



CUSTOMER SATISFACTION TOWARDS INTERNET BANKING WITH REFERENCE TO PUBLIC SECTOR BANKS IN NAGAPATTINAM DISTRICT

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ABSTRACT

Internet banking is regarded as a delivery channel, which over a period of time has gained recognition. It in fact has experienced growth in many countries and has changed the traditional way of banking. This channel has provided competitive advantage to the banks. With the help of internet banking the consumer has an access to number of services just at the click of a mouse. Hence, Public sector banks need to focus on their working in order to battle with the private and foreign sector banks.

INTRODUCTION

After liberalization, privatization and globalization (LPG) policy enactment, Indian banking industry has undergone tremendous qualitative changes. International banks are coming to market, which are competing with local banks irrespective with that they are private sector banks or public sector banks. Various banks are available with new offers, schemes, and services with wide range of products. Customer has range of choices where proper information can be gathered at cheap cost, and can take the advantage of such competitiveness. In the era of globalization customer has more rights to choose right product according their profile, opportunities available for their money.

INTERNET BANKING

A method of banking in which transactions are conducted electronically via the Internet, Online banking, also known as internet banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website.

CUSTOMER SATISFACTION

Customer satisfaction is a part of customer's experience that exposes a supplier's behavior on customer's expectation. It also depends on how efficiently it is managed and how promptly services are provided. This satisfaction could be related to various business aspects like marketing, product manufacturing, engineering, quality of products and services, responses customer's problems and queries, completion of project, post delivery services, complaint management etc.

SIGNIFICANCE OF THE STUDY

Research has been conducted in order to critically evaluate and examine the customers' satisfaction towards internet banking of SBI. The purpose of this study is also to observe and analyze the purpose of using internet banking, reasons for chosen internet banking, satisfaction of customers towards internet banking and to find out the problems encountered by the customers. Specifically, this study highlights the important points that SBI top management must consider in order to increase the number of internet banking users and to improve their service quality.

STATEMENT OF THE PROBLEM

Customers are lifeblood for any business. And banking industry is highly service oriented business. When there is service concern, it always deals with the perceptual decision taking of the customer. Here in this paper tried out to figure out the reason for the perception of the people residing in Nagapattinam district, for choosing the banking service on the basis of cost, convenience, facility and general factors like modernization of the bank, promptness for attending customer. Despite these possibilities, there are various psychological and behavioral issues such as reluctance to change, trust in one's bank; security concerns, preference of human interference and the like impede the growth of internet banking. In this regard a study has been undertaken in Internet banking services provided the Banks in Nagapattinam district.

PUBLIC SECTOR BANKS-AN OVERVIEW

Public sector in the banking industry emerged with the nationalization of Imperial Bank of India (1921) and creating the State Bank of India (1955) as a part of integrated scheme of rural credit proposed by the All India Rural Credit Survey Committee (1951). The Bank is unique in several respects and it enjoys a position of permanence as the agent of RBI wherever RBI has no branches. It is the single largest bank in the country with large international presence, with a network of 48 overseas offices spread over 28 countries covering all the time zones. One of the objectives of establishing the SBI was to provide extensive banking facilities in rural areas by opening as a first step 400 branches within a period of 5 years from July 1, 1955. In 1959, eight banking companies functioning in formerly princely states were acquired by the SBI, which later came to be known as Associate Banks. Later, two of the subsidiary banks', viz., the State Bank of Bikaner and Jaipur were merged to form the State Bank of Bikaner and Jaipur, thus form eight banks in the SBI group then making banks in the state bank group. The Public sector in the Indian banking got widened with two rounds of nationalization—first in July 1969 of 14 major private sector banks each with deposits of Rs.50 crore or more, and thereafter in April 1980, 6 more banks with deposits of not less than Rs. 2 Crore each. It resulted in the creation of public sector banking with a market share of 76.87 per cent in deposits and 72.92 per cent of assets in the banking industry at the end of March 2003. With the merger of 'New Bank of India' with 'Punjab National Bank' in 1993, the number of nationalized banks became 19 and the number of public sector banks 27. The number of branches of public sector banks, which was 6,669 in June 1969, increased to 41874 by Mach 1990 and again to 46,752 by March 30, 2003. The public sector banks thus came to occupy a predominant position in the Indian banking scene. It is however, important to note that there has been a steady decline in the share of PSB's in the total assets of SCB's during the latter - half of 1990s. While their share was 84.5 per cent at the end of March 1996, it declined to 81.7 per cent in 1998 and further to 81 per cent in 1999.

LIST OF PUBLIC SECTOR BANKS

The term public sector banks are used commonly in India. This refers to banks that have their shares listed in the stock exchanges NSE and BSE and also the government of India holds majority stake in these banks

- Allahabad bank.
- Andhra bank.
- Bank of Baroda.
- Bank of India.
- Bank of Maharashtra.
- Canara bank.
- Central bank of India.
- Corporation Bank
- Indian Bank
- Indian overseas Bank
- Oriental Bank of Commerce
- Punjab and Sind Bank
- Punjab National Bank
- State Bank of India
- Syndicate Bank
- UCO Bank
- Union Bank of India.
- United Bank of India.
- Vijaya Bank

TYPES OF PUBLIC SECTOR BANKS

Public sector banks are the ones in which the government has a major holding. They are divided into two groups i.e. Nationalized Banks and State Bank of India and its associates. Among them, there are 19 nationalized banks and 8 State Bank of India associates. Public Sector Banks dominate 75% of deposits and 71% of advances in the banking industry. Public Sector Banks dominate the commercial banking India. These can be further classified into:-

- 1) State Bank Group
- 2) Nationalized banks
- 3) Regional Rural Banks

REVIEW OF LITERATURE

Avinandan Mukherjee and Prithwiraj Nath (2005) took an effort to study on “An empirical assessment of comparative approaches to service quality measurement”. Modified gap model, TOPSIS and loss function were the three comparative approaches

were used to measure service quality. Using the above three approaches, empirical evidence was given by large sample consumer data on their finding for leading Indian commercial banks. The rankings made are statistically in agreement. But it should not be used in an interchangeable manner.

