



## Consumer Awareness & Satisfaction on E-Banking (An Empirical Study in Meerut District)

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### Abstract

E-Banking is one of most essential part of consumer satisfaction. I don't get surprised anymore when my colleagues tell me that they don't know where their salary account bank branch is located in their city. It's because banks today provide decent online banking services allowing you to forget the need-to-plan-a-visit-to-my-bank. E- Banking is an umbrella term for the process by which a customer may perform banking transactions by electronic means without visiting a brick-and-mortar institution. E- Banking uses the Internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages, and purchasing financial instruments and certificates of deposit. E-banking involves information based banking under the Informational Technology system. Bank provides a variety of products & services to the customer, the various services offered by the banks can be utilized by the customers only when they are aware of the services. We have, in this paper, attempted to evaluate to Internet banking literature by providing insights on the factors that affect Internet banking adoption. The present work focuses on what is the customer awareness about internet banking and what are the drivers that drive consumers. The paper is based on qualitative and exploratory research using questionnaire. Respondents are bank customers, selected for study after initial screening. The awareness of customers about the online services and their expectations from online banking activities in Meerut has been evaluated through a survey.

**Key-Words:** E Banking, Qualitative exploratory research, Internet banking.

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## **1. INTRODUCTION**

The automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels is defined as **E-banking** or **Internet banking** or **Online banking** or **banking without wall**. The vast majority of the banks that avoided Internet banking in the beginning did so because they simply did not see the benefits of using it. Private Banks in India were the first to implement internet banking services in the banking industry. Private Banks, due to late entry into the industry, understood that the establishing network in remote corners of the country is a very difficult task. It was clear to them that the only way to stay connected to the customers at any place and at anytime is through internet applications. They took the internet applications as a weapon of competitive advantage to corner the great monoliths like State Bank of India, Punjab National Bank etc. Private Banks are pioneer in India to explore the versatility of internet applications in delivering services to customers.

- **Polatoglu and Kin (2001)** state that the average internet banking transaction costs the institution only 1/12th of teller transaction.
- **Broadie (2007)**. As per his prediction the e- banking is leading to a model move in marketing practices resulting in high performance in the banking industry. Delivery of service in banking can be provided efficiently only when the background operations are efficient. An efficient background operation can be conducted only when it is integrated by an electronic system. The components like data, hardware, software, network and people are the essential elements of the system. Banking customers get satisfied with the system when it provides them maximum convenience and comfort while transacting with the bank.
- **Salawu (2007)**. An in-depth analysis would help to understand that internet enabled electronic bank system differentiates from traditional banking operation through faster delivery of information from the customer and service provider. Additionally, it has to be noted that the banking operations does not transfer physical currencies instead it transfer the information about the value for currencies. I-banks enable transfer of information more swiftly on-line.
- **Christopher (2006)**, E banking has become an important channel to sell the products and services and is perceived to be necessity in order to stay profitable and successful.

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## **2. SCOPE OF E-BANKING WITH CUSTOMER SATISFACTION**

It includes the systems that enable financial institution, customers, individuals and businesses to access accounts, transact business or obtain information on financial products and services through a network including the internet.



Customers access e-banking services using an intelligent electronic device such as personal computer, Automated teller machine, Laptops. Mobiles, Note pads etc.

There are five basic services associated with online banking:

- view account balances and transaction histories;
  - paying bills;
  - transferring funds between various accounts;
  - requesting credit card advances and
- Ordering checks for faster services that can be provided by domestic & foreign bank.

E-banking involves information technology based banking. Under this system, the banking services are delivered by way of a Computer-Controlled System. This system does involve direct interface with the customers. The customers do not have to visit the bank's premises. It allows customers to perform a wide range of banking transactions electronically through the bank's Web site. When first introduced, Internet banking was used mainly as source of marketing products and services provided by the banks on their Web sites.

With the development of technologies and secured electronic transaction more banks have come forward to use Internet banking both as a transactional as well as an informational medium.

As a result, registered Internet banking users can now perform common banking transactions such:

- Viewing of Account summary, current balance, all historic transactions, mini and detailed statements.
- Linking of your multiple accounts like Savings, Current, Credit cards, Demat, Mutual funds and Fixed deposit accounts to a single Netbanking ID.
- Transfer of funds (more on this in subsequent section)
- Delivering a new demand draft or cheque book at your address.
- Online payment of utility bills like Electricity, Gas, Landline and Mobile phone bills, Insurance premiums, Credit card bills, etc.
- Applying for new Fixed Deposits online.
- Download of Account statements in Text, Excel and MS Money formats.
- Online request for a hard copy of your bank statements at your address Viewing status of deposited cheques or stopping the payment of a cheque.
- Writing checks,
- Paying bills,
- Transferring funds,
- Printing statements, and
- Inquiring about account balances.

