

Impact of online banking on customer's satisfaction

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Online banking is the use of the internet to access bank accounts and conduct financial transactions, such as paying bills, transferring money, and checking balances. It can be done on a computer or a mobile device through a bank's website or app, providing convenient access to banking services anytime and anywhere. Now a days people are mostly using online banking for hassle free service. Online banking, can be called as internet banking, virtual banking, web banking as well as home banking, is a system that enables customers of a bank or any financial institution to conduct a different range of financial transactions through the financial institution's website or mobile app. Since the early 2010s, this has become the most common way that customers access their bank accounts. The online banking system will typically connect to or be part of the core banking system operated by a bank to provide customers access to banking services. Online banking mostly reduces the banks' operating cost by reducing reliance on a physical branch network and offers convenience to some customers by lessening the need to visit a bank branch as well as being able to perform banking transactions even when branches are closed. Internet banking provides personal and corporate banking services offering features such as making electronic payments, viewing account balances, obtaining statements, checking recent transactions and transferring money between accounts.

HISTORY

The precursor to the modern online banking services was distance banking electronically and by telephone since the early 1980s. The term 'online' became popular in the late 1980s and referred to the use of a terminal, keyboard, and TV or monitor to access the banking system using a phone lines. The first home banking service was offered to consumers in December 1980 by United American Bank, a community bank. Large banks, many working on parallel tracks to United American, followed in 1981 when four of New York's major banks ,Citibank, Chase Manhattan, Chemical Bank, and Manufacturers Hanover offered home banking services, using the videotext system. The first videotext banking service in France was launched on December 20, 1983, by CCF Bank ,Videotext online Banking services eventually reached 19% market share by 1991. First online banking services was started in The United Kingdom In 1982, followed by the United States and France in 1984, Australia in 1995, India in 1998, Japan in 1997, China in 2015 followed by Hong Kong, Brazil, Ukraine and so on.

IMPACT ON CUSTOMERS SATISFACTION

The rapid changes in business operations in contemporary times in the form of technological improvement require banks in Nigeria to serve their customers electronically. Traditionally, banks have been in the forefront of harnessing technology to improve their products and services. The banking industry and its environment in the 21st century is highly complex and competitive and therefore the need for information and communication technology to take center stage in the operations of banks. Electronic banking is critical in the transformation drive of banks in areas such as products and services and how they are delivered to customers. Thus, it is seen as a valuable and powerful tool in the development, growth, promotion of innovation and enhancing competitiveness of banks. Given the significant role of electronic banking in the developmental drive of banks, information technology has been found to lead to improvement in business efficiency and service quality and hence attract customers as well as retain them.

Inter banking operations have been a great help in effecting transactions between and among banks for the satisfaction of customers. Challenges were also noted to arise in the course of inter banking mainly in the areas of security and customer service. Whereas 86.9% of customers felt that the e-banking platform was user-friendly, a paltry 19.4% showed confidence in its security, hence showing a yawning gap in the area of trust, and customer support services were rated as much less satisfactory, where a higher proportion, 57.4%, expressed dissatisfaction with the way they were helped by the bank. It showed that provided the needed lessons that would be applied by commercial banks towards an improved e-banking service considering customer satisfaction, and established the role of digital banking in modern financial institutions. Improvement in customer relationships through the development of customer satisfaction and loyalty needs the bank's focus to shift toward enhancing the security protocols with better encryption techniques while making customer support more responsive and transparent with respect to the levied fees. Electronic banking contributes significantly to the distribution channels of banks such as automated teller machine (ATM), Phone – banking, Tele-banking, PC-banking and now internet banking . In addition, transfer of funds, viewing and checking savings account balances, paying mortgages, paying bills and purchasing financial instruments and certificates of deposits processes have improved significantly as a result of internet banking. This implies that, Electronic banking has resulted in efficiency in service delivery in the banking sector because customers can transact business from one side of the country to another and from both long and short distance. The delivery of efficient and quality service is facilitated by information technology. So, it indicated that electronic banking provides an important channel to sell products and services of banks and is perceived to be a necessity for banks to be successful. Therefore, service quality and efficiency in the banking industry has increased tremendously worldwide in the world due to the integration of information technology into banking operation.

POSITIVE IMPACT OF ONLINE BANKING AMONG CUSTOMERS

With the customers becoming modern and techno savvy, becomes important for the banks to adopt use of technology to fulfill their demands. Also, in a developing country like India, people see the use of technology as the deciding factor to certify a service as good or bad. Even the employees tend to have a smaller impact in banking service. Variation in services offered adds on to the rating of the service as banking no longer just deals with money but also the financial transaction information. And, customers at both the corporate as well as retail levels are equally important to the banks. Now, almost all banks have adopted IT to provide better and affordable services to the users like, ATM facility, net banking, credit and debit cards etc are several easy to use services provided to the users by the banks. These services tend to add on to customer satisfaction which further reduces customer retention.

