

## **CUSTOMER PERCEPTIONS AND SATISFACTION LEVELS TOWARD INTERNET BANKING SERVICES OF INDIAN BANKING COMPANIES**

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### **ABSTRACT**

*Now a day, banking industry in India are rapidly increasing their reach and enhancing their services levels through the extensive use of internet banking. The internet banking services have now become quite common in Indian banking customers. This study has undertaken on the user of internet banking services of urban population of Haryana in special reference of customer satisfaction level, problems faced and possible solutions, which will, in a broad sense, be applicable to the whole of India.*

**KEYWORDS:** Internet Banking, Online Banking India, Banking, IT in Banks, e-Banking

### **INTRODUCTION:**

Traditionally, the main functions of banker are to accept deposits and lending money. Now the range of services rendered by modern banks is shifted from traditional services to modern services. Under the traditional services, banks provide different types of deposit accounts, grants of advances, collection of cheque, certificate of deposit, daily saving, minor saving, monthly income and retirement schemes, farmers deposit, insurance linked saving bank, smart money, housing deposit, personal loan, loan participation schemes, draft, bill of exchange, provision for remittance facilities by issue of draft, mail transfer, provision for safe deposit, lockers, purchase and sale of securities, etc. Under modern services banks offered services such as credit card, debit card, night safe service, services after regular banking hours, phone banking ATM services and internet banking services.

### **BACKGROUND OF THE STUDY:**

Internet banking has been playing a vital role in enhancing the service level of banks. It has simplified the work of both the banker and the customer and almost all the banks are concentrating on providing competitive internet banking services to their customers. Internationally the first online banking service in United States was introduced, in October 1994. The service was developed by Stanford Federal Credit Union, which is a financial institution. ICICI was the first bank to initiate the Internet banking revolution in India as early as 1997 under the brand name 'Infinity'. The invention of internet banking by Stanford

Federal Credit Union has helped the banks provide high quality and timely services to their customers. The availability of online technology has helped the banks to further simplify their task of providing efficient

internet banking services. Currently, statistic shows globally, 423.5 million people accessed online banking sites in 2012. According to Apurva Singh in his research papers, India has 205 million internet users and ranks third among the internet penetration of 12.6% after China and US. The Internet banking facilities offered by various banking institution have many features and capabilities in common, but also have some that are application specific. The common features fall broadly into two categories:

#### NON - TRANSACTIONAL ONLINE ACTIVITIES:

Viewing account balances

Viewing recent transactions

Downloading bank statements

Viewing images of paid cheques

Ordering cheque books

#### TRANSACTIONAL ON LINE ACTIVITIES:

Funds transfers between the customer's linked accounts

Paying third parties, including bill payments  
Investment purchase or sale

Credit card applications

Register utility billers and make bill payments

#### OBJECTIVES OF THE STUDY:

1. To examine the challenges faced by the customer with regard to internet banking.
2. To estimate the extent of customer satisfaction with regard to internet banking
3. To offer possible suggestions for improving internet banking services.

number of internet users in urban India is 137 million, while in rural it is increasing by 58% year on year growth.

#### MODERN BANKING ACTIVITIES:

#### RESEARCH DESIGN AND METHODOLOGY:

The study was based on primarily and secondary data. Almost all the internet banking functioning was indentified for canvassing a structured questionnaire to the customers who used them and secondary data from various sources. A sample of 400 customers was chosen to elicit feedback on the internet banking service provided by the banks in India. Secondary source of information such as newspapers, magazine, banks brochures and other records were used to obtain necessary background/supplementary information.

Of the 400 respondents interviewed, 192 were business person, 48 were professionals, 16 were government employees, 120 were private sector employees and 24 were agriculturists. The age of respondents ranged between 18 to 50 years. Area selected for internet banking is NCR region. The survey belonged to selected private banks like HDFC bank, ICICI bank, AXIS bank and INDUSIND bank.

#### FINDINGS OF THE STUDIES:

The following challenges were faced by the customer with regard to internet banking.

#### ADOPTION OF INTERNET BANKING:

The present study revealed that internet banking use increases insofar as customers perceive it as useful. The perceived usefulness is central because it determines whether the perceived ease of internet banking use will lead to increased use of the internet banking. Out 400 respondents 50 % were very familiar with internet banking use and rest were filling some trouble in technical operation of internet banking.

#### CUSTOMER TRUST ON NET BANKING:

The present study revealed that the effect of customer trust on net banking is so far important in the use of net banking. Out of 400 respondents it was found that business person, professional and trader have strong belief/ trust in the use of net banking on the other hand side government employee and agriculturalist have very poor trust in net banking. The causes behind this were generally encountered as level of technical education, demographic factors and importance of time of respondent in day to day life.

#### TECHNOLOGICAL AWARENESS OF CUSTOMER:

The present study revealed that age and education is the biggest challenges in adoptions of net banking. The respondents in the age group of 18-35 years having graduation

standard have well awareness of technology on the hand side in (36-50) group only 25% respondent have strong awareness and 75 % respondents have very poor awareness of technology.

#### QUALITY OF INTERNET CONNECTION:

The present study explores that internet quality/ speed is very poor in rural area and little satisfactory in urban area of the country. As published in the report *State of the Internet* by Akamai Technologies in 2013, the fastest average download data rate was measured at 23 Mbit/s in South Korea, which is over 40% faster than the next ranked country, Japan, on the side India ranked 51 in the world.

