

A Critical Study On The Impact Of Electronic Banking On Customer Satisfaction

Vishal .P¹ , Aruna. A.R²

¹Student, Saveetha School of Law, Saveetha Institute of Medical And Technical Sciences(SIMATS), Chennai-600077, vishal31003@gmail.com,

²Assistant professor, Department of Management Studies, Saveetha School of Law, Saveetha Institute of Medical and Technical Sciences (SIMATS) , arunaar.ssl@saveetha.com
DOI: 10.47750/pnr.2022.13.509.531

Abstract

The banking sector has been quickly advancing the usage of Internet banking as a useful and practical instrument to add value for customers. One of the well-liked services offered by traditional banks is to give online users faster, more dependable services. Due to the swift commercial advancement of computer technology, Internet banking can be utilised to draw more clients to execute banking activities at affiliated institutions. The main objective of this paper is to analyse how far the customers are satisfied by using the online banking services. The researcher followed a descriptive method and collected samples through a convenient sampling method with a sample size of 205. From the analysis of the data collected it was observed that most of the respondents are satisfied with the introduction and use of banking in electronic platform as it helps in various ways such as easy access, quick fund transfer and also it was seen that majority of the respondents think payment failure as one of the major disadvantage of electronic banking.

KEYWORDS: E-Banking, Consumers, Satisfaction, Fund Transfer, Services.

INTRODUCTION:

The Bank of Hindustan, the country's first bank, was founded in Calcutta, then the capital of India, in 1770, thus starting more than a century before independence. By launching online banking services in branches, Industrial Credit and Investment Corporation of India became the country's first bank to employ electronic banking in 1996. Following its lead, HDFC Bank, IndusInd Bank, and Citibank began offering online banking services in 1999. By using the traditional banking technique, an economy cannot attain the goal of sustainable development in the information and technological age we live in today. It is now necessary for growing nations like India to improve banking industry automation, the use of automated teller machines (ATMs), direct bill payment, and electronic fund transfers as a replacement for traditional banking (EFT).

The Ministry of Finance's Department of Expenditure implements a number of efforts to encourage Central Government Ministries and Departments to embrace mobile banking and e-banking technology for cashless transactions and e-payments. In the Union Budget for 2017–18, the Indian government announced the creation of a mission to promote digital payments with a goal of 2,500 crore digital transactions through UPI, USSD, Aadhaar Pay, IMPS, and debit cards during the fiscal year.

Factors influencing the topic include; High-quality internet - It will be clear that the new wave of electronic commerce will rule everywhere over the next few years if we take into account the rate of internet application and the increasing trend of its development and speed. High-quality service - E-business can give businesses the chance to increase their market share and enter the global market at the lowest possible cost. Trust is the most crucial aspect in virtual enterprises and is one of a manager's top priorities. A virtual organisation is made up of people who use the phone and IT tools but do not interact directly. High-quality networks are made up of numerous independent computers that are linked together using just one technology. Nowadays, high speed internet and high quality networks act as critical tools for identifying technology industry development and cultural growth of a community. Security - Security is lack of access in case of defect in electronic networks and specially maintenance cost and data banks updating. Also, the most critical factor in electronic payment systems is focus on the issue of security. Today, fast internet and reliable networks serve as important indicators of a community's cultural progress and technological industrial development. Security is the denial of access in the event of an electronic network malfunction, especially when it comes to maintenance costs and data bank updating. Focus on the security issue is another essential component of electronic payment systems.

The current trends related to the topic are that the challenges of 2020–2021 caused numerous modifications in the banks' digitalization operations. On the one hand, they made the banking system change to a remote work format and rebuilt internal workflow; on the other hand, they made financial services more easily accessible and increased the variety of banking goods available online. In 2021, banks are working under high-tech and pandemic-related conditions. They must swiftly adjust to market demands and adhere to present and expected trends in mobile banking if they are to meet the needs of their consumers. We will then go over them in further depth.

While looking globally, the nation that is currently best prepared for the upcoming shift to a cashless society is Finland. For the 2022 estimate, it comes in second to Ireland in terms of card usage frequency, sixth in e-commerce spending as a percentage of GDP, third in online banking penetration, and second in smartphone penetration. **Aim** of the study is to know the customer satisfaction of using E-Banking.

OBJECTIVES:

- To analyse the reasons for using E- Banking.
- To analyse the disadvantages of E- Banking.
- To analyse the satisfaction of the customer in using electronic banking services.

