

Online Banking & Customer Satisfaction: An Empirical Study Among Customers of SBI in Kottayam District

Bibin Vasu

Research Scholar,

P.G & Research Department of Commerce,

P.M.G.C Chalakudy, University of Calicut.

Dr. N.A. Jojomon

Research Supervisor,

P.G & Research Department of Commerce,

P.M.G.C Chalakudy, University of Calicut.

Abstract

In the banking industry, advancements in information technology have significantly impacted the development of more flexible payment methods and user-friendly banking services. Online banking, also known as internet banking, allows customers to access their bank accounts and perform various banking transactions using internet. Its increasing popularity is due to the convenience and flexibility it offers. Online banking represents a modern evolution in banking services, using the internet as the primary channel for conducting activities such as transferring funds, paying bills, managing mortgages, and purchasing financial products like certificates of deposit. This development reflects the exploration of internet applications across different commercial domains. Although it is challenging to determine whether these advancements primarily serve the interests of bankers or consumers, they ultimately enhance banking efficiency and offer greater convenience for customers. Customer satisfaction is a crucial element for banks to maintain a competitive edge. This research aims to identify and analyze the factors that influence customer satisfaction with online banking services. The study focuses on four key factors: service quality, web design, security and privacy, and convenience. A questionnaire survey conducted with 100 working adults provided valuable insights into these factors and their impact on customers' decisions to use online Banking services at SBI. The study points that SBI customers are concerned about security issues, recommends that Prioritizing transaction delays and support responsiveness will have the greatest

impact on improving user satisfaction. Additionally, addressing usability challenges and ensuring secure, seamless transactions are essential for sustained success. By focusing on these key areas, SBI can enhance the overall quality of its online banking services and better align with customer expectations.

Key words: Customer satisfaction, online banking services, SBI

I.INTRODUCTION

With the growth of internet usage, e-banking has emerged as a revolutionary element in today's economic development. Online banking serves as a powerful tool for attracting new customers and retaining existing ones. As internet and computer use have become widespread, electronic delivery methods for banking services have become a key strategy for banks to meet customer expectations. Additionally, e-banking helps reduce the costs associated with paper handling and teller interactions, making it a vital component of the increasingly competitive banking sector. The main competitive advantages of e-banking lie in its ability to cut costs and fulfill consumer needs effectively.

A customer, also referred to as a consumer, client, buyer, or purchaser, generally denotes an individual or entity that buys or uses the products or services offered by a supplier, seller, or vendor. While the term "customer" often refers to those purchasing products, "client" typically describes those seeking services. In the context of this paper, the focus is on assessing customer satisfaction with Online banking services, specifically for State Bank of India (SBI) customers.

Various forms of Online banking exist, including WhatsApp banking, telebanking, internet banking, mobile banking, and UPI. However, this study specifically examines Online banking through the bank's website and applications. The research aims to evaluate the level of customer satisfaction with SBI's Online banking services and compare the services provided by SBI to those of other institutions.

Research Gap

Prior research has examined awareness and adoption of internet banking across different banks and demographic groups. The data presented in the current study provide a more specific view of the frequency with which SBI customers report selected service problems in one district. The contribution is therefore contextual and diagnostic rather than nationally generalisable. A further gap remains between reporting service problems and statistically establishing their relationship with an independently measured overall satisfaction score. The latter requires respondent-level data that link each person's security perceptions to their satisfaction rating.

Objectives

1. To understand the perception of SBI customers regarding Online banking.
2. To identify the major factors influencing the use of Online banking.
3. To examine the various online transactions offered by SBI to its customers.

Hypothesis

Ho: There is no significant relationship between the banking security concerns of the SBI customers and their satisfaction level of Online banking service.

H1: There is significant relationship between the banking security concerns of the SBI customers and their satisfaction level of Online banking service.

Research Methodology

The study is designed as an analytical research project, utilizing both primary and secondary data.

1. Type of Data:

Primary Data: Collected through a questionnaire administered to SBI customers.

Secondary Data: Gathered from magazines, journals, books, and online sources.

2. Sample Design:

The sample design encompasses decisions on the sample unit, sample size, and sampling methods. The population of the study was 7 lakhs.

Sampling Method: Stratified random sampling was used for this study during the period August 2025 to December 2025 based on 2011 Census ratio.

