



## A Study on Customer Perception towards Service Quality and Delivery with Reference to E-Banking

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### ABSTRACT

The banking industry of India is now running in a vibrant challenge concerning both customer base and performance. Today, many banks are focusing more on customers. A key component of many initiatives is the implementation of Customer Relationship Management (CRM) concept. CRM has its origin in the basic paradigm of bank marketing, i.e. to satisfy customers with the best possible alternative in the market through a relational exchange process. The objective of this paper is to find out the satisfaction level of customers towards their respective bank's CRM by studying the perception of customer. This is an empirical research and relies mainly on primary data collected through a structured questionnaire to study the perception of customers.

**Keywords:** CRM, Customer and Satisfaction level & Banking Sector

### INTRODUCTION

CRM is the process of managing detailed information about individual customers and carefully managing all the customer queries. The major objective of CRM is to turn current and new customer into regularly purchasing clients. CRM is to establish, maintain and enhance relationships with customers.

Customer Relationship Management (CRM), as the name suggests, the primary focal point on the customer. The key objective is to increase customer value over time by increasing customer loyalty. If a bank develops better customer relationships, it also improves business processes as well as its profits. It's a set of strategies, processes, metrics, organizational culture and technology solutions that enhance an organization's ability to see the differences in its present and prospective customers, track new opportunities to better serve customers and act, instantly and profitably, on those differences and opportunities.

In today's banking environment, it is becoming difficult to build and maintain strong and lasting relationships with customers. In fact, the challenges of building strong customer relationships have become even greater for banks with the emergence of e-business, diffusion of innovations and agile new competitors in the banking sector. The introduction of customer relationship management has provided banks with a driving philosophy, a re-oriented information system and a communication tool that helps to create invaluable and knowledge based relationships. Therefore, banks are developing a continuing long-term business relationship with customers and they are shifting their focus from market share to mind share of customers.

Customer relationship management is about identifying a company's best customers and maximizing the value from them by satisfying and retaining them. As a business philosophy CRM is seen to be firmly rooted in the concept of relationship marketing, which is aimed at improving long-run profitability by shifting from transaction based marketing to customer retention through effective management of customer relationships (Christopher . 1991).

Technology is fast altering the business service scope. The Internet has facilitated convenience in customer interactions and transactions with the banks. e-banking is currently emerging as a new approach in India for providing improved accessibility and expediency to customers. Most banks have their own websites for improving the customer interface and offering online services.



## Ingredients for successful CRM for Banks

There are four main CRM ingredients that can help a bank to enhance its CRM practices.

1. **Relate information:** It is necessary for every bank to record the information of its customers and relate this information with their needs. It will help the banks to maintain relationship with their customers through relationship tools.
2. **Establish a sales and service culture:** By establishing proper training schedules for employees of banks in sales and service, it can enhance /establish a better CRM. When there is a culture of serving the customers rather than doing transaction, it will definitely enhance the service quality and delivery of banks. Hence, CRM will also get affected in a positive direction.
3. **Develop a profitability plan:** The most important consideration for this CRM ingredient is harnessing the attention of everyone in your institution to your revenue goals. It must be one of your institution's top priorities, and it must be reinforced with a program of employee rewards and incentives.
4. **Fit it all together:** ATM means 'Automated Teller Machine'. ATM cards are fast, replacing withdrawal forms as a convenient way of getting your money from banks. Mobile banking (also known as M-Banking, m banking) is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device. Internet banking (or e-banking) means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In order to avail internet banking facilities user needs a user-id and a password which is provided by the bank. These all facilities enable the customer to perform the banking functions more comfortably and within a shorter duration. Hence, it also increases the efficiency of bank and its employees to perform their work in easier way.



**Figure 1: Ingredients of CRM**  
Adapted from [www.cocc.com](http://www.cocc.com)

## LITERATUREREVIEW

**Rashmita Sahoo (2013):** According to her, the banks operating in India have failed to convince their customers on their CRM efforts. Various CRM initiatives and dimensions measured in this study report unfavorable response. This under-performance has occurred in spite of technological developments



and new processes in place. Now a day's banks are more focusing on marketing strategy. The dynamics of the marketplace have created pressure on employees for pushing products to the customers rather than trying and facilitating good experience to the customers.

