



Impact of Internet Banking on Customer's Satisfaction: With special reference to Patna Sadar Block

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Received : November 2018

Accepted : March 2019

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Abstract : *Technology is affecting the life of every individual in the present age and internet banking is one of the technologies which is fast growing in banking practice now a days. Moreover, customers are shifting from traditional banking to online banking very rapidly because of various benefits such as cost and time effectiveness. Hence, it is required to study carefully the increasing significance of internet banking, with its impact on customer satisfaction.*

Customers are the key contributors for the success and survival of any business and this is the same for banking sector also. So the need arises not only to increase customers but

also to retain them. This could only happen when customers are fully satisfied.

The aim of this research project is to investigate the impact of internet banking on customer satisfaction and to analyse the influence of different parameters/variables of online banking on customer's satisfaction. .

The main objective of this study is to examine the perception of the customers towards e-banking services in Patna Sadar Block; and to study the growth and progress of internet banking, the perception of the customer's toward internet banking and its impact on customer's satisfaction level.

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Keywords: *internet banking, customer satisfaction, digitalization and consumer behaviour.*

Introduction :

E-banking is the automated delivery of banking services and financial products directly to the customer through electronic and communicative channels. E-banking utilizes the internet system as the delivery channel by which it accomplishes banking activities like paying bills, transferring funds, paying loans etc. It transformed banking industry from paper banking to paperless banking. Internet Banking affects the life of every individual both qualitatively and quantitatively in the present age. The quick expansion of information

technology has imbibed into the lives of millions of people and introduced major changes in the worldwide economic and business atmosphere. The thinking pattern of people when they think of any banking operations nowadays has change. Digitalization and inculcation of internet in banking has provided a new edge toward the evolution of banking on a virtual platform or on-click-of-a-mouse.

Without even interacting with the bankers, customers transact from one corner of the country to another corner. It is convenient, it isn't bound by operational timings (i.e. availability of 24 hours a day and 7 days a week), there are no geographical barriers and the services can be offered at a minuscule cost. Internet banking is a result of explored possibility to use internet application in one of the various domains of commerce. Internet banking system means that clients can now do banking at the leisure of their homes.

Electronic banking is defined as the delivery of bank's information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. It includes RTGS, NEFT, ECS, Credit cards/debit cards and smart cards, CTS, ATM Kiosks and mobile banking (DANIEL: 1999).

Internet banking is defined as 'the use of the internet as a remote delivery channel for banking services and internet banking is defined as a bank that offers (web-based) transactional services' (Gopalakrishnan et al., 2003: p. 413).

Main Motives of Internet Banking

1. Improve customer's access.
2. Facilitate the offerings of more services.
3. Increase customer loyalty.
4. Attract new customer.
5. .Provide services offered by competitors.
6. Reduce customer attrition.

Services Provided Under Internet Banking

1. **National Electronic Funds Transfer (NEFT):** National Electronic Funds Transfer is electronic funds transfer system, which facilitates transfer of funds to other bank accounts to other bank branches across the

country. This is a simple, secure, safe, fast and cost effective way to transfer funds especially for Retail remittances. The money will be credited to the beneficiary's account on the same day or at the most next day in case the message is sent during the last batch of settlement. In this system, there is no minimum amount for transaction.

2. **Real Time Gross Settlement (RTGS):** Real Time Gross Settlement is an electronic funds transfer where the transmission takes place on a real time basis. In India, transfer of funds with RTGS is done for high value transactions, the minimum amount being Rs. 2 lakh.
3. **Immediate System (IMPS):** Immediate Payment System users can transfer money immediately from one account to the other account, within the same bank or accounts across other banks. In IMPS, there is no minimum amount for transactions, but the maximum amount possible is Rs 5 lakhs. One of the advantages of IMPS transaction is that it is available 24*7 and even on holidays.
4. **Mobile Banking (M-Banking):** M-banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet. It uses software, usually called an app, provided by financial institution for the purpose of banking and is 24 hours service.
5. **E-Tax:** This is an online service provided for the payments of taxes through online mode.

