

Utilization and Satisfaction of Customers with Internet Banking in the city of Mumbai.

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Abstract:

Background & objectives: One of the innovative service delivery channels by Indian banks has been internet banking; a new banking channel for service delivery by the use of technology and the internet. This study was undertaken to study the utilization and satisfaction of urban professionals using internet banking in the city of Mumbai, India. The researcher has identified the areas where internet bank has been utilised and the level of customer satisfaction. The researcher carried out this study to identify the utilisation and satisfaction with internet banking among the banks customers in the city of Mumbai which has one of the best internet penetration in India and a large computer using population.

Methods: A total of 117 respondent, 85 males and 32 males were interviewed with a structured questionnaire to identify the usage and customer satisfaction with internet banking; the researcher chose to interview professionals for this study because of the need for computer skills was essential for use of internet banking.

Results: The study showed more the 90% of the respondents used internet banking though only 50% were satisfied with the internet banking services offered by their banks; only 46.3% of Male customers were satisfied with Internet Banking services as compared to 64% Females who were satisfied.

Conclusions: Indian banks need to improve customer satisfaction in the utilization of internet banking; customer friendly products need to be provided to make internet banking a delight for customers to use

Keywords: Customer Satisfaction, Net Banking, Internet Banking, online banking products.

1. Introduction

The Brick and Mortar Banking was limited to accept deposits and to provide loans and advance, today's banking is about Innovation and the advent of using information technology and the internet has given rise to innovative product launches and methods of delivery in the banking industry to provide enhance customers' satisfaction and delivery.

One of the outstanding innovations in banking has been internet banking, also known as e-banking or Personal Computer Based Banking which uses an electronic device to connect to the internet banking application through the use of the 'world wide web' known as the internet.

The five core services offered in internet banking are viewing of account balances and transaction history, paying of bills, funds transfer between accounts, request for credit card advances and requisition of check books and finally doing check less cash transfers using NEFT and RTGS between various bank accounts.

Thus the traditional pen and paper banking transactions have now moved to the electronic device and these include issuing cheques; bill Payment; fund transfer, digital account statement and balance enquiry.

Thus Internet banking has provided a new channel for customers to conduct their banking transaction from the comfort of their personal computing devices and has helped customer to save time and bank from their keyboards. With an increase in the population using internet services and affordable internet connectivity, internet banking

has emerged as a new distribution channel for Indian Banks.

According to a report by global management consultancy McKinsey & Company published in the Business Standard (Dated 30/1/2012) ¹ as many as 7% of account holders in India are using the Internet for banking transactions, while branch banking has fallen by a full 15 percentage points,

The report states "Use of the Internet for banking has seen a massive rise in the 2010-11 survey, taking the overall number of bank consumers who use the Net to close 7% of the total bank account holders -- a seven-fold jump since 2007 -- even as for the first time in the past 13 years, branch banking has come down by a full 15 percentage points during the same period," This is different from an earlier survey in 2007 when the percentage of online users of banking transactions was just about 1% .

The survey is based on the number of times in a week respondents visited bank branches or used Internet for carrying out transactions. In 2007, the number of times Indian respondents visited bank branch for doing transactions was 0.58 while the same in 2011 was 0.49, showing a fall of 15 percentage points.

Internet Banking is used by people who can bank from the personal computers in a secure manner through the internet. The banks compete with one another to make their customer use internet banking by offering free internet banking, fee waivers and also newer product offerings in their internet banking portal.

The internet banking is used to retain existing customers and attract new ones and to do this the banks keep their offerings up to date with the latest features.

Some of the advantages of internet banking are:

1. Customer convenience as they do not have to visit the bank premises.

2. Customer can conduct anytime anywhere banking on the internet for various transactions.
3. Transfer of funds between various accounts is easy and near instant, no physical cheques required.
4. The use of internet banking for payment enables the customer to avail of discounts from online vendors.
5. The customer can easily get the account statement online and saves time by not needing to visit the bank branch.

