

The Role of E-Banking and E-Payment Facilities in Customer Satisfaction in Private Banks

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Abstract

Internet banking is gaining momentum over conventional banking especially since everyone now has a smart phone through which e-banking facilities are easily accessible. Banks gain a competitive advantage by providing greater quality of services which increases customer satisfaction. An array of services including account opening, fund transfer, payments of bills, recharging phones, balance inquiry, etc. can now be done at a quicker pace and more conveniently through e-banking or electronic banking. NEFT, RTGS, SWIFT and M-wallets are the other e-payment facilities provided by banks. This paper aims to identify the reasons for adopting e-payment facilities and the customer satisfaction level with respect to them. The main reason for customers adopting these facilities is due to its characteristic of instant payment facility followed by the convenience and time-saving aspect, the 24/7 availabilities of these services, lower risk regarding loss and theft and finally minimum service charges.

Keywords: Customer satisfaction, e-banking, NEFT, RTGS, SWIFT, M-wallet, e-payment, private sector banks, instant payment, card schemes.

I. INTRODUCTION

The Internet is, without doubt, one of the greatest inventions of the century. The way the world operates has seen a paradigm shift after its birth. Though its original use was meant only for the Defense Department of the U.S, its introduction to the world has changed the lives of people forever. It is now a part of possibly every field imaginable and has grown beyond comprehension to a point where our whole world would be in chaos without it. All service sectors use internet facilities to better their reach and improve their growth. This is why the Internet enabled e-banking services have seen an extensive growth globally.

People these days are equipped with the technology that enables them to transfer money and make payments at the click of a button. The popularity of e-payment tools has boosted the scope for e-banking facilities. India is number one in the list of countries that receive remittances from abroad. NEFT and RTGS are used for national (domestic)

transfers within the country across different NEFT, and RTGS enabled banks and branches (except Indo-Nepal Remittance Facility Scheme under NEFT), while SWIFT is used for international remittances through which people employed in foreign countries send money to their dependents in India.

II. LITERATURE REVIEW

E-banking refers to systems that enable customers to access accounts and general information on bank products and services through computers with the use of the internet or other devices such as mobile & wireless devices (Kapoor, 2015) by accessing the bank's secure website. E-banking has been developed to a great extent to include a variety of financial services. Banks have extended their essential services through online mode. Some of these services include balance enquiry, requests for cheque books, recording stop payment instructions, payment services, balance transfer instructions, account opening, form downloads, etc (Kapoor, 2015). It also includes facilities such as NEFT, RTGS, SWIFT and other services such as credit card and debit card facilities, through which the payment can be done online. Even the repayment of credit cards can be made online without having to go to the bank to pay the bill.

NEFT (National Electronic Fund Transfer) is a nationwide payment system that facilitates the transfer of funds. It is used by individuals, corporations or firms to transfer funds from any bank branch to anyone having a bank account with any other bank branch in the country. There is no limit to the amount of transfer that can be made but cash remittances are restricted to a maximum amount of Rs.50,000/- per transaction. To access NEFT funds transfer network, a bank branch has to be NEFT-enabled, and the mode of operation is through Deferred Net Settlement (DNS) basis which settles transactions in batches (RBI).

RTGS (Real Time Gross Settlement) can be defined as the continuous (real-time) settlement of fund transfers individually on an order by order basis (without netting). 'Real Time' means the processing of instructions as soon as they are received rather than at a later time. It is primarily meant for large

value transactions. The minimum amount to be remitted through RTGS is two lakhs. There is no upper ceiling for RTGS transactions (RBI).

SWIFT (Society for Worldwide Interbank Financial Telecommunication) is a bank-to-bank messaging system. It provides a standardized language that institutions use to communicate payment instructions and other information to each other (Allison, 2017).

The mobile wallet is the new rage in the banking industry since the introduction of technology into banking services. The mobile wallet is an online payment system where customers can make payments online without having to carry the money with them (Gupta, 2016). With m-wallet, even a person who does not have access to bank or banking services can easily access their accounts. It can be used either online or through a smart phone application.

