

## **CUSTOMER SATISFACTION TOWARDS E-BANKING SERVICES OFFERED BY NEPAL SBI BANK LTD**

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### **ABSTRACT**

*When we talk about the banking sector, what matters the most are the customers and so what they perceive about the bank and their services itself becomes key to its growth.*

*This study aims to analyze the level of satisfaction of customer, their agreeableness towards e-banking services offered by Nepal SBI bank. In this study, 75 respondents from the bank were taken. After analyzing the results of the questionnaire, the researcher concludes that the customer using e-banking services are satisfied in terms of the e-banking products, perceived ease of use, website design, security and privacy, perceived cost, responsiveness, computer self-efficacy. However, during analysis the researcher came to know that still a lot of customers especially adult citizen of SBI bank are not aware about the e-banking services. Hence, major steps should be taken to make them aware about various e-banking channels through publicity and advertisement. The bank should educate the customer about the usage of e-banking services and also about their advantages.*

**Keywords:** *e-banking services, customer satisfaction*

**Paper Type:** *Research Paper*

### **I. BACKGROUND OF THE STUDY**

#### **1.1 Context Information**

Electronic banking (e-banking) is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-banking includes the systems that enable financial institution, customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. E-Banking is also called Internet banking, on-line banking or PC banking. E-banking includes ATMs, wire transfers, telephone banking, electronic funds transfers and mobile transfer using various banking apps and credit cards. Nowadays, internet banking sites process customer service inquiries, allow transactions from one account to another, take loan applications, open new accounts etc. In addition to the rapid use of electronic bank branches an entire financial community has suddenly offering most and financial service. As customers are



visiting banks, more and more are using ATMs, home banking terminals and the internet to do their financial business. It is supported by speed of telecommunications, powerful, inexpensive computers and secured encryption. This change to the internet is increasing the number of competitors in the market. Technology has introduced new ways of delivering banking to the customer, such as ATMs and internet banking.

Banks have traditionally been in the forefront of harnessing technology to improve their products, services and efficiency. They have, over a long time, been using electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial – up connections, private networks, public networks etc and the devices include telephone, Personal Computers including the Automated Teller Machines, etc. With the popularity of PCs, easy access to Internet and World Wide Web (WWW), Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking. The tremendous advances in technology and aggressive use of information technology has brought paradigm shift in banking operations. The banking technology has emerged as a strategic resource for achieving higher efficiency, control of operations, productivity and profitability. For customers, it is the realization of their anywhere and anytime banking dream. This has promoted the banks to embrace the technology to meet the increasing customer expectation. Today, banks are already losing enormous amounts through cheques and credit card fraud. The security solutions of the future are the major concern for banks. If customers distrust the security it may create multiple problems. Banks will find it hard to launch Internet banking services if demand is low because of security doubts. Though the banks themselves believe that the security levels for bank transactions over the internet are sufficient, they also believe that their customers distrust existing security solutions, primarily because they are software based.

SBI began to look at e-banking as a means to replace some of their traditional bank functions. This study involves the study of Nepal SBI bank. This research study considers two main factors: electronic banking and customer satisfaction. The paper includes an analysis of customers' awareness towards e-banking services, the quality of e-banking services provided by the SBI and the hurdles in achieving customer satisfaction. Here we can assume independent variable as electronic banking and the dependent variable as customer satisfaction. It is presumed that e-banking preference is affected by factors such as occupation type and age group and these factors are considered important to and are linked to e-banking to determine whether they really do have an impact on e-banking (**Babu, June 10, 2017**).

