

Customer Satisfaction regarding E-banking Services: A Study with Special Reference to Kashmir

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Abstract

This main objective of this paper is to study the impact electronic banking has on customer satisfaction and its relationship with the gender, age, qualification, occupation and income of the customers with special reference to ICICI bank in Kashmir. For this purpose, a questionnaire was designed comprising close ended and Likert-type of questions. The Likert-type questions have a 5 point scale (indicating 1 highly dissatisfied to 5 highly satisfied). The questionnaire was administered to about 200 respondents, of which 180 were received for analysis. The statistical techniques used for the analysis was the one way ANOVA. The data analysis discovered that there is a significant relationship of age, qualification, occupation and income of the customers with their satisfaction level. Study implied that majority of users of e-banking are the young, the educated, employed, and businessmen. The study recommends that measures should be put in place to ensure more security such as a setting up of encrypted software, frequent change of password etc. Further the banks should increase the awareness about e-banking technology, so that customers can get better service.

Keywords: Customer satisfaction, Electronic banking, Kashmir

Introduction

India being a developing country so its economy is cash driven i.e. monetary transactions are made through the exchange of bank notes and coins for goods and services. However, this system is giving way to new sophisticated payment system where the currency and notes are converted to data (Ozuru, Chikwe, & Uduma, 2010). This has happened because of the rapid technological progress and development in the financial market (Johnson, M. 2005).

Since mid 1990s, banking industry has been changing tremendously due to innovative use of information technology and with the introduction of electronic commerce (Kalakota, R., & Whinston, A. B. 1997). This Technological change had enabled faster delivery of information from the customer and service provider, thus differentiating traditional banking operation from internet enabled banking system (Singhal & Padhmanabhan, 2008)(Gbadeyan & Akinyosoye-Gbonda, 2011). But, The importance of electronic payment system in any country can never be over emphasized, due to the dramatic transformation in technological advancements that is being experienced by the global financial industry (Ozuru et al., 2010).

The entry of new generation tech-savvy foreign banks and the expansion of operations of private banks had made stiff competition to ignore the “customer satisfaction”. Today’s customer is the king of the market so he is not going to settle on anything less than his/her expectations (Bedi, 2010). So, it is the utmost duty of an organization to safeguard his interests and meet his expectations with the products/services offered.

Literature Review

(Santouridis, Trivellas, & Reklitis, 2009) examined Internet service quality and customer satisfaction in Greece”. They stated that the internet service quality is operationalised by adopting an instrument, which is based on SERVQUAL and consist of six dimensions, namely assurance, quality of information, responsiveness, web assistance, empathy and reliability. A questionnaire based primary survey was conducted. The findings confirm to a great extent a validity of the instrument and highlight the above average performance of service quality delivered by Greek banks via the internet. Finally familiarization – related dimensions, such as empathy and web assistance play a very important role in customers’ willingness to recommend the service to other people.

(Rod, Ashill, Shao, & Carruthers, 2009) examine the relationships among three dimensions of service quality that influence overall internet banking service quality and its subsequent effect on customer satisfaction in a New Zealand banking context. Their results show significant relationships among online customer service quality, online information system quality, banking service product quality, overall internet banking service quality and customer satisfaction.

(Malhotra & Singh, 2010) conducted an exploratory study, to present the current status of Internet banking in India and the extent of Internet banking services offered by Internet banks. The factors affecting the extent of Internet banking services were examined. The results reveals that the private and foreign Internet banks have performed well in offering a wider range and more advanced services of Internet banking in comparison with public sector banks. They also highlighted the determinants affecting the extent of Internet banking services, size of the bank, experience of the bank in offering Internet banking, financing pattern and ownership of the bank are found to be significant.

