



A STUDY ON QUALITY OF INTERNET BANKING SERVICES IN SOUTH INDIAN BANK, KARAUKUDI

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Abstract

The study on quality of internet banking services in south Indian bank ' attempts to analyze in service quality of south Indian bank in terms of customers 'expectations and perceptions. The study have to evaluate the factors affecting customer expectations and perceptions in regard to the service quality of south Indian bank. The primary data were collected with the help of a questionnaire of service quality of south Indian bank to a convenience sample of 120 respondents accessing banking services in karaikudi. The data collected were analyzed with the statistical tools of chi-square and ANOVA. The factors influencing customers' expectations came out to be responsive attitude, reliability, tangibles, convenience, assurance and empathy, efficiency, security and accuracy. The study concludes that in view of the stiff competition in the service quality will constitute an essential of service marketing To this end, south Indian bank should continually assess and reassess how customers perceive their services and to implement appropriate corrective action for retaining the existing customers and getting new customers.

Key words: Internet banking, reliability, customer's perception, services.

Introduction

Service quality is a critical element of customer perception. In the case of pure services, service quality will be the dominant element in customers' evaluations. In cases where customer service or services are offered in combination with a physical product, service quality also determine customer satisfaction. Customers judge the quality of services based on their perceptions of the technical outcome provided, the process by which that outcome was delivered, and the quality of the physical surroundings where the service is delivered. Similarly, a restaurant customer

will judge the service on her perceptions of the meal (technical outcome quality) and on how the meal was served and how the employees interacted with here (interaction quality) the décor and surroundings (physical environmental quality) of the restaurant will also impact on customer service quality.

Internet Banking Products

1. Automated Teller Machine (ATM)
2. Tele banking or Phone Banking
3. Mobile Banking
4. Internet Banking

Service Quality Dimensions

Research suggests that customers do not perceive quality in a uni-dimensional way, but rather judge quality based on multiple factors relevant to the context. For example, quality of automobiles is judged by factors such as reliability, serviceability, prestige, durability, functionality, and ease of use, where as quality of food products might be assessed on other dimensions.

Reliability: ability to perform the promised service dependably and accurately

Responsiveness: Willingness to help customers and provide prompt service

Assurance: Employees' knowledge and courtesy and their ability to inspire trust and confidence.

Empathy: Caring, individualized attention given to customers.

Tangibles: Appearance of physical facilities, equipments. Personnel and written materials.

Objectives

To study the customer perception towards service quality attributes (SQA) in South Indian bank

To investigate the significant influence of demographic factors on service efficiency of the bank.

Literature Review

Hauser and Clausing¹,Service quality is so important that companies have gone to great efforts to evaluate and keep records of service quality levels (Hauser and Clausing, 1988) It is essential to determine how to achieve high service quality and how to communicate the benefits of service quality. Companies such as Federal Express and Xerox are well aware of the importance and have received rewards for their hard work in providing quality services. (Zeithaml, Parasuraman and Berry, 1988)². By offering high levels of service quality, the Hospital Corporation of America and Ford Motor Company are another two well know companies that have benefited in terms of

higher returns on investment and higher profits. Zeithaml, V.A., Parasuraman, A. and Malhotra, A. (2000)³.

Brown and Swartz(1989)⁴, Service quality is also important to businesses from a referral and repeat customers perspective. If service providers do not perform up to the expected level of the customer, it negatively affects service quality ratings (Brown and Swartz, 1989). This can cause negative word-of-mouth communications to run rampant. Conversely, if service providers perform at or above the customer's expectation, positive word-of-mouth is spread. That in turn, leads to repeat customers and referrals.

Service quality survey instruments identify the level of services provided by a company, so that improvements can be made according to the identified results. Thus, the better companies understand how their customers evaluate their services.

Methodology

Research Design

A Research design is purely and simply the framework of plan for a study that guides the collection and analysis of data. The study is intended to find the investors preference towards various investment avenues. The study design is **descriptive** in nature.

