
CHAPTER-II

**REVIEW OF
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2.1. INTRODUCTION:

Today's banking sector in India has laid down greater emphasis on technology and innovation. Banks began to use technology to provide better quality of services at greater speed. The Internet Banking is becoming one of the fastest growing technologies that are playing a significant role in the satisfaction of banking customers. Internet Banking and Mobile Banking made it convenient for customers to do their banking from geographically diverse places. Banks also sharpened their focus on rural markets and introduced a variety of services, geared to the special needs of their urban and rural customers. The online Banking services are changing the banking industry and are having the major effects on banking relationships. At present many of the banks around the world have web presence in form of Online Banking services, Support services etc. In the world of banking, the development in information technology has an enormous effect on development of more flexible payment methods and more- user friendly banking services. Electronic Banking services are new and the development and diffusion of these technologies by financial institutions is expected to result in more efficient banking system to users and also bankers. Since last decade of 20th century, online banking affected more the traditional banking system. Online banking is a modern tool in the hands of banks in order to provide banking services to customers. The researcher has gone through the various literature in order to get insight in to the research problem. At the same time he has tried to find out the gaps in research so as to bridge the gap through this research. The forgoing writing highlights the earlier research work undertaken by eminent scholars.

2.2. REVIEW OF EARLIER STUDIES:

A.T.Mohammed, (2012)¹, in his research article entitled on **E-Service quality strategy: Achiving customer Satisfaction in online**⁹, has emphasised that online banking requires formulating a strategy of building of framework for web based e-service quality model in internet banking services. Online banking for the customer satisfaction which can lead to build and measure an innovative e-services

model that is applicable to evaluate the web based internet banking services quality. The researcher said the services quality determines the customer satisfaction of online banking. Researcher also studied the 1. Gap model in service marketing, 2. Theory of gap model, 3. Magnitude and direction of each gap, 4. Application of the gap model, 5. Cronrons 1984 model, 6. Evaluated performance of normalized quality model, 7. Technology acceptance model and existing technology service quality model. The researcher measures E-service quality and evaluated 1. Service information gap, 2. Service standard gap, 3. Service performance and service communication gap.

Akinyosoye, (2011)², in his research article entitled on '**Customer Preference for E-Banking services: A Case study of Selected Banks in Sierra Leone**', researcher his found that online banking has a lot of benefits which added to customers satisfaction in terms of better quality of service offering and at the same time enable the banks gain more the success of e-banking service and thus constitute major concern to financial institutions and customers. Researchers selected 360 respondents and used four point likrt scale method for purpose of measurement of customer's satisfaction. He finally concluded that many people are increasingly using this service. E-banking has become more important phenomenon in the banking industry with continuous progress in information technology. Finally e-banking experiencing transformation from cost based system to a paperless system, that is more convenient and reliable.

Al-Zubi (2011)³, in his research paper entitled on '**E-bnking functionality and outcomes of customers satisfaction: An empirical Investigation**', stated that the adoption of e-banking had a positive effects on customer satisfaction, loyalty and positive WOM (Word of Mouth). The study was amied to reveal the adoption of e-banking factors in the Jordain commercial banks, to determine the factors which constitite e-banking functionality in the Jordian Commercial banks and to examine the effect of costumer satisfaction. The researcher gathered the 185 questionnaires, yielding a response of 179 respondents. Researcher formulated various hypotheses pertaining to accessibility, convenience, security, privacy, content, design, speed, fees and charge have positive influnce on customer satisfaction. Apart from this security, privacy and content appeal have the gretest impact on customers satisfaction.

