

# Impact of Online Banking on Customer Convenience: A Conceptual Model

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**Abstract - Purpose:** To add more to the current understanding of online banking area. To make the bank and policy setter understand the online banking depth and their handout towards customer convenience. As the research done on this topic is very limited in India which has become the focus point of online banking expansion after the demonetization set by the present government, which made the people able to go cashless anywhere and expand the evolution of the economy.

**Design/Methodology/Approach:** A survey based questionnaire was to be filled by the general people to interrogate the impression of Online Banking service quality on customer convenience. Approximate and convenience sampling was used to check the service quality of bank via online banking. Data were collected from 100 students (who stay far away from their home and rely on online banking) & people from different age group.

**Findings:** The result associates that the 80% of the people are satisfied with the service of online banking and the apps like Paytm makes their work so easier that they can do their transactions from home like paying electricity bills & transferring their money to one place to another. As the customers are satisfied with the banking services like- Privacy of customers, system ability, time to time updating, efficiency which covers 80% to the overall convenience of the customer.

**Practical implication:** The research will help the manager of the bank to focus on the weak points of the online banking which the customer wants to have in their services. This will help the bank to provide the best online banking services to the people. That will help to retain the existing customers and will approach the new ones to join.

**Keywords:** Online banking facility, Online banking, Customer convenience.

## I. INTRODUCTION

The technological modification of computerized channel of delivering banking service has bought the level for businesses by eliminating the different barriers from it. In the banking sector for the provision of a payment system, this revolution in the market place has set in motion so that it is compatible with the demands of the electronic marketplace.[3] There are the list of commercial activities in which the online banking or we can say the role of bank plays a vital role which are: trading, funding, plunging, and online payment for Internet services. The generation now days is finding their convenience for everything and the online banking providing them the facility to go cashless anywhere. As the term e-commerce gives the shape to the banks to take the leap over the traditional banking services and can offer the services through the medium of internet, which is now to be known as internet banking or e-banking.

Current findings on online banking in India shows its growing and adoption by many banks but no serious efforts were taken to check whether the customer for whom the technology is meant for are satisfied or not .

Online banking is an e-payment system that empowers customers of a commercial institution which help to conduct the financial transaction on website which is operated by the institution, such as a retail bank, building society, credit union or virtual bank. Internet banking is also alluding as online banking, virtual banking, e-banking and so on. This new service has added the new extension to the concept of customer convenience and how it positively affects the financial behavior of the people. All the organization stays and tackles the problems of their customers to be the essential part of the lives of their customer and therefore always bend over harder to keep their customers satisfying by improving their services by delivering their beneficence.[2]

There are so many factors that have strike for the customer satisfaction in which the service quality is the most important one. Due to the varying nature of the products offered in manufacturing sector and in the services sector the definition and measurement of service quality or the taste and preference of the consumer will automatically change.[5]. Especially, in the present stage, the people are using internet the most that is why the internet has become the medium of service delivery. So, there is a strong need of

checking the service quality in banking sector. Hence, this becomes the most important topic for the research scholar to put their best efforts in the area of e-services which leads to the helping in measuring e-service quality in the service sector.

## II. LITERATURE REVIEW

With the continuous and immeasurable increase in technology, alteration and telecommunications, latest service channel in the financial sector is coming up rapidly, in forms as well as numbers, ATM, telephone banking change the whole concept of traditional banking system. According to Accenture (2005), Internet banking was marked as a revolution in banking distribution. Banks give their best shot in the development of internet channel. Mols [11] observed that Online Banking has experienced uncontrollable progress in so many countries and has renewed the traditional banking practice. Online Banking will modify their practices to take over the traditional banking system and through enhanced interaction online banking offers huge liberty to meet better consumer benefit; data tapping and reorganizing in the Online Banking services clinch.

According to Kalakota and Whinston, the first introduction of online banking took place in the early 1980s in which an application software program was provided to the customers that operate on desktop computers which could be fixed into the bank via a modem, on the consumer PC the telephone lines and the operated programs are remotely controlled by the bank. However, the internet users were very less, and the cost for using internet was very huge, that is the reason that Online Banking experienced a setback.[3]. But, in 1990s internet banking comeback with a huge success by delivering the service to the customers and customer also felt comfortable with making transactions over the internet around the world. Thus, online banking became the important medium of delivering the services for the banks to their customer and made easier for the customers to do transaction and other banking activities. Online Banking has been termed as the most essential way to reduce cost and enhance or maintain services for consumers. In India, ICICI bank was the first bank that introduced the online banking in 1995 and followed shortly by HDFC Bank.[4]

Internet is the cheapest medium for delivering the banking products and as by using the internet as a delivery channel of delivering banking services, banks can reduce the number branches and their staff because by the online banking the customer can handle their own banking transactions without any manual help

We thus obtained all the required information related to the online banking from different banking representative. We interviewed one representative (Mr. vijaypal kamboj) from Axis bank in respect of service quality; he give his view

point on the basis of the following four factors which are as follow:

**Reliability:** Respondent confirmed that all banks can invest in the technological improvement to satisfy the customer needs. Before launched to the public, improvements are usually tested in environment. Yet, it was also argued that all the financial institutions depend on the human efforts too.

