Customer Adoption and Satisfaction on Internet Banking Services-An Analytical Study of Banks in Coimbatore City

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Abstract

The rapid digitalization that is happening around and with Internet becoming an essential part of our routine lives, Banking on Internet Platform assumes a special significance. The present paper is concerned with the use of Internet as Internet has improved the overall banking services in India. This article aims at finding out the customer adoption of internet banking and the reasons of customer selecting the banks and the source of awareness of internet banking. The research was conducted on customers familiar with online banking and their perceptions about online banking were studied. A sample of 40 customers is personally surveyed using a structured questionnaire. The data are analyzed using descriptive analysis like chi-square test, cross tabulations, and the proposed hypotheses are tested. The findings reveal that customers are using the services but are skeptical about the financial transactions and service quality dimensions there by internet banking has significant association with the type of account and years of using internet banking services.

Keywords: *Internet, Banking, Customers, Awareness*

Introduction

The internet in India has become a viable source to do many things, including transactions pertaining to payments. In today's fast moving world, people tend to transact on the internet than triggering the traditional styled offline transaction. Internet is considered as the relatively new channel for delivering banking services. In this internet age, internet banking is the most preferred choice of banking for the majority of customers. Whether the customer is an individual or a body corporate, the financial products and services have become available over the Internet, which has therefore become an important distribution channel for a number of banks.

Customers access e-banking services through an intelligent electronic device, such as a Personal Computer (PC), Automated Teller Machine (ATM), Smart phones and Laptops. While the risks and controls are similar to the various e-banking access channels, customers' access to e-banking services depends on their perception predominantly.

Statement of the problem

The challenges faced by internet banking industry and the e-business in general is the quality of delivery service –

including both delivery speeds (i.e., little advance time needed in ordering) and delivery reliability (i.e., legal transfer of items/services on time), which caused many e-business failures in the earlier dot.com era.

Based on the early internet banking experience, it has been predicted that to be successful in the long term, the operations of e-business must compete differently from those traditional business counterparts. Hence the awareness of Internet Banking services, Rating and Ranking of Internet Banking Services, Performance Rating of Internet Banking Services available are analyzed in this article.

Objectives of the study

1) To know the source of awareness of internet banking and duration of using internet banking by the customers.
2) To study the usage of internet banking services.
3) To know the level of satisfaction of customers on internet banking services.

Significance of the study

This study gives a clear picture of customers' perspective for innovative banking services provided by their banks. It

indicates whether, the customer is aware of the internet banking services offered by the bank or not. Banking has become a process of choice and convenience and Internet Banking is vital for both the industry and the customer. The future of banking would be in terms of integration, as people will have less time for banking.

Review of related literature

Prema. C (2010) presented a paper on "Technology Acceptance Model on Consumer Adoption of Internet Banking in India". The study emphasized on extension of model by incorporating awareness, self-efficacy, perceived security, consumer trust and influence of consumers' intention to adopt internet banking. The study conceptualized that the use of internet banking is affected by demographic characteristics of consumers and these differ in their strength of their impact. The exploratory study was used with a stratified random sampling method of internet banking users with a sample of 655. Structural Equation Modelling (SEM) including Confirmatory Factor Analysis (CFA), Multiple Regression Analysis and One Way ANOVA was used for this study. The study concluded that the customers will choose banks that provide easiest and the fastest service with the right quality and security and continuous reassurance.

Md. Mahtab Alam (2012) in his research on "Customers Satisfaction Measurement of Internet Banking" stressed on the factors affecting the customer satisfaction level of internet banking and the measurement of customer satisfaction level. Non-probability sampling ball is used in this research with a sample size of 1200 respondents. Common statistical tools are applied, and specifically Cronbach's alpha test is used to test the reliability of banking services. The study found that the survey instruments validity and reliability was satisfactory on internet banking users.

Research methodology

The present study is based on both primary and secondary data. Primary data were collected from selected branches of both public sector and private sector banks in India. Secondary data were collected from various journals, magazines, reports and newspapers.

