

# A COMPARATIVE STUDY ON CUSTOMER SATISFACTION AND UTILIZATION OF INTERNET BANKING FACILITIES AMONG PUBLIC SECTOR BANKS AND PRIVATE SECTOR BANKS WITH SPECIAL REFERENCE TO SBI AND ICICI

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## **ABSTRACT**

Banking is the backbone of business. When business and commerce tend to be on electronic modes, banking can never remain isolated. The growth of internet and emergence of e-commerce have changed the landscape of the banking business worldwide. The internet banking is changing the banking industry and is having major effects on banking relationships. Internet banking involves the use of internet for the delivery of banking products and services. Internet banking is a cost effective delivery channel for financial institutions. Consumers are embracing the many benefits of internet banking. Internet banking allows customers to conduct financial transactions on a secure website operated by a bank. It simply requires a personal computer and an internet the services by using a valid user-id and password. The present study is made on the comparison of customer awareness and utilization of internet banking facilities among public sector banks and private sector banks with reference to SBI and ICICI. Primary data is collected from one hundred and fifty respondents, seventy five each from SBI and ICICI respectively.

## **INTRODUCTION**

Internet banking is defined as the automated delivery of new and traditional banking products and services directly to the customers through electronic communication channels. It is also known as e-banking, virtual banking, online banking, anywhere banking etc. It enables the customers to bring the bank to his computer at the place and time of his choice. Through this a customer can perform all routine transactions such as money transactions, balance enquiries, bill payment etc. This method of banking was adopted by the banks in India to provide better and faster products and services to its customers. It demolishes the traditional and geographical barriers of banking. Through e-banking, banks are in a position to offer extensive range of products and services of varied content and sophistication. It enables customers to open accounts, pay bills and know account balances, forward loan applications, calculate interest, view and print copies of cheques and deposits, transfer funds, stop payments, reorder cheque books and statements and receive messages to and from the bank and other forms of traditional banking services.

Internet banking provides faster, accurate and efficient services at the click of a button and also at a very low cost. Following factors contributed to the growth and foundation of internet banking:

- Phenomenal growth of customers and branches.
- Banks initiating new technology have an edge over other banks.
- The internet offers an avenue to the issue of competitive advantage in the face of redefinition of financial service industry.
- Time has come to banks to bring fundamental changes in their strategies to redefine customer-banker relationships.

## STATEMENT OF THE PROBLEM

Banking on the internet is fast becoming a common option for many customers. This trend is especially ideal for the younger tech-savvy people including professionals, businessmen, frequent travelers and even students. A major factor being considered by most people in this type of banking is the convenience it provides.

Moreover, many of the customers are unaware of the various facilities provided by the banks through internet. The pace at which technology in internet banking proceeds does not march with the customer usage rate. Even though banks are interested in adopting new technology to differentiate them, they are not getting enough response from their customers.

In the current scenario, customers are moving towards internet banking slowly but steadily. ICICI bank was the pioneer bank to use internet banking for some of its services. Many of the banks such as SBI, BOB, and BOI etc. have started providing internet banking services. There is a clear need to develop a better understanding of how customers evaluate these services provided by various public sector banks and private sector banks.

## SIGNIFICANCE OF THE STUDY

The banking industry is facing unprecedented competition from non-traditional and new-generation banking institution which now offers banking and financial services over the internet. This has led public sector banks in India to introduce internet banking services to its customers. The present study is made on the “comparison of customer awareness and utilization of internet banking facilities among public sector banks and private sector banks”. Most of the public sector banks and private sector banks have introduced internet banking services. Banks have been trying to offer better, convenient and innovative services to its customers over the net. Hence a study is made to analyze the awareness of customers about internet banking services and also the utilization of these services and to compare this among public sector banks and private sector banks.

## OBJECTIVES OF THE STUDY

- To study about the awareness of customers with regard to internet banking facilities in public sector banks and private sector banks.
- To evaluate how far these facilities are being utilized by the customers.
- To compare the awareness and utilization of internet banking by the customers in public sector banks with that of private sector banks.
- To identify the role of internet banking in demolishing geographical barriers.
- To identify whether the authenticity of banking services is affected by internet banking.
- To identify the efforts of the banks in educating customers about the benefits of internet banking.

