

Customer Acceptance of E-banking Services – A Synoptic View

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Abstract— In the competitive environment of today's e-businesses, maintaining customer satisfaction is a difficult task. The banking and financial services business is one of these e-businesses. These businesses work hard to implement customer relationship management and strengthen relationships with customers to ensure that they are satisfied. The banking industry has seen a transformation in the way it conducts internal business and interacts with existing customers as it helps in communications and e-commerce. The present paper focuses on customer acceptance of electronic banking services and reasons for accepting them. The study used descriptive research and collected 110 samples from respondents in the Davangere district. The work used the percentage, Rank, KMO and Bartlett's Test method as statistical tools to test the survey data. The outcome of the study mentioned that customers are pleased with adopting electronic banking services. the result also supported that flexibility and trust are the main factors to adopt electronic banking services.

Keywords— Relationship, Financial services, Transformation.

I. INTRODUCTION

Online banking is a relatively new channel for electronic banking services and is a catch-all phrase for the method through which a customer can conduct banking activities digitally without going to a physical location. For the acceptance of e-banking services, it was observed that the perceived usefulness and availability of online banking information were key to adopting e-banking services [4]. Almost every industry has been impacted by the rapid advancement of technology, including the banking sector. The adoption of the Internet and new technologies has been led by banks and financial institutions. Online banking is the automated provision of banking services to customers directly over electronic means of communication, most notably the Internet. Banks want to increase their customer base, and using the Internet is more effective from their point of view than using other distribution channels [1]. In today's fiercely competitive corporate environment, customer satisfaction can be seen as an essential component of success [8]. Customers can access facilities and services through online banking, but the role of IT in upgrading the quality of services and maintaining satisfaction among consumers is essential. High standards of service quality are expected from banks in advanced countries to satisfy customers.

It is a well-known reality that while deregulation and globalisation have helped banks stretch beyond national borders and continents over the past few years, they have also made them extremely competitive. These financial organisations are finding it harder and harder to compete only on price. In order to increase earnings and keep their devoted customer base,

banks are therefore looking at alternative strategies, such as providing Internet banking services. This, however, is impossible without adequately good service quality, which, when it meets the continuously shifting needs of the client, leads to increased customer satisfaction. In order to increase client loyalty and their entire customer base, banks want to take advantage of these customer satisfaction levels. Both commercial and public sector banks primarily create digital banking to accomplish both the goals. The primary goal is to give clients more convenience by meeting their needs for things like online account details, statement information, online bill payment, money transfers, opening new accounts, and e-clearance for things like rent and loan payments, among other things. The second goal is to lower operating costs. The goal of the current study is to determine how completely satisfied customers are with Internet banking.



Figure 1: shows the online banking facilities

Fig. 1 shows the various electronic banking facilities adopted by the present day. Depending on the user's objective, a wide variety of things can be done online today, from access to information, entertainment, and shopping to financial transactions that previously needed a trip to the bank. Internet users have been steadily growing, as reported by National Statistical Office. Described how banks regularly collaborate with consultants and technology suppliers to assess new markets and create an effective business strategy [5]. Internet client Relationship Management (ICRM) uses technology-based instruments and strategies to integrate front-end and back-end activities to grow the customer portfolio. The need for the implementation of Internet banking was observed by the government of India based on various recommendations made by committees [14]. The key benefit of online banking is that it allows users the flexibility to do almost all of their financial transactions anytime at their convenience, it provides customer

access 24/7 for bill payments and making purchases, besides this it helps to access and transfers cash between accounts. It claims that one of the important factors in determining service quality and client happiness is wishes. On the plus side, rising expectations will increase customer satisfaction. However, it has been proven to be helpful to show the customer satisfaction path as a function of total customer service quality, the degree to which a consumer displays frequent purchase behaviour has price tolerance towards a service provider and has a favorable mental attitude. Measurement of customer loyalty can deliver banks with suitable information regarding customer loyalty and upkeep, as well as assist them in developing successful methods to use professional client service as a discriminator in this highly customer- intensive service sector. The below diagram gives an insight into the advantage of electronic banking services.

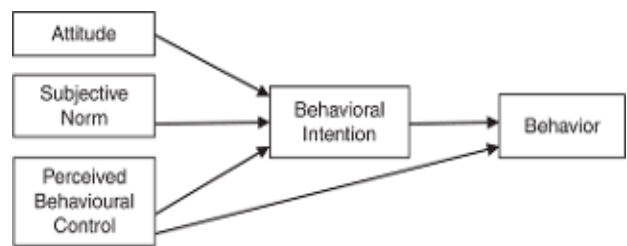


Figure 2: shows advantages digital banking.

