Section A-Research

CUSTOMER SATISFACTION TOWARDS FEATURES OF DIGITALISED BANKING SERVICES

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Abstract

As the banking sector in India rapidly moves towards digitisation,customer satisfaction towards digitalized banking services has become increasingly important in the modern era. With the advancement of technology, customers expect banks to provide digital solutions that are convenient, efficient, and user-friendly.Digitalized banking services have enabled customers to access banking services 24/7 without the need for visiting a physical branch.Thisstudy examines the level of customer satisfaction towards the features of digitalised banking services in Coimbatore, India.The convenient sampling method was employed, which included a questionnaire survey and semi-structured interviews with customers of various banks in Coimbatore.Primary data collected from 531 bank customers in Coimbatore District of Tamilnadu.The Factor analysis is applied for the data analysis.The results of a study that identified seven factors related to customer satisfaction in the banking industry. The significant factors that raised customer satisfaction were identified based on their component loading of 0.5 and above.The contribution of each factor towards customer satisfaction was also identified, with factor one contributing the most at 33.767 percent, and the other factors contributing in descending order. This study provides insights that can help banks to enhance customer satisfaction by addressing these concerns.

Keywords: *Digitalised Banking, Customer Satisfaction, Features of Digitalised Banking Service, Factor analysis, Kaiser-Meyer-Olkin and Bartlett's test of Sphericity.*

I. Introduction

Digitalisation has transformed the way customers interact with their financial institutions. In India, the adoption of digital banking services has been increasing steadily over the years. The
Reserve Bank of India (RBI) has actively encouraged digital banking as a strategy to enhance financial inclusion and improvethe accessibility to banking services.The COVID-19 pandemic has also accelerated the adoption of digital banking services as customers look for safer and more convenient ways to manage their finances.

According to Ismail and Alawamleh (2017)[1] the banking industry has been revolutionized by electronic communications and e-commerce, resulting in changes to both

internal operations and customer interactions.Digitalised banking services refer to banking services that are provided through digital channels such as websites, mobile apps, and other electronic platforms. In recent years, the banking industry has undergone significant transformation due to the rapid growth of digital technologies. The adoption of digitalised banking services has become a crucial aspect of the modern banking landscape, and it has significantly impacted the way customers interact with their banks. George and Kumar (2013)[2] state that in the banking industry, there is a growing trend of utilizing electronic delivery channels to offer low-cost products and services that are convenient for customers. Internet Banking is one among them.Internet Banking, an outcome of the merging of e-commerce and the banking and financial service industry, emerges as a valuable product.Rajasulochana and Murthy (2022)[3]E-banking involves offering banking products and services through electronic delivery channels. As the pace of change continues to accelerate, it is essential for banks to understand the evolving expectations of their customers.Digitalised banking services offer several benefits to customers, such as convenience, accessibility, and speed. Customers can now access their bank accounts, make transactions, pay bills, and perform other banking services from the comfort of their homes or on-the-go through their mobile devices. With digital banking, customers no longer have to visit a physical branch, wait in long queues or complete tedious paperwork. Moreover, digitalised banking services have also provided customers with more control over their finances. With features like instant notifications, customers can stay informed about their account activities, monitor their expenses, and detect fraudulent activities in real-time.

Kolanchinathan et al. (2021)[4]Internet banking is revolutionizing the banking industry and significantly impacting banking relationships. The traditional limitations of conducting banking transactions solely within branch premises are no longer in effect. With genuine Internet banking, individuals can effortlessly handle inquiries and transactions online, eliminating the need for physical branch visits (anywhere banking) and enabling access at any time. Providing Internet banking is increasingly becoming a "need to have" than a "nice to have" service.Digitalised banking services have become an integral part of the modern banking landscape, offering several features that provide customers with convenience and control over their finances. These services are accessible through electronic platforms such as websites, mobile apps, and other electronic channels. Customers can perform various banking services such as transferring funds, paying bills, and checking account balances from anywhere and at any time. It provides customers with real-time notifications of their account activities, expenses, and fraudulent activities. This feature enables customers to stay informed about their finances and take action quickly in case of any suspicious activity.Banks can use customer data analytics to offer personalised services to their customers. By analysing customer data, banks can gain insights into their customers' behaviour and preferences, which they can use to offer customised services and products that meet their customers' needs.Digitalised banking services are more cost-efficient for banks and allow for faster transaction processing. By digitising processes and automating back-end operations, banks can reduce their costs and operate more efficiently. This, in turn, allows for faster transaction processing and improved customer service.