Benefits of Internet Banking

- **Customer's convenience:** With the help of internet banking, customer can access their banking facilities and services all around the clock from anywhere anytime. Real-time account balances and information are available at the touch of a few buttons thus, making banking faster, easier and more efficient.
- **Self-service channel:** Internet banking provides their customer a self-service channel for various banking services, they do not have to depend on the bank's staff and other

depending process to avail their services. Internet banking is one of the most popular self-service banking technologies.

- **Mobility** : Internet banking also includes mobile capabilities. New applications are continually being created to expand and improve this capability or smart-phones and other mobile devices. Customers could perform their banking activity while shopping, travelling etc.
- **Transfers:** Accounts can be automatically funded from a traditional bank account via electronic transfer. Most banks offer unlimited transfers at no cost, including those destined for outside financial institutions. They will also accept direct deposits and withdrawals that the customer authorizes such as payroll deposits and automatic bill payment.
- **Ease of use:** Online accounts are easy to set up and require no more information than a traditional bank account. Many offer the option of inputting the customer's data online or downloading the forms and mailing them in. If the customer runs into a problem, he has the option of calling or e-mailing the bank directly.
- **Environment friendly:** Electronic transmissions require no paper, reduce vehicle traffic and are virtually pollution-free. They also eliminate the need for buildings and office equipment.
- **Reduction in operating cost:** With the advent of online banking the operating cost of banks and of customers has lowered down by many folds.

Customer's Satisfaction

Customers play a vital role in market. Their likes and dislikes draw the line of existence of particular products in a society. According to their need various services are provided as well as modified.

According to Engel Blackwell and Mansard, "customer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption".

Customer behaviour is the study of how individual, customers, groups or organisation select, buy, use and dispose ideas, goods and service to satisfy their needs and wants. It refers to the actions of the customer in the market place and underlying motives for those actions. Customer demand is affected by so many factor including externals and internal, some of the market factors are price, promotion, personal factors such as age, gender, education and income level, psychological factors such as perception of the products and attitudes towards the product. Situational factors such as physical surrounding at the time of purchase or service, social surroundings, time factors, social factors etc.

Online banking serve as boon to our society, one prime behaviour of customer is the easier, the better. Well, in today's world where everyone has time issues online banking is just right for these people. There is no need to stand in line but to stay online is what all you need, irrespective of time and place.

Customer satisfaction measures how the expectation of a customer concerning a product or service provided by company has been met. Majority of customers now more than ever prefer to opt for a technology based service delivery over that of the employee (The European magazine for application of computer telephony 1997).

In any "business to customer" type of environment, satisfying a customer is the ultimate goal of business. It is an important theoretical as well as practical issue for most marketers and customer researchers because organisations sometimes do not really understand what actually goes on in customer's mind (Fournier and Mick, 1999).

Security Acts Related to Internet Banking:

Information Technology Act (IT 2000): IT Act (2000) is notified on 17 October 2000. It is the primary law in India dealing with cybercrime and internet banking. The Act provides legal recognition for transaction carried out by means of electronic data interchange and other means of electronic activities such as fund transfer, online banking etc. The laws apply to the whole of India. The Act provides legal framework for electronic governance by giving recognition to electronic records and digital signatures. The formations of Controller of Certifying Authorities was directed by the Act, to regulate issuing of digital signatures. It also defines cyber-crimes and prescribed penalties for them.

It also established a Cyber Appellate Tribunal to resolve disputes rising from this new law. The Act also amended various sections of Indian Penal Code, 1860, Indian Evidence Act, 1872, Banker's Book Evidence Act, 1891, and Reserve Bank of India Act, 1934 to make them compliant with new technologies.

Security of Prepaid Instrument Rules (2017):

The Ministry of Electronics and Information Technology, on 8 march 2017, released the draft. [Information Technology Rules, 2017]. The draft rules seek to provide a framework of security practise for electronic prepaid payment instruments. Personal information such as address, contact numbers and financial details of customers cannot be disclosed without their prior consent.

The Payment and Settlement Act (2007): It is the model legislation for the regulation of payment systems in India and empower the RBI to regulate and supervise these systems. Only entities licensed under the Act can issue their own mobile wallet and engage in mobile wallet business.