Ankit (2011)⁴, in his research article entitled on '**Factors Influncing Online Bnking Customer Satisfaction and Their Importance in Improving overall Retention Levels: An Indian Banking Prespective**' focused on investigation of the

major factors that influence online customers satisfaction with the overall service quality of their banks. Today more and more Indian banks are trying to differentiate themselves in a fiercely competitive Industry. The objectives of the paper are to investigate the factors that influence the level of satisfaction of online customer (i.e. customer using online or internet banking services) of selected retain banks and assessment of relative significant of those factors on overall satisfaction of these online banking customers. Researcher selected 250 sample sizes and used the primary source like questionnaire and interview. His finding shows that a majority of the sample customers were in general, satisfied with the overall service levels of their banks. Finally he has concluded that core services, problem resolution, cost saved, convenience risk , privacy concerns were the major factors that strongly affect the overall satisfaction of online customers.

Bello et.al (2010)⁵ in his research article entitled on '**Impact of E-banking on Customer Satisfaction in Nigeria**' examined and assessed the impact of e-banking services on customer satisfaction. He has studied three banks in Nigeria He draw a sample of 180 people (60 in each bank) that maintain current account with these banks. He analyzed the data using descriptive statistics and Chi-square. He found that many banks customers in Nigeria are fully aware of the positive developments in information technology and telecommunication. Customers perception of and reaction to their developments are issues of concern to both Government and Banking Industry. He concludes that electronic banking has become one necessary survival weapon and is fundamentally changing the banking industry worldwide. Banks have to upgrade and constantly think of new innovative customized products and services to remain competitive. Government should provide adequate regulatory framework that will ensure customer protection and security of transaction. That way bank customer's confidence in electronic banking would be secured.

Cai.et.al (2001)⁶, in their research article entitled on '**The key Determinants of Internet Banking Service Quality: A content analysis**' the researchers focus on the issue associated with internet banking service quality. The researcher analyzed 17 dimensions of internet banking service quality. Which can be classified into three broad categories first is customer's service quality second is banking service product quality and third is online system quality. Customer's service quality includes responsiveness, competiveness, creditability, access, communication, understanding, collaboration, continuous improvement. In banking service product

includes content, accuracy, easy to use, timeliness, authentic, security. In the third dimension online system quality involves product verity and driver features. The researcher said that high level of customer service quality can exert a positive influence on customer satisfaction. Online service quality based on series of focus group interview sessions, tangibility, reliability, responsiveness, competence, communication, creditability, security, access and understanding the customer. The researchers found out customer service quality indentified in reliability, responsiveness, competence, access, communication, creditability, understanding, collaboration and continuous improvement. Most frequently sources of satisfaction are responsiveness, ease of use, access and competence. The researcher finally concluded the quality iritatives should be begin with depending on customers' needs and preferences and their related quality dimensions. The researchers also identified the customer service quality, online system quality and banking service product quality very are the important aspects to improving customer satisfaction of online banking.

Cheng.et.al (2012)⁷, in their research entitled on '**An analysis of customer Switching Internet Banks in Hong Kong**' examined that the main direct effects of customer satisfaction loyalty and switching costs on split internet bank behavior. The model also examines the moderating role of socio- economic characteristics on the relationship between customer satisfaction, loyalty and switching costs- split of internet bank behavior. The researcher also examined their relationship between different socio-economic characteristics. Researcher collected primary data by using questionnaire on internet survey on screen of www.my3g.com and respondents could participate in this survey via the internet. In all 557 respondents given response. However, only but 271 respondents gave proper response. Researcher tested his hypothesis with t-test. Final result of this research provided substantial support for the proposed research model. Split internet banking behaviour is widespread and is heavily influenced by such factors as risk reduction, relative advantage of selected internet banks, prestige needs for credit and special circumstances.

