A Study on Customer Satisfaction Towards Internet Banking in HDFC Bank at Thillai Nagar, Tiruchirappalli

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Abstract- Sophisticated applications have now become economically feasible as the power of information technology continues to improve. As technical barriers disappear, it becomes necessary to create applications that people are willing to use. Internet banking is one of the modern technology that have been introduced by the banks for the benefit of the customers. This research focuses on the customer satisfaction towards Internet banking in HDFC Bank. It is found that majority of the customers are highly satisfied with the Internet banking services provided by the bank.

Keywords- Internet Banking, ATM, Core Banking

Introduction

Internet banking is one of the advanced technologies that have been introduced by the banking industry in this information technology area. The financial industry has a history of developing new instruments and services and improving processes for reducing costs of existing services and offering new services. The banking industry in particular, is constantly responding to changes in customer preferences and needs; increasing competition from non-banking institutions, changes in demographic and social trends, information technology advances, channel strategies, and government deregulations of the financial service sector.

Earlier, traditional banking was characterized by physical decentralization, with branches scattered around populated areas to give customers easy geographic access. Internet banking on the other hand provides a convenient, low-cost alternative to the traditional bank visit.

The growth of internet banking has been fuelled by broadband availability as well as secured connections over the Internet. A primary reason for the rise of the internet as a business mechanism during the past decade is that the Internet was not only designed with an intuitive, graphical, and simple to-use interface, but was also developed to provide information, foster awareness, and influence people's attitudes and behaviour. Consequently, internet banking has altered the nature of consumer interactions with banks, reducing the importance of physical locations and face to face interactions.

Many banks now offer some form of internet banking activity, like checking bank balance, paying bills online or even simple cash transfer transactions. Several studies suggest that the internet has become a very popular delivery platform for internet banking. Electronic banking technologies have led banks and financial institutions to improve effectiveness of distribution channels through reducing the transaction cost and increasing the speed of service. Internet banking has been employed by many banks to reduce costs, shorten processing periods, increase speed, improve flexibility of business transactions and provide better service overall.

Customers' use of internet banking requires acceptance of the technology, which can be complicated because it involves the modification of behavioural patterns. Although customers are becoming aware of its convenience, less people have enrolled in online banking because of poor security and privacy issues.

This research is comprehensive in terms of using a theoretical model called Technology Acceptance Model (TAM), and extending it by adding other variables from the electronic commerce adoption literature, and the existing trust literature in electronic commerce to understand internet banking usage intentions in the Indian context. The purpose of this research is to test the ability of the extended theoretical model to predict and explain user acceptance of internet banking.

Statement of Problem

With the changing environment, banks implemented tele-banking, mobile banking   and call centre services, ATM and others one after another. Due to rapid change in technology and the entry of private and foreign banks a number of new products and delivery channels have been introduced. Among the major initiatives Internet Banking has brought to the customers the much demanded convenience. The advent of internet banking offers banking firms a new frontier of opportunities and challenges. Despite these possibilities, there are various psychological and behavioural issues.

In this regard a study has been undertaken in Internet banking services provided by the HDFC Bank in Tiruchirappalli, Thillainagar branch.

The scope of the study

The main purpose of the study was to identify the predictors of internet banking in the Indian context. More specifically, to extend the Technology Acceptance Model (TAM) to better explain internet banking usage intention, bring out a set of antecedents for Customer Trust on Internet Banking that can explain individual's intention to adopt internet banking. For this purpose this study has been undertaken in customer satisfaction towards internet banking by HDFC Bank in Tiruchirappalli, Thillainagar branch.

Objectives of the study

- To study the factor influencing the customer satisfaction towards internet banking in HDFC Bank.
- To analyse the level of satisfaction of customers.
- To identify the problems faced by the customers regarding internet banking.
- To suggest the requirements needed for the enhancement of internet banking.

Hypotheses of the study

- There is no significant association between age of the customers and the level of customer satisfaction.
- There is no significant association between income of the customers and the level of customer satisfaction.

Methodology and tools

This study is precisely an analytical study of micro in nature. The study has been undertaken by means of a survey method, a sample of 100 respondents were considered and selected at convenient sampling. Case study method is followed to find out the customer satisfaction of customers in HDFC Bank. Tiruchirappalli. Primary data were collected through the interview schedule from the respondents with regard to the various facilities extended by the bank to customers regarding internet banking and their level of customer satisfaction. Secondary data on the various aspects about customer satisfaction from various books, journals and website.

Statistical tool
The data collected were analyzed with the help of statistical tables, percentage analysis, chi-square test and scaling techniques.

REVIEW OF LITERACTURE

According to **Arunachalam and Sivasubramanian (2002),**Internet banking is where a customer can access his or her bank account via the Internet using personal computer (PC) or mobile phone and web-browser.

According **to Khan (2002)**, Internet banking includes the system that enables Financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including Internet. Internet banking is the act of conducting financial intermediation on the Internet. It is that process whereby the customer is able to access, control and use his/her account over the Internet. Since the mid-1990s, there has been a fundamental shift in banking delivery channels toward using self-service channels such as electronic banking, mainly the use of automated teller machines (ATMs) and internet banking.