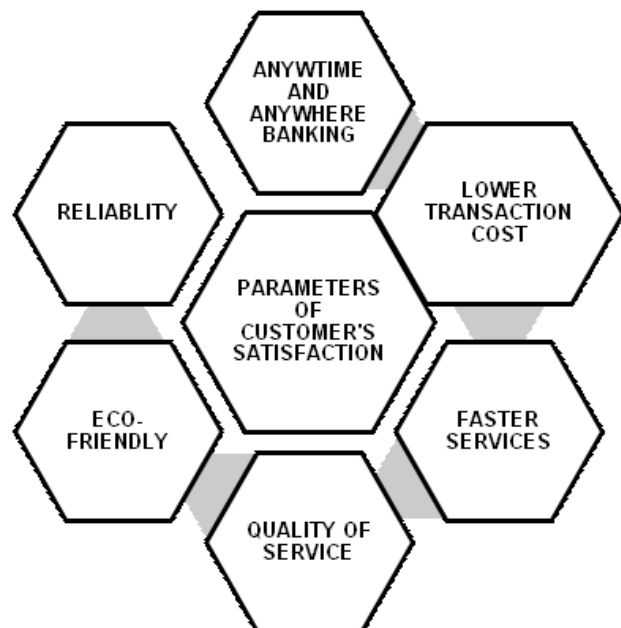
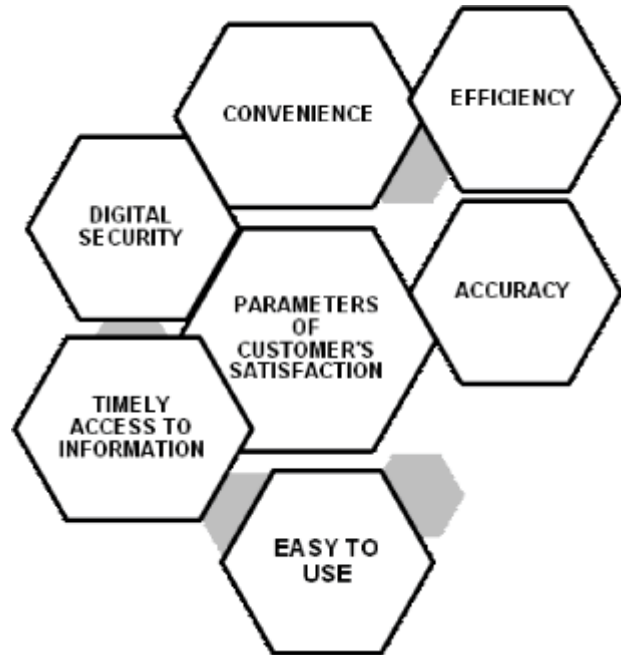
Parameters of Determining Customer's Satisfaction

1. Perceived ease of use
 - Technological know-how
 - Convenience
 - Anytime and anywhere banking
2. Service Quality
 - Accuracy
 - Efficiency
 - Faster Services
 - Timely access to information
 - Lower Transaction Fees
3. Security
 - Digital Security
 - Reliability

Perceived Ease of Use: Customer's perceived ease of use depends on possession of the required level of technological know-how, his/her experience of convenience in ways of operating their online banking activities and easy availability of the facility of anytime and anywhere banking.

Quality of Service: The quality of services of online banking influencing customer satisfaction depends upon the services to be accurate in conducting their task correctly, efficient in handling the task smoothly, speedy delivery of services, timely access to information related to any online banking operation and lastly the lower transaction fee.

Security: Customer satisfaction immensely depends upon the sense of security provided and the degree of reliability he/she had on the online banking.



Research Methodology:

1. **Area of study:** Patna Sadar Region, Patna, Bihar.
2. **Source of Data :** Primary Source (Structured Questionnaire) and Secondary Source
3. **Tools and techniques of data collection:** Convenience sampling method and Interview customers through questionnaire.
4. **Data analysis:** Through Pearson's correlation coefficient and hypotheses testing method.

Objectives of The Study:

- To study the growth and progress of internet banking.
- To study the perception of the customers towards internet banking.
- To study about impact of e-banking on customer satisfaction level.