40 Internet banking users have been chosen in Coimbatore city by using convenient sampling and a questionnaire was prepared and administered in person to all the respondents.

Data analysis and interpretation

Table 1 Percentage analysis on personal factors of internet banking users

Personal Factors		No. of Respondents	%
Gender	Male	**29**	**72.5**
	Female	11	27.5
Age	Below 30	**22**	**55.0**
	31-45	17	42.5
	46-60	1	2.5
Educational Qualification	Up to higher secondary	2	5.0
	Graduate	12	30.0
	Postgraduate	**22**	**55.0**
	Professional	4	10.0
Occupation	Student	2	5.0
	Housewife	2	5.0
	Govt. Employee	1	2.5
	Pvt. Employee	**31**	**77.5**
	Business/self employed	4	10.0
Monthly Income of Family (In Rs.)	Less than 20000	**16**	**40.0**
	20000-40000	14	35.0
	41000-60000	5	12.5
	61000 & Above	5	12.5
Type of Account	Savings Account	**39**	**97.5**
	Current Account	1	2.5
Reasons for Selecting the Bank	Location & Convenience	**14**	**35.0**
	Availability Of Online, Mobile & Tele Banking Etc	8	20.0
	Better Service & Friendly Staff	1	2.5
	Greater Speed of ATMS	3	7.5
	Bank's Image	3	7.5
	Official Requirements	11	27.5
How Long Using Banking Services	Less than 5 Yrs	13	32.5
	5-10 Yrs	**23**	**57.5**
	11-15 Yrs	4	10.0
How Long using Internet	Less than 1 yr	7	17.5

Banking	1-2 yrs	11	27.5
	3-4 yrs	9	22.5
	More than 4 yrs	**13**	**32.5**
Awareness of Latest Updated Services	Yes	**37**	**92.5**
	No	3	7.5
Source of Awareness of Latest Technologies	Bank Itself	**26**	**65.0**
	Friends & Relatives	5	12.5
	Agents	2	5.0
	Advertisements	4	10.0
	Official Requirements	3	7.5
Mode of Using Internet Banking	Personal Computer	10	25.0
	Mobile	**25**	**62.5**
	Laptops	5	12.5
No. of Transactions in a Week	Less than 5	**32**	**80.0**
	6-10	7	17.5
	11-15	1	2.5
No. of times Internet Banking used in a Week	Once	13	32.5
	2-3 times	**20**	**50.0**
	4-6 times	6	15.0
	Once in a Day	1	2.5
Satisfaction towards Internet Banking	Highly Dissatisfied	1	2.5
	Dissatisfied	0	0
	Neutral	2	5.0
	Satisfied	**32**	**80.0**
	Highly Satisfied	5	12.5
Total		**40**	**100.0**

Source: Computed from primary data

Table 2 Association between personal factors and reasons for selecting the bank

Factors	Table value	Calculated Value	Degrees of Freedom	Significant/ Not-significant
Gender Vs. Reasons for selecting the bank	11.070	3.859	5	Not-significant
Age Vs. Reasons for selecting the bank	18.307	8.778	10	Not-significant
Educational Qualification Vs. Reasons for selecting the bank	24.996	27.401	15	Significant
Occupation Vs. Reasons for selecting the bank	31.410	20.312	20	Not-significant
Monthly Income Vs. Reasons for selecting the bank	24.996	16.117	15	Not-significant

Source: Computed from Primary Data

According to the above table which examines the personal factors of the respondents, it has been found that the majority (72.5%) of the respondents are male, 55% of respondents are below the age group of 30 years, (55%) most of the respondents are Post Graduates, 35% of the respondents have Family Income ranging between Rs.20000-Rs. 40000 and majority (97.5%) of the respondents have Savings Bank Account.

