

Online Banking Service Quality and Customer Satisfaction (A Case Study of Select Private Sector Banks in Chennai City)

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Abstract:

Technology capsized the life style of a common man to an unpredictable extent. Days are gone where a customer has to stand in a queue to pay or withdrew or raise a query for the banking transactions. Today, thanks to the modernization of technology which facilitate the banking operations at the finger tip. Fund transfers, service bill payments, insurance payments, mobile recharges, payment to various services, receipt from various vendors are done with ease by the online transactions provided by banks. This study travels into the attitude of the customers who uses the online mode for banking operations and makes a maiden effort to measure the customer satisfaction derived through online operations of the banks. The online service quality has been measured based on the parameters namely E Modus, E Content, E Security, E support, E Technology and E Appearance.

The perception analysis has been applied to measure the perception on the online banking service quality of private sector banks. The correlation analysis was applied to understand the linear association between the variables of perception. The multiple regression analysis was applied to measure the relationship between the online service quality parameters and customer satisfaction. The R square value indicates that more than 79 per cent of variation in the customer satisfaction is explained by online service quality parameters with a strong and positive relationship between the customer satisfaction and the online service quality parameters. Among the parameters, E security, E support, E technology significantly influences the customer satisfaction than the other parameters. It is interesting to note that consumer consider security as their prima facie for the satisfaction of the service derived from a bank. The e support and e technology occupied the second and third satisfiers respectively.

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I. INTRODUCTION

Technology capsized the life style of a common man to an unpredictable extent. Days are gone where a customer has to stand in a queue to pay or withdrew or raise a query for the

banking transactions. Today, thanks to the modernization of technology which facilitate the banking operations at the finger tip. Fund transfers, service bill payments, insurance payments, mobile recharges, payment to various services, receipt from various vendors are done

with ease by the online transactions provided by banks. There are times a customer can make his transactions only in the concerned branch where he has opened his accounts, nevertheless today geographical boundary lines are evaporated through online transactions. Transfers across the borders make the world a global village. Virtual reality arrests the actual reality to such an extent of nil physical movement for banking transactions.

The story of online cannot be generalized to each and everyone of us. It is a world created, used and applied by web browsers and net savvies. Those of which, who are not blessed with basic education still undergoes the turmoil of old age operations of banking service. The study would concentrate on the online service users for banking operations and measure the customer satisfaction derived from it. This study travels into the attitude of the customers who uses the online mode for banking operations and makes an effort to measure the customer satisfaction derived through online operations of the banks.

II. ONLINE BANKING SERVICES

The various online banking services extended to a customer are discussed to understand the nature of the services rendered in a detailed manner.

Table-I: Online Banking Services

Sl. No.	Online Banking Services	Service Extended
1.	Online Shopping	The online shopping changed the entire gamut of purchase experience for a customer. The online shopping is possible only through the linkage of banks to various vendors for linking payment.

2.	Online Bill Payment	No more queues to pay customers' bills. Now the customers can pay their telephone, mobile, electricity, insurance and several other bills 24 hours, 365 days, with the ease of click.
3.	Online Railway Reservation	The tough day of standing in long queues for booking railway tickets are the stories of the past. Today banks online operations enables online booking of tickets through IRCTC payment gateway. Comfort at a click is possible through online banking.
4.	Centralized Banking Solution (CBS)	The Centralized Banking Solution enables the customers to operate their account from any place in India through an inter-branch networking operation.
5.	Online Trading	Banks provide online trading facilities to customers having account with bank and trading account with approved brokers
6.	Corporate Internet Banking	The internet banking provides plethora of operations line Online funds transfer, trade finance management, fund management, global access with unmatched benefits.
7.	Customer Care Facility	Banks present 24 hours customer care facility for all customers quarries and problems
8.	Online Tax Payment	The tedious task of various forms of tax payment like

		service tax, excise duty, DGFT, Custom duty and all charges are made simple through online payment of banking transactions.
9.	Depository Service	The demat accounts facilitates to hold the shares and securities in electronic form. The cumbersome process of purchasing and waiting for long days to get the certificates are the stories of yesteryears. Within a few days your purchase of shares and securities are deposited in your demat account is a boon today bestowed by online banking transactions.
10.	Electronic Clearing Service and Electronic Funds Transfer	Internet banking assists the customers in electronic clearing service for quick movement of funds in a paperless mode and EFT to ensure an expeditious transfer of funds by using electronic media.
11.	Online Air Ticket Booking	Banks provide facility of online airline ticket booking of domestic as well as international airlines to their customers.
12.	Online Insta Remit-RTGS Service	Instant remittance by customer from different banks on the same day through Online Real Time Gross Settlement (RTGS)/National Electronic Fund Transfer (NEFT) at modest charges.