Sample Unit: SBI customers in Kottayam District.

Sample Size: 100 respondents were selected for the study.

3. Area of Study

The study is confined to Kottayam District.

4. Tools Used for the Study:

Data analysis was conducted using the following tools:

- Tables
- Chi-square Test

Limitations

1. The scope of the project is restricted to Kottayam town, and data was collected from only 100 respondents.
2. The study was conducted within a limited time frame.
3. The results may be affected by personal bias or prejudice from the respondents.
4. There may be inaccuracies or defaults in the primary data collected.

Review of Literature

Chandrasekar, M. R., & Srinidhi, B. (2023). A study on customer satisfaction towards HDFC Banks in Coimbatore City among 145 respondents. [International Journal of Advance multidisciplinary Research and Studies]. The study aims to examine customer preferences regarding the various products and services offered

by HDFC Bank. The statistical tools employed in the research include simple percentage analysis, rank analysis, weighted average analysis, and chi-square analysis. The findings reveal that the bank's modern equipment and fixtures rank highest, while the notice boards, which provide information, rank lowest. The study recommends that HDFC Bank increase its awareness campaigns through advertisements and other media platforms. Furthermore, the bank's emphasis on customer satisfaction is evident.

Ashima Tandon, Manisha Goel, and Sunita Bishnoi (2016): Their study recognized Online banking as a significant delivery channel in the banking sector, offering a range of services with ease through online access. By surveying 450 consumers from various banks in Delhi and the National Capital Region, they assessed consumer awareness and highlighted the convenience that Online banking provides

Rakesh H M & Ramya T J (2014): Their paper titled "A Study on Factors Influencing Consumer Adoption of Online banking in India" explored the factors driving Online banking adoption. Using Partial Least Squares (PLS) modeling, they found that perceived reliability, ease of use, and usefulness are crucial factors influencing adoption. Their research suggested that effective marketing and increased awareness could enhance consumer adoption of Online banking services. Shilpi Khandelwal (2013): Khandelwal's research on "E-Banking: Factors of Adoption in India" analyzed the drastic changes in the banking sector driven by technological advancements over the last decade. The study highlighted that increased internet and mobile phone usage has transformed banking practices, allowing banks to reach new customer segments and achieve higher efficiency and profitability. The research focused on understanding the factors that drive e-banking adoption and ways to boost its usage.

Analysis of Customer Feedback on Online banking Issues fac by customers of SBI

Particulars	Regularly	Rarely	Never	Total
Not providing information	21	51	28	100
Not being able to maintain security	18	42	40	100
Not getting fast response	52	31	17	100
Leaving operations unfinished	36	28	36	100
Online banking can be tampered by others	20	37	43	100
Waiting for long time or conducting of transactions	64	25	11	100
Facing difficulty in operating Online banking Application	42	51	07	100

64% of customers experience time delay in completing transactions, indicating it is the most significant problem affecting users. The high frequency of this issue suggests that SBI's Online banking system struggles with transaction delays. Where 25% experience such delays occasionally and 11% never encounter transaction issues. Transaction delays are the most urgent issue that SBI needs to address. Improving the speed and efficiency of the transaction processing systems should be the top priority to enhance user satisfaction and service performance.

52% of users report experiencing the problem of late response for the website and application errors. This high percentage points to a significant concern regarding the responsiveness of customer support. So, there is a pressing need to improve customer service response times. Investing in support infrastructure and increasing staff resources can help manage and reduce response times effectively.

42% of users faces the difficulty with online banking application Of SBI (YONO), highlighting that many customers find the application challenging to use. The usability of the Online banking application must be improved. A user-friendly redesign focused on ease of navigation and intuitive design can help address this concern.

36% of customers have the complaint of unfinished transactions, indicating that some transactions or services are incomplete. 28% occasionally encounter incomplete banking operations and 36% never experience this issue. It's crucial to review and refine transaction processes to ensure that all operations are completed successfully. Enhancing system reliability and error-handling mechanisms will address this issue.

37% sometimes feel concerned about security threats and 43% do not perceive any risk of tampering but 20% of users are worried about the security, means someone can collect their passwords, pin, etc., though it is less prominent than other issues. While not a primary concern, maintaining high security standards and clear communication about security practices remains important for user trust and system integrity.

