in a particular field, stating where the weakness and gaps are, contrasting the views of particular authors or raising questions. Such a review will not be just summary but will also evaluate and show relationships between different materials, so that key themes emerge.

Millson, F. and Kirk-Smith, M. (1996) in their article, indicated that members of Committees (QCs), were positive in their views towards QCs' effectiveness. A change in actual performance was the most relevant measure.

Royne, M. (1996) in his article, provided the initial direction in determining the proper SQ attributes to focus on promotional efforts when banks have a target market at least partially defined by gender and age. Further, gender and age were not the only characteristics on which marketing efforts should be based. Therefore, other segmentation variables, such as psychographics, geographies, and benefits sought must be considered when developing marketing and advertising strategies.

Zeithaml and Bitner (1996) in their article suggested that a customer relationship with a company was strengthened when that customer made a favorable assessment about the company's service quality and weakened when a customer made a negative assessment about the company's service quality.

East (1997) in his article, opionated that the quality of services offered would determine customers' satisfaction. For this reason, research on customers' satisfaction was often closely associated with the measurement of quality.

Gopal, K.S. (1997) in his article, stated that quality of services rendered by a bank could often be the single most important factor which can make customer shift loyalties and business to other banks.

Heskett, Sasser & Schlesinger (1997) in their article, suggested that customers' loyalty had a powerful impact on the performance of service firms and serves as an important source of competitive advantage.

3. Objectives of the Study

1. To analyze the profile of the customers in public sector banks in Cuddalore District.
2. To study the relationship between profile variables and level of satisfaction towards internet banking.
3. To identify the factors influencing the customers' satisfaction towards internet banking.
4. To offer a suitable suggestion to improve the customer services of the banks based on the findings.

4. Limitations of the Study

The following limitations of this research are worth mentioning. This research, only 500 respondents are restricted to measure the customer satisfaction. A large sample of respondents can only produce better results. The study area only restricted Chennai, perhaps the research area may be broader result may a best.

5. Significance of the Study

Today, Indian banking industry is in the midst of IT revolution. A great deal of automation is observed in Indian banking industry these days. New private sector banks and foreign banks have an edge over public sector banks as far as implementations of technological solutions are concerned. Bankers in India are continuously looking for the newer know-how's to improve service quality of their banks to gain a competitive edge. Therefore, service quality in Internet banking plays a vital role in retaining customers and meeting the customer's satisfaction level. In the Indian context, quality of service in Internet banking has not been adequately emphasized. Therefore, it is essential to focus on the quality of service in Internet banking. In doing so, it can provide guidelines for the bankers to implement the quality programme in Internet banking.

Table 1

Profile of the Customers

Age	Frequency	Percent	Cumulative Percent
Less than 25	71	14.2	14.2
26-30	95	19.0	33.2
31-35	131	26.2	59.4
36-40	67	13.4	72.8
41-45	58	11.6	84.4
more than 45	78	15.6	100.0
Total	500	100.0	
Gender	Frequency	Percent	Cumulative Percent
Male	254	50.8	50.8
Female	246	49.2	100.0
Total	500	100.0	
Educational	Frequency	Percent	Cumulative Percent
UG	82	16.4	16.4
PG	226	45.2	61.6
Professional	140	28.0	89.6
Others	52	10.4	100.0
Total	500	100.0	
Nature of Occupation	Frequency	Percent	Cumulative Percent
Government Employees	155	31.0	31.0
Private	97	19.4	50.4
Business and Trade	88	17.6	68.0
Students	56	11.2	79.2
Others	104	20.8	100.0

Total	500	100.0	
Monthly income	Frequency	Percent	Cumulative Percent
Less than 10,000	106	21.2	21.2
10,001 - 15,000	217	43.4	64.6
more than 15,001	155	31.0	95.6
Not applicable	22	4.4	100.0
Total	500	100.0	
Number of Banks	Frequency	Percent	Cumulative Percent
One	169	33.8	33.8
More than one	331	66.2	100.0
Total	500	100.0	

