



INTERNET BANKING: CUSTOMER SATISFACTION A COMPETITIVE ADVANTAGE

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ABSTRACT

In every industry, E-commerce is revolutionizing the way business is conducted. New business models are replacing outdated ones and organizations are rethinking business process designs and customer relationship management strategies. Banks are no exception to this transformation. Internet banking provides greater convenience and support services to customers. Potential users however may not use the systems in spite of their availability.

This paper studies customer of public and private banks for awareness, usage, preferred facilities of Internet banking. A better understanding of consumers will give the banking sector an opportunity to improve product service flows and use technological advances to gain competitive advantage.

KEYWORDS: *Internet banking, Technology, Awareness, Competitive Advantage, Usage.*

1. INTRODUCTION

Innovations in information and communication technologies are persistent. Increasingly firms are turning to the Internet and related information technologies to improve business efficiency, service quality, and attracting new customers. Internet banking is a system allowing individuals to perform banking activities at home via the internet. It allows customers to conduct financial transactions on a secure website operated by their retail or virtual bank. It provides many features and functions to customers, and enables them to view their account balance, transfer money from

their account to another account (be it in their respective bank or any other bank), view their account summary, etc. Internet banking has opened the doors for all customers, to operate beyond boundaries. It makes things easier and saves time for consumers. The implementation of internet banking holds several obvious advantages for the banks as the outcome of revolutionary technologies. Customer satisfaction is a critical issue in the success of any business system, traditional or online. Internet companies need to understand how to satisfy customers.

2. PROBLEM OF THE STUDY

The dramatic effect that e-commerce is having in changing fundamental business processes and strategies cannot be underestimated or ignored. E-commerce is breaking down traditional boundaries between internal functions, customers, and supply-chain partners, and virtualizing the marketplace in a way never before possible (Wah, 1999). Due to this potential, every firm is scrambling to get on the e-commerce bandwagon. Banks are trying to convert their customers to Internet banking and some banks with commercial services are now offering expanded services also to businesses besides individuals, ranging from online shopping to payroll management.

It has become very hard for the bank industry to design interventions that would enhance the diffusion of Internet banking (Ndubisi and Sinti, 2006). However, in the market place, this is the era of growing competition, while the Internet is the focal point as potential customers have direct access to it. However potential users may not use the systems in spite of their availability further, potential customers have wide ranges of choices as they can compare among the competitive banks through gathering Internet information.

The competition between public and private banks in India has resulted in an increased need for service providers to improve product service flow transactions. Moreover, changing consumer behavior and needs, globalization, are all dynamics in the banking industry. The development and increasing role of the Internet as a service channel has removed the locus power from service provider to customers. So it is becoming increasingly difficult for the banks to acquire expected number of customers

Therefore, as a condition of acquiring new customers and retaining existing customers, banks need to be seriously concerned about understanding customer needs and identifying the factors that influence or enhance usage or non usage of Internet banking.

3. OBJECTIVES OF THE STUDY

- 3.1. To study advantages and disadvantages of Internet banking
- 3.2. To study Internet banking facilities provided by public and private banks.
- 3.3 To identify the Internet banking facilities most preferred by users and non-users.

4. SCOPE OF THE STUDY

Present study is conducted in Satara City. In which researcher can study internet banking services, facilities provided by private and public banks in satara.

Geographical scope of the study is Limited to the Satara city.

5. RESEARCH METHODOLOGY

For this research primary data has been collected through survey method. Data was collected from 100 customers of public and private banks. Self administered questionnaires were randomly distributed used to collect data from respondents in satara city. The sampling procedure adopted was Convenience sampling. Statistical packages like Excel and SPSS were used to analyze the data.

6. CONCEPT OF INTERNET BANKING

Internet banking groom with speed that no one expected, industry growth is awesome in a little span of time. E-Banking offer number of services and products that was unpredictable during the manual banking era banks has limited boundaries and the source of competitive advantage is very difficult to obtain. Man power was the only weapon to get advantage over the benefits.

Internet Banking refers to the banking services provided by the banks over the internet. Some of these services include paying of bills, funds transfer, viewing account statement, etc. Banks also deliver their latest products and services over the internet. Internet banking is performed through a computer system or similar devices that can connect to the banking site via the internet. Nowadays, you can also use internet banking on your mobile phones using a Wi-Fi or 3G connection. With the ease of availability of cyber cafes in the cities, internet banking has become quite popular.

