



# UNDERSTANDING CUSTOMER SATISFACTION OF ELECTRONIC BANKING: AN EMPIRICAL STUDY IN DAKSHINA KANNADA DISTRICT OF KARNATAKA STATE

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## ABSTRACT

*Since e-banking plays a critical role in boosting organisational profitability and customers' satisfaction and loyalty, the quality of e-banking services is crucial in e-banking studies. Today, the growing digitalization forces the service sector, such as banks, to offer e-banking services or online banking in order to gain a competitive advantage and dedicate much market share for themselves. When analysing the significance of e-banking services in the present-day context, the objective of the study is to investigate the factors influencing customer satisfaction with e-banking. The research indicates there is a negative influence on privacy and a positive association between the dependent and independent variables related to website quality, service quality, security, and customer satisfaction.*

**KEYWORDS:** E-banking, Website/Content, Service Quality, Security, and Privacy.

## I. INTRODUCTION

The development of the technology-based system has created a completely new way for businesses to interact with their customers. The service sector, more specifically the banking sector, has seen a significant change as a result of this innovation in how they interact with their customers. In order to attract tech-savvy customers, improve business opportunities, and maintain customer loyalty, the banking industry has made the most of this expansion by building a range of distribution channels (Raza et al., 2020). The rapid advancement of information and telecommunications technology transcends time and space, considerably improving and facilitating the execution of financial or banking activities throughout the world. This integration has resulted in the rise of Electronic banking.

Electronic banking is a kind of banking activity that offers and executes financial services to both individuals, businesses and corporate organisations via the use of telecommunications media (electronic support). Electronic banking entails carrying out financial transactions using information and communication technology.

Customers may access information and services related to banking, as well as interactive communications and other advantages, all while having access to worldwide connection.

The services eliminate paper documents and manual processing of bank transactions. It provides online payment methods that allow for direct transfer of funds, and e-banking greatly accelerates financial transactions and adopting innovative business models. It keeps minimum operating expenses. Finally, the development of a creative image for the banking system that offers its customers the newest technical solutions (Milan et al., 2011). Customers receive advantages from the e-banking system in the form of high-quality services. E-banking offers cashless services such as ATMs, mobile banking, phone banking, internet banking, Electronic Fund Transfer (EFT), debit and credit cards, NEFT, and RTGS (Prasad\* et al., 2019).

## II. LITERATURE REVIEW

Elizabeth (1999) researched the most recent electronic services offered by retail banks in the UK and the Republic of Ireland. She also identified how the banks implemented their innovative offerings, their organisational approach to innovation, and their perception of the market both now and in the future. The adoption of three E-Banking technologies, including automatic bill payment, phone banking, and personal computer banking, was examined by Kolodinsky (2004). The study found that adoption is influenced by six factors: relative benefit, complexity/simplicity, compatibility, observability, risk tolerance, and product engagement. The