Use of smart phones and internet has changed the lifestyle of people significantly. At first, the hype was the ATMs where customers had access to withdraw money from any place at any time without having to wait in line at the bank. Then people started using credit and debit cards to purchase and pay for things that reduced the need for carrying physical cash. Now all that is needed is a smart phone with an app such as Paytm, Paypal, Mobiwick, etc. Though there are the elements of ease of use and convenience in e-banking, it also involves risks related to usability, security, and reliability (Wong, 2008). The other reasons that have contributed to this shift include the popularity of online shopping (Nair, 2016), quick payment facilities, etc. All of these have been significant factors in India slowly moving from cash based economy to cashless economy.

III. STATEMENT OF THE PROBLEM

With the rising competition and need to sustain market shares, it is becoming increasingly important for banks to diversify their operations. The need arises, not only to attract new customers but also retain their existing ones. The study focuses on how banks are able to expand and diversify their quality operations with the use of e-banking facilities. Do the e-payment tools satisfy the customer needs? Are the expectations of the customers met and is there a scope for more improvement to increase customer satisfaction?

IV. OBJECTIVES

1. To find whether e-payment tools have an effect on customer satisfaction in private banks

2. To analyze the reasons for customers adopting e-banking facilities and the challenges of its usage.
3. To evaluate which e-banking services customers are most satisfied with and widely use.

V. METHODOLOGY

The research design used is a sample survey due to the limitation of time. The population included the customers of eleven (11) private sector banks which included Federal Bank, ICICI Bank, DCB, CITI Bank, HDFC Bank, ING Vysya, Dhanlaxmi Bank, Lakshmi Vilas Bank, Catholic Syrian Bank, Yes Bank. The sample size consists of one hundred and fifty (150) individual customers. The tool used for data collection was questionnaire. The questionnaires were structured to allow the respondents to select the option for each question which they considered most appropriate. Of the one hundred and fifty copies of questionnaire distributed, ten were not aware of e-banking facilities offered by their banks. Data collected was analyzed using Descriptive statistics (Rank analysis).

RELIABILITY TEST

Table 1: Reliability Statistics

Cronbach's Alpha	No of Items
.868	24

The above table shows the reliability test for the data collected for our research that has a Cronbach's Alpha of 0.868, which indicates high level of internal consistency in the scale

VI. FINDINGS AND DISCUSSION

Table 2.1 shows the age group distributed as 18-25, 26-30, 31-40 years, 41-50 years, 51-60 years and above 60 years. Here the majority of the respondents are from 26-30 years old (25.5%), followed by 41-50 years (20.8%) and so on. In the table 2.2 49.7% of the respondents are male and 50.3% of the respondents are female from the sample considered.

The table 2.3 , shows the profession/ occupation of the customers from the sample considered by us is classified into Government Employee, Private Employee, Businesses, Self-Employed professionals, Students and lastly Housewives. In the table, that majority of the respondents (43%) fall under the category of Private Employees, followed by the Student at 20.1% and so on who seem to be the group who use the bank E-Payment facilities more.

From the table 2.4 , it is clear that the majority of the respondents are aware of the E-Payment facilities provided by their private sector banks (91.3%), while only 8.7% of the respondents were not aware of the E-Payment services provided by their banks.

The table 2.5, shows the frequency of the usage of E-Payment Facilities provided by the bank, where it is revealed that majority of them(34.2%) use the E-Payment facilities provided by their banks for 1-3 times in a month, followed by more than 6 times a month, and 23.5% of the respondents use the facilities 4-6 times a month and only 14.8% of the respondents have never used the E-payment facilities provided by their banks which shows that E-Payment facilities are indeed an important and people prefer using them .

Rank analysis was done in order to analyse the reasons for customers preferring to use E-Payment facilities. Variables like instant payment, convenience, time saving, 24/7 serviceability, risk reduction and low commission were considered.

From table 3.1 which shows instant payment as one of the reasons for opting E-Payment facilities, where 30.7% have ranked instant payment as rank 1 for opting E-payment facilities, while 9.4% have ranked 2, 22% respondents have ranked 3 and 21.3% have ranked it 4.

From table 3.2 that shows convenience as one of the reasons for opting E-Payment facilities, where 24.4% have ranked convenience as rank 1 for opting E-payment facilities, while 21.3% have ranked 2, 31.5% respondents have ranked 3 and 15.7% as rank 4.

Time-Saving was another reason for opting E-Payment facilities as per table 3.3, 21.3% of the respondents have considered Time-saving to be at rank 1, while 39.4% respondents believe that Time Saving as the reason for Opting the facilities. 18.1% respondents think it has to be ranked 3 and 14.2 % have ranked Time Saving as rank 4, and 7.1% of the respondents have ranked it at 5.

