

A STUDY ON CUSTOMER SATISFACTION TOWARDS ONLINE BANKING SERVICES WITH REFERENCE TO ICICI AND HDFC BANKS IN HYDERABAD AND SECUNDERABAD

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Abstract:

The banking sector is considered to be the backbone of Indian economy. The economic reforms and the various e-banking techniques followed by the banks during the last decade strengthened their financial position. The adoption of IT and communication made the things easier for the banks. Smooth functioning of the economy without any hassles is possible only when the banking system is flexible and capable of facing the new technological changes along with internal and external factors. Today, Customers expectations are quality services from banks which when fulfilled can result in improved customer satisfaction. The aim of the present study is to compare the banks base on usage of technology and also to identify and analyse the factors influencing the customer's usage of technology in the two leading private sector banks ICICI & HDFC Banks in Hyderabad and Secunderabad areas. The study also helps in assessing the power of these factors in context of internet banking which would indirectly help the bank management in strengthening the bonding between banks and customers, thereby helping them to retain and expand the customer base.

Key Words: Technological changes, Customer Satisfaction, Banking Sector

INTRODUCTION

Banking is a highly information intensive activity and relies mostly on information technology to acquire, process and deliver the quality information to all the users. Automated delivery of banking products and services to its customers through electronic communication like internet is referred as internet banking. Banks find that to retain their demanding customers, innovation and updation along with the provision of convenient, reliable and expedient services is very important. Today, almost all the Indian banks are trying to differentiate themselves in the competitive industry and align their offerings to the constantly evolving customer needs and developments in technology.

Globalization and deregulations helped banks expand their reach beyond countries which made them more competitive and therefore looking forward offering internet banking services, to maximise profits as well as retain customers. However, this cannot be achieved without high quality service which when satisfied, results in improved customer satisfaction. To make customers' banking more convenient, efficient and effective it is very important to ascertain the customers' perception of overall service quality and their satisfaction with online banking services

LITERATURE REVIEW

Internet banking is an 'Internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments'-defined by Pikkarainen, Karjaluo and Pahlila 2004. Internet banking provides its customers to access with almost all types of transactions excepting cash withdrawal.

Use of internet as a new alternative channel for distribution of financial services has become a competitive necessity with the advent of globalization and fierce competition (Flavian, Torres & Guinaliu, 2004)¹ & (Gan, Clemes, Limsombunchai, & Weng, 2006)².

Gupta et al., (2015)³ focused on customer's perception about technology being used for delivery of financial products and services by public sector banks of India and the study finds the need to understand the factors that influence the perception of an individual to add greater value to customers in terms of delivering financial products and services through innovative delivery channels.

Customer satisfaction gives scope to an organization to understand the factors that drive satisfaction and dissatisfaction among the end users during a service experience. The user satisfaction can be seen as the sum of the user's feeling and attitudes towards several factors that affect the usage situation (Bailey et al., 1983)⁴.

As the end user pays for the maximum new products and services, his experience has become a key in internet based businesses. The end user computing satisfactions are studied since 1980 (Ives et al., 1983)⁵. Characteristics of new products such as quality, ease, appeal and value of money must be matched or exceed customer expectations towards the product (Wilson & Sasse 2004) as such measuring customer satisfaction has become important for high tech products and services.

Many research studies on consumer attitude and adoption of internet banking reflected factors influencing online banking behaviour and attitude towards different technologies and acceptance of technological innovation. From online banking adoption perspective security, trust and privacy concerns are very important from consumers' view point (Benamati and Serva 2007)⁶.

According to (Liao and Cheung 2008)⁷ ease to use, reliability, security and usefulness are the service attributes that banks must offer for encouraging the consumers to switch to online banking. Online banking requires consumer involvement as it requires the consumer to maintain and regularly interact with new technology (Jane et al, 2004)⁸.