51% sometimes struggle with a lack of essential details and 28% do not encounter this issue, where 21% of users are not aware about the easiness and convenience in getting support from bank's end which is a relatively minor concern compared to others. Efforts should be made to enhance information availability and ensure that customers receive the support they need, though this is less critical than transaction delays and response times.

18% responded about the security concerns, indicating it is less of a concern compared to other issues.

Analysis of data using Chi -square test

Hypothesis

Ho: There is no significant relationship between the banking security concerns of the SBI customers and their satisfaction level of Online banking service.

H1: There is significant relationship between the banking security concerns of the SBI customers and their satisfaction level of Online banking service.

Table of Observed Values

Often	Rarely	Never	Total
21	51	28	100
18	42	40	100
52	31	17	100
36	28	36	100
20	37	43	100
64	25	11	100
42	51	07	100
253	265	182	700

Table of Expected Values

Often	Rarely	Never
36.14	37.85	26
36.14	37.85	26
36.14	37.85	26
36.14	37.85	26
36.14	37.85	26
36.14	37.85	26
36.14	37.85	26

O	E	O-E	(O-E) ²	(O-E) ² /E
21	36.14	-15.14	229.22	6.35
51	37.85	13.15	172.93	4.57
28	26	2	4	0.16
18	36.14	-18.14	329.06	9.11
42	37.85	4.15	17.23	0.46
40	26	14	196	7.54
52	36.14	15.86	251.54	6.96
31	37.85	-6.85	46.93	1.24
17	26	-9	81	3.12
36	36.14	-0.14	0.02	0.00

28	37.85	-9.85	97.03	2.57
36	26	10	100	3.85
20	36.14	-16.14	260.50	7.21
37	37.85	-0.85	0.73	0.02
43	26	17	289	11.12
64	36.14	27.86	776.18	21.48
25	37.85	-12.85	165.13	4.37
11	26	-15	225	8.66
42	36.14	5.86	34.34	0.95
51	37.85	13.15	172.93	4.57
07	26	-19	361	13.89

$$\chi^2_{\text{calculated}} = \sum \frac{(O - E)^2}{E}$$

$$= 118.20$$

$$\text{D.F} = (c-1) (r-1)$$

$$= 2 \times 6 = 12$$

Table value = 21.03.

Significance level = 0.05

If $\chi^2_{\text{calculated}} > \chi^2_{\text{tabled}}$, we reject the null hypothesis and accept the alternative hypothesis

Here $\chi^2_{\text{calculated}} > \chi^2_{\text{tabled}}$, so we reject H_0 , and accept H_1

From the test result it is clear that customers of SBI are worried about security related issues. To enhance customer satisfaction and improve the effectiveness of SBI's Online banking services, it is essential to focus on the most pressing issues such as transaction delays and slow customer support. By addressing these concerns, along with making improvements in application usability and ensuring transaction completion, SBI can significantly enhance the quality of its Online banking services.

Recommendations

1. Address major concerns with transaction delays and customer service responsiveness.
2. Improve application usability and complete transactions.
3. Maintain security measures and provide necessary information.

4. By implementing these strategies, SBI can work towards delivering a more efficient, user-friendly, and secure Online banking experience for its customers.

II.CONCLUSION

In summary, focusing on transaction delays and support responsiveness will yield the most significant improvements in user satisfaction. Addressing usability issues and ensuring secure and complete transactions are also crucial for long-term success. Through these targeted efforts, SBI can enhance the overall quality of its Online banking services and better meet customer expectations.

III.REFERENCES

1. Fozia. (2013). A comparative study of customer perception toward e-banking services provided by selected private and public sector banks in India. *International Journal of Scientific and Research Publications*, 3(9). <https://www.ijsrp.org/research-paper-0913.php?rp=P211762>
2. Khandelwal, S. (2013). E-banking: Factors of adoption in India. *International Journal of Management*, 4(2), 1–8.
3. Malhotra, P., Kassim, N. M., & Ramayah, T. (2014). Factors affecting adoption of Internet Banking: A case study from India. *Asia-Pacific Journal of Business*, 5(2), 13–24.
4. Tandon, A., Goel, M., & Bishnoi, S. (2016). Consumer awareness towards Internet banking: A comparative study of public, private and foreign banks. *International Journal of Hybrid Information Technology*, 9(6), 77–90. <https://doi.org/10.14257/ijhit.2016.9.6.07>