

The Influence of Demographic Factors and User Interface on Internet Banking Adoption: An Empirical study

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Abstract - Information technology has played a crucial role in the financial services. Internet has proved a magic wand for financial services and products, banking in particular. Banking sector has been early adopter of technology to offer latest modes for transacting business. Banks have transformed themselves and are offering services through internet. From computerization to networking to ATMs and now E-Banking, banks have moved up the value chain this trans-formal change have been dealt with in this study. The main focus has been on exploring the impact of Demographical variables on Internet banking adoption. Due importance also has been accorded to the overall customer satisfaction towards Internet banking services.

Keywords: Internet Banking adoption, Demographic variables, customer satisfaction and User Interface

Introduction:

Today banking is known as innovative banking. Information technology has given rise to new innovations in the product designing and their delivery in the banking and finance industries. Customer services and customer satisfaction are their prime work. Current banking sector has come up with a lot of initiatives that oriented to providing a better customer services with the help of new technologies. Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing paper based and labor-intensive methods with automated processes thus leading to higher productivity and profitability.

Financial innovation associated with technological change totally changed the banking philosophy and that is further tuned by the competition in the banking industry. As per the findings of Internet and Mobile Association of India (IAMAI), about 23% of the online users prefer internet banking as banking channel in India, second only to ATM which is preferred by 53%. Further the study reveals that the people are not using internet-based bank websites for executing financial transactions in India. The major reasons identified for the same were security concerns (43%), preference for face-to-face transactions (39%), lack of knowledge about transferring online (22%), lack of user friendliness (10%), and lack of the

facility in the current bank (2%). E-banking has gained wide acceptance internationally.

In India also the things are changing fast. With the advent of Net-banking, Indian economy is on the threshold of a major banking revolution. In 2002, only about a dozen banks were providing e-banking services. The Indian banks lag far behind the international banks in providing online banking. In fact, this is not possible without creating sufficient infrastructure or presence of sufficient number of users.

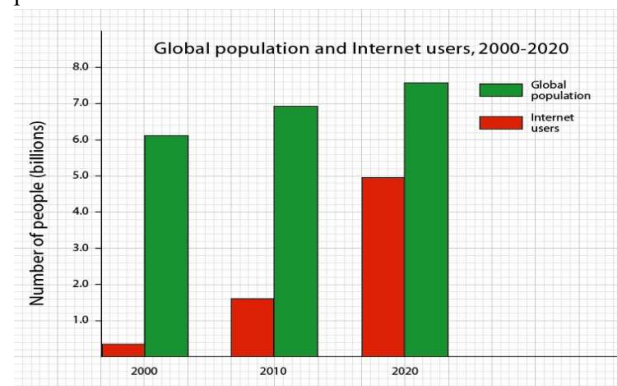


Figure : Global Population and Internet Users in year 2000 to 2020

The Model

On the basis of extant literature, a model of the relationships between Internet banking system and customer satisfaction is proposed in figure below:

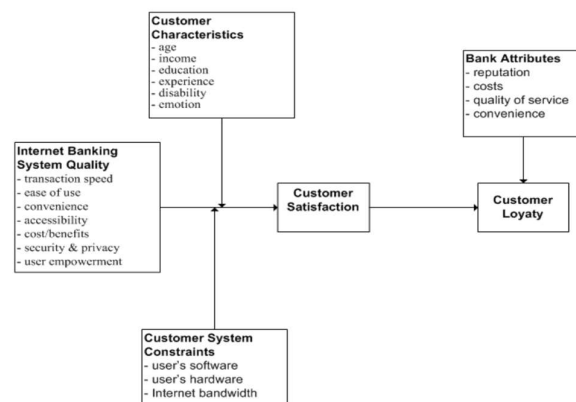


Figure: Conceptual model of the relationships between Internet banking system and customer satisfaction

REVIEW OF LITERATURE

Uppal R.K. (2008) analyzes the quality of e-banking services in the changing environment. The sample size of bank customers is 25. The data is collected through pre-tested and well-structured questionnaire in Ludhiana; Punjab in May 2006. The study concludes that the customers of e-banks are satisfied with the different e-channels and their services in the spread of e-banking services. It also suggests some measures to make e-banking service more effective in the future.

