

## Customer satisfaction towards online banking in Hyderabad city

\*L.Ramanjaneya

\*\*Dr.A.A.Ananth

### **Introduction**

In the present scenario technology is affecting the life of every individual both qualitatively and quantitatively. 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. In the present scenario online services have become an added feature in the banking sector. Online banking (Internet) banking allows customers to conduct financial transactions on a secure website. Credit goes to advanced technology that provided ultimate ease to the customers at their convenient place and time. Online banking allows people to perform all the banking related activities such as money transfer, past transactional information, cash withdrawals and deposits etc with a just one click of a mouse. Customers can easily check the account balance every day just by visiting the website of their bank. This provides the place and time utility to people provided if one has Internet access. Online banking also eliminates unnecessary waste, which an organization incurs in the form of office supplies. This facet has also helped in meeting the social concerns. However, using internet for money transaction is never been free from risk. More importantly, security is always been an issue of concern.

Internet banking is a cause of concern to majority of the offline banks, who should be ready for an unprecedented competition from the non-traditional banking institutions that offer banking and financial services over the Internet in the recent time,

Despite several counter measures taken by the banks in the form of information encryption, firewalls, encoding etc. Yet customers' reluctance prevails in relaying totally at online banking especially in developing countries like India. This led to the foundation of this study. The core purpose of this research study was to figure out the most critical factors having an impact on customer satisfaction towards online banking in India with the help of Technology Acceptance Model (TAM) Davis et al., 1989). Online banking was introduced in the 80's but its growth across the globe took place in the 90's. South Africa has been and still is lagging behind in Online banking technology and usage (Singh, 2004). In Hyderabad city, many of banks introduce online banking. By introducing online banking helps to build reputation and increasing the customers' habits towards modern banking. Online banking or e-banking is an electronic payment system that enables customers of a bank to conduct a range of financial transactions through their website. Private Banks in India were the first to implement internet banking services in the banking industry. Private Banks, due to late entry into the industry, understood that the establishing network in remote corners of the country is a very difficult task. It was clear to them that the only way to stay connected to the customers at any place and at any time is through internet applications. They took the internet applications as a weapon of competitive advantage to corner the great monoliths like State Bank of India, Indian Bank etc.

### **Review of Literature**

**Polatoglu & Ekin (2001)** Define the degree in which a person trusts that using a particular system improve his or her job and also increase their work performances.

**Laforet and Li (2005)** Satisfaction of risks as well as computer and technological skills are the main factors causing obstruction in online banking acceptance. Internet banking services has not only reduced the operating costs to the banks but it also helped in increasing the customer satisfaction and customer retention.

**Ahmed A (2006)** Online banking systems reduce the cost of operations like physical appearance of banks and workers mostly in the Pakistan e banking creativities and utilize the technology benefits and produce other many benefits in the banking system Pakistan has been among the late inter in the online banking. First ATM was start in 1999 and in 2000 internet banking was introducing.

**Williamson (2006)** Digital signature for security purpose, Online Banking Association, member institutions rated security as the most important issue of online banking. There is a dual requirement to protect customers' privacy and protect against fraud. Digital signature is a precautionary measure to

\*Assistant Professor, Department of Master of Business Administration, CMR College of Engineering & Technology, Medchal, Hyderabad, and Research Scholar, Department of Business Administration, Annamalai University, Tamilnadu,

\*\*Associate Professor, Department of Business Administration Annamalai University, Tamilnadu.

prevent malpractices and tampering the information. It is a form of enhanced authentication.

**Gupta, P.K. & Jamia Millia Islamia (2008)** Examine the consumer behaviour with respect to Internet banking vis-à-vis conventional banking, and to explore the possibility of blending these banking systems. Finally, study identifies the weaknesses of conventional banking and explores the consumer awareness, use patterns, satisfaction and preferences for Internet banking vis-à-vis conventional form of banking and also highlights the factors that may affect the bank's strategy to adopt Internet banking. It also addresses the regulatory and supervisory concerns of Internet banking.

**Divya Singhal & Padhmanabhan (2008)** They explored the major factors responsible for internet banking based on respondents' satisfaction on various internet applications. Factor analysis results indicate that 'utility request', 'security', 'utility transaction', 'ticket booking' and 'fund transfer' are major factors. Out of total respondents' more than 50 % agreed that internet banking is convenient and flexible ways of banking and it also have various transaction related benefits.

