

STUDY OF DEMOGRAPHIC VARIABLES INFLUENCE ON CUSTOMER SATISFACTION IN E- BANKING

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ABSTRACT

A commercial bank is a type of financial intermediary. It is a financial intermediary because it mediates between the savers and borrowers. It does so by accepting deposits from the public and lending money to businesses and consumers. Its primary liabilities are deposits and primary assets are loans and bonds. With the shift from manual to electronic transactions the customer satisfaction is a big issue. The researcher in this paper has made an attempt to study the demographic factors and their influence on the customer satisfaction towards E banking. This study focus on the relationship between the four demographic variables i.e. age, occupation, gender and Annual Income with the customer satisfaction level of E banking. Data from 400 Customer were collected and analysis was done through SPSS. This research finds that demographic variables affects the satisfaction level of customer.

KEYWORDS: Internet Banking, Demographic Variables, Customer Satisfaction.

1.0 INTRODUCTION TO E-BANKING

Electronic banking(e-banking), also known as cyber banking, virtual banking ,online banking, or home banking, includes various banking activities conducted from home, business, or on road through the use of electronic means. E-banking is the delivery of banking services and products through the use of electronic means through the use of electronic means irrespective of place, time and distance. E-banking provides customers opportunity to gain access to their accounts and execute transactions or to buy products online via internet. The customer is click of a mouse away from any type of banking transactions. According to Sergeant (2000),E-banking brings different and arguably lower barriers to entry, opportunities for significant cost reduction, the capacity to rapidly reengineer business processes, and great opportunities to sell cross border. For customers, the potential benefits are choicer, greater competition and better value for money, more information, better tools to manage and compare information and faster services.

2.0 REVIEW OF LITERATURE

In the literature, the concept of customer satisfaction is defined as a post choice evaluation judgment concerning a specific purchase decision (Churchill and Sauprenant, 1992; Oliver 1980). Oliver (1980) defined satisfaction as an attitude or evaluation which is formed by the customer comparing their pre-purchases expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive. According to Yi (1990) “customer satisfaction is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. Hunt (1991) stated that “satisfaction is a function of consumer’s belief that he or she was treated fairly.

On the other hand, Kotler (2000) defined “satisfaction as a person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his or her expectations”.

2.1 BRAND REPUTATION, BRAND PERCEPTION, AND CUSTOMER SATISFACTION

According to American Marketing Association a brand can be defined as a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The branding is an effort to create brand positioning in consumers’ mind. The Brand reputation can be defined as how a particular brand (whether for an individual or a company) is viewed by others. It refers to a perception of service quality linked with the brand’s name. In the literature, brand reputation in the banking sector is defined as the banks reputation and expiating

place of bank in the banking industry (Che-Ha and Hashim, 2007 Reynolds, 2007). A positive brand reputation indicates the consumers trust in your company, a negative reputation means mistrust on company. Several studies have shown a positive linkage between brand image, brand reputation and customer satisfaction (Wafa et al 2009). Woodruff et al. (1983) stated that brand reputation has an important impact on customer satisfaction and customer loyalty.

2.2 E-BANKING CUSTOMER SATISFACTION

Nowadays, managers and researchers have been continuously debating the role of e- banking service in customer satisfaction and e-banking quality issues have become an area of interest for research (Jayawardhena, 2004). We can easily classified today's banking customers into two broad categories. The first category which is still using the traditional approach to consume banking services known as offline customers. On the other hand, the second category which has already adapted itself according to the changing era of e-commerce and online marketing, known as "online customers or e-customers". In the literature, e-customers are defined as "an individual or corporate one who are using e-portals to purchase, ordering, receiving information and paying price / charges of services/product purchased through various types of e-channels" i.e. internet, e-mail, personal computer, ATM, POS, credit cards, debit cards, cell phone, fax, phone and other electronic devices.

The review of the literature has clearly depicted that customers' satisfaction, loyalty, retention and purchase decision are significantly influenced by the service quality. The quality of e-services, the price level and e-purchasing process play a significant role in determining the level of customer satisfaction (Ming Wang, 2003). The number of studies has explained various factors associated with e-customers satisfaction (Chen and Chen, 2009). Among all explored factors in literature, technological factor (Privacy, Usability, Site Design and Privacy), Shopping Factors (Convenience, usability, Trust and Trustworthiness Delivery), and Product Factors (Merchandising, product quality, Product Value and Product Customization) are found to be significant in determining the level of satisfaction (Schaupp and Bélanger, 2005).