Mishra J.K. and Jain M. (2007) study various dimensions of customer satisfaction in nationalized and private sector banks. Two-stage factor analysis is computed to arrive at the dimensions of customer satisfaction. The study analyzes ten factors and five dimensions of customer satisfaction for nationalized and private sector banks respectively. The study concludes that satisfaction of the customers is an invaluable asset for the modern organizations, providing unmatched competitive edge

Jham Vimi and Garg P. (2006) examine the factors which enhance satisfaction with internet banking services with the help of factor analysis. The study concludes that customers do not prefer to use internet for many transactions, therefore least satisfied for foreign exchange requirements, credit card payments but privacy and trust play an important role in usage of internet but satisfaction is very low.

Rayappan and shunmghan (2008) have tested regression of customer satisfaction with demographic profile of the customer. They have found that inaccuracy in transaction charges, staff attitude; complaint handling, system and procedure are some of the factors which derive dissatisfaction to the customers.

Keerthe and Vijayalkshmi (2009) analyzed perception level of the customer with their demographic profile. They suggested that traditional bank must have realize the importance of ATM, Mobile Banking, Debit card, Online Banking.

Objectives of the Study

- To analyze the effect of demographic variables on customer satisfaction towards internet banking.
- To measure the overall customer satisfaction towards internet banking

Research Design:

The present study is an exploratory investigation carried out to gain an insight into the customer satisfaction level with the quality of Internet banking services provided by public and private sector banks in Indore. The study is based on primary and secondary data sources.

Data Collection:

Primary data shall be collected through a well-equipped interview schedule from the customers of public and private sector banks in Indore. **Secondary** source of data shall be the journals, magazines and various websites which publish articles and statistical data.

Population of the study: The population of the study consists of the customers those who are having account and they frequently access the Internet banking services. For effective coverage and lower cost, non-probability and convenient sampling technique was used to select the participating respondents. Customers were sub- divided into demographic profile based on Age, Income, Gender, Marital status etc.

Sample size: Total 150 customers constituted our sample size.

One Way ANOVA of the Effect of Demographic Characteristics on Customer Satisfaction with regard to the Internet Banking

H₀₁: Gender wise there is no significant difference in Customer Satisfaction towards Internet Banking Services in Public and Private Banks in Indore City.

H₁₁: Gender wise there is a significant difference in Customer Satisfaction towards Internet Banking Services in Public and Private Banks in Indore City.

TABLE -DESCRIPTIVES STATISTICS ON GENDER & CUSTOMER SATISFACTION WITH INTERNET BANKING SERVICES

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Private Banks	Male	98	54.9286	11.66212	1.17805	52.5905	57.2667	26.00	75.00
	Female	52	61.8462	13.60275	1.88636	58.0591	65.6332	28.00	75.00
	Total	150	57.3267	12.75873	1.04175	55.2682	59.3852	26.00	75.00
Public Banks	Male	90	57.8265	12.68819	1.28170	55.2827	60.3704	18.00	75.00
	Female	60	54.4808	13.67765	1.89675	50.6729	58.2887	30.00	75.00
	Total	150	56.6667	13.09166	1.06893	54.5544	58.7789	18.00	75.00

TABLE: ANOVAON GENDER & CUSTOMER SATISFACTION WITH INTERNET BANKING SERVICES

		Sum of Squares	Df	Mean Square	F	Sig.
Private Banks	Between Groups	1625.724	1	1625.724	10.633	.001
	Within Groups	22629.269	148	152.900		
	Total	24254.993	149			
Public Banks	Between Groups	380.302	1	380.302	2.237	.137
	Within Groups	25157.032	148	169.980		
	Total	25537.333	149			

H₀₂: Age wise there is no significant difference in Customer Satisfaction towards Internet Banking Services in Public and Private Banks in Indore City.

H₁₂: Age wise there is a significant difference in Customer Satisfaction towards Internet Banking Services in Public and Private Banks in Indore City.

TABLE: DESCRIPTIVES STATISTICS ON AGE & CUSTOMER SATISFACTION WITH INTERNET BANKING SERVICES

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
Private Banks	<35 Years	49	56.3878	11.12395	1.58914	53.1926	59.5829	26.00	75.00
	35-50 Years	64	60.1875	13.94988	1.74374	56.7029	63.6721	28.00	75.00
	>50 Years	37	53.6216	11.76235	1.93372	49.6999	57.5434	27.00	75.00
	Total	150	57.3267	12.75873	1.04175	55.2682	59.3852	26.00	75.00
Public Banks	<35 Years	40	57.3061	11.23833	1.60548	54.0781	60.5341	27.00	75.00
	35-50 Years	71	54.8438	14.41144	1.80143	51.2439	58.4436	30.00	75.00
	>50 Years	39	58.9730	12.86789	2.11547	54.6826	63.2633	18.00	75.00
	Total	150	56.6667	13.09166	1.06893	54.5544	58.7789	18.00	75.00

TABLE: ANOVAON AGE & CUSTOMER SATISFACTION WITH INTERNET BANKING SERVICES

		Sum of Squares	Df	Mean Square	F	Sig.
Private Banks	Between Groups	1074.908	2	537.454	3.408	.001
	Within Groups	23180.085	147	157.688		
	Total	24254.993	149			
Public Banks	Between Groups	429.515	2	214.757	1.257	.287
	Within Groups	25107.819	147	170.801		
	Total	25537.333	149			

H₀₄: Education wise there is no significant difference in Customer Satisfaction towards Internet Banking Services in Public and Private Banks in Indore City.

