

# Impact of Internet Banking Services on Customer Satisfaction with Special Reference to Pune District

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**Abstract:** In today's world it is predominated by the online systems and services used at all he levels and e-banking or on-line banking cannot remain away from these services. Customers expect better on-line banking services and their satisfaction depends upon receipt of flawless facilities are made available o them through their favorite banks. This study aims to provide an analysis of the customer satisfaction toward three banking services technologies namely, automated teller machines (ATMs), mobile banking and internet (online) banking. This research work intends to investigate the impact of E-banking / on-line banking variables on Customer satisfaction in Pune District. The result implicated that the internet banking service quality dimensions have a significant impact on the customer satisfaction of internet banking customers. Each of the dimension namely efficiency, system availability, fulfillment, privacy, contact, responsiveness and contact individually contribute 70% to the overall customer satisfaction in internet banking. The paper provides the study to show that the internet banking service quality dimensions area an important factor to satisfy the customers since each of them is positively related to customer satisfaction.

**Index Terms:** Internet banking, E-banking Services Quality, Internet Banking, ATM facility, Customer Satisfaction, Customer Attitude, Online Banking, Pune, Pune District.

## I. INTRODUCTION

The Changing world has brought new science and technology, which has made the life easier for the manufacturer, service providers, customers etc. The customer demands have changed with this new introduction of science and technology. The customer satisfaction is linked to the satisfaction of use of new science and technology tools for quick and perfect results. Banks are not exception to this. The introduction and use of on-line banking / e-banking has changed the traditional concept of banking. The world has changed in last few years at such a space it has never changed in the past. The Science & Technology has played a vital role in today's world. Information Technology and the use of Internet has made a vast change and the this has also revolutionized the banking industry. The big Bank Branches are rate and new bank branches are of small / medium size in manpower size, infrastructure look wise etc. Conversion from the manual-based ledger system to systemized processes and the overture to internet-based facilities has given a new facet to the banking sector. The competition in banking sector augmented over the last few years and to stay competitive, banks are espousing novel tools and techniques to attain customer retention and satisfaction and E-Banking is one tool towards it. The more and more changes and introduction of tools / systems of on-line banking / e-banking depends on the customer's use and satisfaction. The main Endeavour of this article is to study the relative importance of service characteristics, identified through customer satisfaction that are needed to be ensured by the provider of e-banking facility in gaining customer satisfaction in Pune District. The researcher has tried to study this aspect in this article.

## II. UNDERSTANDING OF THE TERMS

### BANKING

Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry. The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions As of September 2021, the total number of ATMs in India reached 213,145 out of which 47.5% are in rural and semi urban areas. In FY18-FY21, bank assets across sectors increased. Total assets across the banking sector (including public and private sector banks) increased to US\$ 2.48 trillion in FY21. According to India Ratings & Research (Ind-Ra), credit growth is expected to hit 10% in 2022-23 which will be a double-digit growth in eight years. As on May 20, 2022, bank credit stood at Rs. 120.27 lakh crore (US\$ 1.5376 trillion).

### ON-LINE / INTERNET / E-BANKING

"E-banking is understood as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-banking is of paramount significance in meeting user anticipations. Internet banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred as Internet banking, e-banking, virtual banking and by some other terms. This new channel has added a new dimension to the concept of customer satisfaction and how it can be affected in a positive way. Asian consumers are on the quick move to digital banking. There are no doubts that automation of banking procedures has unlocked new door of prospects for banking sector in Pune District.

### CUSTOMER SATISFACTION

Customer satisfaction leading to gain loyal customers can be achieved by delivering high quality services. All organizations exist and strive to become an integral part of the lives of their customers and therefore always strive harder to keep satisfying their customers through better channels of delivering their offerings. There are many factors which have an impact on customer

satisfaction, one of the most important being service quality. Especially, in the present era, with the emergence of internet as a major channel of service delivery, the need for a scale to measure the service quality in electronic media of services was felt strongly. All organizations exist and strive to become an integral part of the lives of their customers and therefore always strive harder to keep satisfying their customers through better channels of delivering their offerings.

