

Study of Consumer Perception on Financial Institutions

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Abstract

E-banking has revolutionized the banking industry by providing convenience, accessibility, and security to customers. It enables customers to access their accounts anytime, anywhere through various electronic platforms provided by financial institutions. E-banking streamlines banking processes, digitizes services, and ensures robust security through encryption systems, fostering trust and peace of mind among users. The speed of transactions in e-banking is unmatched, facilitating instant fund transfers and online purchases. The integration of e-banking with budgeting applications enhances efficiency in managing finances, allowing real-time expense tracking and payment management. Studies show that e-banking users exhibit higher satisfaction, loyalty, and retention rates compared to traditional banking methods.

In the Indian context, technological advancements and regulatory reforms have significantly improved customer satisfaction in e-banking. Banks have continually invested in enhancing customer experiences, leading to greater convenience, accessibility, and security. Customer satisfaction is crucial for banks to thrive in the digital age, as maintaining high levels of satisfaction is imperative for retaining customers and staying competitive in the market.

In last, e-banking has revolutionized the banking industry, offered unparalleled benefits and drove the need for exceptional experiences. By prioritizing customer satisfaction and continuously improving e-banking services, banks can ensure long-term success in the digital era.

Keywords

Customer, E-banking service, Customer Satisfaction banks, Security.

INTRODUCTION

In today's rapidly evolving world, electronic banking, or e-banking, has emerged as a transformative force in the financial sector, reshaping the way individuals manage their finances. Enabled by advancements in technology, e-banking offers unprecedented convenience, accessibility, and security to consumers, fundamentally altering the traditional banking landscape. This introduction delves into the profound impact of e-banking, exploring its evolution, advantages, and the pivotal role of customer satisfaction in shaping the modern banking experience.

E-banking has transformed the banking industry by offering digital tools and platforms for secure and convenient financial transactions. Retail banks and credit unions offer these platforms, allowing individuals to access their accounts from anywhere with an internet connection. This eliminates the need for physical bank branches, saving time and effort for busy individuals. E-banking's appeal lies in its digitization of banking processes, allowing customers to perform various transactions with just a few clicks. Its robust security measures, including encryption systems, protect customer information and instill confidence in users [1]

E-banking offers convenience and transparency, allowing users to conduct transactions on the go, at work, or at home. It eliminates hidden costs associated with traditional banking methods, fostering trust and accountability. E-banking transactions are fast, with near-instantaneous processing

times, even during emergencies. It also allows users to make online purchases and track their spending habits in real-time. This holistic approach to banking and commerce provides comprehensive financial management tools, enhancing customer satisfaction and loyalty. The convergence of banking and commerce underscores the holistic nature of e-banking. The integration of e-banking with budgeting applications further amplifies its utility, offering unparalleled convenience and efficiency in managing finances. By leveraging digital tools, individuals can track their expenses, make payments, and calculate savings with ease, enhancing overall financial literacy and well-being.

Research indicates that customers who embrace e-banking are more satisfied, loyal, and likely to recommend their bank to others compared to those relying on traditional banking methods. Moreover, e-banking users exhibit better account balances, require fewer customer service interactions, and demonstrate higher retention rates, highlighting the transformative impact of digital banking on customer relationships.

In the Indian context, the evolution of the banking system has been marked by significant transformations, particularly in the realm of customer satisfaction in e-banking. Economic reforms and liberalization policies have empowered banks to adopt innovative technologies, enhancing the customer experience and fostering stronger relationships in the digital era.

The transition from traditional brick-and-mortar branches to multichannel e-banking platforms has been pivotal in meeting the evolving needs and preferences of customers. Internet banking, automated teller machines (ATMs), mobile banking, and other digital channels have revolutionized the banking landscape, offering unparalleled convenience and accessibility to consumers nationwide. Internet banking, in particular, has emerged as a game-changer, providing a seamless digital distribution system for transactions. Customers can perform a myriad of banking activities online, from checking account balances to transferring funds, with unprecedented ease and convenience [2].