According to **Ongkasuwan and Tantichattanon (2002)** further defines Internet banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with Internet connection to banks' web sites any time they wish. Internet banking service also enables bank customers to perform transactions such as transfer and payments, access of latest balance, statement viewing, account detail viewing, customization, print, downloading of statements and obtaining of a history statement on all accounts linked to the bank's customers' Auto Bank (ATMs).

According to **Baraghani (2008)**, consumers go through "a process of knowledge, persuasion, decision, implementation and confirmation" before they are ready to adopt a product or service. Thus, consumer adoption is the adoption process that describes the steps consumers follow in deciding whether or not to use a new product or services. These stages in the adoption process are awareness, interest, evaluation, trial and adoption. Awareness is to communicate the availability of the new product or service. Interest is to communicate benefits of new product or service to gain consumer interest. Evaluation emphasizes the advantages of new product over alternatives currently on the market. Usage refers to how the customer is able to use the Internet banking services in any transaction.

Mols (2008) acknowledged that the internet banking was an innovative distribution channel that offered less waiting time and a higher spatial convenience than traditional branch banking with significantly lower cost structure than traditional delivery channels. Internet banking reduced not only operational cost to the bank but also led to higher levels of customers' satisfaction and retention. As a result internet banking was very attractive to banks and consumers', who had higher acceptance to new technology. (Polatoglu and Ekin, 2006, Mols, 2007, Sathye, 2000, Wisner and Corney, 2005).

ANANLSIS AND INTERPRETATION

CLASSIFICATION ON THE BASIS OF USAGE OF INTERNET BANKING BY THE CUSTOMERS
Table 1

S.No.	Usage of the customers	No. of respondents	Percentage
1.	Less than a year	10	10
2.	1 year – 2 years	20	20
3.	2 years – 3 years	32	32
4.	More than 3 years	38	38
Total		**100**	**100**

Source : primary data

The above table interprets that majority 38 per cent of the respondents are using internet more than 3 years, 32 per cent of the respondents are under 2 years – 3 years category, 20 per cent of the respondents are under 1 year – 2 years category, and 10 per cent of the respondents are using less than a years of internet banking service.

SCORE CUSTOMER SATISFACTION LEVEL
-100 to -50   Low level of satisfaction
-50 to +50   Medium level of satisfaction
+50 to +100   High level of satisfaction

Table 2
Level of customer satisfaction regarding internet banking in HDFC bank

S.No.	Satisfaction Level	No. Of Respondents
1.	High level	58
2.	Medium level	42
TOTAL		**100 (100 %)**

Table 2 shows that 58 customers are highly satisfied and 42 customers opinioned that they are satisfied in internet banking medium level and no customers belong to low level category of customer satisfaction.

FACTOR WISE ANALYSIS
Two factors found to be influencing the customer satisfaction of customers in HDFC bank. They are

- **AGE OF THE CUSTOMERS**
- **INCOME OF THE CUSTOMERS**

The contribution of these factors towards the customer satisfaction towards internet banking is found out by applying chi – square test. The results are shown below.

Age of the customers

The first factor that has been taken up for the study is "age". The age of the customers has been close relationship with the level of satisfaction.

Age of the customers in HDFC bank
Table 3

S.No	Age Group	No. Of Respondents	Percentage
1.	20 – 35 years	44	44
2.	35 – 50 years	26	26
3.	Above 50 years	30	30
Total		**100**	**100**

The above table reveals that 44 per cent of the customers belong to the age group of 20 – 35 years , 26 per cent of the customers belong to the age group of 35 – 50 years and 30 per cent of the customers belong to the age group of above 50 years.

AGE OF THE CUSTOMERS AND THE LEVEL OF SATISFACTION
Table 4

Satisfaction / Age	High Level	Medium Level	Total
20 – 35 Years	24	20	44
35 – 50 years	16	10	26
Above 50 years	18	12	30
Total	**58**	**42**	**100**

Above Table reveals that the customers having high level of satisfaction is more in the case of the customers belonging to the age group of 20 – 35 years.

Table 5

Age of the customers and the level of satisfaction chi – square test

Particulars	O	E	(O - E)	(O – E)2	(O – E)2/E
R1C1	24	25.52	-1.52	2.4336	0.0953
R1C1	16	15.08	0.92	0.8464	0.0561
R1C3	18	17.40	0.6	0.36	0.0206
R1C2	20	18.48	1.52	2.3104	0.1250
R1C2	10	10.92	-0.92	0.8464	0.0775
R1C3	12	12.60	-0.6	0.36	0.0285
∑ (O –E)2/ E					**0.4030**

DEGREE OF FREEDOM = 2
CALCULATED VALUE =   0.4030
TABLE VALUE AT 5% LEVEL = 5.991

       The calculated value is **0.4030** less than the table value at 5% level of significance **5.991**. Hence we accept the null hypothesis. So there is no significant association between the age of the customers and the level of customer satisfaction.

