

A study on the gap analysis of customers and managers on internet banking services

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Abstract

This paper analysis the gap between the customer's perception and banker's expectation on internet banking services. At present technology has become the key driver in the banking industry as it has created new business models, processes and also revolutionized distributional channels. The evolution of internet banking has altered the nature of personal-customer banking relationships and it has a number of advantages over traditional banking delivery channels. There are various types of products and services offered by internet banking, but the customers are not aware of all these services, and the usage of these services does not go with customer expectations. The relationship between banker and customer needs to be developed. To get the highest satisfaction on the net banking services, a customer should have complete knowledge and awareness on various products and services offered by the bank and the bankers should have the ability to identify the type of service needed by a customer and render the same to his satisfaction.

Keywords: internet banking, gap analysis

Introduction

India's banking sector has made swift strides in reforming and aligning itself to the new business environment post globalization. It has transformed itself according to the latest technology and brought out a major attitudinal change which has revolutionized the concept of customer service. Information Technology has led to the end of geographically limited banking with the customer being now treated as that of the bank rather than that of a branch of a bank. Information Technology has become an inevitable part of the reforms process in the banking system with gradual developments of sophisticated instruments and innovations in market practices. Banking business today depends largely on the IT infrastructure supporting effective delivery channels to meet the need of enhanced customer service for survival in the fierce competition.

In India Internet-banking has provided a number of advantages like user friendly interface, customized, fast services and payment gateways. On the other hand due to diversity of culture, lack of knowledge and awareness, the Indian banking system is facing a number of challenges in its path towards escalation. The emergence of private sector banks in the country has changed the scenario drastically, as the business models of these banks revolved around a strong IT back bone. Their success over the last decades has put competitive pressure on public sector banks to look at IT as a strategic necessity to remain competitive. Both public as well as private sector banks are putting efforts to improve the service quality of net banking.

Another trend in e-banking is a shift of focus of banks from being product centric to customer centric. Access to the internet has put wealth management decision and demand side technology in customers' hands and they can dictate the type of products and services they require. While the internet has allowed banks to deliver desired products/services more quickly and inexpensively, the challenge for them is to enhance customer touch using e-channels, which is very important for

client retention. To succeed on the Internet, banks must continually differentiate from their competitors, broaden their market and provide value through their products and services.

Review of literature

Mahtab Alan and Ankita Soni (2010) ^[3] in their study on "Internet Banking adoption by banks and customer response in western India discover the factors affecting a bank's decision to adopt Internet banking in Vadodara, Gujarat. The study seeks to examine the relationship between the banks adoption decision and market characteristics. Data consist of 25 banking in Vadodara, Gujarat covering the financial year 2000-2001 to 2008-2009. Logistic progression technique is employed to study the relationship. The results shows that the private banks see internet banking as complimentary to the branch network and tend to reduce the burden on the existing branches and future network.

Neha Dixit, Dr. Saroj K. Datta (2010) ^[4] in their study "Acceptance of e-banking among adult customers: An empirical investigation in India" investigates the factors which are affecting the acceptance of e-banking services among adult customers and also indicates level of concern regarding security and privacy issues in Indian context. Statistical analysis, descriptive statistics was used to explain demographic profile of respondents and also Factor and Regression analyses were used to know trend of internet use and factors affecting e-banking.

Rajeev Kumar and R.K. Mittal (2004) ^[2] in their study "Trust and its determinants in Internet Banking: A study on private sector banks in India" attempts to empirically test the identified customers trust variables in the context of internet banking in India: Correlation and regression analysis have been applied to find out the behaviour on consumer trust in internet banking. The study reveals that the customers trust in internet banking is significantly and positively correlated with online social bond and communication.

Balwinder Singh and Pooja Malhotra (2004) in their study "Adoption of Internet Banking: An empirical investigation of Indian banking sector" has made survey of Commercial bank websites on a number of Commercial banks that offer Internet Banking and on the products and services they offer. Among the public sector banks, 48% of banks offered internet banking, 50% of the private sector banks and 55% of foreign banks offered Internet banking. Foreign and Private sector banks offered a broad range of services over the internet. Public sector banks lag behind in offering wide range of internet banking services and products.

Chandana R. Unnithan and Prof. Paula Swatman (2001) ^[1] "E-Banking on the internet" – a preliminary research, comparison of Australian and Indian experiences in the banking sector. This paper forms part of a long term comparative study of Australian and Indian experiences in e-business, which seeks to identify the effectiveness of dotcoms as indicators of e-business update and success on a sector by sector banks. Two successful case studies from the banking industry AMZ Bank – Australia and ICICI Bank Indoor were focused on Commercial banking and consumer retail sector. A comparative analysis of the relative strengths, weaknesses, opportunities and threats of the two banks were analyzed using the popular SWOT model.

