

# A STUDY ON CUSTOMER SATISFACTION TOWARDS ONLINE BANKING WITH SPECIAL REFERENCE TO INDIAN OVERSEAS BANK IN KANYAKUMARI DISTRICT

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## **ABSTRACT**

This article focus on customer satisfaction toward Indian Overseas online banking user in kanyakumari District. Enormous change in the field of technology has bring the world to a global village and it has caused unparalleled changes in the banking industry. Massive developments in the technology of tele-communications and electronic data processing have further stimulated these changes. Online banking is new jargon frequently used in banking sectors. Now a days, banks are shifted to multi-channel distribution of financial services through online. It helps the banks to introduced new way to gain competitive advantage, reduce their costs, improve their financial services, enlarge their customer databases, and progress their financial positions through new products. In the competitive world, online -banking is used as a strategic tool by the banking sectors to attract and retain customers. The present paper covers customers satisfaction towards Indian Over Seas online banking in Kanyakumari District.

**Key words :** online banking, e-banking, customers satisfaction.

## **INTRODUCTION**

Today, Indian banks are working under heavy competition from new generation banks and foreign banks. Banks are embracing new and cost effective delivery channel. Offering attractive value added services is the only way to retain the customers. Banking Industry is experiencing rapid changes due to availability and usage of alternate channels. Technology plays a major role in the development of alternate channels and interact between customers and banks. The websites are revolutionizing the banking industry to conduct its business through internet called as online banking or e-banking. It offers personalized services through the web portals. Online banking involves the use of internet for delivery of banking products & services. It provides enormous benefits to consumers like accessing accounts at anytime and from anywhere with ease and least cost. This study highlights the customer satisfaction towards the Online Banking in Kanyakumari District.

## **STATEMENT OF PROBLEM**

Banking is a customer oriented service industry. So banking industries focus on customers and provide lot of alternative services to retain their customers. The traditional functions of banking were very limited one. But Customers today expect fast services economically. Modern World Bank is fully based on computerization connected with the internet. Online banking provides new opportunities for banks to expand their markets and services not only in the local level but also in the global level. The online banking revolution has made it possible to provide easy and flexible banking services to the benefit of customers. The online banking has made the customer say goodbye to limited time banking and avail some of their services round the clock. Due to the enormous benefits of online banking, most of the customers now opt for e-banking services. So it is imperative to analyze the online banking service in Indian Overseas Bank and its customer satisfaction. The present study

also analyses how far technology oriented online banking services are offered to their customers in Kanyakumari District.

### **SCOPE OF THE STUDY**

Traditional retail banking remained the most wide spread method for banking transaction. However, the internet technology rapidly changed the way of designing and delivering the personal services to the customers. Now Commercial banks have introduced internet based online banking system to improve their operations and to reduce the cost. Despite all their efforts aimed at developing better and easier online banking system, these systems remain unnoticed by the customer. Therefore, there is a need to understand customer satisfaction of online banking and a need to identify the factors that can affect their intention to use the online Banking.

### **REVIEW OF PREVIOUS STUDY**

- Mishra (2005) 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 are the primary drivers of internet banking. But in a survey conducted by the online banking association, member institutions rated security as the most important concern of online banking.
- Paramasivan (2009) in his studies entitled “Customer satisfaction through information technology in commercial banks’ highlighted that, customers are satisfied with banking services to some extent and the bankers should try to improve their services at an affordable cost with the help of information technology.
- Nyangosiet al. (2009) collected customer’s opinions regarding the importance of e-Banking and the adoption levels of different e-Banking technologies in India and Kenya. The study highlighted the trends of e-banking indicators in both countries. The overall result indicates that customers in both countries have developed a positive attitude and they give much importance to the emergence of e-banking.