35% of the respondents have selected the bank because of nearest Location and Convenience, majority (57.5%) of respondents use banking services for about 5 to 10 years. Most of the (35%) respondents are using internet banking for more than 5 years, most (92.5%) of the respondents are aware of the updated services offered by the banks and for 62.5% of the respondents, banks have been the source of awareness of the updated technological services.

62.5% of the customers use internet banking services through mobile phones. In the case of number of transactions done in a week, majority (80%) of the customers perform less than 5 transactions. 50% of customers use internet banking 2-3 times in a week. Around 80% of the customers are satisfied with the Internet banking services offered by the bank.

Chi-square analysis

Ho: Gender, Age, Educational qualification, Occupation, and Monthly income of family of the respondents have no significant association with their reasons for selecting the bank.

1) Since the calculated Chi-Square value is less than the table value at 5% level of significance, it is inferred that Gender, Age, Occupation, and Monthly income of family of the respondents have no significant association with Reasons for selecting the bank. Hence, null hypothesis is accepted.

2) Educational qualifications of the respondents have significant association with the reasons for selecting the bank. Hence, null hypothesis is rejected.

Table 3 Association between personal factors and years of using banking services

Factors	Table value	Calculated Value	Degrees of Freedom	Significant/ Not-significant
Gender Vs. Years of using banking services	5.991	5.037	2	Not-significant
Age Vs. Years of using banking services	9.488	3.279	4	Not-significant
Educational Qualification Vs. Years of using banking services	12.592	17.756	6	Significant
Occupation Vs. Years of using banking services	15.507	5.834	8	Not-significant
Monthly income Vs. Years of using banking services	12.592	13.558	6	Significant

Source: Computed from Primary Data

Table 4 Association between bank type and years of using banking services and internet banking services

Factors	Table value	Calculated Value	Degrees of Freedom	Significant/ Not-significant
Bank type Vs. Years of using banking services	5.991	1.468	2	Not-significant
Bank type Vs. Years of using internet banking services	7.815	2.180	3	Not-significant

Source: Computed from Primary Data

Table 5 Association between type of account and years of experience in using banking services and internet banking services

Factors	Table value	Calculated Value	Degrees of Freedom	Significant/ Not-significant
Type of account Vs. Years of using banking services	5.991	9.231	2	Significant
Type of account Vs. Years of using internet banking services	7.815	2.130	3	Not-significant

Source: Computed from Primary Data

Table 6 Association between occupation and mode of using internet banking services, number of transactions and number of internet banking transactions

Factors	Table value	Calculated Value	Degrees of Freedom	Significant/ Not-significant
Occupation Vs. Mode of using internet banking services	15.507	26.271	8	Significant
Occupation Vs. Number of transactions done in a week	15.507	11.321	8	Not-significant
Occupation Vs. Number of internet banking transactions done in a week	21.026	19.051	12	Not-significant

Source: Computed from primary data

Ho: Gender, Age, Educational qualification, Occupation, and Monthly income of family of the respondents have no significant association with the years of using banking services

1) Since the calculated Chi-Square value is less than the table value at 5% level of significance, it is inferred that the personal factors such as Gender, Age and Occupation are not significantly associated with the number of years of using banking services. Hence, null hypothesis is accepted.
2) The Personal factors such as Educational qualification and Monthly income have significant association with the number of years of using banking services. Hence, null hypothesis is rejected.

Ho: Bank type has no significant relationship with years of using banking services and Internet banking services.

1) Since the calculated Chi-Square value is less than the table value at 5% level of significance, it is inferred that the bank type has no significant association with the number of years of using banking services and internet banking services. Hence, null hypothesis is accepted.

Ho: Type of account has no significant relationship with years of experience in using banking services and Internet banking services

Inference

1) Since the calculated Chi-Square value is less than the table value at 5% level of significance, it is inferred that type of account has no significant association with the number of years of using internet banking services. Hence, null hypothesis is accepted.
2) The type of account has significant association with the number of years of using banking services. Hence, null hypothesis is rejected.

