

# A STUDY OF CUSTOMER SATISFACTION OF E-BANKING: SPECIFIC RELEVANCE TO STATE BANK OF INDIA AKOLA (MS)

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## Abstract

Banking environments, globalization and deregulations have made the SBI highly competitive. SBI seems to be difficult to compete and need to look at ways to satisfy customers. As customers became more sophisticated, it becomes SBI necessary to consider the use of technology to act in response to the continuously changing requirements. It is clearly seen that delivery channels are lacking in meeting the demands of customer by not making them aware of e-banking and not too up-to-date technology. As per the responses obtained respondents are agreed that the banking industry strongly feels that it must become accustomed to the electronics age if they are to move with time and customer demands. It is concluded that SBI should draw themselves in all the workings regarding E-banking to determine ways that will affect the customers in Akola and use it to their maximum benefit.

**Key Words:** Electronic Banking, Automated Teller Machine (ATM), Tele-Banking, Internet Banking and Customer's Satisfaction.

## 1. INTRODUCTION

The question of how the customer satisfaction can be improved in intense competition is an important factor in providing banking services. SBI are faced with a number of important questions, for example how to take full advantage of new technology related opportunities, how e-developments change, the ways customers interact with the financial services provider etc. E-banking is the newest delivery channel for banking services. E-banking has a variety of following platforms a) Internet banking or online banking b) telephone banking c) mobile phone banking and d) PC banking or offline banking. Internet banking is a form of self-service technology in retail banking that have made available in the recent past. An understanding of why users are accepting the internet banking services should help bankers to implement this self-service technology. The paper includes an analysis of customers' awareness towards e-banking services, the quality of e-banking services provided by the SBI and the hurdles in achieving customer satisfaction. The main focus is on internet banking as it is the delivery channel that seems to be slowly growing in Akola.

## 2. REVIEW OF LITERATURE

The earlier studies on the subject are-

O'Hanlon (1993) in the early market stage, ATM was a product based on a radical technological innovation, and did not represent a solution to a customer need at that point in time.

Solomon (1997) claims that for client interface and transport, security is currently mainly ensured by the use of cryptographic instruments and by the set up of private financial network. Also, private networks are another solution to secure transactions. These networks can be used for corporate banking and retail banking.

According to the Gartners report 1999, there has been a rapid growth in online PC banking in the USA, from just over 10 million in 1999 to the projected 35 million by the year 2003 with a rapid shift in internet access

As SCN Education B.V. 2001, pointed out several advantages of E-Banking firstly, some banks who offer services on the net currently are very few, thus those who offer such services would be perceived as leaders in technology implementation thus they would enjoy a better brand image. Secondly, the costs incurred in delivering

various banking products and services would be reduced. Thirdly, banks which enter early will be able to get a better handle on the services and products which the consumers need. Also, these banks will require less time to develop and deliver products to their customers. Finally, the banks can use their web sites to sell their own as well as other third party products to their customers. The diverse range of products and services which can be sold through web sites will lead to increase revenues for the banks.

Sohail and Shanmugham 2003, pointed out that a bank's promotional efforts facilitate awareness of internet banking adoption and its benefits. Technology has introduced new ways of delivering banking to the customer, such as ATMs and Internet Banking. Hence, Banks have found themselves at the forefront of technology adoption for the past three decades.

R Speece 2003, state that though banks are very interested in internet banking they are concerned with the risks connected with procedures for transactions over the Internet. Today, banks are already loosing enormous amounts through cheques and credit card fraud. The security solutions of the future are the major concern for banks. If customers distrust the security it may create multiple problems. Banks will find it hard to launch Internet banking services if demand is low because of security doubts. Though the banks themselves believe that the security levels for bank transactions over the internet are sufficient, they also believe that their customers distrust existing security solutions, primarily because they are software based.