### **OBJECTIVE OF THE STUDY**

The following are the main objectives of the study

- To find out the reason for preferring online banking services
- To understand the facilities mostly availed by the respondents
- To know the opinion about the online banking services
- To measure the satisfaction level of the customer

### **HYPOTHESIS**

- There is no relationship between the age and monthly income towards IOB online banking.
- There is no significant difference between income and occupational status towards IOB online banking.
- There is no significant difference between income and frequency of usage towards IOB online banking.
- There is no significant difference between age and satisfaction towards IOB online banking.
- There is no significant difference between occupational status and nature of account towards IOB online banking.

### **METHODOLOGY**

Data which is a vital aspect in any research has been collected through various resources. Both primary as well as secondary data have been used in this study. Primary data was collected from 100 online banking user in Indian Overseas Bank from Kanyakumari District. Secondary data was collected from various journals, books, magazine and websites.

### **TOOLS FOR ANALYSIS**

The data obtained from the respondents is analyzed with the help of statistical tools. The statistical tools used for this study are Percentage, Chi-square Test, Analysis of Variance (ANOVA), Garret Ranking and Weighted Average Rank.

### **SAMPLING DESIGN**

#### **SAMPLING UNIT**

The sampling unit selected for the study is from Kanyakumari District.

## SAMPLING SIZE

Sampling size for the study is 100 online banking customer in Indian Overseas Bank who were randomly selected for the study. Kanyakumari District has four taluks and from each taluk 25 IOB online banking customers were randomly selected for the study.

## METHOD OF SAMPLING

The sample units are selected according to the convenience of the researcher. Here, the researcher used convenience sampling method of collecting primary data through structured interview schedule.

## ANALYSIS AND INTERPRETATION

### • THE GENERAL PROFILE OF THE RESPONDENTS

The profile of the respondents of Indian Overseas Bank customers based on Account wise, Gender, Age, Qualification, Employment, Income and Area wise is furnished in Table No. 1.

**Table No. 1**  
**DEMOGRAPHIC PROFILE OF THE RESPONDENTS**

Parameters		Number of Respondents	Percentage
1. Gender	Male	64	64
	Female	36	36
2. Age	Below 20 years	16	26
	20-40	30	16
	40-60	48	28
	Above 60 years	6	30
3. Qualification	Below H.S.C	8	8
	Graduates	40	30
	Post Graduates	30	22
	others	22	40
4. Occupation	Students	14	14
	Private Employees	16	16
	Govt. Employees	32	30
	Agriculture	30	32
	Business Persons	8	8
5. Income level	Below Rs-10000	16	26
	10000-20000	30	30
	20000-30000	38	3
	30000-40000	12	12
	Above Rs-40000	4	2
6. Type of account holder	Current Account	20	20
	Savings Account	50	50
	Salary Account	20	20
	Cash Credit Account	10	10

Source : Primary Data

It is evident from the Table No. 1 that the majority of respondents are of males (64 percent). It is observed that 48 percent of the respondents are in the age group of 40-60 years. Graduates used online banking accounted for 40 percent, followed by Post Graduates who are only 30 percent. Government Employees dominated the sample size who accounted for 32 percent and 30 percent of sample respondents have Agriculture as their occupation. Regarding the level of Monthly Income, it is evident that 38 percent of the respondents are earning monthly income ranging from Rs20000-30000, followed by 30 percent of the respondents whose monthly income range from Rs.10000-20000. From the above table, it is also clear that 50 percent of the respondents are Savings Bank Account holders.

- **INFORMATION SOURCES ABOUT IOB ONLINE BANKING**

Banks have been offering different types of services to the customers from time to time. Most of the time, the modern services provided by the bank is not properly communicated to the customer. So the researcher collected the information about the source through which the respondents got the information about online banking services. Information source about online banking of Indian Overseas Bank customers has been presented in Table No. 2

Table No.2

**INFORMATION SOURCES ABOUT IOB ONLINE BANKING**

S.NO	Sources	Number of Respondents	Percentage
1	Advertisement	40	40
2	Friends and relative	20	20
3	Bank staff	29	29
4	Bank Web site	11	11
	<b>Total</b>	<b>100</b>	<b>100</b>

Source : Primary Data

It is clear from the Table No. 2 that out of 100 respondents, 40 percent respondents have come to know from advertisement, 20 percent of the respondents got the information through friends and relatives, 29 percent of the customers have come to know the online banking services through bank staff and remaining 11 percent of the respondents from bank website.