Table 7 Association between monthly income of family and mode of using internet banking services, number of transactions and number of internet banking transactions

Factors	Table value	Calculated Value	Degrees of Freedom	Significant/ Not-significant
Monthly income of family Vs. Mode of using internet banking services	12.592	8.579	6	Not-significant
Monthly income of family Vs. Number of transactions done in a week	12.592	3.269	6	Not-significant
Monthly income of family Vs. Number of internet banking transactions done in a week	16.919	11.841	9	Not-significant

Source: Computed from primary data

Table 8 Association between bank type and satisfaction on internet banking services

Factors	Table value	Calculated Value	Degrees of Freedom	Significant/ Not-significant
Bank type Vs. Satisfaction about internet banking services	7.815	7.125	3	Not-significant

Source: Computed from primary data

Table 9

Services	Mean rank	Final rank
Statement Enquiry	3.55	III
Funds Transfer	2.55	I
Bills Payment	3.15	II
Mobile/DTH Recharge	5.22	IV
Shop Online	6.05	VI
Cheque Book Request	7.10	VIII
E-deposit	7.45	X
Loan applications/transactions	6.82	VII
Debit/Credit card Services	6.00	V
E-Tickets	7.11	IX

Source: Computed from primary data

H0: Occupation has no significant relationship with mode of using internet banking services, Number of transactions done in a week and Number of internet banking transactions done in a week.

Inference

1) Since the calculated Chi-Square value is less than the table value at 5% level of significance, it is inferred that Occupation has no significant relationship with mode of using internet banking services, Number of transactions done in a week and Number of internet banking transactions done in a week. Hence, null hypothesis is accepted.
2) Occupation of the respondents has significant association with the mode of using internet banking services. Hence, null hypothesis is rejected.

H0: Monthly income of family has no significant relationship with Mode of using internet banking services, Number of transactions done in a week and Number of internet banking transactions done in a week

Inference

1) Since the calculated Chi-Square value is less than the table value at 5% level of significance, it is inferred that Monthly income of family has no significant relationship with Mode of using internet banking services, Number of transactions done in a week and Number of internet banking transactions done in a week. Hence, null hypothesis is accepted.

H0: Bank type of respondents has no significant relationship with satisfaction of internet banking services

Inference

1) Since the calculated Chi-Square value is less than the table value at 5% level of significance, it is inferred that Bank type of respondents has no significant relationship with satisfaction about internet banking services. Hence, null hypothesis is accepted.

Mean ranking

Nonparametric test of the null hypothesis that two samples come from the same population against an

alternative hypothesis, especially which a particular population tends to have larger values than the other.

It is observed from the above table that majority of the respondents use Internet banking for Funds Transfer and hence they have ranked it as number one (Mean rank 2.55) followed by Bills Payment (Mean rank 3.15) and Statement of Enquiry ((Mean rank 3.55). Fourth rank is given to Mobile/DTH Recharge (Mean rank 5.22) followed by Debit/Credit Card Services (Mean rank 6.00).

Shopping through Online is assigned Sixth rank (Mean rank 6.05), followed by Loan applications/transactions (Mean rank 6.82). Eighth rank is assigned to Cheque book request (Mean rank 7.10) followed by E-tickets (Mean rank 7.11) and final rank is assigned to E-deposits (Mean rank 7.45).

Conclusion

Indian banking industry has witnessed tremendous developments due to sweeping changes that are taking place in the information technology. Banking sector has witnessed sea change due to the various reforms (primarily based on Narasimhan Committee). Commercial banks have changed their nature of functioning after the adoption of IT in banking. Banks have seen a paradigm shift towards fee-based from fund-based services with the help of internet technology.

Electronic banking has emerged from such an innovative development. Modern technology is seen as a panacea for most of the ills that the banking sector faces today.

Banks must realize the seriousness of challenges ahead and develop a strategy that will enable them to leverage the opportunities presented by e-banking. E-banks need to shift from product centric to customer centric in order to design services according to the needs, dreams and expectations of the customers.

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