



THE IMPACT OF INTERNET BANKING SERVICE ON CUSTOMER SATISFACTION WITH SPECIAL REFERENCE TO PRIVATE AND PUBLIC SECTOR BANKS IN VIJAYAWADA (ANDHRA PRADESH)

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Abstract

In India, the banking industry has entered several new activities in the areas of merchant banking, leasing housing finance, venture capital and financial services in general. The development of new technologies in banking industry has profoundly changed the way in which customers interact with service providers. This paper mainly compares, online banking services of SBI Bank one the leading public sector bank and HDFC bank, a leading private sector bank. A structured questionnaire is administered to various target groups. The paper presents the data, drawn from a survey of Internet banking consumers from two leading banks i.e. SBI and HDFC and develops a functional model for maximizing value to the consumers. Data was analyzed statistically to investigate the service quality of internet banking.

Keywords: *Customer satisfaction, Internet banking, Responsiveness, Reliability, Privacy.*

I. Introduction

In the early days the main banking function of the goldsmiths was to keep in custody other people's money and lending a part of it. Gradually, these functions were extended, and others were added. Now-a-days, the bankers have to deal with many matters. They serve as custodians of stocks and shares and other valuables. Imports into and exports out of a country are financed by banks and documents relating to the goods so imported and exported, at one time or another, pass through the hands of the bankers. They have to deal not only with bills of exchange, but also with bill of lading, railway receipts, warehouse warrants and receipts, marine insurance policies and various other documents. As bankers, they advance money on securities, and issue letters of credit, travelers' cheque, credit cards and circular notes to customers wishing to travel abroad, as also to affect purchases and shipment of goods.

They are often required to countersign indemnities and guarantees given by their customers and they undertake the administration of estates, assuming the position of trustees; they assist industrial undertakings by underwriting their shares and debentures, providing them with working capital finance and fixed capital requirements also. On behalf of their customers, they carry on correspondence with income tax authorities, make periodical payments such as rents, taxes, subscriptions etc. and on instructions from their customers, act as executors of their customers wills; in short, they do all they can assist their customers. Indian Banks have to revisit their products and the strategy for catering customer service keeping in view the tastes and requirements of their customers of all type in the competitive environment. The more highly developed a country is, the greater is the instrumentality of the banker utilized to carry through commercial transactions.

2. Statement of the Problem

Service has become a strong force now-a-days. Of service sector, the banking services play a vital role to satisfy the varied requirements of customers, both the government on one side and the public on the other. Banks, either public sector banks or private sector banks, are highly competitive with each other with their own objectives and attaining their objectives and targets. As far as the public sector banks are concerned they are under statutory obligations that they need to implement certain schemes from time to time announced by the Central Government and RBI. The coverage of customers throughout the country including all rural areas and villages are wide, the amount spent per customer is maintained at minimum because of wide coverage. Poor, middle class and higher income group of people are given equal importance inspite of their volume of transactions. The working atmosphere is also quite normal except in some public sector banks and are conducive in nature.

3. Need and Importance of the Study

Banking industry has experienced numerous adjustments in the later past. Technological advancement and rivalry among banks have made business banks to consider new techniques to pull in more customers and hold the current customers. With the expanded rivalry among banks, quality of service rendered and customer satisfaction plays a vital part in manageability and productivity of banks. Measuring administration quality and level of fulfillment of bank customers gets to be inescapable in the present situation. Thus a study identifying with the consumer satisfaction in banks is viewed as essential.

4. RESEARCH METHODOLOGY

4.1 Objectives of the Study

1. To determine the perceptions of customers regarding the service quality in banks.
2. To study and compare the perceptions of the customers in and public (SBI) & private (HDFC) banks.

The study provides a comparative analysis of the performance of SBI & HDFC banks in Vijayawada city.

Hypothesis of the Study

1. There is no significant difference between public (SBI) & private (HDFC) banks with respect to service quality dimensions and level of customer satisfaction.
2. The service quality dimensions do not predict customer satisfaction.

4.2 Research Design

Descriptive research design has been used for this study and a survey has done for fact-finding inquiries of different kinds. The data is collected through the questionnaire. The information is gathered from the different customers of the two banks, viz., SBI bank and HDFC Bank located in the Vijayawada, Andhra Pradesh. Sampling size was 100 customers of each bank who use the internet for banking purpose. Questionnaire was designed to get the data systematically. Respondents has to choose on option of each statement measured on five point scale, where strongly disagree =1, disagree=2, neutral=3, agree=4, strongly agree=5.

4.3 Analysis of Results

Table 1(A) - Demographic Profile of respondents of SBI Bank

Age	%	Gender	%	Status of Usage	%	Profession	%
18-30 Years	31	Male	68	From last 6 months	19	Service	63
31-40 Years	53			From last 1-2 years	33	Business	21
41-50 Years	10	Female	32	From last 2-3 years	39	Agriculture	03
50 & Above	6			From last 3 years or above	09	Student	13
Total	100		100		100		100

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Table 1(B) - Demographic Profile of respondents of HDFCI Bank

Age	%	Gender	%	Status of Usage	%	Profession	%
18-30 Years	38	Male	73	From last 6 months	21	Service	59
31-40 Years	49			From last 1-2 years	39	Business	23
41-50 Years	9	Female	27	From last 2-3 years	33	Agriculture	4
50 & Above	4			From last 3 years or above	07	Student	14
Total	100		100		100		100

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Demographic Profile: Dimension represents male customers are higher with compare to female customers in different professions.