II. LITERATURE REVIEW

Pahnla mentioned that Online banking is well-defined as an "internet gateways, with this gateway bank customers can practice various banking services, which include making investments to paying bills." In today's market, an increasing number of Indian banks are attempting to set themselves apart. This not only enables them to better connect their offers with changing client demands and technological advancements, but it also takes over some traditional banking duties, resulting in significant savings in branch-related costs [11]. With the onset of globalisation and intense rivalry, using the Internet as an innovative replacement channel for the delivery of financial services has evolved from a competitive advantage to a competitive requirement [6]. Customers' satisfaction is measured by a company's capacity to meet their commercial, emotional, and psychological demands. Customers, however, have varying degrees of pleasure due to their varied attitudes and experiences with the business [10]. The study used the Quality function deployment technique to identify customer satisfaction levels in the service sector. His study involves both internal and external issues related to the service sector and developed a service innovation model using the QFD framework [2]. The study identified the majority of the banks operating in India are enabled with electronic banking services with advanced safety features. The study also confirmed that nearly 57 percent of respondents are using online/digital

banking services as it saves time and cost [9]. Customers are pleased to adopt Internet banking services as it is convenient for them and it reduces operational costs. It was observed that customers use online banking effectively for money transfers, payments, and balance enquiries [2]. One of the primary reasons for an enhancement of electronic services quality is that the customers can visit the company's website from anywhere in the globe and compare the company's service to that of other companies [13]. Ibrahim in his study considered important dimensions of e-service quality. The study identified six factors that are perceived usefulness, queue management system, accurate online banking functions, service of digital banking reliability and accessibility, privacy and security, and responsive service were considered [7]. Customer satisfaction can be observed based on their experiences and can state that individuals' perceptions and expectations are different [12]. The study outcome mentioned that customers are satisfied if service reached their expectations, if not they will be dissatisfied with the services offered by the banks. Customers who use e-banking services automatically trust them and consider them as safe and dependable methods to conduct their financial transactions [15]. E-banking is a global and pervasive phenomenon that is essential to the existence of modern financial institutions. Investors view e-banking expertise as a requirement for the productivity and competitiveness of the banking industry. Technology offers the potential to reach customers all over the globe in addition to enabling the creation of virtual teams that can collaborate closely without being constrained by geographical boundaries [3]. The ACSI can be used to study economics at the micro as well as the macro level and is focused on the US economy. The model is used to assess the quality of products and services at the organisational and sectoral levels since it can gauge consumer satisfaction based on their actual experiences. Additionally, it can be used in marketing to expand its consumer base [16]. Nowadays, consumers in developed countries have high expectations for the quality of service provided by banks to meet their satisfaction. However, many people resist this shift and remain rooted in conventional high-street financial services formats, particularly in developing countries. Digital communication and e-commerce have revolutionised the banking sector both in its internal processes and in dealing with customers. In 1991, Ajzen developed a new model for behaviour study. This concept is used widely to verify customer behaviour in various aspects.



Source: Adopted from Ajzen (1991)

Figure 3: shows the TAM Moddle

This study proposes 'perceived credibility' as a new component that reflects the user's privacy and security worries in their acceptance of Internet banking, using the TAM as the theoretical framework. Additionally, it looks at how computer self-efficacy affects the likelihood that a person will use online

banking. The results show that the extended TAM can accurately forecast consumers' intentions to adopt Internet banking according to a respondent's sample from a telephone interview. The perceived ease of use, perceived usefulness, and perceived credibility further illustrate the considerable impact of computer self-efficacy on behavioural intention [17]. Examining the frequency of consumers' online actions and giving them guidance and instructions are crucial to raising customer happiness. Gaining customers' confidence in the safety and security elements of online banking is also crucial. The most recent technological advancements and the format of online transactions must be understood by bankers. Additionally, bankers must interact with clients and solicit feedback in order to improve services. Internet connectivity is crucial for online banking in nations like India [19]. Customer satisfaction and trust are increased when accounts are protected with strict security. According to current research, transactions made possible by technology offer convenience through a variety of delivery methods [18]. Based on the works of literature it can be observed that, so many banking services are available in online banking facilities, that are shown in table 1.

Table 1: E-banking Facilities

Sl. No.	E-Banking Facilities
1	Online banking
2	Mobile banking
3	SMS banking
4	ATM services
5	Green deposits
6	Online bank accounting opening
7	NEFT
8	RTGS
9	EFT
10	Paperless bank statements
11	POS
12	Phone banking

Fig. 4 shows the adoption of electronic banking services, many researchers are used the technology acceptance model for their study. The TAM model was developed by Davis. Now many researchers are updating this model by considering various parameters such as trialability, complexity, self-efficacy, empathy, reliability and other factors.

Figure 1: Technology Acceptance Model (TAM) according to Davis [4].

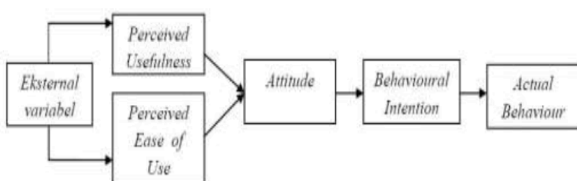


Figure 4: shows the TAM model Developed by Davis

III. RESEARCH METHODOLOGY

Research methods are the blueprint for research work. To identify the customer satisfaction level and reasons for adopting electronic banking services. The study adopted descriptive

research. A primary data collection source is used to collect the data from 110 respondents. The study covered respondents who are living in Davangere City only. A structured questionnaire was framed to collect the data and respondents are identified using a simple random sampling technique. The work used the percentage, Rank, KMO and Bartlett's Test method as statistical tools to test the survey data.