Internet banking has become an important banking channel for more than a decade in Indian Banks, there have been much research done on measuring the customer service quality and usage of internet banking. A number of methods have been identified for measuring Internet Banking service quality. Gupta and Bansal, (2012) have identified the five dimensions namely; Security/Privacy, Reliability, Efficiency, Responsiveness and Site Aesthetics for examining the internet banking service quality in the banks in India.

Internet banking utilization and customer satisfaction is an essential measurement to measure the penetration and customer satisfaction in internet banking among bank customers.

2. Objectives

The objectives of the research were:

1. To study the utilization of internet banking by customers of the bank.
2. To study the usage of online banking products offered by the banks on internet.
3. To study the customer satisfaction with the use of internet banking.
4. To find out the factors associated with difference in utilization of online banking products and satisfaction.

3. Research Questions

The Researcher has tried to answer the following questions:

1. What is the extent of usage of internet banking by the customers?
2. What is the degree of satisfaction of the customers about online banking services?
3. Is there any difference between male and female about usage and satisfaction with online banking services?
4. Is there any difference between age groups about usage and satisfaction with online banking services?

4. Research Methodology

The sample for the study consisted of the employees of accounting firm, software company, marketing company and individual respondents. This sample was chosen because of awareness and ability to use internet services in this sample population. Mumbai was chosen because it has a large urban banking population and excellent internet penetration.

Research Instrument

The research instrument was a structured questionnaire cum interview pertaining to the utilization and customer satisfaction in using internet banking services in the city of Mumbai.

5. Results

Demographics:

1. The total sample size was one hundred and seventeen (117) respondents
2. Eighty five (85) were males and thirty two (32) were females.
3. The distribution based on age was
 1. Fifty eight (58) respondents in the age group of 18-25 years,
 2. Forty eight (48) respondents in the age group of 26-40 years

3. Eleven (11) respondents in the age group of 41-60 years.
4. One Hundred and eleven (111) respondents were graduate and above
5. Ninety seven (97) of the respondents were salaried.

Table 1: Distribution of Respondents on the basis of Demographic Factors

Demographic Variable	Categories	Number of Respondents (In Percentage)
Gender	Male	85 (73)
	Female	32 (27)
Age	18 - 25	58 (50)
	26 - 40	48 (41)
	41 - 60	11 (9)
Education	Less than SSC	2 (2)
	SSC - HSC	4 (3)
	Graduates and Above	111 (95)
Occupation	Salaried	97 (83)
	Business	5 (4)
	Professional	12 (10)
	Retired &/Others	3 (3)

Utilization of Internet Banking:

1. Males (94%) use the internet banking services more than Females (78%).
($P=0.028$). (Refer Table 2); the Male is primarily responsible for financial management including banking in the Indian context.
2. Males (59%) use the internet banking NEFT/RTGS more than Females (37.5%).
($P=.039$); the male handles the banking relationship in the Indian context.
3. Males (52%) use the internet banking product Credit Card Payment more than females (21.9%) ($P=.004$); females may be using their credit card less since most household shopping is paid in Cash in India.
4. Males (50.6%) use the internet banking product Request for Cheque Book more than females (28.1%) ($P=-.29$), the customer finds it a challenge to visit the bank or ATM to order a cheque book, and the internet banking offer the convenience to order the cheque book online.

