

A Study on Customer Satisfaction of Online Banking Service: A Case Study of Kannadi Grama Panchayath

Aswani M, Athika M.K*

Centre for Research in Developmental Economics, University of Calicut
Approved Research Centre, MES Kalladi College,

Mannarkkad- 678583, Kerala, India

*Corresponding author: 8304008876,

Email: athikahashir0@gmail.com

Abstract

Online banking, or internet banking, is an electronic payment system that allows customers to perform financial transactions through their financial institution. This study investigates the dimensions and attributes that determine online banking service quality, emphasizing that the success of these services depends on customer awareness, acceptance, and satisfaction. A quality measurement framework is proposed to suggest enhancements in online banking service delivery. The research highlights that customer satisfaction is influenced by factors such as user interface design, security measures, customer support responsiveness, and feature availability, including mobile banking and electronic bill payment. The evolution of banking technology in India has led to significant advancements, including online deposits and digital account transfers, making banking processes faster and more convenient. Given the shift towards digital banking, this study aims to provide insights into customer satisfaction levels and identify areas for improvement in online banking services, ultimately contributing to a more effective and competitive banking landscape.

Introduction

Online banking, also referred to as internet banking, web banking, or home banking, enables customers to conduct a variety of financial transactions via a secure electronic platform provided by banks or financial institutions. This study aims to explore the dimensions and

attributes influencing the quality of online banking services. The effectiveness of these services is closely tied to customers' awareness and acceptance, as well as their overall satisfaction with the online banking experience.

The primary objective of online banking systems is to automate banking transactions, offering customers faster and more efficient service. Typical transactions conducted through online banking include checking account balances, reviewing recent transactions, making electronic bill payments, and transferring funds between accounts. Factors such as user interface design, security protocols, customer support responsiveness, and features like mobile banking significantly impact customer satisfaction. As online banking continues to grow in popularity, understanding these dimensions is essential for banks to enhance service delivery and meet the evolving expectations of their customers.

The advancement of technology has transformed the banking sector in India, introducing features such as online deposits, e-bill payments, digital account transfers, and mobile wallet usage. This study will further assist customers in understanding their satisfaction levels with digital banking services, ultimately contributing to improved service quality and customer retention.

Scope of the Study

The scope of this study encompasses an in-depth exploration of online banking, particularly focusing on its influence on customer satisfaction. In the modern technological era, daily tasks have been significantly streamlined, with banking being a prime example of this digital transformation. The advent of online banking has revolutionized how customers interact with financial institutions, allowing them to conduct various transactions—from account openings to fund transfers—without the need for physical visits to bank branches. This digital shift has not only enhanced the efficiency of banking operations but has also reduced the inconvenience of long waiting times, fostering a more user-friendly experience.

Furthermore, the study seeks to analyze the factors contributing to customer satisfaction, including usability, security features, and

customer support responsiveness. By understanding these elements, banks can refine their service offerings to attract a larger customer base. The competitive landscape of the banking industry has intensified as institutions strive to provide superior online services to retain existing customers and draw in new ones. Overall, this research aims to provide valuable insights that can help banks improve their online service quality, ultimately enhancing customer satisfaction and loyalty in a rapidly evolving digital banking environment.

Research Problem

As Indian banking customers increasingly transition to online banking, driven by factors such as demonetization and advancements in technology, understanding customer satisfaction has become critical in this competitive landscape. E-banking was introduced to enhance service delivery, allowing for 24/7 access to financial services. However, while traditional banking relies on personal relationships to foster customer loyalty, online banking must focus on delivering high-quality services in terms of speed, security, and convenience.

With no guarantee that current service levels will meet future demands, banks must continuously improve their offerings. This study emphasizes the necessity of utilizing customer satisfaction as a metric for evaluating and enhancing service quality. By understanding the unique relationship between banks and their customers, this research aims to identify the key factors influencing satisfaction and provide actionable insights for better service delivery.

Objectives

- To find out the factors influencing online banking services.
- To study the problems faced by online banking service.

Methodology

This study employs a mixed-methods approach, utilizing both primary and secondary data to comprehensively analyze online banking and customer satisfaction. Primary data was collected through structured interviews with 70 respondents from Kannadi Grama Panchayat in Palakkad District, ensuring a representative sample of the

local population. The interview schedule was designed to capture various dimensions of online banking service quality, including user experience, satisfaction levels, and specific challenges faced by customers.

In addition to primary data, secondary data was gathered from diverse sources, including books, journals, magazines, websites, and newspapers, to provide a broader context and support the research findings. This dual approach enhances the reliability and validity of the study. The collected data was systematically analyzed, and visual representations such as tables, percentages, graphs, and pie diagrams were created to illustrate key trends and insights. This methodology enables a thorough examination of the factors influencing customer satisfaction in online banking.