**Anamica Chopra, Usha Arora and Rajiv Arora (2012):** According to their views, there is no significant difference in the perception of customers of various age groups in all the CRM dimensions and also in the case of gender and occupational levels of the customers, there is no significant difference in the perception of customers towards all CRM dimensions. So it can be said that all the CRM dimensions are interrelated with each other.

**Himani Sharma (2011):** According to her, e-banking helps in improving the relationship between bankers and customers and also the bankers expressed confidence that such bonds would bring improvement in the overall performance of banks. This study also reveals that there is greater incidence of e-banking usage among the middle age customers (30 to 50 years of age).

**Namita Rajput (2011):** According to her, there is an increasing trend in performance of Indian banks caused by IT innovation and enlarged investment in new information technology. The banks were left with no option but to improve their functional attitude, strategies and policies, efficiently allocating the IT elements with proper guidelines to use them in the presence of required trained staff. There is not so much difference in PSBs and PrSBs but when compared PrSBs are the best.

**R.K Uppal (2011):** According to him, IT is playing a crucial role to create the drastic changes in the banking industry particularly in the new private sector and foreign banks. Public sector banks of India are still behind in regarding the various financial parameters. This paper also reveals that introduction of IT alone will not be sufficient to bring necessary performance improvement and to get the competitive edge intellectual people are required to use such technology.

**Sana Haider Sumra (2011):** According to her, the main motive for e-banking identified by the all bank managers was their customers, to amplify their clientage, to increase customer satisfaction, retention and business expansion which would eventually gain them more profits. Managers have shown a positive attitude towards e-banking; they have concluded that e-banking is enhancing profitability and financial positions of banks and banks are striving hard to provide more and more services to their customers and to move towards advance and modern e-banking services also developing infrastructure. They revealed that till 2013 banks will completely adopt e-banking and it all dimensions.

**T.Satya Narayana Chary and R. Ramesh (2011):** In this study comparison between SBI & HDFC was made and it was found that in almost all issues the working performance of HDFC and SBI is similar but differs in certain aspects only. The SBI though it is public sector bank is taking much care in implementation of CRM, fine tuning and finally putting it in track. Whereas HDFC was not at par with SBI in most of the aspects like database management, responding to the customers etc.

**Muhammad Asif Khan (2010):** The rapid growth in use of ATMs offers opportunities to banks to use customers' passion for this innovative service for strategic advantage is what the basic statements of the research. ATM customers perceive the essential dimensions of ATM service quality provided by their banks. Quick response to customers' needs and queries about the ATM related services are important to improve the service standards of ATM. This would facilitate customers to participate in improvement of service quality, learn and perform, and have a pleasant experience through two-way communication.

**Samsudin Wahab, Nor Azila Mohd. Nor and Juhary Ali (2009):** The main objective of this paper was to investigate the relationship between technology trust and CRM performance, the relationship



between CRM performance and e-banking adoption and last to investigate the mediating effect of CRM performance in the relationship between technology trust and e-banking adoption. It was found that the technology trust is important for CRM performance and e-banking adoption and also CRM performance has a significant impact on e-banking adoption.

**Sultan Singh and Komal (2009):** This paper examines that satisfaction level is highest in SBI, second is ICICI bank and third is HDFC bank. This is due to the size of the respective bank and number of years of its establishment. But according to customer satisfaction i.e. in terms of efficiency and performance, HDFC Bank is at 1<sup>st</sup> position, 2<sup>nd</sup> is ICICI Bank and 3<sup>rd</sup> is SBI. After considering all the elements of customer satisfaction they are combined together to find out the overall customer satisfaction level. The overall customer satisfaction level is the combination of three parameters i.e. fee charged, frequency of the problems faced and the post purchase behavior.

**Arpita Khare and Anshuman Khare (2008):** This paper focused on the impact of CRM which is enhancing the efficiency of the Indian financial sector. The central concept behind CRM is creating value for the customer. Most of the banks have realized that to stay in business, it is not imperative to maximize revenue from single transaction but to build a lasting sustainable relationship with the customer.