Type of research-Descriptive Research

Descriptive study is a fact-finding investigation with adequate interpretation. It is the simplest type of research and is more specific. Mainly designed to gather descriptive information and provides information for formulating more sophisticated studies.

Sampling

Primary data collection was conducted and responses were collected from 136 respondents. Convenience method of sampling is used.

Studies the survey of customer perception in order to derive the level of customer satisfaction, responses are collected from the study area i.e. south Indian bank, karaikudi. The structured questionnaire was distributed to the 136 respondents. Since 16 questionnaires were omitted, because they were partially filled which may deviate the results of the study. Hence the sample size is made to 120.

Statistical Tools Used for Analysis

- One Way ANOVA
- Chi-square test
- Weighted Mean

Analysis
Demographic Profile

		Frequency	Percent
Age	20-30 years	14	12%
	30-40 years	48	40%
	40-50 years	37	31%
	50 years and Above	21	17%

Gender	Male	85	71%
	Female	35	29%
Income	5000-10000	33	9%
	10001-15001	40	10%
	15001-20000	24	20%
	20001-25000	11	28%
	25000-above	12	33%
Education Qualification	SSLC	32	3%
	HSC	34	13%
	UG	34	28%
	PG	16	29%
	Others	4	27%
Family Type	Nuclear	65	54%
	Joint	55	46%
Occupation	Student	14	17%
	Private Employee	48	40%
	Government Employee	37	31%
	House Wife	21	12%

Interpretation

The above analysis shows that 40% of respondents are in the age group of 30-40, 31% of respondents are in the age group of 40-50, 17% of respondents are in the age group of 50-above and 12% of respondents are in the age group of 20-30 and 71% of respondents are male and 29% of respondents are female. 29% of respondents are post graduate, 28% of respondents are under

Factors affect the preference for the use of internet banking services

Factors	Level of agreement	Frequency	Percent
Awareness	Strongly Disagree	5	4%
	Disagree	20	17%
	Neither Agree Nor Disagree	13	11%
	Agree	63	52%
	Strongly Agree	19	16%
	Total	120	100%
Ease of Use	Strongly Disagree	9	8%

	Disagree	6	5%
	Neither Agree Nor Disagree	16	13%
	Agree	64	53%
	Strongly Agree	25	21%
	Total	120	100
Safety and Security	Strongly Disagree	3	2%
	Neither Agree Nor Disagree	21	17%
	Agree	69	58%
	Strongly Agree	27	23%
	Total	120	100%
Cost of Use	Strongly Disagree	8	7%
	Disagree	16	13%
	Neither Agree Nor Disagree	31	26%
	Agree	59	49%
	Strongly Agree	6	5%
	Total	120	100%
Access to Internet	Strongly Disagree	1	1%
	Disagree	19	16%
	Neither Agree Nor Disagree	28	23%
	Agree	56	47%
	Strongly Agree	16	13%
	Total	120	100%
Curiosity	Strongly Disagree	1	1%
	Disagree	28	23%
	Neither Agree Nor Disagree	41	33%
	Agree	32	27%
	Strongly Agree	18	15%
	Total	10	100%
Low Service Charge	Strongly Disagree	14	12%
	Disagree	15	12%
	Neither Agree Nor Disagree	32	27%
	Agree	53	44%
	Strongly Agree	6	5%
	Total	120	100%

graduate, 13% of respondents are HSC, 3% of respondents are SSLC, 27% of respondents are others and 33% of the respondents has an monthly income of above Rs. 25000, 28% of the respondents has an monthly income of Rs. 20001-25000, 20% of the respondents has an monthly income of Rs. 15001-20000, 10% of the respondents has an monthly income of Rs. 10001-15000, and 9% of the respondents has an monthly income of Rs. 5001-10000, 40% of the respondents are private employee, 31% of the respondents are government employee, 17% of the respondents are students, 12% of the respondents are house wife, 54% of the respondents are nuclear family, 46% of

the respondents are joint family.