The popular services covered under E-banking include:

- Automated Teller Machines,
- Credit Cards,
- Debit Cards,
- Smart Cards,
- Electronic Funds Transfer (EFT) System,

- Cheque Payment System,
- Mobile Banking,

### 2.1 Advantages of E-Banking

The main advantages of E-banking are:-

- There are no geographical barriers
- The operating cost per unit services is lower for the banks.
- It offers convenience to customers as they are not required to go to the bank's premises.
- There is very low incidence of errors.
- The customer can obtain funds at any time from ATM machines.
- The credit cards and debit cards enables the Customers to obtain discounts from retail outlets.
- The customer can easily transfer the funds from one place to another place electronically.

### 2.2 Disadvantages of E-Banking

There are lots of risks associated with utilizing such kind of services:

1. **Transaction Risk:** Transaction risks arise from fraud, processing errors and other unanticipated events resulting in the institutions inability to deliver products or services. This risk exists in each product and service offered. The key to controlling transaction risk lies in adopting effective polices procedure and control to meet the new risk exposures introduced by e-banking.
2. **Credit Risk:** In general, a financial institution's credit risk is not increased by the mere fact that a loan is originated through an e-banking channel. Yet, management should consider additional precautions when originating and approving loans electronically, including assuring management information systems effectively track the pre formation of portfolios originated through e-banking channels
3. **Legal risk:** Legal issues arise out of the rapid growth in usage of e-banking and difference between electronic and paper based processes. E-banking is a new delivery channel where the laws and rules governing the electronic delivery of certain financial institution products or services may be vague.
4. **Reputation Risk:** An institutions decision to offer e-banking services, particularly the more complex transactional services, significantly increases its level of reputation risk.

Some of the ways in which e-banking can influence an institution's reputation include:

- Loss of trust due to unauthorized activity on customer accounts.
- Disclosure or theft of confidential customer information to unauthorized parties.

## 3. OBJECTIVES

### 3.1 Major Objectives

- The primary objective of this study is to investigate attitudes and expectations of internet banking users.
- To study the level of awareness of customers about the e-banking.
- To fulfill significant gaps in knowledge about the Internet banking landscape in India.

### 3.2 Minor Objectives

- To know the gender pattern of internet users.
- To know the impact of education over net banking users as a demographic characteristics.

## 4. RESEARCH METHODOLOGY

The research survey was answered by a mix group of people among the customers of the Banks. The data was collected through questionnaire to a bunch of people and only 50 respondents filled in our questionnaires that focused on gathering information about knowledge, usage of and expectations about the internet banking in Meerut District.

In this study convenience-sampling method is used, as a result the respondents were randomly selected in social colonies and Mail Ids.

### 4.1 Research Question

This study is designed to find out whether the respondents are aware about internet and banking services and whether they use their knowledge of hassle free banking or they are abided by habits and routines.

### 4.2 Research Design

The research design constitutes the blue print for the collection, measurement and analysis of data. It helps the researcher in the allocation of his limited resources by posing vital choices.

### 4.3 Sample Size

Sample sizes of 50 respondents from Meerut city were selected for this study.

The respondent profile who participated in the study is given in **Table 1**

### 4.4 Sampling Method

Simple random sampling has been adopted for this study purpose.

### 4.5 Data Collection

The study employs primary data as well as secondary data.

#### 4.5.1 Primary Source

All necessary information about the study has been collected from personal contact and mail ids by using of Questionnaire method.

Type of data : Primary

Data collection method : Questionnaire

#### 4.5.2 Secondary sources

Data has been collected from both internal and external sources such as personal records, annual reports, published articles, websites, web links etc.

Data analysis technique : Qualitative

Data analysis tool : Pie chart

## 5. DATA ANALYSIS AND INTERPRETATION

The Following table describes the demographic profile of the respondents which consists of gender, age, level of education.

From a total of 50 completed questionnaires received.

According to our analysis of the **demographic characteristics** of the respondents we can say that,

- 52% of the respondents are between the ages of 20 and 29.
- 20% is between the age of 30 and 39.
- 28% is higher than the 40 years old.

**Pie Chart 1:** Within the respondents

- 84% are male
- 16% is female.

**Pie Chart 2:** If we check the education level of the respondents we can say that,

- 4% are high school,
- 20% hold Bachelor Degree,
- 60% hold Master degree,
- 16% hold PhD,

It is found that Master degree respondent are using highest e-banking.