2.3E-BANKING SERVICE QUALITY AND E-SATISFACTION MEASUREMENT

Jun and Cai (2001) has done research for find out the key factors associated with e-banking service quality. As a result they have identified seventeen factors named as reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding the customer, collaboration, continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features.

3.0 OBJECTIVE OF STUDY

The objectives of this study are following:-

- 1) To study the demographic background of E banking Customer in Delhi NCR.
- 2) To study the association between demographic variables and customer satisfaction level

4.0 ANALYSIS

A total of 500 questionnaires were distributed for the data collection, out of which 457 filled questionnaires were returned. 57 of the returned questionnaire were incomplete and were not deemed fit for the analysis and hence were rejected. So at last, a total of 400 filled questionnaires were considered for further analysis.

The various factors were subjected to Two independent sample t-test or One way ANOVA. When there are two categories to compare we apply Two independent sample t-test and for more than three categories we may use One way ANOVA (Malhotra 2009). One of the assumptions for One way ANOVA is that there must be equality of variance among the various categories under consideration.

Levene's test is a measure for the homogeneity of variance among the various categories. Sig values less than 0.05 indicates that the variance among the various categories is not the same. In such case in Two independent sample t-test, an adjustment to degrees of freedom is made in SPSS and while working with one way ANOVA, the substitute of F-test is used which was given by Welch. In all the below mentioned tables, wherever Levene's test significance value is less than 0.05 the adjusted value of t-statistics is taken.

Wherever the significant difference were found (Sig level of F-test or Welch test < 0.05) , the mean scores were compared to see the responses of the various categories. Further Post hoc analyses were performed wherever independent demographic variable contained more than 2 categories. When there is equal variance among the categories, Tucky's method was used else Games-Howell method was used.

4.1. Age

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 15-25	83	20.8	20.8	20.8
25-35	133	33.3	33.3	54.0
35-45	129	32.3	32.3	86.3
Above 45	55	13.8	13.8	100.0
Total	400	100.0	100.0	

Table 4.1 : Descriptive based on age

From the above table 4.1 it is observed that the majority of the respondents were from age group of 25-35(133) and age group of 35-45 (129).

Effect of Age on various factors leading to satisfaction

Tests of Equality of Means of various factors on the basis of Age

	Levene	Sig.	F	Sig	Welch	Sig
System Availability	1.829	.141	2.755	.042		
E-Fulfilment	.150	.929	.131	.942		
Accuracy	.655	.580	2.117	.098		
Efficiency	.630	.596	2.057	.105		
Security	1.348	.259	1.976	.117		
Responsiveness	3.905	.009			5.850	.001
Easy to use	.516	.672	4.375	.005		
Convenience	.559	.642	2.097	.100		
Cost Effectiveness	1.824	.142	2.161	.092		
Problem Handling	2.843	.038			3.768	.012
Compensation	13.519	.000			2.471	.063
Contact	1.851	.137	5.519	.001		

a. Asymptotically F distributed.

Analysis of Variance in TABLE showed that, only factors System availability (**F statistics of 2.75, significance <0.05**), Responsiveness (**Welch statistics of 5.85, significance <0.05**), Easy to use (**F statistics of 4.37, significance <0.05**), Problem Handling (**Welch statistics of 3.76, significance <0.05**) and Contact (**F statistics of 5.51, significance <0.05**) differ significantly on the basis of Age. For the detailed analysis, Paired comparison using Post hoc analysis was carried out.

System Availability

Descriptives

Dependent Variable=System Availability

	N	Mean	Std. Deviation
15-25	83	3.2289	1.09475
25-35	133	3.5602	1.08587
35-45	129	3.5950	1.05660
Above 45	55	3.2864	1.14607
Total	400	3.4650	1.09397

The mean score of this factors revealed that, for the age categories of 25-35 & 35-45 were more satisfied (mean score 3.5 each) than those of 15-25 & Above 45 (mean score 3.2 each)

Responsiveness

The mean score of this factors revealed that, for the age categories of 25-35 & 35-45 were more satisfied (mean score 3.5 each) than those of 15-25 & Above 45 (mean score 3.2 each)

Easy to use

The mean score of this factors revealed that, for the age categories of 25-35 & 35-45 were more satisfied (mean score 3.66 and 3.57) than those of 15-25 & Above 45 (mean score 3.18 and 3.35)

4.2. Occupation

Occupation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Business	140	35.0	35.0	35.0
Government Service	71	17.8	17.8	52.8
Corporate Employee	161	40.3	40.3	93.0
Students	28	7.0	7.0	100.0
Total	400	100.0	100.0	

Table 4.2 : Descriptive based on occupation

The Occupation tables 4.2 Showed that majority of the respondents were Corporate Employee (161) and Business People (140).