II.Review of Literature

Bultum (2014)[5] found that the primary reason is the low ICT level, security risk, lack of competition, and trust are challenges of the National Bank of Ethiopia (NBE) in Ethiopia.Unyathanakorn and Rompho

(2014)[6]endeavouring to reveal that the customer expectations have a positive and a strong correlation with the perceived quality of the services.Belas et al. (2016)[7]indicates that security issues influencing customer's satisfaction. Every financial institution now places a premium on maintaining happy and loyal customers. Thus, banks are necessary to apply technologies to protect against hacking attacks to ensure their trustworthiness. If the bank enables us to achieve, the bank can get higher levels of trust in electronic payments security.Muluka et al. (2016)[8]recommended to the bank to providing digital banking services with fast, accessible, easily adaptable and devised suitable techniques based on customer desires.Asiyanbi and Ishola (2018)[9]point out that the customers were satisfied with e-banking services and the banking organisations recommended increasing awareness of gains associated with E-banking services to non-adopters and more investment in e-banking infrastructure to promote e-banking services.Boshkoska and Sotiroski(2018)[10]surveyed 409 clients in the Republic of Macedonia'. Several variables have a role, including familiarity, age, degree of education, complexity, and proficiency with computers and the internet. The adoption and happiness of customers are affected by these variables. Clients' ability to access their checking accounts electronically is conditional on factors such as their age, education, household income, and computer literacy. Online banking is more popular among younger customers than among those of retirement age. Clients' higher level of education significantly influences e-banking services usage compared to those with less education. Hamid et al. (2018)[11] client satisfaction with electronic banking services such as online banking, automated teller machines, and telephone banking is higher. Additionally, client happiness is significantly impacted by online banking services. The group recommended that banks in the Sudan raise their clients' technological literacy and provide the necessary infrastructure to support the widespread use of electronic banking services. Bhatnagar (2015)[12] shows that demographics like age, education, occupation, and money have a role in shaping the degree of consciousness. In addition, there was no distinction between public and private bank clients in terms of knowledge of or engagement with financial technology.Rajesh and Palpandi (2015)[13] indicate that technology-based services help the banks in improving transactions. The SMS alert and E-mail alert, and accounting statement are the technology-enabled services for cybercrime safety and security. There is a relationship between the demographic profile of customers and service or frequency of use of the banking services. Rajput (2015)[14] found that the ATM, bill payments, and getting the bank statements are the services frequently used by the customers. Forty-five per cent of the respondents have a positive perception, and they are satisfied with e-banking services. Forty-six per cent of them said e-banking is safe and secure, followed by 45 per cent of the respondent's opinion that time-saving is the advantage of e-banking. Musiime and Ramadhan (2011)[15]shows that there was a significant relationship between Internet banking and customer satisfaction, as evidenced by their continued usage of the service, and the bank's ability to retain the majority of its Internet banking users.

III.Objective of the Study

The main objective of the study is to identify the prominent features that influence the customer's satisfaction towards digitalised banking services in Coimbatore District of Tamilnadu.

IV. Methodology

According to Bhattacharyya (2009)[16] the research technique is the approach used to tackle the research issue in a methodical and scientific manner. The researcher is responsible for developing the approach. It is not enough to just know what to do; one must also be able to put the approach to use. Goddard, W., & Melville,

S. (2004)[17] indicates the various sources of information available to the researcher, and describe ways in which such information can be accessed. Hamilton, J. (2005)[18] emphasize that a primary source is an original document that has made it through the ages intact. Secondary resources consist of studies conducted by others. Primary and secondary data were gathered for this study. 531 bank clients in the Coimbatore District of Tamil Nadu were surveyed using a predetermined set of questions to acquire the raw data. Secondary sources such as newspapers, periodicals, reports, books, bank websites, etc. were mined for this information. Fifty non-sample clients participated in the pilot trial.To improve the data reliability, Cronbach's value is greater than 0.7 of the questionnaire. A five-point (1 to 5) Likert scale, statement used in the questionnaire. Data was collected between the 1st week of December 2018 and the last week of May 2019 through convenience sampling. Out of the 650 questionnaires distributed among Digitalised banking customers, only 531 customers responded to the statements.The SPSS package is used for statistical analysis.

