



## CUSTOMER SATISFACTION WITH INTERNET BANKING SERVICES OF PUBLIC AND PRIVATE SECTOR BANKS IN THANJAVUR DISTRICT OF TAMILNADU

T. Revathi<sup>1</sup> and Dr. R. Murugupandian<sup>2</sup>

<sup>1</sup>M.Com., M.Phil., Ph.D Research Scholar , P.G & Research Department of Commerce , TBML College, Porayar, Nagapattinam District , Tamilnadu.

<sup>2</sup> M.Com, M.Phil, Ph.D., Associate Professor , P.G & Research Department of Commerce TBML College, Porayar, Nagapattinam District , Tamilnadu.

### ABSTRACT

The Indian Banking Industry has undergone radical changes due to liberalization and globalization measures undertaken since 1991. Today, Indian Banking Industry is one of the largest service sectors in the world. In the emerging Information Technology era a highly satisfied and delighted customer is a very vital non-financial asset for the banks. Internet banking is a major innovation that has changed the way bank conducting its business worldwide. Therefore, the main focus of the study is to analyze the overall satisfaction of the customer with the internet banking services of the public and private sector banks in Thanjavur district of Tamilnadu. The results of the study shows that the majority of the customers revealed low satisfaction with internet banking services of the public and private sector banks. Therefore, it is recommended that the public and private sector banks should improve internet banking services with regard to Accessibility, Convenience, Privacy, Security, Design, Content, Speed and Fees and Charges to attract new customers and to retain existing customers.

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

### INTRODUCTION

In the post liberalized era, the banking sector has witnessed sweeping changes due to aggressive infusion of information technology. For the banks, Information Technology has developed as a vital asset for accomplishing higher effectiveness, control of tasks, efficiency and benefit. For customers, it is the realization of their 'Anywhere, Anytime, Anyway' banking dream. This has prompted the banks to embrace technology to meet the increasing customer expectation.

Today banking institutions cannot innovate of introducing a financial product without the support of information technology, either it could be core activities like transactions, remittances and marketing activities like pricing, customer service etc. Information Technology plays an important role not only to complete the activity with high efficiency but also has the potential to innovate and meet the future requirements.

The information technology has enhanced the banking service faster, more efficient and more economical. Its impact can be seen on the banks' productivity efficiency, profitability, employment and satisfaction of customers. In this way, the Internet is taking banks in the directions beyond offering basic needs to the customer.



## STATEMENT OF PROBLEM

The Indian Banking Industry has encountered radical changes as a result of movement and globalization measures grasped since 1991. Today, Indian Banking Industry is one of the greatest organization parts on earth. In the rising Information Technology time an extraordinarily satisfied and satisfied customer is to a great degree significant non-money related asset for the banks . There has been an extraordinary flood in productive client benefit, the politeness, exactness and speed resemble a crown factors for a bank to accomplish this.

Indian managing an account has made some amazing progress from being a drowsy business foundation to an exceedingly proactive and dynamic element. This change has been to a great extent brought by expansive scale advancement and monetary changes that have enabled banks to investigate new business openings as opposed to producing incomes from customary streams, for example, getting and loaning.

Economic reforms and the entry of private players have seen nationalized banks revamp their services and product portfolios to incorporate new, innovative customer-centric schemes.

Nowadays, due to the increase in competition, customer satisfaction is considered to be the core aspect in banking services. A customer always wants something and expects that the bank should come up to the level to fulfil those needs. Service quality is about meeting customers' needs and requirements, and how well the service level delivered matches customer expectations. Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers.