Effect of Occupation on various factors leading to satisfaction

Test of Homogeneity of Variances

	Levene Statistic	Sig.	F	Sig.	Welch	Sig.
System Availability	.919	.432	1.754	.155		
E-Fulfilment	3.703	.012			.444	.722
Accuracy	.578	.630	1.963	.119		
Efficiency	.762	.516	1.556	.200		
Security	5.676	.001			1.551	.205
Responsiveness	2.783	.041			4.940	.003
Easy to use	.114	.952	4.814	.003		
Convenience	4.338	.005			.559	.643
Cost Effectiveness	2.340	.073	1.419	.237		
Problem Handling	3.561	.014			3.003	.034
Compensation	20.499	.000			5.442	.002
Contact	4.180	.006			3.291	.024

Analysis of Variance in TABLE showed that, 5 factors Responsiveness (**Welch statistics of 4.94, significance <0.05**), Easy to use (**F statistics of 4.81, significance <0.05**), Problem Handling (**Welch statistics of 3.03, significance <0.05**), Compensation (**Welch statistics of 5.44, significance <0.05**) and Contact (**Welch statistics of 3.29, significance <0.05**) differ significantly on the basis of Occupation. For the detailed analysis, Paired comparison using Post hoc analysis was carried out.

Responsiveness

The mean score of this factors revealed that, Students (mean score 2.62) were found to be less satisfactory than other category.

It can be concluded that, level of satisfaction of Students differ significantly from other category. There was no significant difference found between Business, Government Employee and Corporate employee. Hence two clustered on the basis of occupation were observed: one Students & Business,

Govt employee and corporate employee. The first clustered had lower mean score (2.62) than the second which indicate that these people are slightly less satisfied than the second cluster persons.

Problem Handling

Descriptives

Dependent Variable=Problem Handling

	N	Mean	Std. Deviation
Business	140	3.3073	1.23546
Government Service	71	3.0376	1.17722
Corporate Employee	161	3.2279	1.13323
Students	28	2.6904	1.02996
Total	400	3.1843	1.17841

The mean score of this factors revealed that, Business People and Corporate Employee were more satisfied (mean score 3.30 and 3.22) than those of Government Employee and Students (mean score 3.03 and 2.69). Students were Dissatisfied on this parameter. This may be due to fact that their problem were not taken seriously by Bank Employee.

Compensation

The mean score of this factors revealed that, All Category were dissatisfied on this parameter. However Students are more dissatisfied (mean score 2.27) than other category. This may be due to fact that Banks normally do not recovers money lost due to E banking transaction and also process of the same is lengthy and cumbersome.

The mean score of this factors revealed that, Business People and Government Employee were more satisfied (mean score 3.73 and 3.43) than those of Corporate Employee and Students (mean score 3.38 and 3.07)

4.3. Gender

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	310	77.5	77.5	77.5
Female	90	22.5	22.5	100.0
Total	400	100.0	100.0	

Table 4.3 : Descriptive based on gender

Based on the results depicted in table 4.3 the gender frequency of Male was 310 whereas females were 90. Thus the ratio of male to female is approx 4:1.

Effect of Gender on various factors leading to satisfaction

The mean score of various factors were compared for their equality of means using Two independent sample t-test procedure.

Table 1 T-test results for various categories of Gender

Independent Samples Test

Assumptions=Equal variances assumed

	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	T	Sig. (2-tailed)
System Availability	.040	.841	-.126	.900
E-Fulfilment	.550	.459	.850	.396
Accuracy	.383	.536	.470	.639
Efficiency	1.167	.281	-.174	.862
Security	.003	.958	1.469	.143
Responsiveness	.466	.495	.615	.539
Easy to use	1.445	.230	2.074	.039
Convenience	.070	.792	.928	.354
Cost Effectiveness	2.046	.153	1.395	.164
Problem Handling	.546	.460	.296	.768
Compensation	1.160	.282	.443	.658
Contact	1.527	.217	.725	.469

*Significant at 0.05 level

Group Statistics

Dependent variables=Easy to use

Gender	N	Mean	Std. Deviation	Std. Error Mean
Male	310	3.5497	1.03540	.05881
Female	90	3.2928	1.03123	.10870

Analysis of Variance in TABLE showed that, only **Easy to use** factor differ significantly on the basis of gender. The mean score of this factor revealed that, males were more satisfied (M=3.54) than their counterpart females (M=3.29) with easy to use facility of E banking. Post hoc analysis can't be used as there are only two groups.

