



Online Banking Services And Customer Satisfaction A Study On Private Sector Banks (With Special Reference To Salem City)

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Abstract

The rapid advancement of technology has significantly transformed the banking industry, with online banking emerging as a crucial service for both banks and customers. This study examines customer satisfaction with online banking services in private sector banks, with a specific focus on Salem City, India. The research aims to analyse the factors influencing customer preferences, challenges faced in adopting online banking, and overall satisfaction levels. Using a structured questionnaire and statistical analysis, data was collected from 120 respondents, including students, professionals, and business individuals. The study evaluates key variables such as ease of use, security, service quality, transaction speed, and customer support. Findings suggest that while online banking enhances convenience and efficiency, concerns regarding cybersecurity risks, lack of awareness, and technical issues remain prevalent. The results emphasize the need for better digital literacy, enhanced security measures, and improved service responsiveness to increase customer trust and adoption. The study concludes that private banks must focus on user-friendly digital platforms and proactive customer support to sustain long-term customer satisfaction.

Keywords: Online Banking, Customer Satisfaction, Private Sector Banks, Digital Banking, Financial Services, Banking Technology, Consumer Behaviour

INTRODUCTION

Banking is a system of financial institutions that accept deposits, make loans, and provide various other financial services to individuals and businesses. The primary function of banks is to facilitate the flow of money through the economy by taking in deposits from savers and lending that money to borrowers. Banks also offer a variety of other financial services such as issuing credit cards, providing investment services, and offering insurance products. They play an essential role in the economy by providing a safe and secure place for people to deposit their money, providing loans to help people purchase homes and start businesses,

and enabling businesses to manage their finances and invest in growth opportunities. The banking industry is highly regulated, and banks are subject to strict rules and oversight to ensure the safety and stability of the financial system. The regulatory framework for banks varies from country to country, but the goal is always to protect consumers, maintain financial stability, and prevent fraud and other illegal activities.

With online banking, customers can check their account balances, view transaction history, transfer funds between accounts, pay bills, and even apply for loans or credit cards, all from the comfort of their own computer or mobile device. To use online banking, customers typically need to create an online account with their bank or financial institution, which requires providing personal information such as name, address, and account number. Once the account is created, customers can log in to the online banking portal using a username and password, or other security measures such as two-factor authentication. Online banking has become increasingly popular in recent years, as it offers a convenient and secure way for customers to manage their finances. However, it is important to use caution when using online banking, and to protect your personal information and login credentials to prevent unauthorized access to your accounts.

Nowadays, clients are more requesting so bank branches alone are not able to supply sufficient administrations to the required client. Managing an account nowadays is much more than schedule capacity and recovery of data. It delivers banks the capacity to rapidly react to market patterns, changes within the commerce environment or unused order shape administrative bodies such as the Central bank and the service of Finance. In an exceedingly competitive banking industry, speed could be a clear-cut advantage.

OBJECTIVES OF THE STUDY

To study the customer satisfaction towards the online banking services of private sector banks the following objectives are framed.

- To know the satisfaction level of customer towards online banking services.
- To understand the major factors influencing customer online preference towards online banking.

STATEMENT OF THE PROBLEM

This research investigates and looks at a few critical components that offer assistance in consumer's inclination towards online banking. To improve the poor quality of administrations, bankers ought to be mindful of their customer needs. Bankers ought to discover out the way to pull in more customers to utilize their administrations. In worldwide patterns, most customers are not centering on this web application. In order to illuminate this issue, customers ought to learn to utilize web banking which can bring comforts without progressing to the bank. In expansion there are few cases of extortion have been detailed in online banking. Furthermore, there are needs of social contract since whereas performing exchanges through e-banking the customer doesn't get any help from the banker.

REVIEW OF LITERATURE

Patel and Patel (2018) investigated the uptake of internet banking in Gujarat. The study contributes to our understanding of the factors driving the adoption of internet banking in the state and confirms the Technology Acceptance Model (TAM). The findings showed that perceived utility, simplicity, social influence, and security all have a favourable impact on the adoption of internet banking.

Hanzaee and Sadeghi (2010) examined the variables that affect customer satisfaction with Iranian banking services. According to the survey, accessibility, ease, accuracy, website design, security, usefulness, and bank image are some of the elements that have a big impact on how people behave when using online banking. Researchers and management are given a road map by the study.

Kumbhar (2011) addressed the elements that affected client satisfaction with regard to electronic banking. Customer satisfaction with e-services is significantly influenced by three variables: service quality, perceived value, and brand perception. The data study showed that a number of factors, including brand perception, simplicity of use, cost effectiveness, responsiveness, convenience, problem handling, and security, had a major impact on how satisfied customers are with electronic banking.

