



## A STUDY ON CUSTOMER SATISFACTION TOWARDS E-BANKING WITH SPECIAL REFERENCE TO GENERAL BANKING CUSTOMER

**MANISHA C. LANDGE**

Research Scholar,

J.J.T. University, Rajasthan

Assistant Professor,

N.C.R.D.'s Sterling College of Commerce,

Navi Mumbai, Maharashtra, India

**DR. BHOSALE J. P.**

**Head :** Research Centre in Commerce &

Accountancy

Arts, Commerce & Science College,

Narayangaon, Tal-Junnar, Dist-Pune.

### **Abstract**

The dynamics of service quality and satisfaction of customer on banks situated in various countries indicates that earlier studies offered no consensus over the subject, to confirm the issues and trends of these factors which regulate service quality and customer satisfaction. The purpose of this study was to examine the relationship between the dimensions of E-Banking service quality and customer satisfaction in Vashi, Navi Mumbai. Data were gathered using a survey instrument, which was distributed among bank clients. The data were statistically analyzed using structural equation modelling with SPSS. The findings show that reliability, efficiency, and ease of use; responsiveness and communication; and security and privacy all have a significant impact on customer satisfaction, with reliability being the dimension with the strongest impact. E-Banking has become one of the essential banking services that can, if properly implemented, increase customer satisfaction, and give banks a competitive advantage. Knowing the relative importance of service quality dimensions can help the banking industry focus on what satisfies customers the most.

The paper provides empirical evidence to show that the internet banking service quality dimensions are an important factor to satisfy the customers since each of them is positively related to customer satisfaction. The research will help the managers of the banks and the policy makers to focus on these factors that tend to have a dominating impact on satisfying the customers in Vashi, Navi Mumbai area.. This will result in a better internet banking service quality provided by the banks and that in turn will help retain the existing customers and also gaining the new ones.

**Keywords:** Internet Banking Service quality, Customer satisfaction, Reliability

## **Introduction**

Banking sectors in most developed countries have pioneered the area of e-services and have been actively involved in its continuous improvement. E-Banking service is said to rely on the exchange of information between customers and providers using technological methods devoid of face-to face interaction .In India E-Banking services for retaining and attracting clients, and are therefore making large investments in implementing the latest E-Banking strategies to maintain and augment their competitive advantage. Most of the previous studies examined Internet banking to the exclusion of all other types of E-Banking services including applications for smart phones and E-Banking robots .Many studies have investigated how E-Banking service quality is measured, but few have studied the relationship between the quality of E-Banking services and customer satisfaction.

The implications of this study emphasize the significant influence of E-Banking service quality on customer satisfaction ,and the important impact of E-Banking service reliability on service quality perceptions of banking clients in Vashi, Navi Mumbai.

## ***Customer Satisfaction***

Customer satisfaction is one of the most important concepts in the field of marketing studies today . Broadly speaking, it links processes culminating in purchasing with post purchase phenomena such as attitude change, repeat purchase ,and brand loyalty. A number of varying definitions have been proposed to clarify customer satisfaction. Satisfaction as an emotional post consumption evaluative

judgment concerning a product or service .Satisfaction can also be described as the feedback of a post purchase assessment of certain service/product's quality, and compared with the expectation of the prior-purchasing stage. Customer satisfaction is a customer's feeling of pleasure or displeasure after he or she has distinguished a performance of a product/service

---

with respect to his or her expectancy. Consistent with these definitions, and in so far as this study is concerned, customer satisfaction is the attitude of the customer formulated in response to using any form of E-Banking services. Accordingly, E-Banking attributes may increase, decrease, or keep the same customer satisfaction.

### **Measurements of E-Banking Service affecting Customer Satisfaction**

With a number of studies converging to show a relationship between E-Banking service and customer satisfaction, question becomes the following: What aspects or dimensions of E-Banking service affect customer satisfaction and in what ways? Our review of the literature reveals that these aspects could be grouped under efficiency, reliability, privacy and security, and responsiveness and communication. With respect to privacy and security, a number of elements were identified and studied by researchers including maintaining the confidentiality of operations, refraining from sharing personal information, and insuring a good level of security for the customer's information. Responsiveness is the readiness to support the bank's customers and deliver them a rapid service. This kind of service can be shaped into four forms. First, the E-Banking system can control and operate the service properly. Second, the E-Banking channels can guide customers toward proceeding properly in case of any failing operations. Third, it can also cover a rapid solution for any possible error in E-Banking transactions. Finally, it can support the customer's questions with on-the spot response.