5. Males (62.4%) use the internet banking product Printing of Statement of Account than Females (40.6%) ($P=.035$); the convenience of printing statement of accounts from the desktop makes it easy as compared to getting the passbook updated in the branch.
6. The internet banking product Credit Card Payment was used most by the age group 41- 60 Years (63.6%) ; age group 26-40 Years (54.2%), Age Group 18-25 Years (31%) ($P=.021$). The age group 41-60 Years seems to rely of financial management with the use of credit cards, paying the credit card from the desktop/PC to through internet banking ensure they can pay on time and are not penalized for late payment of credit card bills.
7. The internet banking product Statement of Accounts was used most by the age group age group 26-40 Years (68.8%), 41- 60 Years (63.6%) ; Age Group 18-25 Years (44.8%) ($P=.041$). the convenience of printing statement of accounts from the desktop makes it easy when compared to getting the passbook updated in the branch. This feature is popular among older people among the customers.
8. The internet banking product Train Booking was used most by the age group age group 41- 60 Years (90.9%) ; 26-40 Years (56.3%), Age Group 18-25 Years (48.3%) ($P=.033$); the age group 41-60 years find it convenient to book train tickets online and most of them seem to use this convenient feature provided by internet banking.
9. The internet banking product Mobile Bill Payment was used most by the age group age group 41- 60 Years (72.6%) ; 26-40 Years (52.1%), Age Group 18-25 Years (39.7%) ($P=.048$). The older customers prefer paying their mobile bill through internet banking for the convenience and effectiveness of making sure the bill is paid on time.

10. The internet banking product Telephone Bill Payment was used most by the age group age group 41- 60 Years (63.6%) ; 26-40 Years (58.3%), Age Group 18-25 Years (15.5%) (P=.002). The older customers prefer paying their telephone bill through internet banking for the convenience and effectiveness of making sure the bill is paid on time.
11. The internet banking product Insurance was used most by the age group age group 41- 60 Years (NIL) ; 26-40 Years (22.9%), Age Group 18-25 Years (5.2%) (P=.009).The age group of 41-60 years cannot buy insurance products online and hence the usage is nil , the age group 26-40 are customers who find a need to be insured and hence their usage is the highest to buy insurance online.
12. The internet banking product Share Trading was used most by the age group age group 41- 60 Years (90.9%) ; 26-40 Years (56.3%), Age Group 18-25 Years (17.2%) (P=.033). The age group 41-60 years is most active on share trading using internet banking, as the age of the customer increases the use of online share trading is more popular as they are more financially comfortable.
13. The internet banking product Commercial Taxes was used most by the age group age group 41- 60 Years (27.3%) ; 26-40 Years (6.3%), Age Group 18-25 Years (3.4%) (P=.016). The age group 41-60 years may need to pay more types of taxes than the younger age group, hence their usage of paying online Commercial taxes seem to be prevalent.

a. **Table 2: Utilization of Internet Banking based on Gender**

Service Used	Percentage of Male Users	Percentage of Female Users	P-Value
Overall Utilization of Internet Banking	94.1	78.1	.028
Banking Financial Transactions			
• Online Fixed Deposit	25.9	12.5	.193
• NEFT/RTGS	58.8	37.5	.039
• Credit Card Payment	51.8	21.9	.004
Banking Non Financial Transactions			
• Request of Cheque Book	50.6	28.1	.029
• Statement of Accounts	62.4	40.6	.035
Understanding Financial Products			
• Use of Financial Calculator	14.1	15.6	.837
• Monthly Budget Planner	8.2	-	.094
• Electronic Communication to Bank	38.8	18.8	.040
Shopping			
• Online Purchase of Goods	44.7	28.1	.103
Travel Services			
• Airline Booking	38.8	46.9	.430
• Train Booking	57.6	50	.458
• Bus Booking	28.2	22.6	.543
Entertainment			
• Movie/ Play Ticket	56.5	46.9	.353
Payment of Bills			
• Electricity Bill	41.2	25	.106
• Mobile Bill	51.8	46.9	.637
• Telephone Bill	32.9	15.6	.064
Purchase of Financial Products			
• Mutual Funds	17.6	18.8	.890
• Insurance	12.9	9.4	.596
• Share Trading	21.2	21.9	.935
• Commodity Trading	4.7	-	.212
Pay Government Taxes			
• Income Tax	22.4	18.8	.627
• Commercial Taxes	7.1	6.3	.877