Table 3.4 deals with risk reduction as one of the reasons for opting E-Payment facilities where 2.4% respondents have ranked it at 1 and 8.7% at rank 2, while at rank 3, 13.4% of the respondents have considered risk reduction to be as the reason for opting the facility. However, 33.9% have ranked it at 5.

The table 3.5 which shows the rank analysis for Low Commission as the reason where 4.7% and 2.4% of the respondents have ranked the reason as 1 and 2 respectively, While 3.9% have ranked Low Commission as rank 3 of their preference for opting the E-payment Facilities. The majority (40.2%) of the respondents has chosen Low commission as the reason for choosing the E-Payment facilities at rank 5, and lastly, 35.4% have opted it as the last reason for choosing e-payment facilities.

In Table 3.6 the rank analysis for 24/7 serviceability which was considered as the reason where 15.7% and 18.9% of the respondents have ranked the reason as 1 and 2 respectively, While 11% have ranked 24/7 Serviceability as rank 3 of their preference for opting the E-payment Facilities. The majority (29.9%) of the respondents have agreed 24/7 Serviceability as the reason for opting the E-Payment facilities at rank 6, and lastly, 7.9% have ranked it 5.

VII. SATISFACTION AND PROBLEM ASSESSMENT OF E-PAYMENT FACILITIES

A. Card Scheme

According to table 4.1, the customers are highly satisfied with the safety of the transactions in the Card Scheme as the mean is 2.81, 2.63 is the mean of customer satisfaction concerning the Easy Access of the Card scheme. Incentives and Offers show the satisfaction level at 2.05 and EMIs have a satisfaction of 2.15. Hence we can say that the main reason for the satisfaction of the customers in relation to card scheme is the safety for the transaction. The biggest problem that the customers have faced with respect to Card Scheme in table 4.2, is the Hidden charges where the mean is at 2.32, This is followed by minimum due amount that the customer has to pay/ maintain which is the second likely problem that the customer faces as the mean is 2.26, while High Interest and Credit Frauds are at 2.21 and 1.78 mean as the least likely problem for using the Card scheme.

B. E-Wallet

According to table 5.1, there is a very slight difference between the main reason for satisfaction of customers between Faster transaction and Easiness to use the E-Wallet facility where the mean is just 2.63 and 2.62, so we can consider that the customers are satisfied with both the faster transaction and easiness

as the reason for their satisfaction with the E-Wallet facility, followed by convenience and the ability to pay for extensive range of services which is at 2.56 and 2.37 mean level of satisfaction.

While The major problems that the customer faces which hinders his satisfaction towards the E-Wallet facility as per table 5.2 is the Constant Technology Upgrades and the Delivering of the quality at speed rate where the mean is at 2.48 and 2.44, This is followed by the urge to attain the APP perfection which involves a lot of time to achieve the same hence the mean of the problem is at 2.17 and lastly the least likely problem that customer face in respect to E-Wallet is the Cybercrime where very fewer customers have encountered this issue which is shown as the mean is at 1.93.

NEFT, RTGS, and SWIFT

The table 6.1 shows that the customers have same satisfaction concerning Risk Reduction (security) and Faster Transaction which has mean of 2.62, which is followed by less time spent on the transaction processing, where the customers are satisfied with 2.50 mean level and least satisfaction of 2.48 the customers have for Credit Confirmation.

The main problem identified in relation to NEFT, SWIFT and RTGS according to table 6.2 is the time spent on the registration for services with mean of 2.35 and 2.30 for the charges per transaction which is often a problem faced by the customers, followed by the delay in the payment at 2.06 and the least likely problem encountered by the customers is the Cyber Crime which the customer has met at a mean of 1.71.

Chart 1 depicts which is the most availed E-Payment facility by the customers and is widely used shows that Card scheme is the most commonly availed E-Payment facility by the customers. 30.26% of the respondents have availed this service, followed by a close margin is the E-Wallet facility which is at 29.97%. Among the credit transfers, NEFT is availed by 17.87% of the respondents, RTGS by 12.97% of the respondents and the least availed E-Payment Facility by the respondents is SWIFT which is at 8.93%.

