

# Factors Affecting Customer Satisfaction of E- Payments System

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## Abstract

*The main objective of the study was to identify the factors that affect consumer satisfaction towards e payment. Price, quality, information, and security are taken to measure the customer satisfaction towards e-payment. Survey questionnaire were used to collect the primary data. Convenient sampling was used for the sampling. Altogether, 150 samples were considered for the collection of the necessary data. Descriptive as well as inferential statistical tools were used to analyze the primary data. Mean and standard deviation were used as a descriptive statistic to describe the situation of collected data and correlation was used as inferential statistics has used to examine the relationship of independent variables with customer satisfaction. From the result of correlation analysis, it is found that there is a significant positive high correlation of security and information with customer satisfaction. Moreover, it is found that there is moderate correlation between quality and customer satisfaction. Lastly, there is low correlation between price and customer satisfaction towards e-payments.*

**Key words:** Customer Satisfaction, E- payment, Price, Quality, Information, Security

## Introduction

In 21<sup>st</sup> century, modern science and technology makes peoples' life easier and more convenient than previous ones. One of the most important invention of modern science and technology is internet. Using internet, E- payments is one of best examples of it. Now days, banking services begin through e payment and appear on a large scale. E payment define as technology that enable the customer to perform financial transaction through internet. Recently Nepalese bank are also using e payments. Beside these, tele-communication, hotels, airlines cinema halls are also utilizing e payment. On other way E-sewa, Khalti are popular local payments system have been providing e service in different way. E payment system is way of transaction for

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any goods or service through electronic medium without using bank check or cash. Online payment is other word of e payment. Credit card and debit card are popular form of electronic payment system. E- Customer payment has become one of the latest services. Customer satisfaction rate get increasing on payment rather than traditional service. Customers are willing service on their own way without anyone help. E- Payment is part of e service. Under this e - service, e payment has grown. Recently most of banks have used e- service for electronic payment mechanism, E Payment transaction, e commerce website, IT infrastructure. Computer skills people's acceptance of IT solution play vital roles. The E payment is one of important foundation of e service. The e banking helps bank to extend their bank market as well as reduce bank operational banks. E service payment is very important for cash transaction in market. Therefore, e payment helps in development of financial states of county.

In the financial services, financial clearing and fund transfer service is most important service than other services. Payment systems improve financial intelligibility, stimulating business growth and consumption .

E payment have improved financial transaction of whole world. E-payment systems is strategic information system and are considered one of the main components of economic development, particularly in developing countries, and they greatly help to reinforce the capabilities and provision of financial services. A payment system is in fact a set of regulations that allows users to transfer money. The payment system is a mechanism, which can transfer money from an account in a bank to an account in another bank and therefore, its role in economy is like veins that flow money to different economic firms. E-payment is a form of financial exchange that is done between a buyer and a seller and electronic communication facilitates this financial exchange.

Information and Communication Technology (ICT) have become a mean for improvement of financial system worldwide.

Customer satisfaction increase with e payment system in financial institution. Customer satisfaction is defined as pleasure from many service. Financial institution increases the e payment for customer satisfaction rate. Thus attracting monetary service and achieving competitive advantage for banks through customer satisfaction. Here customer satisfaction defined as emotional reaction with their expectation, consumption and experience. Thus this e payment plays pivotal role in the internet payment from customer and online transaction payment offer efficient way to integrate

various online payment. During the e payment customers, merchant issues, acquire payment process act as key player for electronic transaction. Customer satisfaction is defined as measurement that determine happiness of customer with product and service. Customer satisfaction is the perception of the customer that outcome of business transaction is equal to or greater than customer expectation. Customer satisfaction is complex and dynamic phenomenon which is influenced by many factors like product quality, serviced quality, and price may factors that influence on customer satisfaction. Philip Kotler defines customer satisfaction as a 'person's feeling of pleasure or disappointment, which resulted from comparing a product's perceived performance or outcome against his/her expectations'. If customer's expectations are met, then it explains about the satisfaction of purchase, which is defined as a function of convergence the expectations with the perceived mode of action of the products by the purchaser. Khan and Jahwari (2018) explained that the perceptions of the youth confirming the product quality & service guarantee influenced comfort and satisfaction to the online customers. This study explained that guaranteed package and delivery process having the lowest price motivated consumers for online shopping frequently. The study illustrates through Quality Safety Assurance (QSA) model, the factors viz. Product Quality, Application Safety, Delivery Guarantee play vital role on the online.

