



Relationship between e-banking and customer satisfaction

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Abstract

The term "electronic banking" refers to a type of banking where money is exchanged electronically rather than through the exchange of cash, Cheque, or other paper-based documents. Over the past few years, the electronic banking system has advanced. Technology is becoming the primary driver of fast development. The purpose of the current study is to examine the link between customer satisfaction and electronic banking. In order to give a perspective on the services, the idea of electronic banking has been presented. The goal of the study is to comprehend client satisfaction with online banking. Electronic banking was created primarily to make it easier for customers to transact money at anytime, anywhere, without having to go to the bank. This article has discussed how to improve the electronic banking system and the extent of client satisfaction.

Keywords: e-banking, customer satisfaction, the relation between e-banking and customers

Introduction

Our daily lives, including how we buy, interact, collaborate, and even how much money we save and give away, have all changed because of the internet. Indian electronic banking first emerged in the latter 1990s. In 1996, ICICI was the first bank to promote its usage and provide online account management to its customers. Online-based banking only became a reality in 1999 because of falling web prices and growing awareness of electronic media. Several banks, including HDFC, Citibank, IndusInd, and the now-excess Times Bank, followed suit. Electronic banking has altered both the financial industry and the services that banks provide to their customers. 'Anywhere banking' appeared to be seen as a further opening for independent and serious administrations. As per Ehijiele *et al.*, (2018), in order to discuss the future potential of electronic banking for customer satisfaction, the extent of improvements has been examined in the current article. According to Salihu *et al.*, (2019), Understanding the advantages of such service for banking operations requires appropriate monitoring of electronic banking for client satisfaction. As per Dasuki (2018), in the current study, many kinds of electronic banking have been studied so that the influence may be assessed for customer satisfaction.

Concept of Electronic Banking

Through electronic channels, e-banking enables users to access a variety of small- and large-value banking products and services (Isern, 2008). Internet banking, also known as PC banking, online banking, cyber banking, virtual banking, etc., consists of banking activities or services that consumers may access at any time and from any location at their leisure (Reynolds, 2007). Mohammed (2019) defines electronic banking as the methodical process of incorporating computers and telecommunications so that banking may be done without having to contact with people directly. Electronic banking allows time-saving personalized transactions, but clients have also been made aware of the security risks (Khatoun, Zhengliang & Hussain 2020)

Customers get banking services directly to their homes over the open access computer network, or Internet, using a variety of electronic devices, including personal computers, mobile phones with browsers or desktop applications, and digital televisions (Huang, 2005). Using various technological gadgets to access financial services online is what we may define as Internet banking.