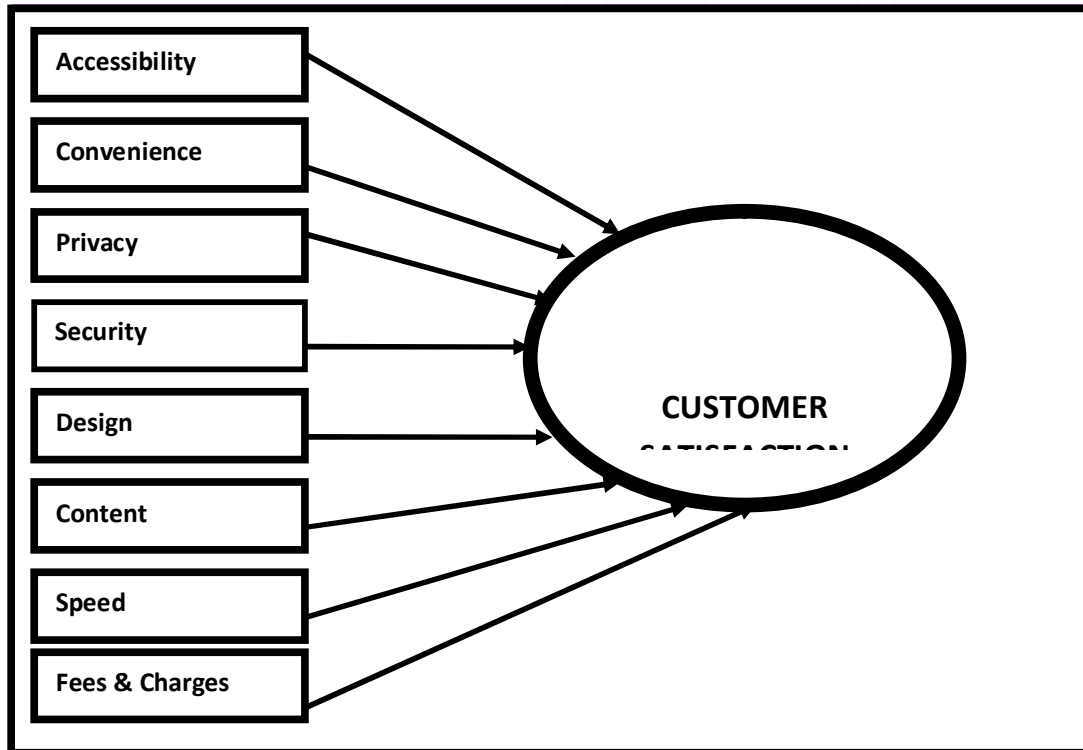
In the current circumstances a question arises whether the customers are satisfied or not and what are the elements of retail banking in general internet banking in particular which lead to the satisfaction or dissatisfaction of customers. The knowledge of current levels of satisfaction and, in particular, the primary factors of satisfaction are beneficial to those in the industry, thereby allowing them to focus and further strengthen the key areas that lead to highly satisfied customers.

Internet banking is a major innovation that has changed the way bank conducting its business worldwide. Banks are reorienting their strategies towards new opportunities offered through internet banking. The recent trend shows that most 'brick and mortar' banks are shifting from a 'product-centric' model to 'customer centric' model as they develop their new e-banking capabilities. Some online banking platforms support account aggregation to allow the customers to monitor all of their transactions from any corner of the world. Banking through internet is considered as a complimentary delivery channel for the services rather than a substitute for the brick and mortar banking branches. Thus, internet banking is a strategy to sustain competition in both domestic and foreign banks.

Internet banking services not only can create new competitive advantages, perhaps, but also can improve their relationships with customers for banks. Obviously, e-banking can offer better services required by corporations and individuals, it could be a strategic niche no matter for banks or their customers. The components influencing consumer loyalty with web managing an account is a fundamental piece of a bank's system detailing process in and it has turned out to be basic for both open and private part banks to perform to the best of their capacities to hold their clients. Numerous a times it happens that the banks neglect to fulfill their client which can cause immense misfortunes for banks. The main focus of the study is to analyze the overall satisfaction of the customer with the internet banking services of the public and private sector banks in Thanjavur district of Tamilnadu.

## RESEARCH MODEL

The following research model is adopted for the study to analyze customer satisfaction with internet banking practices of the banks in the study area



### Research methodology

A systematic way of research methodology has been used in the study by means of obtaining detailed opinion of the customers. So, this research falls under the category of descriptive research. This study was conducted as a survey that examined customers' satisfaction with internet banking practices in public and private sector banks located in Thanjavur District of Tamilnadu.

