

Customer Satisfaction of Online Banking in SBI and ICICI-A Comparative Study in Pune City

Dr. Priya Anand Irabatti

Professor, Bharati Vidyapeeth Deemed University, Pune

Abstract

Online banking (or Internet banking) allows customers to conduct financial transactions on a secure website operated by their retail or virtual bank, credit union or building society. In today's demanding world, everybody needs instant banking solutions for a better lifestyle. In the current scenario, almost every bank in India has the internet banking facility. Online banking or internet banking made things much easier for the people and saves lot of time. Researches show that impact of Internet banking on cost savings, revenue growth and increased customer satisfaction on Industry is tremendous and can be a potential tool for building a sound strategy. However, it has raised many public policy issues before the banking regulators and government agencies. Interestingly, reliable and systematic information on the scope of Internet banking in Indian context is still not sufficient, particularly what it means to the consumers and the bankers.

This study aims at evaluating services quality of online banking in Pune city, one of the fast growing cities of Western India. This paper mainly compares, online banking services of SBI Bank one the leading public sector bank and ICICI bank, a leading private sector bank. A structured questionnaire is administered to various target groups. Researcher mainly wants to investigate the 4 important elements of online banking i.e. Efficiency, Responsiveness, Reliability, and Privacy of customer information. The paper presents the data, drawn from a survey of Internet banking consumers from two leading banks i.e. SBI and ICICI and develops a functional model for maximizing value to the consumers. Data was analysed statistically to investigate the service quality of internet banking. It is found that as ICICI is pioneer bank in India into online banking, it excels into the quality dimensions as compared to SBI bank; however in last few years, SBI came out as a leading public sector bank, providing internet services successfully.

Keywords: online banking, customer satisfaction, service quality, responsiveness, reliability, security.

Introduction

In the last few decades, information technologies have changed the banking industry and have provided a way for the banks to offer differentiated products and services to their customers. The advent of technology made the banks to change the nature of financial services offered to its customers. For instance, automated teller machines (ATM) displaced cashier tellers, telephone represented by the call centers replaced the branch banking, the internet replaced mail, credit cards and electronic cash replaced bank transactions etc. Online-banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In online banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Any service can be selected and further interaction is dictated by the nature of service. The traditional branch model of bank is now giving place to an alternative delivery channels with ATM network. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would a borderless entity permitting anytime, anywhere and anyhow banking.

Advantage of Internet Banking

As per the Internet and Mobile Association of India's report on online banking 2006, there are many advantages of online banking. It is convenient, it isn't bound by operational timings, there are no geographical barriers and the services can be offered at a miniscule cost. Through Internet banking, we can check our banking transactions at any time of the day, and as many times as we want to. We also get quarterly statements from the bank. If the fund transfer has to be made outstation, where the bank does not have a branch, the bank would demand outstation charges. Whereas with the help of online banking, it will be absolutely free for us.

Thus the advantages of internet banking can be listed as follows:-

- The customer can access his account anytime and from any part of the world, •
Attracts new customers
- Facilitate the offering of more services
- No monthly payments are required for availing this service,

- Free of charge bill reimbursement and refunds on ATM surcharges,
- Attractive interest rates on CDs, savings, etc.,
- Credit card service at minimal charges,
- Simple online submissions for personal accounts, loans and credits,
- Increase customer loyalty
- Provide services offered by competitors
- Reduce customer attrition
- High-tech technical advancements in the form of intrusion detection systems

Online Banking in India

Over the last decade India has been one of the fastest adopters of information technology, particularly because of its capability to provide software solutions to organizations around the world. This capability has provided a tremendous impetus to the domestic banking industry in India to deploy the latest in technology, particularly in the online banking and e-commerce arenas.

The Reserve Bank of India constituted a working group on online Banking. The group divided the internet banking products in India into 3 types based on the levels of access granted. They are:

i) Information Only System: General purpose information like interest rates, branch location, bank products and their features, loan and deposit calculations are provided in the banks website. There exist facilities for downloading various types of application forms. The communication is normally done through e-mail. There is no interaction between the customer and bank's application system. No identification of the customer is done. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet.

ii) Electronic Information Transfer System: The system provides customer- specific information in the form of account balances, transaction details, and statement of accounts. The information is still largely of the 'read only' format. Identification and authentication of the customer is through password. The information is fetched from the bank's application system either in batch mode or off-line. The application systems cannot directly access through the internet.

iii) *Fully Electronic Transactional System*: This system allows bi-directional capabilities. Transactions can be submitted by the customer for online update. This system requires high degree of security and control. In this environment, web server and application systems are linked over secure infrastructure. It comprises technology covering computerization, networking and security, inter-bank payment gateway and legal infrastructure.

