

Customer Satisfaction of Online Banking - A Comparative Study in Public Sector Bank and Private Sector Bank with Reference to SBI and HDFC in Chennai City

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Abstract

A system allowing individuals to perform banking activities at home, via the internet is online banking. Online banking through traditional banks enables customers to perform all routine transactions, such as account transfers, balance inquiries, bill payments, and stop-payment requests, and some even offer online loan and credit card applications. Account information can be accessed anytime, day or night, and can be done from anywhere. This study aims at evaluating services quality of online banking in Chennai city, one of the fast-growing cities of Tamilnadu. This paper mainly compares, online banking services of SBI Bank one the leading public sector bank and HDFC bank, a leading private sector bank. A structured questionnaire is administered to various target groups. Researcher mainly wants to investigate the 4 important elements of online banking i.e. Efficiency, Responsiveness, Reliability, and Privacy of customer information. The paper presents the data, drawn from a survey of Internet banking consumers from two leading banks i.e. SBI and HDFC and develops a functional model for maximizing value to the consumers. Data was analyzed statistically to investigate the service quality of internet banking. It is found that as HDFC is pioneer bank in India into online banking, it excels into the quality dimensions as compared to SBI bank;

however, in last few years, SBI came out as a leading public sector bank, providing internet services successfully.

Keywords: Customer satisfaction, online banking, responsiveness, efficiency, privacy.

I. INTRODUCTION

The performance of banking activities via the Internet. Online banking is also known as "Internet banking" or "Web banking." A good online bank will offer customers just about every service traditionally available through a local branch, including accepting deposits (which is done online or through the mail), paying interest on savings and providing an online bill payment system. Online banking (or Internet banking or E-banking) allows customers of a financial institution to conduct financial transactions on a secured website operated by the institution, which can be a retail bank, virtual bank, credit union or building society. To access a financial institution's online banking facility, a customer having personal Internet access must register with the institution for the service, and set up some password (under various names) for customer verification. The password for online banking is normally not the same as for [telephone banking]. Financial institutions now routinely allocate customers numbers (also under various names), whether or not customers intend to access their online banking facility. Customer's numbers are normally not the same as account numbers, because number of accounts can be linked to the one customer number. The customer will link to the customer number any of those accounts which the customer controls, which may be cheque, savings, loan, credit card and other accounts. Customer numbers will also not be the same as any debit or credit card issued by the financial institution to the customer.

Benefits of online banking

Many of the benefits of doing your banking online are obvious:

- You don't have to wait in line.
- You don't have to plan your day around the bank's hours.
- You can look at your balance whenever you want, not just when you get a statement.

There are some hidden benefits too. As a young bank customer, you're just learning how to manage your money and observe your spending patterns.

- Online banking allows you to watch your money on a daily basis if you want to.
- By keeping close tabs on your funds, you'll always be aware of what's happening in your bank account.
- It's also helpful to watch how much interest you're gathering on investments and savings or what service charges you have incurred.

What to expect

Here are some of the features available through online banking:

- **View balances:** Checking your balance doesn't require much work. You simply select Account balances and take a look at your balance and past transactions. If you have more than one account, you can also do transfers between accounts.
- **Pay bills:** To pay your bills online, you just need to add to your account the names of the companies you wish to pay bills to. In the Pay Bills section, select Add payees, search for the name of the company and fill in the account number for each company. You can also sign up for the e-bills service from e-post, a service that sends you a bill by email instead of a printed one by regular mail.
- **Transfer funds:** When you select Transfer Funds, you'll be asked where to transfer the money to and from, when, and the amount.
- **Set up recurring bill payments or transfers:** If you make a regular payment every month, it might be convenient to set up an automatic withdrawal from your account.
- **Send and receive an INTERAC e-Transfer:** This could be the end of the birthday cheque! You can receive transfers from other people's accounts, or set up transfers from your account to someone else's. The recipient will get an e-mail notifying them of the transaction.
- **Order cheques:** We don't need them much anymore due to online banking and debit purchases, but if you still use cheques, you can order them directly from the website.

Take control

Online banking helps you become more of a banker, running your accounts like a small business that you control every day. Once you get started, you'll be hooked. Soon enough you'll be checking your bank account as often as your e-mail.