REVIEW OF LITERATURE:

Dhananjay B et al. (2015) The development of retail electronic payment systems has occurred recently in many nations. According to the researchers, India is not an exception. The Reserve Bank has established the goal of actively promoting electronic payments with a goal toward a society with less cash in its Vision statement. The establishment of National Payments Corporation (NPCI) in 2009 has paved the way for the growth of retail electronic payments, which presents a significant potential to transition to a cashless and cash-lite society. The authors used the T test to compare the time after and before the foundation of NPCI in order to evaluate the contribution of NPCI. They discovered that there were substantial differences in products like electronic clearing, ECS (Debit), National Electronic Funds Transfer (NEFT), and Card Products. **Lilesh Gautam et al. (2014)** Their study on the key problems and obstacles to the growth of the electronic banking (e-banking) sector is described in their paper. According to their research, the use of e-banking in India can assist local banks in lowering operational expenses and offering their clients a better and faster service. **A J Joshua et al. (2009)** In their study, they make an effort to look at the varied usage patterns that users of these services made possible by technology may have. Customers of some of India's top banks who live in certain metropolises and urban banking hubs were the subjects of a survey research study. The results demonstrate that, despite the fact that ATMs have received widespread adoption, other electronic banking methods including internet banking, telebanking, and mobile banking have not yet experienced a significant spike in popularity.

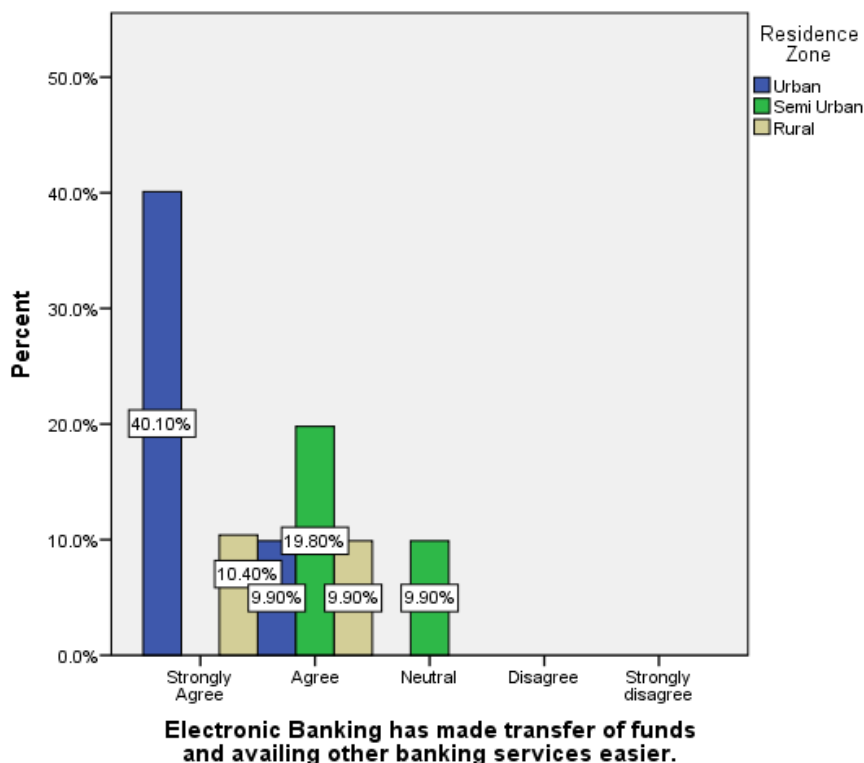
Sangeeta Arora (2018) Their study sought to identify variables affecting customers' use of electronic banking (e-banking) services. It has been discovered that female, better educated, younger, and middle-class customers use e-banking more frequently. Only six of the 11 perceptual characteristics were shown to be significantly and favourably related to the use of e-banking, including information, performance, self-interest, service quality, satisfaction, and experience. **Vaibhav Mishra (2015)** Their study looks at the crucial factors influencing the adoption of various electronic banking channel (EBC) options from an Indian perspective. The most popular EBC substitute was discovered to be an ATM, followed by internet banking (IB) and mobile banking. The criteria that determined that ATMs were the most preferred channel included awareness, self-efficacy, usability, convenience of usage, and security. **Vikas Chauhan (2022)** Their research demonstrated the significance and influence of recently added variables in illuminating customers' adoption intentions for e-banking services. The study has given some fresh light on some important elements impacting customers' intention to use e-banking services.

