

ONLINE BANKING SERVICES AND CUSTOMER SATISFACTION: A COMPARATIVE STUDY OF PUBLIC AND PRIVATE BANKS IN UDAIPUR CITY

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ABSTRACT

New channels used to offer banking services will drive the growth of banking industry exponentially in the future by increasing productivity and acquiring new customers. During the last decade, banking through ATMs and internet has shown a tremendous growth, which is still in the growth phase. Online banking allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or building society. It may include of any transactions related to online usage. With the emergence of technology bank has started facing more difficulty in order to remain unique. With increased use of internet users Internet Banking Services is another common service offered by every bank. Service is acting as a launch pad that has accelerated the growth in those banks that have identified the importance of service quality. This paper tries to find the usage frequency of customers and their satisfaction level with respect to online banking services offered by public and private banks in Udaipur city.

KEYWORDS: Online Banking Services, Satisfaction, Service Quality

INTRODUCTION

Acceptance of internet banking has become a vital issue in the business world today. A number of studies agree on the importance of customer acceptance and utilization of online banking services as the key factors for banks to achieve the benefits from launching this channel (eg. Guriting & Ndubisi, 2006; Nor, 2005; Yousafzai, 2005; Mols et al., 1999).

They also highlight the crucial role of the broad understanding of the factors and their interactions with each other that influence customers in accepting and using online banking services. A review of literature shows that while there are numerous studies that have tried to identify the factors affecting customers/users of online banking, the present study provides additional insights into this issue.

Even though the customer is well educated some time high technology banking services hesitate the customer for the transaction. Customers are now demanding multiple channels through which they can interact with their providers

REVIEW OF LITERATURE

Dr. K. Alagarsamy and S. Wilson (February 2013): in paper titled-"A Study on Customer Behaviour towards Banking Services with Special Reference to Public Sector Banks in Sivagangai Dist" identified the working and living conditions of the customers in public sector banks , to verify the customer satisfaction towards the services given by banks, to analyse the recent banking technology and its repercussions on the quality of customer services, to analyse the problems

involved in banking transactions and to suggest suitable remedial measure to improve their banking services.

Bader M. Almohaimmeed (January 2012): in a research titled-“Customer Behaviour towards Internet Banking: A Study of the Dormant Users of Saudi Arabia” identified the factors affecting Saudi customers’ intentions towards the use of internet banking, to examine the role of Saudi customers’ trust with regard to the use of internet banking and to examine how the dimensions of task-technology fit influence behavioural intention and perceived ease of use with regard to internet banking use.

Red. Prof. Dr. Polona Tominc and Ms. Richa Pandit (January 2014): “Study of the Impact of Service Quality on Consumer Behaviour in Internet Banking Services”. This paper intended to measure how service quality influences the internet users of the banks. The main emphasize of the researcher was on to find out the factors affecting consumer behaviour towards internet banking services, to study the impact of service quality on consumer behaviour and to study loopholes of internet banking services.

Vikas Gautam(January 2013): in his research paper titled-“Measuring Attitudes of Consumers: An Empirical Exploration in Indian Context with Reference to Banking Services” tried to explore into the attitudes of consumers towards banking services in Indian market by using basic demographic and socio-economic factors. The survey results revealed that age has significant impact on Indian consumers’ attitude towards banking services.

S. Arunkumar: in his research paper titled-“A study on attitude and intention towards Internet banking with reference to Malaysian consumers in Klang valley region” worked with the objectives to find out the factors that influence on the formation of attitude towards Internet banking, to know if there is any difference between demographic variable and attitude towards Internet banking in Malaysia and to know if there is any relationship between attitudes towards Internet banking and intention to use Internet banking.

OBJECTIVES OF THE STUDY

- To study the usage frequency of online banking by consumers in Udaipur city.
- To study the preference of consumers who are using online banking services.
- To compare the satisfaction level of online banking customers of public & private sector banks.

DATA ANALYSIS

Sample Characteristics: The Sample of the study are the customers of public and private banks who use online banking services.