Six dimensions of electronic service quality such as provision of convenient and accurate banking operations, provision of user-friendly and responsive customer service, accessibility and reliability of service provision are revealed in a study by (Ibrahim et al, 2006)⁹. Usefulness, security and privacy are the most influencing accepting factors of online banking (Qureshi et al, 2008)¹⁰.

OBJECTIVES OF THE STUDY

1. To investigate the factors that influence the level of satisfaction of online customers (Internet banking services users) of select private sector banks ICICI & HDFC banks in Hyderabad and Secunderabad areas.
2. To analyse the significance of these factors in the satisfaction of online banking customers of select private sector banks ICICI & HDFC banks in Hyderabad and Secunderabad areas.

RESEARCH METHODOLOGY

Research design: Descriptive in nature

Research procedure: Survey method

Data collection: By using a structured Questionnaire

Sampling plan: Convenience sampling

Sample Size: 945 -Non-business and business customers of ICICI & HDFC banks in twin Cities of Hyderabad & Secunderabad.

DATA ANALYSIS AND INTERPRETATION

Table 1: Demographic Profile of the Customers

Particulars	Category	ICICI Bank	HDFC Bank	Total
Gender	Male	204	353	557
	Female	113	275	388
Age	Less than 25Yrs	47	103	150
	25-35 Yrs	78	119	197
	35-45 Yrs	105	235	340
	45-55 Yrs	70	118	188
	Above 55 Yrs	17	53	70
Educational Status	School level	47	134	181
	Diploma	33	67	100
	Under Graduation	89	201	290
	Post Graduation	117	169	286
	Professional Education	31	57	88
Average Monthly Income	Less than 40,000	121	286	407
	40,000-50,000	101	169	270
	50,000-60,000	45	128	173
	60,000-70,000	23	28	51
	Above 70,000	27	17	44
Nature of Customer	Non-Business	255	437	692
	Business	62	191	253

It's inferred that majority of the respondents are male from ICICI and HDFC banks and there is no significant relationship between both the banks while comparing the gender. Most of the respondents are in the age group of 35-45Yrs in both the banks ICICI and HDFC and there is there is no significant difference between the banks with respect to age groups. The respondents have completed their master's in case of ICICI bank and the majority of respondents have completed their degree in HDFC and there is a significant difference between both the banks while comparing the level of education of the respondents. Majority of respondents are earning less than 40000 group both in case of ICICI and HDFC banks and there is no significant relationship with both the banks while comparing average monthly income. There is no significant relationship with nature of customers of both the banks as majority of respondents are Non-business category in both the banks.

Table 2: Service Quality and Customer Satisfaction- Reliability

Satisfaction levels of reliability	Bank Name	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	F-Value	Significance
Web Pages provide accurate information	ICICI	0	2	76	170	66	70.432	.000**
	HDFC	0	0	111	372	145		
Problem free links, easy and accurate down loading	ICICI	0	2	68	180	65	.326	.568
	HDFC	0	3	82	431	112		
Content and texts provided are easy to understand	ICICI	1	5	49	172	88	.935	.334
	HDFC	0	3	68	386	171		
Transaction processing and customer details are handled without errors	ICICI	0	2	37	186	90	24.577	.000**
	HDFC	0	2	30	445	151		

Under the dimension of Customer Satisfaction of Service quality with reference to reliability services which are highly influential are the Web pages provide accurate information and the transactions processing details are handled without errors. The f-values of these services are 70.432 and 24.577 respectively, which are significant at 5% level of significance. Materials associated with problem free links, easy and accurate down loading and content and texts provided are easy to understand are not influential in this dimension and are not significant at 5% level, whose f-values are .326 & .935 respectively.