**Al-Somali (2009)** There can be different factors that influence the use of online banking. Adoption of online banking services can be increased by the availability of quality internet connections like broadband. But certain barriers exist that hinders the acceptance of online banking which differ from environment to environment.

**Tavishi & Santosh Kumar (2013)** In their study on Technology Adoption by Indian Banks analyzed the factors influencing the customers for the adoption of internet banking and mobile banking in India and hence investigate the influence of perceived usefulness, perceived ease of use and perceived risk on use of internet banking and mobile banking.

**Maitlo GM, Kazi ZH, Khaskheley & Faiz M Shaikh (2015)** Made an attempt to determine those factors that influence the adoption of online banking services in Hyderabad. A theoretical model is provided that conceptualizes and links different factors influencing the adoption of online banking in Hyderabad with a sample of 302 respondents. Factor analyses and regression technique are employed to study the relationship. The results of the model tested clearly that use of online banking is influenced by channel convenience, perceived risk, security satisfaction, prior internet knowledge and information on online banking. Finally, they suggests that an understanding the factors affecting intention to use internet banking is very important to the practitioners who plan and promote new forms of banking in the current competitive market.

**Krishna Reddy & Sudhir Reddy (2015)** Analysed customer satisfactions toward the convenience and willingness to use E-banking services are identified and measured. Customer satisfaction level towards the E- Banking has been identified. They concluded that around 70 % of people have positive satisfaction & are satisfactory with E-Banking Services. Still people of these areas are not using all the E-banking services frequently because they less knowledge about computer and internet; so they feel hesitation in using E-banking services.

**Vandana Tandon Khanna & Neha Gupta (2015)** The study shows the factors such as Technology acceptability, safety, availability, user friendliness and accessibility highly depends on the demographic profile of the population size. Most of marketing decision in terms of enhancing the effectiveness of delivery channels can be taken by considering these factors.

### Statement of Problem

In past years, everyone went to bank in every time to perform their transaction; it is not possible all the time. So it is major problem to customers and bankers. To overcome of this major task, banking institutions adopting online banking system, it helpful to provides enhanced techniques for maintaining the required accurate information up-to date, it helpful to made easy transactions by the customer when they are adopted with the online banking system. It is therefore, this study reveals that factors influence to customer satisfactions towards online banking.

### Objectives of the Study

1. To study the factors contributing customer satisfaction towards online banking services.
2. To analyse the impact of demographic variables on online banking services.
3. To analyse the impact of customer satisfaction towards online banking services.

### Hypotheses Tested

1.  $H_0^1$ : There is no significant impact of demographic variables on online banking services.
2.  $H_0^2$ : There is no significant impact of customer satisfaction on online banking services.
3.  $H_0^3$ : There is no significant impact of factors influence on online banking services.

### Research Methodology

The study is concerned with the customer satisfaction towards online banking based on however, the major focus was given to primary source of data, and these data were collected directly from the sample customers through a well devised questionnaire from the respondents from Hyderabad city. Secondary data was collected from relevant books, journals, research articles and magazines for the purpose of review of literature. Convenience sampling method was used for the study. The sample size of the bank customers is 220 and the data has been analysed by using multiple regression analysis and the results were validated accordingly.

### Data Analysis

In this section, an attempt has been made to present the demographic profile of the sample respondents chosen for this study, then multiple regression analysis. From the table 1, It is evident that more than 41 percent of respondents are using the Online banking in the age group of below 21 years, followed by 38 percent of respondents from the 21-30 years group, 74 percent of the respondents belonged male and 26 percent of respondents belonged female, 41 percent of respondents graduates and with followed 35 percent of respondents with PG, 40 percent of respondents working as a Private Employees, 29 percent are the Students and 20 percent are the Govt. Employees are using Online banking services regularly, 31 percent of respondents earned Rs.20,001-30,000 for month and 25 percent of respondents earned Rs.10,001-20,000, using online banking services regularly.

