

Relationship between Electronic Banking and Customer Satisfaction

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Abstract- This research paper explores the relationship between electronic banking and customer satisfaction in the banking sector of India. The main objective of this study is to investigate the impact of e-service quality on customer satisfaction in the banking sector. The study uses a mixed research approach, comprising both descriptive and analytical research. A survey consisting of 12 questions was conducted, and the responses were collected from 59 respondents. The study found that e-service quality is the most significant factor impacting customer satisfaction in the banking sector. The study concludes that banks can gain a competitive advantage by focusing on the quality of electronic banking services, which helps attract and retain a strong customer base. Limitations of the study are also discussed, and suggestions for future research are provided.

Index Terms- Electronic banking, customer satisfaction, the relation between e-banking and customers.

I. INTRODUCTION

Technology has significantly impacted modern society by making various aspects of life easier and improving the quality of services. E-Banking, which relies on technological methods for exchanging information between customers and providers without face-to-face interaction, has become increasingly popular. The banking industry, like other sectors, has been greatly affected by the development of IT and ICT applications, which have changed established concepts in marketing and service provision. Customers' expectations regarding the quality of services and products have also been modified by the internet. The use of technology in banking services is closely linked to ITC, and it is crucial for customer satisfaction and retention, as well as for providing a competitive edge over rivals.

Developed countries' banking sectors have been at the forefront of developing e-services and have continuously improved them to meet the changing needs and lifestyles of modern customers. However, most previous studies have focused solely on internet banking, disregarding other e-banking services like smartphone applications and e-banking robots. While several studies have investigated how to measure e-banking service quality, few have explored the relationship between e-banking service quality and customer satisfaction in Lebanon. This study addresses this gap in the literature by examining e-banking comprehensively, without any exclusions. The study emphasizes the crucial impact of e-banking service quality on customer satisfaction and highlights the significant influence of e-banking service reliability on clients' perceptions of service quality.

II. LITERATURE REVIEW

The impact of electronic banking on customer satisfaction has been a topic of debate among researchers and scholars since its inception. In this literature review, we have selected the most relevant topic for discussion. Goudarzi (2013) provided an overview of existing research on the relationship between trust and the adoption of Internet banking by banks' customers, covering empirical studies on the factors influencing trust and Internet banking adoption. Hanafizadeh and Keating (2014) focused on Internet banking adoption and found that interest in this topic had increased significantly. As technology, innovation, and telecommunications have rapidly evolved, new distribution channels in the financial sector, such as ATMs, telephone banking, and internet banking, have emerged. Accenture (2005) noted that Internet banking was considered a revolution in banking distribution, prompting banks to invest heavily in its development.

In a study by Prema C (2011), it was found that most of the respondents had access to computers and the internet, and they were proficient in using them. Those who used internet banking, tele banking, and mobile banking were found to spend more time using computers and the internet compared to non-users of these services. The study suggested that banks could target customers who use technology products relatively more frequently. Bank Negara Malaysia's research paper (Munusamy et al., 2010) revealed that retail banking in many developed countries offered internet banking, which allowed customers to perform transactions without leaving their homes or workplaces. Furthermore, it was found that internet banking could help customers manage their finances more efficiently (Bank Negara Malaysia, 2007).

Objectives

- The objective of the research is to analyse the management of electronic banking in the post-covid era and compare it with the pre-covid era.
- The aim is to investigate how customers react and behave towards the sudden changes occurring in the E banking sector.
- The study aims to identify the challenges faced by people in understanding and using E-banking systems.
- The objective is to examine the emergence of various digital and electronic services in the banking sector and their impact on customers.
- The research aims to explore the approaches adopted to increase the usage of E-banking in the banking sector.

III. RESEARCH METHODOLOGY

This research has a mix of descriptive and analytical components. The descriptive part aimed to comprehend consumer behaviour when using electronic banking, and objectives were formulated accordingly. The research included 12 questions in the questionnaire and responses from customers were gathered to meet these objectives. On the other hand, the analytical part sought to investigate customer satisfaction in relation to electronic banking. Both primary and secondary research methods were utilized in this study.

1. Primary Research

To gain insight into the correlation between electronic banking and customer satisfaction, a survey was conducted consisting of 12 questions, which was completed by 59 participants. The purpose of this study was to understand what consumers expect from the banking sector and how satisfied they are with electronic banking services. Conducting primary research with customers was deemed important to obtain honest feedback and to explore this topic in-depth from a different perspective. This research aimed to provide a better understanding of the objectives.