Customer is a person who buys a commodity or a service, and satisfaction can refer to the person's feelings of pleasure or disappointment that results from comparing a product's perceived

Performance or outcome with their expectations. Customer satisfaction refers to the degree of customer happy about the quality of products and services. Consumer satisfaction is the result of comparing the customer expectations and the experience. The consumer is pleased when the delivery meets or exceeds their expectations. Satisfied customers are always ready to repeat the purchase if the service provider reached or exceeded their expectations.

Organizations need to adopt strategies to fulfill the requirements of customers and provide sustainable services, which could help in retaining previous customers and could attract new customers as well (Jafari et al., 2013).

Customer satisfaction is also described as the capability of an organization to accomplish the

emotional business and psychological needs of the potential customers (Pairot, 2008).

Madhaushi et al. (2005) analyzed the features of different e-payment systems from

the view of Iranian users and found security and trust as the most important and the ability to transform and track as the least important features of e-payment systems.

The features specified by different users for e-payment systems are not only considered important in designing new systems, but also engender its acceptance among users. Sherafat et al. (2007) concluded that the most important and effective factors of e-payment methods are the subscribers` familiarity, culture, and tendency to use them. Akindele and Rotimi (2014) argued a significant relationship between e-banking and customer satisfaction even though e-banking is full of insecurities among Nigerian customers due to its convenience, flexibility, speed, efficiency, and accessibility of transactions.

Person`s feelings of pleasure or disappointment that results from comparing a product`s perceived performance or outcome with their expectations. Customer satisfaction refers to the degree a customer is happy about the quality of products and services

### **Objectives of the Study**

The general objectives of the study are to understand the factors affecting customer`s satisfaction of e payment, and the specific objectives of this study are:

- To explore the relationship between price and customer satisfaction of e-payment.
- To examine the relationship between quality of e payment and customer satisfaction.
- To explore the relationship between information and customer satisfaction related with e-payment.
- To explore the relationship between security and customer satisfaction towards e-payment.

### **Significance**

The significance of this study is to help in increasing quality of electronic payment in Nepal. This study helps in identifying the remaining factors that influence on electronic payment. E payment will be very helpful in pandemic cases e.g., COVID-19.

### **Literature Review**

Ihammadi and Tariq (2020) explained that success of e-payment on customer satisfaction. The main objective of this research was identifying the effect of service quality of e-payment system that is reflected in the form of users` satisfaction in Abu

Dhabi city of UAE by following quantitative study approach and data was collected from 233 respondents.

Gautam (2012) explained measuring the impact of new technologies through electronic banking on profitability of banks. This study explained the major intention of banks to provide service to customers. Through the qualitative analysis with interviews of bank managers of 14 Indian banks, this study admitted that e banking increased the profitability as well as retention of customers along with the profit of the banks from e banking rather than traditional transformation.

Katoon and Xu (2015) explained the relationship between e- banking service quality dimension and customers purchasing intention with mediating role of customer satisfaction by using 235 respondents through correlation and regression analysis. The result concluded e- payment service quality has positive impact on customer purchasing intention with mediating role of customer satisfaction.

Tella (2012) explained information system success model and technology acceptance model for determining of E - payment system success where users' satisfaction was taken as dependent variable. Pearson product moment correlation method and ANOVA and multiple regression. This study expressed that service quality, perceived speed, perceived benefits and actual use were significant with users' satisfaction with e payment.

Christian and France (2005) concluded that customers' satisfaction was mostly affected by technology factors, product factors, shopping factors which were followed by trust, delivery, usability, product customization, product quality and security.

