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COMPARATIVE APPROACH ON IMPACT OF ONLINE BANKING SERVICES: A STUDY

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ABSTRACT

The Online Banking Services are increasing day by day in the banking sector in India. In this paper aims to examine the Online Banking Services of the Banking Sectors in India. In this study used to collected data from primary and secondary sources which are collected from Bank Managers, Website and other sources. The Online Banking Services such as ATM-Automated Teller Machine, Personal Computer Banking, Phone Banking and Mobile Banking, Email Banking. The researcher concludes that through effective regulation, creating awareness of the Banking Customers.

Keywords: Online Banking Services, Customer satisfaction in Banking Sectors, Pros and Cons of Online Banking.

1.0 INTRODUCTION

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. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. To access a financial institution's online banking facility, a customer with internet access will need to register with the institution for the service, and set up a password and other credentials for customer verification. The credentials for online banking is normally not the same as for telephone or mobile banking. Financial institutions now routinely allocate customers numbers, whether or not customers have indicated an intention to access their online banking facility.

Customer numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number.

Today, the service industry is focusing on automating their transactions using modern technological applications. In particular, banks are playing a major role in developing the economy of a country. Internet banking (e-banking) is one of the technological applications that has caused a transformation in the banking industry. Today, physical branch banking has been replaced by e-banking, whereby customers can obtain service through the Internet from their homes or at work rather than physically visiting the branch. This transformation to e-service has provided both banks and customers with several benefits such as personalized services, transaction security, speed of processing transactions, and overall better service quality.

Thus, this rapid development in banking services and customer relationship requires

studying and researching the service quality provided by banks through Online Banking (OB). This study contributes by identifying the quality gaps that impact customer satisfaction when utilizing Online Banking (OB). To facilitate e-banking, banks allow customers to seek information about their accounts, conduct banking operations, and request for services such as payment of bills, money transfer, and deposit of checks. Indeed, many people prefer to avail online banking services from home or office rather than physically visiting the bank.

Thus, it is crucial for banks to invest in their own online services in order to enhance the overall customer experience and remain competitive. With more than 31 million people living in Saudi Arabia, 69.6% of them use Internet. It is vital to invest on OB infrastructure. In fact, Saudi Arabia holds Mecca and Madinah, which attracts more than two million visitors yearly from all over the world. Hence, enhancements on OB service quality would result in increasing users and consequently customers. This study introduces the quality gaps that influence customers' willingness and satisfaction to use OB.

The contribution of this study will lead to better serve customer in OB by tackling the quality gaps that will result in influencing customer satisfaction. This study aims to develop a conceptual framework of OB by understanding the interaction of stakeholders, and to identify the quality gaps of OB by considering the relationship among stakeholders. Once the quality gaps are identified, the ultimate objective is to measure the effect of such quality gaps on customers' willingness to use and satisfaction in online banking in Saudi Arabia. In the methodology section, the three phases in which customers interact with online banking service providers was

described and linear regression has been used to analyze the data for seven different models. The analyzed results were also associated to managerial implications in a separate section.

2.0 LITERATURE REVIEW

Zafar M, Zaheer A, Rehman KU, Rahman SU (2011) In the post-LPG (Liberalization, Privatization and Globalization) era and Information Technology (IT) era, transformation in Indian banks is taking place with different parameters and the contours of banking services are dynamically altering the face of banking, as banks are stepping towards e-banking from traditional banking. On the basis of five-point likert-type scale, this paper empirically analyzes the quality of e-banking services in the changing environment. With different statistical tools such as weighted average method and ranking, the paper concludes that most of the customers of e-banks are satisfied with the different e-channels and their services, but the lack of awareness is a major obstacle in the spread of e-banking services. The paper also suggests some measures to make e-banking services more effective in the future.

Balachandher KG, Santha V, Norhazlin I, Rajendra P (2001) The advent and expansion of globalization and the development of new technologies forced the banks to launch new channels to gain competitive advantage, reduce their costs, improve their financial services, enlarge their customer databases, progress their financial positions through innovative products and boost their general customer loyalty. Today, banks are switching to multi-channel distribution of financial services through internet. This paper tries to assess electronic banking in terms of a multi-channel distribution technique. The

objective of this research is to examine the progression of Internet-banking in an emerging market, namely Turkey. This is done through a survey among online customers of Turkish banks and the proposition of strategies to control and fight against the risky issues associated with electronic banking (e-banking) activities. The usage percentage of online banking, the awareness of customers about the online services and their expectations from online banking activities in Turkey are evaluated through a survey and in depth interviews with online customers. This paper is organized as follows: the first part includes a brief literature review and examines previous research on the critical topics of “trends in global banking” and “risk issues in ebanking”. Second part includes remarks on growth of online banking in Turkey. In the third part, the survey methodology is introduced and the results of the survey are analyzed. Fourth part concludes with some comments for further research.