### 3. MEANING OF E-BANKING

Electronic banking (e-banking) is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-banking includes the systems that enable financial institution, customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. E-Banking is also called Internet banking, on-line banking or PC banking. E-Banking includes ATMs, wire transfers, telephone banking, electronic funds transfers and debit through NEFT, RTGS, IMPS, mobile transfer using various banking apps and credit cards. Nowadays, internet banking sites process customer service inquiries, allow transactions from one account to another, take loan applications, open new accounts etc. In addition to the rapid use of electronic bank branches an entire financial community has suddenly offering most and financial service. As customers are visiting banks, more and more are using ATMs, home banking terminals and the internet to do their financial business. It is supported by speed of telecommunications, powerful, inexpensive computers and secured encryption. This change to the internet is increasing the number of competitors in the market. Technology has introduced new ways of delivering banking to the customer, such as ATMs and internet banking. SBI began to look at e-banking as a means to replace some of their traditional bank functions. This study involves the study of state bank of India. A research based on electronic banking was chosen because by general observation it was noted that many people are not very much aware of electronic banking services. This research study considers two main factors: electronic banking and customer satisfaction. Here we can assume independent variable as electronic banking and the dependent variable as customer satisfaction. It is presumed that e-banking preference is affected by factors such as occupation type and age group and these factors are considered important to and are linked to e-banking to determine whether they really do have an impact on e-banking.

### 4. OBJECTIVES OF THE STUDY:

- To study the preference of type of banking according to occupation type
- To study the satisfaction regarding e banking.
- To study the constraint experienced by customer regarding e banking.
- To offer suggestions.

### 5. METHODOLOGY:

This study is intended to be a local study based on the city of Akola where there is a higher probability of people being aware and knowledgeable of e-banking and its services and is limited to the state bank of India. However, the limit of the sample size is 110 respondents.

#### 5.1. Hypothesis:

Customers are generally happy and satisfied regarding e-banking services as a whole provided by SBI.

#### 5.2. Sampling

A convenient sample size of 125 respondents was used. In selecting the 125 respondents, a purposive sampling method was used to consciously select customers who meet the criteria of having used internet banking services for the past twelve months.

#### 5.3. Data Collection Instrument

A self-administered structured questionnaire was developed based on the literature reviewed to gain insight into customers' satisfaction with internet banking service quality. The questions asked of the customers were

structured to determine their understanding of e-banking, their enthusiasm regarding e-banking services and acceptance of e-banking etc.

#### 5.4 Limitations of the Study

There is difficulty in obtaining information. Other limitations include the extent to which respondents cooperate, support the researcher and express honesty and truthfulness in the data they provide. While administering the sample respondents were reluctant we are able to collect data from 110 respondents.

### 6. ANALYSIS AND INTERPRETATION OF DATA

In this section, has been analyzed and interpreted.

#### 6.1. Relationship between the Electronic Banking and Occupation.

**Table-1: Relationship between the Electronic Banking and Occupation**

Occupation Type	Electronic Banking	Ratio Of E-Banking To Manual Banking (%)
Employee	33	30
Business	25	23
Household	28	25
Student	24	22
<b>Total</b>	<b>110</b>	<b>100</b>

The study suggests preference for e-banking is the greatest for the business occupation. It can be seen that the preference for electronic banking over manual banking is greater for employees i.e 30% than any other type of customers.

#### 6.2. Frequency of the Different Age Groups.

It is a general thinking that the younger generation prefers e-banking compare to the older age group. This study also represent the same belief whether there is a fair representation of both young and old age groups as the results are thought to be affected by the age groups involved.