METHODOLOGY:

The research method followed here by the researcher is a descriptive method. A total of 205 samples have been taken out of which they are taken by convenient sampling from all over India. The sample that was taken by the researcher was from Thandalam and through an online convenient sampling method. The independent variables taken here are age, gender, occupation, salary and residence zone. The dependent variables include what are the reasons to use e-banking, what are the disadvantages of using e-banking and the level of satisfaction of the customers.

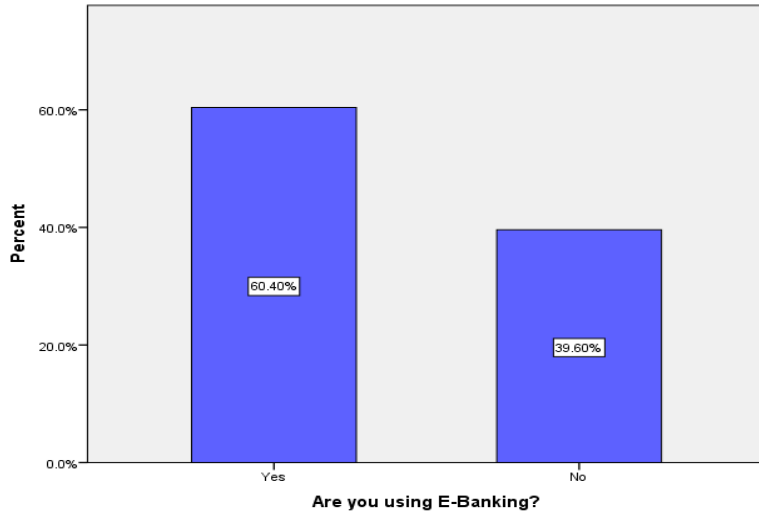
ANALYSIS

Figure 1

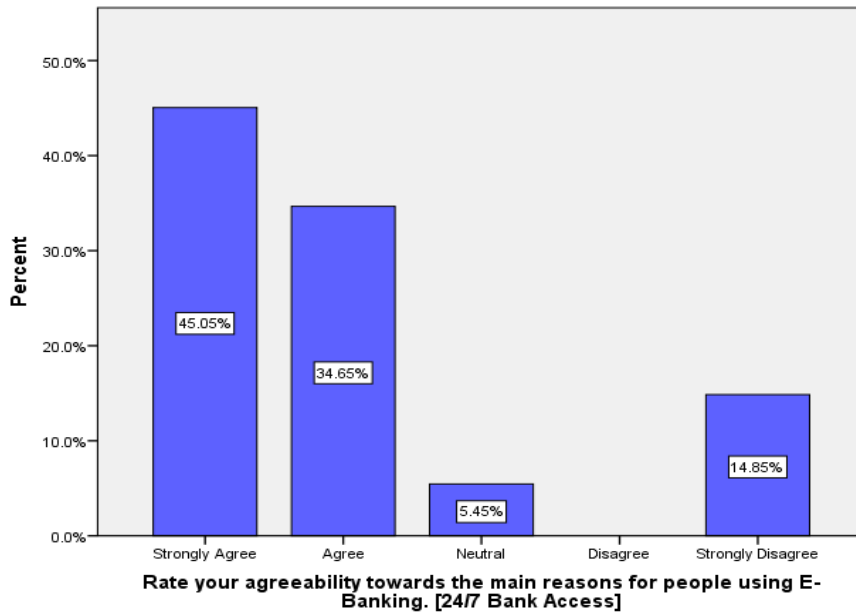


Legend: The cluster bar graph represents the percentage analysis of the sample population on whether electronic banking has made transfer of funds and availing other banking services easier, based on residence zone.