Alhadded (2014) explained the impact of mobile banking on enhancing customer satisfaction with consisting 360 samples from commercial banks in Jordan by applying sample regression.

Heckmann (200) explained that efficiency and quality of service depends on network engineering and interconnection. Considering the variables such as reliability, flexibility, privacy, accessibility, ease to navigation, efficiency, security as independents; and customer satisfaction as a dependent, the study found statistically significant impact of overall dimension on enhancing customer e satisfaction but the security dimension as the most powerful.

Ranaweera and Prabhu (2003) explained a holistic approach for analyzing the combined effects of satisfaction, trust and switching barriers on customer retention in a continuous purchasing setting. The research explained that such an approach helps to neglected effects on retention and, in the process but cost effective ways of

retaining customers. The result of the study explained that switching barriers have both a significant positive effect on customer retention as well as a moderating effect on the relationship between satisfaction and retention.

Dubey and Srivastava (2016) did a research on the impact of service quality on customer relationship management and customer loyalty in the Indian telecom sector. In this study, Service quality was taken as independent variable and customer relationship management and customer loyalty were taken as dependent variable. Empathy, Assurance, Responsiveness, Tangibility and Reliability were service quality dimensions. A survey-based exploratory and casual research design has been used as data analysis tool along with 262 sample size by using online questionnaire. Results explained that the service quality has significant and positive impact on customer relationship management and customer loyalty. Out of the five dimension of service quality, tangibility and assurance has significant and positive impact on customer relationship management, while tangibility has a significant impact on customer loyalty.

The innovative technology provides improved information about the products which affect customer adoption. Customers try to research the product before buying, and consumers try to adopt e-payment functions and get the details about the procedure, advantages, disadvantages feature, security, and privacy options (Pikkarainen et al., 2004).

In the study entitled 'Functionality of internet banking and consequences of customer satisfaction' Ahmad and Zubi(2011) have considered banks of Jordan through random sampling of 185 samples. The variables like privacy, accessibility, design, convenience, content and security were found to be significant influencer for customer satisfaction. Furthermore, it is pertinent to state that privacy, content and security have the most numerous impact on customer satisfaction rather than accessibility and design.

Alkhowaiter (2020) argued that e service helps in maintaining the relationship marketing with their clients in banking field.

Lussier and Headon (2017) argued two benefits from e payment of banking. E payment provide better, faster and cheaper way to deliver service and customers can do their banking transaction anytime and anywhere if internet facilities. The customer satisfaction are affecting by service quality in e payment.

Robinson (2000) argued that e service provide from banking has taken as important factors for managing customer purchasing intention. Some researcher has depicted that e banking is the result of internet business in banking sectors and financial sectors.

Customer satisfaction is the key factor for companies to retain their customers, build customer loyalty and gain more profits (Reichheld, 1996).

Customer satisfaction is also described as the capability of an organization to accomplish the Emotional, business and psychological needs of the potential customers (Pairot, 2008).

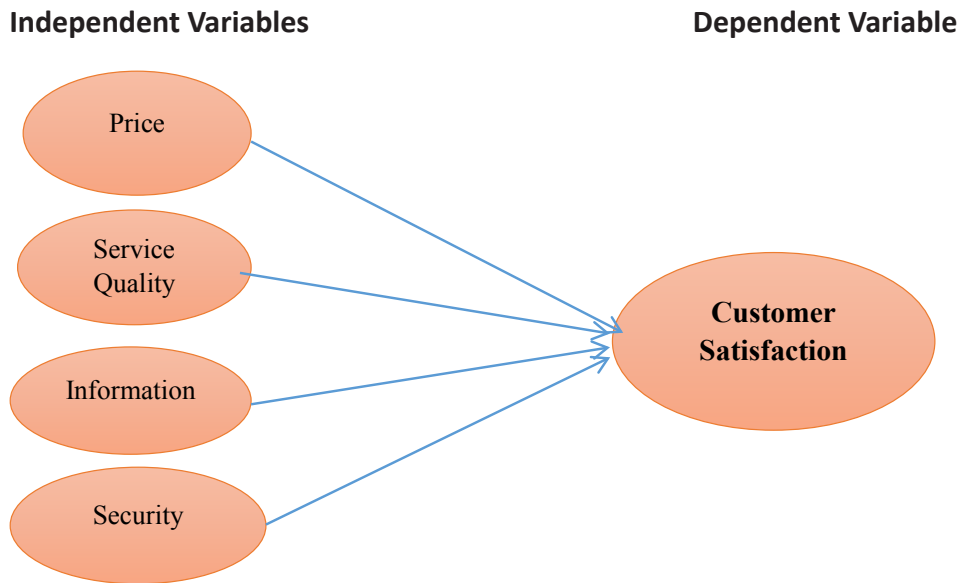
Security can improve customer satisfaction by providing personalized services to them, and customers will be reluctant to change to other companies if organization were able to verify that and maintain information on participants in the banking services that the electronic banking service does not allow the use of personal information to clients and customers as well as banks do not allow the use of personal information must be characterized by secure electronic banking service in the authorized banking operations (El Kiki et al., 2012).