Since the sex of the customers has its own impact on the level of estimation and perception on the services of banks, it is included as one of the profile variables. The nature of estimation and perception on the bank's services may completely differ from male to female. The first two major age groups among the customers in the present study are less than 25 years and 25 —40 years, constitute 26.2 and 59.4 percent of the total. The level of education provides more awareness of banking to the customers and exposure to the present Banking experience in years. The educated customers may have more awareness and exposure on these aspects in general. Hence, the comparative analysis may have its impact on the perception of the services offered by the banks. So, the level of education is included as one of the profile variables in the present study. It is confined to schooling, graduation and post-graduation. The important level of education among the customers is graduation and post graduation, which constitute 45.2 and 61.6 percent of the total respectively. A maximum of 17.6 percent of the customers belongs to the business group. It is followed by the private employer and Government employees, which constitute 31.00 respectively. In the first two important 17.6 occupations are Government employee and the private employee who constitute 31 percent of its total respectively. In the present study, the monthly income among the customers is confined to below Rs.10000, Rs.10000 - 20000, Rs.20000 - Rs.30000 and above Rs.30000. the distribution of customers on the basis of their monthly income is illustrated. In the present study, the nature of customers is confined to individual, businessman, corporate and Govt. office. The nature of the customers is given in the table.

Table No: 2

Nature of gender and level of satisfaction – chi-square test

		Level of Satisfaction					Total
		1	2	3	4	5	
1	Count	112	45	6	48	36	247
	Expected Count	107.4	48.5	10.4	44.1	36.6	247.0
2	Count	105	53	15	41	38	252
	Expected Count	109.6	49.5	10.6	44.9	37.4	252.0
Total	Count	217	98	21	89	74	499
		217.0	98.0	21.0	89.0	74.0	499.0
Chi-Square Tests							
	Value	Df	Asymp. Sig. (2-sided)	Sig. 2-	Exact Sig.	Point Probability	
Pearson Chi-Square	5.998 ^a	4	.199	.200			
Likelihood Ratio	6.054	4	.195	.199			
Fisher's Exact Test	5.958			.202			
Linear-by-Linear	.014 ^b	1	.906	.915	.467	.028	
N of Valid Cases	499						

It is noted from the above table that the 'p; value is less than 0.05 the result is significant at 5% level. From the analysis, it is concluded that there is a close relationship between Level of satisfaction of respondents and Gender. So, eventually, Null hypothesis rejected, alternative hypothesis accepted. In order to find the relationship between the Type of bank of the respondents and Level of economic motivation, a chi-square test is used and the result of the test is shown.

Table No: 3

Level of Monthly Income and Accounts in Number of Banks

		Accounts in Number of Banks		Total
		One	More than one	
Monthly income	Less than 10,000	31	75	106
	10,001 - 15,000	69	148	217
	more than 15,001	67	88	155
	Not applicable	2	20	22
Total		169	331	500

Table 4 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.529 ^a	3	.004
Likelihood Ratio	14.762	3	.002
Linear-by-Linear Association	.987	1	.321
N of Valid Cases	500		

It is noted from the above table that the 'p; value is less than 0.05 the result is significant at 5% level. From the analysis, it is concluded that there is a close relationship between the Monthly income of the respondents and Number of accounts in the banks. So, eventually, Null hypothesis rejected, alternative hypothesis accepted.

**Table No: 5
Relationship between Customer’s Satisfaction and Nature of Occupation**

			Good Accommodation					Total	
			Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied		
Nature of job	Govt job	Count	152	0	0	0	0	152	
		Expected Count	57.0	33.2	20.4	17.7	23.8	152.0	
	Private Employee	Count	35	49	0	0	0	84	
		Expected Count	31.5	18.3	11.3	9.8	13.1	84.0	
	Business	Count	0	60	27	0	0	87	
		Expected Count	32.6	19.0	11.7	10.1	13.6	87.0	
	Students	Count	0	0	40	17	0	57	
		Expected Count	21.4	12.5	7.7	6.6	8.9	57.0	
	Others	Count	0	0	0	41	78	119	
		Expected Count	44.6	26.0	16.0	13.8	18.6	119.0	
	Total		Count	187	109	67	58	78	499
			Expected Count	187.0	109.0	67.0	58.0	78.0	499.0

Table 6 Chi-Square Tests

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1029.503 ^a	16	.000
Likelihood Ratio	1062.330	16	.000
Linear-by-Linear Association	451.035	1	.000
N of Valid Cases	499		

It is noted from the above table that the 'p; value is less than 0.05 the result is significant at 5% level. From the analysis, it is concluded that there is a close relationship between the Monthly income of the respondents and

level of satisfaction of customer's in the banks. So, eventually, Null hypothesis rejected, alternative hypothesis accepted.

