

CUSTOMERS SATISFACTION WITH REFERENCE TO E-BANKING SERVICE PROVIDED BY BANKS IN CUDDALORE TOWN

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“A customer is the most important person who visits the premises of a bank. He is not dependent on the bank-rather the bank is dependent on him. He should not be considered as a rude interruption in work. Rather he is the purpose of the work. But for customers banks may not have any business or work. He is therefore, NOT an outsider but a part of the Bank and its business. Banks are certainly not doing him any favour, by serving him – rather he is doing a favour to the bank by giving it an opportunity to do so”.

Mahatma Gandhi.

E-banking or Electronic banking or internet banking means receipt and payment of money for a products, or services over the internet. Banking is increasingly open as a result of the Internet and World Wide Web (WWW). As part of this process, fundamental changes are affecting the global economy with the ongoing shift to Internet (or Online). Transaction of money, funds, and data are also considered as E-banking.

E-business has been continuously growing as a new industry with the help of e-banking during the last decade and today is widely understood as business conducted through the internet, not only including buying and selling products, but further extended to serving customers and collaborating with business partners¹.

E-Commerce or Electronic Commerce

E-commerce is a popular term for electronic commerce or even internet commerce. It helps buyer and seller to meet through internet at any place suitable for them, so there is no need of particular place for market and save time. This involves the transaction of goods and services, the transfer of funds and the exchange of data.

For example simply log into Amazon any other e - commerce service provider a customer can purchase a any goods like books, household articles etc., In this example the seller exchange data in the form of picture or text and address for delivery etc., and then the buyer makes online payment.

E- Commerce & Service Sector:

There has been a growing importance of service sector worldwide. In the Indian context also, the introduction of New Economic Reforms in 1991 has made the service sector to gain momentum which was in line with the global trend. As a result, the share of service sector to GDP which constituted 45.35 per cent in 1991-92 has increased to reach 51.16 per cent in 1998-99 and further to 54.2 per cent in 2000-01. Between 2002-02 and 2003-04, the income from this sector has grown in real terms at the rate of 8.40 per cent². These stand as ample testimonies to the increasing importance of this sector. Young people and some customers find the e-commerce as a solution for their marketing problems and simple way to fulfill the requirements with minimum risk i.e., risk less buying. One study states that every day e-business grows which leads to 23 per cent of growth in business every year. Therefore, it can be said that e-commerce is one of the fastest growing industry in the global economy.

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¹ Van Hoeck, R. (2001) „E-supply chains – virtually non-existing”, *Supply Chain Management: An International Journal*, Vol. 6, No. 1, pp.21–28.

² Ajay Srivastava, “GATS–The Indian Scenario, Business for Development, Challenges and Options for Government and Business After the Adoption of the WTO” July Package, Manila, Philippines, 21-22 October, 2004.

E- Banking & Customers Satisfaction:

The banking industry has followed this trend in recent years, and sometimes called e-banking referring to all banking transactions completed through internet applications. Some key issues addressed to in the recent literature about the e-banking include: customer acceptance and satisfaction, privacy concerns, profitability, operational risks, and competition from non-banking institutions.

In addition to previous electronic banking delivery systems – Automated Teller Machines (ATMs) and telephone transaction processing centres, online banking provides banks a new and more efficient electronic delivery tool³. While ATMs were first introduced in early 1980s initially as an attempt to reduce operating costs, telephone call centres were developed in the 1990s to handle simple transactions and provide added customer services from a remote location. E-banking has been viewed as an upgrading from previous electronic delivery systems to open new business opportunities for the banking industry⁴. While Internet banking offers institutions a new distribution channel for augmenting competition in the global banking market, measuring the success of internet banking in terms of banking products and services is complicated⁵., for example, it is claimed that banks generally have been neither helped nor harmed by an early commitment to the Internet as a delivery channel.

Similarly, De Young⁶ has showed that banks with Internet have been substantially less profitable and generating lower business volumes with any savings generated by lower physical overheads offset by other non-interest expenditures, especially marketing to attract new customers. However, Internet-only banking could still prove a viable business model. In this scenario, the researcher has made an attempt to present this article in Indian context.

Statement of the problem

Despite the efforts provided by banks to improve its e-banking service, there is still evidence of challenges on quality of the service which leads to customer satisfaction once played down by maintaining customers who are loyal to the bank and who can positively recommend it to associates. Anderson, Fornell, and Lehmann stated that global perceptions of service quality exert a strong influence on global perceptions of customer satisfaction with the firm that finally is made by customer loyalty and positive word of mouth communication. The matter has been evaluated particularly in terms of banking sector where competition has knocked at the door as mentioned before. Based on above statements, the aim of this study is to examine how e-banking service would impact so to improve the level of satisfaction of customers.

Research objectives general objective

To determine the effectiveness of e-banking service on customer satisfaction in Cuddalore District

Research questions

The study was guided by the following research questions:

1. To study the respondent's profile in terms of gender, type of account, education background and banking experience
2. To know the level of e-banking service quality in your banking
3. To understand the level of customer satisfaction in response to e-banking service
4. To analyze the relationship between e-banking service quality and customer satisfaction
5. To suggest the strategies to put in place in order to enhance customer satisfaction

³ Costanzo, C. (2000) „Pioneer internet-only bank has a new strategy“, *American Banker*, 19 May.