#### EXTENT OF SATISFACTION WITH REGARD TO NET BANKING SERVICES:

There are various points of satisfaction that we measure in the present study with regard to net banking. Summarised results are discussed here.

Table 1.1

#### OVERALL SATISFACTION OF CUSTOMER WITH REGARD TO THE USE OF NET BANKING SERVICES

List of Customer satisfaction with regard to net banking	1 Not at all satisfied	2 slightly satisfied	3 Moderately Satisfied	4 Very satisfied	5 Extremely satisfied	Total responses
User-friendliness	48 (12)	30 (7.5)	50 (12.5)	65 (16.2)	207 (51.75)	400
Ease of navigation	120 (30)	-	120 (30)	-	160 (40)	400
Customization/ Website appearance	230 (57.5)	-	40 (10)	10 (2.5)	120 (30)	400
Online customer support	175 (43.75)	-	164 (41)	-	61 (15.25)	400
Accuracy/ Up-to-date	68 (17)	-	-	160 (40)	172 (43)	400
Information tailored to	160 (40)	-	-	40 (10)	200 (50)	400

<i>specific needs</i>						
<i>Security capacity</i>	70 (17.5)	10 (2.5)	110 (27.5)	40 (12.5)	160 (40)	400
<i>Response time</i>	120 (30)	-	-	160 (40)	120 (30)	400
Perceived Convenience	80 (20)	40 (10)	40 (10)	80 (20)	160 (40)	400

Note: - Figures in parentless shows percentage from total respondents

#### USER FRIENDLINESS:

It is revealed from the encountered responses that 51.75 percent respondent were user friendliness they are extremely satisfied and a very low amount of respondent i.e., 12 percent were not to all satisfied. In empirically investigation the fact behind this result is that customers would be dissatisfied when they find the application hard.

#### EASE OF NAVIGATION:

In empirically investigation Liao and Chung in his study argued that users' satisfaction about website quality is improved when those sites are easy to navigate. In this research it is revealed that 40 percent respondents were extremely satisfied while 30 percent were very satisfied on the other hand side, 30 percent respondents were not to all satisfied it is due to low awareness of computer and regular uses of technology. Hence, here also for internet banking applications, ease of navigation can help improve customer satisfaction.

#### CUSTOMIZATION/WEBSITE APPEARANCE:

It refers to the ability of a web site to be shaped so as to better the meet needs of individual users. Customisation has been found to be one of the factors which influence user satisfaction with online systems. As internet banking applications are likely to be used by diverse range of customers, strong customisation capabilities would help creating satisfied customers. In our research it is revealed that 57.5% respondents are not all satisfied on the other hand, 30% are extremely satisfied rest were moderately satisfied. The satisfaction level is very low as compare to the

foreign studies. Reason behind this difference is due to low awareness of IT in Indian customers.

#### ONLINE CUSTOMER SUPPORT:

In the context of internet banking, banks need to provide wider range and higher quality of services in order to satisfy internet banking user's expectations. It is revealed that 43.7% respondents were not to all satisfied regarding on line customer support and 41% were moderately satisfied, rest were 15.25% extremely satisfied.

#### ACCURACY/ UP-TO-DATE:

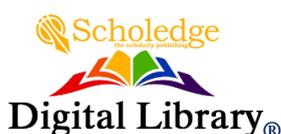
Bank is very concern about accuracy and up-to-date to their customer regarding various information and financial transactions. It is revealed that 17% respondents were not to all satisfied and 40% respondents are very satisfied rests were 43% respondents extremely satisfied.

#### INFORMATION TAILORED TO SPECIFIC NEEDS:

Banks care to their customer to meet the daily requirements of customers as what they want and where they want the banking services. But in Indian banking sector it is revealed that 40% respondents were not to all satisfied regarding information tailored to specific needs and 10% respondents are very satisfied rests were 50% respondents are extremely satisfied.

#### SECURITY CAPACITY:

It is revealed that 17.25% respondents were not to all satisfied 2.5% respondents are slightly



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satisfied 27.5 moderately satisfied 12.5% are very satisfied rest were 40% respondents are extremely satisfied.

**RESPONSE TIME/  
PERCEIVED CONVENIENCE:**

It is revealed that 30% respondents were not to all satisfied and 40% respondents are very satisfied rests were 30% respondents are extremely satisfied. With regarding to Perceived Convenience, It is revealed that 20% respondents were not to all satisfied and 10% respondents are slightly satisfied and 10% moderately satisfied 20% are very satisfied rest were 40% respondents are extremely satisfied.

**SUGGESTION OF THE STUDY:**

On the basis of the problems identified in the study the following suggestion emerge for improving the working of internet banking and their services.

1. Bank must appoint special IT officer who would also be able to guide the customers for availing the newer internet related banking services. In addition, they should take care of proper demonstration of the use of net banking services at their branches.
2. Banks should have proper IT room for those customers who do not have their own computer/laptop to use internet banking facilities. Many a time we are away from home and office but need to use net banking service this should be helpful in such occasion.
3. Bank should more simplify the NET transaction process as existing situation.
4. It should be care to avoid the problem of technical breakdown of central banking server through regular inspection and preventive maintenance.
5. Bank should manage duplicate ID and password for internet banking user

quickly with in a time frame in case someone forget his / her password and ID.

6. Bank should clearly inform to their customers about services charges of NET Banking services. Moreover, where as possible, the services charges should be reduced so as to encourage more NET Banking customers to make use of these services.
7. Customer should be better informed about the financial security of their NET banking transactions.

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