Literature Review

(Kannan,2015), Internet banking used the internet as the delivery channel to conduct banking activities like transferring funds, paying bills, viewing account statements, paying mortgages and purchasing financial certificates of deposits.

(MavriandIoannou,2016), Banks know that the Internet opens up new horizons for them and moves them from local to global frontiers.

(Gonzalez et al.,2018)-Banks gain competitive advantage over the arrivals by providing electronic banking services as technology induced services reduce cost of operations, removes geographical barriers, provides 24 hours banking, extended hours of business and efficiency in daily banking processes. Without even interacting with the bankers, customers can transact banking activity from any corner of the world. Electronic banking has experienced rapid growth and has transformed the traditional banking practices.

There is a growing interest in understanding the user's experience (Kishorekumar. 2002), as it is observed as a larger concept than user satisfaction. From this it is inferred that assessing the user experience is essential for many technological products and services (Wilson & Sasse 2004). Dabholkar (2000) claims that very little are known about customer preference for self service options, particularly those which are technology based. Researchers have found that significant number of customers are either not aware of Internet Banking Services or do not trust IB as a channel to conduct financial transactions. They have also found that customers may adapt the IB services only if they perceive the technology to be useful. This research paper aims to find out the customers perception to internet banking and also tries to examine whether there is any relation between various demographic variables and customers perception about internet banking.

Research Design

Descriptive research study was conducted to achieve the objective. Primary data was collected from Chennai area. Sampling size was 100 customers of each bank who use the internet for banking purpose. Questionnaire was designed to get the data systematically. Respondents have to choose on option of each statement measured on five-point scale, where strongly disagree =1, disagree=2, neutral=3, agree=4, strongly agree=5.

Analysis of Results

Table 1(A)
Demographic Profile of respondents of SBI Bank

Age	%	Gender	%	Status of Usage-	%	Profession	%
15-30 years	39	Male	71	From last 6 months or below	22	Service	59
31-40 years	49			From last 1-2 years	37	Business Man	22
41-50 years	8	Female	29	From last 2-3 years	34	Now working	04
Above 50 yrs	4			From last 3years or more	07	Student	15
Total	100		100		100		100

Source: Data Collected from survey in chennai during Jan june-2025

Table 1(B)
Demographic Profile of respondents of HDFC Bank

Age	%	Gender	%	Status of Usage-	%	Profession	%
15-30 years	39	Male	71	From last 6 months or below	22	Service	59
31-40 years	49			From last 1-2 years	37	Business Man	22
41-50 years	8	Female	29	From last 2-3 years	34	Now working	04
Above 50 yrs	4			From last 3years or more	07	Student	15
Total	100		100		100		100

Source: Data Collected from survey in Chennai during Jan june-2025

Table 2 (A)
Satisfaction Level towards Reliability in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Reliability	Web Page can be downloaded Quickly	32	33	16	14	5
	Information provided on bank Website is accurate	26	22	28	10	14
	Language and information	8	6	6	29	51

	Content on website are easy to understand					
	Bank website does not freeze after you put in all the information	14	12	6	22	46

Source: Data Collected from survey in Chennai during Jan june-2025

Table 2 (B)
Satisfaction Level towards Reliability in HDFC Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Reliability	Web Page can be downloaded Quickly	34	31	14	13	8
	Information provided on bank Website is accurate	24	18	28	13	17
	Language and information Content on website are easy to understand	1	6	7	22	64
	Bank website does not freeze after you put in all the information	13	12	8	22	45

Source: Data Collected from survey in Chennai during Jan june-2025

Reliability Dimension represents quality and authenticity of information available to the customer through bank website. From the above tables it is clear that the score of HDFC bank is more than SBI bank, however the difference of scores is not too large. Therefore, it can be concluded that customers of HDFC bank are comparatively more satisfied, but the SBI bank is not far behind in terms of providing reliable online banking services in Chennai city.