Figure 2

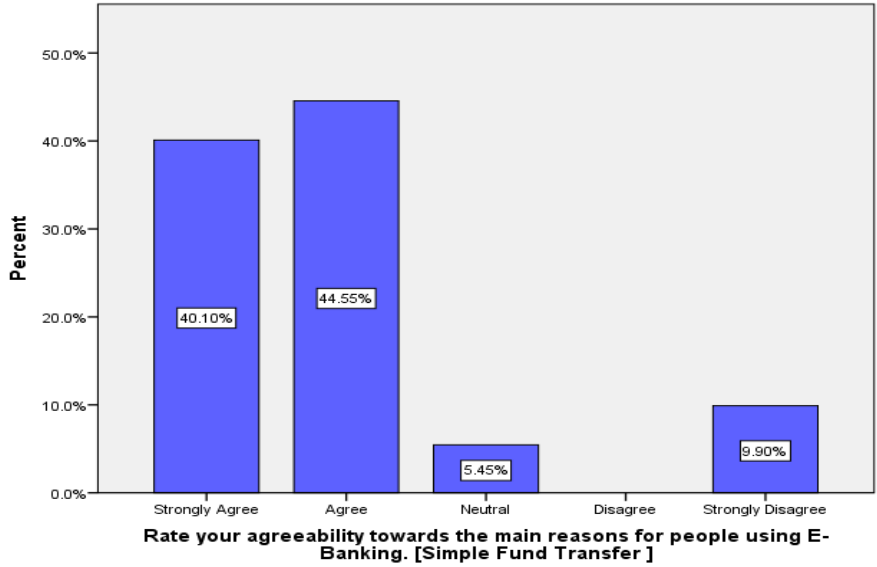


Legend: The bar graph represents the percentage analysis of the sample population on whether they use E-Banking.
Figure 3



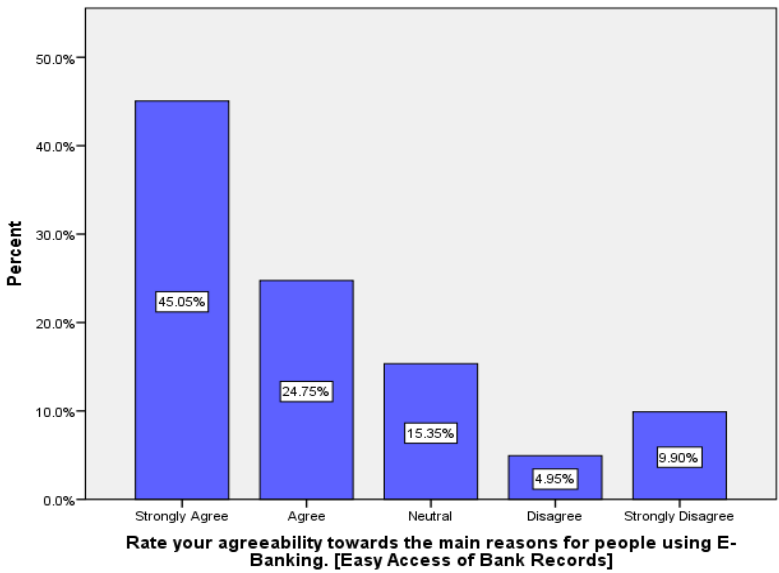
Legend: The bar graph represents the percentage analysis of the sample population on whether 24/7 access is the main reason for using E-Banking.

Figure 4



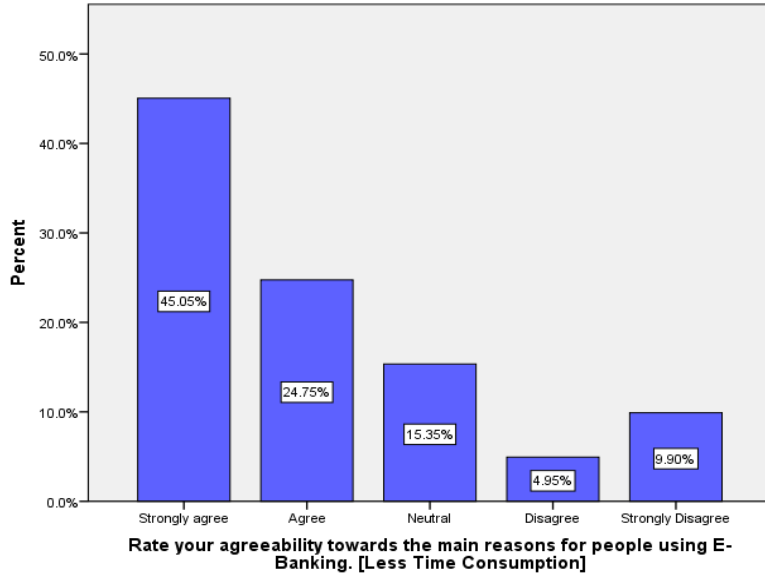
Legend: The cluster bar represents the percentage analysis of the sample population on whether simple fund transfer is the main reason for using E-Banking.