Table 3: Utilization of Internet Banking based on Age

Service Used	Percentage of Users in the Age Group 18-25 Years	Percentage of Users in the Age Group 26- 40 Years	Percentage of Users in the Age Group 41-60 Years	P-Value
Overall Utilization of Internet Banking				
• Use Internet Banking	87.9	93.8	81.8	.408 (NS)
Banking Financial Transactions				
• Online Fixed Deposit	19	29.2	18.2	.427
• NEFT/RTGS	46.6	56.3	72.7	.236
• Credit Card Payment	31	54.2	63.6	.021 (S)
Banking Non Financial Transactions				
• Request of Cheque Book	37.9	47.9	63.6	.238
• Statement of Accounts	44.8	68.8	63.6	.041
Understanding Financial Products				
• Use of Financial Calculator	12.1	16.7	18.2	.749
• Monthly Budget Planner	5.2	8.3	-	.538
• Electronic Communication to Bank	31	37.5	27.3	.707
Shopping				
• Online Purchase of Goods	41.4	37.5	45.5	.858
Travel Services				
• Airline Booking	34.5	41.7	72.7	.061
• Train Booking	48.3	56.3	90.9	.033
• Bus Booking	19	34	36.4	.166
Entertainment				
• Movie/ Play Ticket	53.4	52.1	63.6	.784
Payment of Bills				
• Electricity Bill	32.8	37.5	54.5	.385
• Mobile Bill	39.7	58.3	72.7	.048
• Telephone Bill	15.5	35.4	63.6	.002
Purchase of Financial Products				
• Mutual Funds	10.3	22.9	36.4	.060
• Insurance	5.2	22.9	-	.009
• Share Trading	17.2	14.6	72.7	.000
• Commodity Trading	1.7	4.2	9.1	.437
Pay Government Taxes				
• Income Tax	20.7	18.8	36.4	.431
• Commercial Taxes	3.4	6.3	27.3	.016

Findings in Satisfaction in usage of Internet Banking:

1. Female customers were more satisfied (77.8%) than Males (55.8%) with the product for Request of Cheque book. ($P=0.040$). (Refer Table 4); the female customer may not visit the bank branch for the issue of cheque book; since banking is an outdoor activity traditionally handled by the Indian Male.
2. Customers in the age group 41-60 (100%) were most satisfied with the Internet Banking product Payment of Electricity bills, followed by the age group 26-40 (68.4%) & the age group 18-25 (38.1%) , with ($P=.036$). (Refer Table 5); payment of electricity bills traditionally entails a long period of waiting and restrictive timing of cash collection counters, online payment overcomes these difficulties for older customers of the bank.
3. Customers in the age group 41-60 (100%) were most satisfied with the Internet Banking product Payment of Commercial Taxes, followed by the age group 26-40 (68.5%) & the age group 18-25 did not use this service, with ($P=.036$). (Refer Table5). this feature makes payment of taxes convenient and the customer does not need to stand in long lines or be restricted by the timings of the traditional collection counters for taxes.

Table 4: Satisfaction of Internet Banking based on Gender

Service Used	Percentage of Male Users	Percentage of Female Users	P-Value
Overall Satisfaction of Internet Banking			
• Satisfied with Internet Banking	46.3%	64.0%	.191
Banking Financial Transactions			
• Online Fixed Deposit	34.8	75	.308
• NEFT/RTGS	48	66.7	.421
• Credit Card Payment	59.1	85.7	.390
Banking Non Financial Transactions			
• Request of Cheque Book	55.8	77.8	.040
• Statement of Accounts	56.6	57.1	.506
Understanding Financial Products			
• Use of Financial Calculator	36.4	40	.785
• Monthly Budget Planner	14.3	-	.(a)
• Electronic Communication to Bank	33.3	57.1	.469
Shopping			
• Online Purchase of Goods	52.6	66.7	.301
Travel Services			
• Airline Booking	57.6	81.3	.154
• Train Booking	50	76.5	.145
• Bus Booking	48	75	.367
Entertainment			
• Movie/ Play Ticket	51	66.7	.386
Payment of Bills			
• Electricity Bill	59.5	55.6	.824
• Mobile Bill	56.8	75	.352
• Telephone Bill	60.7	100	.086
Purchase of Financial Products			
• Mutual Funds	66.7	66.7	1.00
• Insurance	27.2	33.3	.837
• Share Trading	72.2	85.7	.632
• Commodity Trading	25	-	.(a)
Pay Government Taxes			
• Income Tax	57.9	56.7	.823
• Commercial Taxes	66.7	50	.643