From the data collected it was found that customer satisfaction does play an important role in people choosing e-banking facilities over the conventional method of banking. Among the respondents only 8.7% people were unaware about the e-payment facilities of their banks, the rest were all regular users of the e-banking services. The main reason for customers adopting these facilities is due to its characteristic of instant payment facility followed by the convenience and time-saving aspect, the 24/7 availabilities of these services, lower

risk regarding loss and theft and finally minimum service charges.

The users of e-banking are highly satisfied with the security aspects of online transactions, its speed and convenience. But in case of NEFT, RTGS and SWIFT customers are not entirely happy with the amount of time it takes for registration of services and with the progress of the request. The customers are not updated or given information regarding the status of their fund transfer using these e-payment facilities.

It was found that the most widely used e-payment facility is credit and debit card services, followed by the m-wallet services.

VIII. CONCLUSION

E-banking is gaining more popularity over conventional banking. When the world is growing at a rapid pace, people's expectations also rise at a higher speed. Customer satisfaction is achieved when the same services that conventional banking offers are received at a much greater speed and more conveniently.

Satisfied customers always come back due to the quality of services they have received and also do one good for the bank by recommending the same bank to his friends and family. This helps banks create more customers as well as generate more sales which eventually meet their objective of profit maximisation.

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FIGURES AND TABLES

Chart 1: The most availed E-Payment Facilities by the customers

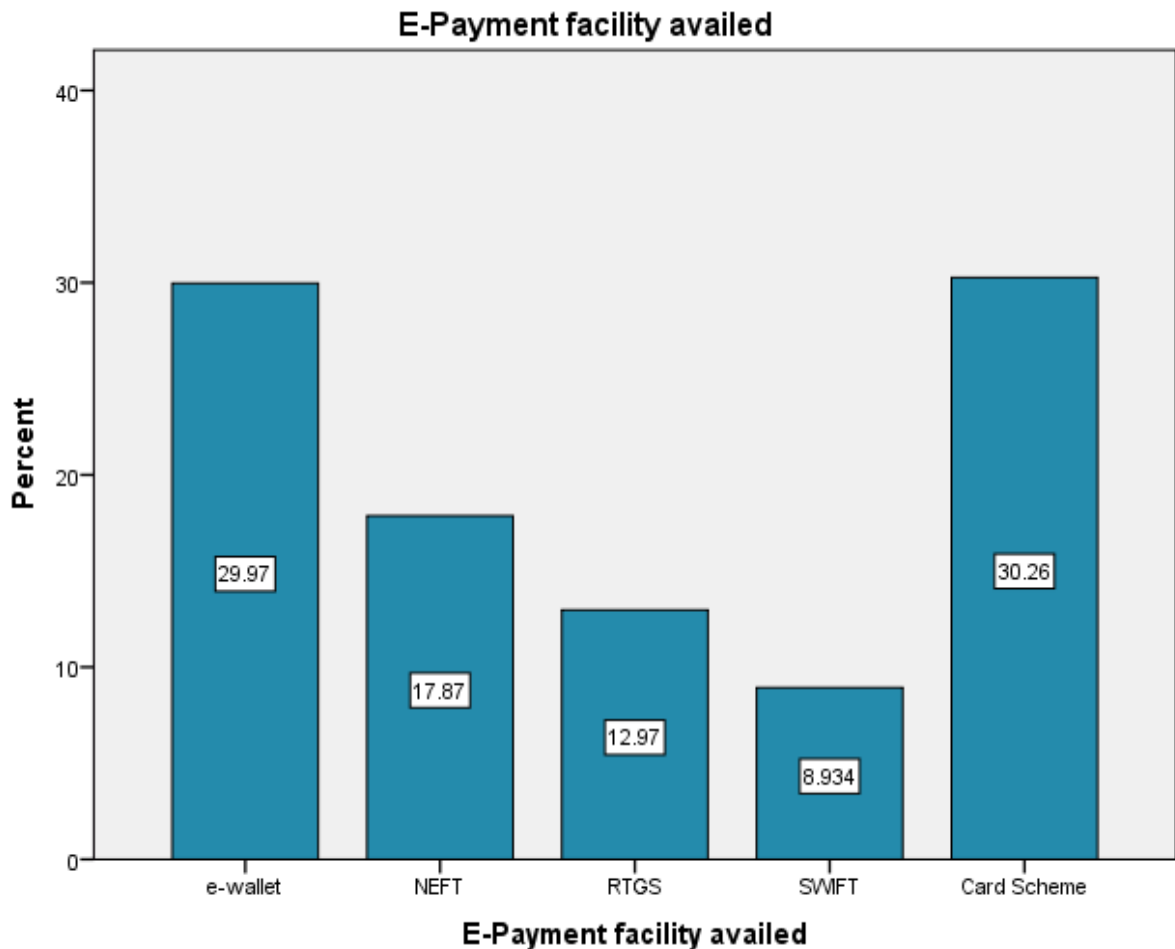


Table 2.1: Age Distribution

Age	Frequency	Percent
18-25	28	18.8
26-30	38	25.5
31-40	19	12.8
41-50	31	20.8
51-60	21	14.1
>60	12	8.1
Total	149	100.0