The common internet banking services offered by banks are:

- Transactional activities like funds transfer, bill pay, loan applications and transactions.
- Non-transactional activities like request for cheque book, stop payment, online statements, updating your contact information.

7. ADVANTAGES OF INTERNET BANKING

7.1 E-banking transactions are much cheaper than branch or even phone transactions.

7.2 E-banking gives consumers much more choice. Consumers will be less inclined to remain loyal.

7.3 Internet banking account is simple to open and easy to operate.

- 7.4 Internet banking is quite convenient as you can easily pay your bills, can transfer funds between accounts. Now you do not have to stand in a queue to pay off your bills; also you do not have to keep receipts of all the bills as you can now easily view your transactions.
- 7.5 Internet banking is available all the time, i.e. 24x7. You can perform your tasks from anywhere and at any time, even in night when the bank is closed or on holidays. The only thing you need to have is an internet connection.
- 7.6 Internet banking is fast and efficient. Funds get transferred from one account to the other very fast. You can also manage several accounts easily through internet banking.
- 7.7 Through Internet banking, you can keep an eye on your transactions and account balance all the time. This facility also keeps your account safe. This means that by the ease of monitoring your account at anytime, you can get to know about any fraudulent activity or threat to your account before it can pose your account to severe damage.
- 7.8 Internet banking is also a great medium for the banks to endorse their products and services. The services include loans, investment options, and many others.

8. DISADVANTAGES OF INTERNET BANKING

- 8.1 Understanding the usage of internet banking might be difficult for a beginner, though there are some sites which offer a demo on how to use internet banking, but all does not offer this facility. So, a person who is new to internet banking might face some difficulty.
- 8.2 Without the availability of internet access, internet banking may not be useful.
- 8.3 Security of transactions is a big issue. Your account information might get hacked by unauthorized people over the internet.
- 8.4 Password security is a must. After getting your net banking password, do change it and memorize it otherwise your account may be misused by someone who gets to know your password inadvertently.
- 8.5 You cannot use internet banking, in case the bank's server is down.
- 8.6 Another issue is that sometimes it becomes difficult to note whether your transaction was successful or not. It may be due to the loss of internet connectivity in between, or due to a slow connection, or the bank's server is down.

9. DATA ANALYSIS**TABLE 9.1: SUMMARY OF SAMPLE CHARACTERISTICS**

DEMOGRAPHIC VARIABLES		FREQUENCIES	PERCENTAGE
Gender	Male	35	70
	Female	15	30
	Total	50	100
Age	20-30	28	56
	30-40	17	34
	40-50	4	08
	50-60	1	2
	total	50	100
Education	S.S.C	1	2
	graduate	26	52
	Post Graduate	23	46
	Total	50	100
Occupation	Student	10	20
	Professional	10	20
	Self Employed	1	2
	Home Maker	1	2
	Service	28	56
	Total	50	100
Income	< 1 Lakh	15	30
	1 lakh to 2 lakh	3	06
	2 lakh to 3 lakh	4	8

	3 lakh to 4 lakh	8	16
	4 lakh & above	20	40
	Total	50	100

(Source:-From Primary data)

From above TABLE 9.1 summarizes the demographic details of the selected sample.

TABLE 9.2: AWARENESS OF INTERNET BANKING

AWARENESS			
Valid	Yes	41	82
	NO	09	18
	TOTAL	50	100

(Source:-From Primary data)

From Table 9.2 the awareness level of respondents on Internet banking was quite high.

TABLE 9.3: SECTOR WISE PROVISION OF INTERNET BANKING FACILITIES

Provision Of Internet banking				
	Public		Private	
	Frequency	Percentage	Frequency	Percentage
Yes	16	32	20	40
No	23	46	12	24
Na	11	22	18	36
Total	50	100	50	100

(source:-From Primary data)

From Table 9.3 summarizes that more respondents of Private sector banks seem to be aware of Internet banking being providing by their respective banks as opposed to the public sector.

TABLE 9.4: SECTOR WISE USE OF INTERNET BANKING

Usage of Internet banking				
	Public		Private	
	Frequency	Percentage	Frequency	Percentage
Yes	16	32	20	40
No	23	46	12	24
Na	11	22	18	36
Total	50	100	50	100

(source:-From Primary data)

From Table 9.4 summarizes that private sector bank consumers use more Internet banking as compared to public sector banks.