Limitation of the Study :

Due to lack of time and academic schedule we were not able to carry out our research on a large scale. The area of our study was confined to Patna Sadar Block. Therefore the results of our study cannot be generalized.

Review Literature :

1. **Das Kamala (2006) in his journal "Electronic Banking, 2006" has proposed that** examined in today's environment of increasing globalization, electronic banking, otherwise known as, e-commerce or EFT (Electronic Fund Transfer), has become a daily life activity in our computer savvy society. Notions of banking and finance have changed over the last few decades, particularly at the personal level with the increasing use of personal computers and online services. Given this current environment of global electronic banking, this paper considers whether today's electronic banking is sufficiently secure enough to deal with large cash flows for people and companies.
2. **Dr Mishra A. K. (2004) in his journal "Internet Banking in India" has proposed that** the banking industry in India is facing unprecedented competition from non-traditional banking institutions, which now

offer banking and financial services over the Internet.

3. **De Young (2001)** said that with the exception of cash withdrawals, internet banking gives customers access to almost any type of banking transaction at the click of a mouse.
4. **Karjaluoto et al. (2002)** argued that 'banking is no longer bound to time and geography. Customers over the world have relatively easy access to their accounts, 24 hours per day, and seven days a week'. The author further argued that, with internet banking services, the customers who felt that branch banking took too much time and effort are now able to make transactions at the click of their fingers.

Data Collected:

Representation of Data through Tables and Pie Chart

Demographic profile

Table 1. Numbers of Respondents of the Survey

Gender	No. of Respondents
Male	108
Female	117

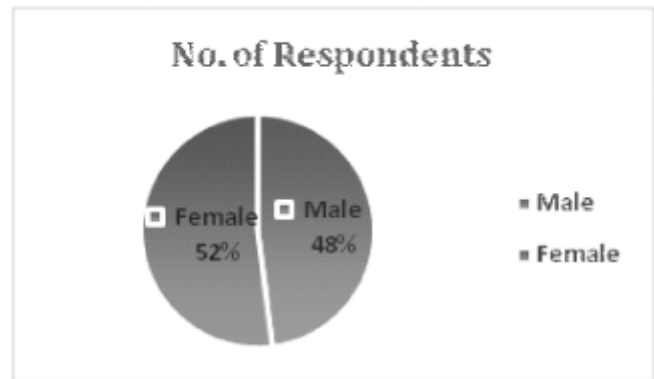


Table 2. Age Group of The Respondents

Age Group	No. of Respondents
18-25	85
26-35	67
36-50	50
51-Above	23

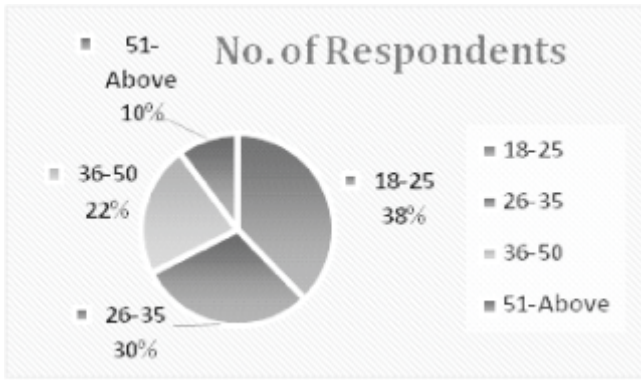


Table 3. Educational Qualification

Educational Qualification	No. of Respondents
Higher secondary	50
Graduate	106
Post Graduate	52
Others	17