- **REASON FOR USING IOB ONLINE FACILITIES**

The online banking services are used by the customer for different purposes. The following table clearly states the reasons for using online banking services

The details of reason for using online facilities are stated in Table No. 3

**Table No. 3****REASON FOR USING IOB ONLINE FACILITIES**

S.NO	Sources	Number of Respondents	Percentage
1	Fund transfer	48	48
2	Electronic bill payment	15	15
3	Checking account balances	21	21
4	Business purpose	16	16
	<b>Total</b>	<b>100</b>	<b>100</b>

Source : Primary Data

It is clear from Table No. 3 that out of 100 respondents who utilize the online banking services, 48 percent of the respondents utilize for fund transfer, 15 percent of the respondents utilize it for electronic bill payments, 21 percent of respondents are utilising for checking account balances and remaining 16 percent respondents utilize for varous business purposes.

- **OPINION ABOUT SERVICE CHARGES OF IOB ONLINE BANKING**

Service charges are one of the important factors influencing the customers for using online banking. So it is necessary to know the opinion of the customers about service charges. The following Table No. 4 clearly states the opinion of the respondents about service charges of online banking.

**Table No: 4**  
**OPINION ABOUT SERVICE CHARGES OF IOB ONLINE BANKING**

S.NO	Sources	Number of Respondents	Percentage
1	Very high	8	8
2	High	29	29
3	Moderate	39	39
4	Low	24	24
	<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary Data

From the above Table No. 4, out of 100 respondents, 8 percent feel that the service charges are very high, 29 percent point out that the charges are high, 39 percent feel that it is moderate and remaining 24 percent feel that services charges are low.

- **PROBLEMS FACED BY THE RESPONDENTS**

It is the duty of the bank to come forward to find out the problems in online banking and take all the possible steps to resolve it so that bank can retain its present customers and enrol new customers. The following Table No. 5 clearly states the problems faced by the online banking customers

**TABLE No: 5**  
**PROBLEMS FACED BY THE RESPONDENTS**

S.NO	Sources	Number of Respondents	Percentage
1	Network failure	29	29
2	Error in operation	20	20
3	No security for online dealing	28	28
4	No authenticated records	17	17
5	low speed and delay	6	6
	<b>TOTAL</b>	<b>100</b>	<b>100</b>

Source: Primary Data

It is clear from the above Table No. 5 that out of 100 respondents, 29 percent of the respondents face network failure, 20 percent of the respondents face error in operation, 28 percent of the respondents feel that there is no security, 17 percent of the respondents record that there is no authenticated records and the remaining six percent of the respondents think that there is a considerable delay in online banking due to low speed.

- **SATISFACTION LEVEL OF THE CUSTOMER**

A bank having satisfied customers will enable it to build good reputation for the bank. So it is necessary to know the satisfaction level of the customers. The following Table No. 6 shows the satisfaction level of the respondents

**TABLE No : 6**  
**SATISFACTION LEVEL OF THE CUSTOMER**

S.NO	Sources	Number of Respondents	Percentage
1	Highly satisfied	41	41
2	Satisfied	30	30
3	Moderate	18	18
4	Unsatisfied	7	7
5	Highly unsatisfied	4	4
	<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary Data



It is clear from Table No. 6 that out of 100 respondents, 41 percent of the respondents are highly satisfied, 30 percent respondents are satisfied, 18 percent of the respondents have moderate satisfaction towards online banking, 7 percent of the respondents are unsatisfied and remaining 4 percent of the respondents are highly unsatisfied.