⁴ Ebling, T. (2001) „The economics of online banking“, *Target Marketing*, February, p.67

⁵ Sullivan, R.J., (2000). How has the adoption of Internet banking affected performance and risk in banks? *Federal Reserve Bank of Kansas City, Financial Industry Perspectives*.

⁶ De Young R., (2001). The financial progress of pure-play Internet banks, *Bank of International Settlements Papers*, No.7, 80-86.

Hypothesis of the study

The study was undertaken with the following hypothesis

H₀ - there is no significant relationship between e-banking service quality and customer satisfaction.

Significance of the study

The findings of the study are likely to assist service providers called commercial banks in Cuddalore town to identify e-banking service quality dimensions that most predict customers' satisfaction, in order to concentrate on them according to their degree of importance. Thus, the present study helped bank officials for the better understanding of how to grip loyal customers by satisfying their overall needs with expectation that they will advocate for the bank, and retain their trust upon the bank which leads to enhance the profitability and reputation.

Presentation, Analysis and Interpretation of Data

Respondent's profile

For the purpose of the article the authors presented 50 respondents profile in terms of gender, type of account, and experience with the bank. Respondents were asked to state their characteristics for purposes of classifying and comparing them thereafter. The study employed a closed ended questionnaire to categorize respondent's profiles and their responses were analyzed using frequencies and percentage distributions as shown in the following Table 1.

Table 1: Description of respondent's profile.

Details	Frequency	Per cent
Gender		
Male	22	44
Female	28	56
Total	50	100
Type of Account		
Current	40	80
Saving and other	10	20
Total	50	100
Level of Education		
SSLC	12	24
HSC & Diploma	9	18
Undergraduate	6	12
Postgraduate	3	6
Less than SSLC	20	40
Total	50	100
Experience with the Bank		
Below 1year	10	20
1 - 2years	6	12
3 - 4years	18	36
5 - 6years	3	6
Over six years	13	26
Total	50	100

Source: Primary Data, 2018, November

From Table 1 it is found that female were the majority respondents as represented by 55.4 per cent and male were 44.6 per cent. The findings revealed that there is 12 per cent gender imbalance in the Bank.

With respect to type of accounts maintained in the bank, 80 per cent of the respondents hold current account, which shows maximum of business peoples having the close account relationship with the bank whereas only 20 per cent respondents maintains saving accounts. Therefore, it reveals that majority of the Bank customers prefer current accounts to operate their business transactions and to avail financial benefits from the bank.

The table depicts the education qualification, 20 respondents are school dropouts and their qualification is less than SSLC. 21 respondents complied school education i.e. 13 of them passed SSLC and 9 Passed Diploma or HSC. 9 out of 50 samples studied more than school education i.e six respondents hold degree and 3 more than degree level. This shows that majority of customers are not holding higher education.

While analyzing the experience of customers with the Bank 35 per cent respondents have been customers for this bank for a period ranging between 3-4 years, 26 per cent respondents had Banked for a period of over 6 years, 20 per cent respondents had banked for less than a year, and 6 per cent have been customer for a period ranging between 5 and 6 years. This indicates that majority of the respondents had Knowledge and experience about the bank since they had been regular and updated relationship with the bank relatively for a long period of time that is 3 years and above.

Conclusion:

In this subsection, the researcher makes conclusion of the study findings in relation to the study objectives set.

Level of e-banking service:

The first objective was to determine the level of e-banking service for which it was hypothesized that e- banking service quality was low. Based on the findings of the study, the null hypothesis is rejected leading to a conclusion that the e-banking service quality is high during the period of study.

Level of customer satisfaction among customers:

The second study objective was to determine the level of customer satisfaction among selected customers for it was hypothesized that the level of customer satisfaction low. Basing on the study findings, the null hypothesis is rejected hence concluding that customer satisfaction among the customers is high.

Relationship between service quality and customer satisfaction:

The third study objective was to determine if there is a significant relationship between e-banking service and customer satisfaction; and it was assumed that there is no significant relationship between e- banking service and customer satisfaction. The null hypothesis was accepted hence concluding that there is no significant relationship between service quality and customer satisfaction.

Strategies to enhance customer satisfaction:

The last study objective was to recommend strategies that will enhance customer satisfaction basing on the findings of the study. Based on the data collected its necessary to retain the customers and to ensure their satisfaction in relation to e-banking service for which

- Uninterrupted internet service is essential
- User friendly approach is necessary
- Customers quarries must be responded immediately
- Interest in solving the problems of customers
- Specific services needed by the customers must be considered and addressed individually.

Suggestion:

Several converging reference domains and theories suggest numerous potential influences on consumer adoption of internet banking, including theories of consumer behaviour in mass media choice and use, gratification theories, innovation diffusion, technology acceptance, online consumer behaviour, online service adoption, service switching costs and the adoption of internet banking.

As a generic theoretical framework, a bank must first attract banking consumer *attention* to the internet banking service before the consumer will consider internet banking. However, unless the consumer has a high level of internet *accessibility* at home or at work, he/she is unlikely to consider using internet banking. The consumer also assesses whether it is convenient to conduct his/her banking that way (*convenience*), how usable the application appears (*usability*), and his/her perceived competence at internet use and banking application use (*self-efficacy*).

The consumer also considers whether the perceived relative advantages of internet banking compared with other banking forms outweigh perceived risks and costs. In addition, the availability of sufficient support and in depth knowledge from the bank and its employees contribute significantly to the adoption decision.