## REVIEW OF LITERATURE

A number of studies have been conducted with regard to internet banking facilities. Various articles has also been published with due emphasis on innovation in technologies of banking industry. Abstracts of some of the studies and articles which are relevant for the present study are given below.

1. In 2005, **Mishra** in his paper explained the advantages and the security concerns about internet banking. According to him, improved customer access, offering of more services, increased customer loyalty, attracting new customers etc. are the primary drivers of internet banking.
2. In 2007, **journal of services research** has come out with the fact that apart from trust there are other variables which affect the usage of internet banking. They are intentions, beliefs and subjective norms, trust in the bank, attitude, and perceived usefulness and perceived ease.
3. In 2008, **Bhumika Patel, in her study, “A Kaleidoscopic view into Modern Banking Facilities of India”**, pointed out that modern banking facility in India have found widespread acceptance. Increased operational efficiency, productivity, profitability and superior quality customer service on par with foreign banks are some of the benefits that are reaped from it.
4. In 2009, **Raghu Palat, in his book, “Trend and Progress of Banking in India”**, reveals that the banking scenario has changed drastically. The changes which have been taken place in the last years were rapid because of the nationalization, liberalization and automation in the industry. The customer is accepted as the “king”, and due importance is given on customer satisfaction.

## RESEARCH METHODOLOGY

The study is descriptive as well as analytical in nature based on primary as well as secondary data.

Primary data is collected from one hundred and fifty customers, seventy five each from a public sector bank and a private sector bank i.e. SBI and ICICI respectively using questionnaires. The customers are selected on the basis

of convenience sampling. Interviews with bank officials are also done to know the viewpoints about internet banking facilities.

Secondary data is collected from published sources like books, journals, brochures, websites and other publications of banks etc.

The data collected is analyzed mainly by using percentages and ratios

### DATA ANALYSIS AND INTERPRETATION

Table 1

Awareness of internet banking facilities

Facilities	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Fund transfer	50	56	67%	75%
Pay utility bills	45	62	60%	83%
E-ticketing	52	70	69%	93%
Mobile phone recharging	55	68	73%	91%
Balance enquiry	60	65	80%	87%

Source: Primary data

**Interpretation:** It is found from the above data that most of the customers of SBI are aware of tax payment and cheque book ordering followed by mobile phone recharging and most of the customers of ICICI are aware of e-ticketing and mobile phone recharging followed by balance enquiry.