.(a)= No statistics was computed because gender is a constant

Table 5: Satisfaction of Internet Banking based on Age

Service Used	Percentage of Users in the Age Group 18-25 Years	Percentage of Users in the Age Group 26- 40 Years	Percentage of Users in the Age Group 41-60 Years	P-Value
Overall Satisfaction of Internet Banking				
• Satisfied with Internet Banking	51%	46.7%	66.7%	.434
Banking Financial Transactions				
• Online Fixed Deposit	36.4	35.7	100	.281
• NEFT/RTGS	51.9	44.4	75	.607
• Credit Card Payment	61.1	61.6	71.4	.683
Banking Non Financial Transactions				
• Request of Cheque Book	72.7	47.8	57.1	.364
• Statement of Accounts	59.3	54.5	57.1	.341
Understanding Financial Products				
• Use of Financial Calculator	42.9	14.3	100	.144
• Monthly Budget Planner	-	25	-	.350
• Electronic Communication to Bank	36.8	38.9	33.3	.393
Shopping				
• Online Purchase of Goods	58.3	44.4	80	.693
Travel Services				
• Airline Booking	70	52.4	87.5	.275
• Train Booking	60.7	48.1	70	.532
• Bus Booking	63.6	50	50	.860
Entertainment				
• Movie/ Play Ticket	54.8	46.2	85.7	.201
Payment of Bills				
• Electricity Bill	38.1	68.4	100	.036
• Mobile Bill	58.3	57.1	87.5	.495
• Telephone Bill	55.6	58.8	100	.107
Purchase of Financial Products				
• Mutual Funds	50	63.6	100	.247
• Insurance	33.3	27.3	-	.837
• Share Trading	60	71.4	100	.341
• Commodity Trading	0	0	100	.135
Pay Government Taxes				
• Income Tax	58.3	44.4	100	.294
• Commercial Taxes	0	66.7	100	.034

6. Conclusions

1. This study found that the usage of internet banking is high at 90% of the customers interviewed in the sample population for this research.
2. The study concluded that that 94% Male customers use internet banking as against 78% of Female customers ($P=0.028$); this follows the cultural trend in India where the Male traditionally manages the Banking activities which was normally an outdoor activity and hence the responsibility of the Indian Male.
3. Only 50% of the customers surveyed were satisfied with internet banking and this shows that more needs to be done in improving the products offered in internet banking in India; the study showed that only 46.3% of Male customers were satisfied with internet banking which 64% Females were satisfied. The Male does most of the banking transactions traditionally in the Indian household and hence low satisfaction level among Male customers need to be addressed by the Banks.
4. The study could not establish a clear correlation between customer satisfaction and age of the customer in the use of internet banking.

5. Recommendations

Indian banks need to make efforts to improve customer satisfaction in the utilization of internet banking; customer friendly products need to be provided by Indian Banks to delight customers in the use of internet banking, further research may be carried out with a focus on specific products offered in internet banking; subsequent research must factor the influence of availability of reliable internet connectivity and computer literacy among bank customers to get a better assessment of the utilization and satisfaction in the use of internet banking .

This study has given an insight into internet banking in India , the conclusion is that there is significant scope for improvement in internet banking products provided by Indian Banks; Indian banks must strive to improve customer satisfaction in the use of Internet Banking services.

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