IV. DATA ANALYSIS AND INTERPRETATION

Table 2: Respondents' demographic profile

Factors		Frequency	percentage
Gender	Male	72	65
	Female	38	35
Age (years)	Below 30	31	28
	30 – 45	28	25
	45 – 60	29	26
	Above 60	22	20
Marital status	Married	94	85
	Unmarried	13	12
	Divorce	3	3
Education qualification	Upto PUC	12	11
	UG	75	68
	PG	17	16
	Others	6	5
Income level	Upto 40K	36	33
	40K – 60K	31	28
	60K – 80 K	28	25
	Above 80K	15	14
Employment	Private	59	54
	Public	34	31
	Business	13	12
	Others	4	3

Source: Respondents' survey data

Table 2 shows the demographic profile of the respondents, out of 110 respondents 65 per cent are male and 35 per cent are female. Given the age factor, a majority (28 per cent) of the respondents' age is below 30. 85 per cent of respondents are married and 12 per cent are unmarried. 68 per cent of respondents' education qualification is undergraduates. 33 per cent of respondents are earning below 40 thousand. 54 per cent of respondents are working in the private sector.

Table 3: Shows the E-banking facilitates available for customer

E-Banking Facilities	Customer acceptance rate
Online banking	85%
Mobile banking	93%
SMS banking	69%
ATM services	98%
Green deposits	76%
Online bank account opening	59%
NEFT	94%

RTGS	95%
EFT	96%
Paperless bank statements	90%
POS	96%
Phone banking	91%

Source: Respondent's survey data

Table 3 shows the E-banking facilities available for customers, it can be stated that Automated Teller services (98%), Electronic Fund Transfer (96%), Point of Sales (96%), RTGS (95%), NEFT (94%), Mobile banking (93%) are the most accepted E-banking services. online bank account opening (59%) shows the least acceptance by the customers.

Table 4: Reasons to Adopt e-banking Services

Reasons	Frequency	Percentage	Rank
Trust	95	86	2
Privacy	83	75	5
Effectiveness	89	81	4
Flexibility	98	89	1
Reliability	91	83	3

Source: Respondent's survey data

Table 4 shows the reasons to adopt e-banking services. out of 110 respondents, Flexibility got the first rank, trust got second and reliability was the third rank. Privacy got lost rank based on respondents' opinions. Based on the respondents ranking, it can be stated that banks should focus on account privacy.

Table 5: Overall Satisfaction level of e-banking services

	Frequency	Percentage
Highly satisfied	37	34
Satisfied	48	44
Natural	7	6
Dissatisfied	13	12
Highly dissatisfied	5	4

Source: Respondents' survey data

Table 5 shows the satisfaction level of e-banking services. 34 per cent of respondents are highly satisfied and 44 per cent of respondents are satisfied with electronic banking services. only 4 per cent of respondents are highly dissatisfied.

Table 6: KMO and Bartlett's Test

KMO Measure of sampling adequacy		0.694
Bartlett's Test	Approx. Chi-Square	872.48
	Significance	0.000

Source: Author calculation using survey data

Table 6 shows the KMO and Bartlett's test. KMO Measure of sampling adequacy was 0.694. and Bartlett's test 872.48, with significance at $p < 0.001$. based on the calculations it can be concluded that the sample was suitable for factor analysis and chi-square 872.48 shows that customer satisfaction is highly correlated with adopt of e-banking services.

V. CONCLUSION

Banks provide many different platforms for banking online. Each bank must consider customer satisfaction by assessing and evaluating their input, and use this information to raise the

system's quality. This will encourage customers to visit the bank's website more frequently and, consequently, increase the volume of banking transactions with it. The present study focused on customer acceptance of electronic banking services. it was observed that the customers are satisfied with using online banking facilities offered by banks. Based on respondents' views flexibility and trust are two important factors which influenced a more in acceptance of e-banking services. To maximize customer benefit and advance the sector, the development of the online banking system must take additional factors that are connected with the customer satisfaction model into account in addition to the criteria examined in this study. To determine present levels of customer satisfaction with online banking services, the model should typically be performed once annually. In order to further increase customer satisfaction, future research must investigate and reevaluate the proliferation of any innovation, such as Internet banking. This strategy places more emphasis on customer relationship management, making it the key element for achieving customer happiness through service excellence. The method of gauging client happiness and service quality is known as the front-office approach. In order to maximise customer benefit and advance the industry, the development of the online banking system must take other elements that are connected with the customer satisfaction model into account in addition to the criteria examined in this study.

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