Statement of the problem

The introduction of new technologies has radically transformed banking transactions. The liberalization of the financial sector and banking sector reforms have exposed the Indian banks to a new economic environment that is characterized by increased competition and new regulatory requirements. As a result there is transformation in every sphere of activities of the banks in India, especially in governance nature of business, style of functioning and delivery mechanism. Online banking allowed customers to do financial transactions from their PC's at home via Internet. Now with the emergence of Wireless Application Protocol (WAP) Technology, banks can use the infrastructure and applications used for the Internet and move it to mobile phones. Now people no longer have to be tied to a desktop PC to do their banking. The WAP Interface is much faster and cheaper than the internet, allowing customers to see account details, transaction details, make bill payments and even check credit card balance.

Despite all the efforts taken by the banks to use net banking systems and to improve their operations, this system remains largely unnoticed by the customers and there are only few users for it. Thus, customer perception is of utmost importance for successfully providing net-banking services. Information Technology has a lot of influence on banking transactions. It ensures quick service with low transaction cost to customers. Unfortunately, the employees and customers of banking organizations are not well aware of the new technology. Customers are greatly confused with new concepts of banking. The success of IT lead banking depends upon customers' awareness. A deeper understanding of customer-employee relations in net banking environment needs to be developed. With increasing competition in the banking industry, the quality of customer services determines the flow of the

customer preferences. In order to cater to such changing preferences, bankers are bound to provide services suitable to their needs in order to survive in the present day competition. The researcher has attempted to analyse the gap between the awareness and perception of customers and bankers on internet banking services.

Gap Analysis (t-test)

The GAP is an important analysis to identify the gap between 2 groups: organizations-individuals in the various aspects. In this study the GAP analysis is performed between customers and managers on the internet banking services in public and private sector banks. The results are presented with suitable hypothesis and relevant interpretation.

Objective of the study

To assess the GAP between the perception of customers and managers towards internet banking services.

Research methodology

The study is based on the survey method and the methodology for the study is given below.

Sources of Data

The study is based on primary data and is carried out in Coimbatore City. The data relating to the study are collected from September 2015 to December 2015 from the customers who are the internet banking users and from the bankers who provide the services. Two separate interview schedules were constructed for the purpose of collecting data, one for the customers and the other for the sample bank managers.

Sample Design

The study covers six banks, three public sector banks (State Bank of India, Indian Bank and Indian overseas Bank) and three private sector banks (ICICI, HDFC and Axis Bank) with two branches each, which constitutes a total of 12 bank branches. From the list 25 customers were selected from each of the sample branch by adopting the simple random sampling method. Thus the study has a total sample size of 300 respondents selected by adopting the Stratified Random Sampling technique on the whole.

Frame work of analysis

The data collected were analysed by applying the appropriate statistical tool.

Gap Analysis (t-test)

Limitations of the study

The study is limited only to Coimbatore City. The results are location specific and may not be applicable to a different district having different socio-economic conditions.

Awareness on the Internet banking services/products

Hypothesis (H_0): There is no significant difference in the level of awareness between customers and managers in respect of Internet banking services / products of public and private sector banks.

Table 1: The table describes the results of t-tests in terms of various services / products of Internet banking mean score for customers and managers, t-values and their significance in public and private sector banks.

Public Sector			Internet banking services / products	Private Sector		
Mean Score		t-values		Mean Score		t-values
Customers	Managers			Customers	Managers	
4.76	4.83	0.233	Checking balances and transaction history	4.88	5	0.615
4.65	4.83	0.577	Transferring funds online	4.69	4.83	0.498
4.29	4.17	0.342	Payment of bills	4.51	4.5	0.019
4.21	4.17	0.133	Payment of taxes and insurance	4.41	3.83	1.391
3.37	3.67	0.678	Ordering cheque books	3.85	4.17	0.709
3.43	3.33	0.202	Investing through online	3.61	4.17	1.235
3.35	3.83	1.024	Payment of credit card bills online	3.94	4	0.14
4.06	4	0.128	Make railway pass, air ticket online	4.37	4.33	0.085
3.71	2.5	2.544*	Trading in shares online	4.1	4	0.239
3.78	3.5	0.627	Shopping online& payment through online	3.98	3.83	0.344
3.15	3.5	0.695	Details of loan account online	3.51	4.33	1.697
3.18	3	0.354	Stop payment through online	3.43	4.17	1.502
2.80	2.5	0.593	Recharge your prepaid phone online	3.42	4	1.124
3.03	3.5	0.883	Report of lost debit card online	3.37	4	1.319

* Significant at 5 % level

Source: Primary Data

It is found from the table that the hypothesis is rejected (significant) in one case (i.e., trading in shares online) and accepted (non-significant) in 13 cases among public sector respondents and accepted (non-significant) in all 14 cases among private sector respondents.