The customer-centric approach adopted by banks, coupled with user-friendly interfaces and robust security measures, has elevated satisfaction levels among e-banking users. The integration of personalized services and targeted promotions further enhances the banking experience, driving customer loyalty and retention in a competitive market. The history of customer satisfaction in e-banking traces back to the early 1990s, when banks began offering online banking services to their customers. Initially measured through customer surveys and feedback forms, satisfaction levels were largely driven by the convenience and accessibility of online banking [3].

As e-banking technology evolved, banks expanded their service offerings, allowing customers to perform complex transactions online without visiting a branch. The adoption of structured metrics such as the Net Promoter Score (NPS) and customer satisfaction surveys further underscored the importance of customer satisfaction in e-banking. Investments in user experience (UX) design and customer service have been instrumental in improving satisfaction levels among e-banking users. The rise of mobile banking in the 2010s further transformed the banking landscape, offering greater convenience and personalization to consumers [4]. Today, customer satisfaction in e-banking remains a top priority for banks, driving investments in technologies such as artificial intelligence and big data analytics. By understanding customer behavior and preferences, banks can tailor their e-banking services to better meet the diverse needs of their clientele, ultimately enhancing satisfaction and loyalty.

In summary, the role of customer satisfaction in e-banking is multifaceted and critical for the success of banks in the digital age. By prioritizing accessibility, security, personalization, and efficient customer support, banks can deliver exceptional e-banking experiences that resonate with consumers [5]. As e-banking continues to evolve, so too will the methods for measuring and improving customer satisfaction, shaping the future of banking in an increasingly digital world.

REVIEW OF LITERATURE

Analyzed the problems faced by customers while using e-banking facilities in India. It observed that most of the customers know about the e-banking services offered by their bank. The study found that there is a significant difference

amongst different problems identified while using e-banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using e-banking services [6]. Explored the use of Internet Banking services. The study analyzed usage pattern and trends by tracking certain internet banking activities for a large sample of the bank's customers. The analysis highlights some significant usage characteristics and patterns that have evolved around the more traditional Internet banking services, such as account status inquires and financial transactions [7]. Examine that customers tend to be less satisfied when faced with frequent system downtimes or transaction failures. Private banks must focus on ensuring the reliability of their E-banking platforms. The digital divide remains a challenge in many regions, including Punjab. Identified several determinants of E-banking adoption in India, including anticipated usefulness, ease of use, as well as trust in the technology. Their investigation underscores the significance of these factors in augmenting consumer satisfaction. Security apprehensions related to E-banking have consistently been a recurring concern [8].

Analyzed that mobile banking services have a particularly positive impact on consumer satisfaction due to their convenience and accessibility. The COVID-19 pandemic accelerated the adoption of E-banking. Highlighted the study customers' trust in the security of E-banking systems significantly impacts their satisfaction. Private banks in Punjab must invest in robust security measures to mitigate such concerns. Technological glitches can undermine consumer satisfaction [9]. Introduced their study "Impact of E-banking on customer satisfaction". In this article an attempt is made to study about the customer satisfaction in E-banking and examine the impact of various E-banking services adopted by Indian banks. In this study, quantitative approach is used and the data collected is analysed using SEM with AMO's. Further, it is suggested to expand the research to know various ways to increase the reliability of E-banking services within the Middle East. Identifies convenience, quality of service, and empathy as significant dimensions that affect customer satisfaction in the context of electronic banking services [10]. introduced the challenges faced by banks in maintaining data privacy and complying with regulatory requirements while providing E-banking services, elucidating the potential impacts on consumer satisfaction.

RESEARCH OBJECTIVES

1. To determine the level of consumer satisfaction with E-Banking services.
2. To assess the future potential of online banking in India.
3. To understand the elements impacting online banking transactions.
4. To explore the potential developments regarding consumer contentment in internet banking.

5. To learn about the primary issues encountered by clients while utilizing E-Banking services.

Level of Consumer Satisfaction with E-Banking Services

The primary aim of this study is to investigate customer satisfaction and perceptions within financial institutions. It delves into various factors that influence satisfaction levels, notably transaction efficiency, the convenience of online and mobile banking, privacy assurance, customer support quality, and transparency. Satisfaction levels are inherently diverse, contingent upon individuals' experiences across different platforms.