- **REASON FOR PREFERING INDIAN OVERSEAS BANK**

Preference for using INDIAN OVERSEAS BANK Bank is based on some reasons such as easy to use, wide online banking network, immediate action taken against complaints, friendly attitude, sufficient knowledge of the bank staff, low time consumption and reduction of risk. The reasons for preferring this bank is shown in Table No.7

**TABLE No. 7**  
**CLASSIFICATION OF REASONS FOR PREFERRING THIS BANK**

Reasons	Strongly agree	Agree	No opinion	Disagree	Strongly disagree	Total
Easy to use	48	24	14	10	4	100
Wide online banking network	54	32	8	4	2	100
Immediate action taken against complaint	38	40	10	8	4	100
Various benefits	40	30	16	10	4	100
Staff of the bank have sufficient knowledge	30	32	18	14	6	100
Low time consumption	50	36	8	4	2	100
Reduction of the risk	26	50	18	2	4	100

Source : Primary Data

It is clear from the above table that 54 per cent of the respondents prefer Indian Overseas Bank online banking for their wide online banking net work and 50 percent of the respondents prefer this bank for their low time consumption.

## COMPARATIVE ANALYSIS

### CHI-SQUARE TEST

#### 1.AGE AND MONTHLY INCOME

$H_{01}$  – There is no relationship between age and monthly income towards online banking.

#### Inference

Calculated value	Table value	Degree of freedom	Significance
17.00	16.92	9	Significant

Source: Primary Data

Since the calculated value (17.00) is greater than the table value (16.92) at 0.05 level of significance, the null hypothesis is rejected. So it is concluded that there is some relationship between age and monthly income towards online banking.

#### 2. INCOME AND OCCUPATIONAL STATUS

$H_{02}$  – “There is no relationship between the income and occupational status towards online banking

#### Inference

Calculated value	Table value	Degree of freedom	Significance
16.19	21.03	12	Insignificant

Source : Primary Data

Since the calculated value (16.19) is less than the table value (21.03) at 0.05 level of significance, the null hypothesis is accepted. So it is concluded that there is no relationship between income and occupational status towards online banking.

### 3. SOURCES OF INCOME AND FREQUENCY OF USAGE

Ho<sub>3</sub> – “No relationship exists between the source of income and frequency of using online system.

**Inference**

Calculated value	Table value	Degree of freedom	Significance
33.31	26.30	16	Significant

Source : Primary Data

The calculated chi – square value (33.31) is greater than the table value (26.30) at 0.05 level of significance. Hence the null hypothesis is rejected and it is concluded that there is some significant relationship between the source of income and frequency of usage towards online banking.

### 4. AGE AND SATISFACTION

Ho<sub>4</sub>- There is “no relationship between age and satisfaction towards online banking.

**Inference**

Calculated Value	Table value	Degree of freedom	Significance
16.02	16.92	9	Insignificant

Source : Primary Data

Since the calculated value (16.02) is lesser than the table value (16.92) at 0.05 level of significance, the null hypothesis is accepted. So it is concluded that there is no relationship between age and satisfaction towards online banking.

### 5. OCCUPATION AND NATURE OF ACCOUNT

Ho<sub>5</sub> – “No relationship exists between the occupational status and nature of account towards online banking.

**Inference**

Calculated Value	Table value	Degree of freedom	Significance
21.18	21.03	12	Significant

Source : Primary Data

The calculated chi-square value (21.18) is greater than the table value (21.03) at 0.05 level of significance. Hence, the null hypothesis is rejected and it is concluded that there is some significant relationship between occupational status and nature of account towards online banking.

### GARATTE RANKING

Garret Ranking was used to analysed the factors influenced by the users on online banking facilities. The following Table No. 8 shows which factors highly influenced to the online banking user

**TABLE NO. 8**  
**FACTORS INFLUSIUNG ONLINE BANKING**

Factors	Garret Score	Rank
Safety	55.40	II
Save time	72.60	I
Risk free	38.72	IV
Different Facility	38.16	V
Easy formalities	43.12	III

Source : Primary Data

It is inferred from Table No. 8 that the major factor inflecting the online banking facilities is its saving time since it has got highest mean score of 72.60. The second and third factor influencing the online banking facility are safety and easy formalities with the mean score of 55.40 and 43.12, respectively. Risk free is the

fourth influencing factor with the mean score of 38.72 and the bank providing 'different facility' is the least influencing factor of the online banking facility with the mean score of 38.16.

