

CUSTOMER SATISFACTION OF INTERNET BANKING IN PNB AND HDFC-AN EMPIRICAL STUDY**Dr. B.S SHARMA¹****PREETI AGGARWAL²**

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ABSTRACT

This paper mainly compares online banking services of Panjab National Bank, one of the leading public sector bank and Housing Development Finance Corporation bank, a leading private sector bank. Managing service quality while using internet as a distribution channel, is the challenge for the banks. In this paper, five various service quality dimension is to be taken which affect the customers' satisfaction level of the customer. This paper presents the data, drawn from a survey of Internet banking consumers from two leading banks i.e. PNB and HDFC and develops a functional model for maximizing value to the consumers. Data was analysed statistically to investigate the service quality of internet banking. The results of the analysis of the factors reveals that the five factors influenced on satisfaction level of customers are Responsiveness, Reliability, Efficiency, Security, and Site aesthetics. Then the quality performance of all the five dimensions was shown to have a strong impact on customer satisfaction.

KEYWORDS: Service Quality, Customer Satisfaction, Internet banking, Technology

I. INTRODUCTION

The propagation of, and rapid advances in, technology-based systems, especially those related to the internet, are leading to fundamental changes in how banks interact with customers. Internet banking has become the self-service delivery channel that allows banks to provide information and offer services to their customers with more convenience via the web service technology. The evolution of internet banking has fundamentally transformed the way banks traditionally conduct their businesses and the ways consumers perform their banking activities. Internet banking refers to the practice of conducting financial transactions by customers over the Internet through a bank's website. One key characteristic of internet banking is that customers are not required to use any proprietary software installed in their computers for accessing banking services. Internet banking is gaining growing popularity particularly among retail customers due to: a) its 24/7 availability and low transaction costs, and b) its ability to serve as a convenient alternative channel. In short, internet banking is not constrained by time and place. As a result, this form of banking has attracted considerable adoption by the retail banking customers.

II. INTERNET BANKING SERVICES

Here are some of the features available through online banking:

- **OPENING AN ACCOUNT**

Most banks that provide Internet services allow customers to open new accounts by accessing the bank website, logging in, filling in the application online and either submitting it online or printing it and handing it to a teller at the branch.

- **ACCESSING ACCOUNT INFORMATION**

This service allows customers to obtain information about other services available online such as opening and closing accounts, checking account balances, discovering and checking the latest updates and inquires (transactions that are taking place) that affect their accounts and transactions.

- **ELECTRONIC CHECK CONVERSION**

Though this service, customers can convert a paper check to an electronic payment. This service allows customers to take an amount from their account and put a hold on it until the other party receives the check and withdraws it. The benefit is that normal checks take longer time to be processed.

- **TRANSFER FUNDS**

Customers can easily to log in to their accounts, check their balances, and transfer funds in between their accounts to cover any shortages in their accounts.

- **BANK STATEMENT**

This service is a bank document that customers can access through their accounts to check the record of their transactions. This service allows customers to go over the previous year' transactions and make sure that there has accounts have not been compromised.

- **PURCHASE BANK PRODUCTS**

This service allows its customers to purchase products electronically. Products are different from banks to banks but they vary such as cars, gold, mortgage, land, silver, etc.

- **PAY BILLS**

Customers have the ability to go to their accounts, log in, check their balances and check any required payments they wish to make for their credit cards, or other bill payments that are registered on their account. They can pay all their bills online safely, easily, and quickly.

- **CHANGE PASSWORDS**

This service is a security issue that allows account holders to ensure that their accounts are safe from fraud or intruders. They can change their personal passwords as many times as they want. This service requires the customer to answer some questions, to enter their old password, and to the new one, to verify their identity, then allowing them to change their personal password.

- **REQUEST A CREDIT CARD OR DEBIT CARD**

By using the Internet and accessing the bank website, customers are allowed to purchase or request a new or second debit or credit card. These days many people are using debit and credit cards, so there is no need to go and stand a line to request such service.

