INTERNET BANKING SERVICES AND CUSTOMER SATISFACTION IN NAWALPUR DISTRICT

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Abstract

The aim of this study was to explore the effect of service quality and customer satisfaction on consumer loyalty in internet banking in the case of the Nawalpur district. The basis for this study was established in its dimensions: they include easy to use, efficiency, security, reliability, and responsiveness. The study also aimed to recognize the elements that influence quality of service along with the concept and importance of service quality in online banking in particular. The study was based on the quantitative research design and the participants in this study were the bank's customers using Internet services. The sample size for this study was maintained at 172 participants. To evaluate the phenomenon of the survey, a closed questionnaire of 5 points on a Likert scale was formulated. The results of this study indicated that there is a significant positive impact of service quality and customer satisfaction on the customer loyalty of Internet banking users in Nawalpur district. Therefore, the Nawalpur banking sector was advised to pay particular attention to all dimensions of the e-service quality and to customer satisfaction.

Introduction

Internet banking is where a customer can access his or her bank account via internet using personal computer or mobile phone and web-browser. Ongkasuwan and Tantichattanon (2002) defined that internet banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with internet connection to banks' web sites any time they wish. Internet banking service also enables bank customers to perform transactions such as transfer and payments, access of latest balance, statement viewing, account detail viewing, customization, print, downloading of statements and obtaining of a history statement on all accounts linked to the bank's customers' auto bank.

Khan (2007), internet banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including The validity of the instrument and highlight the above average performance of service quality delivered by Greek banks via the internet. All quality dimensions are proved to be antecedents of overall customer satisfaction, with reliability having the most significant impact. Furthermore, quality of information is a crucial dimension driving the customer intentions for internet banking future usage. Finally, familiarization-related dimensions, such as empathy and web assistance, play a very important role in customers' willingness to recommend the service to other people (Santouridis, Trivellas, &Reklitis, 2009). Customer satisfaction in

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the banking industry plays a vital role to create a healthy business status being service based industry. In any service based industry customer service is at highest priority. Customer service can be provided by well-trained person in planned systematic manner or can be provided by means of well-planned self-service.

In this light, it is important to investigate into the internet banking services and customer satisfaction in general and also, specifically in various dimensions. However, it is true that each bank may not be able to provide a wide range of services due to their different nature such as commercial bank, development bank, agriculture bank or micro credit bank. Nevertheless, it is important to analyze whether or not the banks show their innovativeness by offering new features to attract customers through their banking interfaces and websites in a user-friendly manner with the aim to improve the customer satisfaction and overall success of the bank (Nochai, 2013).

Statement of the Problem

Nepalese banking sector is becoming more competitive than past and they are found to be competing with each other to introduce new services. However, they seem to pay less attention to the customers' need and feedbacks.

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. It is well established that satisfied customers are key to long-term business success. For that matter, many market leaders are found to be highly superior-customer-service orientated (Teece, 2010).

The employees work in under stress condition and dissatisfaction working environment will affect the overall performance in the job. The factors of job dissatisfaction will cause the employees cannot provide the better service for external customer and affect or cause the external customer dissatisfaction during getting the service (Yee, 2011).

The study seeks to examine the factors influencing to the customer satisfaction of internet banking in context of Nepalese Commercial banks. Hence, there is a lack of publication in regards to the fundamental factors of internet banking service and customers' satisfaction in Nepal's banks. The Nepalese commercial banks are providing internet banking services to the customers so there is a need to explore whether the services provided by Nepalese commercial banks is able to satisfy their customers or not.

The study raises some research questions: Is internet banking service important for customers? Are customers satisfied with current internet banking services provided by commercial banks? What is the relationship between efficiency and customer satisfaction in Nepalese commercial banks in Nawalpur district?

Objectives of the Study

The main purpose of the study is to investigate the customer's satisfaction with internet banking services in Nepal in terms of reasons for preferring internet banking services, customer satisfaction in relation to internet banking service quality and relationship between efficiency and customer satisfaction in Nepalese commercial banks in Nawalpur district.

