ABSTRACT

Recently, Indian banks, in an attempt to attract customers and increase their satisfaction to sustain their productivity and efficiency, have taken several steps in the field of electronic services. The purpose of this study is to explore the degree of customer satisfaction of e-banking services as well as the factors influencing their satisfaction. The population of the study consisted of all clients who have been utilizing the services offered by the Indian banks. 384 questionnaires were randomly distributed among customers of various branches of banks in the Erode city. Based on the findings of this study, the highest degree of correlation was between the positive experience of e-banking services and their satisfaction of e-banking services with the correlation coefficient of 0.942 at the significance level of 0.01. In addition, there is a significant positive relationship between income level, service provided by personnel and education level with the dependent variable.

KEYWORDS

1. INTRODUCTION

The increasing growth and development of technology has created a major change in different aspects of human life and organizational performance. Along with the evolution of computer and specialized technologies, provision of high quality up to date services and products is an opportunity that no reliable organization can ignore, as such technologies have changed function and attitudes of individuals. Development of new phenomena such as electronic business, electronic commerce and electronic banking has changed individuals’ attitude toward organizations.

Electronic business, electronic commerce and electronic banking, which were established in the mid-1990s, have changed individuals’ attitude toward organizations and have created a major change in different aspects of human life and organizational performance. All organizations are looking for ways to attract customers and increase their satisfaction in order to sustain their profitability and productivity. This issue is particularly important for the banks; on the one hand because of their permanent communication with customers and on the other hand due to the increasing competition among banks and financial institutions. Thus, creating competitive advantage seems necessary for the survival of the banks. New methods in providing banking services, which has a close relationship with information and communication technology, is one of the most important factors in creating competitive advantage for banks and attracting customers and satisfying them.

Service industries such as banks, which pay great attention to the effect of customer satisfaction on his / her commitment and retention, should employ new methods to attract more customers. Moreover, in any country, having an efficient banking system is the most important requirement for e-business development and entry into global markets. In addition, due to technological advances and the increasing need for individuals to use electronic banking services in order to save time and create security in trade, addressing advanced and efficient banking system and paying attention to e-banking seem necessary. The rapid development of the informatics industry has made major changes in the form of money and resource transfer systems in the field of banking and new concept of banking named electronic banking has emerged. The term electronic banking refers to "the provision of information or services by a bank to its customers, via a computer or television" and Pikkarainen, et al. (2004) defines internet banking as an "internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments".

Considering the importance of electronic banking and its possible relationship with customer satisfaction, the purpose of this study is threefold: investigating social factors affecting customer satisfaction with e-banking, finding the degree of customer satisfaction with e-banking and investigating economic factors
influencing customer satisfaction with e-banking in Indian banks.

2. LITERATURE REVIEW

Evants et al. (2004) in their investigation of electronic banking compared Jordanian banking system and American banking system and specified major differences between Jordanian and American bank web application. Their study shows the gap between web usage in developing and developed countries. The findings illustrated that the difference between these two systems lies in the way services are provided in their websites. American banks use their web sites not only to provide classical operations but also financial calculators, investment advice, and bill payments, while Jordanian banks have exhibited weaknesses in this regard. Kumbhar (2011) in an investigative study on factors affecting the customer satisfaction with e-banking in India evaluated major factors (i.e. service quality, brand perception and perceived value) affecting customers’ satisfaction in e-banking service settings. His study also evaluated influence of service quality on brand perception, perceived value and satisfaction in e-banking. The results of his study pointed to the importance of perceived value, brand perception; cost effectiveness, easy to use, convenience, problem handling, security/assurance and responsiveness in customer’s satisfaction with e-banking. In the study conducted on e-banking and customer satisfaction in Bangladesh, Nupur (2010) found that five service quality dimensions namely reliability, responsiveness, assurance, empathy, and tangibles are the core service quality dimensions for customer satisfaction in e-banking and reliability, responsiveness and assurance have more attribution to satisfy the customers of e-banking in Bangladesh. Fathian et al. (2009) in another study investigated the realization of electronic banking in improving Banks’ customer satisfaction in Iran Melli Bank. Their findings show that Melli bank's electronic services which are provided via various ways such as ATM, sale terminals, telephone banking, Internet and mobile, are among the customer needs and this means that the relationship between their development and customer satisfaction degree is a direct-linear relationship.

3. OBJECTIVES OF THE STUDY

To examine the level of customer satisfaction towards the e-banking services offered by the Indian banks in Erode city.

4. HYPOTHESES OF THE STUDY

H1: Customers’ satisfaction towards services of e-banking is positively related to services provided by employees.

H2: Customers’ satisfaction towards services of e-banking is positively related to their income.

H3: Customers’ satisfaction towards services of e-banking is positively related to experience of services of e-banking.

H4: Customers’ satisfaction towards services of e-banking is positively related to their education level.

H5: Customers’ satisfaction towards services of e-banking is positively related
to their familiarity with the services provided by banks.