Awad EM (2000) As issues of Fintech(Financial technology) emerge, research on electronic banking is growing and garnering much attention in the market. This study analyzed 184 studies on e-banking over 15 years, from 2000 to 2014. Using meta-analysis, the paper draws attentions to the trends in domestic electronic banking studies. Interest peaked in 2008, when 28 papers were published and 35 theses in Information Security and Cryptology were announced. This research focus emphasizes the impact of e-banking services, technology and infrastructure, and laws and regulations on society. Electronic payment systems are a focal point of research on technology and infrastructure. Research on the e-finance market have influenced studies on the financial progress and other social issues. Benefits of this research include a better understanding of

the trends in electronic banking studies and its influence on related fields, as well as help electronic banking-related policies and technology research.

Sakhaei SF, Afshari AJ, Esmaili E (2014) This explanatory research paper uses mixed methods. Research about e-banking has been conducted from different angles on different topics by a number of researchers. The paper aims to examine the current status of Jordan’s e-banking industry, identify its strengths and weaknesses, and use the findings in formulating future recommendations to make a contribution to knowledge in the chosen area. The choice of the topic was informed by previous studies and experiences of the researcher and his former students from different countries but currently focuses on the e-banking industry in Jordan.

Fasanghari M, Roudsari FH (2008) In this research, we explored the status of electronic banking adoption by comparing ATM, internet banking, and mobile banking in Indonesia, as one of developing countries. This study investigates the differences and similarities between other banking channels to create new customer satisfaction model. We also examines the combination effects of traditional ATMs, Internet banking, m-banking in Indonesia by combining technology readiness dimension, social presence issue, perceived usefulness, trust, and other constructs with DeLone and McLean model. An empirical study was conducted and data were collected from Indonesia. The results indicate that perceived usefulness plays the most important role to examine end user satisfaction in ATM model; perceived usefulness, perceived convenience, and trust is the most significant constructs in internet banking adoption. And, our last model also results that trust is the most critical aspect to

be considered in order to gain success in m-banking implementation in this country.

3.0 METHODOLOGY

Considering the research strategy help the researchers to find an object of them researches. Also, there are six research strategies and they are surveys, case studies, experiments, grounded theory, ethnography, and action research. the research design includes the explanation of the variables and those effects and cause that influence on the variables, the strategic point for research is the case study due to a case study is a place of a survey also the survey method was used to which customer use internet banking service from any banks.

Source of data

In a case any researcher wants to collect data for their study there are several different strategies to use and to get those data as they want:

1. Experiments and quasi-experiments are important because they typically involve a research design that allows strong causal inferences.
2. Surveys have been use a structured questionnaire due to adopting survey related with a huge number of variables representative sample of respondents.
3. Qualitative research relevant with a large or small amount of data purposive sample, using several type of technique like an interview, participant observation and focus in groups.

Primary data

According to Hox and Boeije defined a primary data is that data was collected for a specific problem and find the new data and it can use for another research, as they mentioned before in any case that primary data were collected the new data will be added, in a survey researcher can reach several answers of questions such as asking about behaviour, attitudes, feelings,

experiences, and about an opinion about problems in a population.

However, 35 the researcher has collected a primary data through questionnaires and personal interviews with customers, employees and managers of banks, and the researcher could reach responders when they have a transaction in branch or employs of those companies that have trade with banks in a random process for interviews. Therefore, one of the strongest points in a survey study is that a researcher can make a redesign question in a form to ask about the subject and objective characteristics of population information.

Secondary data

Ticharwa explained a secondary data is a data that were collected and summarized before and the data is already available for the user for any purpose as they needed, There advantage of secondary data:

1. This type of data is more economical it means that the secondary data is less experience than primary data.
2. Secondary data reduce and save a lot of times for the researcher.
3. It helps to recognize the problem of the study when the researcher wants to solve it on the better way

4.0 RESULTS

The Data collected through questionnaires was analyzed by testing it through Correlation and regression analysis. Before conducting correlation on the data collected, it was put to descriptive analysis to reveal the demographic characteristics of the respondents. From the Tables, social-demographic characteristics of respondents indicate that majority of the respondents who used internet banking are less than 25 years of age representing 61.9 percent. The users of internet banking were mostly students, followed by the employees from the private sector, while as the self-employed people

and the ones employed in public sector used internet banking the least. The majority of the users were males numbering 37 representing 58.7 percent while only 26 representing 41.3 percent were females. In terms of educational attainment, a great majority of them, that is 44 respondents

representing 69.8 percent have were postgraduates, while only 30 percent were under graduates. These findings indicate that internet banking users are mostly young males and are mostly individuals with a good level of educational attainment.