2. Secondary Research

The researchers collected secondary data from a variety of scholarly articles related to customer attitudes and satisfaction levels towards electronic banking. The articles were referred to in order to gain insights into factors that are related to online banking and the perspective of customers towards the banking sector.

IV. DATA ANALYSIS

The first question we asked was what sort of bank accounts individuals used, and it was discovered that the majority of respondents i.e. 54.2% had single accounts, 37.3% have both joint and single accounts, and 8.5% have solely joint accounts.

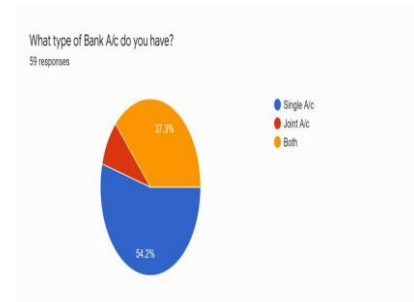


Fig.1 Response pie chart

Next, we asked which banks give the best electronic banking services, and HDFC Bank, Kotak Mahindra Bank, and ICICI Bank were among the top three, all of which are private sector banks.

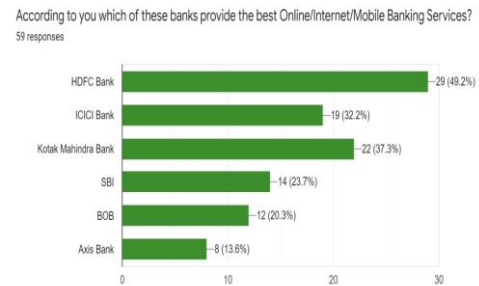


Fig.2 Response bar graph

We also questioned what sectors people had bank accounts in, and 81.7% stated they have accounts in the private sector, 61.7% in the public sector, 5% in regional/rural sector, and 3.3% in small finance sector banks.

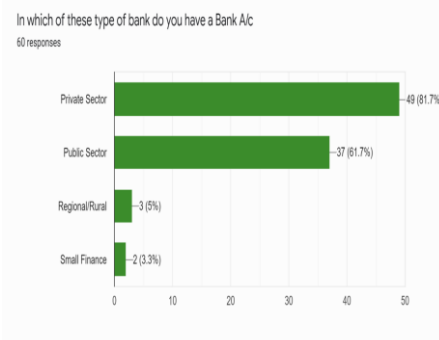


Fig.3 Response bar graph

The following question posed if the banks in which they have accounts provide online, internet, and mobile banking services, and all respondents agreed, indicating that the banking sector in India is technologically advanced and striving to give improved services.

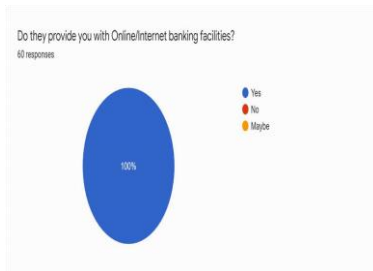


Fig.4 Response pie chart

Next, we wanted to know how many people are using these electronic banking services, and we discovered that a massive 96.6% are, with just 3.4% saying they would do so in the near future.

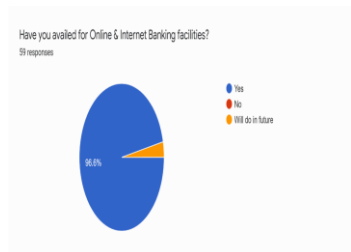


Fig.5 Response pie chart

We also asked them if these services functioned smoothly for them, and 65.5% replied yes, 31% said they had troubles, and 3.4% stated it didn't operate as hoped.

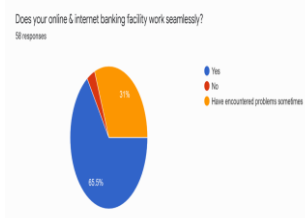


Fig.6 Response pie chart

We asked if all respondents were aware of all the features offered by their bank's electronic banking services, and 59.3% replied they are, 22% said they are not sure, and 18.6% indicated they are not entirely informed.

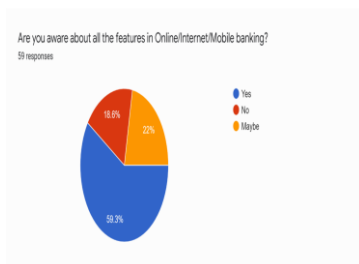


Fig.7 Response pie chart

When asked if electronic banking services are currently the better, safer, and easier alternative, 68.4% agreed, 24.6% were unsure, and 7% disagreed.