Table 2.2 : Gender

Gender	Frequency	Percent
Male	74	49.7
Female	75	50.3
Total	149	100.0

Table 2.3 : Profession

Profession	Frequency	Percent
Govt. Employee	14	9.4
Private Employee	64	43.0
Business	17	11.4
Self-Employed	15	10.1
Student	30	20.1
Housewife	9	6.0
Total	149	100.0

Table 2.4 :Awareness of E-Payment facilities provided by their bank

Awareness	Frequency	Percent
Yes	136	91.3
No	13	8.7
Total	149	100.0

Table 2.5: Usage of E-Payment facilities provided by their banks

Usage (in a month)	Frequency	Percent
Never	22	14.8
1-3 times	51	34.2
4-6 times	35	23.5
More than 6 times	41	27.5
Total	149	100.0

Table 3.1 : Instant Payment

Instant Payment	Frequency	Percent
1	39	30.7
2	12	9.4
3	28	22.0
4	27	21.3
5	10	7.9
6	11	8.7
Total	127	100.0

Table 3.2: Convenience

Convenience	Frequency	Percent
1	31	24.4
2	27	21.3
3	40	31.5
4	20	15.7
5	4	3.1
6	5	3.9
Total	127	100.0

Table 3.3: Time Saving

Time Saving	Frequency	Percent
1	27	21.3
2	50	39.4
3	23	18.1
4	18	14.2
5	9	7.1
Total	127	100.0

Table 3.4 : Reduces Risk

Reduce Risk of loss and theft	Frequency	Percent
1	3	2.4
2	11	8.7
3	17	13.4
4	25	19.7
5	43	33.9
6	28	22.0
Total	127	100.0

Table 3.5 : Low Commission

Low commission	Frequency	Percent
1	6	4.7
2	3	2.4
3	5	3.9
4	17	13.4
5	51	40.2
6	45	35.4
Total	127	100.0

Table 3.6: 24/7 Service Availability

24/ 7 Service	Frequency	Percent
1	20	15.7
2	24	18.9
3	14	11.0
4	21	16.5
5	10	7.9
6	38	29.9
Total	127	100.0

CARD SCHEME

Table 4.1 : Satisfaction of card scheme

Satisfaction	N	Mean	Std. Deviation
EMIs	120	2.15	.589
EasyAccess	120	2.63	.566
Safety	120	2.81	.436
Incentives	120	2.05	.720

Table 4.2 : Problem of card scheme

Problem	N	Mean	Std. Deviation
Minimum dueamount	120	2.26	.680
Hiddencharges	120	2.32	.688
Highinterest	120	2.21	.732
Creditfrauds	120	1.78	.692

Table 5.1 : Satisfaction with e-wallet

Satisfaction	N	Mean	Std. Deviation
Convenience	118	2.56	.621
FasterTransaction	118	2.63	.536
Easiness	118	2.62	.584
Paywiderange	118	2.37	.677

Table 5.2 : Problem of E-Wallet

Problem	N	Mean	Std. Deviation
TechnologyUpgrade	118	2.48	.637
CyberCrime	118	1.93	.701
SpeedDelivery	118	2.44	.621
AppPerfection	118	2.17	.645

Table 6.1 : Satisfaction of NEFT, RTGS, and SWIFT

Satisfaction	N	Mean	Std. Deviation
ReduceRisks	105	2.62	.544
FasterTransactions	105	2.62	.526
CreditConfirmation	105	2.48	.573
LessTime	105	2.50	.539

Table 6.2 : Problem of NEFT, RTGS, and SWIFT

Problem	N	Mean	Std. Deviation
Registration	105	2.35	.665
Charges	105	2.30	.606
Delay	104	2.06	.680
Cybercrime	105	1.71	.703