

# ASSESSING USER SATISFACTION IN ONLINE BANKING: KEY FACTORS AND CHALLENGES (WITH REFERENCE TO SALEM DISTRICT)

Dr. M. Manivannan<sup>1</sup>, S. Geetha<sup>2</sup>

E-Mail Id: mani.geethuavs@gmail.com, geethadharsh@gmail.com

<sup>1</sup>Research Supervisor, AVS Arts and Science College, Salem, Tamil Nadu, India

<sup>2</sup>Research Scholar, Sakthikailash Women's College, Dharmapuri  
Tamil Nadu, India

**Abstract-**The banking sector has been rapidly advancing the use of online banking as a convenient and practical tool to enhance value for customers. In our fast-paced lives, we constantly face tests of skill and endurance. It is essential for everyone to find ways to save time. One significant advancement that allows users to conduct financial transactions securely through a retail or automated bank, credit union, or other financial institution is online banking. Also known as electronic banking, it represents the modern delivery of banking services and products directly to customers via electronic, interactive communication networks. Online banking offers numerous advantages and features over traditional banking methods. It provides a quick and convenient way to access banking services anytime via mobile devices. By utilizing the internet for financial transactions, online banking has made in-person bank visits a thing of the past. Among the most popular services provided by banks, online banking is considered a reliable platform. Banks commonly implement encryption systems to protect customer data and prevent breaches, ensuring security against online fraud and account manipulation. Factors such as internet access speed, new online banking features, and the frequency of usage all impact the growth of online banking in different countries. When banking operations are integrated with information technology, online banking emerges within the financial sector. Consequently, this paper aims to provide an analytical perspective on customer satisfaction and preferences regarding online banking services in the Salem district.

**Keywords:** Challenges, Factors Influencing, Online Banking, Satisfaction Level.

## 1. INTRODUCTION

The banking sector has been rapidly advancing the use of online banking as a convenient and practical tool to enhance value for customers. One of the key services provided by traditional banks is the delivery of faster and more reliable services to online clients. However, a significant concern with online banking is that many bank customers are hesitant to utilize the available services. This reluctance stems from customers' unmet needs regarding online banking. Customer satisfaction plays a crucial role in helping banks maintain their competitive edge. Any business must prioritize its stakeholders and external clients. Findings from previous studies indicate that an organization's long-term success hinges on its ability to establish and sustain strong customer satisfaction, as well as the adaptability of those customers to changing preferences. Organizations must conduct appropriate assessments to develop and enhance their processes and strategies to ensure customer satisfaction. A model that produces substantial, reliable, and effective results in predicting an organization's financial capacity is customer satisfaction. The increased level of customer satisfaction leads to higher productivity, lower banking operation costs, and faster, larger volume transactions facilitated by electronic payments, significantly strengthening the banking sector and improving service quality.

## 2. ONLINE BANKING

Online banking, also known as internet banking or e-banking, has revolutionized the way customers interact with financial institutions. In the modern era, where convenience and speed are paramount, online banking services have emerged as a vital component of the financial landscape. This overview delves into the various facets of online banking, including its evolution, benefits, services offered, challenges, security measures, and future trends.

## 3. EVOLUTION OF ONLINE BANKING

The concept of online banking began in the 1980s when banks started to provide customers with electronic access to their accounts. Early services included basic account balance inquiries and fund transfers through telephone lines. As internet technology advanced in the 1990s, banks began to embrace the World Wide Web, leading to the launch of comprehensive online banking platforms. By the early 2000s, online banking had gained widespread acceptance, with more banks offering robust digital services. The introduction of smartphones and mobile applications further accelerated this trend, enabling customers to manage their finances from virtually anywhere. Today, online banking is a standard offering by nearly all financial institutions, catering to millions of users worldwide.