**Table -1 Demographic Profile of Respondents**

Age		
	No of Responses	Percent (%)
Below 20 years	92	41.9
21-30 years	84	38.1
31-40 years	28	12.7
Above 41 years	16	7.3
Total	220	100.0
Gender		
Male	162	73.7
Female	58	26.3
Total	220	100.0
Education		
Intermediate	26	11.8
Degree	92	41.9
PG degree	78	35.4
M.Phil/ PhD	24	10.9
Total	220	100.0
Occupation		
Student	64	29.1
Govt employee	46	20.9
Private employee	88	40.0
Business	22	10.0
Total	220	100.0
Income for month (in rupees)		
Below Rs.10,000	38	17.3
Rs.10,001-20,000	56	25.5
Rs.20,001-30,000	68	30.9
Rs.30,001-40,000	34	15.4
Above Rs.40,001	24	10.9
Total	220	100.0

Source: Field data

**Multiple Regressions**

Here an attempt has been made to analyse the primary data by using multiple regressions.

**1.  $H_0^1$ : There is no significant impact of demographic variables on online banking**

Table -2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.286 <sup>a</sup>	.082	.066	.38232	18.697	.000 <sup>b</sup>

Source: Complied Data

a. Predictors: (Constant), Age in years, Gender, Education, Occupation, Income

$R^2$  value is found to be 0.082, meaning there by that 82 percent of the variation in dependent variable is explained by predictors. Since the F value found to be significant, thus, null hypothesis is rejected and the alternative hypothesis accepted, meaning there is a significant in the variation caused by the predictors.

Table -3 Coefficients

Model	Un standardized Coefficients			Standardized Coefficients	t	Sig.
	B	Std. Error	Beta			
1	(Constant)	3.271	.089		37.573	.000
	Age in years	.084	.023	.078	2.633	.009
	Gender	.192	.025	.225	5.978	.000
	Education	.225	.015	.064	2.992	.007
	Occupation	.132	.017	.055	2.902	.000
	Income(in rupees)	.082	.012	.142	3.968	.001

Source: Complied Data

a. Dependent Variable: Online Banking

Table 3 presents that Education level (.225) emerged as the most important demographic variable, followed with gender (.192) and Occupation (.132). Hence, it can be concluded that the customers with higher education qualification of consumers will have higher positive impact on online banking, and followed by gender and occupation of consumers also having positive impact on online banking. So finally, there is a significant impact of all demographic variables on online banking.

 **$H_0^2$ : There is no significant impact of customer satisfaction on online banking.**

Table - 4

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.771 <sup>a</sup>	.623	.679	.16512	254.610	.000 <sup>b</sup>

Source: Complied Data

a. Predictors: (Constant), Easy accessibility, Time and money saving, Provide efficient service

Thus,  $R^2$  value is found to be 0.623, meaning there by that 62 percent of the variation in dependent variable is explained by predictors. Since the F value found to be significant, the null hypothesis is rejected and the alternative hypothesis accepted, meaning there is a significant in the variation caused by the predictors.

Table - 5 Coefficients

Model	Un standardized Coefficients			Standardized Coefficients	t	Sig.
	B	Std. Error	Beta			
1	(Constant)	2.287	.081		30.973	.000
	Easy accessibility	.027	.012	.023	.630	.001
	Time and money saving	.229	.019	.019	1.380	.000

Provide Efficient service	.160	.014	.175	14.855	.003
---------------------------	------	------	------	--------	------

Source: Complied Data

a. Dependent Variable: Online banking

From the table 5, it is evident that Time and money saving (.229) emerged as the most important motivational factor of banking, followed with Provide Efficient service (.160) and Easy accessibility (.027). It concluded that higher maintenance of Time and money saving, Efficient service, and Easy accessibility online banking will have higher positive impact on customers satisfaction towards online banking.

**2. *H<sub>03</sub>: There is no significant impact of factor influence on online banking.***

Table -6

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.681 <sup>a</sup>	.464	.461	.21409	184.283	.000 <sup>b</sup>

Source: Complied Data

a. Predictors: (Constant), Quality of services, accurate information, security and privacy.

R<sup>2</sup> value is found to be 0.464, meaning there by that 46 percent of the variation in dependent variable is explained by predictors. Since the F value found to be significant, the null hypothesis is rejected and the alternative hypothesis accepted, meaning there is a significant in the variation caused by the predictors.