## 1.2 Statement of Problem

The research studies the current level of satisfaction toward e-banking services among the customers of Nepal SBI bank. In traditional banking, the customer has to visit the branch of the bank in person to perform the basic banking operation, viz. account enquiry, fund transfer, cash withdrawals etc. but in E-banking enables customers to perform the basic banking transactions by sitting at their office or home through viewing their account details and perform the transaction through PC, laptops or mobile phones. Unfortunately, most of the customers' are unaware about e-banking facility. It is due to lack of e-literacy/ lack of knowledge about e-banking. Only few percentages of total customers of Nepal SBI bank use online banking. Likewise, the online banking users are also not confident about the security due to the hackers who hack the banks websites. Among the different problem regarding customer satisfaction are as follow:

- What benefits do customers derive from using e-banking services of Nepal SBI bank?
- Which application of e-banking is mostly preferred by customer?
- What are the major problems of customers while dealing with online banking services?
- Which factor influences the customer satisfaction towards e-banking?

## 1.3 Objectives of the study

Every research has its own purpose or objective. It is the main aim why the research is being conducted. It reflects the mission of the study that is going to take place. Like every other study, my research work also consists of certain objective. The main objective of the study is to identify the level of customer satisfaction regarding e-banking services of Nepal SBI bank. The other objectives of the study are:

- To know which factor influences customer satisfaction toward e-banking.
- To identify most widely used application of e-banking and reasons for preferring online banking.
- To analyze the problems faced by customer while dealing with online banking services.
- To give feedback and suggestions to improve the service quality of online banking in future.

## 1.4 Limitations of the study

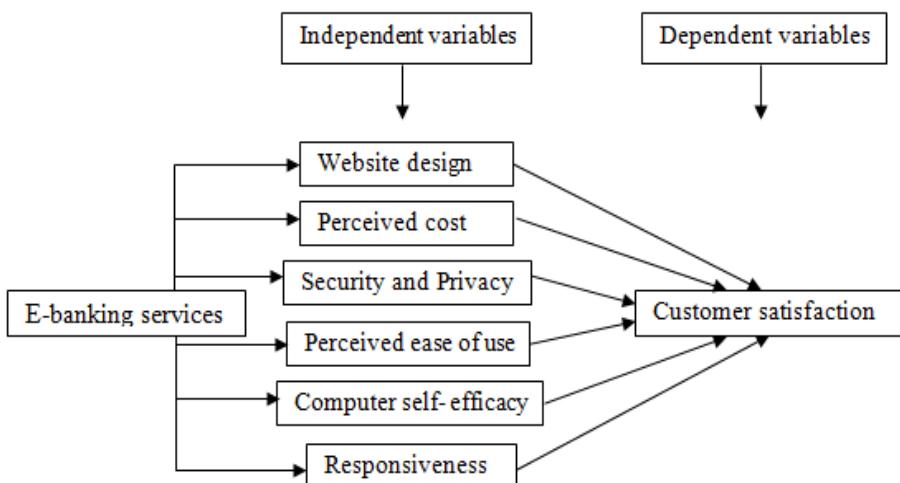
The limitations of the study are listed below:

- The study is based on primary data also but the respondent chosen are limited and random.
- Some of the respondents were hesitating to provide us true information so, it was difficult to communicate with them.
- Very limited secondary data are found in this topic and mostly based on primary data.

## 1.5 Theoretical framework

According to (Reeti, 2009), the study frame the relationship between independent factors/variables and customer satisfaction in the Internet Banking. These variables were refined according to the needs and demands of the banking sector to suit its usage in the study. They are:

- **Website Design:** It is the degree of ease of navigating through and using the website, website is the site of bank that compensates the customers for problems.
- **Perceived cost:** Perceived financial cost is the extent to which a person believes that using mobile banking would be costlier. The cost has been found as a major barrier of adoption. The cost incurred includes initial purchase price, equipment cost, subscription charges and transaction cost.
- **Security and Privacy:** Privacy includes providing security regarding their personal information, data should not be shared and credit card information should be kept secure.
- **Perceived ease of use:** It is the degree to which a person believes that using a particular system would be free of effort.
- **Computer self-efficacy:** It refers to one's perception of his or her ability to use a computer. If the customer believes that they have the required knowledge, skill or ability to operate mobile banking, then there is a higher chance to attempt the service.
- **Responsiveness:** It refers to effective handling of problems and returns through the site. It is an availability of assistance through telephone or online representatives.



