# ONLINE SAFETY PROVIDED BY THE BANKS IN RELATION TO CUSTOMER SATISFACTION: IN SPECIAL REFERENCE TO STATE BANK OF INDIA

Ms. Sonia[1], Dr. S. Prakash[2]

[1]*Research Scholar, Department of Commerce, Mewar University, Rajasthan, India*
[2]*Assistant Professor, Department of Commerce , Shri Ram College of Commerce, University of Delhi,
New Delhi, India*

## ABSTRACT

The paper is focused on the importance of State Bank of India's online banking and how the online safety while transacting online can affect the satisfaction level of the customers. The importance of online banking can be explained in terms of faster, reliable, quick transfer, 24*7 services and hassle free banking.  The usual life doesn't get affected as it used to be, before online banking, when people used to stand in queues and have to wait for hours in the bank premises to get the transactions done. But, all the merits of online banking fail if it is not guarded by an online safety mechanism. If someone is not transacting online even today then the fear of online malpractices is the reason behind it. The test model used in the paper finds out the correlation, regression and the relationship between the variables and the level of customer's satisfaction.

**Keywords:** Online Banking, Online Safety.

## Introduction

In the age of Information Technology, we cannot simply put behind the need of online banking. It is faster, reliable, anywhere accessible and most sought out option to transact. Online banking plugs the gap that a modern lifestyle has and that gap is due to lack of time and busy working schedules. Online banking in very simple terms can be known as Internet Banking also because all the processing is done via internet. It's an electronic payment system which enables us to make the payments, transfer funds, viewing the bank statement online to name a few.

## Definition of online banking

Oxford dictionary defines online banking as, "A method of banking in which the customer conducts transactions via internet". (Oxford)[1]

The word 'online' refers to the use of internet and when banking transactions are carried out by using internet it is called online banking. The transactions may include payments, funds transfer and viewing bank's statement online etc. to name a few. (MBN)[2]

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[1] Oxford Dictionary.
[2] https://marketbusinessnews.com/financial-glossary/online-banking/

**History of online banking**

If we see the history of online banking, the very 1st service was started in USA dated back to the early 1980's. Then the service got started in United Kingdom in 1983, then in France in 1994 and in January 1997 in Japan. In India, we have the internet banking with us in around late 1990's and ICICI was the 1st bank which started the service. (wiki)[3]

Like all the things have pros and cons both, so do the online banking or internet banking. Along with all the benefits that online banking provides us, it has some demerits also which include safety concerns, online frauds, hacking and virus etc. State Bank of India being the leader in banking today has very advance online banking system. Its service and safety features are beyond comparison and they possess an edge over the technology provided by other banks. After demonetization by the Modi government in 2016, India has seen a huge leap in online transactions as the focus of both the government and the bank was on the cashless economy. So many app based services were started by the State Bank of India like BHIM app[4] etc.

**Literature Review**

(T., 2019)[5] In his paper "E-Banking in India and its Present Scenario and Future Prospects" talked about problems of e-banking and features on e-banking. He pointed out that the e-transactions can be risky and chances of fraud are always there plus a cost has to be incurred to install the online banking system. The opportunities that come with the online banking system are also discussed and ways were suggested to get benefitted from those.

(Chandra, 2015)[6] In their research paper "The Electronic Banking Revolution in India" focused on e-banking and its evolution in India. A very elaborative study is carried out and research hypothesis were set and tested by using t-Test. The results showed that debit/credit cards, NEFT[7], e- clearance etc has n significant difference at 0.05 p-value. He also suggested that a lot needs to be done in online banking system so that the technological upgradation can be achieved.

(Tanmay Chattopadhyay, 2010)[8]In their research article "Marketing Mix Elements Influencing Brand Equity and Brand Choice" focuses on all the marketing mix elements and their effect on customer's choice of brand. They find in their study that how an advertisement can affect the decision of a buyer in selecting a particular brand.

(Clonia, 2016)[9] In her research paper "E-Banking in India: Current and Future Prospects" talked     about     the importance of online banking over traditional banking. She summarized her work by recommending that a lot of upgradation needs to be done to make the online system cater to the new world needs.

**Need of Study**

The online safety is a big concern today because huge funds are transacted online daily via internet and without proper safety mechanism we can't avoid the fraudulent activities and malpractices online. While transacting

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[3] www.wikipedia.com

[4] BHIM: Bharat Interface for Money. It's a Unified Payments Interface (UPI) that is used to transfer money via mobile phone.

[5] Basavarajappa. M. T. (2019). E-banking in India and its present scenario and future prospects .UGC sponsored national conference on information technology and its implication on banking sector: challenge and prospect

[6] Dhananjay B and Suresh Chandra (2015). The Electronic Banking Revolution in India. published by icommercecentral.com

[7] NEFT: National Electronic Funds Transfer is an electronic funds transfer system.

[8] Tanmay Chattopadhyay, Shraddha Shivani and Mahesh Krishnan (2010)."Marketing Mix elements influencing brand equity and brand choice". Vikalpa. Vol. 35, No.3, Pg. 67-84

[9] Clonia, Reeta (2016)."E-Banking in India: Current and Future Prospects".researchgate.net

online, a customer is satisfied if a proper virus protection and strong interface should be there to save from online malpractices. Our study is based on State Bank of India's online safety features and their relation to the customer satisfaction.