Polasik and Wisniewski (2009) conducted research on Poland's uptake of internet banking. The study outlined the characteristics of consumer behaviour in that nation as well as other industrialised nations when it comes to using internet banking. The study discovered a connection between client opening of an online account and security level. It is possible to improve and grow the number of online accounts by distributing cost-effective channels and ensuring their security.

Al-Somali, Clegg and Gholami (2009) the acceptability of online banking by Saudi Arabian customers was looked into. The study concentrated on promoting internet banking uptake and enhancing and improving client interactions. According to the study, online banking usage is significantly influenced by social influence, awareness of online banking, computer competence and self-efficacy, and the quality of the internet connection.

Hypothesis of the Research

Hypothetical Question.1: H_0 = There is no significant difference between factors encouraging the use of online banking facilities to your experience and Age group of the respondent.

H_1 = There is significant between factor encouraging the use of online banking facilities to your experience and Age group of the respondent.

Hypothetical Question.2: H_0 = There is no significant difference between Account holding type and occupation.

H_1 = There is significant between Account holding type and occupation.

Hypothetical Question.3: H_0 = There is no association between Preferred bank type and is there issue any apart from the above mentioned.

H_1 = There is significant association between Preferred bank type issue any apart from the above mentioned.

Hypothetical Question.4: H_0 = There is no association between Education Qualification and purpose of using online banking facility.

H_1 = There is significant association Education Qualification and purpose of using online banking facility

Type of Research

This study is exploratory and descriptive in nature. It helps in discovering of new ideas and insights. Descriptive is the most popular type of research technique, generally used in survey research design and most useful in describing the characteristics of customers.

A sampling technique was used to select the respondents for this study. The respondents are Students, Service- Government employee, Business people, etc.

TOOLS FOR ANALYSIS

The primary data collected from the respondents were computerized, tabulated and programmed in a sequential order to get logically consistent inferences. The computerized data were analysed with the help of Statistical Package for Social Sciences (SPSS). The following are various statistical tools applied for the present study Percentage Analysis, ANOVA Test and Chi Square Test.

Sampling Technique: Convenience sampling technique is used

Sample Size

In this study of the consumer preferences towards online banking, 120 respondents has been taken as sample size and it has been through preliminary study through the experimental study by applying the method of offline survey, by meeting person to person. After pilot study, through Google forms online survey and offline survey, both the method have been used for collecting data in measure the preferences of consumer towards the online banking facility, have been collected preference the method by which the responses were collected is from the consumers who were having experience of using online banking facility.

The sample size is restricted to 120 customers. The customers are from different income group, age and profession and have randomly selected from each bank.

Interpretation and Analysis of Research

In this chapter researcher has analyzed the data collected on the basis of the frame of reference of this study. Chi square test and Z test methods are applied for analyzing the collected data. The analysis of the research is as follows:

Response of Customers about Online Banking

1. Distribution of Respondents According to age wise classification

Age Wise Classification

| | | |
|-----------------------|------------|-------------|
| Up to 20 years | 5 | 4.2 |
| 21-30 years | 63 | 52.5 |
| 31-40 years | 24 | 20 |
| 41-50 years | 21 | 17.5 |
| 51-60 years | 4 | 3.3 |
| Above 60 years | 3 | 2.5 |
| Total | 120 | 100 |

Table 1 depicts the distribution of the customer respondents according to age wise classification. Out of 120 respondents 53% are from 21-30 years using online banking services. **It is inferred from the above table that majority of the respondents (52.5%) are 21 to 30 years.**

2. Response as per the occupation of Bank Customers

| | | |
|------------------------------|------------|------------|
| Student | 37 | 31 |
| Service-government | 6 | 5 |
| Service-private | 18 | 15 |
| Business | 31 | 26 |
| Professional practice | 8 | 7 |
| Retired | 2 | 1 |
| Other | 18 | 15 |
| Total | 120 | 100 |

Table 2 reveals the distribution of respondents according to their occupation. The major chunk of customers 31% of the respondent are from student category, 26% of the respondent are businessman, and least 1% of the respondent are retired. It is inferred from the above table that majority of the respondent (31%) are student.

3. Distribution of Bank Customers as per their preferred choice

| | | |
|----------------------------|------------|------------|
| Public sector bank | 36 | 30 |
| Private sector bank | 80 | 67 |
| Foreign sector bank | 4 | 3 |
| Total | 120 | 100 |

Table 3 depicts the distribution of respondents according to their preferred choice Out of 120 customer respondents of 67% of the respondent are private sector bank, 30% of the respondent are public sector

bank, 3% of the respondent are foreign sector bank. It is inferred from the above table that majority of the respondents (67%) are private sector bank.