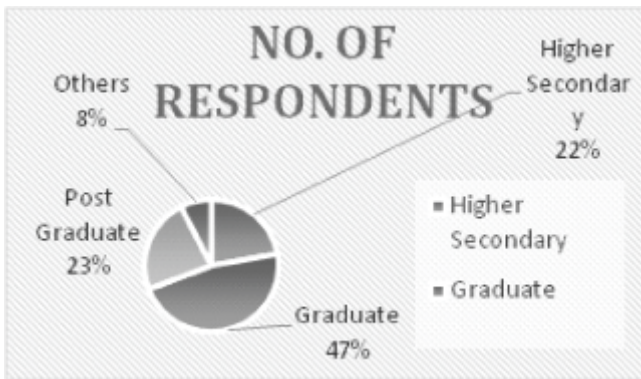
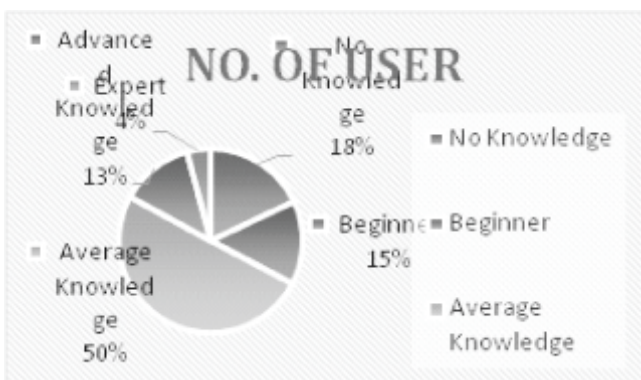


Table 4. Level of Technical Knowledge

Technical Knowledge	No. of Respondents
No Knowledge	39
Beginner	32
Average Knowledge	109
Advanced Knowledge	28
Expert	9



Data Related to Internet Banking Users

Table 5. Number of Respondents that are Account Holders

Account Holder	No. of Respondent
Account Holder	187
Non Account Holder	38

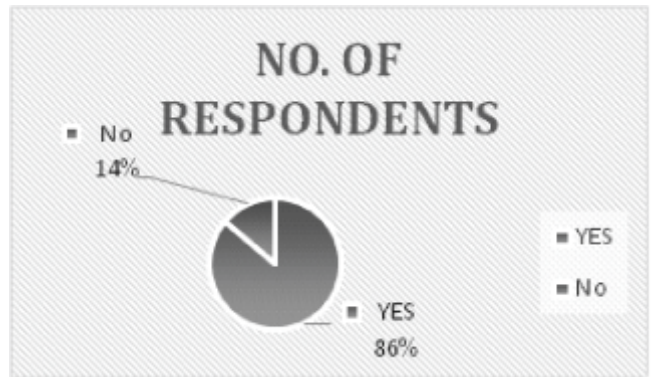


Table 6. Number of Respondents that are using or Not Using Internet Banking Services

Service User or Not	Respondents
User	111
Non-user	106
No Response	8

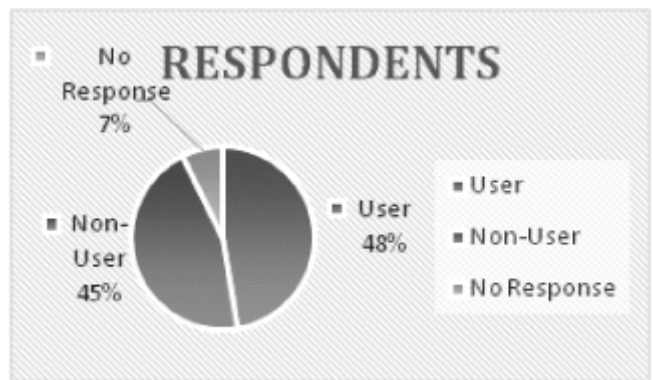


Table 7. Frequency of Internet Banking Usage

Frequency of Usage	No. of User
Once a Week	46
Everyday	16
Monthly	49

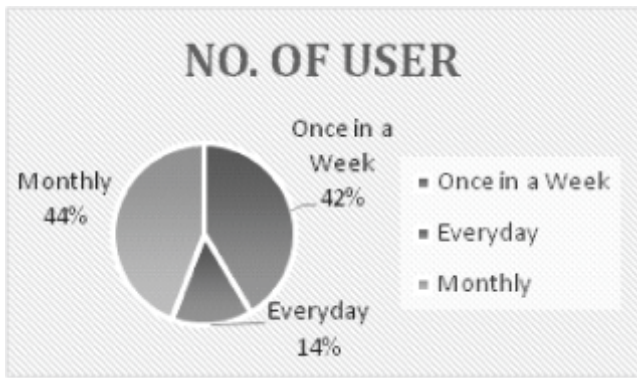


Table 8. User of Different Internet Banking Services

Services	No. of User
Balance Enquiry	98
Fund Transfer	78
Information of Banking Services	59
Cheque Book Orders	26
Payment Of Orders	76
Online Shopping	88
Recharge of Mobile Phones/DTH	86
Interim Bank Statement	54
E-tax	15
Apply for loans	8