### **Method**

Efficiency, reliability, security and privacy, and responsiveness and communication are four important dimensions of customer satisfaction with E-Banking service quality. Thus, a survey was developed from prevail dated scales to assess the impact of the aforementioned dimensions on customer satisfaction.

The above mentioned scale items constituted the first part of the survey and sought banking customers' perceptions about the variables under study. Client perceptions were measured using a Likert-type scale with 1 through 5, 1 being strongly disagree and 5 being *strongly agree*. The second part of the survey was designed to collect some pertinent personal data from the respondents, such as age, gender, qualifications, income, and period and frequency of E-Banking usage. These items were used as control variables assessing any potential impact on the dependent variable. The survey instrument was translated to Arabic and then retranslated into English to ensure exact translation and that the intended meanings of the items were conveyed. Corrections were made as necessary.

The convenience sampling technique was used to gather the data, and the surveys were completed by the banking clients who visited the branches and agreed to complete the survey. The survey instrument was also posted online through Google Survey Form. The final number of usable surveys collected and analyzed was a total of 133 samples. The dependent variable was customer satisfaction with the E-Banking service, and it was measured by four items with a high reliability. The independent variables suggested by the literature were efficiency and ease measured by four items, responsiveness and communication measured by three items.

The main hypothesis in this study proposed a positive and significant relationship between Service Quality of E-Banking and customer satisfaction with E-Banking. The convenience sampling technique was used to gather the data, and the surveys were completed by the banking clients who visited the branches and agreed to complete the survey. The survey instrument was also posted online through Google Survey Form. The final number of usable surveys collected and analyzed was a total of 218 samples. The dependent variable was customer satisfaction with the E-Banking service, and it was measured by four items with a high reliability, while the independent variables suggested by the literature were efficiency and ease measured by four items, reliability measured by three items, safety and privacy measured by four items, and responsiveness and communication measured by three items.

**Hypothesis 1 (H1):** The efficiency of E-Banking services positively affects customer satisfaction.

**Hypothesis 2 (H2):** The reliability of E-Banking services positively affects customer satisfaction.

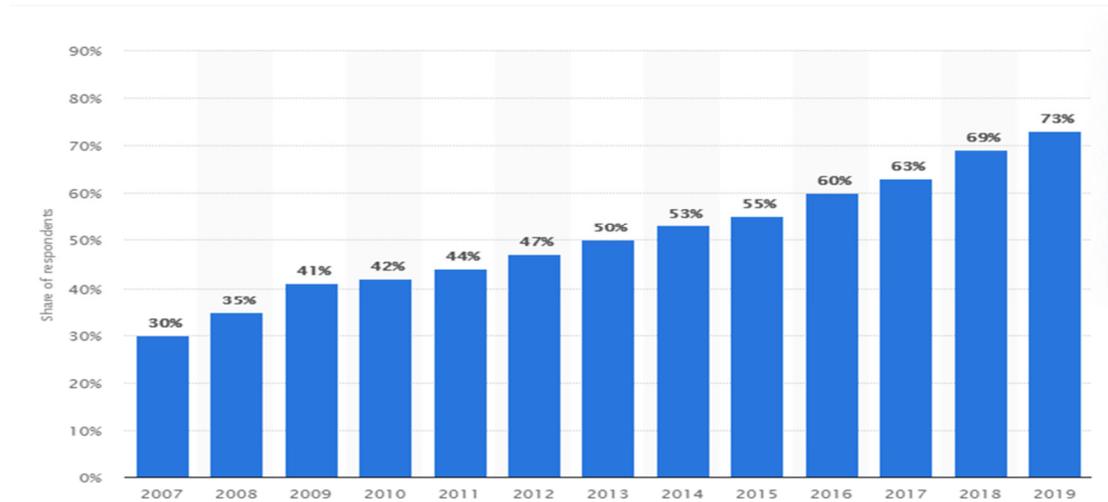
**Hypothesis 3 (H3):** The security and privacy of E-Banking services positively affects customer satisfaction.