## **4. BENEFITS OF ONLINE BANKING**

### **4.1 Convenience**

One of the most significant advantages of online banking is convenience. Customers can access their bank accounts 24/7 from any location with an internet connection. This eliminates the need for physical visits to bank branches, saving time and effort. Whether it's checking balances, transferring funds, or paying bills, online banking allows users to conduct transactions at their own convenience.

### **4.2 Cost-Effectiveness**

Online banking often comes with lower fees compared to traditional banking services. Many banks offer free checking accounts, reduced transaction fees, and lower costs for money transfers. This cost-effectiveness makes online banking an attractive option for budget-conscious consumers.

### **4.3 Enhanced Services**

Online banking platforms provide a variety of services that enhance the banking experience. Customers can set up automatic bill payments, receive account alerts, and access budgeting tools to manage their finances effectively. Additionally, many banks offer personalized financial advice through their online platforms, making it easier for users to make informed decisions.

### **4.4 Speed and Efficiency**

Transactions conducted through online banking are generally processed much faster than traditional methods. Funds can be transferred instantly between accounts, and bill payments can be completed in a matter of minutes. This efficiency is particularly beneficial for businesses that rely on quick payment processing.

## **5. SERVICES OFFERED BY ONLINE BANKING**

Online banking services encompass a wide range of features designed to meet customer needs. Some of the most common services include:

### **5.1 Account Management**

Customers can view their account balances, transaction histories, and statements online. This transparency helps users keep track of their spending and savings, fostering better financial management.

### **5.2 Fund Transfers**

Online banking allows users to transfer money between accounts or to other individuals with ease. This includes domestic and international transfers, often at reduced fees compared to traditional wire transfers.

### **5.3 Bill Payments**

Customers can set up automatic bill payments, ensuring that bills are paid on time without the need for manual intervention. This feature helps users avoid late fees and maintain good credit scores.

### **5.4 Mobile Banking**

With the advent of smartphones, many banks offer mobile banking applications that provide access to banking services on the go. Customers can perform transactions, deposit checks via mobile capture, and receive real-time notifications.

### **5.5 Financial Planning Tools**

Many online banking platforms provide tools for budgeting, savings goals, and investment tracking. These features empower users to take control of their finances and make informed decisions.

## **6. CHALLENGES OF ONLINE BANKING**

Despite its many benefits, online banking is not without challenges. Some of the key issues faced by users and financial institutions include:

### **6.1 Security Concerns**

Online banking is susceptible to cyber threats, including phishing attacks, malware, and data breaches. As more customers turn to digital banking, ensuring the security of sensitive financial information remains a top priority for banks.

### **6.2 Technology Barriers**

Not all customers are tech-savvy, and some may struggle to navigate online banking platforms. This can lead to frustration and reluctance to adopt online banking services, particularly among older generations.

### **6.3 System Downtime**

Technical issues can result in system downtimes, preventing customers from accessing their accounts or conducting transactions. While banks strive for high uptime, outages can occur and may impact customer trust.

#### 6.4 Lack of Personal Interaction

For some customers, the absence of face-to-face interaction can be a drawback. Online banking may not provide the personalized service that some users prefer, leading to a sense of disconnect.

### 7. SECURITY MEASURES IN ONLINE BANKING

To mitigate security risks, financial institutions have implemented various measures to protect their customers. These include:

#### 7.1 Encryption

Banks use encryption technologies to secure data transmitted between users and their servers. This ensures that sensitive information, such as account numbers and personal details, is protected from unauthorized access.

#### 7.2 Multi-Factor Authentication

Many banks require multi-factor authentication (MFA) for online transactions. This adds an extra layer of security by requiring users to verify their identity through additional means, such as a text message or email confirmation.

#### 7.3 Regular Monitoring

Financial institutions continuously monitor accounts for suspicious activity. Customers are often notified of any unusual transactions, enabling them to take swift action if needed.

#### 7.4 Security Education

Banks frequently provide educational resources to inform customers about online security best practices. This includes tips on recognizing phishing attempts and creating strong passwords.