#### **PUNE DISTRICT**

Maharashtra is the second-most populous and industrially developed state in India. Pune is the seventh most populous city in India and the second-largest city in the state of Maharashtra, with an estimated population of 7.4 million as of 2020. Pune is widely regarded to be the second major IT hub and the most important automobile and manufacturing hub in India. The city is being called an information technology and educational hub and also industrial city. The landscape of Pune district is distributed triangularly in western Maharashtra at the foothills of the Sahyadri Mountains and is divided into three parts: "Ghatmatha", "Maval" and "Desh". Pune district forms a part of the tropical monsoon land and therefore shows a significant seasonal variation in temperature as well as rainfall conditions. Ahmadnagar district on north-east, Solapur district on the south-east, Satara district on south, Raigad district on the west and Thane district on the north-west. There are 14 tehsils like Haveli, Pune city, Maval, Mulshi, Shirur, Baramati, Indapur, Daund, Bhor, Velha, Purandar, Khed, Junnar, Ambegaon in Pune district with Bhima, Nira, Indrayani, Mula, Mutha, Ghod, Meena, Kukdi, Pushpavati, Pavna, Ramnadi rivers. Today Pune city is well connected with other parts of the country with rail, air and road. Being an important education centre and information technology & automobile hub is connected directly with international destinations like Dubai, Germany etc. by air. Adequate transport facilities contribute in the development of industries, trade and commerce. The industrial development of Pune and its environs covers a span of last seventy years or so, though there had certainly been a few stray attempts to start industries in these cities earlier. The government established an Ammunition factory at Khadki in 1869. In 1885 Deccan Paper Mills was founded by Sardar Dorabjee Pudumjee and Sardar Nowrojee Pudumjee while the Raja Bahadur Motilal Poona Mills was started in 1893. These attempts, however were essentially far and between and therefore, did not really inaugurate this city. Pune's industrial scene in the 1940s was marked by a few large units on the one hand existing side by side with small scale units producing a variety of consumer goods like coarse cloth, copper and brass utensils and stationery on the other. The onset of the Second World War leads to a substantial increase in the production at the ammunition factory at Khadki. Still the process of industrialization of Pune had received little impetus until after the Second World War. The emergence of industrial Pune began with mechanical engineering industries putting up base. Pune's proximity to Mumbai, good climate and availability of talented human resources made it preferred destination to large and medium scale industries. The establishment of Kirloskar Oil Engines Limited in 1946 at Khadki can be said to have initiated in the true sense Pune's post war industrial expansion. Subsequently a number of large units settled in the region, consolidating the base for the region's industrialization. Some of the large-scale industrial units established in this region later are Advani Oerlikon (1951), Hindustan Antibiotics (1954), Ruston and Hornsby (1955), Thyssenkrupp Ltd. (1957), Garware Nylon (1957), Bajaj Tempo (1958), Mather and Platt (1959), Sandvik Asia (1960), KSB Pumps (1960), Elpro International (1962), SKF Bearing (1962), Alfa Laval (1962), Century Enka (1965), Thermax (1980), Tata Motors and Bajaj Auto etc. Establishment of a large number of micro, small and medium scale units serving as feeders in the various large units around in the area followed. Subsequently, great number of large-scale industries came to be established in the areas surrounding Pune, setting the region apace toward rapid industrialization. The support and impetus for this industrial growth came from a number of sources. One agency closely involved with it from the initial stages was the Maratha Chamber of Commerce, Industries and Agriculture. As early as 1935, it promoted the Bank of Maharashtra to finance local entrepreneurs; today it runs useful advisory consultancy and other services. Today, Pune has a diverse industrial population. It is one of India's most important automotive hubs, with some domestic and international giants manufacturing here such as Tata Motors, Bajaj Auto Ltd., Force Motors (Bajaj Tempo), Volkswagen, General Motors, New Holland India, Fiat, Kinetic, Premier Automobiles, Jaguar & Land Rover, Mercedes-Benz, Mahindra Navistar etc. Pune also has hundreds of large- and small-scale IT companies. It is a largest hub in India for German companies. According to the Indo-German Chamber of Commerce, Pune is the single largest hub for German companies for last 70-80 years. Over 200+ German companies have setup their businesses in Pune. India is one of the auto hubs in the world and have world's best auto manufacturing facilities in India. The city might be the IT industry's favoured destination, but Pune still retains its original title as the Detroit of India, according to a just published study of the new manufacturing capacities in the city since 2001, conducted by the Maharashtra Chamber of Commerce, Industry and Agriculture. The Pune of the 1960s was transformed completely from the pensioner's paradise and become a centre for education and the administrative institutions and turned into the industrial city - a growing contribution of global reputation. This is also the social overhead capital in the city - its complex of research institutions. The following table indicates the percentage-wise distribution of industrial units in the major industrial areas in and around Pune. The industrial area in Pune district is however mainly confined to Pune urban agglomeration covering Pune city and Haveli tehsil. Today, the city boasts of annual export turnover to the tune of Rs. 15000 crores, the highest in the region and growth of nearly 60% to 70% per year. Pune has also become a prominent place for Business Process Outsourcing (BPO), Information Technology organizations. There is also a tremendous increase in construction sector in Pune. The quick erection of plazas, arcades, apartments, and the cooperative housing societies have been considered as the fact-lifting improvement in conservative of these cities. It is a district headquarters and has diversified economy. At present the Pune city is hustling with economic activities. Pune has as many reputed Universities and educational institutes such as - Savitribai Phule Pune University [one of the premier universities in India with NIRF Overall Top 20 list of Higher Educational Institutes in India; - In the bracket of 541-550 in the QS Ranking of 2023], MIT World Peace University, Flame University, MIT - ADT University, Bharati Vidyapeeth University, Dr DY Patil Vidyapeeth, Spicer Adventist University, Symbiosis International University, Ajeenkya DY Patil University, Symbiosis Skill & Professional University, SNTD University, National Institute of Construction Management and Research University, Tilak Maharashtra Vidyapeeth, Vishwakarma University to name a few. There are other deemed to be university & Institute of National Importance like Film and Television Institute of India, Gokhale Institute of Politics and Economics, National Defiance Academy (NDA), College of Engineering - Pune, Deccan College, Ferguson College, National Chemical Laboratory (NCL), Vaikunth Mehta Institute of