Interpretation

The above analysis shows that 52% of respondents are awareness of the users is agree, 17% of respondents are awareness of the users is disagree. 58% of respondents are safety & security of internet banking service is agreed, 21% of respondents are safety & security of internet banking service is strongly agreed. 49% of respondents are ease of using the internet banking is agreed, 26% of respondents are ease of using the internet banking is neither agree nor disagree. 47% of respondents are access to the internet for internet banking is agreed, 23% of respondents are access to the internet for internet banking is neither agree nor disagree. 33%of respondents are curiosity of the internet banking is neither agree nor disagree, 27% of respondents are ease of using the internet banking is agreed.44% of respondents are low service charge of internet banking usage is agreed, 27% of respondents are low service charge of internet banking usage is neither agree nor disagree.

Internet Banking Service used by the Respondents

S.NO	Particulars	Weighted average	Rank
1	Credit card	23.5	1
2	Online banking service	19.1	2
3	Use e-mail	18	3
4	NFET/EFT	16.9	4
5	Internet at home or work by the financial transaction	15.6	5
6	E-payment	15.5	6
7	ATM/debit card	11.6	7

Interpretation

The above table shows that among the reasons for usage of technology by the customer using internet banking, credit card is ranked first with the weighted score of 23.5, followed by Credit card, Online banking service, Use e-mail, NFET/EFT, Internet at home or work by the financial transaction, E-payments, ATM/debit card

Service Quality Dimensions

RELIABILITY RESPONSES

RELIABILITY	Extremely Satisfied (%)	Satisfied (%)	Neutral (%)	Dissatisfied (%)	Extremely Dissatisfied (%)
The bank website does not freeze after customer put in all the information	5	48.3	32.5	9.2	5

Information provided on website	6.7	42.5	38.3	12.5	0
Up to date content	6.7	44.2	41.7	7.5	0
Process of transactions	11.7	49.2	32.5	6.7	0
Wide range of products and services provided	45	41.7		13.3	0

Inference

From the above it is inferred that 48.3% of the respondents are satisfied with the bank’s website, since it provides user friendly service to the customers and not hanging while the process is on. 42.5% of the respondents are satisfied with the information provided on the bank’s website, 44.2% of the respondents are satisfied with the updating of website, 49.2% of the respondents are satisfied with the process of transactions and 41.7% of the respondents are satisfied with the Wide range of products and services provided.

Efficiency Response

Efficiency	Extremely Satisfied (%)	Satisfied (%)	Neutral (%)	Dissatisfied (%)	Extremely Dissatisfied (%)
Faster log in facility	3.3	45	51.7		
Performance of Plastic cards(ATM, Debit/Credit)	15	39.2	34.2	6.7	5
Transfer of Funds(NEFT, RTGS)	10.8	55	34.2		
Clearing Services(ECS-Credit/Debit)		21.7	64.2	14.2	

Inference

From the above it is inferred that 51.7% of the respondents are neutral and 45% are satisfied with the speed of log in facility, 39.2% of the respondents are satisfied with the Performance of Plastic cards, 55% of the respondents are satisfied with the Transfer of Funds(NEFT, RTGS), 64.2% of the respondents are neutral and 21.7% are satisfied with the Clearing Services.

SECURITY RESPONSES

Security	Extremely Satisfied (%)	Satisfied (%)	Neutral (%)	Dissatisfied (%)	Extremely Dissatisfied (%)
Security for ATMs	6.7	52.5	40.8		

Online filling	9.2	40.8	41.7	3.3	5.0
Protection of banking transactions	6.7	31.7	48.3	13.3	
Privacy / Confidentiality of the bank.		45.8	41.7	12.5	
Care in collection of personal information	8.3	31.7	31.7	25.8	2.5

Inference

From the above it is inferred that 52.5% of the respondents are satisfied with the Security of using ATMs, 41.7% of the respondents are neutral and 40.8% are satisfied with the Online filling of forms. 48.3% of the respondents are neutral and 31.7% are satisfied with the Protection of banking transactions, 45.8% of the respondents are satisfied with the Privacy / Confidentiality of the bank and 31.7% of the respondents are neutral and satisfied with Care in collection of personal information.