### Population:

The population defined for this study was limited to customer using internet banking services of both public and private sector banks in Thanjavur district of Tamilnadu. The present examination covers bank offices for those bank bunches working in the Thanjavur region as it were.

### Sample size

In Thanjavur district almost, all the major banks have branches in this district. As it was felt that it would valuable to endeavor a similar report among open and private segment banks. One public and one private sector bank having the largest number of branches in the district were identified. In the district, among the public sector banks **State Bank of India (SBI)** has large number branches (12 branches) as compared to other banks. Similarly, among private sector banks located in the district, **Industrial Credit and Investment Corporation of India (ICICI Bank)** has large number of Branches (5 Branches) as compared to other private sector banks in Thanjavur district. Among the branches of SBI and ICICI, Thanjavur and Kumbakonam branches of SBI and ICICI banks (four branches) were selected fro the study. A sample of 75 customers from each branch selected for the study. Thus, a total sample consists of 300 customers. The respondents were selected on the basis of non-probability purposive sampling method.

## DATA COLLECTION

The study is conducted using primary data. The primary data were collected with the help of pre-tested structured questionnaires from a sample of 300 respondents. The survey questionnaire measured eight dimensions of internet banking services and its effect on customer satisfaction.

## CUSTOMER SATISFACTION WITH INTERNET BANKING SERVICES

To measure customer satisfaction with internet banking services a five point likert scale ranging from strongly agree to strongly disagree was adopted as the scale for the statements in the questionnaire. The survey questionnaire was designed using 67 statements relating to service quality dimensions *i.e.* Accessibility, Convenience, Privacy, Security, Design, Content, Speed and Fees and Charges. Each statement in the questionnaire has positively worded. Reliability of the questionnaire was tested using Cranach's alpha reliability test.

## ACCESSIBILITY

Accessibility defines as the ability of users to access information and services from the e-banking service medium is dependent on many factors. These incorporate the substance arrange; the client's equipment, programming and settings; web associations; the ecological conditions and the client's capacities and incapacities. The term availability by and large identifies with the execution of web managing an account medium substance so as to boost the capacity of clients with incapacities to get to it.

## CONVENIENCE

Web managing an account gives higher level of comfort that empowers clients to get to web saving money benefits consistently and places. Aside from that, the straightforward entry of web managing an account administrations is seen as a proportion of relative favorable position.

## PRIVACY

Clients may have questions about the trust capacity of the web bank's security arrangements. Trust has striking effect on client's eagerness to utilize web managing an account benefits in trades of cash and individual delicate data. Security is a critical measurement that may influence clients' goal to receive e-based exchange frameworks.

## SECURITY

Affirmation about security identifies with the degree to which the web managing an account specialist co-op ensures the wellbeing of customers' money related and individual data. Security can be guaranteed by giving a protection explanation and data about the security of the shopping systems and by showing the logos of confided in outsiders. For instance, showing confided in outsider logo ensures a specific level of security insurance and has been appeared to essentially impact how purchasers respect the reliability of e-merchants.

## DESIGN

The objective of stylish structure is to make an administration medium site outwardly appealing and pleasant. The substance planning in an expansive sense has four viewpoints: learning elicitation, data association and structure, data recovery, and data introduction. Amid structure, and preceding execution, it is firmly suggested that clients of various ages, and with a scope of abilities and restrictions be locked in to preliminary the new administration and give criticism.

## CONTENT

The content of e-banking service medium is one of the factors influencing internet banking acceptance. Then again, quality structures, illustrations or hues and the penchant to depict great picture of

the bank would improve effective utilization of route. The features such as speed, content and design, navigation, interactivity and security all influence user satisfaction.

**SPEED**

In general, there is a significant correlation between speed of internet banking service medium and user satisfaction. Speed of download relies upon the idea of the webpage downloaded content, the figuring equipment and strategy for association used to download data.

