

Acceptance of Digital Banking Services by Customers and its Impact on their Satisfaction Levels

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Abstract

Technological innovation has led to eradication of geographical boundaries and regulatory barriers. The technology has revolutionized the banking sector like never before. The people have started adopting internet banking not only because of government policies but also due to the advent of smart phones and convenience of internet banking. Banks are able to generate additional revenues, increase operational efficiency and provide better customer services. Though there is a shift from traditional banking to online banking, it is required to understand the satisfaction level of customer with the online banking services.

Keywords: Digital Banking, digitization, online banking, customer perception

Introduction

According to the report by Accenture, 2018 “Technology is going to generate the next wave of industry disruption in the banking industry either coming from outside the industry or allowing incumbents to differentiate themselves. Even in markets that currently look stable and profitable, bankers must be prepared to deal with the threats and opportunities arising from these trends to ensure that they are truly future-ready.

Nearly 800 bank business and IT executives from across 25 countries interviewed in the global Accenture Technology Vision 2018 survey, 86 percent agree that technology is increasing the level of integration between financial services and the rest of their customers’ lives. To prevent being marginalized and pushed to the ends of the value chain, banks are going to need to go beyond current products and services and create compelling living services that are highly personalized and relevant. Whether that change is coming fast—as it is in some of the emerging markets—or somewhat slower in the more developed economies, there is no disguising the fact that technological change is going to rewrite the rules of the banking industry over the next decade.” It is very important to build the customer trust and confidence and at the same time improve compliance with the regulations” This study helps in understanding the customer satisfaction with the online banking services.

Review of Literature

M. Vasan (2017) described that banks have to educate their employees to give proper training to the customers to use the facilities provided through e-CRM for better usage even for the old aged customers. Since private employees and

students have got good perception on internet banking, banker has to adopt right strategies to attract even people of other categories as government employees and professionals.

Firdous S., Farooqi R. (2017) depicted that the internet banking service quality dimensions have a significant impact on the customer satisfaction of internet banking customers. Each of the dimension namely efficiency, system availability, fulfilment, privacy, contact, responsiveness and contact individually contribute 70% to the overall customer satisfaction in internet banking.

Muhammad Rana (2012) found that electronic media campaigns can be launched, focusing how internet banking is addressing the concerns about ease of use, usefulness, compatibility and credibility. This will not only lead the customers to adopt internet banking even it will sustain the existing customers also.

G Sivakrishna (2011) described that the transactions relating to senior citizens as pension and retirement benefits should be provided through e banking. The bank should minimize the traditional way of methods to maximize the internet banking services. These activities should be undertaken by the bank to attract the new customers towards internet banking.

Objectives

- 1) To study the usage of internet banking services.
- 2) To examine the level of customer satisfaction towards digital banking services.
- 3) To understand the problems faced by the customers while using internet banking.

Hypothesis

H₀: There is no significant difference between customer satisfaction and usage of selected e-banking products.

H_a: There is a significant difference between customer satisfaction and usage of selected e-banking products.

Research Methodology

The survey was conducted to study and analyze the satisfaction of bank customers with e-banking services. The primary data has been collected through structured questionnaires and secondary data was collected from books, research papers, peer reviewed journals, magazine and internet. A sample of 50 bank customers was taken from the private banks, Jaipur Region. Convenience sampling method was used to collect data from customers.