### 8. FUTURE TRENDS IN ONLINE BANKING

The landscape of online banking continues to evolve, driven by technological advancements and changing consumer expectations. Some emerging trends include:

#### 8.1 Artificial Intelligence (AI) and Machine Learning

AI and machine learning are being integrated into online banking platforms to enhance customer service, detect fraud, and personalize user experiences. Chatbots, for example, can assist customers with inquiries in real-time.

#### 8.2 Open Banking

Open banking refers to the practice of sharing financial information with third-party providers through secure APIs. This trend promotes innovation and competition, allowing customers to access a wider range of financial services.

#### 8.3 Biometric Authentication

As security concerns grow, biometric authentication methods such as fingerprint scanning and facial recognition are becoming more common. These technologies offer a more secure and convenient way for users to access their accounts.

#### 8.4 Digital Currencies

With the rise of cryptocurrencies, banks are exploring the integration of digital currencies into their online banking services. This could transform how transactions are conducted and provide customers with new investment opportunities.

### 9. ANALYSIS OF THE STUDY

Totally 200 online banking users have been selected randomly from various parts of Salem district as respondents for the present study. The summarized results of analyses were discussed below in the table and inferences form:

**Table-9.1 Demographic Profile of the Respondents**

Factors	Variables	No. of Respondents	% to the Total
Gender	Male	100	50 %
	Female	100	50 %
	Total	200	100 %
Age	Below 30 years	65	32.5 %
	31 – 45 years	48	24 %
	46 – 60 years	42	21 %
	Above 60 years	45	22.5 %
	Total	200	100 %
Marital Status	Married	120	60 %
	Unmarried	80	40 %

	Total	200	100 %
Educational Qualification	Up to HSC	20	10 %
	Under Graduation	62	31 %
	Post Graduation	49	24.5 %
	Professional Courses	39	19.5 %
	Others	30	15 %
	Total	200	100 %
Occupation	Private Employee	94	47 %
	Government Employee	35	17.5 %
	Self-Business	45	22.5 %
	Others	26	13 %
	Total	200	100 %
Monthly Income	Below Rs. 15,000	78	39 %
	Rs. 15,001 – Rs. 30,000	63	31.5 %
	Rs. 30,001 – Rs. 45,000	37	18.5 %
	Above Rs. 45,000	22	11 %
	Total	200	100 %

Source: Primary Data

**Table-9.2 Analysis on the Satisfaction Level of Respondents on Online Banking Services**

Statements	HS	S	N	DS	HDS	Mean	S.D.
Services based on what the client wants and needs	18%	37%	21%	18%	6%	3.12	0.1128
Online banking maintains precise transaction records	24%	35%	20%	11%	8%	<b>3.20</b>	0.0289
It offers privacy and data security	35%	20%	30%	13%	2%	2.98	0.2233
The online banking portal's information is simple to find and its instructions are understandable	28%	36%	18%	20%	4%	2.89	0.1892
Online banking provides the necessary information	28%	30%	27%	11%	4%	3.05	0.2678
Transaction processes are clear-cut and easy to understand	29%	27%	34%	7%	3%	2.88	0.0347
Bank understanding of the services and their advantages	30%	34%	28%	6%	2%	3.06	0.2178
Utilising online banking services has a reasonable cost	25%	31%	35%	5%	4%	2.98	0.1794
Online banking's procedure for handling complaints	32%	28%	25%	10%	5%	3.11	0.0986
The bank follows through on its promises to provide a service by a certain date	39%	26%	34%	8%	3%	3.01	0.0746

Source: Primary data (HS – Highly Satisfied; S – Satisfied; N – Neutral; DS – Dissatisfied and HDS – Highly Dissatisfied)

It is inferred from table 2, the maximum of the respondents are equal in between highly satisfied, satisfied and neutral but according to the mean score the statement 'Online banking maintains precise transaction records' secured top score.