Literature Review

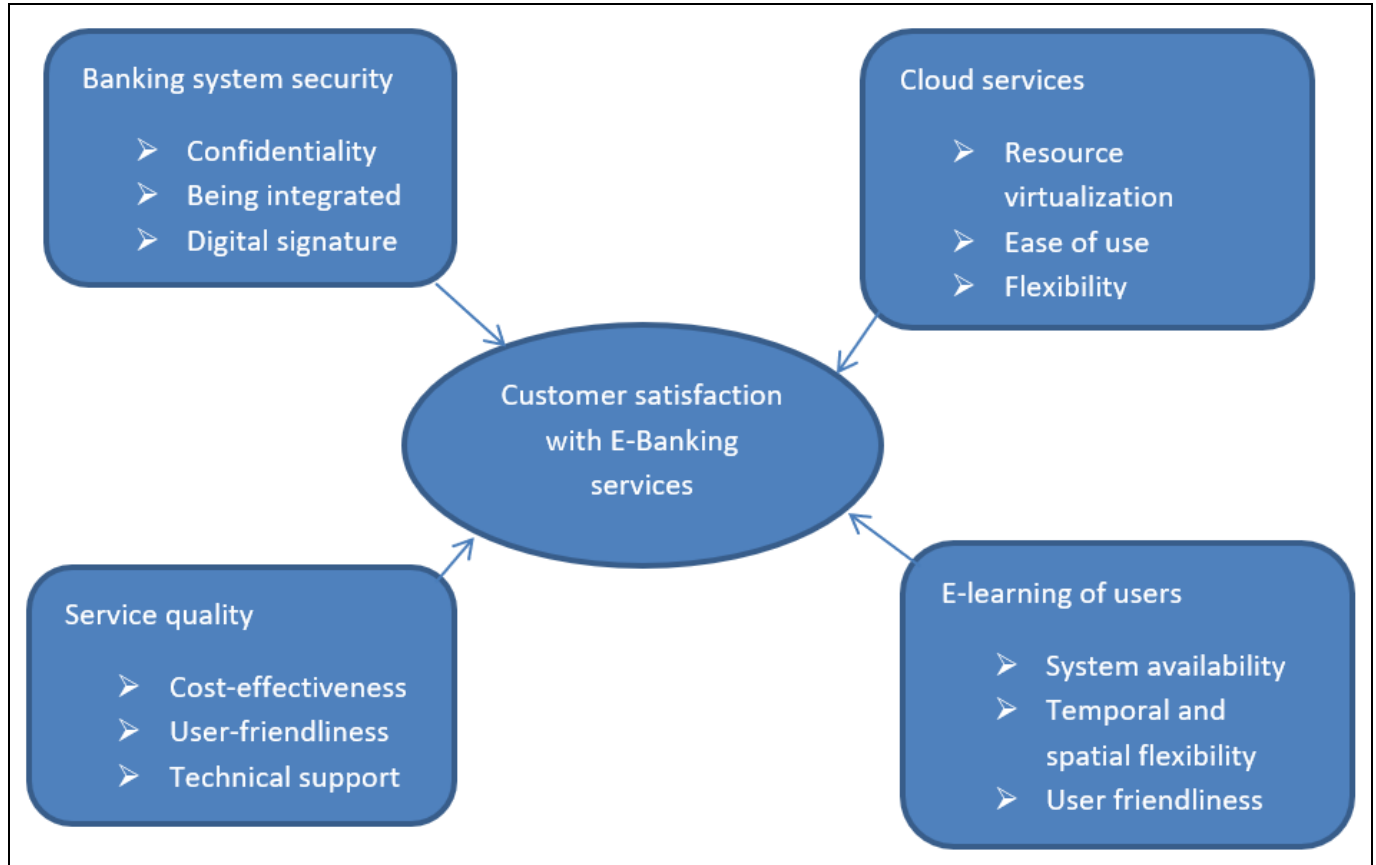
(Ameme and Wireko, 2016) according to the researcher's study, there is a strong correlation between innovation and consumer loyalty in the current situation where innovation plays a vital role in almost every industrial or financial sector. The same study investigates the crucial relationship between mechanical progress and cost. As progress is made, costs also rise. Singh P. (2013) examined the issues clients in India had when utilizing e-banking services. It was shown that the majority of clients are aware of the e-banking options their bank provides. According to the survey, there are substantial differences in the various issues encountered when using e-banking services. Additionally, it was shown that different issues had varying degrees of impact on how people utilize financial services. It was determined that not all of the reasons were equally to blame for people not adopting e-banking services. Jennifer Isern (2008) noted a favourable link between financial infrastructure and competition levels and a negative link between state ownership levels in the banking industry and competition levels. According to Reynolds, John (2007) ^[1], the results of the 2006 customer loyalty study conducted by the e-banking technology services sector would help marketers better allocate their budgets for promoting corporate e-banking goods and services. Jeanette Taft (2007) drew attention to the Technology Acceptance Model (TAM) as it related to one particular technology: e-banking. They recommended that prior training and the perceived usability of e-banking technologies be factors in e-banking. According to Huang, Haibo (2005), public acceptability is largely responsible for the effective adoption of electronic money and e-banking services. The main conclusion is that, although having more

or less some traits in common, e-banking users vary among various e-banking services. With the use of electronic banking, services can be accessed from anywhere, which has greatly improved consumer satisfaction.