4.4 Annual Income

***Annual Income**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below Rs. 5 Lakh	237	59.3	59.3	59.3
Rs. 5 Lakh - Rs. 10 Lakh	163	40.8	40.8	100.0
Total	400	100.0	100.0	

Table 4.4 : Descriptive based on Annual Income

Table 4.4 depicts that majority of the respondents income level was below Rs. 5 Lacs (237) while 163 respondents are from Income Bracket of Rs. 5 Lacs - Rs. 10 lacs.

a) Effect of Income on various factors leading to satisfaction

The mean score of various factors were compared for their equality of means using Two independent sample t-test procedure.

Independent Samples Test

Assumptions=Equal variances assumed

	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	t	Sig. (2-tailed)
System Availability	4.265	.040	-1.768	.078
E-Fulfilment	.127	.722	-.190	.849
Accuracy	.691	.406	-.269	.788
Efficiency	.551	.458	-1.374	.170
Security	6.472	.011	-.069	.945
Responsiveness	.354	.552	-2.171	.031
Easy to use	7.764	.006	-2.752	.006
Convenience	.578	.448	-.125	.901
Cost Effectiveness	2.039	.154	-1.254	.210
Problem Handling	.923	.337	-1.643	.101
Compensation	9.297	.002	-1.683	.093
Contact	.113	.737	-.952	.342

Above TABLE of two independent sample t test showed that mean score of Responsiveness (**t statistics of 2.17, significance <0.05**) and Easy to use (**t statistics of 2.75, significance <0.05**) factor differ significantly on the basis of Annual Income.

Group Statistics

Dependent variables=Responsiveness

Annual Income	N	Mean	Std. Deviation	Std. Error Mean
Below Rs. 5 Lakh	237	3.0454	1.07075	.06955
Rs. 5 Lakh - Rs. 10 Lakh	163	3.2837	1.09132	.08548

The mean score revealed that, respondents of Income level Rs. 5 lakh –Rs. 10 Lakh were more satisfied (M=3.28) than their counterpart Respondents of Income level below Rs. 5 Lakh (M=3.04) with Responsiveness factor of E banking. This may be due to fact that banks provide special facility and attention to their high net worth customer. Banks even provide special relationship manager to these customers.

5.0 CONCLUSION

From the above demographic frequency distribution it has been concluded by the researcher that mostly the internet banking is used by the age group of 25-35 years followed by the age group of 35 to 45 years, which altogether has taken 65.6% users in the range. Mostly the corporate users or business man are e-banking users taking the total 75.3% of the population. When the researcher analyzed data on basis of gender it was discovered that more than 75% respondents are Male. On basis of Annual Income it was found that 60% customer are category of below Rs. 5 lakh and 40 % are above 5 Lakhs.

Two clustered on the basis of age were observed: one having age categories of 15-25 & above 45, second with age categories of 25-35 & 35-45. The first clustered had lower mean score (3.2) than the second which indicate that these people are slightly less satisfied than the second cluster persons.

The mean score of Problem handling factors revealed that, Business People and Corporate Employee were more satisfied (mean score 3.30 and 3.22) than those of Government Employee and Students (mean score 3.03 and 2.69). Students were Dissatisfied on this parameter. This may be due to fact that their problem were not taken seriously by Bank Employee.

Analysis of Variance in TABLE showed that, only Easy to use factor differ significantly on the basis of gender. The mean score of this factor revealed that, males were more satisfied (M=3.54) than their counterpart females (M=3.29) with easy to use facility of E banking.

The mean score revealed that, respondents of Income level Rs. 5 lakh –Rs. 10 Lakh were more satisfied (M=3.28) than their counterpart Respondents of Income level below Rs. 5 Lakh (M=3.04) with Responsiveness factor of E banking.

6.0 FUTURE SCOPE

The future researchers can perform various analytical tests to get meaningful results related to customer satisfaction in foreign and Indian banks.

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