Table 3: Service Quality and Customer Satisfaction - Accessibility

Satisfaction levels of accessibility	Bank Name	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	F-Value	Significance
Bank can be reached at any time during the week	ICICI	0	4	78	154	79	3.354	.067
	HDFC	0	1	127	323	177		
Open access to financial records is provided in banks 'website	ICICI	0	4	71	170	70	.005	.943
	HDFC	0	0	104	417	107		
Banks site pages don't freeze after putting in all the information	ICICI	0	2	77	170	66	.327	.568
	HDFC	0	4	158	355	111		
Personal accounts can be easily accessed through internet	ICICI	0	7	53	190	65	5.192	.023*
	HDFC	0	2	107	417	102		
Banks site unrestricted access to all financial information	ICICI	0	6	47	174	88	12.922	.000**
	HDFC	3	4	129	348	144		

Under the dimension of Customer Satisfaction of Service quality with reference to accessibility service which is highly influential is banks site unrestricted access to all financial information whose f-value is 12.922 and significant at 5% level. The other dimension which is less influential is personal accounts can be easily accessed through internet with f-value 5.192 and significant at 5% level. The rest of the materials which doesn't influence this dimension are bank can be reached at any time during the week, Open access to financial records is provided in banks 'website and Banks site pages don't freeze after putting in all the information whose f-values are 3.354, .005 and .327 respectively and are not significant at 5% level.

Table 4: Service Quality and Customer Satisfaction -User friendliness

Satisfaction levels of user-friendliness	Bank Name	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	F-Value	Significance
Easy to learn and operate the systems	ICICI	1	3	73	176	62	8.974	.003*
	HDFC	0	1	108	429	90		
Easy to read characters on the website	ICICI	0	4	55	188	68	7.900	.005*

Help messages on the screen are always helpful	HDFC	0	1	80	451	96		
Help messages on the screen are always helpful	ICICI	1	3	47	181	83	1.029	.311
	HDFC	1	2	54	404	167		
Website is available in an easily understandable language	ICICI	1	1	48	179	86	7.037	.008*
	HDFC	0	0	109	363	156		
Banks site personalized for customer's personal requirement	ICICI	0	5	64	152	94	5.232	.022*
	HDFC	0	3	105	338	182		
Banks site is user friendly	ICICI	0	2	44	138	131	5.122	.024*
	HDFC	2	1	28	319	278		

Under the dimensions of customer Satisfaction of service quality with reference to User-friendliness less influential are easy to learn and operate the systems, easy to read characters on the website, website is available in an easily understandable language, banks site personalized for customer's personal requirement and banks site is user friendly whose f-values are 8.974, 7.900, 7.037, 5.232 and .024 respectively and are significant at 5% level. The only material which is not influential under this dimension is help messages on the screen are always helpful whose f-value is 1.029 and not significant at 5% level.

Table 5: Service Quality and Customer Satisfaction - Privacy/Security

Satisfaction levels of Privacy/Security	Bank Name	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	F-Value	Significance
Internet banking has Privacy policies	ICICI	0	1	92	172	49	41.635	.000**
	HDFC	0	1	162	385	79		
Feel secured by giving credit card information in the banks	ICICI	0	13	72	199	31	27.135	.000**
	HDFC	1	19	63	502	43		

website								
Website provides and clarifies its privacy policies about my private information	ICICI	2	14	84	169	46	15.752	.000**
	HDFC	0	21	170	343	94		
If I use Internet banking hackers may not take control of my account	ICICI	1	44	70	141	59	5.716	.017*
	HDFC	0	2	142	332	152		
Personal information is not misused by the bank	ICICI	0	16	65	164	70	.967	.326
	HDFC	0	6	50	413	159		

Under the dimension of Customer Satisfaction of service quality with reference to Privacy/Security the highly influential materials are Internet banking has Privacy policies, feel secured by giving credit card information in the banks website and website provides and clarifies its privacy policies about my private information and are significant at 5% level. The material if I use Internet banking hackers may not take control of my account is less influential whose f-value is 5.176 at significant at 5% level. The only material under this dimension which is not influential in this dimension is personal information is not misused by the bank and not significant at 5% level.

