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**“Analyzing the Critical Factors Contributing Satisfaction of Net Banking User”**

\*Mr. Upendra Singh Panwar

\*\*Mr. Robin Neema

\*\*\*Dr. S. M Anas Iqbal

**Abstract**

In the Globalized economy everything is fast, efficient and available for 24\*7\*365 and to facilitate this we have internet. Internet banking is a result of explored possibility to use internet application in one of the various domains of commerce. It is difficult to infer whether the internet tool has been applied for convenience of bankers or for the customers' convenience. But no doubts it contributes in increasing the efficiency of the banking operation as well as providing more convenience to customers. Without even interacting with the bankers, customers transact from one corner of the country to another corner.

In India private Banks were the 1st to implement internet banking services in banking industry. Due to late entry into the industry, Private Banks understood that establishing network in remote corners of the country is a difficult task.

One of the key challenges that service providers are facing is to know the critical factors responsible for satisfaction of net banking users. This paper focuses on the factors responsible for satisfaction in internet banking. For which factor analysis was applied through SPSS.

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**Keywords:** Internet Banking, Customer services quality, Customer satisfaction, User studies, Banking, Private bank, government bank, consumers, customer relations,

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\*Asst. Professor SGSITS, Park Road, Indore (MP) upendra.zivon@gmail.com

\*\*Asst. Professor VSOM, Polo ground, Indore (MP), neema\_robin786@yahoo.co.in

\*\*\*Director, VSOM, Polo ground, Indore (MP), director.vsom@gmail.com

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**I. Introduction**

As per Ongkasuwan and Tantichattanon (2002) view, Internet banking services are banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with the help of Internet connection to banks' web sites any time they want. In addition Arunachalam and Sivasubramanian (2007), Internet banking is where a customer can access his/her bank account via the Internet using personal computer (PC) or mobile phone and web-browser.

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' (ATMs).

"As per Allen et al, (2001), the term electronic banking refers to "the provision of information or services by a bank to its customers, via a computer or television. One of the most recent channels of distribution to be used in the financial services organizations is electronic banking; this method was established in the mid 1990s, thereafter steadily becoming more important "Allen et al, (2001)".

According to Khan (2007), 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. There are many advantages of online Banking. Which includes convenient, it isn't bound by operational timings, there are no geographical barriers and the services can be offered at a minuscule cost (IAMAI's, 2006). Electronic banking has experienced explosive growth and has transformed traditional practices in banking (Gonzalez et al., 2008).

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 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 SBI, Indian Bank etc. Private Banks are now pioneer in India to explore the versatility of internet applications in delivering services to customers.

## **II. Literature Review**

Frances X. Frei, Ravi Kalakota (1997) and Leslie M. Marx in their study of "Process Variation as a Determinant of Service Quality and bank Performance" Evidence from the Retail Banking that while aggregate process performance seems to have an effect on firm performance it has no effect on customer satisfaction. However, one of the striking findings of their paper is the persistent and statistically significant positive effect of process variation on firm performance. This finding suggests that service processes with consistent (low variation) process performance can play a role in helping firms deliver high firm performance. This partly explains how smaller banks, going against conventional wisdom, have been able to achieve higher overall firm financial performance than their larger competitors, who have a much higher asset base and more diverse service delivery channels.

Hernan E. Riquelme, Khalid A. Mekkaoui (2009) concluded in their research paper on "Internet Banking Customer Satisfaction and Online Service Attributes" that banks in the UK are failing to take online service seriously (Anonymous, 2006), there results signal that customers are satisfied or very satisfied (86%) with the bank's responsiveness online suggesting that the bank in Kuwait does take Internet banking seriously. Clients of the bank in Kuwait seem to be satisfied with the level of services. The level of satisfaction on average is as high as that found in other studies on Internet banking elsewhere. Overall, it is encouraging to see that the investment made in implementing web operations in the bank is paying off at least from the point of view of customer satisfaction.

As for internet banking, the influence of internet on the delivery of banking service their study identifies six underlying dimensions of electronic banking service quality. They are convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization (Joseph et al., 1999). There are seventeen service quality dimensions of Internet banking service quality. These are reliability, responsiveness,

competence, courtesy, credibility, access, communication, understanding the customer, collaboration and continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features (Jun and Cai, 2001). Service quality is a key determinant in differentiating service offers and building competitive advantage (Gronroos et al., 2000, Santos. 2003, Bauer et al., 2005).

It was emphasized that now is an ideal time for HCI researchers to analyze user satisfaction, because there is growing interest in how to attract and increase the number of online customers in e-business and e-commerce. The HCI researchers should reveal a structure of user satisfaction, determine how to evaluate it and conclude how it is related to the overall user experience of online customers. (Lindgaard & Dudek, 2003). The factors of accuracy, reliability, and image, impression of the bank and management and Web site design are most correlated with satisfaction. The factors of security and privacy had the least correlation with satisfaction. This might also be due to the Confidence customers having in electronic banking services (*Hanzaee and Sadeghi, 2010*).

