

A STUDY ON ISSUES AND DIMENSIONS OF INTERNET BANKING OPERATIONS ON CUSTOMER SATISFACTION IN KARNATAKA.

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ABSTRACT

The Present Paper Investigates type of service provided by the banks with the help of the internet technology and the impact of digital banking transactions on quality of the service and customer satisfaction. This paper also studies respondents in banks with respect Ease of doing online banking transactions. Electronic technology has been one of the main factors in determining the present structure of the banking system of most developed countries. The applications of technology and its impact on bank operations started from the 1950s and it is traced to the present day, showing how advanced technology has been applied in banking. The changing role of bank operations and how technology has affected its development are discussed.

Keywords: Digital Banking, Online Banking, Customer Satisfaction, Bank Employees and employee management.

INTRODUCTION

The advent of internet technology has revolutionized the way business and services are provided by companies and businesses all over the world. It provides innumerable innovative service for the consumer (Sabi, 2014). Banks started using the internet technology to deliver banking and financial services. The technological change has brought the rapid transmission of information, the easy way for marketing banking products and enhanced the customer's access and awareness. Banks can use the opportunities offered by the internet as strategic tools and revolutionize the way they operate. There is a quote from the Financial Times from the year 1996 where they said: "Banking is essential to a modern economy, banks are not".

The new type of service provided by the banks with the help of the internet technology is called "Internet Banking".

Internet Banking (IB) can be characterized as a financial transaction over the Internet through a bank's website. It enables financial institution customers, individuals or business, to access accounts, transact money or gather information on financial products, at anytime and anywhere as long internet connectivity is available.

With Internet Banking, customers can conduct their banking activities quickly and efficient without leaving their homes or offices. Internet Banking decreases the transaction costs for the customer.

The usage of Internet Banking has advantages for both parties. It has become one of the premier channels for institutions in the financial industry to conduct business. The speed of conduction personal and commercial activities with their customer increased. The financial institutions can replicate the traditional activities, which take place in a bank, over the internet. This shift to online transactions lowers the operational and overhead costs for the financial institutions. The reason for these cost savings is the automation of processing customer transactions.

For customers and financial institutions, to take advantage of this innovation, it is central to analyze the main reasons of why people adapting to Internet Banking. In comparison to other online purchases, the adoption of Internet Banking is typically more complex. It initiates a long-term relationship between both parties. This process is important for customers, because they start to get into a business relationship with Internet Banking services, without having a personal connection to it.

The most research about the different factors was done about the innovation diffusion model from Rogers, the technology acceptance model and the factor trust. The purpose of this literature review was to collect the factors influencing the adoption of Internet Banking and connect this broader problem to an economic school of thoughts.

Method For the research, the authors started by studying a suggested article that is related to the topic, to get an overview of the field of Internet Banking (IB). A list of the most relevant keywords was constructed. The following keywords were used to find a first amount of related articles: Internet Banking, TAM, Internet Banking adoption, innovation diffusion and trust.

1. Statement of the Problem

Most important distinction of this period is that banks are planning to release employees who are working in coordinator sectors of island systems and also in this phase customers can have access to different e-services without meeting staffs of the bank, simply by using an ATM, CDM, mobile or personal computers at home or office through the electronic system.

Wave of IT innovations in retail finance emerged hand in hand with advances in telecommunications. During the recent years, banks became one of the world's dominant customers for computer-based applications, far exceeding other sectors such as capital goods manufacturers or transportation.

During this period, the real savings in manpower will be possible and money completely will be electronic type and customer can do all there banking transaction and other services without visiting of banks branches.

2. Scope of the Study

In the present scenario major economic and technical changes are undergoing in financial revolution through the new information-processing technology. Especially in Banking sector it has a significant role for overall development. After identifying the subject (research area) and referring the relevant literatures, it has been found that in most of the literature, the information technologies have a wide application in banking area.

Due to these drastic changes we have chosen to do the study on Public banking system, Private banking system and Foreign banking system bank in Bangalore Karnataka.

3. Need of the Study

In this research, an attempt is made to identify the core customer service parameters and study their impact of digital banking transactions on quality of the service and customer satisfaction. There exists a gap between the services delivered and services received by the banking customers.