**Table 2: Percentage of the Different Age Groups.**

Age Group	Frequency	Percent
18 to 25 years	21	26
26 to 35 years	18	22
36 to 45 years	14	18
46 to 55 years	14	18
56 to 60 years	8	10
above 60 years	5	6
<b>Total</b>	<b>110</b>	<b>110</b>

Table-2. Shows that the maximum preference for the e-banking represents younger (18-25 years) groups i.e 26%

**6.3. Importance of ATM According to Different Occupation Types****Table 3: Different Occupation types Perceptions about Importance of ATM Usage**

Occupation Type	Importance of ATM usage		
	Important	Not important	Ratio of important to not important
Employee	110	00	110
Business	110	00	110
Household	110	00	110
Student	99	11	90
<b>Total</b>			<b>92.5</b>

The results clearly shows that respondents do indeed 92.5 % perceive ATM usage as important. It is seen that majority of the respondents regardless of the fact of which occupation type they belong to perceive ATM usage to be important. Thus, we can assume that ATM importance is not affected by the occupation type.

**Average rating of Service provided**

Service provided	Average rating of service
Quality of EFT services	6
Ability To Pay Bills	5
Efficiency And Correctness of Financial Status Report	6
Efficiency And Quality of Multi-Reporting	4
Quality of Cross-Currency Services	4
User-Friendliness of System	6
Range of Products	4
Reasonableness of Costs	5
Quality of Funds Management	5
Security of Transactions	5
Quality of Tele-Banking	2
Quality of ATM	6
Ease of Using E-Banking	5
Confidence Instilled By Bank	4
Adequacy of Knowledge Provided By Bank	4
Promptness In Attending To Grievances	4
Bank's Concern For Customer Welfare	4
Up-To-Date of Technology Used	3

Average rating of service quality of EFT services 6, ability to pay bills 5, efficiency and correctness of financial status report 6, efficiency and quality of multi-reporting 4, quality of cross-currency services 4, user-friendliness of system 6, range of products 4, reasonableness of costs 4, quality of funds management 5, security of transactions 5, quality of tele-banking 2, quality of ATM 6, ease of using e-banking 5, confidence instilled by bank 4, adequacy of knowledge provided by bank 4, promptness in attending to grievances 4, bank's concern for customer welfare 4, up-to-date of technology used 3.

In respond to the question for willingness to pay higher charges for e-banking services choice those who responded positively, explain that e-banking is quick, more convenient, and easily accessible said hardly any queuing problems, efficient, economy of time, convenient, immediate information on account status.

In regard to the ATM services this respondents said that they have access to their money 24X7, time-saving, less taxing than going to the bank, do not have to face sometimes impolite bank employees. It is safer, they feel more comfortable.

**7. HYPOTHESIS TESTING**

**Hypothesis:** Customers are happy and satisfied regarding e-banking services of SBI.

The testing of this hypothesis is supported by the average rating. The highest rating for any service that a respondent could provide was 6, therefore, anything 4 or above is considered as satisfactory from the customers' perspectives. Table 4, indicate the services provided by SBI are considered to be viewed as satisfactory by bank apart from the quality of tele-banking and the extent to which the technology used is up-to-date. Therefore, it can be accepted that customers are satisfied with e-banking services as a whole provided by SBI, although, an exception has to be made regarding the extent to which the technology is up-to-date and the quality of tele-banking.

## 8. SUGGESTIONS

- SBI should offer the best mix of online services plus competitive rates and deliver it all at a price the bank can afford. This will help SBI go a step forward to improve their service and thus gain competitive advantage by retaining and attracting their customers.
- It is suggested that virtual banks must create new ways of differentiating their products through service and convenience.
- SBI should try and publicize the e-banking services it provides through advertisements, publications, though its website, by means of brochures and encouraging bank employees to talk about it with the customers.
- Attention should be given to different types of customers such as young and old customers, risk-takers and skeptical customers, regular and irregular customers.

## 9. CONCLUSION

SBI is using the Internet as a new way of business. After conducting this research it is clearly seen that delivery channels are lacking in meeting the demands of the customer by not making them aware of e-banking. It would thus conclude that SBI should drown themselves in all the particulars regarding e-banking to determine ways that will affect the customer's in Akola and use it to their maximum benefit. At last but not the least is that SBI must adapt to the electronics age. Consumers demand it. Economics drives it. SBI must take advantage of it.

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