## RESEARCH METHODOLOGY

### Objective of the study:

To study a relationship between the customer perception, service quality and delivery of e-banking services.

### Hypotheses:

- H<sub>0</sub>1- Opinion of gender does not differ for satisfaction level towards customer care services.
- H<sub>0</sub>2- Level of understanding of e-banking services is not same for customers of all age groups.
- H<sub>0</sub>3- Emergence of safety issues do not affected by the level of education of customers.
- H<sub>a</sub>1- Opinion of gender differs for satisfaction level towards customer care services.
- H<sub>a</sub>2- Level of understanding of e-banking services is same for customers of all age groups.
- H<sub>a</sub>3- Emergence of safety issues affected by the level of education of customers.

### Method

#### *Research Design:*

This study is based on experimental quantitative research design. A set of questionnaire was used at a single point of time. The present study was designed to examine the existing relationship between various demographic variables as independent variables with bank's attributes as dependent variable. This exploratory study was used to determine and describe the degree of relationship between dependent and independent variables in descriptive and quantitative terms.

#### *Participants and Procedure:*

This study was conducted on bank's customers of 4 banks in Haridwar District, Uttarakhand. This study was conducted on 150 respondents of 4 banks constitutes of 2 public (SBI & PNB) and 2 private banks (ICICI & HDFC). A survey was done to gather the responses from the respondents of Haridwar district.



**Statistical Analysis:**

The data were analyzed using Statistical Package for the Social Sciences (SPSS 20). The variables were categorized as nominal, ordinal and scale as appropriate. In addition, the variables were labeled appropriately to make the SPSS output easier to interpret. This study utilized such technique as descriptive statistics, independent t-test, chi-square test to investigate the relationships between the independent and dependent variables as mentioned.

**RESULTS AND DISCUSSION**

**H<sub>01</sub>- Opinion of gender does not differ for satisfaction level towards customer care services.**

H<sub>a1</sub>- Opinion of gender differs for satisfaction level towards customer care services.

**Independent t-test**

**Group Statistics**

	Gender	N	Mean	Std. Deviation	Std. Error Mean
customer phone calls are quickly transferred to person who best could answer queries in banks	Male	104	2.10	.819	.080
	Female	46	2.26	.648	.095

In order to test this hypothesis, Independent t-test was applied for the variable ‘Gender’ and ‘Customer care services of banks’. The results obtained are summarized in Table-1.

Clearly, the independent t-test shows that significance level is more than .10; hence there is no significant relationship between the customer’s gender and customer care services of banks. Therefore, H<sub>1</sub> is accepted on the ground of data interpretation and cause result, hence H<sub>a1</sub> is rejected.

**Table-1: Independent Samples Test**

Variables -↓ ↓	Variance-	Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Customer phone calls are quickly transferred to person who best could answer queries in banks	Equal variances assumed	1.398	.239	-1.207	148	.229	-.165	.136	-.434	.105
	Equal variances not assumed			-1.320	107.622	.189	-.165	.125	-.412	.083

**H<sub>02</sub>- Level of understanding of e-banking services is not same for customers of all age groups.**

H<sub>a2</sub>- Level of understanding of e-banking services is same for customers of all age groups.



Crosstabs

Table 2: Case Processing Summary						
Variables -↓	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age group*Level of understanding of e-banking services.	105	100.0%	0	0.0%	105	100.0%
Chi-Square Tests						
Tests	Value	Df	Asymp. Sig. (2-sided)			
Pearson Chi-Square	74.468	16	.000			

In order to test this hypothesis, chi square test (crosstabs) was applied for the variables ‘age group’ and ‘understanding of e-banking services of banks’. The result thus obtained is summarized in Table-2. This hypothesis is made up of categorical variable i.e. age group (independent variable) and understanding of e-banking services of banks (dependent variable). So, crosstabs was applied to test this hypothesis.

Clearly, the two sided asymptotic significance of the chi square is less than .10; hence there is a significant relationship between customer’s age group and understanding of e-banking services of banks. Therefore  $H_0$  is rejected on the ground of data interpretation and cause result, hence  $H_a$  is accepted.