## Research Methodology

Data used for the study is primary and is collected through a questionnaire that is got filled online via various groups. The sample of 125 respondents is taken to analyze the test results.
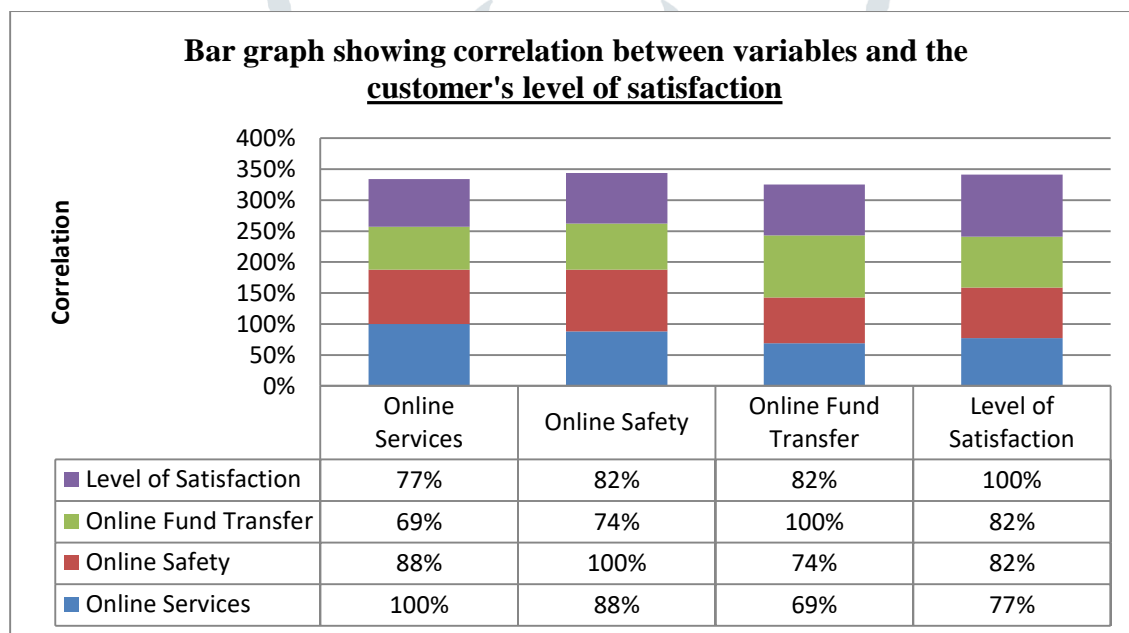
## Hypothesis and Testing

Hypothesis to test for the study are as follows:

H0: There is no significant relationship between State Bank of India's online safety features and customer satisfaction.

H1: There is significant relationship between State Bank of India's online safety features and customer satisfaction.

The test used will be regression analysis and Anova test will also be applied so that actual relationship between the variables can be calculated.

**Figure 1: Correlation matrix between the variables and customer's level of satisfaction**



**Bar graph showing correlation between variables and the customer's level of satisfaction**

| | Online Services | Online Safety | Online Fund Transfer | Level of Satisfaction |
|---|---|---|---|---|
| Level of Satisfaction | 77% | 82% | 82% | 100% |
| Online Fund Transfer | 69% | 74% | 100% | 82% |
| Online Safety | 88% | 100% | 74% | 82% |
| Online Services | 100% | 88% | 69% | 77% |

Source: Analysis from questionnaire

## Table 1: Multicolinearity statistics:

| | Online Services | Online Safety | Online Fund Transfer |
|---|---|---|---|
| **Tolerance** | 0.216 | 0.186 | 0.448 |
| **VIF** | 4.620 | 5.381 | 2.235 |

Source: Analysis from questionnaire

Multicolinearity test signifies that the data is disturbance free and inference made from this data is reliable. The limit of VIF is upto 10 beyond which the limit is not considered appropriate. In our analysis, we have got 4.620 for online services, 5.381 for online safety and 2.235 for online fund transfer service of State Bank of India.

The limit is considered very good and signifies that the data is reliable and the inferences made will be appropriate.

**Table 2: Regression of variable and Goodness of fit statistics (Level of Satisfaction)**

| | |
|---|---|
| Observations | 125.000 |
| Sum of weights | 125.000 |
| DF | 121.000 |
| R² | 0.778 |
| Adjusted R² | 0.772 |

**Table 3: Analysis of variance (Level of Satisfaction)**

| Source | DF | Sum of squares | Mean squares | F | Pr > F |
|---|---|---|---|---|---|
| Model | 3 | 106.775 | 35.592 | 141.325 | < 0.0001 |
| Error | 121 | 30.473 | 0.252 | | |
| Corrected Total | 124 | 137.248 | | | |

Computed against model Y=Mean(Y)

So, the table of regression shows that the $r^2$ i.e. how good the fit of regression is. In our case $r^2$ is 77.8% which is a very good indicator that the dependent variables can explain the level of satisfaction upto 77.8% variability. Also, the 'calculated F' is higher than the 'critical F' value which shows that our regression is good among the variables.