V. Analysis and Discussion

According to DeCoster (1998)[19]factor analysis encompasses a set of techniques employed to investigate the influence of underlying constructs on the responses of various measured variables.Factor analysis was used to identify the thirty variables which are considered as features of digitalised banking services. The variables are assigned into seven categories: Debit cards, Credit cards, Cash deposit machines, Internet banking, SMS banking, Missed call banking, and Mobile banking.Factor analysis is employed to identify the prominent features that influence customers' satisfaction towards digitalised banking services.

The KMO test is designed to assess the suitability of data for factor analysis, while Bartlett's test of sphericity is employed to evaluate the adequancy of the correlation matrix.Shrestha, N. (2021)[20]. KMO and Bartlett's tests in Table 1 are significant above 0.70. The information may therefore be used for a factor analysis.KMO statistics (0.906) and Bartlett's sphericity test values (29553.33, df: 465, Sig=0.000) further supported the usefulness of factor analysis; these results showed that the sample size was big enough to make reliable inferences.

Table1. KMO and Bartletts Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.906
Bartletts Test of SphericityApprox. Chi-Square	29553.33
Df	465
Sig.	.000

Table2.Factors related to Customer Satisfaction towards features of Digitalised Banking Service

Features	**Factors**						
Credit Card	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Credit Score	**.967**						
Reward Points	.964						
Extension of the Payment Period	.964						
Cashback Offers	.957						
Credit Limit	.951						
Easy Approval	.947						
Cash Deposit Machine							
No Need to Fill Slips		**.961**					

Features	**Factors**						
Immediate Receipt		.960					
No Need to Sort Currencies Denomination Wise		.959					
Instant Credit in the Account		.956					
Transaction Limit		.955					
No Need to Stand in Queues		.955					
Mobile Banking							
Cost-Free Mobile Applications			**.934**				
User-Friendly Applications			**.934**				
Receive Alerts and Notification			.925				
MPIN Based Security			.922				
Missed call Banking							
An Easy Way for an Enquiry				**.932**			
Toll-Free Number				.931			
No Access to the Internet				.929			
SMS Banking							
Automatic Alert					**.948**		
Immediate Services					.943		
SMS Charge					.942		
Debit Cards							
Withdrawal Limit						**.743**	
Great Discount Offer						.704	
Access Point						.695	
Expiry Date						.694	
Security						.678	
Internet Banking							
Transaction Limit							**.856**
Availability of Services							.855
Cost of Services							.843
Eigen Values	**10.468**	**4.552**	**3.652**	**2.932**	**2.533**	**1.705**	**1.182**
% of Variance	**33.767**	**14.683**	**11.779**	**9.457**	**8.170**	**5.501**	**3.814**
Cumulative % of Variance	**33.767**	**48.450**	**60.230**	**69.686**	**77.856**	**83.358**	**87.171**

(Source: Primary Data)

Table 2 demonstrates how the seven components may be found by looking for Eigen values larger than 1. Component loadings of 0.5 or higher indicate a very substantial influence on customer satisfaction. One which is responsible for 33.76 percent of the positive effect on customer satisfaction. Additional factors include: 14.683, 11.779, 9.457, 8.170, 5.501, and 3.814, all of which lead to happy customers. Eighty-seven point one-seven percent of customer satisfaction may be attributed to these seven criteria.