Review of Literature

Mobarek (2007) examined on the e-banking practices and customer satisfaction in Botswana with the objective was to evaluate electronic banking services

to improve the customer satisfaction which plays a major part in the service industry. The major finding of the study was there is a relationship between age group, occupation type and some aspects of e-banking.

Swaminathan and Ananth (2010) explained that all the factors equally influence the customer satisfaction. The conclusions of the study were the customer satisfaction is the major factor contributing to the success of service sectors. Similarly, Silva and Abeysekara (2012) concluded that there was a strong positive relationship between the independent and dependent variable. As the independent variables were technology aspects, bank staff assistance, experiential convenience and promotional aspects. Likewise, Khatri (2013) revealed that limited services were provided by the bank and financial institutions through internet banking facilities. For instance: obtaining the account information, statement and paying the utility bills are main component included in their internet banking services. Besides the study highlighted the challenges faced by the banks for the development and adaptation of internet banking technology.

On the other hand, regarding customers and their satisfaction as strong reason for organization survival is specifically prioritized for banks; since for the banks as a financial institution, the main capital and financial resources are fulfilled through customer's investment and the buyer of all banking products (all kinds of banking services) are the same customers. Therefore, providing services quality to customers is getting more and more significant daily (Nazeri, Babayof, &Keshavarzi, 2017).

Redda&Surujlal (2019) found that gender and age do not to have any influence on customer perceptions of internet banking service quality dimensions, value, satisfaction and loyalty. In our view, these particular findings call for further investigation to confirm or disconfirm the finding of the present study, and establish possible reasons for such findings, preferably using a qualitative method.

Iqbal (2020) indicated that there is a significant positive impact of service quality and customer satisfaction on the customer loyalty of internet banking users in KSA.

There were many studied had been conducted and found in customer satisfaction with internet banking in developed and developing countries. In the context of Nepal, there are few studies related to customer satisfaction with internet banking services. So considering these research gaps particularly in Nepalese context, this study proposes a framework to analyze the demographic characteristics of internet banking users and also measure the level of customer satisfaction by taking the dimensions of internet banking services such as ease to use, efficiency, security, reliability and responsiveness.

Customer satisfaction is the results formed after consumers' evaluation and judge of prior expectations and actual use. Moreover, customer satisfaction is considered to be one of the most important competitive factors and will be the best indicator of a company's profitability. There are various factors affect for customer satisfaction in internet banking services (Yi, 2010).

The satisfaction of customer depends on easy to use of services providing by the banks. According to Ma (2012) to attract customers through website design there should be useful information on the website, appealing and well organized website, consistent and standardized navigation, well-organized appearance of user interface, quickly downloading and easy use of the online transaction.

Efficiency is the ability of the customers gets in to website, find they desire product and information

associate with it and check out with minimal of effort. Parasuraman (2005) efficiency is one of E-S-QUAL dimensions which was defined as the ease and speed of accessing and using the website. Santos (2003) defined efficiency refers as to the speed of downloading, search and navigation.Due to efficiency the transaction process is fast in internet banking services system.

Security is defined as the freedom from danger, risk, or doubt. It involves physical safety, financial security and confidentiality. Cox and Dale (2001) defined the security refers to safety and technical security of the network against the hackers and swindling.

Reliability is the factor which influence for customer satisfaction in internet banking services. Jun and Cai (2001) have defined reliability as the ability of the internet bank to perform the promised service dependably and accurately. It involves in accuracy in billing, keeping records correctly and performing the service at the designated time. In their further research, they also find the reliability consists of providing services as promised, dependability in handling customers' service problems, performing services right the first time, provide services at the promised time and maintaining error-free record.