ONLINE BANKING SERVICE QUALITY PARAMETERS



Fig. 1. Online Banking Service Quality Parameters

Table-II: Online Banking Service Parameters

Sl. No.	Online Banking Service Parameters	Service Extended
1.	E Modus	(i) Net Banking (ii) Mobile Banking (iii) App Support
2.	E Content	(i) Information Content (ii) Content Quality (iii) Personalisation
3.	E Security	(i) Protection (ii) Security (iii) Trust
4.	E Support	(i) Responsiveness

		(ii) Customer Support (iii) Queries
5.	E Technology	(i) Speed of Connectivity (ii) Technological Efficiency (iii) Adaptability
6.	E Appearance	(i) User Friendly (ii) Website Aesthetic

III. THEORETICAL FRAMEWORK

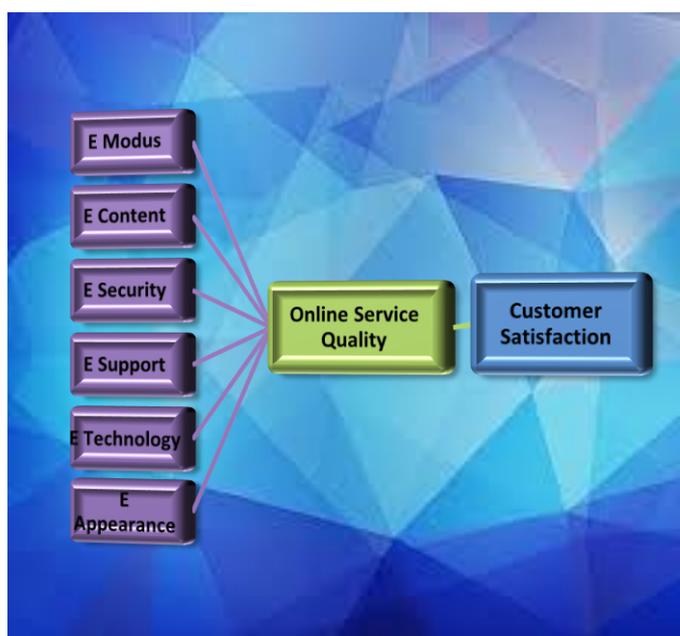


Fig. 2. Online Service Quality and Customer Satisfaction

The theoretical framework of the analysis has been shown in the chart 1. Accordingly the online service quality has been measured based on the parameters namely E Modus, E Content, E Security, E support, E Technology and E Appearance. The perception analysis has been applied to measure perception on the online banking service quality. The correlation analysis will explain the relationship between the variables of perception. Finally a multiple regression analysis will be applied to measure the

relationship between the online service quality parameters and customer satisfaction.

IV. REVIEW OF LITERATURE

Sunith (2019) sought to examine the most popular electronic banking services among customers and focused on the satisfaction of customers about the quality of these services. The author indicates the package of services enabled through core banking services. The analysis showed that ATM services high inclination of customers while comparing with other technological services provided by the banks. The study points out about the continuous change in the technology with a constant change in the customer preferences, necessitates the high need for consistent improvement in the strategies and latest technologies to attract and retain customers.

Babatunde Asiyanbi et al. (2018) makes an earnest effort to measure the impact of E-banking services on customer satisfaction of customers in bank branches located in Ibadan metropolis. Through a cross-sectional survey design and convenience sampling technique, 100 bank customers were surveyed. The result of the analysis brings to the fore that there is a high utilization of electronic banking products (ATM (98%), internet banking (85%), electronic transfer (97%). The problems encountered are internet network failure, bank fraud and business loss due to failed e-transactions. The Customers are satisfied with e-banking due to its cashless nature, cash accessibility, saves and seamless transactions. The results reveal a high satisfaction of the customers with e-banking.

Another analytical study made by Md. Khaled Bin Am. (2017) reported the level of customer satisfaction on online banking services of one bank limited in Bangladesh. The primary data were collected from the customers of five branches located in different places of Dhaka City. Even though the online banking services of One

Bank Limited is quite good, the customers are not aware and unwilling to utilise the services. Even educated customers give neutral feedback as they were not using the online bank services. Those of the customers who uses the online banking services, displays higher satisfaction with security and user friendliness of the website of the banks.

Vasan M (2014) focused on the level of satisfaction towards internet banking services with an objective of analysing the purpose of using internet banking, reasons for chosen internet banking, satisfaction of customers towards internet banking and to point out the problems encountered by the customers. Through analysing the 120 customers of ICICI Bank on a one-to-one basis, the study asserts that there is a high level of satisfaction among the internet banking users. The finding of the study directs the management of the ICICI bank to augment the service quality for higher customer satisfaction.