Recent growth in Technology and innovation fast-tracked the desire of customers of banks for exceptional services to meet the current trend of technological advancement. Contemporary studies on online-banking acknowledges that factors that drive customer satisfaction are security/trust, design, availability, convenience and reliability with availability, convenience and reliability being the most influential factors of e-banking on customer satisfaction. Customers become satisfied when they are able to perform their banking transactions at any location and any time convenient for them Globally, lifestyles have been changing enormously and with that the banking needs of consumers are also evolving. For banks to meet their goals of customer acquisition and retention, gauging customers' needs and launching products and services accordingly is the need of the hour. Within a decade we have experienced the entire spectrum, from strong resistance to computerization by employees, to intensive and focused investments in technology that laid the foundations of e-banking and made it very popular in many countries. Technology has proved to be a strategic tool that has brought about phenomenal growth and hyper-productivity in terms of number of customers, and a superior level of operational control.

The use of online-banking has added to the customers' satisfaction in a number of ways like:

- Customers are able to handle their funds anytime and anywhere they want.
- Banking and transactions are made easy using technology.
- Accessibility has been improved with the help of technology as customers can operate from both home and offices.
- Direct contact with the bank is not necessary, services can be accessed from anywhere.
- Communication between bank and customers has improved drastically.
- Online facility to transfer fund from one bank to other or within another can be done at the same time.
- Waiting time has reduced for the customers, queue waiting is no longer a problem.

- Internet technology has enabled the corporate and retail customers to transact from home, office and even while travelling.
- All time availability of employees is not required as the internet based technology is available 24 x 7.
- Convenience and accessibility: Online and mobile banking allow customers to perform tasks like making deposits and transfers 24/7 from any location with internet access, removing the need to visit a physical branch for many services.
- Efficiency and speed: Digital platforms enable faster transactions and quicker resolution of issues, which are key drivers for higher customer satisfaction.
- Increased control: Customers gain more control over their finances through features like online account management, allowing them to monitor their accounts and transactions more effectively.
- Reduced costs: Automated payment systems and online services can lower transaction costs for customers, contributing to a better experience.
- Security and trust: While early concerns existed, modern online banking platforms are designed with security measures to reduce fraud, and improved security assurance is a major factor in customer satisfaction.

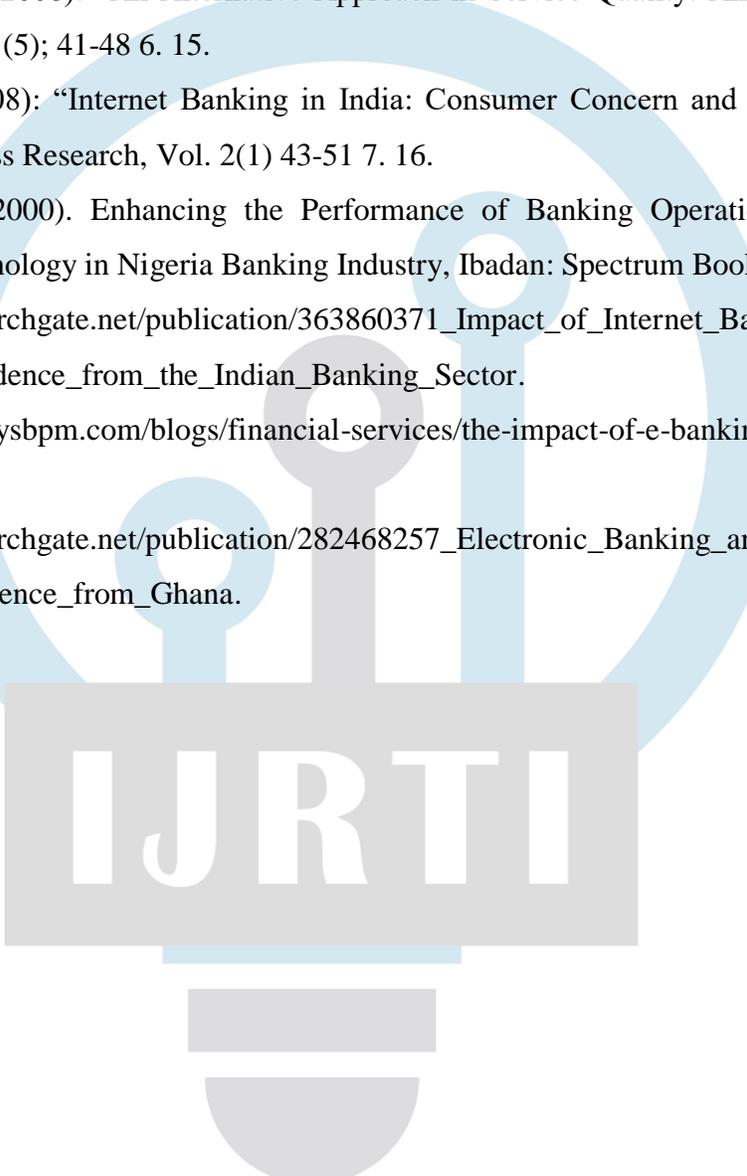
Factors contributing to satisfaction

- ❖ Ease of use: The intuitiveness and user-friendliness of the online platform directly impact how satisfied customers are.
- ❖ Reliability: A system that is dependable and consistently available is crucial for building trust and satisfaction.
- ❖ Service quality: The overall quality of the electronic service, including the responsiveness of support, plays a significant role.
- ❖ Customer awareness and education: Banks that invest in educating customers on the benefits and usage of online services help improve satisfaction and drive adoption.

This is very evident that the facility of online-banking has become quite essential to carry out transactions and fulfill the customers' expectations and increase satisfaction

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