The responsiveness is factors which affect the customer satisfaction regarding internet banking services. It includes problem handling, recovery of the problem, prompt service, timeliness service, helping nature, employee curtsey, recovery of PIN, password and money losses etc. Li and Suomi (2008) the attributes of responsiveness dimension are adequate contact information, performance prompt responsesto customers, timely responses to customers' adequate response time and quickly solve problems.

Therefore, recent studies and literature review shows that there are many studies on customer satisfaction with internet banking services quality of banks and the factors of customer satisfaction with internet banking services can be shown from the conceptual framework in figure 1:
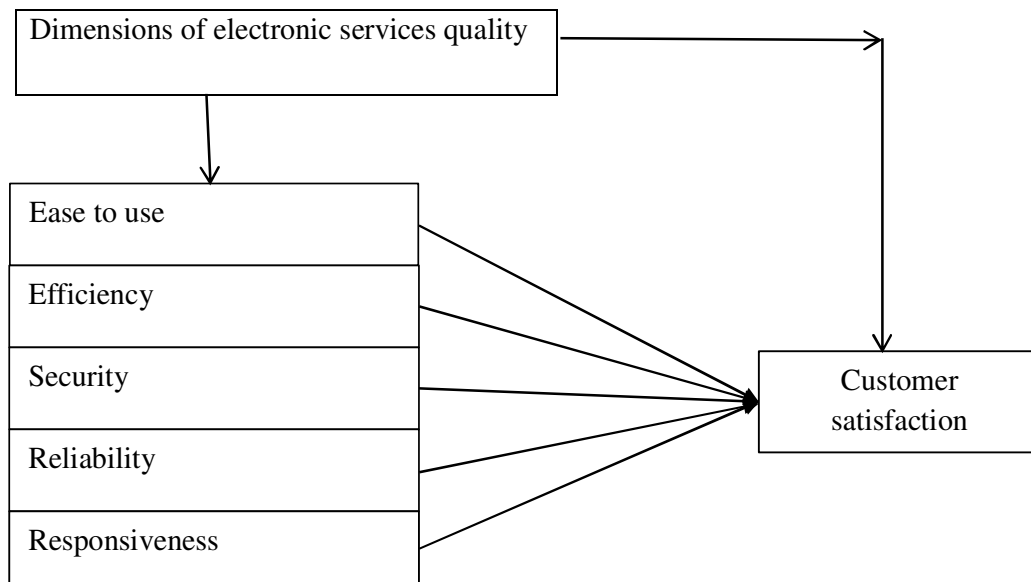
Source: Field Survey, 2021

Methods

Research methodology is a way to solve the research problem systematically. It provides a basic framework on which the study is based. It explains why particular method or technique is applied and helps to find out accuracy, validity and suitability of research.

This study is a survey-based and descriptive approach. The descriptive approach has been focused on revealing the current level of customer satisfaction with dimensions of internet banking services.

The study is based on primary sources of data. The primary sources of data have been used to assess the opinion of respondents with the respect of customer satisfaction with internet banking services provided by the Nepalese commercial banks in Nawalpur.

A sample of 172 respondents of different commercial banks is covered for questionnaires concerning their dimensions' internet banking services and customers' satisfaction between public and private banks.The dimensions of internet banking services are; ease to use, efficiency, security, reliability and responsiveness. The primary source of data is collected from the customer of different banks. Questionnaire includes both close-end and open-end questions. Questionnaire starts with the general information which includes age, gender, qualification and occupation. Different types of questionnaires are used such as Yes/No/No idea questions, ranking questions regarding customer satisfaction with internet banking services in Nepalese commercial banks and last conclusions from the respondents. Inferential statistics has been used to analyze the data.

The population of this study includes customers of 16 commercial banks. For the study, different bank customers are taken into consideration as a sample size. The total sample respondents are 172 from different bank customers. A set of questionnaire is prepared to collect information about customer satisfaction level regarding internet banking. It consisting section with demographic factors such as age, gender, income level, highest level of education and occupation. It deals with the independent variables (efficiency, reliability, responsiveness, ease to use and security) and dependent variable (customer satisfaction). The survey is carried out different banks customers from Nawalpur district.