Graph 1

Awareness of internet banking facilities

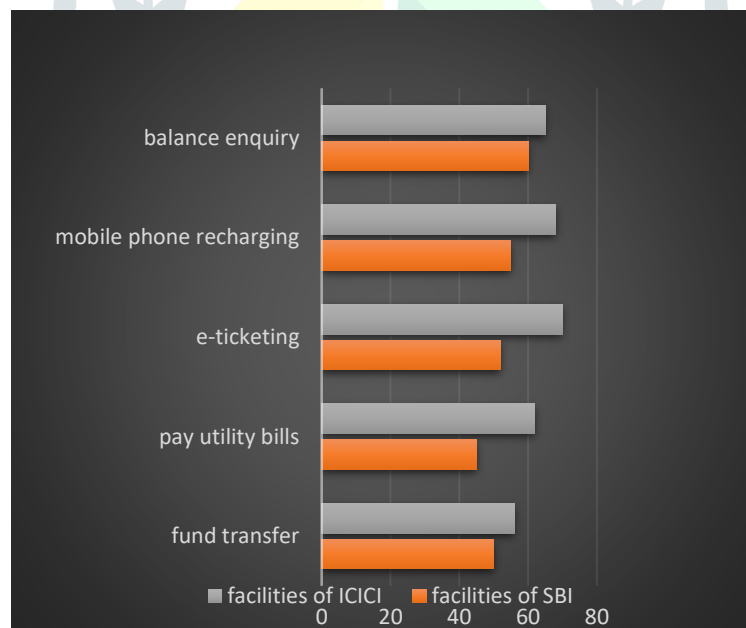


Table 2

Fund transfer

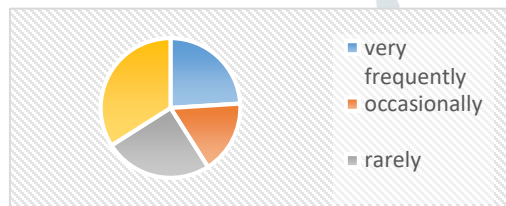
Usage rate	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Very frequently	18	31	24%	42%
Occasionally	13	12	17%	16%
Rarely	19	13	25%	17%
Never	25	19	34%	25%
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100%</b>	<b>100%</b>

Source: Primary data

**Interpretation:** It is found from the above data that most of the customers of SBI have never used this facility and most of the customers of ICICI have frequently used this facility.

Graph 2

Usage rate of fund tranfer (SBI)



Usage rate of fund transfer (ICICI)

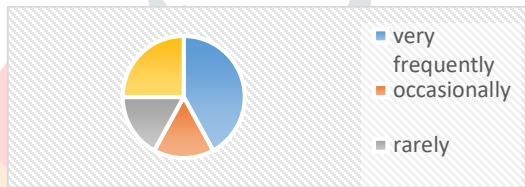


Table 3

Pay utility bills

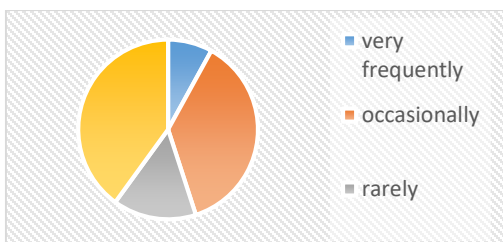
Usage rate	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Very frequently	6	19	8%	25%
Occasionally	28	31	37%	41%
Rarely	11	12	15%	16%
Never	30	13	40%	18%
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100%</b>	<b>100%</b>

Source: Primary data

**Interpretation:** It is found from the above data that most of the customers of SBI have never used this facility and most of the customers of ICICI have used this facility occasionally.

Graph 3

Usage rate of payment of utility bills (SBI)



Usage rate of payment of utility bills (ICICI)

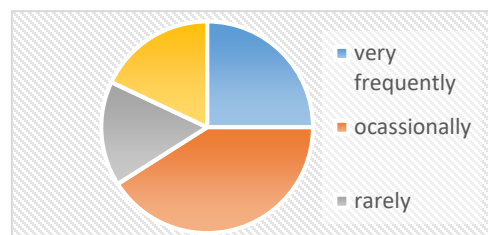


Table 4  
E-ticketing

Usage rate	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Very frequently	12	25	16%	33%
Occasionally	15	32	20%	43%
Rarely	25	13	33%	17%
Never	23	5	31%	7%
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100%</b>	<b>100%</b>

Source: Primary data

**Interpretation:** It is found from the above data that most of the customers of SBI have rarely and never used this facility and most of the customers of ICICI have occasionally utilized this facility.

Graph 4

Usage rate of e-ticketing (SBI)

Usage rate of e-ticketing (ICICI)

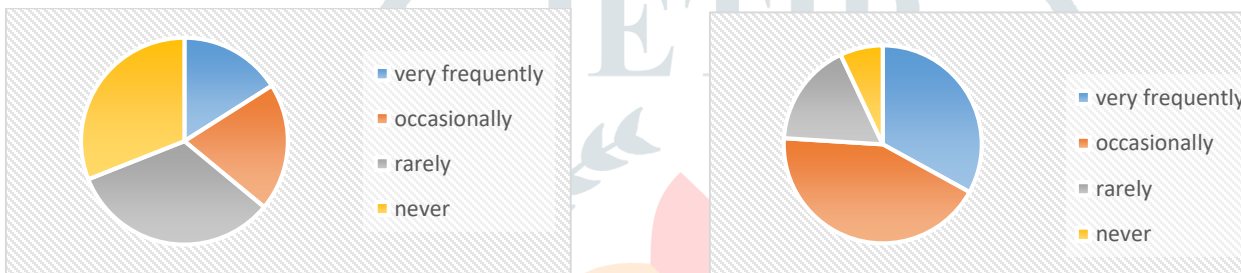


Table 5

Mobile phone recharging

Usage rate	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Very frequently	10	28	13%	37%
Occasionally	17	25	23%	33%
Rarely	28	15	37%	20%
Never	20	7	27%	10%
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100%</b>	<b>100%</b>

Source: Primary data

**Interpretation:** It is found from the above table that most of the customers of SBI have used this facility rarely and most of the customers of ICICI also have used this facility very frequently.