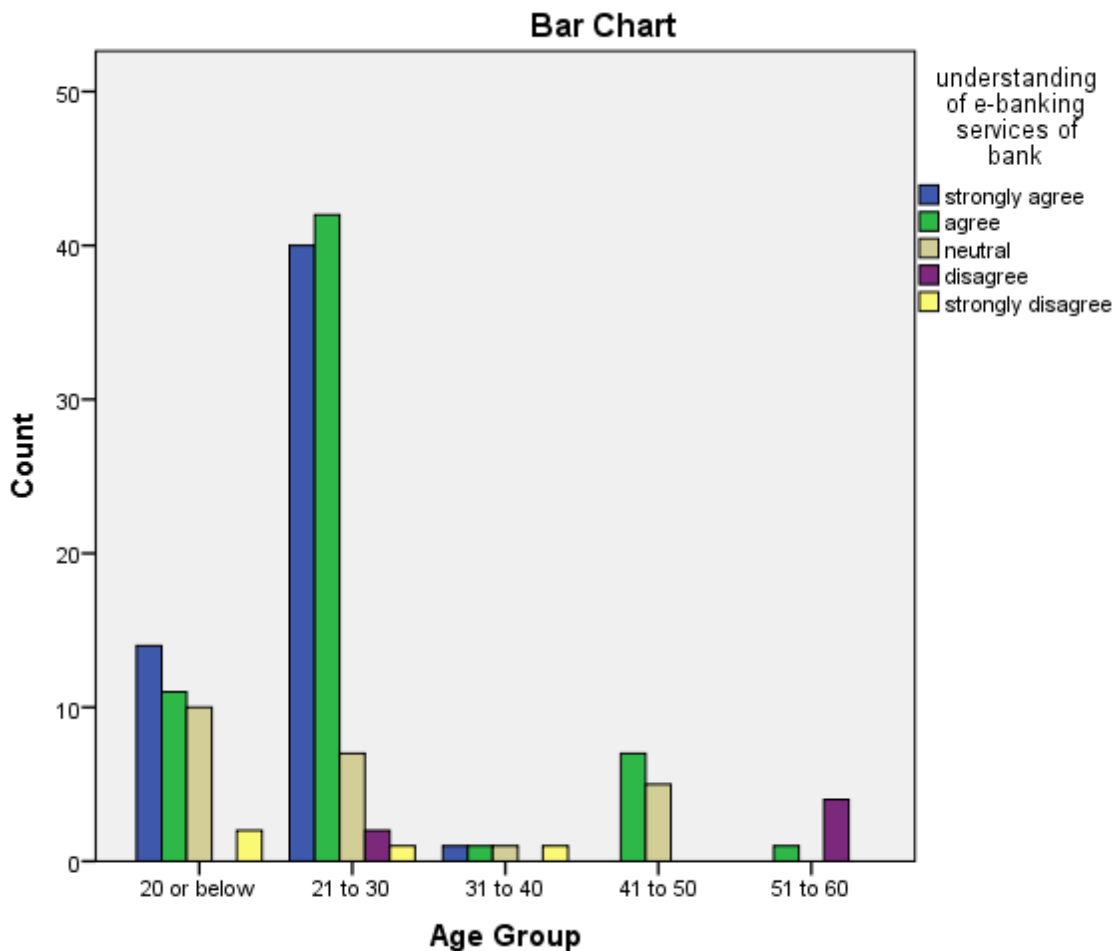


Figure 2: Customer’s age group and understanding of e-banking services.



Above bar chart is showing the relationship between the understanding of e-banking services and 5 categories of age group. 21 to 30yrs category of age group strongly agrees that e-banking services of banks are easily understandable for them followed by 20 or below age group, 31 to 40yrs age group, 41 to 50yrs age group and 51 to 60yrs age group together.

**H<sub>03</sub>- Emergence of Safety issues do not get affected by the level of education of customers.**

H<sub>a3</sub>- Emergence of safety issues get affected by the level of education of customers.