Cooperative Management, Defence Research & Development Organization, The Indian Institute of Science Education and Research Tolani Maritime Institute, Indian Institute of Information Technology, College of Military Engineering, Armed Forces Medical College, Vasantdada Sugar Institute, Agriculture College etc. in Pune. It lies between 18° 32" North latitude and 73° 51" East longitude. The district has geographical area of 15.642sq.km.

#### BANKING IN PUNE DISTRICT

Like all other cities, the economy of Pune is also connected to banking sector. Pune has number of public sector, Private sector, Co-operative and foreign banks. The best banking brands of world are having their branches in Pune. The banking community all over doing a lot of investment in Pune. Pune has all types of banks like Small Finance Banks, Cooperative Banks, Regional Rural Banks, Payment Bank, Nationalized banks including SBI associates, private banks & foreign banks. There are also financial institutions (i.e. NABARD), banking related data centers of banks (i.e. HDFC Bank) or other agencies, foreign banks, private companies (like SBI Global Factors Limited, Aditya Birla Finance Limited, LIC Housing Finance, Tata Finance, Muthoot Finance, Edelweiss Financial Services, Bajaj Finance Ltd., BNY Mellon International Operations India, Barclays, Citi, HSBC, Credit Suisse etc.) The bank details in Pune District are as below:

**Table 1: DETAILS OF BANKS [BANKING TYPE WISE] IN PUNE DISTRICT**

SN	BANK TYPE	India	Maharashtra	Pune Dist.	Pune Metro
1	Small Finance Bank	5817	726	94	66
2	Regional Rural Bank	22338	751	22	1
3	Private Sector Bank	38788	4367	700	483
4	Payment Bank	738	62	5	3
5	Foreign Bank	907	139	12	12
6	SBI Associate	24792	1970	152	104
7	Nationalized	65455	6050	805	503
<b>Grand Total</b>		<b>158835</b>	<b>14065</b>	<b>1790</b>	<b>1172</b>

Source - <https://dbie.rbi.org.in>

### III. STATEMENT OF THE PROBLEM

Earlier the customers were forced to use the traditional banking only, now he has the option to use the earlier traditional banking or the electronic / internet / e-banking. In the traditional banking the customers had to go to the bank to conduct any banking transaction such as money transfer, withdrawal, deposits etc. Then emerged the concept of electronic / internet / e-banking banking which provides various services at fingertip without going to bank to the customer's satisfaction. Electronic banking services include Internet banking, Automated Teller Machines, Debit / Credit cards, e-cheque, smart cards, RTGS, NEFT etc. These services help to manage and use one's bank account such as verifying balance of the accounts, transfer of money from one person to another.

### IV. SCOPE OF THE STUDY

The study will help to understand the increasing assistance provided by the banks to the customers to understand the customer's satisfaction through use of the modern technology services. The study helps in knowing and understand how far the modern banking services are used by the customers. Today the customer demands the banking services for 24 hours and do banking from anywhere without the geographical limits. In the modern age, the entire banking structure has been changed due to use of the internet technology at all levels. Now all the aspects of economy such as commerce, trade, import, export, purchase and sale of goods is relying upon electronic banking services. The online transactions and business (amazon, flipchart etc.) has changed the customer dealing pattern. The The study has been done on the usage of these services by the customer's satisfaction.

### V. SAMPLING SIZE

The samples of the survey were people living in Pune District that have been users of Internet Banking system of various bank for at least one year. This ensured that all respondents had sufficient experience in internet banking. The resulting sample (valid) comprised of 388 valid questionnaires out of 400 people that were asked to participate in the survey.