Universe – Commercial Bank

Population – Private sector bank (ICICI Bank, Axis Bank, Kotak Mahindra Bank, AU Bank, HDFC Bank)

Sample Size - 50
 Dimensions - D1- Use of e-banking products
 D2 -Customer satisfaction
 Variables - Dependent Variable - Customer satisfaction
 Independent Variable - Use of e-banking products

Descriptive Analysis

Table 1.1: Age

		Frequency	Percent
Valid	18-24	10	20.0
	25-34	17	34.0
	35-44	20	40.0
	45-60	3	6.0
	Total	50	100.0

Source: Primary Data

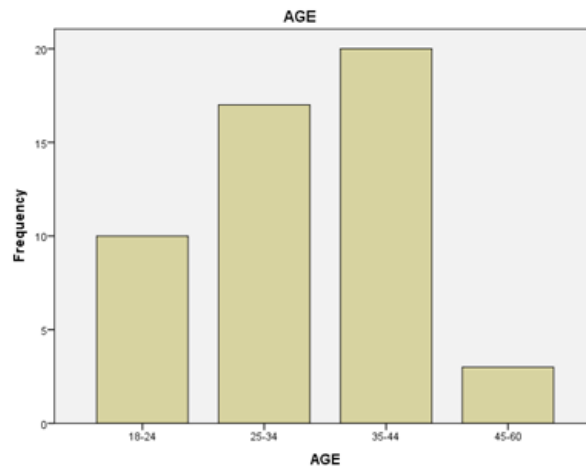


Figure 1.1

Inference : Above table and chart depicts that the age group 18-24 years have 20% respondents, 25-34 years have 34% of respondents, 40% respondents were from 35-44 years and only 6% were from age group 45-60 years.

Table 1.2: Gender

		Frequency	Percent
Valid	Female	31	62.0
	Male	19	38.0
	Total	50	100.0

Source: Primary Data

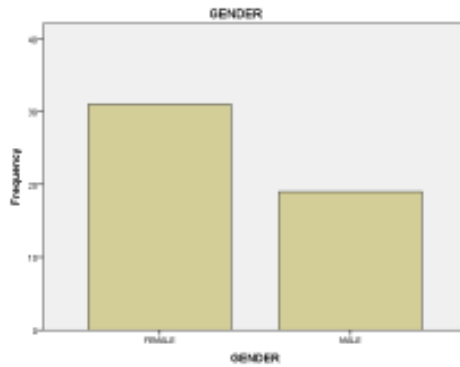


Figure 1.2

Inference : Above table and chart described the descriptive analysis for demographic profile of respondents indicated that out of 50, 62% were female and rest 38% were males.

Table 1.3: Educational Qualification

	Frequency	Percent
Graduate	10	20.0
PG	26	52.0
Professional	14	28.0
Total	50	100.0

Source: Primary Data

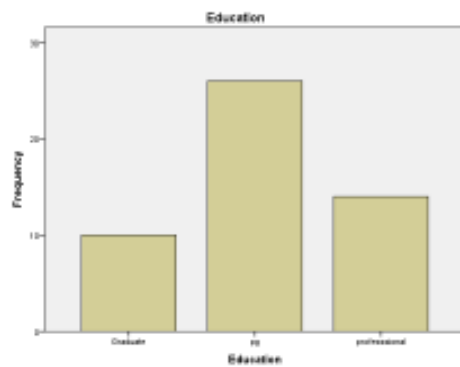


Figure 1.3

Inference: Above table depicted educational qualification result in which 52% of people have post graduate degree and above, 28 % respondents had a professional degree and 20% were graduates.

Table 1.4: Type of accounts

		Frequency	Percent
Valid	Saving Account	48	96.0
	Current account	2	4.0
	Total	50	100.0

Source: Primary Data

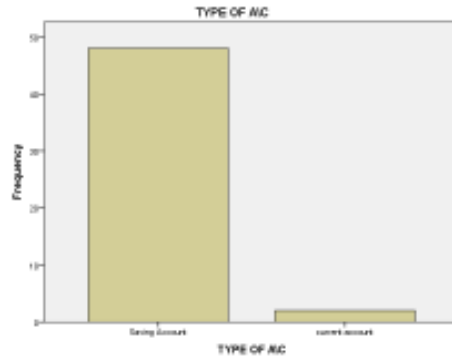


Figure 1.4

Inference :Above table and chart described that out of 50 respondents, 96 % had savings account and 4% had current accounts. The respondents do not hold any other types of accounts.