Milind Sathye (2005) made a study on the Indian Banks about their “Privatization, Performances and Efficiency”. He arrived with the result that private ownership helps improve efficiency. Thus his study provided knowledge that was lacking and leads to an understanding, that enhancing efficiency and performance of public sector banks is the key for several reforms. Financial performances of banks, efficiency of banks were measured to evaluate the impact of privatization on firm performance. A comparative study was also made. He derived that the efficiency of privatized banks regarding financial performance were higher than the public banks.

Kishore C. Padhy (2005) has given his insight on “Customer service” as a strategy for competition. Customer satisfaction should be the mission and purpose of every business. Winning and retaining a customer is indispensable for development. Learn diligently from defectors. Do not ignore either their complaints or expectations. It is best to gather complaints, identify, satisfy their expectations, provide and develop models for customer’s retention. Retention is a dynamic indicator of quality performance.

Neha Dixit, Dr. Saroj K. Datta (2010) in their study on “Acceptance of E- Banking among Adult Customer: An Empirical Investigation in India” investigated the factors affecting the acceptance of e-banking services among adult customers and the level of concern regarding the security and privacy issues. The study found that adult customers are willing to adopt online banking if banks provide them necessary guidance and it recommended that the bank should segment the market on the basis of age group and provide them necessary guidance regarding the use of online banking.

Ramanigopal, C.S, and A. Mani (2011) in their study on “Customers’ Perception towards Service Quality of the Commercial Banks in Coimbatore City” aimed to assess the need and importance of service quality and review the existing practice followed by the commercial banks in the area of service quality in Coimbatore City. The study was carried out by obtaining the perception of customers of State Bank of India and ICICI Bank. The study used structured questionnaire to assess the perception of the customers towards the service quality of the said banks. It suggested organizing Consumer Care Programme to strengthen the service quality, Customer Complain Monitoring Cell to deal with the customer complaints effectively, Consumer Satisfaction Audit to find out the discrepancies in the consumer perception level and also a provision of round the clock service on phone and concentrate on relationship management.

Shah Ankit (2011) in his research work on “Factors Influencing Online Banking Customer Satisfaction and Their Importance in Improving Overall Retention Levels: An Indian Banking Perspective” focused on investigating the major factors that influence online customers’ satisfaction with the overall service quality of their banks. This study also helped in assessing the power of these factors in the context of Online (Internet) banking and would, therefore, help the bank management not only in improving the level of satisfaction but also strengthening the bond between the banks and their customers, thereby helping them to retain and/or expand their overall customer base.

Malika Rani (2012) in a “Study on the Customer Perception Towards E-Banking in Ferozpur District” made an attempt to identify and measure the customer perception towards the usefulness and willingness to use e-banking. The study revealed that Consumers are using various services provided by their respective banks and the highest used services are the ATM & bill payment across various income groups followed by viewing of the account history.

SUGGESTIONS AND RECOMMENDATIONS

- ❖ The bankers should improve the ability of the service to communicate with the customer in a way he or she will understand. This includes the clarity, involvement and accurate of both verbal and written information communicated to the customer and the ability to listen to and understand the customer.
- ❖ The most important internal change the banks have to bring about is in the appraisal and follows up technique.
- ❖ Since mobile banking has great growth in the future as it provides greater appreciated to the customers, banks should initiate urgent steps to encourage the customers to avail of the wide range of services delivered through mobile banking now. Banks should grow from the initial level of SMS banking to WAP banking as it opens up more opportunities to the customers to conduct any banking transactions through their mobile handsets.
- ❖ Banks should ensure safety and confidentiality while delivering bank services through internet banking. By customer education, bank managers can remove some disbelieves that non users have with regard to internet banking. So the challenge to all banks will be to expand the internet banking user base and slowly increase the range of services to the customers.
- ❖ The employers of public sector banks need to ascertain the needs and aspiration of their employees and accordingly introduce employee welfare facilities so as to achieve high level of satisfaction among the employees.
- ❖ Decision making system must be more open in public sector banks by using suggestion boxes in all the branches.
- ❖ Training programmes must be provided to the employees on timely basis. Whenever any new system is being introduced adequate training should be given to the employees to bring in awareness and smooth functioning of the banks.
- ❖ Overtime allowance must be given to the employees according to their performance so as to motivate them to perform their job effectively.

CONCLUSION

The article concludes that, investigating all the variables and the response by customers, this study reveals that the perception of the customers can be changed by awareness program, friendly usage, fewer charges, proper security, and the best response to the services offered. The study focused on select public sector banks and customer opinion from one region which have common social background resulted that the prompt response, confidentiality, web site design and ease of use factors that affect customer satisfaction. Customer's gender, age, education, and income levels influence the customer satisfaction. The usage of up to date information and technologies for customer communication enhance the customer satisfaction. The success of Internet banking not only depends on the technology but also on, to the large extent the attitude, commitment and involvement of the operating at all levels and how far the customers reap the benefits from Internet banking services.

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