



CUSTOMER SATISFACTION OF INTERNET BANKING: A STUDY WITH REFERENCE TO PRIVATE AND PUBLIC SECTOR BANKS

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ABSTRACT

In today's busy world internet banking plays an important role in banking industry. In this paper, an attempt has been made to find out the customer satisfaction of internet banking with reference to private and public sector banks in Coimbatore district. A sample of 200 respondents were conveniently selected from Coimbatore District. The selected samples are analyzed using simple percentage and Friedman's ranking test. The study concludes that most of the public sector bank customers are satisfied with the transfer funds between their accounts and most of the private sector customers are satisfied with the transfer funds to a third party.



KEYWORDS : *Internet Banking, Customer Satisfaction, Technology, Innovation.*

INTRODUCTION

In today's scenario banking plays a vital role in the growth and development of developing countries like India. Banks lubricate the entire monetary and financial system and ensure smooth operations. . It supplies the lifeblood-money that supports and fosters growth in all the industries. Growth of the banking sector is measured by the increase in the number of banks' branches, deposits, credit etc. In analyzing the banking sector, it indicates the direction in which the country's economy is moving with the limitation of the process of liberalization and globalization of the economy. The financial sector, particularly the commercial banks, not only in urban areas, but also in rural areas where the first to experience the winds of change however, these changes were experienced more in urban areas than in rural areas. The economic reforms in India started in early nineties, but their outcomes visible now major changes took place in the functioning of banks in India only after liberalization, globalization and privatization.

Due the technological innovations in banking sector internet banking emerged. With the help of internet banking customers can do many more transaction through their personal computer and smart phones. Banking transaction can be done by the following instruments:

- ✓ Telephone Connection
- ✓ Phone Banking
- ✓ Automated Telephone system
- ✓ SMS Banking
- ✓ GSM SIM Toolkit
- ✓ Home Banking
- ✓ Automated Teller Machine
- ✓ Tele Banking

- ✓ Smart Cards
- ✓ Debit Card
- ✓ E-cheque

Benefits of Internet Banking

1. Manage your cash flow more effectively
2. Simplify your government remittances
3. Take full advantage of discounted payment terms
4. Allow your employees to prepare the transactions
5. Access all your accounts at any time, even outside office hours
6. Simplify your payroll and business-to-business (B2B) payables
7. Take advantage of all the services you need, no matter how big or small your business
8. Reduce administrative overhead
9. Carry out your foreign currency transactions
10. Simplify your account reconciliation and make investments

REVIEW OF LITERATURE

Inder Pal Singh and Payal Bassi (2017) revealed that E-banking is about using the infrastructure for digital age to create opportunities, both local & global. Information Technology enables the dramatic lowering of transaction cost and the creation of new types of banking opportunities that address the barriers of time and distance. It provide the banks with an increased customer base, cost savings, mass customization, product innovations, improved marketing, and communication, the ability to develop non-core businesses, and the ability to offer services regardless of geography and time constraints. With the development of communication technology, e-banking is expected to become a major banking method for customers. E-banking reduces costs by providing customers with another means of accessing their accounts without physically visiting a bank. In this paper a research on customer satisfaction by use of internet banking is described.

Ashima Tandon, Manisha Goel and Sunita Bishnoi (2016) observed that the present study is based on the responses of 450 consumers surveyed in Delhi and National Capital Region to understand the consumer awareness towards internet banking and the respondents were selected from public, private and foreign sector banks. To attain these objectives a questionnaire with five-point Likert scale consisting of various aspects related to internet banking was designed and random sampling method was adopted to collect the responses. The findings of the study indicate that the level of consumer awareness is higher in case of private and foreign sector banks in comparison to public sector banks. The findings of the study concluded that public sector banks need to focus on their working in order to battle with the private and foreign sector banks.

Pallavi Mehta (2015) revealed that new channels used to offer banking services will drive the growth of banking industry exponentially in the future by increasing productivity and acquiring new customers. The main objective of the study is to find the usage frequency of customers and their satisfaction level with respect to online banking services offered by public and private banks in Udaipur city.

During the recent days, banking through ATMs and internet has shown a tremendous growth, which is still in the growth phase. Internet banking allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or building society. Due to the emergence of technology bank has started facing more difficulty in order to remain unique and with increased use of internet users Internet Banking Services is another common service offered by every bank.