- **REQUEST A LOAN AND CHECK STATUS**

Customers can log in, and request a loan by filling in a form that requires them to enter their personal information and loan requirements. They submit the form and receive an answer online after the bank processes the application. Some banks prefer to respond by email, while others call the customers and explain the reasons for denying or accepting the loan request.

III. LITERATURE REVIEW

Several authors have defined satisfaction in a different way. There are some definitions of customer satisfaction that will give us clear idea about satisfaction concept. Vijay M. Kumbhar (2011) in his paper titled "Alternative Banking Channels and Customers' Satisfaction: An Empirical Study of Public and Private Sector Banks" shows that, there was significant relationship between age, education and profession of the bank customers and customers' satisfaction in alternative banking. There was significant relationship between service quality, brand perception and perceived value with overall customer satisfaction in alternative banking. He indicates that, efficiency, security/assurance, cost effectiveness, problem handling, responsiveness, fulfilment and accuracy were first factors, Perceived value, brand perception, contact facilities, convenience, system availability and easy to use are second factor and compensation is third factor. Overall result directs that, bankers should consider the facts and enhance service quality of alternative banking services in order to increase customers satisfaction and its further adoption also. Faizan Mohsan (2011) in his paper titled "Impact of Customer Satisfaction on Customer Loyalty and Intentions to Switch: Evidence from Banking Sector of Pakistan" revealed that customer satisfaction was positively correlated with customer loyalty and negatively correlated with customer intentions to switch. Mishra (2009) tried to explore the factors that lead to customer satisfaction in retail banking in India. The data from 100 survey respondents were collected from one branch of one of the prominent retail banks in the city of Hyderabad. The study identified that customer satisfaction, a transaction-specific attribute is dependent on several factors which concur with extensive academic literature. Jham and Khan (2008) studied the customer's satisfaction in the Indian banking sector and inferred that the satisfaction of customers with the services of Indian banks is linked with the performance of banks. Dash and Mahapatra (2006) gave an insight into the parameters of customers' satisfaction and their measurement. The paper observed that the customer's requirements must be translated and quantified into measurable targets. This provided a way to monitor improvements, and deciding upon the attributes that need to be concentrated in order to improve customer's satisfaction. Gouri Shankar, A. (2004) suggested that excelling and managing customer relationship was the future of any business. Customer focusing was not to be viewed as just a business strategy but should become a corporate mission. The challenging areas for banks would be in the area of people, technology and competition. Rao, N.V. (2002) explained that customer service was becoming an important aspect in gaining competitive edge for survival with growth and profits for banks. The key to success in the changed environment would be the bank's ability to reach the client at his door step.

IV. RESEARCH DESIGN

Descriptive research study was conducted to achieve the objective of this research. Primary data was collected from Faridabad area. Sampling size was 100 customers of each bank who use the internet for banking purpose. Questionnaire was designed to get the data systematically. Respondents has to choose on option of each statement measured on five point scale, where strongly disagree =1, disagree=2, neutral=3, agree=4, strongly agree=5.

V. ANALYSIS OF RESULTS

TABLE 1 (A) DEMOGRAPHIC PROFILE OF RESPONDENTS OF PNB BANK

AGE	%	GENDER	%	STATUS OF USAGE	%	PROFESSION	%
15-30 YEARS	33	MALE	69	FROM LAST 6 MONTH OR BELOW	17	BUSINESS MEN	68
31-40 YEARS	45			FROM LAST 1-2 YEARS	28	SERVICE	19

41-50 YEARS	17	FEMALE	31	FROM LAST 2-3 YEARS	48	NOT WORKING	4
ABOVE 50 YEARS	5			FROM LAST 3 YEARS OR MORE	7	STUDENT	9
TOTAL	100		100		100		100