Customer satisfaction and electronic banking

According to Rahi and Ghani (2019), time savings and rapid requirement fulfilment increase consumer engagement

possibilities for satisfaction. With the help of electronic banking, it is possible to manage the pressure of short banking hours and a lengthy procedure. Customers may connect with their bank services online without having to physically be there, which increases their pleasure (Kumar 2022) [6]. Customers are satisfied with their service because to their operating approach and improved electronic banking quality (Nazaritehrani & Mashali 2020).



(Source: Mbama *et al.*, 2018, p.811)

Fig 1

The dependability of electronic banking services is enhanced by the after-services assistance available (Altobishi, Erboz & Podruzsik 2018). Customers of electronic banking must be satisfied depending on a variety of aspects, such as service delivery speed and efficiency. According to Mbama *et al.* (2018), client satisfaction with electronic banking depends heavily on the privacy and security of service delivery. A better chance of boosting customer satisfaction is created by measuring service quality and adapting the process to the needs. Electronic banking is genuine and trustworthy because of quick services and reviews of customer happiness (Van & De 2018). The possibility of obtaining client satisfaction is larger when the banking procedure is consistent.

Benefits of Electronic Banking

A. Benefits for costumers

Less waiting: It offers less waiting time, more convenience, and a substantially cheaper cost structure than traditional delivery methods as compared to traditional banking systems (Taft, 2007).

Ease and Convenience: Internet banking is seen to be more effective in terms of usability and accessibility (Jeon, 2014). It enables customers to conduct business online from the

convenience of their home or place of business without leaving.

Self-service channel: Internet banking gives customers a way to access a variety of financial services without having to rely on the bank's employees or any other complicated procedures. One of the most widely used self-service banking technologies is internet banking. The perceived utility of self-service technology by customers influences usage persistence (Ding, 2007).

Save time and money: Since consumers no longer need to visit a branch to access banking services, doing so has several benefits. These benefits include time savings, fuel savings, avoiding traffic, protecting the environment by minimizing the usage of motor vehicles, and a shorter wait time.

B. Benefits for banks

Increased Profitability: Internet use aids banks in boosting their revenue. Banks that offer Internet banking are more profitable and have higher operating efficiency ratios than banks that do not (Wamalwa, 2006).

Cost-effective mechanism: Internet banking gives customers the option of a self-service channel. This aids banks in lowering their manpower to a certain degree, which lowers

the administrative expenses borne by banks. Internet banking is more affordable than traditional banking since it requires less paperwork and administrative support for bank transactions. Numerous studies demonstrate how operating and administrative costs and fees have effectively been lowered by electronic banking. When compared to traditional banking, banks may offer online banking to customers at a far cheaper cost.

Reach where there is no branch: By implementing more cost-effective electronic distribution systems, internet banking has increased its geographic reach and might see a rise in client base.

Improved Customer Relationship: The majority of banks now consider maintaining their relationships with customers to be a strategic goal. By enabling simple access to a variety of goods and services, internet banking technology and facilities may give banks a way to establish and sustain positive relationships with their consumers.

Eco-friendly perception: Internet banking also has the significant advantage of being environmentally friendly. By eliminating the need for physical travel and reducing carbon emissions, internet banking minimizes paper use and pollution.

Challenges faced by customers due to e-banking

Risk associated with security: For banks, this issue has grown to be one of their top priorities. Due to uncertainties and security worries, a significant percentage of clients reject e-banking options. 43% of internet users in India don't utilise online banking due to security concerns, according to the IAMA Report (2006).