Gad.et.al (2008)⁸, in research article entitled on '**Customer Satisfaction with Online Banking: A case Study on HSBC Egypt**' examined the five online service quality dimensions reliability, efficiency, responsiveness, fulfillment and privacy. In that 1 fulfillment and reliability, 2 website design including navigation information search order processing, appropriate personalization, 3 customer service

and security / privacy these dimensions studied by the researchers. The main objective of the study is to measure the customer satisfaction concerning HSBC online banking service quality among five dimensions and to measure the impact of demographic variables on customer satisfactions concerning HSBC online banking service quality. The researchers used the survey method in which they analyzed response of 109 respondents. The survey includes two sections one is demographic section and second one is satisfaction scale concerning the five online service quality dimensions. The researchers found that the HSBC customers are more satisfied with online banking services and privacy of their HSBC online banking experiences. Out of the five dimensions responsiveness, reliability and efficiency of the HSBC bank are prominent in ascending order. The researcher concluded that in respect of privacy, fulfillment and efficiency dimensions the customers are highly satisfied with the online banking services provided by the HSBC bank during the study period.

Hamadi (2010)⁹, in his research article entitled on '**The impact of quality of Online Banking on Customer Commitment**' researcher demonstrate the existence of a causal relationship between perceived quality, satisfaction and commitment in the context of online banking. Researcher studied electronic quality, commitment, satisfaction. The researcher used convenience sampling method and selected 203 sample. Researcher also measuring the perceived quality of internet banking has been developed for this research. In this article results are the consumers satisfied with internet banking in the future and to visit their banks websites first for necessary banking services. Researcher analysed data with standardised regression coefficient of SEM model of the perceived quality of internet banking.

Hazlina Abdul Kadir et al (2011)¹⁰, in their research article entitled on '**Impact of Services Quality on Customer Satisfaction: Study of online banking and ATM services in Malaysia**' identified the effects of services offered by Malaysian bank through online media and ATM's on customer satisfaction. At first online banking services demanded some facilities such as computer and software to offer their services. This study include the 500 sample of student in different Malaysian Universities (All have Bank Account) and use the Two-Way ANOVA for the purpose of analysing collected data. SERVQUAL model found unable to respond customer need.

Janaki (2010)¹¹, in her research article entitled on '**E-banking Challenges and Responses in Durai, The Changing Era of E-banking**' she found that clear and

widely disseminated strategy that is driven from the top and takes into account the effects of e-banking, together with an effective process for measuring performance against it. She suggested undertaking market research, adopting systems with adequate capacity and scalability, undertaking proportional advertising campaigns and insuring that they have adequate staff coverage and a suitable business continuity plan.

Kumbhar (2012)¹² in his research article entitled on **'Factors affecting on customer Satisfaction in E-banking: a case study of Public and Private Sector Banks'** examined and found that demographics of the customers are of the most important factors which is influencing internet banking services. There is significant difference in the customer's perception in internet banking services provided by the public and private sector banks. In this research paper main objective is to observe major users group of internet banking services, service quality and their satisfaction between customer's demographics and their satisfaction in internet banking. He is using Likert scale method of analyzing observations. His overall results show that lightly educated, a person who are employees, businessmen and belongs to higher income group and younger group are using this service. However, remaining customers are not using this services. The private sector banks are providing better service quality of internet banking than service provided by the public sector banks.

Kumbhar (2011)¹³, in his research article entitled on **'Factors affecting the customer satisfaction in e-banking: some evedience from Indian Banks'** focused on the impact of service quality dominations on customer satisfaction in brand perception on e-banking. These study based on the hypothesis is that all services quality dimension under study are not significantly contributions, perceive value in e-banking .The result of the study indicates that perceived value, brand perception, cost effectiveness, easy to use, convenience problem handling, security Assurance and responsiveness are important factors in customer satisfaction regarding e-banking.