Graph 5

Usage rate of mobile phone recharging (SBI)

Usage rate of mobile phone recharging (ICICI)

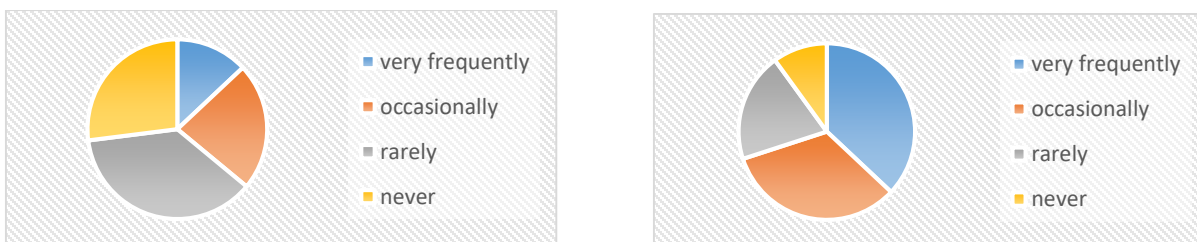


Table 6  
Balance enquiry

Usage rate	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Very frequently	30	40	40%	53%
Occasionally	20	10	27%	13%
Rarely	10	15	13%	20%
Never	15	10	20%	14%
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100%</b>	<b>100%</b>

Source: Primary data

**Interpretation:** It is found from the above table that most of the customers of SBI have used this facility very frequently and most of the customers of ICICI also have used this facility very frequently.

Graph 6

Usage rate of balance enquiry (SBI)

Usage rate of balance enquiry (ICICI)

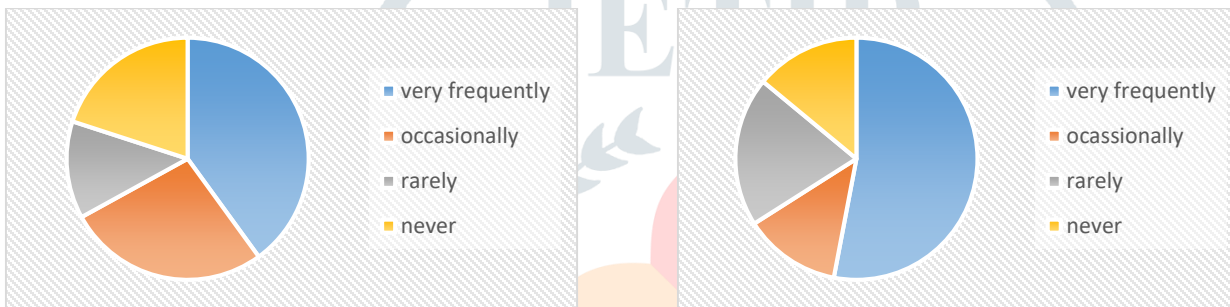


Table 7

Satisfaction level of customers

Level of satisfaction	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Highly satisfied	8	13	11%	17%
Satisfied	50	56	67%	75%
Highly dissatisfied	4	1	5%	1%
Dissatisfied	13	5	17%	7%
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100%</b>	<b>100%</b>

Source: Primary data

**Interpretation:** As per the above table, taking the case of SBI, 11 percent of the customers are highly satisfied, 67 percent of the customers are satisfied, 5 percent of the customers are highly dissatisfied and 17 percent of the customers are dissatisfied. In the case of ICICI, 17 percent of the customers are highly satisfied, 75 percent of the customers are satisfied, 1 percent of the customers are highly dissatisfied and 7 percent of the customers are dissatisfied. It is found from the above table that most of the customers of SBI and ICICI are satisfied.