Opinion on the various factors relating to Internet banking services

Hypothesis (H₀): There is no significant difference in the opinion on various factors between customers and managers in respect of Internet banking of public and private sector banks.

Table 2: The table describes the results of t-tests in terms of opinion on various factors of Internet banking services, and Mean score for customers and managers, t-values, and their significance in public and private sector banks.

Public Sector			Factors	Private Sector		
Mean Score		t-value		Mean Score		t-value
Customers	Managers			Customers	Managers	
4.26	4.33	0.317	Convenience on payment of bills	4.27	4.5	0.855
3.96	3.33	2.034*	Interlinking demat & bank account	4.07	4.33	0.844
3.72	2	4.768*	Bank web site provides accurate information	3.75	3.5	0.687
4.01	3.33	1.858	Functioning of bank web site	3.75	3.83	0.248
3.83	3.67	0.447	Ease of use of web site	4.06	4.17	0.335
3.93	2.67	3.241*	Confidentiality of web site	3.75	4.17	1.051
3.64	3.17	0.765	Service charges on online banking	3.11	3.83	1.685
3.55	4	1.587	Safety measures	3.52	4.33	2.398*
3.79	4.67	3.275*	Accuracy of accounts detail	3.82	3.82	2.539*
3.73	3.17	1.355	Quality of service	3.69	3.69	0.059
4.03	4	0.102	Login and logout speed	3.97	3.97	0.078
3.43	3.83	0.849	24 hour service	3.63	3.63	0.416
4.09	4.5	1.306	Customer relationship	4	4	1

* Significant at 5 % level

Source: Primary Data.

It is found from the table that the hypothesis is rejected (significant) in four cases (i.e., interlinking demat & current account, bank web site provides accurate information, confidentiality of web site and accuracy of accounts detail) and in all other cases the hypothesis is accepted (non-significant) among public sector respondents and the hypothesis is rejected (significant) in two cases (i.e., safety measures and accuracy of accounts detail) and in all other cases the hypothesis is accepted (non-significant) among private sector respondents.

The problems identified in this study are

- The websites of some banks are poor in terms of design and navigability. This is possibly because these banks do not seriously expect that a large percentage of the customers

may begin using the net banking channel as their primary interface with the bank.

- The customers are not aware of all the products and services offered by internet banking. Most of the customers are ignorant of technology related issues.
- Banks sometimes merely fuel fears in customers instead of preparing them for safe online banking. They issue give caution notices against ‘phishing’. Customers may not be aware of such a technical jargon and are likely to grow fearful and defensive in using the channel.
- Customers lack technology orientation. They have some unsolved apprehensions like a) the risk of committing error while using an e-channel and the inability to figure out the

consequence thereof; b) the fear of loss due to technology glitches, virus attack, phishing etc.,.

- Technology was often created by outside software companies. Senior employees in most PSBs were even more uncomfortable. Banks were not able to give proper guidance to customers. There is lack of professional approach to customer services.

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Suggestions that could be taken up for making net banking channels more effective

- Banks has much to do to encourage greater number of customers to make fuller use of net banking. Education and counselling especially through demos at the counter to clear their doubts about the operation of these channels and other related problems.
- Internet banking portals to be made simple for the customers to navigate. Web pages of the bank can be made in regional languages. The design of the web pages and the information and instructions given in the web pages should be presentable and easily understandable by the customers.
- Control bank fraud, theft and cybercrimes by employing and regulating effective e-security measures.
- Provide regional language interface. Identify customer segments and target their product / services to specific customer segments.
- Channels should be delivered with speed, accuracy, courtesy and concern. Good service results when the provider meets or exceeds the expectation of the customers.
- If education is important to build customer confidence and initiate them into net banking, employee education and involvement are also necessity. Make the employees aware and familiar with every aspect related with e-channels. Arrange training programmes for the employees to make them more efficient for providing service through e-channels.
- Make appropriate HRM policies. Personal relations of the employees with customers will improve customer satisfaction. They should be trained to provide courteous service to their customers. Service with a smile should be the motto of every bank employee.

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