Transaction efficiency stands as a cornerstone of customer satisfaction within financial institutions. The speed, accuracy, and reliability of transactions significantly impact customer perception. Moreover, the ease of utilizing online and mobile banking services plays a pivotal role. Customers increasingly prioritize convenience, expecting seamless access to banking services anytime, anywhere [11]

Privacy protection is another critical aspect shaping satisfaction levels. Customers demand robust measures to safeguard their sensitive financial information, fostering trust and loyalty towards the institution. Furthermore, effective customer support channels are vital for addressing queries, concerns, and grievances promptly. Accessibility, responsiveness, and expertise in resolving issues contribute significantly to overall satisfaction. Transparency emerges as a fundamental factor fostering trust and confidence among customers. Clear communication regarding fees, policies, and procedures cultivates a positive perception of the institution. Customers value transparency as it aligns with their expectations of fairness and integrity.

In this study endeavors to discern the multifaceted nature of customer satisfaction within financial institutions. By examining various factors such as transaction efficiency, convenience, privacy, customer support, and transparency, it aims to provide insights into enhancing overall satisfaction levels and fostering lasting relationships with customers.

Future Potential of Online Banking in India

In recent times, a notable trend observed in this study is the increasing reliance on online banking over traditional in-person visits to financial institutions. This shift is propelled by advancements in technology and the prioritization of user security. Various secure apps and tools are being deployed to offer customers a seamless and secure banking experience.

Several factors contribute to the growing preference for online banking. Firstly, technological enhancements have significantly improved the accessibility and functionality of online banking platforms, making them more user-friendly and efficient. Customers can now conduct a wide range of financial transactions from the comfort of their homes or on-the-go, eliminating the need for physical visits to bank branches.

Furthermore, government initiatives like Digital India are driving the adoption of online banking by promoting digital

literacy and encouraging the use of digital financial services. Such initiatives create an environment conducive to the adoption of future banking technologies, enhancing efficiency and convenience for customers.[12]

The proliferation of smartphones and internet connectivity also plays a crucial role in the growth of online banking. With the majority of the population having access to mobile devices and the internet, online banking services become more accessible to a larger demographic, further fueling their popularity.

Overall, the trajectory towards online banking reflects a broader societal shift towards digitalization and technology-driven solutions. By embracing online banking, customers stand to benefit from increased convenience, efficiency, and security, laying the foundation for the future of banking.

Elements Impacting Online Banking Transactions

The study highlights numerous factors influencing the adoption and growth of online banking across various sectors and regions. Firstly, innovative technological advancements have revolutionized the banking landscape, offering increased convenience and security to customers. Features such as mobile banking apps, biometric authentication, and real-time transaction monitoring contribute to a seamless and secure online banking experience, driving its popularity among consumers [13]

Moreover, the provision of internet services in rural areas has played a significant role in promoting online banking adoption. In regions where physical bank branches are limited, internet connectivity enables individuals to access banking services remotely, leading to a higher utilization of online banking platforms. Regulatory enhancements, particularly in areas such as cybersecurity and fraud prevention, have also bolstered trust in online banking. Measures such as multi-factor authentication and encryption techniques help mitigate risks associated with fraudulent activities, instilling confidence in users regarding the security of their financial transactions conducted online.

The COVID-19 pandemic has served as a catalyst for the accelerated adoption of online banking. Movement restrictions and safety concerns prompted individuals to rely more heavily on digital channels for their banking needs, further driving the uptake of online banking services. This rapid shift underscored the importance of robust and accessible online banking infrastructure in ensuring continuity of financial services during unprecedented times.

In conclusion, the interplay of technological innovation, improved internet accessibility, regulatory frameworks, and external factors such as the pandemic has propelled the growth of online banking across diverse demographics and geographic regions. As online banking continues to evolve, addressing these factors will be critical in fostering its widespread adoption and ensuring a seamless and secure banking experience for customers.

Potential Developments Regarding Consumer Contentment in Internet Banking

To delve into potential developments concerning consumer contentment in internet banking, it's imperative to consider various factors shaping user experiences and expectations. Firstly, advancements in user interface design and functionality play a pivotal role. As technology evolves, banking platforms must adapt to offer intuitive, user-friendly interfaces that streamline navigation and facilitate seamless transactions. Features like personalized dashboards, customizable preferences, and interactive tools enhance user satisfaction by tailoring the banking experience to individual preferences and needs.