Any common citizen of India can avail following services using online banking

- 1) Bill Payment Service
- 2) Funds Transfer
- 3) Credit/ Debit Cards
- 4) Railway ticket booking
- 5) Investing through internet banking
- 6) Shopping
- 7) Mobile Recharge.

Literature Review

(Ibrahim et al., 2006), The changes occurring in the banking sector can be attributed to increasing deregulation and globalization, the major stimulus for rationalization, consolidation, and an increasing focus on costs.

(Haque et al, 2009), Internet banking used the internet as the delivery channel to conduct banking activities like transferring funds, paying bills, viewing account statements, paying mortgages and purchasing financial certificates of deposits.

(Mavri and Ioannou, 2006), Banks know that the Internet opens up new horizons for them and moves them from local to global frontiers.

(Gonzalez et al., 2008)- Banks gain competitive advantage over their rivals by providing electronic banking services as technology induced services reduce cost of operations, removes geographical barriers, provides 24 hours banking, extended hours of business and efficiency in daily banking processes. Without even interacting with the bankers, customers can transact banking activity from any corner of the world. Electronic banking has experienced rapid growth and has transformed the traditional banking practices.

According to Broadie et al (2007) e banking is leading to a paradigm shift in the marketing practices of banking industry. A professional banking service can be provided only if the background operations are efficient. The background operations can be effective only if it is integrated with an electronic system. The data, hardware, software, network; people are all the essential part of this system. Customers are happy with the system only when it provides them comfort and convenience while transacting with the bank. Internet enabled electronic system facilitate these operation to obtain the result. According to Christopher, E banking has become an important channel to sell the products and services and is perceived to be a necessity in order to stay profitable and successful. The perception is the result of interpreting the experience.

There is a growing interest in understanding the user's experience (Hiltunen et al.,2002), as it is observed as a larger concept than user satisfaction. From this it is inferred that assessing the user experience is essential for many technological products and services (Wilson & Sasse 2004). Dabholkar (2000) claims that very little are known about customer preference for self service options, particularly those which are technology based. Researchers have found that significant number of customers are either not aware of Internet Banking Services or do not trust IB as a channel to conduct financial transactions. They have also found that customers may adapt the IB services only if they perceive the technology to be useful. This research paper aims to find out the customers perception to internet banking and also tries to examine whether there is any relation between various demographic variables and customers perception about internet banking. The sample consisted of 200 bank customers, 54 from State Bank of India, 44 from ICICI, 27 from HDFC, 19 from other private sector banks, and 56 from other public sector banks. The convenience sampling technique was adopted for selecting the respondents. Tool for measuring the variables was developed by the researcher with the help of previous studies. A questionnaire was developed on a five point likert scale. The reliability and validity of the questionnaire was assessed and found to be 0.7501.

The study by Khalil and Pearson(2007) has found that trust significantly affects attitude towards online banking acceptance. To encourage online banking adoption, banks need to develop strategies that improve the customer trust in the underlying technology.

Joseph et al (1999)-The other factors include quick response, assurance follow-up and empathy. Security, correct transaction, customer control on transaction (personalization),

order tracking facilities and privacy are other important factors in the online services that affect the customer satisfaction.

From the brief review of the related literature it can be concluded that study related to level of satisfaction of consumer is having growing importance in the economy. Therefore this is an attempt to find out the level of customer satisfaction of using online banking in Pune City.

Research Design

The main objective of this research paper to investigate the various service quality dimensions, which affect the customer satisfaction. For the purpose of achieving the objective, a descriptive research study was conducted

Sampling and Sample size

Primary data was collected from internet banking users of Pune City, who are using the internet banking services of either State Bank of India a leading public sector bank or ICICI Bank a leading private sector bank. A sample of 200 respondents (100 customers from each bank) who actually use online banking were selected by using convenience sampling technique.

Data is collected using a structured questionnaire with 21 questions based on efficiency, tangibility, responsiveness, reliability and privacy. Respondents has to choose on option of each statement measured on five point scale, where strongly disagree =1, disagree=2, neutral=3, agree=4, strongly agree =5.