Figure 5



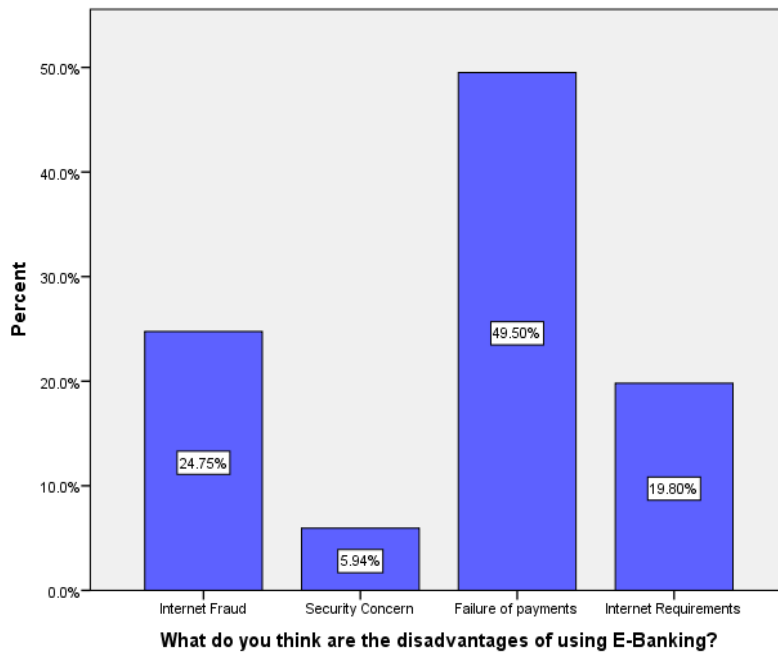
Legend: The cluster bar represents the percentage analysis of the sample population on whether easy access of bank records is the main reason for using E-Banking.

Figure 6



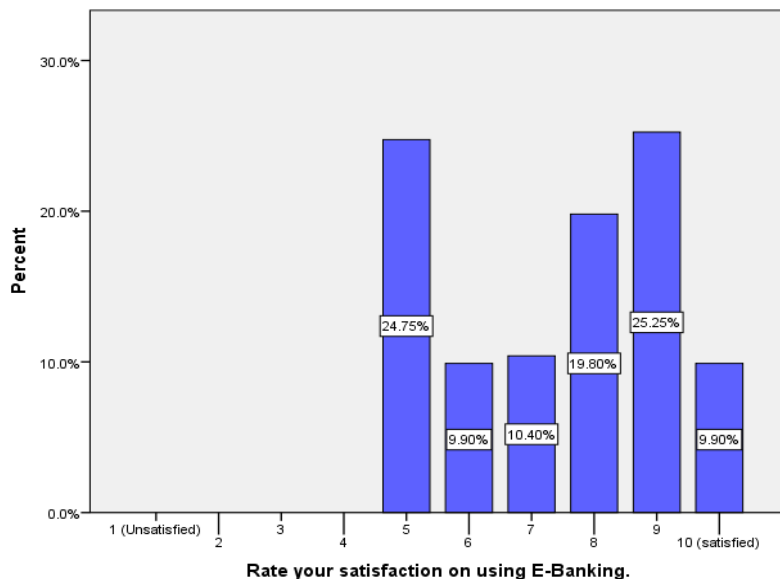
Legend: The cluster bar represents the percentage analysis of the sample population on whether less time consumption is the main reason for using E-Banking.

Figure 7



Legend: The cluster bar represents the percentage analysis of the sample population on what are the disadvantages of using E-banking.

Figure 8



Legend: The cluster bar represents the percentage analysis of satisfaction of the sample population in using E-Banking.

RESULT:

From **figure 1** it is seen that almost all the respondents from various residence zones have agreed with the statement that electronic banking had made transfer of funds and availing other banking services easier. From **figure 2** it is seen that most of the respondents are using E-banking. From **figure 3** it is seen that most of the respondents have agreed that 24/7 bank access is one of the reasons to use E-Banking. From **figure 4** it is seen that most of the respondents have agreed that simple fund transfer is one of the reasons to use E-Banking. From **figure 5** it is seen that most of the respondents have agreed that easy bank access is one of the reasons to use E-banking. From **Figure 6** it is seen that most of the respondents have agreed that less time consumption is one of the reasons to use E-Banking. From **figure 7** it is seen that failure of payments is one of the major disadvantages of using E-banking. From **figure 8** it is seen that most of the respondents have rated above 5 to 10 in using E-banking.