### PERIOD OF THE STUDY

The study has been conducted for a period of one year from January 2022 – July, 2022.

### VI. AREA OF THE STUDY

The study has been undertaken only in Pune District.

### VII. SOURCE OF DATA COLLECTION

The data required for the study is collected from both primary data and secondary data. Primary data questionnaire is main tool for collecting primary data. Questionnaire has been designed in a systematic manner covering adequate and relevant questions which covers all aspects of the study. It is the foremost extensively used methodology in varied economic and business surveys. Secondary data - The background of the present study was collected from various sources which include Books, journals, website and other related research work.

### VIII. ETAIL ANALYSIS OF THE DATA

The details of the response from the 388 participants from Pune district are as below:

**Table 2: DETAILS OF THE RESPONDENTS TO SURVEY**

	Variables	Frequency	Percent
<b>Occupation</b>	Public Sector	76	19.60
	Private sector	82	21.10
	Business	10	2.60
	Student	220	56.70

	<b>TOTAL</b>	<b>388</b>	<b>100.00</b>
<b>Age</b>	< 20 years	4	1.00
	20 – 29 years	262	67.50
	30 – 39 years	80	20.60
	40 & above years	42	10.80
	<b>TOTAL</b>	<b>388</b>	<b>100.00</b>
<b>Gender</b>	Male	222	57.20
	Female	166	42.80
	<b>TOTAL</b>	<b>388</b>	<b>100.00</b>
<b>Education</b>	Secondary higher secondary	4	1.00
	Graduation	88	22.70
	Post-graduation	258	66.50
	Other	38	9.80
	<b>TOTAL</b>	<b>388</b>	<b>100.00</b>
<b>Residential Area</b>	Urban	328	84.50
	Semi urban	38	9.80
	Rural	22	5.70
	<b>TOTAL</b>	<b>388</b>	<b>100.00</b>
<b>Annual Income</b>	< 200000	146	37.60
	200000- 400000	92	23.70
	400000- 600000	66	17.0
	>600000	84	21.60
	<b>TOTAL</b>	<b>388</b>	<b>100.00</b>
<b>Satisfaction</b>	Not Satisfied	4	1.00
	Satisfied	374	96.40
	Need further improvement	10	2.60
	<b>TOTAL</b>	<b>388</b>	<b>100.00</b>

The survey was carried out with 388 participants who have used the internet banking for minimum 1 year.

Pune is the education hub and the same is reflected in the Occupation & Age categories. Out of 388 participants the students are 220 i.e., 56.70% and age wise less than 30 years are 68.50%. So, the large group of this survey is a young group of less than 30 years of age and are students. 40.70% or 158 participants are from the working class. Gender wise there is hardly any difference as 57.20% male & 42.80% female are using internet banking. The graduates & Post Graduates are using internet banking as 89.20 or 346 of 388 are using internet banking. The internet banking was used mainly by Urban areas & semi-urban area participants i.e., 94.30% and out of this urban area participants are 84.50%. The surprising observation is in Annual income group as those in less than 400000 are .61.30% while the % is only 17% in the income group 400000 – 600000, it improves to 21.60% in the group above 600000 income per annum.

Overall, there is overall satisfaction of 99.00 i.e., 384 out of 388. 96.40% or 374 participants out of 388 are satisfied, The 10 participants i.e. 2.60% are asking for further improvement. Only 1.00% or 4 participants are not satisfied. So there is over all satisfaction in the customers of Pune district in the use of e-banking.

#### IX. Conclusion

The research paper has tried to contribution to the knowledge by study on the impact of e-banking / internet banking services and the customer satisfaction in Pune District. The important industrial district in Maharashtra with a history of Mahrattas, the famous educational hub has been called the "Oxford of the East" & one of the IT Hubs in India. Pune has various dimensions of the internet banking service quality that were taken into consideration while making the study, which were like the Efficiency, System Availability, Fulfillments, Responsiveness, Privacy, Contact and website design etc. The study revealed that efficiency, privacy and website design are the major integral determinants of internet banking services quality. The study results show that there is a direct relationship between internet banking service quality dimensions and customer satisfaction in the banking industry. An understanding of the factors, revealed in the study, allows bank managers and policy makers to undeviating efforts and resources most effectively and efficiently to increase the bank business in the long run and encourage new customers to adopt internet banking and to retain the existing ones. The internet banking users are very much satisfied with the e-banking services. Thus, the e-banking has played a major role in the Pune district area and also contributes towards the development of this area in the economy.

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