There are no well-accepted conceptual definitions and models of service quality and its measurement (Seth et al., 2005). The internet banking service quality is the attributes of electronic banking that perceived by the customer, service provider, or other party. The quality of internet banking service encounter is one dimension of the overall internet banking services quality (Rowley, 2006), Accordingly the different country context and different internet banking models may not have an impact on the service encounter quality. (Yazan K. A. Migdadi, 2008). The importance of measuring and monitoring eservice quality has been recognised by managers and academics (Johnson and Whang, 2002).

In the recent years there has been explosion of Internet-based electronic banking applications (Liao & Cheung, 2003). The emergence of new forms of technology has created highly competitive market conditions for bank providers. However, the changed market conditions demand for banks to better understanding of consumers' needs (Beckett et al., 2000). The success in Internet banking will be achieved with tailored financial products and services that fulfill customer' wants, preferences and quality expectations (Liao et al. 2003). It was concede that the customer satisfaction is a key to success in Internet banking and banks will use different media to customize products and services to fit customers' specific needs in the future (Mattila 2001).

### **III. Objective:**

1. To study and analyzing the critical factors contributing towards the satisfaction of Net banking user.
2. To study the impact of service effectiveness on service quality on Internet Banking.

### **IV. Methodology:**

- a) Sampling Technique: Convenient.
- b) Sampling Unit: Customers of banks.
- c) Sampling Size: 81 from banks

- d) Tools for Data Collection: A set of 31 questions based on service quality were framed
- e) Tools for Data Analysis: Normality test, t- test.

## V. Analysis

To analyze data SPSS 16.0 was used. 31 questions were given to 81 respondents. These 31 variables were reduced to 10 factors after applying the reliability test. The value of Cronbach's Alpha was found to be 0.869 which is greater than 0.8, shows that the data is reliable enough. The calculated value of KMO and Bartlett's Test is 0.579 which is greater than the standard value of 0.5 which shows the adequacy of sampling.

Description of factors with their respective loads are as follows:-

**Efficiency (2.688)** the 1<sup>st</sup> factor, which comprises of Understanding (0.625), accuracy (0.558), Functioning (0.769), and Downloading (0.736)

**Adequacy (2.413)** the second factor, which comprises of Accuracy of transactions (0.487), Transaction guarantee (0.458), Downloading (0.749) and Menu option (0.719)

The third factor is **User Friendliness (2.123)** which incorporates Personalization (0.769), Quick confirmation (0.681) and Line Directions (0.673).

**Fulfillment (1.992)** the fourth factor which includes Compensation of problems (0.658), Query and need handling (0.639), Availability of service personnel (0.695).

**Privacy (2.208)** was fifth factor which comprises of Security and Confidentiality (0.776), Reliability (0.696) Access to financial information (0.736).

**Responsiveness (2.299)** the sixth factor which incorporates Credit card security (0.498), Speed of logout (0.471), Data Updation (0.452) Navigation (0.878)

Here the load of Navigation (0.878) variable is the largest among all 31 variables, shows that there is a big impact of Navigation on service quality in Internet Banking.

**Accessibility (1.983)** the 7<sup>th</sup> factor which comprises of Access to policy and notices (0.488), Service effectiveness (0.819), Prompt service (0.676),

**Approachability (1.519)** the 8<sup>th</sup> factor which incorporates Language option (0.65), Approach and access to bank (0.869)

**Problem Free Link (1.851)** the 9<sup>th</sup> factor which comprises of Webpage Freezing (0.776), Login Speed (0.656), and Environment while waiting (0.419).

**Updation (1.347)** the 10<sup>th</sup> and last factor which includes Product Information (0.591), Technology updation (0.756)

## VI. Conclusion

There were 10 basic factors affecting the customer's perception towards internet banking as revived above. As far as the loads are concerned, it explains that how much a factor influences a variable. It is assumed that a load of more than 0.8 has higher influence on the variable. This

means that in this research the variables having load less than 0.8 need attention for the service quality improvement in net banking. That means only Navigation (0.878) Service effectiveness (0.819), Approach and access to bank (0.869) are above in the list which does not need improvement.

Other factors which all are less than 0.8 needs to be improved priority wise are:

Accuracy of transactions (0.487), Transaction guarantee (0.458), Credit card security (0.498), Speed of logout (0.471), Data Updation (0.452), Environment while waiting (0.419), Access to policy and notices (0.488)

Line Directions (0.673), Quick confirmation (0.681), Understanding (0.625), availability of service personnel (0.695), Compensation of problems (0.658), Query and need handling (0.639), Reliability (0.696), Prompt service (0.676), Language option (0.650), Login Speed (0.656), Accuracy (0.558)

Functioning (0.769), Downloading (0.736), Menu option (0.719), Personalization (0.769), Access to financial information (0.736), Security and Confidentiality (0.776), Webpage Freezing (0.776), Technology updation (0.756), Product Information (0.591)

## VII. Suggestions

It was found out from the study that, since there are only 3 factors which are above par and need no improvement and there are 29 factors which are less than 0.8 so this all factors should be given priority for improvement.

Whenever the Internet along with banking comes in a human mind it itself make them think about the certain essential parameters like privacy, security and Adequacy. First preference should always be given to such generalized factors.

As the services on internet become more user friendly, best accessible, updated, approachable and error free the more customer will prefer internet banking.

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