Table 6: Service Quality and Customer Satisfaction – Efficiency

Satisfaction levels of Efficiency	Bank Name	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	F-Value	Significance
Navigation of banks website is easy and simple to use	ICICI	0	12	92	153	58	20.027	.000**
	HDFC	0	3	295	216	114		
Login speed is fast to access the account	ICICI	0	7	67	183	58	2.049	.153
	HDFC	1	1	190	396	40		
Structure of online content is easy to follow	ICICI	1	6	47	165	96	.357	.550
	HDFC	0	3	81	289	255		
Service options are almost available on the website	ICICI	0	5	46	185	79	41.947	.000**
	HDFC	1	1	50	400	176		

A transaction can be easily completed through banks website	ICICI	0	7	38	160	110	10.619	.001**
	HDFC	1	0	109	294	224		

Under the dimension of Customer Satisfaction of service quality with reference to efficiency the highly influential are navigation of banks website is easy and simple to use, service options are almost available on the website and a transaction can be easily completed through banks website whose f-value are 20.027, 41.947 and 10.619 respectively and are significant at 5% level. The materials login speed is fast to access the account and structure of online content is easy to follow are not influential under this dimension whose f-values are 2.049 and .357 respectively and not significant at 5% level.

Table 7: Service Quality and Customer Satisfaction - Responsiveness

Satisfaction levels of Responsiveness	Bank Name	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	F-Value	Significance
Prompt services are provided by Internet banking	ICICI	0	5	84	150	76	2.390	.122
	HDFC	0	4	188	260	176		
Prompt responses are given to any of the e-mail requests	ICICI	0	5	44	180	86	55.357	.000**
	HDFC	0	4	61	381	182		
Bank provides appropriate information to customers when problem arise	ICICI	0	1	31	169	87	34.836	.000**
	HDFC	3	2	27	390	191		
Banks keeps its promises to deliver a service on a specified date	ICICI	1	5	37	157	88	24.585	.000**
	HDFC	1	1	57	383	171		

Under the dimension of Customer Satisfaction of service quality with reference to responsiveness which are highly influential are prompt responses are given to any of the e-mail requests, bank provides appropriate information to customers when problem arise and banks keeps its promises to deliver a service on a specified date whose f-values are 55.357, 34.836 and 24.585 respectively and are significant at 5% level. The only material Prompt services are provided by Internet banking is not influential in this dimension at 5% level whose f-value is 2.390.

Table 8: Customer Satisfaction Levels from All Dimensions

Dimensions	Bank Name	N	Mean	Standard deviation	Std.Error Mean	t-value	Sig
Reliability	ICICI	315	3.9975	.48387	.02726	.077	.000**
	HDFC	628	3.9952	.38758	.01547	.071	
Accessibility	ICICI	315	4.0454	.49893	.02816	-2.141	.000**
	HDFC	628	4.1083	.38282	.01528	-1.964	
User-Friendliness	ICICI	315	4.0783	.47332	.02667	-1.610	.000**
	HDFC	628	4.1221	.34733	.01386	-1.456	
Privacy/Security	ICICI	315	3.8013	.47155	.02661	-5.306	.000**
	HDFC	628	3.9474	.35601	.01422	-4.842	
Efficiency	ICICI	315	4.0216	.47650	.02685	.094	.0014*
	HDFC	628	4.0188	.40392	.01612	.089	
Responsiveness	ICICI	315	4.0816	.48301	.02846	-1.637	.0014*
	HDFC	628	4.1334	.42233	.01706	-1.560	

Under the all dimensions with reference to overall Satisfaction levels of the respondents, the level of significance of the dimensions reliability, accessibility, user-friendliness, privacy & security are highly influencing and they are significant at 5% level. Even the dimensions efficiency and responsiveness are influencing but comparatively less related to other 4 dimensions at 5% level of significance.