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

TABLE 1 (B) DEMOGRAPHIC PROFILE OF RESPONDENTS OF HDFC BANK

AGE	%	GENDER	%	STATUS OF USAGE	%	PROFESSION	%
15-30 YEARS	33	MALE	62	FROM LAST 6 MONTH OR BELOW	37	BUSINESS MEN	43
31-40 YEARS	48			FROM LAST 1-2 YEARS	33	SERVICE	38
41-50 YEARS	14	FEMALE	38	FROM LAST 2-3 YEARS	22	NOT WORKING	2
ABOVE 50 YEARS	5			FROM LAST 3 YEARS OR MORE	08	STUDENT	17
TOTAL	100		100		100		100

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

TABLE 2 (A) SATISFACTION LEVEL TOWARDS RELIABILITY INPNB BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
RELIABILITY	Information that is provided in web pages is accurate.	32	33	16	14	5
	Links are problem-free, accurate and the pages are downloaded quickly.	26	22	28	10	14
	Three-mail response from Internet banking is accurate.	9	6	6	29	50
	Customers can rely on the information given are not being misused.	14	12	6	22	46

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

TABLE 2 (B) SATISFACTION LEVEL TOWARDS RELIABILITY IN HDFC BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
RELIABILITY	Information that is provided in web pages is accurate.	34	31	14	13	8
	Links are problem-free, accurate and the pages are downloaded quickly.	24	18	28	17	13
	Three-mail response from Internet banking is accurate.	1	6	7	22	64
	Customers can rely on the information given are not being misused.	10	12	8	22	48

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

Reliability dimension represents quality and authenticity of information available to the customer through bank website. It relates to 'how dependably and accurately banks are providing online services'. From the above tables it is clear that the score of HDFC bank is more than PNB bank, however the difference of scores is not too large. Therefore it can be concluded that customers of HDFC bank are comparatively more satisfied, but the PNB bank is not far behind in terms of providing reliable online banking services in Faridabad city.

TABLE 3 (A) SATISFACTION LEVEL TOWARDS EFFICIENCY IN PNB BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
EFFICIENCY	The speed of login to account is fast.	1	2	10	22	65
	The information that is presented by Internet banking is accurate.	6	18	22	28	26
	Using the bank's website does not require lot of effort.	8	24	14	26	28
	The organization and structure of online content is easy to follow.	12	64	11	6	7

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

TABLE 3 (B) SATISFACTION LEVEL TOWARDS EFFICIENCY IN HDFC BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
EFFICIENCY	The speed of login to account is fast.	0	1	12	20	67
	The information that is presented by Internet banking is accurate.	7	19	21	29	24
	Using the bank's website does not require lot of effort.	7	12	11	32	38
	The organization and structure of online content is easy to follow.	10	53	9	15	13

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

The dimension of efficiency includes statements which represent accessibility of bank Website. It mainly indicates the speed of service to the customers using online banking. It is about 'how quickly and easily customers can perform online banking transactions. From the above two tables it is again clear that more number of customers of HDFC bank are happy with the efficiency of online banking services as compared to PNB bank. Therefore it can be concluded that customers of HDFC bank have better access to the bank website. Customers mainly found to be happy with HDFC bank for their fast and prompt service. Therefore PNB bank needed to look in to this matter and update the technology for increasing the speed of online banking service.