6. Findings, Conclusions, and Suggestions

The main purpose of this part is to present a brief summary of findings and conclusions of this study and thereafter to provide certain suggestions for overcoming the problems, being identified in this study relating to customer satisfaction towards various services of the study banks. This Study is undertaken with a broad objective of assessing the customer satisfaction services in commercial banks in Cuddalore District.

7. Findings of the study

The nature of estimation and perception on the bank's services may completely differ from male to female. The first two major age groups among the customers in the present study are less than 25 years and 25 —40 years, constitute 26.2 and 59.4 percent of the total. The educated customers may have more awareness and exposure on these aspects in general. Hence, the comparative analysis may have its impact on the perception of the services offered by the banks. The important level of education among the customers is graduation and post graduation, which constitute 45.2 and 61.6 percent of the total respectively. A maximum of 17.6 percent of the customers belongs to the business group. It is followed by the private employee and Government employees, which constitute 31.00 respectively. In the first two important 17.6 occupations are Government employee and the private employee who constitute 31 percent of its total respectively. The monthly income among the customers is confined to below Rs.10000, Rs.10000 - 20000, Rs.20000 - Rs.30000 and above Rs.30000. the distribution of customers on the basis of their monthly income is illustrated. The analysis it is concluded that there is a close relationship between Nature of Occupation of the respondents and Gender. So, eventually, Null hypothesis rejected, alternative hypothesis accepted. The analysis it is concluded that there is a close relationship between the Monthly income of the respondents and Number of accounts in the banks. So, eventually, Null hypothesis rejected, alternative hypothesis accepted. The analysis it is concluded that there is a close relationship between the Monthly income of the respondents and level of satisfaction of customer's in the banks. So, eventually, Null hypothesis rejected, alternative hypothesis accepted.

8. Suggestions

The banks must play an effective role to satisfy the customers' demands while marketing their products and services. Banks must commit to providing the best possible services to their customers. Given below are some suggestions to improve the customer services. In the satisfaction level, the Commercial banks offered good technological innovations to their customers: Therefore the public sector banks like SBI must update the customer friendly innovative technologies to offer more level of satisfaction. The customers of both SBI and Commercial banks are not much aware of the availability and usage of certain products like Savings plus and Rent plus scheme. Med plus scheme and Basic banking – no-frills account. Hence it is suggested that the banks should develop new ways of working to improve efficiency in marketing. Banks must adopt customer segmentation, which will help in customizing their product portfolio well. It is suggested that both SBI and Commercial banks should dramatically improve their ECS mechanism to increase the level of satisfaction of customers towards the services provided under settlement system and centralized funds management system. It is suggested that both SBI and ICICI banks should dramatically improve their ECS mechanism to increase the level of satisfaction of customers towards the services provided under settlement system and centralized funds management system. Both the banks must provide relevant facts about their information technology-based products and services to create awareness among the customers. Research suggests that the financial services and the products offered over information technology by the banks should be simple and easy for the customers to understand. Those products and services should not be a challenge for those who have to choose among them.

9. Conclusion

Banks have also installed exclusive data communication network and they have become the members of the Society for World Wide Inter-Bank Financial Telecommunications (SWIFT) to establish a connection with their own branches and with other bank computers network, both nationally and internationally. In this context, it is significant to say that the Commercial banks have to introduce a sound information technology-based products and services or schemes with the help of professional excellence. It is further insisted that the banks have to be well aware of the changing needs and requirements of almost all the segments of customers while developing a package or while innovating a scheme to satisfy their interest.

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