Table -7 Coefficients

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.128	.106		10.642	.000
	Quality of Services	.037	.015	.079	2.420	.006
	Accurate information	.264	.024	.302	10.813	.000
	Security and Privacy	.483	.027	.523	17.726	.000

Source: Complied Data

a. Dependent Variable: Online Banking

From the table 7, it is evident that Security and Privacy (.483) emerged as the most important factor of banking, followed with accurate information (.264) and Quality of Services (.037). It concluded that higher maintenance of Security and Privacy, Accurate information and Quality of Services of banks will have higher positive impact on customers' satisfaction towards online banking. Thus, there is a significant impact of factor influence on online banking.

### Concluding Remark

Today Internet banking has become a major weapon for survival of banking institutions. The major theme of the research was to study customer satisfaction towards online banking in Hyderabad city. There are three major objective and data were collected through questionnaire. It was analysed by the percentages and multiple regression. As per the results 41 percent (<20 years) and 38 percent (21-30 years) of respondents are mostly using online banking, 74 percent (male) and 26 (female), followed with 41 percent (degree) and 35 percent (PG), 29 percent (Private Employees) and 20 percent (Govt. Employees) of respondents mostly using online banking services regular. The results of the multiple regression analysis found that there is significant impact of demographical variables on the online banking, followed with customer satisfaction also impact on online banking. finally, it concluded that most of the respondents have positive satisfaction and they are satisfactory with online banking in Hyderabad city, but most of the people from this area, not having awareness on online banking because lack of the computer and internet knowledge. So they face problem, while using online banking.

### Reference

1. Ahmed, (2006). Policies and Regulations for Expanding e-banking to the Poor, The First Micro Finance Bank Ltd 24 (1), pp. 1-8.

---

2. Al-Somali, S.A. Gholami, R. & Clegg B., (2009), "An investigation into the acceptance of online banking in Saudi Arabia", Technovation, Vol. 29, pp. 130–141.
3. Casalo, L.V., Flavian, C. & Guinaliu, M., (2007). The role of security, privacy, usability and reputation in the development of online banking, Online Information Review, Vol. 31 (5), pp. 583-603.
4. Davis, F.D., Bagozzi, R.P. & Warshaw, P.R. (1989). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology, MIS Quarterly Vol. 13, pp. 319-340.
5. Divya Singhal and V. Padhmanabhan (2008). A Study on Customer satisfaction towards Internet Banking: Identifying Major Contributing Factors. Vol.5 (1). Pp.101-111.
6. Gregory D. Williamson (2006). Enhanced Authentication In Online Banking , Journal of Economic Crime Management, Vol. 4 (2).
7. Gupta, P.K. & Jamia Millia Islamia (2008). Internet Banking In India – Consumer Concerns and Bank Strategies. Global Journal of Business Research. Vol. 2 (1),pp.43-51.
8. Krishna Reddy, D.N.V. & Sudhir Reddy, M (2015). A Study On Customer's satisfaction And Satisfaction Towards Electronic Banking In Khammam District. IOSR Journal of Business and Management (IOSR-JBM). Vol. 17 (12), pp. 20-27.
9. Laforet, S. & Li, X., (2005). Consumers' attitudes towards online and mobile banking in China" International Journal of Bank Marketing, Vol. 23 (5), pp. 362-380.
10. Maitlo GM, Kazi ZH , Khaskheley A and Faiz M Shaikh (2015). Factors that Influence the Adoption of Online Banking Services in Hyderabad. International Journal of Economics & Management Sciences. Vol.4 (1), pp.1010.
11. Polatoglu, V.N. & Ekin, S, (2001). An empirical investigation of the Turkish consumers' acceptance of internet banking services, International Journal of Bank Marketing, Vol. 19 (4), pp. 156-165.
12. Rajgopalan, S.P. (2001). Banking in the New Millennium, Kanishka Publishers, Distributors, pp.1-6.
13. Singh, A.M., (2004). Trends in South African Internet banking, Aslib Proceedings: New Information Perspectives, Vol. 56 (3), pp. 187-196.
14. Tavishi and Santosh Kumar (2013). An empirical Study on Technology Adoption by Indian Banks, Global Journal of Mgt and Business Studies, Vol. 3 (10) (2013), pp. 1169 - 1172.
15. Vandana Tandon Khanna & Neha Gupta (2015). Customer's satisfaction about Banks Technology for Innovative Delivery Channels of Public Sector Banks (PSBs) of India, International Journal of Business and Management; Vol. 10 (2).

#####