H₁₄: Education wise there is a significant difference in Customer Satisfaction towards Internet Banking Services in Public and Private Banks in Indore City.

TABLE: DESCRIPTIVES STATISTICS ON CUSTOMER SATISFACTION TOWARDS INTERNET BANKING SERVICES (EDUCATION-WISE)

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
Private Banks	UG	84	54.9524	11.40905	1.24483	52.4765	57.4283	26.00	75.00
	Graduate	39	58.0513	12.64068	2.02413	53.9536	62.1489	31.00	75.00
	PG	27	63.6667	14.93576	2.87439	57.7583	69.5751	28.00	75.00
	Total	150	57.3267	12.75873	1.04175	55.2682	59.3852	26.00	75.00
Public Banks	UG	80	57.9762	12.06107	1.31597	55.3588	60.5936	18.00	75.00
	Graduate	41	57.1795	15.82947	2.53474	52.0482	62.3108	30.00	75.00
	PG	29	51.8519	11.02690	2.12213	47.4898	56.2139	35.00	75.00
	Total	150	56.6667	13.09166	1.06893	54.5544	58.7789	18.00	75.00

TABLE: ANOVAON CUSTOMER SATISFACTION TOWARDS INTERNET BANKING SERVICES (EDUCATION-WISE)

		Sum of Squares	Df	Mean Square	F	Sig.
Private Banks	Between Groups	1579.286	2	789.643	5.119	.002
	Within Groups	22675.707	147	154.257		
	Total	24254.993	149			
Public Banks	Between Groups	780.230	2	390.115	2.316	.102
	Within Groups	24757.103	147	168.416		
	Total	25537.333	149			

H₀₅: Marital Status wise there is no significant difference in Customer Satisfaction towards Internet Banking Services in Public and Private Banks in Indore City.

H₁₅: Marital Status wise there is a significant difference in Customer Satisfaction towards Internet Banking Services in Public and Private Banks in Indore City.

TABLE: DESCRIPTIVES STATISTICS ON CUSTOMER SATISFACTION TOWARDS INTERNET BANKING SERVICES (MARITAL STATUS)

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
Public Banks	Single	64	57.6875	10.71992	1.33999	55.0097	60.3653	27.00	75.00
	Married	62	57.4194	15.75275	2.00060	53.4189	61.4198	18.00	75.00
	Others	24	52.0000	10.50052	2.14341	47.5660	56.4340	35.00	75.00
	Total	150	56.6667	13.09166	1.06893	54.5544	58.7789	18.00	75.00
Private Banks	Single	58	56.2500	10.41519	1.30190	53.6484	58.8516	26.00	75.00
	Married	70	55.5161	13.56677	1.72298	52.0708	58.9614	27.00	75.00
	Others	22	64.8750	14.06294	2.87059	58.9367	70.8133	28.00	75.00
	Total	150	57.3267	12.75873	1.04175	55.2682	59.3852	26.00	75.00

TABLE: ANOVAON CUSTOMER SATISFACTION TOWARDS INTERNET BANKING SERVICES (MARITAL STATUS)

		Sum of Squares	Df	Mean Square	F	Sig.
Public Banks	Between Groups	624.487	2	312.243	1.842	.162
	Within Groups	24912.847	147	169.475		
	Total	25537.333	149			
Private Banks	Between Groups	1644.884	2	822.442	5.347	.000
	Within Groups	22610.109	147	153.810		
	Total	24254.993	149			

Conclusion

Internet banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Today, the click of the mouse offers customers banking services at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs. This study has analyzed the overall satisfaction of customers regarding the performance of Internet banking. Age, Gender, Education and amount they maintain in the bank are the important demographic factors which have major impact on the satisfaction of the customers on e-banking. Bankers have to adopt the right strategies to attract and different age group and different income class customers so as to retain the customers and to offer better services to them. Internet Banking will be successful for banks only when they have Commitment to Internet Banking along with a deeper understanding of customer needs.

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