(Gbadeyan & Akinyosoye-Gbonda, 2011) examines the how customers choice of banks is influenced by the quality of e-banking services provided by the banks. Stratified sampling was used; while the survey Instrument was a developed Questionnaire comprising open ended and Likert type of questions. The instrument contained 36 items and was administered to about 400 respondents, while 360 completed and returned their Questionnaire. The statistical

techniques used for the analysis were the Chi-Square and correlation. The Chi-Square analysis revealed that the quality of e-banking services offered by banks have significant influence on their customers. The study recommends that various measures should be put in place to ensure more security such as installation of encrypted software, verification system of customer’s identification cards, frequent change of password, examining test questions and using mixed password such as the use of alphanumeric amongst others. The study concludes that e-banking has become important phenomenon in the banking industry and it will continue as more progress and innovations are made in information technology

Research Methodology

Objectives of the study

1. To study the extent of awareness and the usage of e-banking services in the study area.
2. To analyze the relationship between demographic variables of customers with customer satisfaction regarding e-banking services offered by banks
3. To provide some helpful suggestions about the customer’s satisfaction regarding the e-banking services which will help the banker to understand the customers need in better way.

Hypothesis of study

H1: There is no significant relationship between Gender of the customer and their satisfaction regarding E-banking services.

H2: There is no significant relationship between Age of the customer and their satisfaction regarding E-banking services.

H3: There is no significant relationship between Qualification of the customer and their satisfaction regarding E-banking services.

H4: There is no significant relationship between Occupation of the customer and their satisfaction regarding E-banking services.

H5: There is no significant relationship between Income of the customer and their satisfaction regarding E-banking services.

Sampling Design

An analytical approach was used in this study depending on primary and secondary data for the statistical analysis. The primary data was collected through a questionnaire, which was designed according to the nature of the study problem. The Secondary data was collected from Books, Journals, Magazines and Internet etc. The study has been conducted

among the customers of ICICI bank having their branches in Kashmir. One-way ANOVAs (analysis of variance) has been applied to check the influence of demographic variables on customer satisfaction regarding e-banking services.

Data for the study was collected from primary source (through questionnaires) and secondary sources (Magazines, Journals and Internet etc.), due to that replies can be biased (in case of questionnaires) and validity of data can't be proving (in case of data collected through internet). The area of study is limited to Kashmir province only; results may differ from place to place.

Study Sample

The personal judgment method was used for the selection of banks. There are a total 10 branches of ICICI bank in Kashmir. 5 branches were taken into the consideration for the study. Proper care was taken to ensure selection of customers from each bank in a fairly proportionate manner. The study population consists of the customers of ICICI Bank Ltd. The total numbers of 200 questionnaires were distributed. A total of 180 were received for analysis

Data Analysis

Sample Distribution

Table 1 shows the demographical characteristics of the respondents. The descriptive analyses for demographics profile of respondents show that out of 180 respondents 19.4% were female and the rest 80.6% were male. In terms of age 30.6% of 180 respondents fall in age group of 34-40 while only 2.8% were 51 or above. Educational status results show that 50% of the respondents are graduate. There were no respondents who were illiterate or less than primary education level. Occupational results of the respondents showed that majority i.e. 37.8% have their own business and there were only 15.6 % who were government employed. From income results 26.7% of the respondents belong to category of Rs 45000-55000 while only 13.9% were from category Rs 10000-25000. 29.44% of the respondents have Savings a/c while only 6.67% of the respondents have fixed deposit a/c.

Table 1: Demographic Characteristics of Study Sample

Variable	Category	Repetitions	%age
Gender	Male	145	80.6
	Female	35	19.4
Total		180	100.0
Age	18-25	41	22.8
	26-33	47	26.1
	34-40	55	30.6
	41-50	32	17.8
	51 or above	5	2.8
Total		180	100.0
Education	School level	15	8.3
	Graduate	90	50.0
	Post Graduate	35	19.4
	Professional	40	22.2
Total		180	100.0
Occupation	Govt. Employee	28	15.6
	Private Employee	38	21.1
	Own Business	68	37.8
	Self-Employed professional	46	25.6
Total		180	100.0