DISCUSSION:

From **figure 1** it is seen that most of the respondents agreed that transfer of funds and availing other banking services are made easier by electronic banking, this might be because the respondents might be aware that e banking had made it possible to look at bank documents anywhere and anytime without carrying them physically. From **figure 2** it is revealed that most of the respondents are using E-banking, this shows that most of the respondents are updated with the technologies. From **figure 3** it is seen that most of the respondents have agreed that 24/7 bank access is the main reason for using E-Banking, this might be because it can be accessed by anywhere and anytime. From **figure 4** it is seen that most of the respondents have agreed that simple fund transfer is one of the reasons to use E-banking, this might be because they have made the transfer of funds easier while comparing to traditional methods. From **figure 5** it is seen that most of the respondents have agreed that easy access of bank records is one of the reasons to use E-Banking, this might be because the respondents need not carry any bank documents like passbook or any other documents everywhere as those are available digitally. From **figure 6** it was seen that most of the respondents have agreed that less time consumption is one of the reasons to use e-banking. This might be because digital transfer consumes less time than visiting a bank to transfer money. From **figure 7** it is revealed that failure of payment is one of the major disadvantages of using E-Banking, this might be because the respondents would have faced frequent payment failures due to server down or slow network. From **figure 8** it is seen that most of the respondents have rated

their satisfaction above 5 out of 10, this might be because of the various advantages that digital banking has brought to the consumers.

SUGGESTION:

By the analysis it was found that most of the respondents who used E-Banking were satisfied in using it and they found that failure of payments were one of the major disadvantages of using it, hence the banks must develop their existing technologies to prevent failure of payments.

LIMITATIONS:

One of the major limitations of the study is the size of the sample frame. Since the sample frame is restricted to a small area, it is difficult to extrapolate it to a larger population. Another limitation is the sample size of 205 which cannot be used to assume the opinion of the entire population in a particular country, state or city. The physical factors have a larger impact, thus, limiting the study.

CONCLUSION:

The banking sector has been quickly advancing the usage of Internet banking as a useful and practical instrument to add value for customers. One of the well-liked services offered by traditional banks is to give online users faster, more dependable services. Due to the swift commercial advancement of computer technology, Internet banking can be utilised to draw more clients to execute banking activities at affiliated institutions. The major objective of the paper is to know how far the respondents are satisfied with the use of E-banking. Some of the important findings from the analysis is that almost most of the respondents from the sample population are satisfied with the use of E-banking though not highly satisfied. The electronic banking has a good scope in the future when they come up with new innovations and ideas as it benefits the customers in many ways. Also from the analysis it was found that one of the major disadvantages of using E-banking is failure of payments

REFERENCES:

1. Dhananjay B and Suresh Chandra (2015), The Electronic Banking Revolution in India, Journal of Internet Banking and Commerce, ISSN: 1204-5357.
2. Lilesh Gautam and Sanjeev Kumar Khare (2014), E-Banking in India: Issues and Challenges, Scholars Journal of Economics, Business and Management, 1(2):54-56, e-ISSN 2348-5302.
3. A J Joshua and Moli P Koshy (2009), Usage Patterns of Electronic Banking Services by Urban Educated Customers: Glimpses from India, Journal of Internet Banking and Commerce, ISSN: 1204-5357.
4. Arora, S. and Sandhu, S. (2018), "Usage based upon reasons: the case of electronic banking services in India", International Journal of Bank Marketing, Vol. 36 No. 4, pp. 680-700.
<https://doi.org/10.1108/IJBM-03-2017-0060>
5. Mishra, V. and Singh, V. (2015), "Selection of appropriate electronic banking channel alternative: Critical analysis using analytical hierarchy process", International Journal of Bank Marketing, Vol. 33 No. 3, pp. 223-242.
<https://doi.org/10.1108/IJBM-09-2013-0099>
6. Chauhan, V., Yadav, R. & Choudhary, V. (2022), Adoption of electronic banking services in India: an extension of the UTAUT2 model. J Financ Serv Mark 27, 27–40.
<https://doi.org/10.1057/s41264-021-00095-z>