5. RESEARCH METHODOLOGY

This study is both quantitative (based on the way data were collected and analyzed) and field study (in terms of dealing with the type of problem). A number of questionnaires were distributed in various branches of banks in Erode city among customers. The questionnaire used in this study has been prepared by the researcher after studying previous research and it is in two sections: The first section includes personal and demographic questions and respondents were asked to answer questions about their age, place of birth, education level, income, housing type and ethnicity. The variables in the second part of the questionnaire were assessed in a likert scale. The population of the study consisted of all clients who are utilizing the e-banking services offered by Erode banks and quota sampling was used and data were collected from different parts of the city. The questionnaires were randomly distributed among 384 customers of various Indian banks in the city. The obtained data were analyzed using SPSS 21. Independent sample t-test and ANOVA were applied for inferential statistics and for analyzing the relationship between interval variables, regression was used.

6. RESULTS AND DISCUSSION

The framed hypotheses have been tested by using correlation analysis and discussed in the following table.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Customers' satisfaction with services of e-banking is positively related to services provided by employees.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis</td>
<td>Customers' satisfaction with services of e-banking is positively related to their income.</td>
</tr>
<tr>
<td>Hypothesis</td>
<td>Customers' satisfaction with services of e-banking is positively related to experience of services of e-banking.</td>
</tr>
</tbody>
</table>

Table No.1: Correlation Between Selected Variables And Customers' Satisfaction Of E-Banking Services

<table>
<thead>
<tr>
<th>No.</th>
<th>Variables</th>
<th>‘r’ value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Opinion of services provided by the employees</td>
<td>0.970</td>
<td>0.000**</td>
</tr>
<tr>
<td>2</td>
<td>Income level</td>
<td>0.911</td>
<td>0.000**</td>
</tr>
<tr>
<td>3</td>
<td>Experience in e-banking services</td>
<td>0.987</td>
<td>0.000**</td>
</tr>
</tbody>
</table>

Note: ** - Significant at 1% level

As can be seen in the above table, there is a positive relationship ($r = 0.970$) between services provided by employees and customers' satisfaction of services of e-banking. The findings point to the effect of the independent variable in explaining the variation observed in the sample population responses in terms of satisfaction of e-banking services. Based on the significance level of 0.001, it can be said that the hypothesis is confirmed. In other words, customers' satisfaction with services of e-banking is positively related to services provided by employees.
According to results, there is a significant meaningful correlation ($r = 0.911$) between customers' income and their satisfaction with services of electronic banking. The results indicate the effect of the independent variable in explaining the variation observed in the sample population in terms of satisfaction of electronic banking services. Based on the significance level of 0.000, it can be said that the above hypothesis is confirmed. In other words, customers' satisfaction with services of electronic banking is positively related to their income.

Based on the obtained results, there is a significant meaningful correlation ($r = 0.652$) between positive experience of services of electronic banking and customer satisfaction of services of electronic banking. The results indicate the effect of the independent variable in explaining the variation observed in the sample population in terms of satisfaction of electronic banking services. Based on the significance level of 0.01, it can be said that the above hypothesis is confirmed. In other words, customers' satisfaction with services of electronic banking is positively related to positive experience of services of electronic banking.

**Hypothesis 4:** Customers' satisfaction with services of electronic banking is positively related to their education level.

<table>
<thead>
<tr>
<th>No.</th>
<th>Educational Qualification</th>
<th>Mean</th>
<th>SD</th>
<th>F Value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>School level</td>
<td>18.10</td>
<td>3.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>College level</td>
<td>29.52</td>
<td>1.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Professional</td>
<td>27.70</td>
<td>6.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>ITI / Diploma</td>
<td>21.52</td>
<td>4.19</td>
<td>14.412</td>
<td>0.000**</td>
</tr>
</tbody>
</table>

The difference in customer satisfaction of e-banking services in terms of education level is shown in Table No. 2. The mean shows that the degree of satisfaction of e-banking services of customers with college degree has the highest mean (29.52) and people with school level have lowest degree of satisfaction. And based on the significance level of 0.000, the hypothesis is accepted. In other words, customers' satisfaction with services of e-banking is positively related to their education level.

**Hypothesis 5:** Customers' satisfaction with services of e-banking is positively related to their familiarity with the services provided.

<table>
<thead>
<tr>
<th>No.</th>
<th>Familiarity</th>
<th>Mean</th>
<th>SD</th>
<th>F Value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Low</td>
<td>13.24</td>
<td>5.41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Medium</td>
<td>34.51</td>
<td>8.01</td>
<td>12.521</td>
<td>0.000**</td>
</tr>
<tr>
<td>3</td>
<td>High</td>
<td>39.62</td>
<td>4.62</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3 shows the difference in customer satisfaction of e-banking services in terms of their familiarity with the services provided. The mean shows that
the degree of satisfaction of e-banking services of customers with high degree of familiarity with bank services is the highest one (39.62). According to the significance level of 0.000, the hypothesis is accepted. In other words, customers' satisfaction with services of e-banking is not positively related to their familiarity with the services provided by banks.

7. SUGGESTIONS AND CONCLUSION

The main objective of this study was to determine the degree of customer satisfaction of e-banking services as well as the factors influencing their satisfaction. The findings pointed to the positive relationship between services provided by employees, customers' income, positive experience of services of e-banking. Further, significant correlation was found between customers' satisfaction and their education level as well as their familiarity with the services provided by banks. Thus, with regard to the relationship between independent variables and the degree of satisfaction of the e-banking services, this study indicated that among the five hypotheses, all the hypotheses were confirmed.

8. REFERENCES