TABLE 9.5: PREFERRED SERVICES IN ORDER OF IMPORTANCE

Preferred Facilities for Internet banking	
Facilities	Rank
Apply for credit Card	1
Request for account statement	2
Remove stop cheque payment	2
Savings/current/fixed deposits	4
Standing order transactions	5
Debit /Credit card	6
Stop lost/Stolen cheques	7
Foreign currency account	8
Online purchase	11
Loan	12

Bill payments	13
Telephone internet banking	14
Recharge mobile phone	15
Foreign fund transfer	16
Transfer fund to credit card account	17
Pay other persons account	18
Inter account fund transfer	19
Pay other bank	20

(source:-From Primary data)

From Table 9.5 summarizes that request and application features top the list of preferred facilities and payment facilities like fund transfers, to self and other accounts, bill payments are not preferred. Perceived fear of loss and security issues seem to be driving issues inhibiting growth of Internet banking.

**TABLE 9.6: FACTORS FAVOURING MANUAL AND INTERNET BANKING
INFERENCE**

Preference For Internet banking			Preference For Manual Banking		
Sr No	Factors	Respondents	Sr No	Factors	Respondents
1	Time Saving	26	1	Security/Safe	18
2	Convenient	16	2	Resolve Query/Doubt	10
3	Easy To Access	13	3	Personal Contact	9
4	Any Time Any where Transaction	11	4	To Avoid Technical Errors	6
5	Save Transaction Cost/Money	5	5	Habit/Use To It	5
6	Easy Available	4	6	Proximity	5

7	User Friendly	3	7	Pass Book Entry	4
8	Less Human Error	3	8	Personal cheques deposit	4
9	Easy To Information	3	9	Trust/Self Belief	3
10	Online-Purchasing	3	10	With Draw Large Amount	3
11	No Risk	2	11	Money Deposit	3
12	Awareness Of IT	2	12	Service	3
13	Bill Payment	2	13	Easy To Access	3
14	No Need To Go Bank	2	14	Illiterate Can Do It	2
15	Credit Card Statement	1	15	Demand Draft	2
16	Reduce Stress	1	16	Easy To Information	1
17	Self Account To Other Account	1			
18	Faster Transfer	1			

(source:-From Primary data)

Time saving, Convenience, easy access and anywhere anytime transactions are reasons for Internet banking being preferred. Manual banking is preferred for the safety factor, personal touch and also for the usefulness of face to face encounters in resolving queries.

TABLE 9.7: RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND USERS AND NON- USERS.

Demographic Variable	Public		Significance	Private		Significance
	User	Non-User		User	Non-User	
Mean Age	25	27	0.06	26	29	0.045
Average Income	2.69 lakh	2 lakh	0.964	3.15 lakh	1.83 lakh	0.006
Education	1.56	1.35	0.766	1.55	1.42	0.169
Occupation	2.25	2.35	0.82	2.75	2.75	1
Gender	0.25	0.35	0.194	0.25	0.42	0.109

(source:-From Primary data)

Descriptive analysis of demographic variables is presented in Table 9.7. Based on the above-mentioned demographic variables, the 2 groups of users and non users were further compared (internet banking users and non-internet banking users)

FINDINGS

Researcher find following findings from data analysis.

1. Demographic details of the selected sample are displayed. (TABLE NO: 9.1)

2. The awareness level of respondents on Internet banking was 82% that is quite high.

(TABLE NO: 9.2)

3. 40% respondents of Private sector banks and 32 % respondent of public sector bank seem to be aware of Internet banking being providing by their respective banks.

(TABLE NO: 9.3)

4. Consumer of private sector bank uses more Internet banking as compared to public sector banks.

(TABLE NO: 9.4)

5. Apply for credit Card is the first preferred facility by consumer and because of security issue transferring fund is in a least preference. (TABLE NO: 9.5)

6. consumer preferred internet banking because of Time saving, Convenience, easy access and anywhere anytime performing fund transfer transactions, and for secure transaction, personal touch and usefulness of face to face encounters in resolving queries consumer prefer manual banking. (TABLE NO: 9.6)

7. As far as age group is concerned, there is no significant difference between the two groups of users of public banks but there is significant difference between two groups of users of private banks. For income no significant difference for users and non users of public banks but significant difference for private banks. There is significant difference for both private and public bank users and non users for the education variable. Also there is no significant difference between groups for public banks and private banks for the variables of gender and occupation. (TABLE NO: 9.7)

CONCLUSION

The results will have important implications for the banking sector. Awareness levels being good banks should focus on actual usage. They should focus on removing barriers and encourage use of features which are preferred. The risk involved in Internet banking and loss of personal touch are issues which need to be addressed to foster growth and increased use of Internet banking.

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