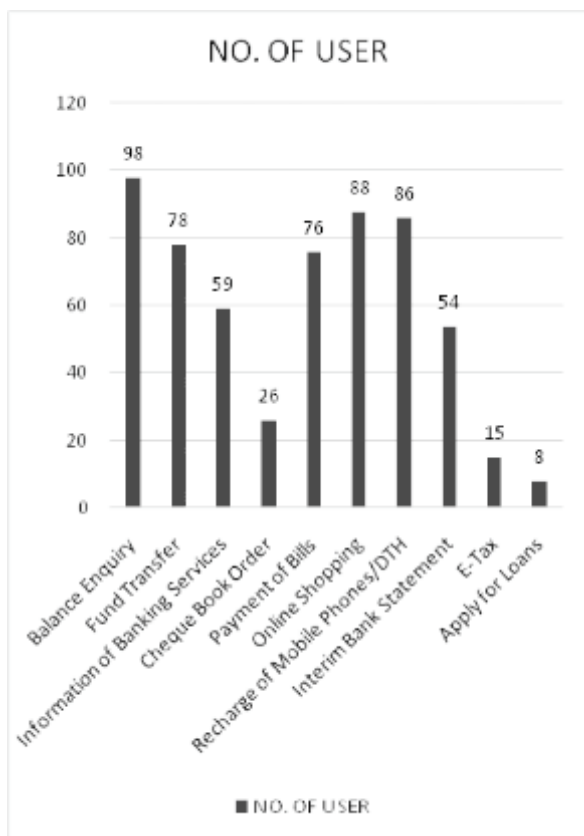
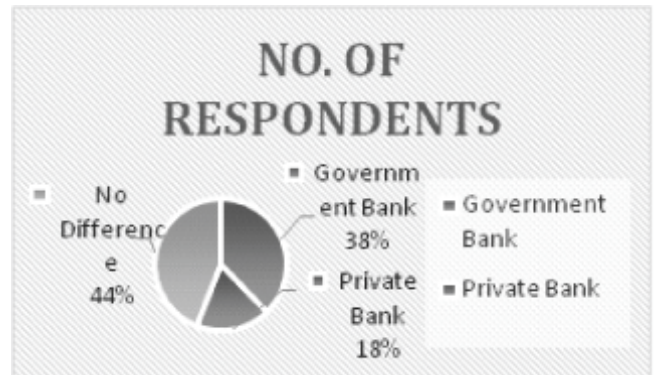


Table 9. Preference of Respondent For Online Banking

Confidence of Security Level	No. of Respondent
Government Bank	85
Private Bank	41
No Difference	91



Findings of the Research:

1. Out of 225 respondent, there are 187 account holders and 38 non account holders among them.
2. And out of 187 account holders, there are 111 internet banking user with 46 weekly users, 16 daily users and 49 monthly users. This clearly shows the frequency of usage of internet banking is very low.
3. It is also clear from table 1.8 that customers use internet banking mainly for simple banking activities like balance enquiry, fund transfers, online shopping, recharge of mobile but refrain from complex banking activities like e- tax, apply for loan etc.
4. As per the part of analysing and findings about the parameters of measuring customers satisfaction. All the parameters shows positive results and thus has a direct relationship between their influences on customer's satisfaction of the users of online banking. It means more the parameters are achieved more satisfied the customers are. So the facilities or featured parameters of online banking directly increased the level of customer's satisfaction in their online experience.