Customer Education: In the Indian context, consumer education regarding e-banking services and procedures is still on the low side. The usage, advantages, and accessibility of internet banking are not effectively communicated by banks. One of the biggest obstacles to the growth of e-banking is the lack of understanding of new technology and their advantages.

The Trust Factor: For most clients, the largest barrier to using internet banking is a lack of trust. Due to a lack of confidence in internet security, clients choose traditional banking. They believe that because internet transactions are dangerous, fraud can happen. Many questions come up in customers' minds when utilizing e-banking services, such as: Did the transaction go through? How many times did I press the transfer button? One of the key elements that affects customers' propensity to do business with online merchants is trust.

Implementation of global technology: Prior to adopting global technology for their regional needs, emerging nations must first build up their infrastructure and people capability. In poor nations, many customers either lack confidence in or access to the infrastructure required to handle e-payments.

Personnel services are currently offered by banks and include social banking with financial options, selective upgrading, computerization and innovative mechanization, better customer service, effective managerial culture, internal supervision and control, adequate profitability, a strong organizational culture, etc. Since clients have high expectations, banks must be able to satisfy them completely in terms of professional service.

Opportunities for improving Customer Satisfaction from Electronic Banking

It is crucial to pay close attention to how services are delivered or planned in order to identify opportunities to expand their scope and increase client satisfaction.

Untapped rural markets: India, which makes up 70% of the world's population, is a sizable untapped market for the banking industry. Only a few large villages have banks, despite the fact that financial services are available in all metropolitan regions. Because the bulk of Indians still live in rural regions, the banks must reach all remaining communities.

Competitive Advantage: The advantages of e-banking provide banks an edge over rival institutions in the marketplace. The use of e-banking benefits banks in a variety of ways, such as by lowering costs, enhancing client relations, expanding the geographic reach of the bank, etc. The advantages of e-banking have given banks the chance to better manage their financial operations.

Worthy Client Service: When it comes to expanding a bank's customer base, worthy customer service is its finest brand ambassador. Every interaction with a client presents a chance to increase that person's trust in the bank. Customer service has evolved into the cornerstone for assessing banks' performance in the face of growing competition.

Multiple Channels: To expand their banking business, banks can provide a variety of channels via which customers can access their banking and other services, including ATMs, local branches, telephone/mobile banking, video banking, etc.

In order to utilise online banking, it is essential or at least the first prerequisite that individuals have understanding of internet technology. This will enable them to quickly accept the services offered by internet banking. The banking sector should take advantage of the rapidly growing internet user base in India in order to encourage more people to utilise online banking services.

Internet banking: Based on data warehousing and data mining technologies, it is obvious that online finance will grow up and that there will be more convergence in terms of product offerings for banking services, share trading, insurance, and loans. In order to keep up with the demand for anytime, anywhere banking, banks may need to provide different online banking services from their current banking services.

Conclusion

The research in the current paper came to the conclusion that the process' planning and management affect customers' satisfaction with electronic banking (Gupta *et al.*, 2022). According to Nayak *et al.* (2022), they are on the path to providing satisfaction from the viewpoints of many service providers, but the effectiveness has to be assessed (Oriakhi, Agbata & Okonewa 2019). In order to meet client expectations, several operational factors, such as speed and technological flexibility, have been noted. Additionally, quality and security management have been examined to determine the viability of the provision of electronic banking services (Almahirah *et al.*, 2021). Indian private banks and international banks dominate Internet banking in India, which is still in its development stage. Internet banking is only used by a small subset of consumers. The banks must analyze the numerous threats related to Internet banking utilising sophisticated systems and significant use of technology. The banks might concentrate on strategic customer segments to increase their Internet banking

revenues. According to lessons learned from other economies, banks cannot escape the Internet banking phenomena; but, in order to achieve a competitive edge, they must adapt their business models to Indian conditions. In order to better comprehend the customer satisfaction potential from electronic banking, the future scope of service improvement has been explored in the current research (Halake 2018)

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