Table 1.5: Association with bank

		Frequency	Percent
Valid	One Year	5	10.0
	Two Years	8	16.0
	More than 2 Yrs	37	74.0
	Total	50	100.0

Source: Primary Data

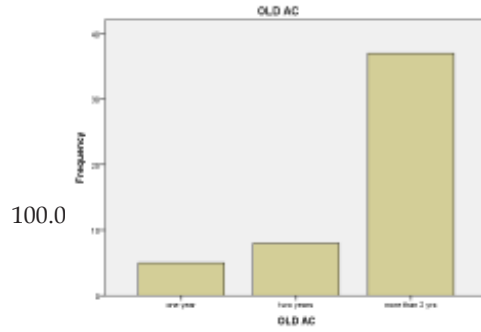


Figure 1.5

Inference : Above table and chart depicts that 10% of respondents had account which was just a year old, 16 % have accounts which were 2 years old and 74 % had accounts which were more than 2 years old.

Table 1.6 : Use of internet banking services

		Frequency	Percent
Valid	Yes	38	76.0
	No	12	24.0
	Total	50	100.0

Source : Primary Data

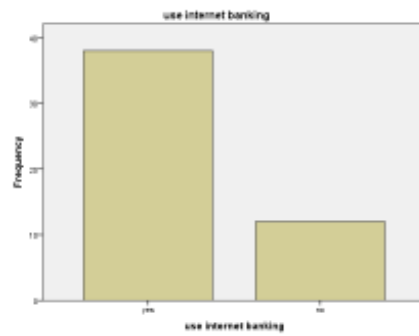


Figure 1.6

Inference: Above table and chart described that out of 50 respondents, 76% used internet banking while 24% of respondents do not use internet banking.

Table 1.7: Reasons for not using e-banking

	Frequency	Percent
Use internet banking	34	68.0
concern for security	7	14.0
not interested	8	16.0
not heard of internet banking	1	2.0
Total	50	100.0

Source : Primary Data

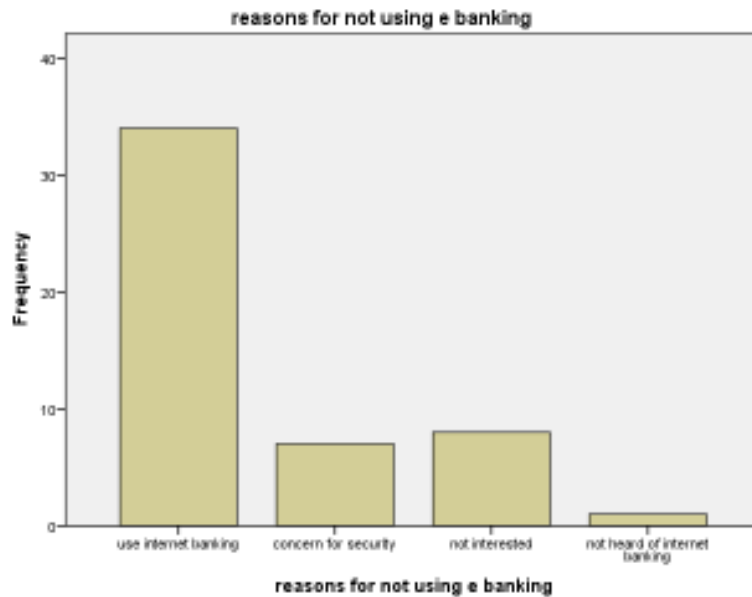


Figure 1.7

Inference : The above table and chart described that the topmost reason for not using the internet banking services was that people were not interested. Second reason was the concern for security. Only 2% respondents have not heard of internet banking. The internet banking has been provided by all the banks.