Kumbhar (2011)¹⁴, in his research article entitled **'Service quality perception and Customer Satisfaction in Internet Banking Service: a Case Study of Public Sector and Private Sector Banks'** found the e-banking is cost effectives and compensation are predictors of brand perception in e-banking. Fulfillment, efficiency, security/ assurance, responsiveness, convenience, cost effectiveness, problem handling and compensation are predictors of perceived value in e-banking. The researcher studied the topic with the following objectives 1. To assess the impact

of service quality dimensions on customer satisfaction in e-banking 2. To assess the impact of perceived value of e-banking service on customer satisfaction. Lastly the result of the study indicates that all 13 variable were found significant and were good prediction of overall satisfaction regarding e-banking. However a result of principle component analysis indicates that preserved value, brand perception, cost effectiveness, easy to use, convenience problem handling, security/assurance and responsiveness are important factors in customer satisfaction in e-banking. He suggested the e-banking service designers should think over this dimension and make possible changes in the e-banking services according to the customer expectation and the need of the time.

Lin (2005)¹⁵, in his research paper entitled on '**Customer Percetption of E-service quality in Online Shopping**' the main purpose of this paper was to examine the relationship among e-service quality orientation and over all service quality customer satisfaction and purchase intentions. The main finding are the dimensions of website design, reliability, responsiveness affect over all services quality and customer satisfaction. The researcher suggest that to enhance customer purchase intentions, online stores should develop marketing strategies to better address trustworthiness reliability and responsiveness of web based services. Finally the study makes contribution is two main areas, first the instruments dimension of e-services quality by modifying the service quality model to consider online shopping context. Second, this study indentified e-service quality dimension that affects overall service quality and customer satisfaction which in turn are significantly related to customer intention to purchase.

Mahmod Jasim Alsomydai.et.al (2012)¹⁶ in their research article entitled '**The Factors influncing customers satsfaction and continuity to Deal with e-banking services in Jordan**' examined the factors affecting customer's satisfaction for the continuation in dealing with electronic services. The researcher constructs his study divided his study in five dimensions including e-banking services quality, personal factors, perceived usefulness, customer satisfaction and continuity to deal with e-banking services. Main objective was to explore the impact of the factors related to e-banking service quality on customer satisfaction and continuity in dealing with e-banking services and to determine impact of the personal factors on customer's satisfaction and dealing with e-banking services. The researchers studied various study models (a) E-Banking concept, (b) Service Quality, (c) Personal Factors, (d)

Received usefulness, (e) Customers satisfaction model and (f) Continuity to use e-banking services. They collected primary data from 441 samples and analyze the data use of statistical tools, mean, median and standard deviation, spearman's correlation coefficient. The researchers found that personal factors including knowledge needs, trust habit and personal experience as well as perceived usefulness as major factors influencing Jordian Consumers satisfaction and continuity to deal with Jordian e-banking services.

Nupur.(2010)¹⁷, in his research on **“E-banking and Customer Satisfaction in Bangladesh: An Analysis”**, estimated that e-banking can provide faster and reliable services to the customers. They are relatively happy. The study period was 2006-09. This paper elaborates the impact of variables of e-banking on customer pleasures in Bangladesh. The main objective of this paper has to find out whether e-banking can satisfy customers or not. The researcher selected 400 samples and used random sampling method. Finally researcher concluded a number of private banks are operating their online banking activities in Bangladesh.

Pho.(2009)¹⁸, in his research on **‘Drivers of Customer Intention to use online Banking: An empirical Study in Vietnam’** examined the GDP growth of banking, which is approximately 15% and these industries play vital role in the economy. In online banking comes a new person in Vietnam and rare rates of adoption of online banking. This paper is based on theoretical framework. The researcher formulate the four hypothesis out of them one important hypothesis service quality is positively related to brand (a) experience and (b) banking service providers trustworthiness was accepted. The researcher analyzed data by using correlation and t-test regarding the customer's satisfaction. The researchers finally concluded that online banking services and customer intension are receiving attention of new researchers. Online banking is attracting customer attention. The reliability, validity and transparency are highly satisfactory. Customer intentions are affected by information system quality, information quality and service quality.