**Figure1.1: Relationship between E-banking services and Customer satisfaction**

## II. RESEARCH METHODOLOGY AND DESIGN

Methodology refers the steps that will be adopted in this study. The more systematic method gives the more actual results for the study. The method for this study includes research plan and design, description of sample, data collection procedure and data analysis plan. This part also describes various tools that will come handy while doing the study and sample size and population size of study. The methodology used for this research is listed below:

### 2.1 Research Design

Descriptive research includes surveys and fact-finding enquires of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. The descriptive research design is selected for the study to learn the profile of the respondents, presentation and description of data collection, and describe the customers satisfaction towards e-banking services offered by Nepal SBI bank.

### 2.2 Population and Sample size

All the individuals of Nepal who are the customer of Nepal SBI bank using e-banking services are taken as the population of the study. Non-probability sampling method has been used to select the sample. The sample selected for the study is on the basis of judgmental and convenience sampling. The method of judgmental sampling has been employed in choosing the samples from banks' customers for primary data collection. Those units or individuals are selected as samples who are the customer of any bank inside Kathmandu. And furthermore, convenience sampling method has been used while selecting the samples. Those individuals are selected as samples, who are interested to participate, nearby, free, have relationship with researcher etc. Samples of the study are not predetermined and pre-informed. Data are collected from the samples by approaching the employees of various organizations and asking them to give their responses.

To collect the data 75 respondents were selected. The researcher has used convenience sampling because the users of e-banking services of one specific bank are difficult to find.

### 2.3 Data collection procedure

The study is primarily based only on primary sources of data. A survey questionnaire was designed to generate the primary data. A structured questionnaire was developed and distributed to 75 sample respondents who are the customer of Nepal SBI bank. The customers were randomly selected. Likert scale questions and ranking questions were asked in the questionnaire.

### 2.4 Methods of Data analysis

Under this study MS-Excel has been used for creating tables, bar diagrams, pie charts, data processing. Statistical tools are used to analyze the collected data. Various tools can be used to analyze the collected data to draw the reliable conclusion. Following tools are used for this study:

- **Arithmetic Mean:**

The arithmetic mean is defined as being equal to the sum of the numerical values of each and every observation divided by the total number of the observation.

Arithmetic mean of a given set of observations is their sum divided by the number of observation.

- **Coefficient of Variation:**

The coefficient of variation (CV) is the ratio of the standard deviation to the mean. Higher the coefficient of variation, greater will be the level of dispersion around the mean. Lower the value of the coefficient of variation, the more precise the estimate.

### **III: DATA INTERPRETATION AND FINDINGS**

This study aims to know about the customers' satisfaction towards e-banking services provided by Nepal SBI Bank. For this purpose, required primary data was collected and analyzed in systematic way so as to derive the empirical findings and priorities.

The responses received from these respondents were arranged, tabulated and analyzed systematically in order to facilitate the descriptive analysis of the study.

#### **3.1 Respondent's Profile**

The respondents profile of those who participated in the questionnaire survey on the strata of gender, age group and their occupation. The age group has been recorded into ordinal scale as 15-20, 20-30, 30-40 and 40 and above. Questionnaire was developed and distributed to 75 sample respondents. And all of the respondents were actively involved in the conducted survey. The data collected in the research can be presented as follows:

##### **Gender:**

In the case of Gender, out of 75 respondents, 36 were male and 39 were female this indicates 48% male and 52% female.

##### **Age of Respondents:**

In case of Age of Respondents, out of 75 respondents, those of 15-20 age were 9 i.e. 12%, 20-30 age were 47 i.e. 62.67%, 30-40 age were 15 i.e. 20% and above 40 age were 4 i.e. 5.33%.