Table 1.8

Parameters	Category	Frequency	Percentage
Visiting bank branch	Never	20	40.0
	Rarely	18	36.0
	Sometimes	8	16.0
	very often	2	4.0
	Often	2	4.0
Mobile Banking	Never	16	32.0
	Rarely	9	18.0
	Sometimes	9	18.0
	very often	4	8.0
	Often	8	16.0
Online Banking	No response	4	8
	Never	6	12.0
	Rarely	8	16.0
	Sometimes	16	32.0
	very often	3	6.0
Pay bills	Often	13	26.0
	No response	4	8
	Mobile banking	20	40.0
	Online banking	18	36.0
	Others	5	10.0
Bank stmt	No response	7	14.0
	Mobile banking	13	26.0
	Online banking	23	46.0
	Others	1	2.0
Print stmt	No response	13	26.0
	Mobile banking	8	16.0
	Online banking	10	20.0
	Others	16	32.0
Open a/c	No response	16	32.0
	Mobile banking	5	10.0
	Online banking	10	20.0
Bank advisor	Others	15	30.0
	Mobile banking	3	6.0
	Online banking	6	12.0
Bank transfer	No response	22	44.0
	Mobile banking	19	38.0
	Online banking	15	30.0
	Others	10	20.0
	No response	7	14.0
	Online banking	18	36.0
	Others	10	20.0

Investment	Mobile banking	5	10.0
	Online banking	9	18.0
	Others	19	38.0
	No response	17	34.0
Savings	Mobile banking	7	14.0
	Online banking	16	32.0
	Others	14	28.0
	No response	13	26.0
Insurance	Mobile banking	1	2.0
	Online banking	11	22.0
	Others	20	40.0
	No response	18	36.0
Loans	Mobile banking	2	4.0
	Online banking	8	16.0
	Others	20	40.0
	No response	20	40.0

Hypothesis Testing

ONE WAY ANOVA		Sig.
Security	Between Groups	.122
	Within Groups	
	Total	
Challenges of e banking	Between Groups	.004
	Within Groups	
	Total	
Visit bank branch	Between Groups	.001
	Within Groups	
	Total	
Mobile banking	Between Groups	.000
	Within Groups	
	Total	
Online banking	Between Groups	.000
	Within Groups	
	Total	
Never used e-banking	Between Groups	.001
	Within Groups	
	Total	

Findings

The one way ANOVA test table described that for security the level of significance is more than .05 and hence it proves that the null hypothesis for security is accepted. People trust the security of internet banking transactions. Level of significance is less than .05 in the other parameters which clearly leads to selection of alternate hypothesis that customers are facing the challenges in using internet banking products and visit branch to do some transactions. Also people have moved to online and mobile banking which provides them convenience, free transactions and is easy to use. They feel satisfied in using e banking products.

Conclusion

It is found that there is rise in the number of females using internet banking services. The people in age group from 18-44 years are using internet banking for the most of the transactions whereas people above 45-60 years have still not adopted internet banking. Most of the people are visiting the branch only once or twice in the month.

Respondents have trust in the security of internet banking services. Customers use mobile banking and internet banking for bills payment, balance inquiry, bank statement, cash transfer whereas they prefer branch channels for the investment, savings, insurance and loan products. Convenience of using internet banking is the most advantageous feature followed by ease of use, security, free transactions which lead to the customer satisfaction.

Challenges faced in internet banking are dependence on internet, lack of assistance, limited services and security. Customers suggested that the bank's website could be more user friendly in terms of finding the information, simplicity, secured and have good download speed. It is important for the banks to educate the customers in use of e banking products and services. There could be special training programs conducted by the bank for the people in age group of 45-60 years to make them verse with internet banking products and services.

There are many reward points and charges are minimum for using online banking transactions but people should be educated for the same. Indian Banking Industry Analysis report shows that payments using NEFT and RTGS have increased many times however there is a need to educate customers as well as the merchants to proliferate digital transactions.

Limitations

- The sample size chosen is 50 which is very small in number, for more accurate results larger sample size needs to be chosen.
- The sample is taken from few private banks of Jaipur region.
- There was a limited time for the research to be conducted

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