4. Purpose of using online banking facility

| | | |
|----------------------------------|------------|------------|
| Payment of Bills | 17 | 14 |
| Online shopping | 82 | 68 |
| Online ticket Reservation | 0 | 0 |
| Online trading | 4 | 3 |
| E-Filling | 1 | 1 |
| Fund transfer | 2 | 2 |
| Other | 14 | 12 |
| Total | 120 | 100 |

The above table shows the classification on the purpose of using online banking facility. It is observed that 68% of the respondent are online shopping, 14% of the respondent are payment of bills, 12% of the respondent are other, 3% of the respondent are online trading, 2% of the respondent are fund transfer, 1 of the respondent are E-Filling, 0% of the respondent are online ticket reservation. It is inferred from the above table that the majority of the respondents (68%) have online shopping.

5. Online banking services are provided

| | | |
|----------------------------|------------|------------|
| State bank of India | 51 | 43 |
| Canara bank | 20 | 17 |
| Axis Bank | 18 | 15 |
| ICICI Bank | 23 | 19 |
| HDFC Bank | 8 | 6 |
| Total | 120 | 100 |

The above table shows the classification in which bank online banking service are provided. It is observed that 43% of the respondent are state bank of India, 19% of the respondent are ICICI Bank, 17% of the respondent are Canara bank, 15% of the respondent are Axis bank, 6% of the respondent are HDFC bank. It is inferred from the above table that majority of the respondents (43%) have state bank of India.

6. Account holding type and occupation

| | | | | | |
|----------------|--------|-----|-------|-------|-------|
| Between Groups | 0.764 | 6 | 0.127 | 0.979 | 0.443 |
| Within Groups | 14.702 | 113 | 0.130 | | |
| Total | 15.467 | 119 | | | |

The above table analyses that the variance between various Account holding type and occupation of respondent as factor. The value of above factor ($F=0.979$, $P=0.443$). It is inferred that the p value is above 0.05. Hence the null hypothesis is accepted. There is no significant difference between Account holding type and occupation. All the factor with equal importance they manage by doing various activities of account holding type and occupation and think different prospective as per their convenience relating to their experience.

7. Issue facing while using the e-banking services

| | | |
|--|------------|------------|
| Internet connectivity unauthorized access | 29 | 24 |
| Within network & loss or damage of data by hacker | 58 | 48 |
| Data privacy & confidentiality lack of knowledge on the usage of E-channels | 11 | 10 |
| The changing banking landscape | 22 | 18 |
| Total | 120 | 100 |

The above mentioned shows the classification on what type of issue facing while using the E-Banking services. It is observed that 48% of the respondent are within network & loss or damage of data by hacker, 24% of the respondent are internet connectivity unauthorized access, 18% of the respondent are the changing banking landscape, 10% of the respondent are data privacy & confidentiality lack of knowledge on the usage of E-channels.

It is inferred from the above table that majority of the respondent (48%) have within network & loss or damage of data by hacker.

SUGGESTIONS

The following are the various suggestions made to improve the customer satisfaction with reference to online banking:

1. While looking at the analysis in this study, there is still scope for improvement of customer satisfaction by improving the quantity and quality of online private banking in the study area.
2. The bank websites should have customer-centric approach in the sense that such websites must be trust worthy and create good confidence among the customers of the banks.
3. It is further strengthened by anytime and anywhere banking by the bankers. Lack of accessibility arises in remote place or in rural areas.
4. The banker should be very clear about each transactions, its nature, mode of operation, etc. This ensures easy and mistake free operation by the customers.
5. A banker has to install proper redressal mechanism to settle the grievances of customers instantly. Unsettled complaints and grievances would reduce satisfaction of customers. Therefore, a banker has to find proper device to mitigate the grievances related to online banking.

CONCLUSION

This paper summarizing that, there are great impact and efficiency on the user's part. Most of the technology has more impact of the customers. New technology has been great influence for strong connectivity among the banks and his customers. This research has been outcomes of reliability and responsiveness on part of the customers. The banks also implemented technology to update his customers. The major part of the study focuses on online banking system and service provided by the private banks to their customers is more efficient and effective. In conclusion, online banking has revolutionized the way people interact with their banks, providing them with a more efficient and convenient way to manage their finances. It is expected that online banking will continue to evolve and improve, offering even more features and services to customer in the future.

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