4. Objectives of the Study

1. To study conceptual understanding of digital Banking transactions
2. To study the mode of doing Online Banking transactions
3. To measure the relationship of perceived service value with customer satisfaction and customer loyalty.

5. Review of Literature

Amruth Raj Nippatlapalli (2013) In his research paper “A Study on Customer Satisfaction of Commercial Banks: Case Study on State Bank of India”. This paper present Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals." Banking in India originated in the last decades of the 18th century.

Mr. Vijay Prakash Gupta & Dr. P. K. Agarwal (2013) In their research paper “Comparative Study of Customer Satisfaction in Public Sector and Private Sector Banks in India”. This paper gives with the introduction of liberalization policy and RBI's easy norms several private and foreign banks have entered in Indian banking sector which has given birth to cut throat competition amongst banks for acquiring large customer base and market share.

Ms. Nisha Malik & Mr. Chand Prakash Saini (Jul 2013) In their research titled on “Private Sector Banks Service Quality and Customer Satisfaction” A Empirical Study two Private Sector Banks”. This research paper is an effort to examine the relationship between service quality and customer satisfaction of two private sectors bank of India. Service quality has been described as a form of attitude that results from the comparison of prospect with recital (Cronin and Taylor, 1992, Parasuraman et al, 1985).

Bouckaert and Degryse (1995) argue about two opposite effects of remote banking services on interest rates. Firstly, they promote depositors to add more saving accounts or keep more funds on existing ones, which facilitates attraction additional deposits at current interest rates.

Dorra Gherib (2014) In their research paper titled “Adoption and diffusion of internet banking: case of Tunisian banking sector “tried to observe the embracing of Internet banking in the Tunisian banking industry. The aim is to make out factors that accelerate or slow down the implementation process. The literature review enables identifying a set of variables: organizational, individual and structural.

Nabil Hussein Al-Fahim (2013) In his research titled “An tentative Study of Factors distressing the Internet Banking espousal: A Qualitative Study among Postgraduate Students” tried to find out the factors that affect the internet banking espousal among postgraduate’ students in International Islamic University Malaysia (IIUM). Approach- Semi structured interviews with eight informant; four adopters and four non-adopters on postgraduate’ students were conducted to explore this issue.

Ankit Kesharwani & Gajulapally Radhakrishna (2013) In their research paper “Drivers and Inhibitors of Internet Banking Adoption in India”. This paper research on different banks is on condition that e-banking services, as this would revolutionize their profits. Since internet banking in India is still in its nascent stage, it is essential for e-banking institutions to enhance reception and usage of internet as a banking channel by their customers.

6. Hypotheses of the Study

H_0 : There is no significant (statistically) difference in preferences between three classifications of respondents in banking companies with respect EASE OF DOING ONLINE BANKING TRANSACTIONS.

H_1 : There is a significant (statistically) difference in preferences between three classifications of respondents in banking companies with respect EASE OF DOING ONLINE BANKING TRANSACTIONS.

$H_0 = \mu_{\text{Private bank}} = \mu_{\text{public bank}} = \mu_{\text{coop bank}}$.

$H_1 =$ at least one of them not equal to another.

H_0 : There is no significant (statistically) difference in preferences between three classifications of respondents in banking companies with respect CUSTOMER SATISFACTION.

H_1 : There is a significant (statistically) difference in preferences between three classifications of respondents in banking companies with respect CUSTOMER SATISFACTION.

$H_0 = \mu_{\text{Private bank}} = \mu_{\text{public bank}} = \mu_{\text{coop bank}}$.

$H_1 =$ at least one of them not equal to another.

7. Research Methodology

The new economic policy of globalization has opened the financial markets of India to outside world and infused competitiveness there in. The financial sector plays a crucial role in mobilizing communities saving and channeling them into effective investment avenues in the country. The present banking system in India was evolved to meet the financial needs of trade and industry and to satisfy the institutions of the country.

The world has become a global market. The impact of globalization, privatization and liberalization has totally changed the style of banking sector in India. Banks are essential instruments of accelerated growth in a developing economy.

7.1 Research Design

Descriptive research design has been used was used to gain insight into the Role of Information Technology in the Indian Banking Industry.