**Responsiveness:** Banks try to shorten response time both through upgrading IT systems and business process reengineering. As back-office functions became centralized, the latter make efforts so that staff deployed in branch could focus on customer interaction.

**Communication:** Bank is aware of the services offered by technology for efficient means of communication; internet and mobile banking etc. It was also pointed out that personal communication cannot be exclusively replaced through technological interfaces; for example during investment advice, discussing loan proposals or cross-selling products. Bank branch was physically re-designed over the years to ensure privacy during interactions with customers.

**Security:** This is the most important service-quality dimension. Moreover Bank makes efforts to upgrade their systems to protect databases and other operational features. This is important as much international cyber-crime has become more prevalent.

## III. THEORETICAL FRAMEWORK

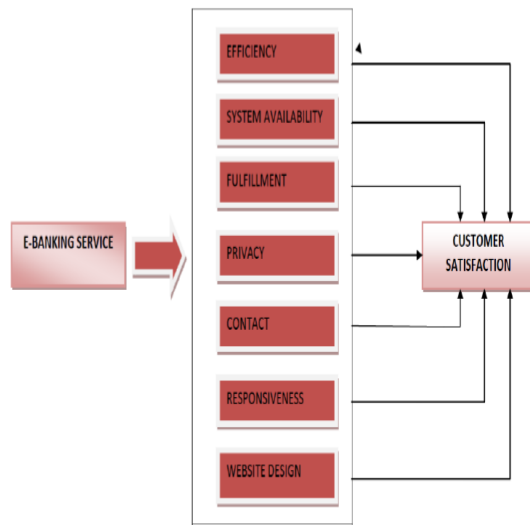
This model was basically used to find the need and demand of banking sector. The following items are included in the model we have used for the study:

- **Efficiency:** relates to the ease and speed of using the site
- **Fulfillment :** The extent to which the sites promise about order delivery and item availability at time
- **Availability of System:** The accurate technical functioning of the site
- **Privacy & Security:** The site should be safe for the customer and protects their personal details carefully.
- **Responsiveness:** Problems and returns of the customer are handling effectively through the site.
- **Web design and content:** Website design should not be complex in nature and the customer can navigate it easily.
- **Contact or Relationship:** One can assist their customer time to time by telephone or online representative just to build a contact.

Based on the above model and its dimensions, a framework was developed to study the relationship

between e-service quality in online banking and customer satisfaction.

Figure 1: E-Service Quality - Customer Satisfaction Relationship in Internet Banking.



Source: <http://www.icommercecentral.com/articles-images/internet-banking-E-Service-22-240-g001.png>

#### IV. DATA COLLECTION AND METHODS

The research was conducted using a structured questionnaire. The questionnaire comprised of four sections:

Customer demographics: The questions in this section were related to occupation, age and education.

Respondents in other section give answer to such questions related to the awareness of e banking service

Another section of the questionnaire was divided into the two sections: first section was set for the respondents who were not using online banking and why?

Second section was set for the respondents who were using online banking along with their benefit scale

Customer satisfaction: Respondents in this section were asked to rate their satisfaction level of online banking using a 5-point scale. (1=strongly disagree, 5=strongly agree).

#### Data analysis

The data collected through questionnaires was put to descriptive analysis to find out the analytical characteristics of the respondents

From the Tables 1, socio-analytical characteristics of respondents indicate that less than 30 years of age comes under the majority and representing 36.4 percent who used online banking. Mostly the students were the user of online banking, followed by the private sector employees, while as the sole proprietors and the public sector employees used internet banking the least. Calculating via educational attainment, 49 respondents representing 51 percent were post graduates, while only 21.8 percent were undergraduates. These findings indicate that Online banking users are mostly the people who have the proper knowledge about the net banking with the best level of educational attainment.

Table 1. Frequency

The table given below shows about the age of the users, respondent who are in the age limit of less than 30 found it easy to use online banking because they are innovative with their thoughts to learn new things and adopt digitalization on manual banking.

Valid	1.1 Age				
		Frequency	Percent	Valid percent	Cumulative percent
	< 30 years	35	36.4	36.4	36.4
	31-40 years	26	27	27	63.5
	41-50 years	24	25	25	88.4
	>51 years	12	12.5	12.5	100
	Total	96	100	100	

While analyzing the data from the above table through questionnaire, it apparent that the people who have busy schedule or the people who have more commitment during official hours tend to be more prone to online banking facilities.