Table Demographic Characteristics of Respondents

	variables	Frequency	Percent	Valid percent	Cumulative percent	
Occupation	PublicSector	38	19.6	19.6	19.6	
	Valid	Privatesector	41	21.1	21.1	40.7
		Business	5	2.6	2.6	43.3
		Student	110	56.7	56.7	100.0
		Total	194	100.0	100.0	
Age						
	Valid	<20years	2	1.0	1.0	1.0
		20-29years	131	67.5	67.5	68.6
		30-39Years	40	20.6	20.6	89.2
		40andabove	21	10.8	10.8	100.0
	Total	194	100.0	100.0		
Gender						
	Valid	Male	111	57.2	57.2	57.2
		Female	83	42.8	42.8	100.0
		Total	194	100.0	100.0	
Education						
	valid	Secondary highersecondary	2	1.0	1.0	1.0
		Graduation	44	22.7	22.7	23.7
		Post-graduation	129	66.5	66.5	90.2
		Others	19	9.8	9.8	100.0
	Total	194	100.0	100.0		
Residential Area						
	valid	Urban	164	84.5	84.5	84.5
		Semiurban	19	9.8	9.8	94.3
		Rural	11	5.7	5.7	100.0
	Total	194	100.0	100.0		
Annual Income	<200000	73	37.6	37.6	37.6	

Valid	200000-400000	46	23.7	23.7	61.3
	400000-600000	33	17.0	17.0	78.4
	>600000	42	21.6	21.6	100.0
	Total	194	100.0	100.0	

Table below shows Internet Banking Awareness Level of Indian Bank Customers

S. No.	Become Aware through various Modes	No. of Respondents	Percentage of Respondents
01.	Advertisement	16	32
02.	News Paper	04	08
03.	Parents	04	08
04.	Relatives	06	12
05.	Television	05	10
06.	Friends	06	12
07.	Bankers	09	18
	TOTAL	50	100

Table Benefits of Traditional Banking System

S. No.	Banking Services / Facilities	SA		A		N		D		SD	
		No	%	No	%	No	%	No	%	No	%
1.	Interaction with Banker	07	14	21	42	02	04	18	36	02	04
2.	Easy Deposit and Withdrawal	03	06	12	24	04	08	22	44	09	18
3.	Collection Of Cheque	08	16	22	44	01	02	13	26	06	12
4.	Demand Draft	14	28	25	50	01	02	09	18	01	02
5.	Security	10	20	32	64	03	06	04	08	01	02
6.	Security Lockers	17	34	20	40	02	04	06	12	05	10

Table Benefits of Internet Banking System

S. No.	Internet Banking Benefits	SA		A		N		D		SD	
		No	%	No	%	No	%	No	%	No	%
1.	Time Saving	47	94	03	06	-	-	-	-	-	-
2.	Any Time Banking	41	82	09	18	-	-	-	-	-	-
3.	Any Where Banking	39	78	09	18	02	04	-	-	-	-
4.	Easy Accessibility	38	76	10	20	02	04	-	-	-	-
5.	No Queue	14	28	36	72	-	-	-	-	-	-
6.	Ease of Monitoring	05	10	33	66	09	18	03	06	-	-
7.	Friendlier Rates	05	10	11	22	08	16	25	50	01	02

(Note: SA – Strongly Agree, A – Agree, N – Neutral, D – Disagree, SD – Strongly Disagree)

It is reveals that 94% of the respondents strongly agree with the benefits of time saving; 82% of the respondents strongly agree with the benefits of any time banking; 78% of the respondents strongly agree with the benefits of anywhere banking; 76% of the respondents strongly agree with the benefits of easy accessibility; 72% of the respondents agree with the benefits of no queue; 66% of the respondents agree with the benefits of ease of monitoring; and 50% of the respondents disagree the benefits of friendlier rates. It is observed that maximum respondents benefited due to time saving through Internet banking

5.0 CONCLUSION

The purpose of this study was to examine the relationship between the dimensions of E-Banking service quality and customer satisfaction to determine which dimension can potentially have the strongest influence on customer satisfaction. After the analysis, it is found that Service quality dimensions of Reliability, Security and privacy, Website design & Responsiveness, and communications affects positively to customer satisfaction in E-banking

services. Among young people, website design is the most important dimension than others. They trusted banks' online transactions and gives lesser importance to security & privacy, reliability, and responsiveness & communication. Future research may be done with a higher sample size. Perception-based on demographic data shall also be studied.

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