TABLE 4(A) SATISFACTION LEVEL TOWARDS RESPONSIVENESS IN PNB BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
RESPONSIVENESS	The response from banking to their customer is faster.	12	12	45	14	17
	The Internet banking can be relied to solve the banking problems quickly.	9	17	32	26	14
	Bank's website has online customer service representatives.	16	13	15	39	17
	The bank provides appropriate information to customers when a problem occurs.	0	10	2	25	63

	If any error happens, bank immediately compensate the loss	24	28	21	16	11
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(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

TABLE 4 (B) SATISFACTION LEVEL TOWARDS RESPONSIVENES IN HDFC BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
RESPONSIVENESS	The response frome-banking to their customer is faster.	12	16	14	26	32
	The Internet banking can be relied to solve the banking problems quickly.	23	29	20	17	11
	Bank's website has online customer service representatives.	1	10	4	25	60
	The bank provides appropriate information to customers when a problem occurs.	16	8	7	46	23
	If any error happens, bank immediately compensate the loss	7	9	20	38	26

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

Responsiveness: This quality dimension represents statements which reflect response available to the customer from bank website during online banking. It refers to 'how banks respond to customers' complaints and queries'. The score of HDFC bank is once again more than PNB in case of responsiveness. So we can say that the customers of HDFC bank receive better response on website than customers of PNB bank.

TABLE 5 (A) SATISFACTION LEVEL TOWARDS SECURITY IN PNB BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
	The bank provides financial security and confidentiality.	6	5	10	19	59

SECURITY	My bank can be relied upon to keep their promises and service pledge.	1	4	12	20	63
	There are privacy policies in Internet banking.	4	9	10	21	56
	The bank's website is secure for giving credit card information.	5	8	6	17	64

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

TABLE 5 (B) SATISFACTION LEVEL TOWARDS SECURITY IN HDFC BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
SECURITY	The bank provides financial security and confidentiality.	12	14	10	15	54
	My bank can be relied upon to keep their promises and service pledge.	7	6	8	17	62
	There are privacy policies in Internet banking.	9	8	14	15	54
	The bank's website is secure for giving credit card information.	1	4	11	25	59

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

'Security/Privacy' deals with the internet users' concerns about—how secure they feel in online transactions and how their privacy has been taken care of by their respective banks. This dimension represents privacy maintained by the bank about the information shared by customers on bank website. Here score of PNB is more than score of HDFC bank. So in terms of maintenance of privacy customer of PNB trust their bank more, however the score difference is not significant so customer of HDFC bank also indicate trust on their bank website.

TABLE 6 (A) SATISFACTION LEVEL TOWARDS SITE AESTHETICS IN PNB BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
SITE AESTHETICS	Website of bank contains relevant information explained in an easy to understand language.	8	14	19	28	31
	Website of bank is visually attractive.	4	17	15	21	43
	Website of bank is updated regularly.	9	21	19	19	32

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

TABLE 6 (B) SATISFACTION LEVEL TOWARDS SITE AESTHETICS IN HDFC BANK

QUALITY DIMENSION	STATEMENTS	NO. OF RESPONDENTS				
		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
SITE AESTHETICS	Website of bank contains relevant information explained in an easy to understand language.	8	10	16	23	43
	Website of bank is visually attractive.	7	11	17	21	44
	Website of bank is updated regularly.	5	13	26	16	40

(Source: Data Collected from survey in Faridabad city during Oct-Nov-2014)

Site Aesthetics' is about the visual appeal, web site content and its updation. Two items corresponded to this dimension were website attractiveness and website appearance. In general, the website attractiveness and website appearance are key factors shaping the customers first interpretation of a company website. . The score of HDFC bank is once again more than PNB in case of responsiveness. So we can say that the customers of HDFC bank receive better response on website than customers of PNB bank.

VI. CONCLUSION

Internet banking has facilitate customers in many aspects like time saving, less efforts, ease in doing transaction. Within Faridabad city, due to industrial base and educational institutes, majority of customers are using internet banking. These customers are from different -different class. HDFC is the pioneer bank in India. Therefore HDFC dominates in majority of the quality dimension. However in case of quality dimension of Privacy of Information', it seems that people of India still trust public sector bank, i.e. PNB bank. The difference in service quality arises mainly because of skilled human

resource and culture of bank. Being private bank HDFC bank has put more efforts to bring efficiency and user friendly approach in the system. PNB is also coming with new innovative ideas to satisfy customers.

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