OBJECTIVES OF THE STUDY

1. To study the demographic profile of the internet banking customers.
2. To identify the customer satisfaction of internet banking with reference to private and private sector banks in Coimbatore district.

LIMITATIONS OF THE STUDY

- The study is restricted to the selected sample of Coimbatore District and hence the result of the study cannot be generalized.
- The statistical methods used to analyze the data have their own limitation
- All the limitations of primary data are applicable to this study.

METHODOLOGY

A sample of 200 respondents is collected from both public and private sector banks. While 100 respondents are collected from public sector bank and another 100 respondents are collected from private sector bank. These respondents are conveniently selected in Coimbatore District. Primary data is collected through well structured questionnaire. Data is analyzed by using simple percentage and Friedman’s Ranking Test.

ANALYSIS AND INTERPRETATION

Demographic Profile of the Respondents

Table-1 describes the demographic profile of the B2C online buying consumers which is taken for the study. Out of 100 respondents who were taken for the study: it has been identified that most (68%) of the respondents are male, (39%) whose age group is under 26 to 45 years, most (53%) of the respondents are graduates, maximum number (31%) of respondents are professionals, the monthly income of (46%) respondents is Rs.10,000 to Rs.25,000, (65%) belongs to nuclear family, number of members in respondents family are between 2 to 5 and (43%) respondents are influenced through advertisement to use internet banking.

Table 1: Demographic Profile of the Respondents

Factors	Number Of Respondents N=200	Percentage
Gender		
Male	136	68
Female	64	32
Age (Years)		
Up to 25	72	36
26 to 45	78	39
Above 45	50	25
Educational Qualification		
Up to School Level	28	14
Graduate	106	53
PG	66	33
Occupation		
Professional	62	31
Employee	58	29
Business	52	26
Others	28	14
Monthly Income		
Up to Rs.10000	44	22

Rs.10000 to Rs.25000	92	46
Above Rs.25000	64	32
Type of Family		
Joint	70	35
Nuclear	130	65
Number of Members		
Upto2	48	24
2 to 5	112	56
Above 5	40	20
Influence		
Family	54	27
Advertisement	86	43
Friends/Relatives	60	30

Table 2: Customers Satisfaction - Friedman Rank Test

Factors	Public Sector Banks		Private Sector Bank	
	Average Rank	Rank	Average Rank	Rank
Create/Renew Fixed/ Recurring Deposits Online	9.41	2	7.53	10
Pay your all types of bill	7.85	7	9.54	2
Responding to queries	8.50	5	8.53	7
Shop online through internet banking	9.13	3	9.13	4
Request a Demand Draft /Pay order	8.37	6	8.75	6
Transfer Funds between your accounts	9.67	1	7.45	9
Subscribe for Mobile banking/ATM/Debit car	7.52	10	8.89	5
Pay Credit Card Dues	8.76	4	9.34	3
Transfer funds to a third party	7.40	9	9.75	1
Online tax payment	7.67	8	7.59	8

Table-2 depicts about the Friedman Rank Test for customer’s satisfaction that there is a relationship between the ranks given. The satisfaction factor of the customers towards the internet banking through Friedman rank test, it is found that majority of the public sector bank customers are satisfied with the Transfer Funds between your accounts, Create/Renew Fixed/ Recurring Deposits Online, Shop online through internet banking, Pay Credit Card Dues and it is followed by others.. It is also found that majority of the private sector bank customers are satisfied with Transfer funds to a third party, Pay your all types of bill , Pay Credit Card Dues , Shop online through internet banking and it is followed by others. Thus, it found from the above table that most of the public sector bank customers are satisfied with the Transfer Funds between your accounts and most of the private sector customers are satisfied with the Transfer funds to a third party.

CONCLUSION

A bank customer include an account holder, or his representative, or a person carrying out casual business transactions with a bank, or a person who, on his own initiative, etc., Banking sector is facing the challenges with stiff competition and advancement of technology and innovation are required in every aspect of banking system. To develop the social banking environment, bank staff/ officials should maintain good relationship with the customers. To conclude the study, the overall performance of private sector banks is better than the public sector banks. This can be inferred from the following results: The level of customer satisfaction is higher in case of private and foreign sector banks in comparison to public sector banks. Hence, Public sector banks need to focus on their customer attention in order to battle with the

private sector banks.

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