Analysis of Results

Table 1(A) -Demographic Profile of respondents of SBI Bank:

Age	%	Gender	%	Status of Usage-	%	Profession	%
15-30 years	31	Male	67	From last 6 months or below	17	Service	63
31-40 years	53			From last 1-2 years	36	Business Man	21
41-50 years	11	Female	33	From last 2-3 years	39	Now working	03
Above 50 yrs	5			From last 3 years or more	08	Student	13
Total	100		100		100		100

(Source: Data Collected from survey in Pune during October- Nov 2012)

Table 1(B) -Demographic Profile of respondents of ICICI Bank:

Age	%	Gender	%	Status of Usage-	%	Profession	%
15-30 years	39	Male	71	From last 6 months or below	22	Service	59
31-40 years	49			From last 1-2 years	37	Business Man	22
41-50 years	8	Female	29	From last 2-3 years	34	Now working	04
Above 50 yrs	4			From last 3 years or more	07	Student	15
Total	100		100		100		100

(Source: Data Collected from survey in Pune during October- Nov 2012)

Table 2 (A) - Satisfaction Level towards Reliability in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Reliability	Web Page can be downloaded Quickly	32	33	16	14	5
	Information provided on bank website is accurate	26	22	28	10	14
	Language and information content on website are easy to understand	8	6	6	29	51
	Bank website do not freeze after you put in all the information	14	12	6	22	46

(Source: Data Collected from survey in Pune during October- Nov 2012)

Table 2 (B) - Satisfaction Level towards Reliability in ICICI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		(1)	(2)	(3)	(4)	(5)
Reliability	Web Page can be downloaded Quickly	34	31	14	13	8
	Information provided on bank website is accurate	24	18	28	13	17
	Language and information content on website are easy to understand	1	6	7	22	64
	Bank website do not freeze after you put in all the information	13	12	8	22	45

(Source: Data Collected from survey in Pune during October- Nov 2012)

Reliability Dimension represents quality and authenticity of information available to the customer through bank website. From the above tables it is clear that the score of ICICI bank is more than SBI bank, however the difference of scores is not too large. Therefore it can be concluded that customers of ICICI bank are comparatively more satisfied, but the SBI bank is not far behind in terms of providing reliable online banking services in Pune city.

Table 3 (A) - Satisfaction Level towards Efficiency in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		(1)	(2)	(3)	(4)	(5)
Efficiency	Bank website is accessible all the time	1	2	10	22	65
	It is easy to find out all information on bank website	12	64	11	6	07

	Speed to login/log out account is fast	8	24	14	26	28
	Error occurs during accessing online banking	06	18	22	28	26

(Source: Data Collected from survey in Pune during October- Nov 2012)

Table 3 (B) - Satisfaction Level towards Efficiency in ICICI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Efficiency	Bank website is accessible all the time	0	1	12	20	67
	It is easy to find out all information on bank website	10	53	9	15	13
	Speed to login/log out account is fast	7	12	11	32	38
	Error occurs during accessing online banking	07	19	21	29	24

(Source: Data Collected from survey in Pune during October- Nov 2012)

The dimension of efficiency includes statements which represent accessibility of bank Website. It mainly indicates the speed of service to the customers using online banking. From the above two tables it is again clear that more number of customers of ICICI bank are happy with the efficiency of online banking services as compared to SBI bank. Therefore it can be concluded that customers of ICICI bank have better access to the bank website. Customers mainly found to be happy with ICICI bank for their fast and prompt service. Therefore SBI bank needed to look into this matter and update the technology for increasing the speed of online banking service.

Table 4 (A) - Satisfaction Level towards Responsiveness in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Responsiveness	Bank promptly solves any problem that occurs during online banking	08	18	32	24	16
	Bank employees are co-operative towards helping the customers in case of problem in online banking	14	10	45	14	17
	If any error happens, bank immediately compensate the loss.	0	10	2	25	63
	Bank displays important information on website quickly in case of any changes in service.	13	16	15	40	16
	Bank quickly confirms any online transaction through SMS Service.	24	28	21	16	11

(Source: Data Collected from survey in Pune during October- Nov 2012)

Table 4 (B) - Satisfaction Level towards Responsiveness in ICIC I Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Responsiveness	Bank promptly solves any problem that occurs during online banking	07	9	20	38	26
	Bank employees are co-operative towards helping the customers in case of problem in online banking	16	8	7	46	23
	If any error happens, bank immediately compensate the loss.	1	10	4	25	60
	Bank displays important	23	29	20	17	11

	information on website quickly in case of any changes in service.					
	Bank quickly confirms any online transaction through SMS Service.	12	16	14	26	32

(Source: Data Collected from survey in Pune during October- Nov 2012)

Responsiveness:- This quality dimension represents statements which reflect response available to the customer from bank website during online banking. The score of ICICI bank is once again more than SBI in case of responsiveness. So we can say that the customers of ICICI bank receive better response on website that customers of SBI bank.