study came to the conclusion that while trialability, simplicity, observability, risk, and safety are not significant with E-Banking technologies, relative, advantage, and compatibility are significant. Yang et al. (2007) highlighted the present trend and growth of E-Banking application in rural regions, as well as the economic impact on local financial institutions. The findings revealed that small and local community banks now have a lower percentage of E-Banking customers' awareness. As a result, the researcher agrees with the notion that the introduction of new E-Banking services would lower banks' operational costs, save time, eliminate paper, and boost customer happiness. Small and community banks should accelerate their efforts to adopt new technologies such as mobile banking, online banking, and anytime banking, among others. Tsoukatos (2008) analysed the fundamental factors of consumers' perceptions of E-Banking services, investigated the impact of service improvement on customer satisfaction, and assessed banks' performance in key E-Banking excellence categories. Personalized service, innovation, accessibility and convenience, and transaction security were highlighted as four electronic banking aspects in the study. The survey discovered that customers' perceptions of banks fall short of being in sync with their customers' expectations across all services, and it also indicated that specific emphasis should be placed on increasing ATM security and educating new customers. Ching Poon (2008) investigated customer adoption of electronic banking services in Malaysia. The study identified eleven characteristics, including ease of use, accessibility, feature availability, bank management and image, security, privacy, design, content, speed, and taxes and charges. According to the findings, out of 10 variables, accessibility, ease of use, design, and content are the most important sources of satisfaction, while privacy and security are the most important sources of dissatisfaction. However, the availability of features, speed, service prices, and bank management are all threats to the viability of E-Banking services. As a result, the researcher must determine the level of satisfaction with security in E-Banking services. Gbadeyan and Akinyosoye (2011) examined how the quality of e-banking services affected users' decisions about which banks to use. The approach of stratified sampling was used. It was determined that E-Banking has developed into a significant phenomenon in the banking industry and will continue as information and communication technology develops further. According to the study, several security measures should be implemented, including the usage of alphanumeric one-time passwords, encrypted software installation, frequent password changes, customer identity card verification systems, and one-time passwords. These, according to Wang & Emurian (2005), can provide the user with a good impression of the website and may significantly affect their level of satisfaction when using

it. In particular, website design refers to all customer-interactive elements of the website, such as user navigation, providing adequate information & customer order processes, information content, information nature, & the type of graphics are other components of this indication that in turn favourably affect e-satisfaction. Sathiyavany. N and Shivany. S (2018) E-services must be distinguished from conventional, physical services. When it relates to this issue, traditional services have the following features: availability of core services, facilitating services, supporting services, and complementary services; and quality is determined by how well customers perceive the services. In contrast, e-services have features that allow for highly personalised internet communication based on multiple factors. According to research by Kua et al. (2009) on consumer demands for international electronics, buyers pay a lot of attention to issues of security and privacy while making purchases.

### III. OBJECTIVES OF THE STUDY

To investigate the impact of demographic characteristics on various parameters that contribute to satisfaction.  
To investigate the factors influencing customer satisfaction with e-banking.

### IV. HYPOTHESES OF THE STUDY

Hypothesis 1: web design and content quality has a significant effect on customer satisfaction.  
Hypothesis 2: service quality has a significant effect on customer satisfaction.  
Hypothesis 3: perceived security has a significant effect on customer satisfaction.  
Hypothesis 4: perceived privacy has a significant effect on customer satisfaction.

### V. METHODOLOGY

Nationalized banks i.e. State bank of India, Bank of Baroda and Canara bank customers in the Dakshina Kannada district were treated as the population study, which is treated as an infinite population in this study, constituting the statistical population of the current study. 400 people are selected as the sample size, and their data form the base of the research. Convenience random sampling was employed in this investigation due to the homogeneity of the units in the statistical population. In this strategy, there is a fixed and equal probability that each member of the statistical population will be chosen to participate. In order to evaluate the reliability of the scale, the reliability coefficient was determined. The Cronbach's alpha value, which was found to be 0.79, it showed the general acceptability of the reliability of this scale.

## VI. ANALYSIS AND INTERPRETATION

### A. Percentage Analysis

**Table 1: Respondents' Demographic characteristics**

|            | Demographic profile     | Frequency | Percentage |
|------------|-------------------------|-----------|------------|
| Age        | 18-30                   | 191       | 47.75      |
|            | 31-40                   | 135       | 33.75      |
|            | 41-50                   | 48        | 12.00      |
|            | Above 51                | 26        | 6.50       |
| Gender     | Male                    | 248       | 62.00      |
|            | Female                  | 152       | 38.00      |
| Education  | Below graduate          | 152       | 38.00      |
|            | Graduate                | 223       | 55.75      |
|            | Above graduate          | 25        | 6.25       |
| Occupation | Private sector          | 261       | 65.25      |
|            | Government sector       | 91        | 22.75      |
|            | Self-employee/ Business | 48        | 12.00      |

Source: primary survey

The above table, the respondents are categorised according to their age, gender, education and occupation. Here it is clearly shown that the majority of respondents are between 18-30

ages, in gender where majority are male, in education qualification where they belonged to graduate and whereas majority responded comes under private sector.