Monthly Income	10000-25000	25	13.9
	25000-35000	46	25.6
	35000-45000	39	21.7
	45000-55000	48	26.7
	55000 and above	22	12.2
Total		180	100.0
	Savings A/c	53	29.44
A/c Type	Current A/c	48	26.67
	Salary A/c	45	25
	Fixed Deposit A/c	12	6.67
	Recurring Deposit A/c	22	12.22
Total		180	100

Hypothesis testing

H1: There is no significant relationship between Gender of

the customer and their satisfaction regarding E-banking services

Table 2: Gender and Customer Satisfaction towards E-Banking Services provided by Bank

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Male	145	3.0069	1.16962	.09713	2.8149	3.1989
Female	35	2.6857	1.23125	.20812	2.2628	3.1087
Total	180	2.9444	1.18521	.08834	2.7701	3.1188

Table 2 shows the mean-wise comparison among gender and customer satisfaction regarding E-banking services. Males

have high level of satisfaction regarding the e-banking services as compared to females.

Table 2.1: ANOVA TABLE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.908	1	2.908	2.083	.151
Within Groups	248.536	178	1.396		
Total	251.444	179			

The table 2.1 shows that the p value is .151 which is greater than 0.05. Therefore, the null hypothesis is accepted. So there is no significant relationship between Gender of the customer and their satisfaction regarding E-banking services.

H2: There is no significant relationship between Age of the customer and their satisfaction regarding E-banking services.

Table 3: Age group and Customer Satisfaction towards E-Banking Services provided by Bank

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
18-25	41	3.4390	1.26587	.19770	3.0395	3.8386
26-33	47	2.9574	1.12206	.16367	2.6280	3.2869
34-40	55	2.7273	1.17780	.15881	2.4089	3.0457
41-50	32	2.7813	.94132	.16640	2.4419	3.1206
50 or above	5	2.2000	1.64317	.73485	.1597	4.2403
Total	180	2.9444	1.18521	.08834	2.7701	3.1188

Table 3 shows the mean-wise comparison among different categories of age and customer satisfaction regarding E-banking services. Majority of the respondents belonging to age group of 18-25 have high level of satisfaction regarding the e-banking services. Respondents who are between the

age group of 50 or above have low level of satisfaction towards e-banking services while majority of the respondents who comes under age group of 26-33, 34-40 and 41-50 have medium level of satisfaction regarding the services of e-banking services.

Table 3.1: ANOVA TABLE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	16.254	4	4.064	3.024	.019
Within Groups	235.190	175	1.344		
Total	251.444	179			

The table 3.1 shows that the p value is .019 which is less than 0.05. Therefore, the null hypothesis is rejected and alternate hypothesis is accepted. So there is a significant relationship between age of the customers and their satisfaction regarding E-banking services.

H3: There is no significant relationship between Qualification of the customer and their satisfaction regarding E-banking services

Table 4: Qualification and Customer Satisfaction towards E-Banking Services provided by Bank

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
School level	15	2.1333	.91548	.23637	1.6264	2.6403
Graduate	90	3.0222	1.27180	.13406	2.7558	3.2886
Post Graduate	35	2.7429	1.12047	.18939	2.3580	3.1278
Professional	40	3.2500	.98058	.15504	2.9364	3.5636
Total	180	2.9444	1.18521	.08834	2.7701	3.1188

Table 4 shows the mean-wise comparison among different categories of qualification and customer satisfaction regarding E-banking services. The findings show that the satisfaction of customers towards the Internet banking differ significantly based on the educational qualification.

Majority of the respondents who are graduate are overall satisfied with the e-banking services. Respondents who are professional are highly satisfied towards e-banking services while those who are less qualified have low level of satisfaction regarding e-banking services.