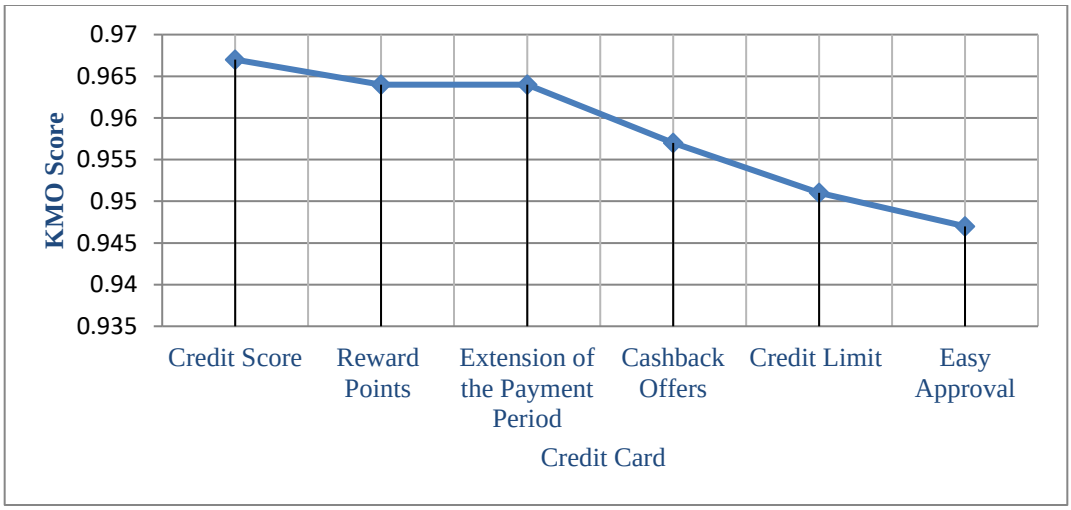

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Figure 1

Figure1 indicates that credit score (.967), reward points (.964), Extension of the payment period(.964), cashback offers(.957), credit limit(.951) and Easy approval(.947) have a component loading of 0.5 and above. Hence, these variables form the first factor

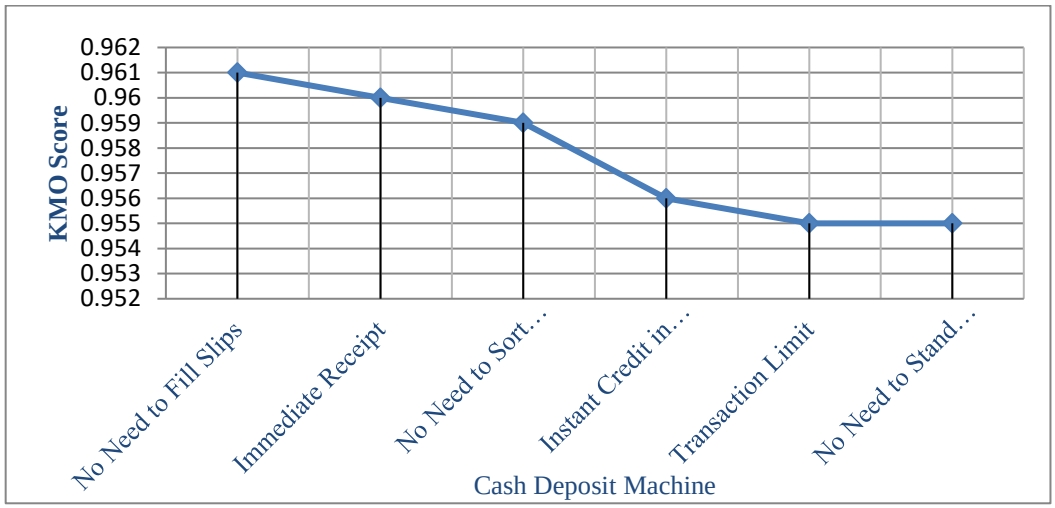

Figure2

Figure 2 shows the second factor, no need to fill slips(.961), immediate receipt(.960), no need to sort currencies denomination wise(.959), instant credit in the account(.956), transaction limit(.955) and no need to stand in queues(.955) are significant