**FEES AND CHARGES**

Administration quality characteristics in web saving money industry are vital since human-web association is the fundamental administration conveyance and correspondence channel. Offering top notch administrations to fulfill shoppers' needs, at lower costs, are potential upper hand of web managing an account. Cost investment funds have helped e-based banks offer lower or no administration expenses, and offer higher loan costs on enthusiasm bearing records than conventional banks. Fee charged by the banks is one of the variables taken for checking customer satisfaction level. If customer feels that the fee charged by the bank is reasonable then he is satisfied and vice-versa.

**TABLE 1  
CUSTOMER SATISFACTION ON INTERNET BANKING SERVICES**

Customer Satisfaction variables	Public Sector Bank		Private Sector Bank		Combined	
	Mean score	Mean score (%)	Mean score	Mean score (%)	Mean score	Mean score (%)
Accessibility	30.57	43.67	42.47	60.67	37.04	52.91
Convenience	14.90	42.57	21.18	60.51	18.31	52.32
Privacy	25.30	63.25	29.31	73.28	27.48	68.71
Security	16.28	54.27	17.50	58.34	16.87	56.23
Design	07.97	26.55	11.17	37.23	09.71	32.36
Content	08.71	24.88	11.41	32.60	10.17	29.06
Speed	07.52	18.80	10.38	25.95	08.95	22.38
Fees and Charges	22.62	60.98	10.19	22.64	19.13	42.51
Overall Average (N=300)	133.87	39.96	153.61	45.85	143.74	42.91

Source: Primary Data

Table 1 shows the overall mean score obtained by the respondents in respect of internet banking services. The overall mean score obtained by the respondents was 42.91 per cent. The overall mean score for public sector bank was 39.96 whereas in private sector bank it was 45.85. In public bank the low mean score was found in Accessibility, Convenience, Design, Content, Speed and in private sector banks the respondents obtained a low mean score for Design, Content, Speed and Fees and Charges. The overall mean score indicates that the customers have low satisfaction with internet banking services of the public and private sector banks in the study area.

**LEVEL OF CUSTOMER SATISFACTION WITH INTERNET BANKING SERVICES**

Level of satisfaction after using internet banking service has been examined to find out the clearer picture regarding their status on the basis of eight parameters i.e. accessibility, convenience, Privacy, Security, Design, Content, Speed and Fees and Charges.

The level of customer satisfaction of the respondents with Internet banking is assumed to be normally distributed. The level of customer satisfaction of the respondents is divided into three categories, i.e. below average, average and above average levels, which have been defined as Low, Medium and High level of satisfaction respectively. The lower and upper limits of average level have been calculated with the help of the following formula: Lower limit of average level = Mean - 1 Standard deviation; Upper limit of average level = Mean + 1 Standard deviation. The level of customer satisfaction with internet banking services of the public and private sector banks is shown in the following table 2.

**TABLE 2**  
**LEVEL OF CUSTOMER SATISFACTION WITH INTERNET BANKING SERVICES**

Level of satisfaction	No. of Respondents	
	Public Sector Bank	Private Sector Bank
Low	95 (63.33)	81 (54.00)
Moderate	36 (24.00)	47 (31.33)
High	19 (12.67)	22 (14.67)
Total	150 (100.00)	150 (100.00)

Source: Primary Data

Table 2 reveals that in public sector banks, nearly 63 per cent of the respondents have low level of satisfaction, about 24 per cent and 13 per cent of the respondents have moderate and high level of satisfaction. In private sector bank, 54 per cent of the respondents revealed low satisfaction followed by 31 per cent and 15 per cent of the respondents expressed moderate and high level of satisfaction with internet banking services. Therefore, it can be inferred from the table that customers perceive low satisfaction with internet banking services of public and private sector banks in the study area.

**F-Test**

F-test is applied to find out whether there is any difference in the customer satisfactions level of the public and private banks is significant or not. The F – values calculated were compared with the table ‘F’ values (at 5% level and at 1% level) to test the significance of variation in respect of customer satisfaction level among the customers of public and private sector banks. The results were tabulated and interpreted in respect of overall customer satisfaction in table 3.