##### **Occupation of Respondents:**

In case of Occupation of Respondents, out of 75 respondents, 45.34% were students, 12% were businessman, 5.33% were government employee, 30.67% were involved in private sector, 1.33% were retired and rest 5.33% were working in other fields.

### 3.2 Data Presentation and Analysis

Qualitative research believes in words, expression and content analysis when it comes to presentation. This chapter deals with the data analysis and interpretation of data obtained from respondents. Researcher identifies the e-banking products, website designs, security and privacy, ease of use, self-efficacy, perceived cost and responsiveness of Nepal SBI bank in order to analyze the customer satisfaction towards e-banking services. Thus, data presenting in qualitative research provides ways of discerning, examining, comparing and contrasting and interpreting meaningful patterns or themes of analysis.

#### 3.2.1 Customers satisfaction towards e-banking products (EBP)

E-banking products refer to the internet based services offered by bank to its valued customer. Some of the e-banking products are Automated Teller Machine (ATMs), Mobile banking, Internet banking, Electronic fund transfer and bills payment, withdrawals etc.

The descriptive analysis data shows that the customer using e-banking services are satisfied towards the e-banking products (ATMS, Mobile banking, Internet banking, electronic fund transfer and bill payment, withdrawals) as average mean of E-banking products statements is greater than 3( i.e. $3.9787 > 3$ ).

Likewise, the lowest CV of e-banking products is 20.35% among five EBP statements which states that it has highest consistency in terms of awareness of electronic fund transfer and bill payments of the bank. Similarly, to some extent it is also consistent in terms of awareness of mobile banking service offered by the bank.

#### 3.2.2 Customer satisfaction towards Website Design (WD)

Website design is the degree of ease of navigating through and using the website, website is the site of bank that compensates the customers for problems. The statements includes: The website design of the bank is user friendly and The website design of SBI is well organized, simple and reliable.

The descriptive analysis data shows that the customer are satisfied with the WD in terms of organized, user friendly, simple and reliable as the average mean of the WD statements is greater than 3( i.e.  $3.8133 > 3$ ).

Likewise, the lowest CV of website design is 22.53% among two WD statements which states that it has highest consistency in terms of user friendly website design of the bank.

#### 3.2.3 Customer satisfaction towards Security and Privacy (SP)

Privacy includes providing security regarding their personal information, data should not be shared and credit card information should be kept secure. The statements includes: I trust the security of online banking services of my bank, Banking through electronic media is safe and secure and The confidentiality of my information is ensured by the bank.

The descriptive analysis data shows that the customer are highly satisfied with the security and privacy system of Nepal SBI Bank as average mean of security and privacy statements is greater than 4 (i.e.4.1289>4).

Likewise, the lowest CV of security and privacy is 18.93% among three SP statements which states that it has highest consistency in terms customer trusting the security of online banking services of the bank. Similarly, to some extent it is also consistent in terms of confidentiality of consumer information maintained by the bank.

#### **3.2.4 Customer satisfaction towards Perceived ease of use (PEU)**

Perceived ease of use is the degree to which a person believes that using a particular system would be free of effort. The statements includes: I believe use of E-banking is easy, needs no effort and saves time and I often use electronic media for transaction rather than visiting bank location.

The descriptive analysis data shows that the customer are satisfied with the usability of e-banking services as average mean of perceived ease of use statements is greater than 3 (i.e.3.533>3).

Likewise, the lowest CV of perceived ease of use is 18.59% among two PU statements which states that it has highest consistency in terms customer believing that use of e-banking services is easy, needs no effort and saves time.

#### **3.2.5 Customer satisfaction towards their computer self-efficacy (CSE)**

Computer self-efficacy refers to one's perception of his or her ability to use a computer. If the customer believes that they have the required knowledge, skill or ability to operate mobile banking, then there is a higher chance to attempt the service. The statement include: I have the required knowledge, skill and ability to operate e-banking services.

The descriptive analysis data shows that the customer are satisfied with their knowledge and skill to use e-banking services as average mean of computer self-efficacy statement is greater than 3 (i.e.3.440>3).