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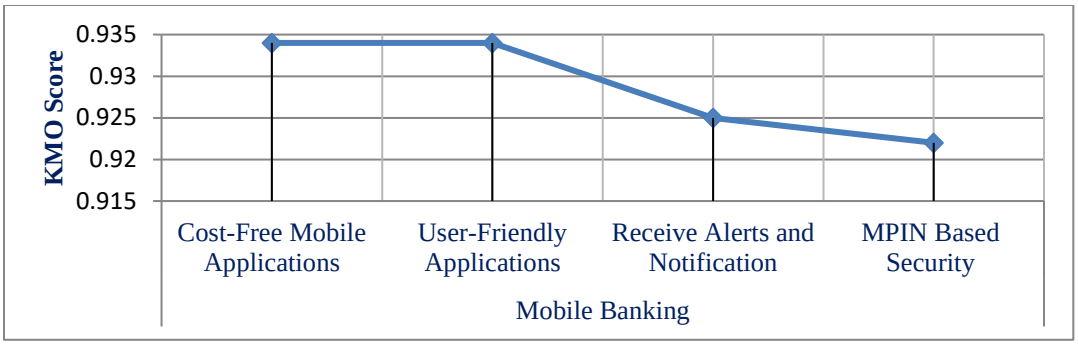

Figure3

Figure 3 indicates that the Cost-free mobile applications (.934),User-friendly applications (.934), receive alerts and notifications (.925)and MPIN based security (.922) is significant in the third factor.

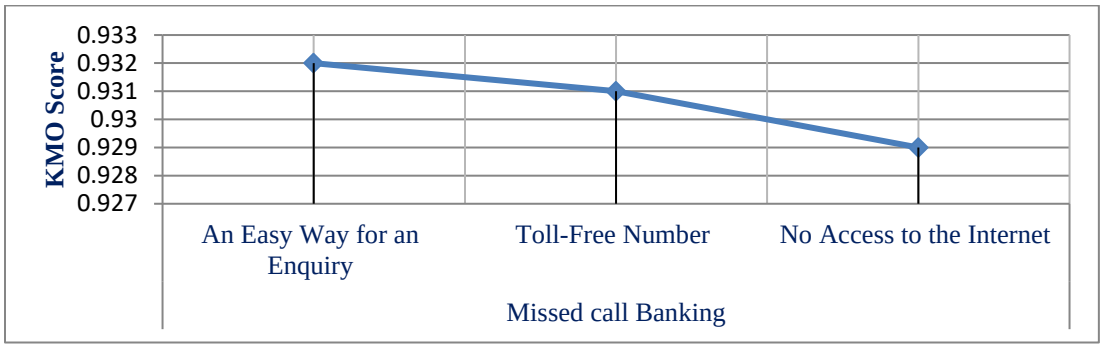

Figure4

Figure 4 shows that the fourth factor, an easy way for an enquiry(.932), a toll-free number(.931) and no internet access(.929) is significant.

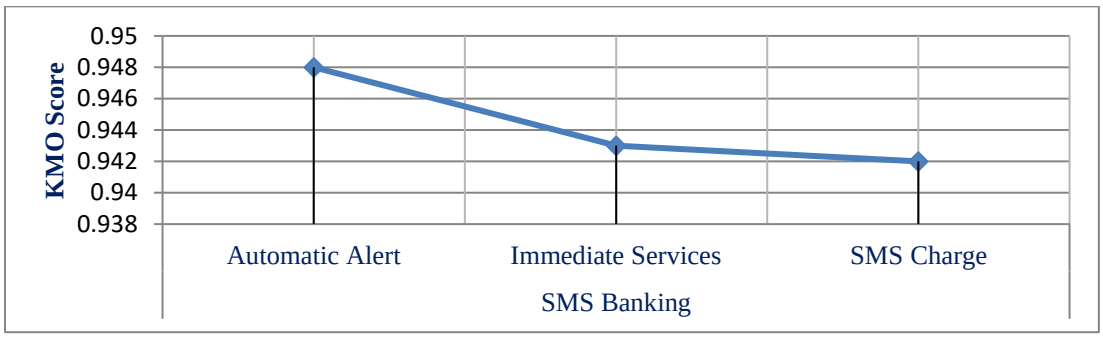

Figure 5

Figure5 indicates that the Automatic alerts (.948), immediate services (.943)and SMS charges (.942) are significant in the fifth factor.