**Hypothesis 4 (H4):** The responsiveness and communication in E-Banking service positively affects customer

### **Findings**

Most of the respondents had college education with 67.1% holding a bachelor's degree and 31% holding a graduate degree or professional certification. Most of the respondents (66%) earned an annual income that ranged between Rs1000,000 and 12,000,000, while 23% earned between 15,000,000 and 17,000,000 indicating that most of the respondents belonged to the middle-to-low income category. Regarding their use of E-Banking services, the majority of respondents (74%) had been using E-Banking services for more than 1 year, and 64.7% used

E-Banking services two or more times a month. However, none of the control variables seemed to have any significant relationship with the dependent variable in the model. The SEM results show that reliability of the E-Banking service has the greatest contribution (standardized beta =0.87) to customers' perceptions of service quality, followed by efficiency and ease of use (standardized beta = 0.81), responsiveness and communication (standardized beta = 0.79), and safety and privacy (standardized beta = 0.68), the last being the factor with the smallest contribution to service quality of E-Banking.



**Share Of Respondent Over The Years**

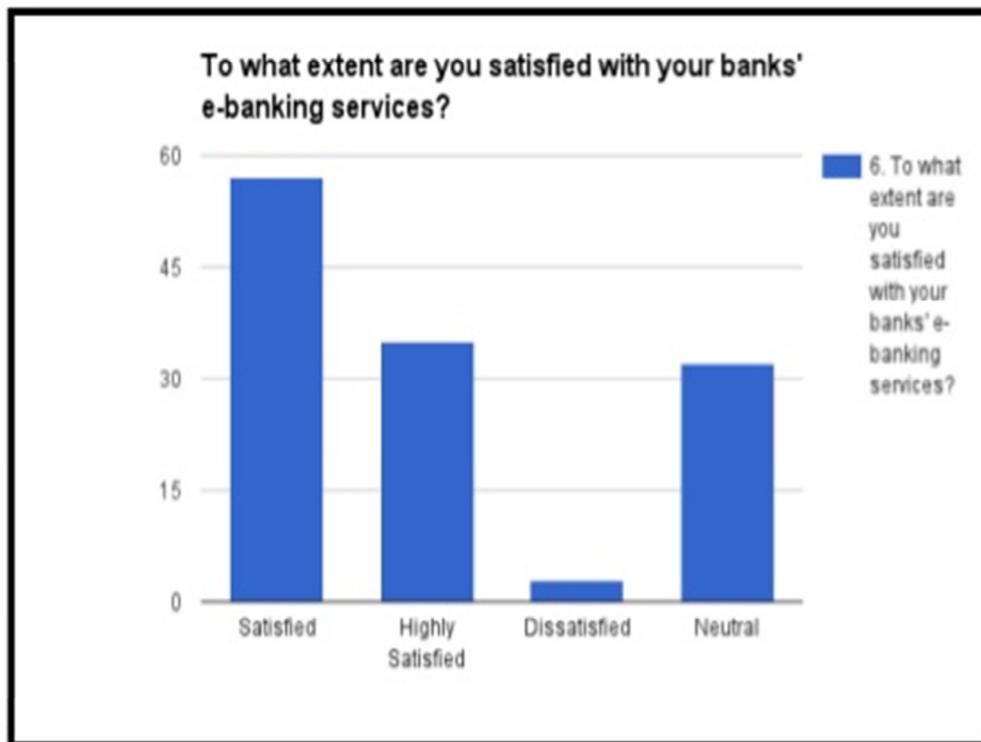
### **Interpretation and Discussion**

The findings of this study showed not only that service quality is a factor that has a significant relationship with customer satisfaction with E-Banking services but also that reliability is the strongest dimension of service quality affecting customer satisfaction. The findings also showed that the four independent variables (efficiency and ease of use, reliability, security and privacy, and responsiveness and communication) as related to the quality of E-Banking services have a significant effect on customer satisfaction. Results shows that there is a direct relationship between the dimensions of Internet banking service quality and customer satisfaction with banks. An important dimension of service quality is efficiency and ease of use of that service. According to survey, using a bank's electronic services offers clients a chance to be cost effective in performing transactions, not only by saving money but also by saving time. Result is consistent with studies done in other markets which suggested that higher levels of efficiency increase customer satisfaction with E-Banking. Reliability, an important element of service quality, was shown in this study to have

the greatest influence on customer satisfaction with E-Banking. This confirms results found in previous research on this topic, as people need to be able to depend on a steady delivery of the E-Banking service. On the other SIDE, the dimension of security and privacy had a positive and significant effect on customer satisfaction, thus confirming previous research its impact seems to be lower than the other variables of service quality.