Likewise, CV of computer self-efficacy is 32.14% which states that it has consistency in terms customer having knowledge, skill and ability to operate e-banking services of NSBL.

#### **3.2.5 Customer satisfaction towards Perceived cost/charge (PC)**

Perceived financial cost is the extent to which a person believes that using mobile banking would be costlier. The cost has been found as a major barrier of adoption. The cost incurred includes initial purchase price, equipment cost, subscription charges and transaction cost. The statements includes:

The bank charges the cost for using mobile banking, The cost incurred in mobile banking is expensive

The descriptive analysis data shows that the customers are highly satisfied with the bank charging the cost for using e-banking services. However, customer also agreed that the cost incurred by bank is expensive as average mean of PC statements is greater than 3 (i.e.3.7733>3).

Likewise, the lowest CV of perceived cost is 17.13% among two PC statements which states that it has highest consistency in terms of customer satisfying that the bank charges the cost for using mobile banking.

### **3.2.6 Customer satisfaction towards Response of bank (Responsiveness) – (R)**

It refers to effective handling of problems and returns through the site. It is an availability of assistance through telephone or online representatives. The statements includes: I always get details of my accounts through SMS/Emails on my phone. Response of the service through e-banking is very quick in my bank and My bank delivers the promised services at time.

The descriptive analysis data shows that the customer are satisfied with the response of the bank as average mean of responsiveness is greater than 3 (i.e.3.6578>3).

Likewise, the lowest CV is 18.93% among three responsiveness statements which states that it has highest consistency in terms customer getting the details of their accounts through SMS/emails on their phone. Similarly, to some extent it is also consistent in terms of bank delivering the promised services at time.

### **3.2.7 Customer satisfaction level (CS)**

Customer satisfaction is a part of customer's experience that exposes the suppliers' behavior on customer's expectations. It is the measure of how the needs and responses are collaborated and delivered to excel customer expectation. The statements includes: I am satisfied with the e-banking services provided by my bank, I am frequent user of my e-banking services, I strongly recommend the e-banking services of this bank to others and I am loyal towards e-banking service of my bank.

The descriptive analysis data shows that the customer are satisfied with the e-banking services of Nepal SBI bank as average mean of satisfaction level is greater than 3 (i.e.3.750>3).

Likewise, the lowest CV is 15.35% among four CS statements which states that it has highest consistency in terms customer being loyal towards e-banking services of the bank. Similarly, to some extent it is also consistent in term of customer agreeing that they are satisfied with the e-banking services provided by the bank.

### **3.2.8 Average Mean and CV analysis of Level of Customer Satisfaction towards e-banking services of Nepal SBI Bank Ltd. (NSBL)**

The descriptive analysis data shows that the average mean and average co-variance analysis of the e-banking variables of NSBL. The data explains that security and privacy of bank has the highest average mean than other variable which indicates that customer are highly satisfied with the privacy and security systems of the bank as average mean is greater than 4 (i.e. 4.1289>4).

Likewise, the lowest CV among the variables is of privacy and security i.e. 20.26% which states that it has highest consistency in terms customer trusting the security privacy of online banking services of

the bank. Similarly, to some extent it is also consistent in terms of confidentiality of consumer information maintained by the bank.

## IV: FINDINGS AND DISCUSSION

Based on the analysis of data, the major findings of this study are summarized below:

- Out of 75 respondents, female respondents (52%) participated in the study than that of males (48%) which shows that females numbers are increasing towards using e-banking services.
- Out of 75 respondents, 47 respondents were the age of 20-30 i.e. 62.67% which shows that teenagers are actively involved in using such services in their smart phones or laptops to make transaction in a cashless manner.
- Out of 75 respondents, 45.34% were students and 30.67% who were involved in private sector was found to be coming from such occupation participated during the study much than other occupations. This clearly reveals that there is a growing trend among the students and the people of private sector involvement are actively involved in using the e-banking services.
- Among all the variables, security and privacy of bank has the highest average mean which indicates that customer are highly satisfied with the privacy and security systems of the bank as average mean is greater than 4 (i.e.  $4.1289 > 4$ ). Likewise, the lowest CV among the variables is of privacy and security i.e. 20.26% which states that it has highest consistency in terms customer trusting the security privacy of online banking services of the bank. Similarly, to some extent it is also consistent in terms of confidentiality of consumer information maintained by the bank.