Graph 7

## Satisfaction level of customers

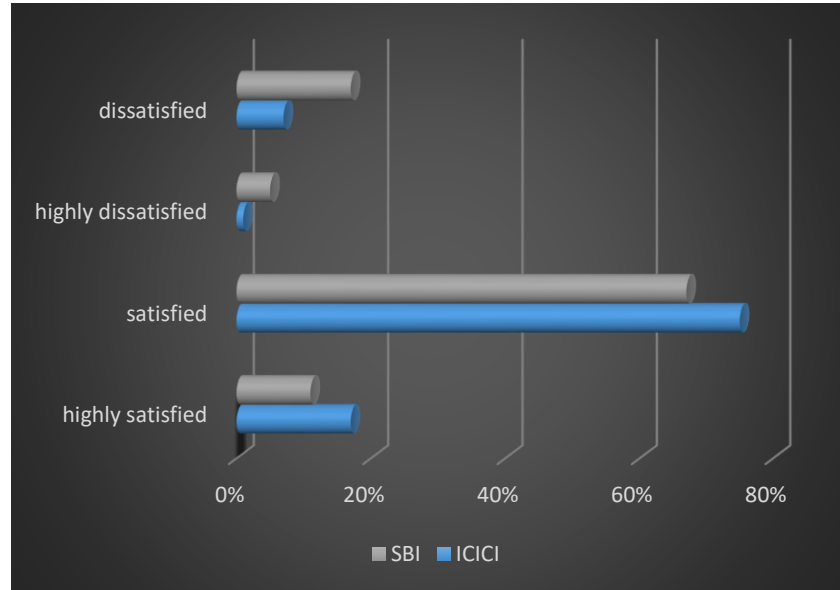


Table 8

## Internet banking as a new system of delivering banking services

Opinion of customers	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Vital	19	31	25%	41%
Essential	38	25	51%	33%
Desirable	6	13	8%	17%
Can't say exactly	12	6	16%	9%
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100%</b>	<b>100%</b>

Source: Primary data

**Interpretation:** As per the above table, taking the case of SBI, 25 percent of the customers consider internet banking as vital, 51 percent as essential, 8 percent as desirable and 16 percent can't say exactly. In the case of ICICI, 41 percent of the customers consider internet banking as vital, 33 percent as essential, 17 percent as desirable and 9 percent can't say exactly. It is found from the above table that most of the customers of SBI consider internet banking as essential and that of ICICI as vital.

Graph 8

Internet banking as a new system of delivering banking services

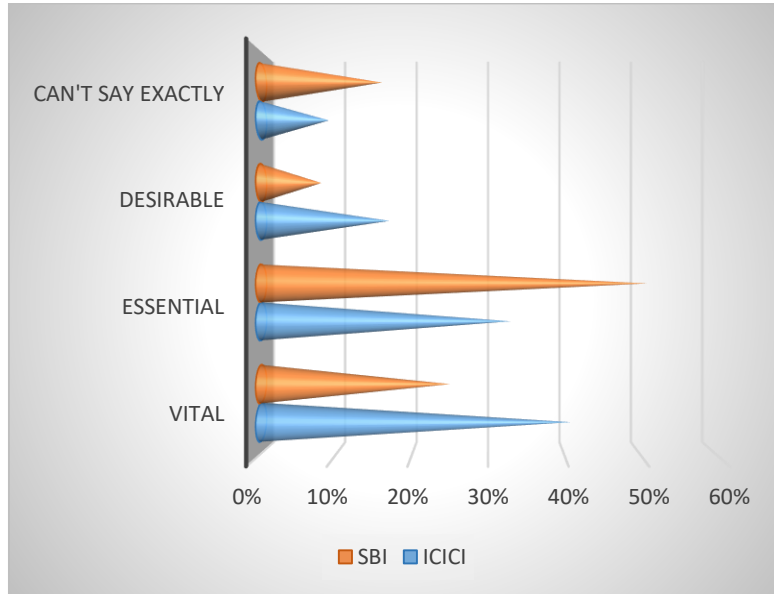


Table 9

Source of knowledge of internet banking

Source of knowledge	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Bank officials	31	18	41%	24%
Advertisements	12	13	16%	17%
Journals/magazines	14	6	19%	8%
Friends & family	18	38	24%	51%
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100%</b>	<b>100%</b>

Source: Primary data

**Interpretation:** It is found from the above table that most of the customers of SBI receive knowledge of internet banking from bank officials and that of ICICI bank from friends and family.