### ANALYSIS OF VARIANCE (ANOVA)

Analysis of variance (abbreviated as ANOVA) is an extremely useful technique when multiple sample cases are involved.

#### Application of ANOVA test between educational qualification and satisfaction

Source of Variation	Sum of Squares	Degrees of freedom	Mean squares	F-Ratio	Total value
Between columns (satisfaction)	SSC= 120.20	C-1=3	40.07	Fc 6.84=	F(3,12) = 3.49
Between Rows (Educational Qualification)	SSR = 38.50	r-1 = 4	9.93	Fr 1.64	F(4,12)= 3.26
Residual or error	SSE = 70.30	(C-1) (r-1) = 12	5.86		
Total	229	(N-1) = 19			

### Inference

Calculated value	Degree of freedom	Table value
6.84;1.64	(3,12) (4,12)	3.49 ; 3.26

The analysis reveals that there is no significant difference between educational qualification and satisfaction but it has influence on the satisfaction of the facility.

### MAJOR FINDINGS

- There is relationship between age and monthly income of the respondents towards IOB online banking.
- There is no relationship between income and occupational status of the respondents towards IOB online banking.
- There is significant relationship between the source of income and frequency of usage towards online banking facility towards IOB online banking.
- There is no relationship between age and satisfaction towards online banking facilities towards IOB online banking.
- There is significant relationship between occupational status and nature of account towards IOB online banking.
- There is no significant difference between educational qualification but it has influence on the satisfaction of the facility towards IOB online banking.
- The respondent's awareness about the online banking facility is not influenced by the occupational status towards IOB online banking.

### SUGGESTIONS

Based on the finding of the study, the following suggestions are made with a view to improving the customer service in the online banking System.

- Biometrics authentication may be introduced by IOB banks for all online banking customers to ensure maximum security so that there is no chance of any fraudulent activity taking place in fund transfer.
- Customers may be given a change to check their payees name soon after entering their account number and IFSC. This will enable the customers to make sure that money is transferred to the exact beneficiary and thereby avoiding fund transfer to wrong account.



- Online fund transfer takes sometimes even two hours for each fund transfer right now. This causes inconvenience to online customers for emergency fund transfer. So banks can come forward to reduce this duration from 0 to 15 minutes.
- Sometimes due to network problem fund transferred to another account is re-credited back to the transferor himself. IOB Banks should take steps to overcome this problem and avoid any inconvenience to the online customers.
- Fund transfer to different bank is possible only during the business hours. Any transfers made after the business hours is kept pending and transferred only on the following working day. This is also yet another inconvenience which hinders emergency fund transfer to beneficiaries of different branch. Henceforth Indian Overseas Bank, as an Indian multinational, public sector banking and financial services company, can come forward to develop software in such a way that any fund transferred to another branch of the same bank or different bank is credited to the beneficiary in no time. This will further enhance their reputation and bring more customers for this bank.
- The banks have to focus on improving its quality of services and charge a reasonable service charge for their online banking.
- Few users feel that Indian Overseas bank should give awareness regarding the uses of online banking to its customer
- Most of the users wish that banks should establish a Grievances Cell to improve the complaints handling procedure so that the complaints of customers are solved quickly.

## CONCLUSION

Banking system in India emphasizes the need for automated banking. Indian Overseas Online Banking allows the customers to satisfy many needs with minimum human intervention. Due to the unhealthy competition in the banking field, the bank must reduce their expenses and attract as well as retain the customers by offering various online banking services since online banking is a unique weapon for survival of banks and retains the customers' loyalty. If the bank creates trust about the securities system among the customers, it is easy to accomplish its milestone.

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