7.3 Sampling Design

Besides restricting this study to banking sector executives and customers in Bangalore Karnataka particularly with reference to Bangalore selecting a sample of three banks, it was felt necessary to choose a small group of employees from each bank from which representative data for that particular bank could be collected.

To meet the purpose, disproportionate stratified random sampling technique was used as disparity in the number of branches and executives and customers in the three banks under study existed. State Bank of India, being a public sector bank, has the largest number of branches and executives followed by ICICI Bank Ltd. which is a private sector bank. Citibank, a foreign sector bank, due to its relative late establishment in India has appeared with the least number of branches and executives.

Branch Sample	Public Sector	Private Sector	Foreign Bank
	SBI	ICICI	CITI
No. of Branches	25	18	2
No. of Executives	38	42	5
Sample size	20	20	10

Therefore, as many as 50 executives from all the three banks under study formed the sample size.

7.4 Limitations of the study: There are many innovative financial services given by different banks, which are not considered in the study. The study is done for 3 technology based financial services which are commonly known and used. Some banks have also started doorstep services, which are provided using hand held terminals (TABS to open an account) which are not in the scope of study. Sample is collected only from 3 banks 1 Public sector banks, 1 private sector bank and 1 foreign hence the result may not represent entire population of banks which is 27 Public sector banks, 18 private sector bank and 25 foreign banks

8. Framework of Analysis

The statistical procedures used are selected based on the suitability to examine the objectives of the research using SPSS statistical package. Both descriptive and inferential

Table 5.1.1 Mean, Standard Deviation and Test Statistics of EASE OF DOING ONLINE BANKING TRANSACTIONS

H₀: There is no significant (statistically) difference in preferences between three classifications of respondents in banking companies with respect EASE OF DOING ONLINE BANKING TRANSACTIONS.

H₁: There is a significant (statistically) difference in preferences between three classifications of respondents in banking companies with respect EASE OF DOING ONLINE BANKING TRANSACTIONS.

$$H_0 = \mu_{\text{Private bank}} = \mu_{\text{public bank}} = \mu_{\text{coop bank}}$$

H₁ = at least one of them not equal to another.

$\alpha = 0.05$ β Significance level

No.	Descriptive Statistics			Test Statistics ^{a,b}	
	EASE OF DOING ONLINE BANKING TRANSACTIONS	Mean	SD	Asymp. Sig.	Decision
TEC1	Banking transactions with technology is convenient	4.414	0.1135	0.1011	No Sig.Diff
TEC2	Bank's Internet banking portal is user friendly and easy to navigate	4.348	0.5263	0.2104	No Sig.Diff
TEC3	The transaction fee for the bank's Internet banking services is reasonable	4.957	0.6211	0.1152	No Sig.Diff
TEC4	The content of the bank's portal site is up to date and visually attractive	4.753	0.9013	0.3265	No Sig.Diff
Df=5	a. Kruskal Wallis Test		b. Grouping Variable: Sectorial Belonging		

Source: Primary data.

Interpretation:

From the above Table-5.1.1, the mean of TEC1, TEC2, TEC3 & TEC4 are 4.414, 4.348, 4.957 & 4.753 respectively, which indicate that the respondents are in agreeableness with the EASE OF DOING ONLINE BANKING TRANSACTIONS factors.

The above matrix 5. 1. 1, indicated p values less than 0.05 shows, there is statistical evidence to say there is NO significant difference in rank orders by the set of respondents in Banking companies with regard to factor TEC1, TEC2, TEC3 & TEC4. Hence, there is no need to go check whether they have significant difference among themselves in rank orders/preference with regard to factor TEC1, TEC2, TEC3 & TEC4.

Now, it would be interesting to know (if there is any significant difference less than 0.05), between these respondents set of classification in Banking companies, which of them have significant

difference among themselves in rank orders/preference with regard to TEC1, TEC2, TEC3 & TEC4 that will have impact on Digital Banking in Karnataka.

From the Table number 5.1.2 with respect to variables, p values which are less than 0.05 are statistically significant differences in their response among respondents and others are not statistically significant differences in their opinion to each other.

Again, since the p-value obtained between variables, which is more than 0.05, it can be concluded that there is no significant difference in ranking orders/preference of respondents. This interpretation has been done with respect to the statement in the factor ‘variables’.