FINDINGS, IMPLICATIONS AND CONCLUSION

FINDINGS

- Majority of respondents are male from ICICI and HDFC banks and there is no significant relationship between both the banks while comparing the gender.
- Most of the respondents are in the age group of 35-45Yrs in both the banks ICICI and HDFC and there is no significant difference between both the banks while comparing the age groups.
- Most of the respondents have completed their master's in case of ICICI bank and the majority of respondents have completed their degree in case of HDFC bank and there is a significant difference between both the banks while comparing the level of education of the respondents.
- Majority of respondents are earning less than 40000 groups both in case of ICICI and HDFC banks and there is no significant relationship with both the banks while comparing average monthly income.
- There is no significant relationship with nature of customers of both the banks as majority of respondents are Non-business category in both the banks.
- Banks web pages provide accurate information and transaction processing and customer details are handled without errors are highly influential whereas the banks need to concentrate on the factors such as problem

free links, easy and accurate down loading and content and texts provided are easy to understand as these are not influencing under the dimension of reliability.

- Banks site has unrestricted access to all financial information and personal accounts can be accessed easily through internet are influenced under the dimension of accessibility. The non influencing factors under this dimension which need banks attention are banks can be reached at any time during the week, open access to financial records is provided in banks website and banks site pages doesn't freeze after putting in all the information.
- Under the dimension User-friendliness all the factors easy to learn and operate the system, easy to read characters on the site, website is available in an easily understandable language, banks site personalized for customer's personal requirement and banks site is user friendly are influenced and only non influencing factor help messages on the screen are always helpful need much attention.
- Banks website provides and clarifies its privacy policies about my private information, feel secured by giving credit card information in the banks website and internet banking has privacy policies are highly influenced whereas the less influenced factor if I use internet banking hackers may not take control of my account and non influencing factor personal information is not misused by the bank need to be considered by the bank.
- Navigation of banks website is easy and simple to use, service options are almost available on the website and a transaction can be easily completed through banks website are highly influenced whereas the non influencing factors login speed is fast to access the account and structure of online content is easy to follow need much attention under the dimension of efficiency.
- Highly influencing factors under the dimension responsiveness are prompt responses are given to any of the e-mail requests, bank provides appropriate information to customers when problems arise and bank keep its promises to deliver a service on a specified where as non influencing factor prompt services are provided by internet banking need to be paid attention.
- In t-test analysis the level of significance of all the dimensions are taken into consideration as the significance level is at .000 which is less than .005 except in case of responsiveness and efficiency which less significant i.e. 0.014 at 5% level of significance.

IMPLICATIONS

- The fast augment of number of computerized channels and customers' preferences to use the online products, banks are pressurized to respond aggressively to meet the customers' needs. The study provides required inputs to the bank management to increase customers' involvement through improving service quality, lowering risk and enhancing security operations.
- Banks should develop strategies to inspire non-users through awareness, education, personalized services and demonstrating the functions of internet and mobile banking services. The study shows that recognising both technological and trusts based issues are important in increasing employee customer's behavioural intention to use banking services.
- All the dimensions used in the study can be used for decision making process as all the dimensions are significant at 5% level of significance.

CONCLUSION

This research study revealed that reliability, accessibility, user-friendliness and privacy/security are the major dimensions that strongly influence the overall satisfaction of the consumers. On the other hand, efficiency and responsiveness moderately affect the overall satisfaction of consumers using internet banking services. In order to promote customer satisfaction, it is inevitable for banks to give due emphasis to all the above mentioned factors.

The researcher's aim throughout the study has been to examine how far the customers are satisfied with the internet banking services offered by the select banks in Hyderabad and Secunderabad areas. Customers are the important assets of any business and the success and failure of any business depends on how they satisfy the expectations of their customers.

Finally, the researcher like to add that proactive and creative approach by banks, for example providing consumer education regarding internet banking and friendly customer service will help improve the customer confidence and eventually overall customer satisfaction levels.

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