Serial No.	Parameters to measure customer's satisfaction	Correlation coefficient
1.	Perceived ease of use	
	Convenience	+0.937
	Ease of use	+0.958
	Anywhere and any time banking	+0.982
2.	Quality of services	
	Quality of services	+0.890
	Accuracy	+0.842
	Efficiency	+0.960
	Faster services	+0.922
	Timely access to information	+0.852
	Lower transaction cost	+0.688
3.	Security	
	Digital security	+0.743
	Reliability	+0.698

Hypotheses Testing :

The inferential analysis involved the data being analysed through advanced tool of statistics—correlation. Pearson’s correlation coefficient (r) is a measure of the strength of the association between the two variables. Pearson’s correlation coefficient (r) for continuous data ranges from –1 to +1.

Positive correlation indicates that both variables increase or decrease together, whereas negative correlation indicates that as one variable increases, so the other decreases, and vice versa.

Correlation coefficient (r) = SAB/ÖS A2 ´ ÖS B2

The table 10 above shows that the clear relation between the two variables of our research study – the parameters of online banking (ease of use, technological knowledge, digital security and quality of services) and their influence on customer’s satisfaction.

Conclusion:

In India, E-banking is in nascent stage. No doubt Indian banks are making sincere efforts for adoption of advance technology and installation of e-delivery channels but still masses are wary of the concept. Banks are making sincere efforts to popularise the e-banking services and products. Younger generation has started seeing the convenience and benefits of e-banking. But the older generation is still unaware with the benefits

and facilities of online banking due to lack of technical knowledge.

Customer’s satisfaction has long been found as playing an essential role for success and survival in today’s competitive environment.

Patna Sadar block is also a mirror image of Indian scenario. The customers are facing the similar situation of lacking proper and uniform technical knowledge regarding the participation in activities of online banking. They have the similar concern over security issue and lack of customization of e-banking services in accordance with their various requirements. The customers who are above the age of 45 are hesitant and shy from participating in e-banking. The findings of this project reveals that customer’s satisfaction increases with increase in the degree of perceived ease of use, technological knowledge of online banking, quality of services provided by online banking and security provided in the banking activities. These parameters attract the attention of banking industry to enhance them for the customers to encourage financial inclusion and in growth of online banking. India provides the peak opportunity to tap in for internet banking section of banking industry. There is a large population of people as potential customers waiting for the perfect environment to participate in online banking activities.

Recommendations:

1. Link failure is a big problem and banks, especially public sector bank needs to take steps toward the solution of this problem. They possess both the government support and financial backing to create the infrastructure to meet the requirements for the deeper penetration of online services.
2. All banks should starts training programme for the use of online banking for their customers. Government should take the initiative of starting technological learning classes for the employees of government institutions on weekends or in evenings. People should also take initiative for starting community technical learning classes for non-employed and house makers. This will increase the participation of all spectrum of customers.

3. Banks should always update their security systems and create a trust in the mind of their customers towards security of their accounts.
4. Government should make more strict laws and regulation in accordance with the changing security issue and threats in online banking.

Security Concern for Internet Banking Users:

1. Use anti-virus (up-to-date) and maintain the integrity of your computer by scanning regularly for computer viruses.
2. Do not respond to e-mails requesting account information, account verification or banking access credentials such as usernames, passwords, PIN codes and similar information. So do not share your bank details to anyone.
3. Install a dedicated, actively managed network firewall to limit the potential for unauthorised access to your network or computer. Install a spyware detection program.
4. Clear the browser cache before starting an online banking session to eliminate copies of web pages that have been stored on the hard disk.
5. Create a strong password that is easy to remember without writing it down anywhere and change it frequently.

Suggestion by Customers

- Government should pass a law stating that banking users below the age of 45 are required to perform 80% of their banking operation online and fix the implementation date within 1 year time duration. Then banks should arrange online experts or officers to train higher secondary and college students in field of online banking which in turn will train bank customers through compulsory meet organise by banks on weekends.
- Government should ensure the use of online banking in educational institutions at college levels and public enterprises.

- Initiatives should be taken by banks and government co-operatively to increase internet penetration. And just like point of sale points, open up free technological awareness centres should be opened to increase technological knowledge required and convenience for operating online banking activities.
- Banks and government should provide for extra provision for additional benefits for online banking users.

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