Ramadhan (2011)¹⁹, in his research on **‘Internet Banking, Consumer Adoptaion and Customer Satisfaction’**, focused on customer adoption and customer satisfaction especially in the African setting about technology implementation of internet banking. His main hypothesis is no significant relationship between internet banking service and customer satisfaction and no significant relationship between customer adoption and customer satisfaction. He is analyzed data using the multiple

regression analysis. A sample size selected was 351 selected on stratified proportionate sampling technique to ensure representation of the different strata of the population. The researcher used SPSS Version 16 for data analysis. Out of the 351 questionnaires distributed to the respondents to total of 77% was good and acceptable response rate and thus indicating that the data is representative enough. He concluded that research revealed positive response which was slightly above average.

Rangsan Nochai.et.al (2013)²⁰, in their research on **‘The Impact of Internet Banking Service on Customer Satisfaction in Thailand: A Case study in Bangkok’** they were intended to find out internet banking service dimensions that have the impact on customer satisfaction among top three banks in the Bangkok. They studied safety, reliability of the services and transactions efficiency. Customer support including before sell support and after sell support services security as the freedom from danger, risk or doubt. It involves physical safety, financial security and confidentiality, Ease of use as the factors influencing the adoption of interest banking and related an easy to remember URL address. Researchers studied six major banks in Thailand.

Selvachandra.(2011)²¹, in his research on **‘A study on Customer Satisfaction towards E-banking services of ICICI Bank in Chennai City’** found that the electronic based business models are replacing conventional banking system and most of the banks are rethinking business process designs and customer relationship management strategies. They are also studied online banking which provides various alternatives e-channel to using banking services that is ATM, credit card, debit card, internet banking, mobile banking, and electronic fund transfer. The main objective was to analyze the level of customer satisfaction towards service provided by ICICI bank ltd. The researcher used the ANOVA method for analysis of data. They have finally concluded various dimensions of the services rendered by the ICICI bank customer’s perception on the services have been exhibited in analysis.

Thanh Nguyen. et.al (2004)²², in their research on **‘Impact of Inetrnet Banking on Customer Satisfaction and Loyalty: A conceptual Model’** defined internet banking, internet banking technology, benefits of internet banking, products and services offered online and internet banking and customer behavior.

Timothy (2012)²³, in his research article entitled **‘Electronic Banking Services and Customer Stisfaction in the Nigerian Banking Industry’** defined the banking industry has moved into an era of menu-driven ultra robust specialized

software programs called banking applications. Customer's satisfactions hold the potential for increasing and organizations customer base, increase the use of internet banking. It is worthy of mention that the major benefits banks derive from the application of Electronic banking services to banking business includes reduction in error, reduction in costs, reduction in time spent in carrying out business activities, reduce congestion in banking halls, improve delivery system among others . Efforts should be intensified for training as most banks would rather invest on the equipment without improving employees.

Vyas (2007)²⁴, in his research article entitled '**Impact of E-banking on Traditional Banking Services**' examined the functions of e-banking. The inquiry about information of account, Card accounts transfer, bank securities accounts transfer, the transaction of foreign exchange, the B2C disbursement on NET, client service, account management and reporting the loss the amount. He also studied the types of e-banking and its advantages and limitations. He also found that e-banking transactions are much cheaper than phone transaction. E-banking is a borderless entity permitting anytime, any ware and anyhow banking with many advantages as compared to traditional banking services.

2.3. CONCLUSION:-

It is found that the brand perception in e-banking and fulfillment, efficiency, security/ assurance, flexibility, website design, responsiveness, convenience , cost effectiveness, problem handling and compensation are predictors of perceived value in e-banking. The demographics of the customers are of the most important factors which influence usages of internet banking services. There is significant difference in the customer's perception in internet banking services provided by the public and private sector banks. It is to state here that majority respondents have carried out abroad. Very few from India have undertaken research on online banking services. This shows wide gap in research area. Therefore it is worth wile to undertake study on the impact of online services on customer satisfaction with special reference to Bank of India Laxmipuri Branch. This will be the unique study on this area and surly will be of helpful to Bank of India on particular and other banks in general.

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