Table 1: Sample Distribution on the Basis of Age-Group

Age-Group	No. of Respondents	Percentage
upto 20yr	160	40
21-25yr	150	37.5
26-30yr	40	10
31-35yr	20	5
36-40yr	10	2.5
41& above	20	5
Total	400	100

Table 2: Sample Distribution on the Basis of Gender

Gender	No. of Respondents
Male	330
Female	70
Total	400

Table 3: Sample Distribution on the Basis of Profession

Profession	No of Respondents
Student	110
Self-employed	70
Govt. employee	40
Private employee	180
Total	400

Interpretation

- The respondents are grouped in six age groups and approx 80% respondents are in the age groups below 25 years.
- 82% respondents are male and only 18% are female which shows that males are using online banking services more than females.
- By profession maximum number of respondents are private employees and students

Table 4: Sample Distribution on the Basis of Respondents' Banks

Name of Bank	No. of Respondents
SBI	100
SBBJ	90
PNB	70
BOB	60
CBI	20
ICICI Bank	20
HDFC Bank	20
IDBI	10
AXIS Bank	10
Total	400

Table 5: Usage of Online Banking

Frequency of Use of Online Banking Services	No .of Respondents
Daily	30
Weekly	140
Fortnightly	20
Monthly	210
Total	400

The respondents include both customers of public and private banks as shown in table 4 and table 5 gives the frequency of use of online banking by customers maximum customers (210) use it monthly and 140 customers use it weekly.

Table 6: Frequency of Visit to Bank Branch

Frequency of Visiting Bank Branch (Per Month)	No. of Respondents
Less than 1time	220
1-3 times	140
3-8 times	20
8-12 times	10
Over 12 times	10
Total	400

The frequency of visit to bank branch is less than one time for maximum customers as shown in table 6

Table 7: Satisfaction of Customers

Satisfaction with the Online Banking Services	No. of Respondents
Yes	270
No	130
Total	400

Nearly 70 % of the customers are satisfied by the online banking services provided by the bank

Table 8: Ranking of the Preference for the Bank on the Scale of 1-5

Various Factors	Average
Bank Service	3.65
Account Security	3.95
Accessibility	2.82
Convenience	3.65
Training to use	1.97
Encourage customers	2.12
Location	3.72
CRM	3.17
User Friendliness	3.05

Table 9: Reasons for Which Customers Use Online Banking Services

Reasons for using online Banking	Average
to make a deposit of Cash or Kind	2.175
to get advice for investment options	0.1
to get balance status	1.625
to withdraw cash	3.675
for customer care services	0.3
to get bank statements	0.8
for online shopping	2.725
for mobile recharge	2.125
for fund transfer	0.9
for payment of tax	0.225
for payment of utility services	0.35

The average scores of response shown in the above table gives the reasons for using online banking services by the consumers. Cash withdrawal, online shopping and to make a deposit are the three top ranked reasons with others like mobile recharge and to get balance status.

Hypothesis Testing

H_{01} : Usage frequency of online banking by consumers has no significant relationship with gender

Table 10

Degree of Freedom	3
Chi-Square Critical Value(CV)	3.06
Cumulative Probability: $P(X^2 \leq CV)$	0.62

Interpret Result

Since the P-value (0.62) is greater than the significance level (0.05), we can accept the null hypothesis. Thus, we conclude that there is no relationship between gender and using frequency of online Banking Services.

H_{02} : Preference of consumers towards using online banking have no significant relationship with profession

Table 11

Degree of Freedom	13
Chi-Square Critical Value(CV)	21.70
Tabular value	22.4
Cumulative Probability: $P(X^2 \leq CV)$	

Interpret Result

Since the calculated value is less than tabular value and P-value is greater than the significance level(0.05), we can accept the null hypothesis. Thus, we conclude that there is no relationship between preference of consumers towards using online banking have no significant relationship with profession.

H_{03} : There is no significant difference between satisfaction level of the consumers of Public sector banks as well as Private sector banks towards online banking services provided by their banks

Table 12

Degree of Freedom	1
Chi-Square Critical Value(CV)	1.98
Cumulative Probability: $P(X^2 \leq CV)$	0.84

Interpret Result

Since the P-value (0.84) is greater than the significance level(0.05), we can accept the null hypothesis. Thus, we conclude that there is no relationship between categories of banks and customer satisfaction regarding online banking services.

CONCLUSIONS

The customers of both public and private banks are satisfied with the services provided by the banks and the preference to use online banking services does not depend upon the profession of the consumers. The male and female consumers are both nowadays using online banking services for their convenience and the trend of online shopping ,fund transfer, deposits etc .is increasing at a fast pace. We can observe from the data that young generation is more inclined towards online banking and they prefer it rather going to the branch for banking services. The banks should enhance the service quality to ensure maximum customer satisfaction and the public banks should also focus on services which can attract customers as today also a greater percentage of customers prefer public banks for safety and security. India has a huge untapped market and so banks must innovate their services for inclusion of the new customers.

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