**Null hypothesis**

The customers of public and private sector banks experience the same level of satisfactions with internet banking services.

**TABLE 3**  
**ANALYSIS OF VARIANCE**

Category		SS	df	MS	F-Value
Internet banking Services and Customer Satisfaction	Between groups	48.17	1	48.17	0.4974
	Within groups	387.33	4	96.83	
	Total	435.50	5		

The analysis of variance shows that the calculated value is less than the tabulated value at 5% and 1% level of significance. Hence, the  $H_0$  is accepted. It means that the customers of public and private sector banks experience the same level of satisfactions with internet banking services.

**INTER CORRELATION MATRIX**

To analyze the relationship between customer satisfaction on internet banking services, a null hypothesis is framed and tested with the help of inter correlation matrix.

**TABLE 4**  
**INTER CORRELATION MATRIX FOR CUSTOMER SATISFACTIONS – INTERNET BANKING (N =150)**

	CS	F1	F2	F3	F4	F5	F6	F7	F8
CS	1.00								
F1	-0.50	1.00							
F2	-0.83	0.87**	1.00						
F3	-0.97	0.22	0.68**	1.00					
F4	-0.98	0.31	0.74**	0.99**	1.00				
F5	0.99**	-0.46	-0.84	-0.97	-0.98	1.00			
F6	0.98**	-0.61	-0.92	-0.91	-0.94	0.99**	1.00		
F7	0.99**	-0.40	-0.79	-0.98	-0.99	0.99**	0.97**	1.00	
F8	0.99**	-0.37	-0.77	-0.99	-0.99	0.98**	0.96**	0.99**	1.00

\*\* Significant at 5% and 1% level. \* Significant at 1% level.

Where;

CS = Overall customer satisfaction. F1 = Accessibility, F2 = Convenience, F3 = Privacy, F4 = Security, F5 = Design, F6 = Content, F7 = Speed, F8 = fees and charges.

Table 4 reveals that the factors security, design, content, speed and fees and charges have significant positive association with the overall customer satisfaction, it implies that these factors have influenced the customer satisfaction on internet banking services. However the factors, accessibility, convenience, privacy and security have negative correlation with overall customer satisfaction.

**DEMOGRAPHIC VARIABLES AND CUSTOMER SATISFACTIONS WITH INTERNET BANKING SERVICES**

The relationship between individual demographic variables and customer satisfaction with internet banking services is shown in table 5.

**Null hypothesis**

There is no relationship between demographic variables of the respondents and their satisfactions with internet banking services.

**TABLE 5**  
**CHI-SQUARE TEST RESULT**

Demographic variable	Chi-Square Test – Value	Table value 5% level	Table value 1% level	$H_0$ Accepted / Rejected	Significance
Sex and satisfactions	2.62	12.59	16.81	Accepted	Not significant
Age and satisfactions	10.5	12.59	16.81	Accepted	Not significant
Educational qualifications and satisfactions	3.79	12.59	16.81	Accepted	Not significant
Occupation and satisfactions	3.44	15.51	20.09	Accepted	Not significant
Income and satisfactions	4.11	15.51	20.09	Accepted	Not significant

\*Significant at 5% level; \*\* Significant both at 5% level and 1% level.

The chi-square test result reveals that there is no significant relationship between demographic variables, sex, age, educational qualifications, occupation and income and customer satisfactions with internet banking services of the public and private sector banks.

## CONCLUSION

The study shows that the majority of the customers revealed low satisfaction with internet banking services of the public and private sector banks. Therefore, it is recommended that the public and private sector banks should improve internet banking services with regard to Accessibility, Convenience, Privacy, Security, Design, Content, Speed and Fees and Charges to attract new customers and to retain existing customers.

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**T. Revathi**

**M.Com., M.Phil., Ph.D Research Scholar , P.G & Research Department of Commerce ,  
TBML College, Porayar, Nagapattinam District , Tamilnadu.**