Graph 9

## Source of knowledge of internet banking

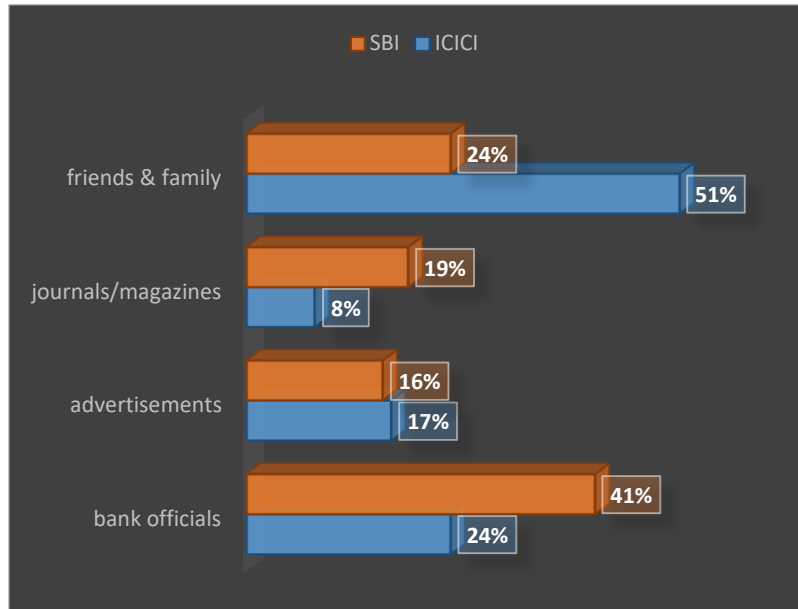


Table 10

## Preferred banking

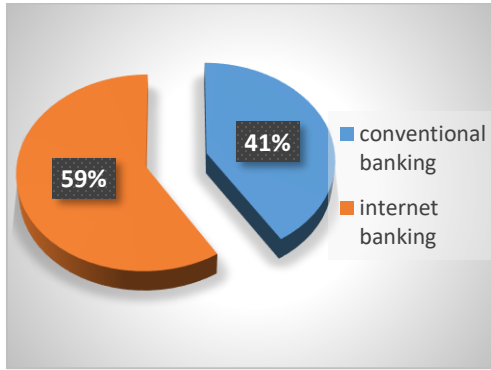
Preferred banking	Number of respondents (SBI)	Number of respondents (ICICI)	Percentage (SBI)	Percentage (ICICI)
Conventional banking	31	18	41%	24%
Internet banking	44	57	59%	76%
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100%</b>	<b>100%</b>

Source: Primary data

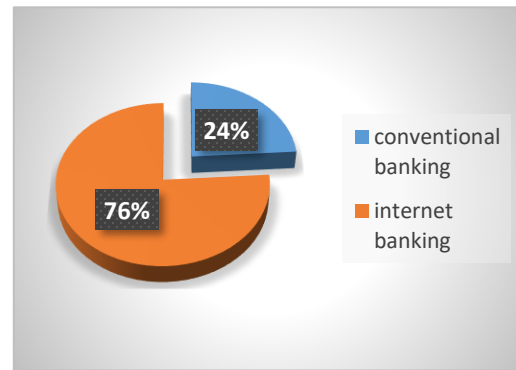
**Interpretation:** As per the above table, taking the case of SBI, 41 percent of the customers prefer conventional banking and 59 percent of the customers prefer internet banking. In the case of ICICI, 24 percent of the customers prefer conventional banking and 76 percent of the customers prefer internet banking. It is found from the above table that most of the customers of SBI and ICICI prefer internet banking.