All other statements under this factor ‘variables’ have been subjected to similar testing, and analysis by the researcher and interpretations on exactly similar lines have been drawn, and considered in the Findings section.

Table 5.2 Mean, Standard Deviation and Test Statistics of CUSTOMER SATISFACTION

H₀: There is no significant (statistically) difference in preferences between three classifications of respondents in banking companies with respect CUSTOMER SATISFACTION.

H₁: There is a significant (statistically) difference in preferences between three classifications of respondents in banking companies with respect CUSTOMER SATISFACTION.

$$H_0 = \mu_{\text{Private bank}} = \mu_{\text{public bank}} = \mu_{\text{coop bank}}$$

H₁ = at least one of them not equal to another.

$\alpha=0.05$ β Significance level

No.	Descriptive Statistics			Test Statistics ^{a,b}	
	CUSTOMER SATISFACTION	Mean	SD	Asymp. Sig.	Decision
CUS1	Customer feels secure in providing sensitive information for transactions	4.041	0.1030	0.3112	No Sig.Diff
CUS2	Web site of Bank is equipped with adequate security features	4.742	0.5144	0.6104	No Sig.Diff
CUS3	Web site of Bank makes appropriate statements with transactions	4.489	0.6797	0.2152	No Sig.Diff
CUS4	Bank does not misuse or share personal information of customer	4.654	0.9341	0.1545	No Sig.Diff
Df=5	a. Kruskal Wallis Test		b. Grouping Variable: Sectorial Belonging		

Source: Primary data.

Interpretation:

From the above Table-5.1.1, the mean of CUS1, CUS2, CUS3 & CUS4 are 4.041, 4.742, 4.489 & 4.654 respectively, which indicate that the respondents are in agreeableness with the CUSTOMER SATISFACTION factors.

The above matrix 5. 1. 1, indicated p values, less than 0.05 shows, there is statistical evidence to say there is NO significant difference in rank orders by the set of respondents in Banking companies with regard to factor CUS1, CUS2, CUS3 & CUS4. Hence, there is no need to go check whether they have significant difference among themselves in rank orders/preference with regard to factor CUS1, CUS2, CUS3 & CUS4.

Now, it would be interesting to know (**if there is any significant difference less than 0.05**), between these respondents set of classification in Banking companies, which of them have significant difference among themselves in rank orders/preference with regard to CUS1, CUS2, CUS3 & CUS4 that will have impact on Digital Banking in Karnataka.

From the Table number 5.1.2 with respect to variables, p values which are less than 0.05 are statistically significant differences in their response among respondents and others are not statistically significant differences in their opinion to each other.

Again, since the p-value obtained between variables, which is more than 0.05, it can be concluded that there is no significant difference in ranking orders/preference of respondents. This interpretation has been done with respect to the statement in the factor 'variables'.

All other statements under this factor 'variables' have been subjected to similar testing, and analysis by the researcher and interpretations on exactly similar lines have been drawn, and considered in the Findings section.

9. Summary of Findings

p-values obtained between EASE OF DOING ONLINE BANKING TRANSACTIONS, which is more than 0.05, it can be concluded that there is no significant difference in ranking orders/preference of respondents. This interpretation opined with reference, no statistically significant difference as all the respondents are in favor of the statement. digital baking will create ease in doing business in modern times with the advent of technology has clearly shown in the factor 'EASE OF DOING ONLINE BANKING TRANSACTIONS'.

p-values obtained between CUSTOMER SATISFACTION, which is more than 0.05, it can be concluded that there is no significant difference in ranking orders/preference of respondents. This interpretation opined with reference, no statistically significant difference as all the respondents are in favor of the statement. digital baking will create ease in doing business in modern times with the advent of technology has clearly shown in the factor 'CUSTOMER SATISFACTION'.

Conclusion

After setting the objectives, hypothesis tested as listed out. Major hypothesis are; bank customers in Bangalore Karnataka has a reasonable degree of favorable opinion about various technology driven banking channels will create unique infrastructure for banking operations.

Bank customers and bank employees in Bangalore Karnataka has a reasonable degree of adoption of various technology driven banking mode and the level of adoption is independent of type of bank which they belong to, their age, education and income.

Hence, it can be concluded that there is greater impact of technology in banking operations on customer satisfaction in Karnataka.

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