Reviews

- **Rakesh H M & Ramya T J (2021):** In their research titled "A Study on Factors Influencing Consumer Adoption of Internet Banking in India," the authors explore the critical factors affecting the adoption of internet banking. They emphasize that marketing experts should highlight the benefits of online banking services to enhance consumer awareness and attract more users.
- **Jyothna Sharma, Jagdeep Singh, and Ananddeep Singh (2020):** This study, "Impact of E-Banking Service Quality on Customer Satisfaction," investigates the relationship between the quality of e-banking services and customer satisfaction. Using random sampling, the authors found that factors such as responsiveness, security, and effective communication significantly influence customer satisfaction in e-banking.
- **Amruth Raj Nippatlapalli (2020):** In "A Study on Customer Satisfaction of Commercial Banks: Case Study on State Bank of India," the paper defines customer satisfaction as a measure of how well banking services meet or exceed expectations. This study highlights the importance of understanding customer experiences to enhance satisfaction in the banking sector.
- **Liu and Li (2020):** Their research examines how timely and effective customer support significantly impacts satisfaction levels in online

banking. They provide insights into differences in satisfaction levels between public and private banks, shedding light on service quality factors crucial for enhancing customer experiences.

- **A.M. Banu N. S. Mohamed et al. (2019):** This paper identifies key factors influencing customer satisfaction with online banking, including customer awareness, security concerns, and the usability of online platforms. The study underscores the importance of addressing these factors to improve customer experiences and satisfaction levels.

These reviews collectively contribute to understanding the dynamics of online banking and customer satisfaction, offering insights into factors influencing adoption and service quality.

Results and Discussions

Factors Influencing Online Banking Services.

The survey aims to gather insights on awareness and usage of e-banking services among customers. Participants are asked to indicate their familiarity with various services, including internet banking, mobile banking, credit cards, and debit cards. Additionally, the survey inquires about preferred online banking activities, such as transferring funds, making online purchases, or regularly checking bank statements. Respondents will also specify their mode of access, whether through a computer, mobile device, or other sources. A key question addresses the convenience of accessing online banking services anytime and anywhere, along with satisfaction regarding service charges imposed by banks. Finally, the survey seeks to identify the most influential factors driving users to online banking, such as availability, ease of use, and security.

The survey results indicate varying levels of awareness and preferences regarding e-banking services among respondents. Mobile banking was the most recognized service, with 42.9% awareness, followed by multiple choice options (21.4%) and internet banking (17.1%). In contrast, awareness of credit cards (5.7%) and debit cards (12.9%) was notably lower. When it comes to preferences for e-banking usage, online payments led with 37.1%, while transfer funds online and multiple choice options were also popular, accounting for 22.9% and 28.6%, respectively.

A significant majority (97.1%) preferred mobile devices for internet banking, emphasizing the trend toward mobile banking apps. Additionally, 94.3% of respondents felt they could access online banking services anytime and anywhere, highlighting its convenience. Most respondents (72.9%) expressed satisfaction with the service charges for online banking, although perceptions of fairness varied. Finally, ease of use (52.9%) emerged as the primary factor influencing the adoption of online banking, followed by all-time availability (38.6%).

Problems Faced By Online Banking Service.

The survey addresses key aspects of user experience with online banking services, focusing on various factors that influence customer satisfaction and security. Respondents are asked whether banks collect personal information carefully, with a simple yes or no option. The effectiveness of transaction notifications is assessed through a range of agreement levels, from "strongly agree" to "strongly disagree." Additionally, participants evaluate the user-friendliness of online banking services, again using a scale of agreement. The clarity of language and content on bank websites is also gauged, with a straightforward yes or no question. Respondents are queried on whether bank websites provide comprehensive details about products and services, as well as their experiences during net banking registration. Finally, the survey explores specific problems users encounter while using online banking, including time delays in fund transfers, accessibility for those with limited education, and issues related to slow system performance.

The survey shows a high level of satisfaction among online banking users, with 98.6% trusting that personal information is handled carefully, 95.7% finding the website language clear, and 95.7% satisfied with available features. Additionally, 62.9% agreed and 18.6% strongly agreed that the service is user-friendly, and most respondents were content with transaction notifications, though 17.1% were neutral. While 51.4% faced registration difficulties, issues with fund transfer delays (25.7%), slow system speed (27.1%), and usability challenges for non-educated users (14.3%) were noted. Addressing these challenges could enhance accessibility and user experience for all banking customers.

The survey results indicate strong satisfaction with online banking, as 95.7% of respondents reported contentment with the available features and services. This high level of satisfaction suggests that the bank's offerings align well with customer needs and expectations. Additionally, 67.1% of respondents expressed overall satisfaction with their online banking experience, reflecting positive engagement and usability. However, while most are satisfied, this leaves room for further improvement to address the needs of the remaining 32.9% who may have mixed or less favorable experiences. Enhancing areas like ease of use and accessibility could help further boost user satisfaction across all demographics.

Conclusion

This research report reveals that most bank customers are aware of online banking services, but there is still a need for increased customer education on new technologies and service offerings. Strengthening customer interactions and creating a welcoming atmosphere could help retain current customers and attract new ones, contributing to the growth of Indian and global banks. The study highlights five critical factors—ease of use, usefulness, self-efficacy, trustworthiness, and prompt service—that influence the adoption of internet banking, with demographic factors like age, gender, education, and occupation playing significant roles in Kerala. Service quality dimensions, including reliability, responsiveness, efficiency, security, and website design, strongly correlate with customer satisfaction, which in turn supports customer loyalty. Popular internet banking applications include mobile recharges, balance checks, bill payments, and fund transfers. These findings underscore the need for ongoing improvements in service quality and customer education to enhance the online banking experience.

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