The six independent branches of Melli Bank in Tehran were chosen by Mandan Momeni (2013) for tracing the impact of electronic banking services on customer satisfaction and loyalty among customers through Structural Equation Model (SEM) approach. The study lists down the following factors namely ease of service use, website design, speed of connectivity and transactions, information security, information content and support service significantly effects the customer's satisfaction. The findings emphasis on the importance of customer satisfaction for establishing loyalty to bank and creating willingness to continue the e-banking service.

There are studies which travel across various geographical locations to analyse the service quality of banking sector and its impact on the Customer satisfaction. But the online service quality of banking sector is not analysed with specific attention to Chennai City. This study

aims to fill this research gap through its perception analysis.

V. OBJECTIVES OF THE STUDY

- To assess the quality of online services provided by select Private Sector Banks in Chennai City.
- To analyse the relationship between online banking services provided and the customer satisfaction.

VI. DATA AND METHODOLOGY

The study uses primary data through a structured questionnaire for the descriptive research. The analysis was carried down on the customers of the Private Sector Banks which are listed under the Nifty Private Bank Index. The list of the banks is presented below:

Sl. No.	Name of the Private Sector Bank
1.	Axis Bank Ltd.
2.	DCB Bank Ltd.
3.	Federal Bank Ltd.
4.	HDFC Bank Ltd.
5.	ICICI Bank Ltd.
6.	IDFC First Bank Ltd.
7.	IndusInd Bank Ltd.
8.	Kotak Mahindra Bank Ltd.
9.	RBL Bank Ltd.
10.	Yes Bank Ltd.

The perception of the customers on the online service was collected through a well structured questionnaire which is pre-tested and modified. The proportionate random sampling method was adopted by selecting different branches of the selected private sector banks. A total of 272 filled in questionnaires were received in total. Since 22 questionnaires were incomplete, they were rejected thus reducing the final sample size to 250. The period of the study (i.e. reference period – period of data collection) was 2018- 19.

VII. LIMITATIONS OF THE STUDY

- The study confines its geographical coverage to Chennai city alone. Thus the perception of the customers across the geographical locations may vary.
- The online facilities provided by banks are changing intermittently. The results are subject to variation due to the technological advancement in the service provided by the banks.

VIII. ANALYSIS AND INTERPRETATIONS

Table-III: Demographic Details of the Respondents

Demographic Variables	Categories	No. of Respondents	Percentage
Gender	Male	135	54.00
	Female	115	46.00
Age	Less than 30 years	104	41.60
	31 – 40 years	80	32.00
	41 – 50 years	48	19.20
	More than 50 years	18	7.20
Educational Qualifications	PG and Above	54	21.6
	UG	93	37.2
	HSC	61	24.4
	Below HSC	42	16.8
Occupation	Salaried	105	42.0
	Business	43	17.2
	Professional	42	16.8
	Others	60	24.0
Income	Less than Rs. 15,000	52	20.8
	Rs. 15,001 - Rs. 25,000	88	35.2
	Rs. 25,001 – Rs. 50,000	74	29.6
	Rs. 50,000 & Above	36	14.4
Frequency of Operations	Daily	26	10.4
	Weekly	67	26.8
	Fortnightly	36	14.4
	Monthly	91	36.4
	Rarely	30	12.0

Source: Primary data

Table III brings to the fore the demographic nature of the respondents selected for the study. 54 per cent of the respondents were men folk while 46 percent were women. The highest number of respondents was in the age group of below 30 representing 41.6 per cent of the sample. There are 80 respondents in the age group of 31 to 40 representing 32 per cent. The usages of online banking services are comparatively lesser in other age groups. The educational qualification is not a limitation for the usage of online banking service as they are represented in the table. It is noteworthy to mention that the customers with an educational qualification of below higher secondary education are lowest among the respondents group.

The occupation analysis brings to the fore the fact that salaried respondents are more in number than the other counterparts. More than 65 per cent of the respondents fall under the income group of earnings from Rs. 15,001 to Rs. 50,000. The online banking service is available very easily, but only necessities make them to use the ease of online banking. The online banking monthly users are high with 36 per cent. The payment of monthly commitments like installments, Recurring Deposits, Insurance, utility bills etc., might be the reason for the same. As per the requirement of the individual respondents, the frequency of operations also varies is shown in the table. The complete scrutiny of the nature of the respondents will give a bird's eye view for a researcher to carry out the assigned task of analysis.