Table 3 (A)
Satisfaction Level towards Efficiency in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Efficiency	Bank website is accessible all the time	1	2	10	22	65
	It is easy to find out all information on bank website	12	64	11	6	07
	Speed to login/logout account is fast	8	24	14	26	28
	Error occurs during accessing online banking	06	18	22	28	26

Source: Data Collected from survey in Chennai during Jan-june-2025

Table 3 (B)
Satisfaction Level towards Efficiency in HDFC Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Efficiency	Bank website is accessible all the time	0	1	12	20	67
	It is easy to find out all information on bank website	10	53	9	15	13

	Speed to login/logout account is fast	7	12	11	32	38
	Error occurs during accessing online banking	07	19	21	29	24

Source: Data Collected from survey in Chennai during Jan june-2025

The dimension of efficiency includes statements which represent accessibility of bank Website. It mainly indicates the speed of service to the customers using online banking. From the above two tables it is again clear that a greater number of customers of HDFC bank are happy with the efficiency of online banking services as compared to SBI bank. Therefore, it can be concluded that customers of HDFC bank have better access to the bank website. Customers mainly found to be happy with HDFC bank for their fast and prompt service. Therefore, SBI bank needed to look in to this matter and update the technology for increasing the speed of online banking service.

Table 4 (A)
Satisfaction Level towards Responsiveness in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Responsiveness	Bank promptly solves any problem that occurs during online banking	09	17	32	26	14
	Bank employees are co-operative Towards helping the customers in case of problem in online banking	12	12	45	14	17
	If any error happens, bank Immediately	0	10	2	25	63

	compensate the loss.					
	Bank displays important Information on website quickly in case of any changes in service.	16	13	15	39	17
	Bank quickly confirms any online transaction through SMS Service.	24	28	21	16	11

Source: Data Collected from survey in Chennai during Jan-june-2025

Table 4 (B)
Satisfaction Level towards Responsiveness in HDFC Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Responsiveness	Bank promptly solves any problem that occurs during online banking	07	9	20	38	26
	Bank employees are co-operative Towards helping the customers in case of problem in online banking	16	8	7	46	23
	If any error happens, bank Immediately compensate the loss.	1	10	4	25	60

	Bank displays important Information on website quickly in case of any changes in service.	23	29	20	17	11
	Bank quickly confirms any online transaction through SMS Service.	12	16	14	26	32

Source: Data Collected from survey in Chennai during Jan june-2025

Responsiveness: This quality dimension represents statements which reflect response available to the customer from bank website during online banking. The score of HDFC bank is once again more than SBI in case of responsiveness. So, we can say that the customers of HDFC bank receive better response on website than customers of SBI bank.

Table 5 (A)

Satisfaction Level towards Privacy of Information in SBI Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Privacy of Information	Bank website is completely secure for Credit card information	6	5	10	19	59
	Bank carefully collects personal information of customers	4	14	12	26	44

	You believe that bank don't misuse Your personal information	1	4	12	20	63

Source: Data Collected from survey in Chennai during Jan june-2025

Table 5 (B)
Satisfaction Level towards Privacy of Information in HDFC Bank

Quality Dimension	Statements	No. of Respondents				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Privacy of Information	Bank website is completely secure for Credit card information	9	8	14	15	54
	Bank carefully collects personal information of customers	12	14	10	24	40
	You believe that bank don't misuse Your personal information.	7	8	6	17	62

Source: Data Collected from survey in Chennai during Jan june-2025

Privacy of information: this dimension represents privacy maintained by the bank about the information shared by customers on bank website. Here score of SBI is more than score of CICI bank. So, in terms of maintenance of privacy customer of SBI trust their bank more, however the score difference is not significant so customer of HDFC bank also indicate trust on their bank website.

II.CONCLUSION

Internet banking has facilitated customers in many aspects like time saving, less efforts, ease in doing transaction. With in Chennai city, due to industrial base and educational institutes, majority of customers are using internet banking. These customers are from service class. HDFC is the pioneer bank in India. Therefore, HDFC dominates in majority of the quality dimension. However, in case of quality dimension of Privacy of Information', it seems that people of India still trust public sector bank, i.e. SBI bank. The difference in service quality arises mainly because of skilled human resource and culture of bank. Being private bank HDFC bank has put more efforts to bring efficiency and user-friendly approach in the system. SBI is also coming with new innovative ideas to satisfy customers.

III. REFERENCES

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