Secondly, security measures remain paramount in maintaining consumer trust and confidence. With the proliferation of cyber threats, consumers expect robust security protocols to safeguard their sensitive financial information. Implementing advanced encryption techniques, multi-factor authentication, and real-time fraud detection systems are crucial for instilling a sense of security among users, thereby fostering greater contentment with internet banking services.

Furthermore, the integration of artificial intelligence (AI) and machine learning algorithms presents exciting opportunities for enhancing consumer satisfaction in internet banking. AI-driven chatbots and virtual assistants offer round-the-clock support, addressing user queries and concerns promptly. Moreover, predictive analytics can anticipate user preferences and behavior, enabling banks to offer personalized recommendations and proactive assistance, ultimately enhancing the overall user experience and satisfaction levels.

Additionally, the expansion of mobile banking capabilities represents a significant development in internet banking. With the proliferation of smartphones and mobile devices, consumers increasingly demand seamless access to banking services on-the-go. Mobile apps equipped with features such as mobile check deposit, peer-to-peer payments, and biometric authentication offer unparalleled convenience, driving greater consumer contentment with internet banking solutions.

In the future of consumer contentment in internet banking hinges on advancements in user interface design, security measures, AI-driven solutions, and mobile banking capabilities. By addressing these developments, banks can ensure that internet banking remains a trusted and preferred channel for consumers, fostering long-term satisfaction and loyalty in an increasingly digital banking landscape [13]

Primary Issues Encountered by Clients While Utilizing E-Banking Services

Customers indeed exhibit varying experiences and perceptions across different platforms and institutions. One prevalent issue encountered by many individuals relates to the complexity of processes involved in applying for loans, opening accounts, or resolving issues. Cumbersome

procedures can lead to frustration and dissatisfaction among customers, hindering their overall experience with the financial institution.

Security breaches and theft pose significant concerns for customers, impacting their trust and confidence in the institution. Instances of unauthorized access to personal and financial information can result in financial loss and emotional distress, highlighting the critical importance of robust security measures.

Moreover, lengthy communication processes exacerbate customer dissatisfaction. Delays in addressing queries, updating policies, or communicating changes in services can lead to misunderstandings and frustration. Transparent and efficient communication channels are imperative for fostering trust and mitigating dissatisfaction among customers.

Furthermore, the rapid pace of technological advancements presents a challenge for some customers in adapting to new changes. Introducing unfamiliar technologies or features without adequate support or guidance can alienate segments of the customer base, emphasizing the importance of user-friendly interfaces and comprehensive training programs.

In summary, addressing issues such as complex processes, security concerns, communication inefficiencies, and technological transitions is crucial for enhancing customer satisfaction and loyalty within financial institutions. By prioritizing simplicity, security, transparency, and customer support, institutions can cultivate positive experiences and foster long-term relationships with their diverse customer base.

FINDINGS

- **Complex Processes:** Clients often face frustration due to cumbersome procedures in applying for loans, opening accounts, or resolving issues.
- **Security Breaches and Theft:** Unauthorized access to personal and financial information can lead to financial loss and emotional distress.
- **Communication Inefficiencies:** Lengthy communication processes can lead to misunderstandings and frustration. Transparent and efficient communication channels are essential.
- **Technological Transitions:** Rapid technological advancements can alienate some customers. User-friendly interfaces and comprehensive training programs are crucial for smoother transitions.

RECOMMENDATION

- **Strengthen security measures:** Invest in multi-factor authentication, encryption, and real-time fraud detection to protect customer information.
- **Simplify processes:** Streamline loan applications, account openings, and issue resolutions to enhance user experience.

- Improve communication channels: Ensure timely and transparent communication about policies, service changes, and other relevant information.
 - Provide comprehensive training: Offer comprehensive training programs to educate customers on new technologies and features.
 - Foster digital literacy: Collaborate with government initiatives to increase adoption of online banking services, especially in rural areas.
 - Prioritize user-centric design: Ensure intuitive, user-friendly interfaces. Leverage AI and machine learning: Personalize the banking experience and anticipate customer needs.
 - Enhance mobile banking capabilities: Invest in features like mobile check deposit, peer-to-peer payments, and biometric authentication.
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