Table 4.1: ANOVA TABLE

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	15.570	3	5.190	3.873	.010
Within Groups	235.875	176	1.340		
Total	251.444	179			

The table 4.1 shows that the p value is .010 which is less than 0.05. Therefore, the null hypothesis is rejected and alternate hypothesis is accepted. So there is a significant relationship between qualification of the customers and their satisfaction regarding E-banking services

H4: There is no significant relationship between Occupation of the customer and their satisfaction regarding E-banking services.

Table 5: Occupation and Customer Satisfaction towards E-Banking Services provided by Bank

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Govt employee	28	2.9286	1.15241	.21778	2.4817	3.3754
Private employee	38	3.2895	1.22822	.19924	2.8858	3.6932
Own Business	68	2.6324	1.18327	.14349	2.3459	2.9188
Professional Self employed	46	3.1304	1.08748	.16034	2.8075	3.4534
Total	180	2.9444	1.18521	.08834	2.7701	3.1188

Table 5 shows the mean-wise comparison among different categories of the occupation and customer satisfaction regarding E-banking services. The findings show that the satisfaction of customers regarding the e-banking differs significantly based on the respective employment status of the respondents. Majority of the respondents who have their

own business have low level of satisfaction regarding e-banking services. Respondents who are private employee are highly satisfied towards e-banking services while others have medium level of satisfaction regarding e-banking services.

Table 5.1: ANOVA TABLE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	12.745	3	4.248	3.132	.027
Within Groups	238.699	176	1.356		
Total	251.444	179			

The table 5.1 shows that the p value is .027 which is less than 0.05. Therefore, the null hypothesis is rejected and alternate hypothesis is accepted. So there is a significant relationship between occupation of the customers and their satisfaction regarding E-banking services

H5: There is no significant relationship between Income of the customer and their satisfaction regarding E-banking services.

Table 6: Income and Customer Satisfaction towards E-Banking Services provided by Bank

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
10000-25000	25	3.2000	1.19024	.23805	2.7087	3.6913
25000-35000	46	3.2391	1.25051	.18438	2.8678	3.6105
35000-45000	39	2.9744	1.13525	.18179	2.6064	3.3424
45000-55000	48	2.7500	1.15777	.16711	2.4138	3.0862
55000 or above	22	2.4091	1.00755	.21481	1.9624	2.8558
Total	180	2.9444	1.18521	.08834	2.7701	3.1188

Table 6 shows the mean-wise comparison among different categories of income and customer satisfaction regarding E-banking services. The findings show that the satisfaction of customers regarding the e-banking differ significantly on

the basis of their income. Majority of the respondents whose income is less than Rs 35000 are highly satisfied regarding the e-banking services. Results show that the satisfaction level decreases as the income of the customers increase.

Table 6.1:ANOVA TABLE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.782	4	3.446	2.537	.042
Within Groups	237.662	175	1.358		
Total	251.444	179			

The table 6.1 shows that the p value is .042 which is less than 0.05. Therefore, the null hypothesis is rejected and alternate hypothesis is accepted. So there is a significant relationship between income of the customers and their satisfaction regarding E-banking service

Conclusion

This paper has focused on evaluating the impact of demographic variables on customer satisfaction about e-banking services. Five research hypotheses were formulated and data was collected through questionnaire and analyzed using ANOVAs. The study showed that young people who are below 33 years are highly satisfied with the e-banking services while as people above 40 years have low level of satisfaction. People who are professional are highly satisfied towards e-banking services while those who are less qualified have low level of satisfaction regarding e-banking services. Respondents who have their own business have low level of satisfaction regarding e-banking services and respondents who are private employee are highly satisfied towards e-banking services. The results further showed that people having income less than Rs 35000 are highly satisfied regarding the e-banking services while the satisfaction level decreases as the income of the customers increase.

Based on the above results, it is recommended that banks should give more focus on increasing trustworthiness among the business class and old age people by providing proper training on the usage of e-banking and bankers have to adopt the right strategies to attract different age group and give more information about the e-banking services. Further employees should be trained which will help them to give excellent service to customers there by raising satisfaction levels.

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