The graphical representation of the data below shows that the satisfaction level from online funds transfers facility by State Bank of India is higher among the rest of the variables. The graphical area shows the value of satisfaction at 95 % confidence level.

**Figure 2: Level of Satisfaction / Standardized coefficients**
**(95% conf. interval)**
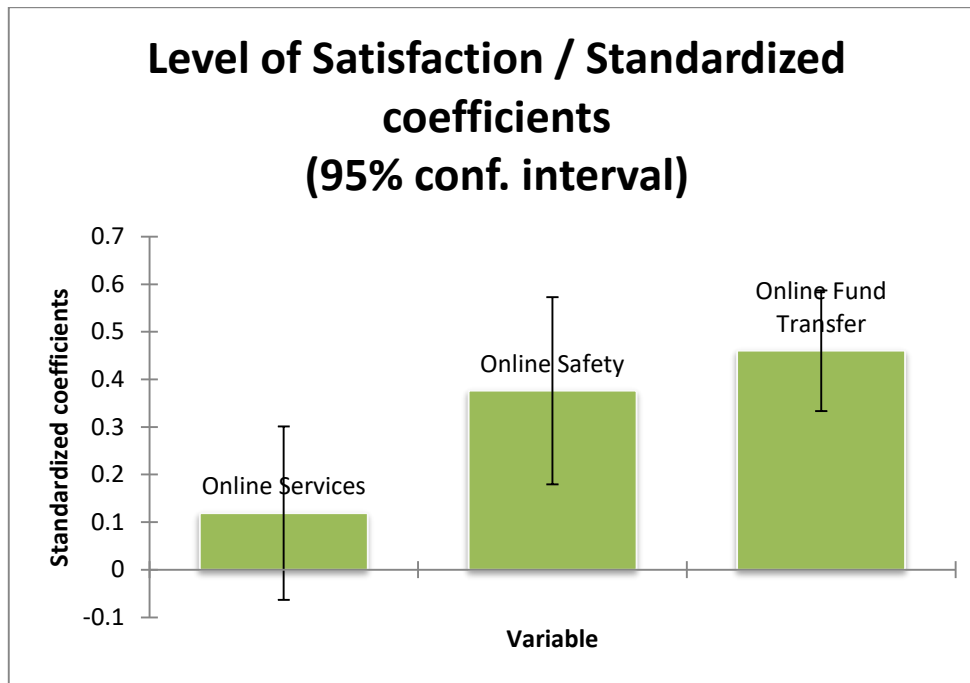


Source: Analysis from questionnaire

**Test interpretation:**

As the computed p-value is lower than the significance level alpha=0.05, one should reject the null hypothesis H0, and accept the alternative hypothesis Ha. So, it can be said that there is a significant relationship between the online safety features and the customer satisfaction.

**Interpretation (Level of Satisfaction):**

Given the R2, 78% of the variability of the dependent variable Level of Satisfaction is explained by the 3 explanatory variables. 78% is very good regression percent and it indicates that the relationship among the dependent variables and independent variables is very high.

Given the p-value of the F statistic computed in the ANOVA table, and given the significance level of 5%, the information brought by the explanatory variables is significantly better than what a basic mean would bring. Among the explanatory variables, based on the Type III sum of squares, variable Online Fund Transfer is the most influential.

**Findings**

The findings in the study shows that the three independent variables i.e. online services by State Bank of India, online safety provided by State Bank of India and the service of online fund transfer by State Bank of India has high correlation among themselves and with the dependent variable level of satisfaction. Online services have 77% correlation with level of satisfaction and online safety & online funds transfer has 82% correlation with customer satisfaction level. Online services and online safety has 88% correlation which shows that State Bank of India's safety mechanism is quite good and customers are happy with the service. While transferring fund via online the correlation with safety is 74% which is again a good indicator for State Bank of India's customers.

## Conclusion and Recommendations

To conclude the study, it would be noteworthy to mention that online banking has become an essential part of our lives today but if online safety is weak then transacting online is very risky. So, a barrier interface that can save the user from the online malpractices is needed. The research analysis shows a very positive and high significance between the variables and the customer's satisfaction level for State Bank of India but it's recommended that due to ever growing crime and malpractices, the required updation in the software should be done from time to time. Passwords and OTP's[10] for online transactions should never be shared and efforts should be made to keep a strong password. Password should never be from the usual vocabulary or the name of something. Rather, a password should be long, contain some non alphabets and sign characters also like *, ^, # and @ etc. so that guessing a password will be difficult for a hacker.

## Limitations of the study

Though every effort is taken in concluding and testing the problem hypothesis but still the study may suffer from the following limitations:

- Only 125 responses could be collected from the questionnaire.
- Data is collected from a limited source i.e. limited to a group of people only.
- Limited variables were taken and the study could be carried out by including even more variables.

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[10] OTP: One Time Password. An OTP is useful when someone doesn't use the regular pin of the card but ask for one time password for transacting one time. The OTP will be useful after few minutes from the time it is sent to the user.