After the data collection the reliability and validity was tested and the result was reliable and valid with Cronbach's Alpha of 0.913which means the data's are reliable on 91.3% and 8.7% data were error. The result of qualitative data shows the coefficient of 0.913 which shows that the data taken for the study is adequately reliable.

The Model

In this study, the model has been used to test the theoretical relation between the customer satisfactions with internet banking services quality. The customer satisfaction is function of the ease to use, efficiency, security, reliability and responsiveness. The theoretical statement may be framed as under:

$Y = f(X_1, X_2, X_3, X_4, X_5)$

Y = customer satisfaction

X_1 = ease to use

X_2 = efficiency

X_3 = security

X_4 = reliability

X_5 = responsiveness

Results

The research has six dimensions in total with one dependent and five independent dimensions which are determining their effect on customer satisfaction.

The dependent variable is customer satisfaction and the independent variables are ease to use, efficiency, security, reliability and responsiveness. The correlations are shown on the table 1.

Table 1 Correlation Coefficient of Customer Satisfaction with Dimensions of Internet Banking Services

This table presents bivariate Pearson's correlation coefficient between different variables used in the study. Correlation is significant at 1 percent level.*

	CS	ES	EFF	SE	REI	RES
CS	1.000	0.467*	0.429*	0.253*	0.485*	0.232*
ES		1.000	0.635*	0.544*	0.586*	0.529*
EF			1.000	0.570*	0.674*	0.599*
SE				1.000	0.515*	0.612*
RI					1.000	0.570*
RS						1.000

Source: Response on survey questionnaire

Here, customer satisfaction has a relation with variables dimension of internet banking services like ease to use, efficiency, security, reliability and responsiveness. All the variables have positive and significance relationship with customer satisfaction. Positive correlation implies that as one variable increases in values so does the other. The data shows reliability of the internet banking services tis highly positively correlated with customer satisfaction with 0.485 and is significant at 1 percent level of significance. Similarly, the correlation between customer satisfaction and ease to use is positively correlated which is accounted at 0.467 and is significant at 1 percent level of significance. Efficiency is also positively correlated with customer satisfaction by 0.429 which is in significant at level of 1 percent. Similarly, security and responsiveness is positively correlated with customer satisfaction at magnitude of 0.253 and 0.232 respectively and both are significant at level of 1 percent.

Regression Analysis

In this part of analysis, regression between the independent variables namely are ease to use, efficiency, security, reliability and responsiveness as well as the regression between the dependent variable, customer satisfaction are explained in table 4.23.

Table 2 Regression analysis of customer satisfaction and independent variables

This table presents regression analysis of $CS_t = â0 + â_1ES_t + â_2EF_t + â_3SE_t + â_4RI_t + â_5RS_t + å_t$ used in the study and * and ** denote that the results are significant at 1% and 5% level of significance respectively.

Models	Constant	Regression Coefficients of					Adjusted r²	F value
		ES	EF	SE	RI	RS		
(1)	1.151 (8.16)*	0.465 (6.88)*					0.25	47.35
(2)	0.961 (6.12)*	0.324 (3.76)*	0.223 (2.58)*				0.29	27.79
(3)	1.04 (5.81)*	0.349 (3.88)*	0.254 (2.26)*	-0.092 (-.974)			0.28	18.83
(4)	1.44 (7.65)*	0.28 (3.12)*	0.114 (1.16)	-0.137 (-1.48)	0.274 (3.33)*		0.33	17.72
(5)	0.995 (5.93)*	0.283 (3.23)*	0.138 (1.40)		0.300 (3.60)*	-0.187 (-2.26)	0.31	18.78
(6)	1.097 (5.92)*	0.363 (4.01)*	0.286 (2.97)*	-0.49 (0.486)		-0.102 (1.14)	0.28	14.48
(7)	1.043 (5.81)*	0.296 (3.31)*	0.151 (1.51)*	-0.074 (-.761)	0.304 (3.65)*	-0.164 (-1.85)	0.36	15.09