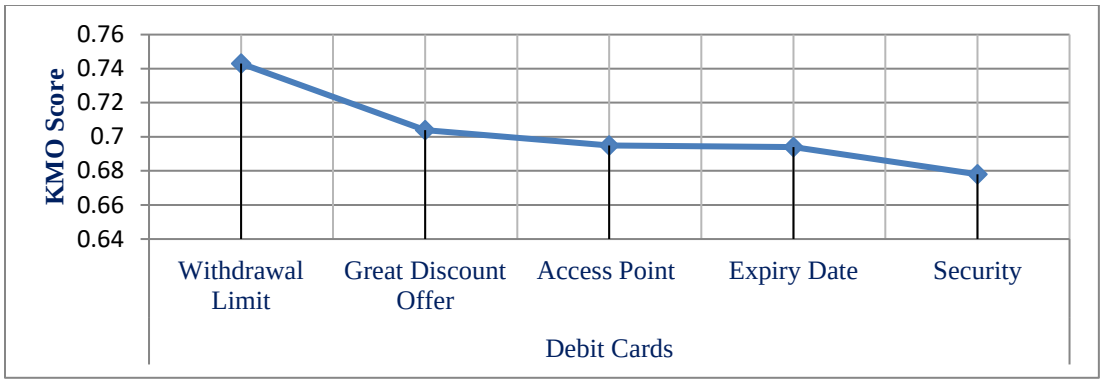

Figure 6

The sixth factor, withdrawal limit (.743), great discount offer (.704), access point (.695), expiry date (.694) and security (.678)are significant that indicates in Figure 6.

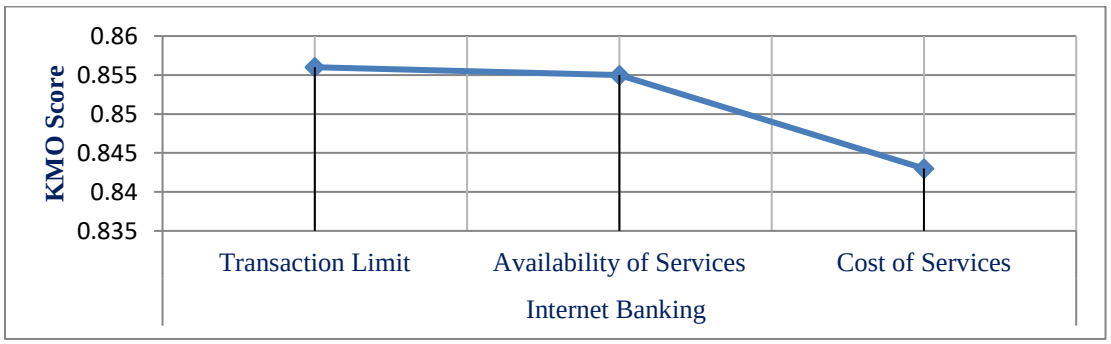

Figure7

Figure 7 shows that the transaction limit (.856), availability of services (.855)and cost of services (.843) are significant in the seventh factor.

VI. Conclusion

The Digitalised banking services have revolutionised the banking industry, providing customers with more convenience and control over their finances while allowing banks to operate more efficiently and effectively. As technology continues to advance, digital banking services will likely continue to evolve, offering even more benefits to both customers and banks.The customer's satisfaction is significant to the banks for stand out of the competition and creates brand ambassadors. The banks offer a variety of digitalised banking services for satisfying Digital banking customers. It has revolutionized the way people interact with their finances by providing a convenient, accessible, and secures way to perform banking transactions.

Factor analysis was utilized to determine the 30 factors that are regarded as characteristics of digitalized financial services, as shown by the findings of this research. The variables are assigned into seven categories such asdebit cards, credit cards,cash deposit machines, internet banking, SMS banking, missed call banking, and mobile banking. Customer satisfaction with digitalized financial services is examined using factor analysis to determine the most important factors. In a seven-factor analysis of consumer satisfaction, credit card features account for 33.767%.The bankers may improve the features of other digitalised banking services, their input can be valuable in enhancing digitalised banking services.

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