### B. Descriptive Statistics

**Table 2: Descriptive statistics of research variables**

| Variable            | Quantity | Min. | Max. | Mean  | Standard Deviation | Variance |
|---------------------|----------|------|------|-------|--------------------|----------|
| Website and Content | 400      | 1.49 | 5.00 | 3.612 | 0.853              | 0.728    |
| Service quality     | 400      | 1.70 | 5.00 | 3.561 | 0.847              | 0.720    |
| Perceived Security  | 400      | 1.00 | 5.00 | 3.705 | 0.805              | 0.648    |
| Perceived Privacy   | 400      | 1.50 | 5.00 | 3.816 | 0.785              | 0.617    |

The attributes of a sample or data set, such as a variable's mean, S.D., are described or enumerated using descriptive statistics. Based on the above findings, it can be concluded

that, out of all the variables, the variable relating to Perceived Privacy has the greatest mean (3.816), while the variable relating to Service quality has the lowest mean (3.561).

### C. Inferential Statistics

**Table 3: Hypotheses and results**

| Series. No | Hypothesis  | Path coefficient | Significance | Result    |
|------------|---|------------------|--------------|-----------|
| H1.        | Web design and content quality has a significant effect on customer satisfaction. | 0.302            | 4.281        | Confirmed |
| H2.        | Services quality has a significant effect on customer satisfaction.               | 0.655            | 10.773       | Confirmed |
| H3.        | Perceived security has a significant effect on customer satisfaction.             | 0.175            | 2.187        | Confirmed |
| H4.        | Perceived privacy has a significant effect on customer satisfaction.              | 0.052            | 0.744        | Rejected  |

Hypothesis 1 Results showed a strong and substantial relationship between website content quality and customer satisfaction, with an impact factor of 0.302 and a T-value of 4.281(P-Value=0.05). Therefore, it is advised that banks enable customers to discover their preferred bank website content in the E-banking website and also exert effort to make the content of the website relevant. It is advised that banks make their website easy to navigate and work to uphold the promises stated on their e-banking website.

Hypothesis 2 results showed a strong and substantial relationship between website content quality and customer

satisfaction, with an impact factor of 0.655 and a T-value of 10.773(P-Value=0.001). It is advised to banks that the E-banking system should be prepared to respond to customers' requests and that banks endeavour to ensure that the e-banking system gives each customer individual attention.

Hypothesis 3 results showed a strong and substantial relationship between website content quality and customer satisfaction, with an impact factor of 0.175 and a T-value of 2.187 (P-Value=0.05). Therefore, it is advised that banks take the required security precautions to safeguard the information of their e-banking customers. They should also work to



develop an e-banking website that can authenticate users' identities in order to meet security goals.

## VII. DISCUSSION & CONCLUSION

The objective of the study is to find out the link with factors of website quality, service quality, security, and privacy between customers satisfaction. Impact of E-banking on customer satisfaction is taken into consideration. The sample size was 400 who were users of E-banking. The independent variables were set as website quality, service quality, security, and privacy. Whereas, dependent variables were customer's satisfaction. After the research, we have found that there exists a positive relationship between dependent and independent variables on website quality, service quality, security and

Hypothesis 4 results showed a negative relationship between Perceived privacy and customer satisfaction, with an impact factor of 0.052 and a T-value of 0.744.

negative impact on privacy. Based on the findings, it can be concluded that the customers in the Dakshina Kannada Taluk of Karnataka, build their perceptions based on the interactivity of the E-service.

Every culture places a high value on customer service since it has shaped how consumers perceive E-banking and, therefore, how they use it. For managers and e-retailers looking to capture the retailing sector, this study report is helpful.

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