Source: Field Survey, 2021
Notes: Figures in parentheses are t values

Table 2 presents the regression analysis of the study which helps to determine the positives and negatives significant and insignificant impact on customer satisfaction of different dimension of internet banking services. The t statistics suggests that the coefficient of reliability, ease to use and efficiency are more significant and therefore these influences more than other dimensions of internet banking services to satisfy customer in Nepalese Commercial banks. The coefficient of security and responsiveness of employee are negative and insignificant to customer satisfaction. Therefore, security and responsiveness of employee does not play significant role in customer satisfaction.

The specifications of the all 7 models reveal the relationship of customer satisfaction with dimensions of internet banking services. In model 1 provides significant relationship with ease to use the internet banking services and adding on model 2 the result does not deviate, both the variables are significant and positively relation to customer satisfaction. On model 3 security of internet banking services is

insignificant and negative coefficient. On the model 4 the efficiency is positive coefficient with insignificance level and security is negative coefficient with insignificance level. On models 5 and 6 the responsiveness is negative coefficient and insignificance which play insignificant role in customer satisfaction. In the model 7, the customer satisfaction is significance and positive relationship with reliability, ease to use and efficiency. The security and responsiveness is negative and insignificant with customer satisfaction. The model 7 presents the adjusted R square is 36% which means that there is 36% of relation between customer satisfaction and independent variables. The models are significance revealed by F- value.

Conclusions & Discussion

From the analysis of data, the customers of joint venture banks faced problem while using internet banking services compared to private banks and public banks. Similarly, the joint venture banks customers have more confidents that banks will provide refund when the error occurred while internet banking transaction. Majority of respondents think internet banking services is cost effective. The result shows that most of the respondents recommend their banks to other people. The result shows that majority of the respondents used internet banking services because of time saving and among the internet banking services most of respondents used account services. Respondents believed that customer satisfaction is moderately affected by internet banking services of their banks. In the context of Nepal most of respondents are satisfied with the internet banking services provided by Nepalese commercial banks which is similar with Nazeri, Babayof, &Keshavarzi (2017).

Regarding the correlation results of the coefficients, customer satisfaction correlates positively and significantly with the size of Internet banking services. The result indicates that for commercial banks in Nepal, customer satisfaction is strongly influenced by reliability, ease of use, and efficiency compared to other variables. In response to the size of internet banking services in commercial banks in Nepal, most respondents found ease of use to be the most important dimension affecting customer satisfaction in commercial banks in Nepal. Also, reliability is the second most important factor affecting internet banking services. Efficiency, security and responsiveness are the most influential third, fourth and fifth dimensions influencing Internet banking services of commercial banks in Nepal to satisfy customers. Based on regression analysis, there is a significant and positive correlation between reliability, ease of use, and efficiency with customer satisfaction. There is a negligible negative relationship between customer satisfaction with security and responsiveness, which is consistent with Iqbal(2020).

Implications

There is a clear indication that Nepalese banks may not be able to stay in the market without attracting new customers and retaining old ones. There is a great need to focus efforts on maintaining a satisfied customer base and building customer loyalty through services. Without providing good quality of service, business success can become impossible. Furthermore, there is an increasing number of customers who are becoming more and more aware of the options offered in relation to the increasing standards of service which have added challenges such as quality of service, customer satisfaction, customer loyalty in relation to the business. bakery in

Nepal in general and the commercial banking sector in particular.

Due to the emerging nature of internet banking and customer satisfaction issues in commercial banks in Nepal, it is believed that many studies could be conducted and it is important to conduct numerous studies on the subject. Therefore, to achieve greater critical mass, there is a large scope for study and future studies.

Additionally, further investigations into the size of internet banking in Class B banks can be conducted for further model validation and more general findings. Likewise, there is the possibility of carrying out a comparative study of the level of customer satisfaction between commercial and development banks.

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