Table-IV: Descriptive Statistics

Sl. No.	Online Banking Service Parameters	N	Min.	Max.	Mean	Std. Dev.
1.	E Modus	250	2	5	3.54	0.879
2.	E Content	250	1	5	3.33	0.923
3.	E Security	250	2	5	4.21	0.774
4.	E Support	250	1	5	3.88	0.846
5.	E Technology	250	3	5	4.13	0.798
6.	E Appearance	250	1	5	3.72	0.865

The descriptive statistics exhibits an overview of the variables employed in the study. Each online service parameters total observation along with their mean and standard deviation is present in the table IV. The mean and standard deviation are widely used in research studies and accepted as satisfactory measures of variation. The high mean score of 4.21 for E security indicates that customers consider security as their prime factor for online banking service satisfaction. The low mean score for E content also point out that their satisfaction do not depend more on the content part of an online banking service.

Table-V: Correlation Analysis on Online Banking Service Quality Parameters

Variables	E Modus	E Content	E Security	E Support	E Technology	E Appearance
E Modus	1.000	0.653	0.882**	0.828**	0.093	0.302
E Content	0.653	1.000	0.719	0.911**	0.048	0.301

E Security	0.882**	0.719	1.000	0.975**	-0.107	0.135
E Support	0.828**	0.911**	0.975**	1.000	-0.036	0.205
E Technology	0.093	0.048	-0.107	-0.036	1.000	0.902**
E Appearance	0.302	0.301	0.135	0.205	0.902**	1.000

Source: Primary data

Table V shows the linear association among the variables through the correlation analysis. Among the variables, E technology and E appearance, E support and E modus, E security and E content, shows significant correlation. The inverse relationship between the E technology and E security and E support is also visible through the results which is not statistically significant.

Table-VI: Multiple Regression Analysis of Customer Satisfaction and online banking service quality

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.887(a)	0.798	0.124	5.362

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	531.483	3	177.163	6.162	0.000**
Residual	14748.86	513	28.750		
Total	15280.35	516			

Coefficients

Model	Standardized Coefficients		Sig.
	Beta	Std. Error	
(Constant)	7.498	1.160	0.000
E Modus	0.005	0.022	0.828
E Content	0.038	0.023	0.122
E Security	0.708	0.028	0.000**
E Support	0.625	1.160	0.008**
E Technology	0.416	0.017	0.004**
E Appearance	0.068	0.031	0.111

a Dependent Variable: Customer Satisfaction

Table 4 reveals the results of the multiple regression analysis which was deployed to trace the relationship between the customer satisfaction and online service quality parameters namely E Modus, E content, E security, E support, E technology and E appearance. The degree of relationship between the variables stands at 0.887 is evident from Multiple R. The R square value indicates that more than 79 per cent of variation in the customer satisfaction is explained by online service quality parameters. The calculated f value is higher than the table value and the calculated p-value is less than the critical value ($p\text{-value} < 0.01$) signifying a strong and positive relationship between the customer satisfaction and the online service quality parameters. A scrutiny of the standardized beta coefficient will show what a unit change in the independent variable (service quality parameters) would produce an effect on the depend variable (customer satisfaction). Among the parameters, E security ($\beta = 0.708, p < 0.01$), E support ($\beta = 0.625, p < 0.01$), E technology ($\beta = 0.416, p < 0.01$) significantly influences the customer satisfaction than the other parameters.

It is interesting to note that consumer consider security as their prima facie for the satisfaction of the service derived from a bank.

That is an important message for all the banks. The trust of a consumer was principally based on their security. The E support and E technology occupied the second and third satisfiers respectively. Thus the customer expects E support and technological superiority with reachability to utilize the online banking services of a bank.

IX. CONCLUSION

The study aims to travel into the attitude of the customers who uses the online mode for banking operations and makes a maiden effort to measure the customer satisfaction derived through online operations of the banks. The online service quality has been measured based on the parameters namely E Modus, E Content, E Security, E support, E Technology and E Appearance. The perception analysis has been applied to measure the perception on the online banking service quality of private sector banks. The demographic details of the customers are analysed to understand their perceptions as the first step. The descriptive statistics gives a bird's eye view of the nature of the data. The correlation analysis was applied to understand the linear association between the variables of perception. The R square value of multiple regression indicates that more than 79 per cent of variation in the customer satisfaction is explained by online service quality parameters with a strong and significant positive relationship.. Among the parameters, E security, E support, E technology significantly influences the customer satisfaction than the other parameters. It is interesting to note that consumer consider security as their prima facie for the satisfaction of the service derived from a bank. The e support and e technology occupied the second and third satisfiers respectively. The results of the study will throw light to the policy makers on the parameters to be concentrated for deriving high customer satisfaction from online banking operations.

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