Customers may feel the E-system trustworthy, service provider keep their promises and commitment, keep the identity secure and customers may feel safe and secure while doing transaction. Security and preserving privacy have a large impact on the trust of users in a technology (Polatoglu & Ekin, 2001). Fears of hackers and privacy invasion compound the uncertainty surrounding online services (Yap et al., 2010).

Service quality has been determined as an analytical factor of success for the organization through which the organization can formulate their competitive advantage as well as to enhance their competitiveness. Pioneered by Parasuraman et al. (1988) described that the SERVQUAL instrument comprises of five distinct dimensions. The dimensions of SERVQUAL include tangibles, reliability, responsiveness, assurance and empathy (Parasuraman et al., 1988).

Rod et al. (2009) argued the association among the service quality of internet banking and customer satisfaction in New Zealand by using SERVQUAL instrument, having 300 sample size who are the regular users of internet banking. The results of the study show that the dimensions of service quality of internet banking have a positive as well as an indicative relationship with the customer satisfaction. It has been recommended by the researchers that the management of online service providers of banks be compelled to constantly analyze the level of fulfillment of the requirements and demands of customer with the site of the company, if they desire to endure the customers loyal with their online services. Quality is customer's evaluation of the excellence in the performance of goods or service( John & Michael,1977).

**Figure no. 1. Conceptual Framework**



### **Hypothesis**

- H1: There is significant relationship between price and customer satisfaction towards E- payment
- H2: There is significant relationship between service quality and customer satisfaction towards E- payment
- H3: There is significant relationship between information and customer satisfaction towards E- payment
- H4: There is significant relationship between security and customer satisfaction towards E- payment

### **Research Methodology**

Research methodology is the systematic, theoretical analysis of the methods applied to a field of study. Research methodology is a path from which researcher can solve research dilemma systematically to accomplish the basic objective of the study. The study is based on descriptive research design and inferential design. This study aims to investigate the relationship between the factors like price, service quality, information, security and customer satisfaction towards electronic payment by using regression. This study has used questionnaire with survey field for the data collection. The field survey is conducted to further enhance the collection of primary data. The survey has



used the 150 respondents as sample size and convenience sample method. The data obtained from the questionnaire are analyzed using SPSS software. The results thus obtained were analyzed and interpreted. The data were analyzed by using statistical techniques like mean and standard deviation and correlation analysis for various dependent and independent variables to achieve the research objectives.

### Descriptive analysis

Under descriptive analysis, basically means and standard deviation were used to analyze the data.

### Descriptive statistic for customer satisfaction.

**Table 1**

Factors		Minimum	Maximum	Mean	Std. Deviation
Satisfied with service	150	1	5	3.93	1.197
Intend to use more in future	150	1	5	3.97	1.161
Average	150	2.00	5.00	3.950	0.837

The above table no 1 explains the respondent's opinion about satisfaction level towards e payment. The mean response is 3.95 and the standard deviation is 0.837 that almost all of the respondents are satisfied with service of e- payment and intend to use more in future.