Table 2 (A) - Satisfaction Level towards Reliability in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Reliability	Web open access can be downloaded Quickly	31	33	17	15	4
	Updated Information provided on bankWebsite is accurate	26	23	27	11	13
	Language and proceedings on website are easy to understand	8	6	6	29	51
	Bank website do not hang At the time of net banking process	15	12	7	21	45

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Table 2 (B) - Satisfaction Level towards Reliability in HDFC Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Reliability	Web open access can be downloaded Quickly	34	31	14	13	8
	Updated Information provided on bank Website is accurate	24	18	28	13	17
	Language and proceedings on website are easy to understand	1	6	7	22	64
	Bank website do not hang At the time of net banking process	13	12	8	22	45

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Reliability Dimension represents quality and authenticity of information available to the customer through bank website. From the above tables it is clear that the score of HDFC bank is more than SBI bank, however the difference of scores is not too large. Therefore it can be concluded that customers of HDFC bank are comparatively more satisfied, but the SBI bank is not far behind in terms of providing reliable online banking services.

Table 3 (A) - Satisfaction Level towards Efficiency in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree(5)
Efficiency	Bank website is accessible in all time(24/7)	1	2	10	22	65
	Is available all information in Bank website	12	64	11	6	7
	Error occurs during accessing online banking	6	18	22	28	26
	Speed to login/logout account is fast	8	24	14	26	28

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Table 3 (B) - Satisfaction Level towards Efficiency in HDFC Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Efficiency	Bank website is accessible in all time(24/7)	0	1	12	20	67
	Is available all information in Bank website	10	53	9	15	13
	Error occurs during accessing online banking	7	19	21	29	24
	Speed to login/logout account is fast	7	12	11	32	38

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Efficiency: The dimension of efficiency includes statements which represent accessibility of bank Website. It mainly indicates the speed of service to the customers using online banking. From the above two tables it is again clear that more number of customers of HDFC bank are happy with the efficiency of online banking services as compared to SBI bank. Therefore it can be concluded that customers of HDFC bank have better access to the bank website. Customers mainly found to be happy with HDFC bank for their fast and prompt service. Therefore SBI bank needed to look in to this matter and update the technology for increasing the speed of online banking service.

Table 4 (A) - Satisfaction Level towards Responsiveness in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Responsive ness	Bank promptly sort out any problem that occurs during online banking	9	17	32	26	14
	Bank employees are co-operative Towards helping the customers in case of problem in online banking	12	12	45	14	17
	If any error happens, bank Immediately compensate the loss	0	10	2	25	63
	Bank displays important Information on website quickly in case of any changes in service.	16	13	15	39	17
	Bank quickly confirms any online transaction through SMS/ any other bank alerts	24	28	21	16	11

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Table 4 (B) - Satisfaction Level towards Responsiveness in HDFC Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Responsiveness	Bank promptly solves any problem that occurs during online banking	7	9	20	38	26
	Bank employees are co-operative Towards helping the customers in case of problem in online banking	16	8	7	46	23
	If any error happens, bank Immediately compensate the loss	1	10	4	25	60
	Bank displays important Information on website quickly in case of any changes in service.	23	29	20	17	11
	Bank quickly confirms any online transaction through SMS Service	12	16	14	26	32

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Responsiveness: This quality dimension represents statements which reflect response available to the customer from bank website during online banking. The score of HDFC bank is once again more than SBI in case of responsiveness. So we can say that the customers of HDFC bank receive better response on website that customers of SBI bank.

Table 5 (A) - Satisfaction Level towards Privacy of Information in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Privacy of Information	Bank website is completely secure for Credit card information	7	6	10	20	57
	Bank carefully collects personal information of customers	3	15	12	26	44
	You believe that bank don't misuse Your personal information.	2	5	10	20	63

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Table 5 (B) -Satisfaction Level towards Privacy of Information in HDFC Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree(1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Privacy of Information	Bank website is completely secure for Credit card information	9	8	14	15	54
	Bank carefully collects personal information of customers	12	14	10	24	40
	You believe that bank don't misuse Your personal information.	6	8	6	17	63

(Source: Data Collected from survey in Vijayawada during September-october-2016)

Privacy of information: this dimension represents privacy maintained by the bank about the information shared by customers on bank website. Here score of SBI is more than score of HDFC bank. So in terms of maintenance of privacy customer of SBI trust their bank more, however the score difference is not significant so customer of HDFC bank also indicate trust on their bank website.

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5. Conclusion

Internet banking has facilitate customers in many aspects like time saving, less efforts, ease in doing transaction. Within Vijayawada city, due to industrial base and educational institutes, majority of customers are using internet banking. These customers are from service class. HDFC is the pioneer bank in India. Therefore HDFC dominates in majority of the quality dimension. However in case of quality dimension of 'Privacy of Information', it seems that people of India still trust public sector bank, i.e. SBI bank. The difference in service quality arises mainly because of skilled human resource and culture of bank. Being private bank HDFC bank has put more efforts to bring efficiency and user friendly approach in the system. SBI is also coming with new innovative ideas to satisfy customers.

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