**Pie Chart 3:** Finding shows the following results.

- Finding shows that all consumers are using internet banking from more than a one Year.
- 64% consumers are visiting 1-4 times in a month & 12% consumers never visit branch of the Bank.
- About 64% consumer are using ATM for 1-4 times in a month.& 12 % consumer are using over period of 12 months.
- About 44% consumers are using tele-banking for 1-4 times in a month & 28 % consumers are using 5-8 times in a month & 24 % respondents are not using a tele-banking services.
- Main reason for visiting a bank branch is to make a Deposit with highest interest rate is 40 %.
- About 56% consumers are purchasing product through the internet & 44% consumer have never purchased product through internet.
- When they are asked that they considered themselves as risk-taker, 36% respondents are Strongly agree on this judgment, also 36% respondents are agree, 28% of respondents they take risk as Neutrally.

## 6. LIMITATIONS

The primary limitation of the study is the scope and size of its sample as well as other variables (e.g. market, environmental, regulatory etc) which may have an effect on the decision of the banks to offer a wide range of Internet banking services.

Although this research is primarily based on the both primary data and secondary data the findings cannot be generalized as the research is based on convenience-sampling method. This study has successfully examined the major factors responsible for internet banking based on respondents' perception on various internet applications. Future research may also consider the impact of other demographic variable like professional and non professional.

## 7. CONCLUSION

With the growth of the economy, the service sector, more specifically the banking industry has been gaining movement in the past two decades. The increasing competition has resulted in the need for increased customer services through the use of new technologies of service. The customers are also gaining knowledge on the service provision by various banks The Research

findings that Internet banking today has become the foundation of Consumer satisfaction in banking sector. A study reveals that Privates sector banks provide more facilities as compare to public sector bank. They provide quick and fast services to their customers at time. Thus, the analysis done with the help of questionnaire clearly indicate the Objectives are the responsibility for internet banking. Almost all agreed that internet banking is convenient and flexible ways of banking and it also have various transaction related benefits. Thus, Providing Internet banking is increasingly becoming a “need to have” and also a “nice to have” service.

The findings are expected to be of great use to the government, regulators, commercial banks, and other financial institutions, e.g. co-operative banks planning to offer Internet banking, bank customers and researchers. The bankers as well as society at large will come to know where the banks lag in terms of adoption of Internet banking and in providing different products and services.

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APPENDIX:

1) Table 1

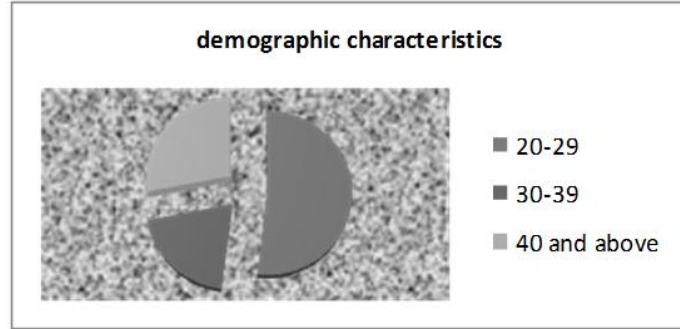
	Internet banking Users	Percentage
Male	42	84%
Female	8	16%
Education		
High school	2	4%
Bachelor	10	20%
Master	30	60%
PhD	8	16%

2) Table 2

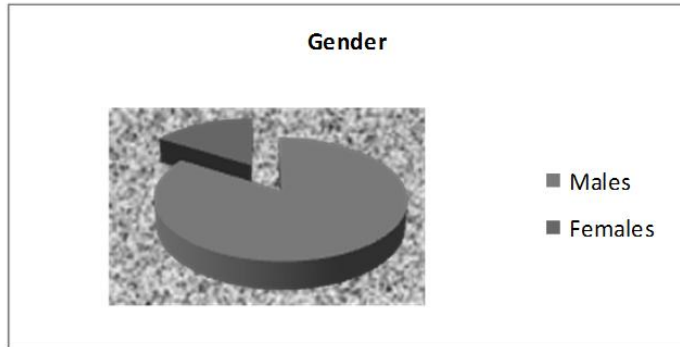
	Internet banking Users	Percentage
<b>Gender</b>		
Male	42	84%
Female	8	16%
<b>Age</b>		
20-29	26	52%
30-39	10	20%
40-49	12	24%
50-59	2	4%
<b>Education</b>		
High school	2	4%
Bachelor	10	20%
Master	30	60%
PhD	8	16%



3) Pie Chart 1



4) Pie chart 2



5) Pie chart 3