### Descriptive statistic of price

**Table 2**

		Minimum	Maximum	Mean	Std. Deviation
Extra Price	150	1	5	3.74	1.178
No problems in extra Price	150	1	5	3.97	1.346
Average	150	1.00	5.00	3.857	1.054

The table 2 explains respondents' opinion about price for customer satisfaction toward e payment. The mean value is 3.857 and the standard deviation is 1.054. Thus, these factors explained almost that all of the respondents agreed the effect of price on customer satisfaction toward e payment.

## Descriptive statistic of security

**Table 3**

Factors		Minimum	Maximum	Mean	Std. Deviation
Security	150	1	5	3.29	1.517
Trust	150	1	5	3.87	1.217
Maintain privacy	150	1	5	3.99	1.331
Average	150	1.00	5.00	3.72	

Table no 3 shows that the respondent's opinion about security for customer satisfaction towards e payment. The result indicates that these factors explained that almost all of the respondents agree about security affected on customer satisfaction towarde payment.

## Descriptive statistics of information

**Table 4**

Factors		Minimum	Maximum	Mean	Std. Deviation
Quick Response	150	1	5	3.53	1.469
Update information	150	1	5	3.15	1.737
Timely information	150	1	5	3.34	1.579
Average	150	1.00	5.00	3.340	1.294

Source: Field Survey

The table no 4 explain about respondent opinion about information for customer satisfaction towards e payment where mean value is 3.34 and standard deviation value is 1.294. Thus, these factors explained that almost all of the respondents agree about information effected on customer satisfaction toward e payment.

## Descriptive statistics of quality

**Table 5**

Factor		Minimum	Maximum	Mean	Std. Deviation
Reliability	150	1	5	3.67	1.293
Empathy	150	1	5	3.77	1.280
Responsiveness	150	1	5	3.84	1.395
Average	150	1.67	5.00	3.762	0.877

The table no 5 explained that the respondents' opinion about quality for customer satisfaction towards e- payment where the mean value is 3.76 and the standard

deviation is 0.877. Thus, these factors explained that almost all of the respondents agree that quality effected on customer satisfaction toward e payment.

### Correlation Analysis among the variables

**Table 6**

	Price	Quality	Information	Security	Satisfaction
Price					
	1				
Quality	.647**				
	0.00				
Information	.420**	.838**			
	0.00	0.00			
Security	.398**	.674**	.767**		
	0.00	0.00	0.00		
Satisfaction	.215*	.513**	.610**	.750**	
	0.08	0.000	0.000	0.000	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Table no 6 explain that, the correlation between the customer satisfaction level related with quality s 0.513 and corresponding p-value is 0.000 which is less than 0.01 which means there is positive relationship between satisfaction level and service quality towards payment. Hence there is significant relationship between satisfaction level and service quality toward e payment.

Table no 6 shows that, the correlation between the customer satisfaction levels related with price is 0.750 and corresponding p-value is 0.000 which is less than 0.01 which means there is positive relationship between satisfaction level and price towards payment. Hence there is significant relationship between satisfaction level and price toward e payment.

The result of table no 6 indicates that, the correlation between the customer satisfaction levels related with security is 0.750 and corresponding p-value is 0.000

which is less than 0.01 which means there is positive relationship between satisfaction level and security towards payment. Hence there is significant relationship between satisfaction level and security toward e payment.

The table no 6 shows that, the correlation between the customer satisfaction levels related with information is 0.610 and corresponding p-value is 0.000 which is less than 0.01, which means there is positive relationship between satisfaction level and information towards payment. Hence there is significant relationship between satisfaction level and information toward e payment

### **Conclusion**

This research study investigated the factors affecting customer satisfaction towards electronic payment in Nepal. This study examined the relationship of price, quality, information and security with customer satisfaction related with e-payment.

From the result, it is concluded that there is a significant positive high correlation between security and information with customer satisfaction, and there is a significant positivemoderate correlation between quality and customer satisfaction. Lastly, there is a positive low correlation between price and customer satisfaction towards the e-payment.

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