Table 5 (A) - Satisfaction Level towards Privacy of Information in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Privacy of Information	Bank website is completely secure for credit card information	6	5	10	19	59
	Bank carefully collects personal information of customers	4	14	12	26	44
	You believe that bank don't misuse your personal information.	1	4	12	20	63

(Source: Data Collected from survey in Pune during October- Nov 2012)

Table 5 (B) - Satisfaction Level towards Privacy of Information in ICICI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Privacy of Information	Bank website is completely secure for credit card information	9	8	14	15	54
	Bank collects personal information of banks carefully	12	14	10	24	40
	You believe that bank don't misuse your personal information	7	8	6	17	62

(Source: Data Collected from survey in Pune during October- Nov 2012)

Privacy of information:- this dimension represents privacy maintained by the bank about the information shared by customers on bank website. Here score of SBI is more than score of ICICI bank. so in terms of maintenance of privacy customer of SBI trust their bank more , however the score difference is not significant so customer of ICICI bank also indicate trust on their bank website.

Conclusion

The internet banking has been growing rapidly in India. The growth in recent year attracts many banks internet services, the competition resulted into benefit to the customer. Within Pune city, due to industrial base and educational institutes, majority of customers are using internet banking. These customers are from service class. ICICI is the pioneer bank in India. Therefore ICICI dominates in majority of the quality dimension. However in case of quality dimension of 'Privacy of Information', it seems that people of India still trust public sector bank, ie SBI bank. The difference in service quality arises mainly because of skilled human resource and culture of bank. ICICI has attracted young and efficient staff for the internet

operations, while SBI still suffers due to the rigid mentality of the old employees. However in last few years, SBI came out as a leading Public Sector bank providing online services to customers.

Scope for Future Research:-

This research study mainly highlights the customer satisfaction Dimensions of online banking in one metropolitan city. But under the fact that rural India is growing in term of adopting new business practices, it will be really interesting to investigate the potential for online banking in rural part of India. It can be further investigated to identify the drivers of online banking in rural India.

Reference:

1. Gerrand, P. & Cunningham, J. B. (2005). The service Quality of E-Banks: An Exploratory study- International Journal of Financial Service Management, 1(1), pp 102-117
2. Gupta, V. E-Banking: Global Perspectives. IIM Publication.
3. Johnstorn R. (1995). The Determinants of Service Quality: Satisfiers and Dissatisfies. International Journal of Service Industry Management, 8(5), pp 53-71
4. Joseph, M. McClure, C. & Joseph B. (1999). Service Quality of Banking Sector: The Impact of Technology on Service Delivery. International Journal of Bank Marketing, 17(4), pp. 182-191.
5. Jun, M. & Cai, S. (2001). The Key Determinants of Internet Bank Service Quality: A Content Analysis. International Journal of Bank Marketing 19(7), pp. 276-291
6. Khalil M.N. & Pearson J.M. (2007). The Influence of Trust on Internet Banking and Commerce. An open access internet Journal, August 2007, 12(2), Retrieved from <http://www.arraydev.com/commerce/jibc>
7. Liu, C. & Arnett, K. P. (2000). Exploring the Factors Associated with Website success in the context of Electronic Commerce. Information and Management 38(1), pp. 23-34.
8. Malhotra, P. & Singh, B. (2009). Analysis of Internet banking Offerings and its Determinants in India. Internet Research, 20(1), pp. 87-106

9. Oliver, R. (1993). Cognitive, Affective and Attribute Bases of Satisfaction Response. *Journal of Consumer Research*. 20, pp. 418-430
10. Wolfinbarger, M. F. & Gilly, M. C. (2002). Com Q: Dimensional Zing, Measuring and predicting Quality of the E-tail Experience, working paper, M.A. Marketing Science Institute, Cambridge.02-100.
11. Yang, Z. , Jun, M. & Peterson, R. T. (2004). Measuring Customer Perceived Online Service Quality. *International Journal of Operations and Production Management*, 24(11), pp. 1149-1174.