1.3 Education					
		Frequency	Percent	Valid percent	Cumulative percent
	Under graduate	21	21.8	21.8	21.8

Valid	Post graduate	49	51	51	72.8
	Professional	26	27	27	100
	Total	96	100	100	

From the above table which focuses on the education of the respondent, it's apparent that the people who are highly educated adopt online banking for their transactions because they can understand the term and policies of the banks easily. Professionals lead to busier lifestyle, tend to be more prone to the online banking.

#### 1.4 Gender

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	68	70.8	70.8	70.8
	Female	28	29.2	29.2	100
	Total	96	100	100	

The above table clearly shows that females are less likely to use online banking. Around 29% of the females use online banking as compare to men.

#### 1.5 e-banking users

		Frequency	Percent	valid percent	Cumulative percent
valid	Yes (users)	56	58.4	58.4	58.9
	No (non-users)	40	41.6	41.6	100
	Total	96	100	100	

This part of the questionnaire was focused at the online banking users and asked about the frequency of use and whether they can recommend the services to the other peoples. In this questionnaire, non-users were asked to give their views on the factors which hinder them from adopting these facilities, and whether they are going to use online banking in the future.

The other section of the questionnaire was based on the satisfaction of the customers, where they were asked to rate the satisfaction level of the online banking by using 5-point scale. In particular 46% of the respondents rated the service quality as "high", 36% rated it as "High-Medium" while 18% rated it as the "Medium" rating. No respondent give the "medium-low" or "low" to the service quality of the online banking.

The responses which were obtained in respect of each service quality dimension are shown in Tables 1 to 5 below. The possible responses were presented along a 5-point mapping scale, ranging from "Strongly Agree" to "Strongly Disagree" where strongly agree means high service quality and strongly disagree means low service quality

Most respondent gave their response in "strongly agree"/"agree" which indicate that customer perceive the overall high service quality, where 85% of the respondent where in these categories:

**Table 1 Reliability Response**

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Bank's promise to deliver the service	12.68%	63.68%	19.72%	2.82%	1.41%
Service are accurately deliver by the bank	18.31%	63.38%	14.08%	1.41%	2.82%
Eagerness to solve customers Problem	24.29%	51.43%	17.14%	5.71%	1.43%



Handling of customer detail and transaction processing without error	12.68%	59.15%	21.13%	4.23%	2.82%
Average	16.99%	59.34%	18.02%	3.54%	2.12%

Table 2 Responsive Response

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
The staff is ready to give response to the customer when needed	17.39%	60.87%	14.49%	5.80%	1.45%
Customer services given by the bank is excellent	20.00%	51.43%	21.43%	5.71%	1.43%
Bank employee understand the customer more easily	22.54%	56.34%	15.49%	4.23%	1.41%
Bank offers other alternatives when there is insufficient service	8.57%	51.43%	30.00%	5.71%	4.29%
Average	17.13%	55.02%	20.35%	5.36%	2.15%

Table 3 communication responses

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
Bank offers individual attention to customer	24.29%	58.57%	2.86%	2.86%	0%
Language used by the bank which is easy and understandable to customer	38.57%	58.57%	0%	0%	0%
Bank employee understand the needs of the customers	11.27%	67.61%	18.31%	2.82%	0%
Banks website is easily accessed and the information required can be found easily	32.86%	54.29%	7.14%	5.71%	0%
Average	26.75%	59.76%	10.65%	2.85%	0.00%

Table 4 Security Response

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Customer feel safe with the way in which transaction are handled	20.29%	63.77%	11.59%	4.35%	0%
Bank employee inspire trust and confidence	21.43%	64.29%	11.43%	2.86%	0%
All the details are secretly keep by the bank	30.99%	60.56%	8.45%	0%	0%

Bank provide the accurate information related to fraud and misuse	26.76%	52.11%	19.72%	1.41%	0%
Average	24.87%	60.18%	12.80%	2.16%	0.00%

## V. CONCLUSION

The aim of this research paper is to give contribution to the existing knowledge by investigating the impact of online banking service quality on customer satisfaction. The various dimensions of the online banking service quality were: Efficiency, System Availability, Responsiveness, Privacy, and Contact and website design. The study revealed that efficiency, privacy and website design are the major integral determinants of internet banking services quality. The whole results show that there is a direct relationship between customer satisfaction and online banking service in the banking industry. This research will help the bank managers and the policy makers to understand the behavior of the customer and adapt the new ways to satisfy the customer needs for the efficient and effective use of the resources. This helps the non-adopters to rely on e-banking via online banking as it is the easiest way to do the transactions.

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