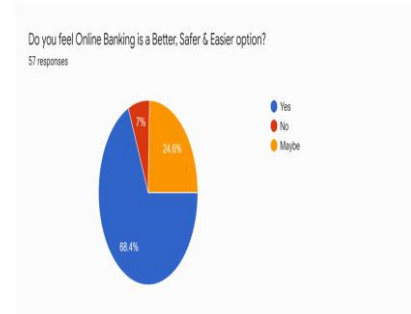


Fig.8 Response pie chart

We also questioned if they had ever been a victim of fraud as a result of utilising electronic banking services, and 72.9% responded no, which is positive, whereas 27.1% said yes.

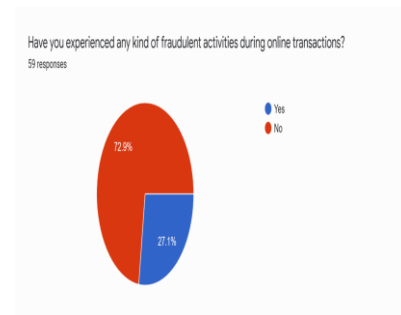


Fig.9 Response pie chart

We also asked if availing these services online suited all of the respondents' needs and requirements, and 50.8% agreed, 27.1% responded maybe, and 22% disagreed.

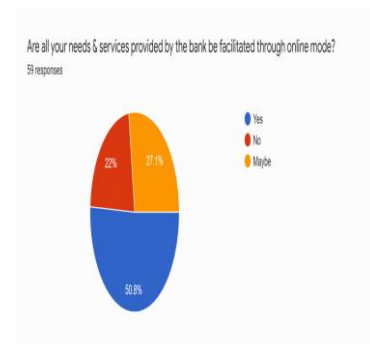


Fig.10 Response pie chart

Moving on, we asked them to score their overall experience with electronic banking services, and ratings of 8, 9, and 10 obtained the top three percentages, respectively.

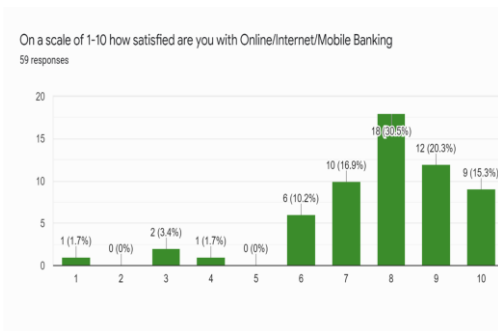


Fig.11 Response bar graph

Finally, we asked respondents which mode of banking they would prefer, and 93.2% responded online, which is critical given the risk of Covid-19, while 6.8% indicated the conventional approach of stepping into their nearest branch.

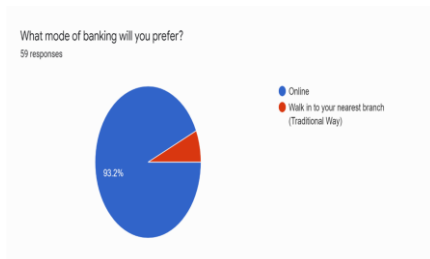


Fig.12 Response pie chart

V. CONCLUSION

This research aimed to investigate how e-service quality affects customer satisfaction in the banking industry in India. The findings revealed that e-service quality is a significant factor that influences customer satisfaction and plays a crucial role in retaining customers and building long-term relationships. Moreover, this study highlights the crucial role of customer satisfaction in shaping future purchase intentions, which is moderated by customer satisfaction levels. The study emphasizes that customers in the banking industry are well informed about service and technological advancements, and they expect high-quality service from their banks.

Improved comprehension of service quality, customer satisfaction, and purchase intentions can offer significant advantages to the banking industry. By prioritizing the quality of E-banking services and utilizing the internet and the latest technological innovations to maintain customer touch points, banks can establish a competitive edge. This approach can achieve two goals: first, to attract and retain a loyal customer base, and second, to enhance the bank's market competitiveness.

The current research study has some limitations, which could be explored in future research. Firstly, the study's findings may

not be applicable to other industries since it only focuses on the banking industry. Secondly, the study only considers one mediator variable, customer satisfaction, when there could be other variables that need to be taken into account. Another suitable moderating variable could be explored to influence customer purchase intentions via E-banking services. Finally, other aspects of E-banking service quality and their impact on customer purchase intentions could be investigated by researchers.

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