Finally, the variable responsiveness and communication was shown to have a significant and positive influence on customer satisfaction, which is consistent with previous studies. Timely responsiveness and effective communication, which can be essential for customers facing issues with E-Banking services, seem to affect customer satisfaction significantly.

LEVEL OF SATISFACTION	NO. OF RESPONDENTS
Highly Satisfied	38
Satisfied	58
Neutral	32
Dissatisfied	5
TOTAL	133



## **LIMITATIONS OF THE STUDY AND SCOPE FOR FUTURE RESEARCH**

Despite sincere efforts, the study has certain inherent limitations. The study is descriptive in nature and data was collected from many sources. This paper explained a theoretical backdrop to the concept of quality service in banks and customers' satisfaction.

The presence and extent of service quality and customer satisfaction examination in different countries has been pursued by the researcher. Previous studies reveal that the service quality and satisfaction of customers are studied jointly and not separately. Service quality and satisfaction of customers towards foreign and nationalised banks can be studied separately in future studies. Again, satisfaction of customers' depends upon quality of service and whether satisfaction of customers' leads to loyalty should be tested in future studies. There is woeful shortage of potential explanation of service quality in foreign banks. Different scholars have tried to explain service quality and customer satisfaction with the help of financial inclusion, customer retention, customer awareness on modern banking services, mobile cash transfer and macro-financial variables. However, there is no unanimity on the possible source of service quality and customer satisfaction. Many researchers examined the time-varying, volatility behaviour of rural and urban banking customers and to the best of my knowledge; it has never been attempted in the Indian banking sector. Hereby, the researchers conclude that there is a dearth of literature in emerging service quality and customer satisfaction in banking sector that can be used as a trigger to examine diversified attributes of service quality and customer satisfaction, especially in the banking sector context.

### **Conclusion**

This study aimed to examine the impact of E-Banking service quality on customer satisfaction in the banking sector. Similar studies had been done for other countries and markets, as was shown in the literature review. The study followed the quantitative approach where a survey was distributed among bank clients in Vashi, Navi Mumbai. Findings suggest that the four hypotheses in this study were supported by the data, and the main contribution of this study was that reliability, as a service quality variable, was the main predictor of customer satisfaction in this particular market.

To further extend this research, it is recommended that ways to increase the reliability of "E-Banking" service be Investigated.

## References

1. Sakhaei SF, Afshari AJ, Esmaili E (2014) The Impact of Service Quality on Customer Satisfaction in Internet Banking. *J Math Computer Sci*
2. Neghab MP, Heravi SM, Kahani M (2013) Simulation and Optimization of Affective Causes on Quality of Electronic Services. *Journal of Mathematics and Computer Science*
3. Musiime A, Malinga R (2011) Internet banking, Consumer adoption and Customer satisfaction. *African Journal of Marketing Management*
4. Anuar MM, Adam F, Mohammad Z (2012) Muslim consumers' perception on Internet Banking services, *International Journal of Business and social Science*
5. Zafar M, Zaheer A, Rehman KU, Rahman SU (2011) Impact of online service quality on customer satisfaction in banking sector of Pakistan. *African Journal of business management*
6. Ankit S (2011) Factors Influencing Online Banking Customer Satisfaction and Their Importance in Improving Overall Retention Levels: An Indian Banking Perspective, *Information and Knowledge Management 1*.
7. Kumar, S. A., Mani, B. T., Mahalingam, S., & Vanjikovan, M. (2010). Influence of service quality on attitudinal loyalty in private retail banking: An empirical study. *IUP Journal of Management Research*
8. Nupur JM (2010) E-Banking and Customer Satisfaction in Bangladesh: An Analysis. *International Review of Business Research Papers*
9. Nadiri H, Kandampully J, Hussain K (2009) Students' perceptions of service quality in higher education. *Total Quality Management and Business Excellence*