One Way Anova

To find out the difference between the service efficiency and age:

Hypothesis: There is a significant difference between the service efficiency and age.

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	.722	3	.241	.493	.688
Within Groups	56.603	116	.488		
Total	57.325	119			

Significance Level: 0.01

Inference

From the above table it is inferred that F value is significant at 0.01 significance level. Therefore hypothesis is accepted. Hence there is a significant difference between the Age and the service efficiency.

Chi-Square Test

To find out the association between the service efficiency and the Educational Qualification:

Hypothesis: There is an association between the service efficiency and the Educational Qualification

	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.917(a)	12	.536
Likelihood Ratio	14.069	12	.296

Linear-by-Linear Association	.277	1	.599
N of Valid Cases	120		

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .13.

Significance Level: 0.01

Inference

Pearson’s Chi-square value is significant at 0.01 significance level. Therefore hypothesis is rejected.

Findings

- 40% of respondents are in the age group of 30-40
- 71% of respondents are male and 29% of respondents are female.
- 29% of respondents are post graduate, 28% of respondents are under graduate
- 33% of the respondents has an monthly income of above Rs. 25000
- 31% of the respondents are government employee
- 54% of the respondents are nuclear family, 46% of the respondents are joint family
- 58% of respondents are safety & security of internet banking service is agreed, 21% of respondents are safety & security of internet banking service is strongly agreed.
- 49% of respondents are ease of using the internet banking is agreed, 26% of respondents are ease of using the internet banking is neither agree nor disagree.
- 52.5% of the respondents are satisfied with the Security of using ATMs, 41.7% of the respondents are neutral and 40.8% are satisfied with the Online filling of forms. 48.3% of the respondents are neutral and 31.7% are satisfied with the Protection of banking transactions, 45.8% of the respondents are satisfied with the Privacy / Confidentiality of the bank and 31.7% of the respondents are neutral and satisfied with Care in collection of personal information.
- 51.7% of the respondents are neutral and 45% are satisfied with the speed of log in facility, 39.2% of the respondents are satisfied with the Performance of Plastic cards, 55% of the respondents are satisfied with the Transfer of Funds(NEFT, RTGS), 64.2% of the respondents are neutral and 21.7% are satisfied with the Clearing Services
- 48.3% of the respondents are satisfied with the bank’s website, since it provides user friendly service to the customers and not hanging while the process is on. 42.5% of the respondents are satisfied with the information provided on the bank’s website, 44.2% of the respondents are satisfied with the updating of website, 49.2% of the respondents are satisfied with the process of transactions and 41.7% of the respondents are satisfied with the Wide range of products and services provided.

- 47% of respondents are access to the internet for internet banking is agreed, 23% of respondents are access to the internet for internet banking is neither agree nor disagree.
- 33%of respondents are curiosity of the internet banking is neither agree nor disagree, 27% of respondents are ease of using the internet banking is agreed.
- 44% of respondents are low service charge of internet banking usage is agreed, 27% of respondents are low service charge of internet banking usage is neither agree nor disagree.
- The majority of the respondents are strongly agreed the Internet banking transactions are secured transactions.
- Among the reasons for Usage of technology by the customer using internet banking, credit card is ranked first with the weighted score of 23.5, followed by Credit card, Online banking service, Use e-mail, NFET/EFT, Internet at home or work by the financial transaction, E-payments, ATM/debit card
- There is a significant difference between the Age and the service efficiency.
- There is no association between the service efficiency and the Educational Qualification
- The majority of the respondents are agreed the service efficiency is increased due to Internet banking transactions.

Conclusion

Internet banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. The banking system is the most dominant segment of the financial sector, accounting for as it does over 85% of the funds flowing through the financial sector. Today, the click of a mouse offers bank services to the customers at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs. No country today has a choice, whether to implement Internet banking or not in the given global and competitive nature of the economy. The invasion of banking by technology has created an information age and rendered banking services more appealing. Thus the study helps the bankers to understand the customer's perception and suggest further improvements to be made in the services offered to the customers.

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