**Table 3: Analysis on the Association between Socio-demographic Profile of the Respondents and Various Factors determining Satisfaction Level of the Respondents**

Factors determining	Significance @ 5% Level	P-value	Result
Awareness of online banking service	0.05	0.13	Not Associated
Security and safety	0.05	0.03	<b>Associated</b>
Knowledge and quality of online banking	0.05	0.06	Not Associated
Level of self-efficacy	0.05	0.05	<b>Associated</b>
Cost and time in using online banking	0.05	0.01	<b>Associated</b>
Perception of users	0.05	0.03	<b>Associated</b>
Adoption intention	0.05	0.72	Not Associated
Trustworthiness	0.05	0.02	<b>Associated</b>

Source: Primary data

It is explored from the table 3, out of all the demographic factors (gender, age, marital status, educational qualification, occupation and monthly income) the factors ‘safety and security’, ‘level of self-efficacy’, ‘cost and time in using online banking’ and ‘trustworthiness’ which determines the satisfaction level of the respondents are associated. Rest of the factors are not associated with the demographic profile of the respondents.

**Table 4: Garratt Ranking Analysis on the Problems associated with Online Banking Services**

Problems	Garratt Score	Ranking
Security concerns	1125	7
Online banking habits changing	1653	2
Insufficient technical expertise	987	8
Absence of a personal connection	1389	3
Network obstacles	936	9
High likelihood of misconduct	1725	1
Poor customer comprehension	1197	5
Internet spread	856	10
Expensive service fees	1203	4
Possibility of spending too much	1146	6

**Sources:** Primary data

It is found from ranking analysis of table 4, the problem ‘high likelihood of misconduct’ secured first rank, and the problems ‘online banking habits changing’, ‘absence of a personal connection’, ‘expensive service fees’, ‘poor customer comprehension’, ‘possibility of spending too much’, ‘security concerns’, ‘insufficient technical expertise’, ‘network obstacles’ and ‘internet spread’ secured second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth ranks respectively.

## DISCUSSION AND RECOMMENDATIONS

Spryness is fundamental for associations going through computerized change to adjust to a business and innovation climate that is evolving rapidly. It is a higher priority than any time in recent memory to measure up to hierarchical assumptions with a solid computerized mentality upheld by development. Business greatness later on will rely intensely upon empowering associations to detect, learn, answer, and develop like a living life form. This is being achieved by a complete however particular set-up of services. Live Endeavor is making associated associations that are enhancing together for the future by giving associations the apparatuses they need for basic choices quickly at scale, valuable information through constant arrangements, whenever/anyplace information, and top to bottom information deceivability across capabilities.

Individuals are tolerating innovation as the times change. The development is as yet being hampered by critical perceptual obstructing. Banks ought to follow RBI guidelines and deal services as per the guidelines, which are right now not being finished. While the client should get quick service, the bank official ought not be hesitant to offer wiped out units the conveniences expected by RBI guidelines. As an ever increasing number of banks prevail with regards to giving standard services, customized banking ought to get more consideration. Giving ATM inclusion in country towns so occupants there can likewise get to better services.

## CONCLUSION

At the micro level, progress was worked with by the appearance of new computerized investment from other monetary elements. Indian banking is filling in as a “model banking representing things to come,” preparing for the reception of QR codes and UPI installments. The administration of information and loaning both need to utilize this methodology. India is encountering an adjustment of banking and monetary innovation that is being driven by an unbelievable ability pool. Advancement in computerized financial will open up new vistas for client consideration on the off chance that there is a disposition of adaptability, synchronous exertion with respect to the public authority, and close checking by the RBI. The fate of computerized banking shows up brilliant and promising with the foundation of the advanced financial unit, a negligible center point of advanced framework giving banking services, and the arranged consideration of the metaverse in web based saving money with its colossal potential.