Graph 10

## Preferred banking (SBI)



## Preferred banking (ICICI)

**FINDINGS, SUGGESTIONS AND CONCLUSIONS****FINDINGS**

On the basis of the study, the findings are as follows:

- Out of 75 customers each from SBI and ICICI, more than 59 percentage of customers of SBI and more than 67 percent of the customers of ICICI on an average are aware of many of the internet banking facilities.
- In the case of fund transfer facility, 34 percent of the customers of SBI are never utilizing the facility and 42 percent of the customers of ICICI are very frequently utilizing the facility.
- Nearly 40 percent of the customers of SBI are never utilizing the facility of paying utility bills and that of ICICI 41 percent of the customers are occasionally utilizing this facility.
- When analyzed in respect of utility of e-ticketing, it is found that 64 percent of the customers of SBI are never or rarely utilizing the facility and 43 percent of the customers of ICICI are utilizing the facility occasionally.
- Mobile phone recharging facility has been used by the customers of SBI rarely with 37 percent and very frequently by the customers of ICICI with 37 percent.
- In the case of utilization of balance enquiry facility, nearly 40 percent of the customers utilize the facility very frequently and more than 50 percent of the customers of ICICI utilize the facility very frequently.
- On the analysis made on the requirement of internet banking, it is found that more than 50 percent of the customers consider it as essential and 41 percent of customers of ICICI consider it as vital.
- Most of the customers of SBI came to know about internet banking from bank officials and that of ICICI from friends and family.
- More than 55 percent of the customers of both the banks are preferring internet banking as against conventional banking and also they are satisfied with the services provided by the respective banks.

**SUGGESTIONS****In respect of public sector banks**

Customers of public sector banks have never or rarely used many of the facilities. This is because of the fear of customers regarding security of transactions and moreover most of the customers belong to the age group of above fifty.

- As such the customers mostly came to know about such facilities from the bank officials themselves, the banks need to strengthen awareness campaigns regarding internet banking operations and safety of money of clients.
- Further they should be provided with computer knowledge to operate net banking through the websites of these banks.
- Awareness can be made through advertisements and by directly speaking to them.

- To initiate the widespread usage of net banking, banks must introduce various promotional schemes.
- The customers must be made aware of the benefits of using internet banking in respect of the convenience it provides to the old people.
- The public sector banks should technologically improve themselves in order to be able to cater to the needs of customers.

#### In respect of private sector banks

Customers of private sector banks have never or rarely used the facilities. They came to know about internet banking mostly from friends and they consider it as vital too. In such a situation there should be an effort from the part of banks to make customers use various facilities provided by them through internet. As the customers of these banks belong to the age groups of twenty to thirty and below twenty, they have computer knowledge.

- Banks should take steps to ensure safety while banking through internet.
- The banks should also provide information about various services through mobile alerts.
- Here also customers can be made aware of the facilities through advertisements.
- As more customers are using internet banking facilities of such banks when compared to public sector banks, the private sector banks need to conduct a survey in order to determine the facilities which are not at all in use.
- It is also important to make sure that the customers who use the facilities frequently are free from any sort of technical difficulty.
- The customers preferring conventional banking must be made aware of the benefits of net banking.

#### CONCLUSION

In this study, a comparison has been made between customer satisfaction and utilization of internet banking facilities among public sector banks and private sector banks. It is found that more customers of private sector banks are utilizing internet banking facilities than the customers of public sector banks and the customers of both banks are satisfied with the services provided by the respective banks. Today banking sector is marked by high customer expectations and technological innovation. Those banks which use best technology will have a strategic advantage. To face competition, it is necessary for banks to absorb the technology and upgrade their services.

In today's context, banks are following the strategy of "relationship banking" rather than mass banking which is the need of the hour. The customer services are playing very significant role in banking business. Prompt and efficient customer services, thus has become very significant. Thus banks need to continuously measure the level of satisfaction of customers and assess the quality of services being rendered by them and adopt appropriate marketing strategies in marketing their products.

From this study it has become evident that the number of customers using net banking is increasing irrespective of public sector banks and private sector banks. Further the banks are keeping all their efforts to satisfy the customers and as such internet banking is the future system of banking.

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