INCOME OF THE CUSTOMERS

Table 6

Income of the customers

S.No	Income Of The Customers	No. Of Respondents	Percentage
1.	LESS THAN RS.15000	38	38
2.	RS.15000- RS.30000	32	32
3.	RS.30000 – RS.45000	20	20
4.	MORE THAN 45000	10	10
Total		100	100

The table shows that 38 per cent of the customers are earn income below Rs.15000, 32 per cent of the customers are earn income between Rs. 15000 – Rs.30000, 20 per cent of the customers earn income between Rs. 30000 – Rs. 45000 and 10 per cent of the customers comes under the category of income earning above Rs. 45000.

     To test whether there is any relationship between income of the customers and level of satisfaction two way tables has been prepared.

shows the relationship between income of the customers and level of satisfaction.

TABLE 7

INCOME OF THE CUSTOMERS AND THE LEVEL OF SATISFACTION

Satisfaction / Income	High Level	Medium Level	Total
LESS THAN RS.15000	28	10	38
RS.15000- RS.30000	16	16	32
RS.30000 – RS.45000	10	10	20
MORE THAN 45000	4	6	10
Total	**58**	**42**	**100**

     Table 4.23 reveals that the customers having high level of satisfaction is more in the case of the customers who earn less than Rs. 15000 and second option is customers belong to the category Rs. 15000 – Rs. 30000 are also highly satisfied.

INCOME OF THECUSTOMERS AND THE LEVEL OF SATISFACTION –

CHI-SQUARE TEST

particulars	O	E	(O - E)	(O – E)2	(O – E)2/E
R1C1	28	22.04	5.96	35.5216	1.6116
R1C1	16	18.56	-2.56	6.5536	0.3531
R1C3	10	11.6	-1.6	2.56	0.2206
R1C4	4	5.8	-1.8	3.24	0.5586
R1C2	10	15.96	-5.96	35.5216	2.2256
R1C2	16	13.44	2.56	6.5536	0.4876
R1C3	10	8.4	1.6	2.56	0.3047
R1C4	6	4.2	1.8	3.24	0.7714
∑ (O –E)2/ E					**6.5332**

Degree of freedom   =   3
Calculated value   =   6.5332
Table value at 5% level = 7.1815

The calculate value is **6.5332** less than the table value at 5% level of significance **7.1815**. Hence we accept the null hypothesis. So there is no significant association between income of the customers and the level of satisfaction.

FINDINGS, SUGGESTIONS AND CONCLUSION

From the detailed analysis made in the previous chapters the researcher has been able to arrive at the following findings.

- The majority of the respondents fall in the age group of 20 -35 years.
- Customers in the age group of 20 – 35 years have got high level of satisfaction.
- The majority of the respondents are graduates.
- 58% of the respondents are highly satisfied and 42 % are having the opinion of medium level of satisfaction and no respondents belong to the low level of satisfaction in internet banking.
- The chi – square reveals that, there is no relationship between income and customer satisfaction regards to internet banking.
- The chi – square also reveals that, there is no significant relationship between age and the level of satisfaction regards to internet banking.

SUGGESTIONS

The following suggestions are recommended for enhancing internet banking services   of banks to the customers

- Banks should take necessary steps to create awareness among rural people about the advantages of e-banking / internet banking services provided by the banks.
- The internet banking system should be enhanced to facilitate the online enquiry and online payment much easier to the customers.
- Private sector banks should continuously improve their internet banking services to compete with their counterparts.
- Though internet banking is convenient and easy to use, customers have aversion in adopting these services because they think that using these "services are difficult and complicated". So, on-site training can be provided to the bank customers who intend to use internet banking services. Banks can setup a team of personnel, to train the customer to get acquainted with internet banking services.
- The customers have perceived risk of getting wrong information, lack of privacy, security of

transaction, etc.., from internet banking services. These illusions should be removed from the minds of the customers by bank employees, as these factors are the barriers for most of the customers for not opting internet banking services.
- A separate bank counter should be provided to take immediate steps to redressal the grievances regarding internet banking

Conclusion

Based on this study, it is found that there is remarkable influence the perceived status of functional, psychological factors, benefits dimensions by socioeconomic characteristics benefits related to importance of using internet banking, preferred type of banking in availing e-banking services, period of using e-banking, number of times visiting banks in a month, number of internet transaction in a week and number of banking transaction in a month.

From the evaluation of the customers' opinion with regard to the benefits and usefulness of e-banking / internet banking in addition to "intention of using internet banking in the future". It is found that "flexibility and easy accessibility with convenience" is the most desirable benefit followed by "Providing accurate, relevant and up-to date information" and "Saving time & Cost Less".

From this, it is apparent that there is significant difference in the perceived level of benefits of Internet Banking between non-users and users of Internet Banking. Regarding the usefulness of internet banking, "Funds transfer", "Pay bills using available cash in the accounts" and "Order to buy and sell shares". The usefulness of Internet Banking provided by private sector banks is remarkably higher in HDFC Bank. So the HDFC Bank can still manipulate and motivates its customers for attaining high level of satisfaction.

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