Though the e-banking is an effective tool but many customers are not using it due to the awareness of the particular direct banking channel. Now, it is the responsibility of the bank to make them aware about various e-banking channels through publicity and advertisement. The bank should educate the customer about the usage of e-banking services and also about their advantages. It has been observed that even the customers who know about e-banking services are not using this facility due to misconception and lack of information. These customers should be targeted by the bank and must be convinced to use the same. The bank may improve existing facilities to spread awareness about computer and net banking. Despite of the fact the customers finds secured during their transactions but due consideration from the government and bankers side is a must to ensure high degree of safety in protecting the customers information against the information being hacked in the future.

## V: CONCLUSIONS AND ACTION IMPLICATIONS

### 5.1 Conclusion:

Our economy is facing a wave of change with modern technologies penetrating into all sectors of manufacturing, trading and services which are now giving makeover for economy. This makeover is

creating a great effect on banking sector today. The nature of banking transaction has moved from the long queue at the bank counter to small screen that fits our hand. Banks began to use emerging technologies to provide better qualities services to customers at less cost and greater speed. Electronic banking is new face of banking made it convenient for customers to make their transaction from any geographically diverse place. The bank now removed their traditional ways and introduced modern concepts.

From the research on customer satisfaction on e-banking services offered by Nepal SBI Bank, the researcher concludes that the majority of the customers are aware and responses of them are satisfactory with the e-banking services provided by bank. They are satisfied on the basis of the ease of use, cost and charges, security and privacy ensured, on the basis of response, reliability of website designs etc. we can conclude that there is a positive and direct relationship between factors of e-banking services and customer satisfaction. The better attitude of the bank makes it more acceptable. The study has analyzed the overall perception of customer regarding the services of e-banking. The study concludes that different age group of customers has different perception towards e-banking services and the usage levels of customer are different. Bank should educate the senior citizens about usage of internet banking services.

### **5.2 Action Implications:**

The world of technology has been changing every day. Technology has brought huge impact in banking services. Electronic banking has become a necessity of banks to a huge extent. Therefore research has been done. Through this report the bank can improve their policies regarding the e-banking system and must take necessary steps to make customers more aware about the provisions of e-banking services.

The best way to motivate the customer to use e-banking services is through efficient customer care services. It will help customers to get prompt services and moreover it helps the customer to change their perception towards electronic form of banking system.

### **5.3 Practical Implications**

- This study directly helps the banks to make appropriate decision and planning according to the customer's satisfaction level choosing e-banking system.
- It also helps the bank to understand and implement the future strategies and growth opportunities of the e-banking services in order to increase the satisfaction level of customer.
- Awareness about e-banking services of SBI is moderate; the bank must take necessary steps to make customers more aware about the provisions of e-banking services. The bank should make consumer aware about various e-banking channels through publicity and advertisement. The

bank should educate the customer about the usage of e-banking services and also about their advantages. This will prompt the customer to shift from traditional brick to mortar channel.

### 5.4 Research Implications

- This study will be useful to future researcher as a literature review for conducting new study on cyber security and branding of services for differentiating from other financial institutions. This study will provide guidelines to new researcher.
- As already mentioned there are a lot of other variables of e-banking that have impact on customer satisfaction level and all those variables were not possible to study under this research due to limited time. So, to gain more realistic and appropriate results these other variable needs to be taken into consideration by making more effort and time in order to reduce the forecasting error.

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