The present modern data innovation fundamentally affects how monetary services will develop from now on. The banking sector is generally altogether affected, contrasted with other monetary supplier gatherings. More thought should be given to e-banking protection from fake exercises because of expanded utilization of versatile services and the web as an extra method for appropriation for banking exchanges and global exchanging. There have been many changes in basically every part of life because of the development and progression that are being found in Information and Communication Technology (ICT). It has appeared as web based banking in the banking sector, which is presently replacing the traditional financial framework. Various benefits of web based banking permit banks to expand their upper hand over rivals while likewise enhancing clients' fulfillment through greater service contributions.

**REFERENCES**

- [1] Arcot, Purna, et al. "Customer Satisfaction towards E-Banking." *International Journal of Innovative Technology and Exploring Engineering*, vol. 9, 2019, pp. 5063. doi:10.35940/ijitee.B8004.129219.
- [2] Bin Omar, Abdullah, et al. "Customer Perception towards Online Banking Services: Empirical Evidence from Pakistan." *Journal of Internet Banking and Commerce*, vol. 16, 2011.
- [3] Dhurup, Manilall, et al. "Customer Perceptions of Online Banking Service Quality and Its Relationship with Customer Satisfaction and Loyalty." *Mediterranean Journal of Social Sciences*, vol. 5, no. 8, 2014, pp. 72-80. doi:10.5901/mjss.2014.v5n8p72.
- [4] Kbalaji, Dr. "The Study of Customer Perception towards E-Banking Services," 2023.
- [5] Khan, Swapna, et al. "A Study On Service Quality Dimensions And Factors Affecting Customer Satisfaction In E-Banking Functionality." 15 (2023), pp. 119-133.
- [6] Khan, Irfan, et al. "Customer Satisfaction and Trusting in Obtaining Online Banking Services." 168-175, 2015.
- [7] Krishna Reddy, D.N.V., and M. Reddy. "A Study on Customer's Perception and Satisfaction towards Electronic Banking in Khammam District." 20-27, 2015. doi:10.9790/487X-171222027.
- [8] Kumar, Govind, and V.M. Shenbagaraman. "A Study on Customer's Perception of Online Banking and E-Service Quality Among Chennai Customers." *International Journal of Business Excellence*, vol. 11, 2017, pp. 72. doi:10.1504/IJBEX.2017.080606.
- [9] Kundu, Sukanya, and Saroj Datta. "A Comparative Evaluation of Customer Perception and Satisfaction of M-Banking and I-Banking." *Journal of Transnational Management*, vol. 17, 2012, pp. 118-136. doi:10.1080/15475778.2012.676977.
- [10] Lavuri, Rambabu. "Customer Perception towards E-Banking Services: A Study on Public and Private Banks." *International Journal for Research in Applied Science and Engineering Technology*, vol. 6, 2018, pp. 631-637. doi:10.22214/ijraset.2018.5106.
- [11] Nguyen, Linh, and Hieu Tran. "Customer Perception towards Electronic Banking and Its Relationship with Customer Satisfaction: An Evidence from Vietnam." *International Journal of Business and Management*, vol. 15, 2020, pp. 196. doi:10.5539/ijbm.v15n7p196.
- [12] Prabhu, Gauri. "A Study of Customer Satisfaction Regarding E-Banking Services Provided by Banks with Reference to Bank of Maharashtra."
- [13] R, Samundeswari, and Dr. Bama. "Customer Satisfaction Towards Internet Banking Services in Thoothukudi."
- [14] Riquelme, Hernan, and Rosa Rios. "Internet Banking Customer Satisfaction and Online Service Attributes." *Journal of Internet Banking and Commerce*, vol. 14, 2009.
- [15] Sadeghi, Tooraj, and Kambiz Heidarzadeh Hanzae. "Customer Satisfaction Factors (CSFs) with Online Banking Services in an Islamic Country: I.R. Iran." *Journal of Islamic Marketing*, vol. 1, 2010, pp. 249-267. doi:10.1108/17590831011082428.