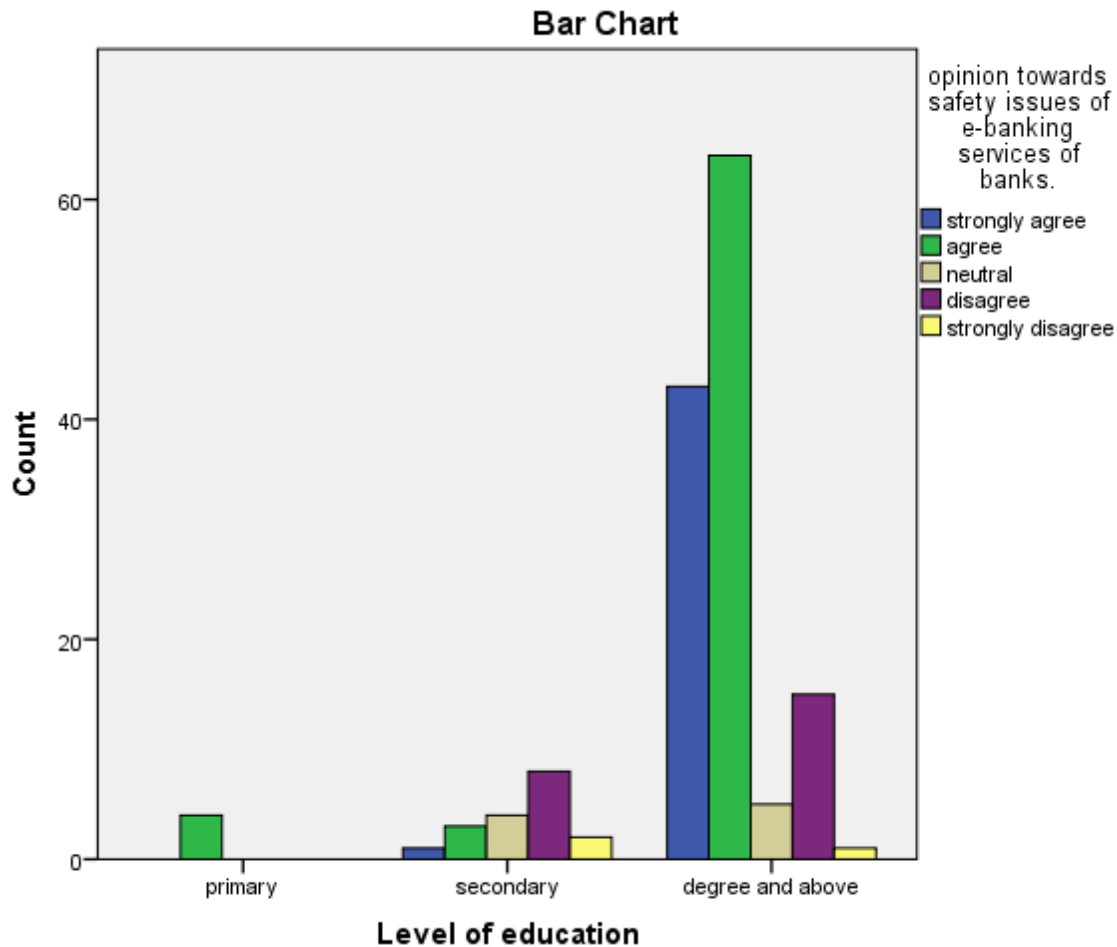
**Table-3 Crosstabs**

Case Processing Summary						
Variables	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Level of education * Emergence of safety issues.	150	100.0%	0	0.0%	150	100.0%

Chi-Square Tests			
Test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.772	8	.000

In order to test this hypothesis, chi square test (crosstabs) was applied for the variables 'Education level' and 'Safety of e-banking services'. The results thus obtained are summarized in Table 3. This hypothesis is made up of categorical variable i.e. education level (independent variable) and safety of e-banking services (dependent variable). So, crosstabs was applied to test this hypothesis.

Clearly, the two sided asymptotic significance of the chi square statistic is less than .10; there is a significant relationship between customer's education level and safety of e-banking services. Therefore H<sub>03</sub> is rejected on the ground of data interpretation and cause result, hence H<sub>a3</sub> is accepted. The sample population and their respective responses for bank's e-banking services are presented through a bar chart in figure 3.



**Figure 3: Level of education and opinion towards safety of e-banking services.**

Above bar chart is showing the relationship between the education of customers and their opinion towards the safety of e-banking services. Degree and above category of customers agrees that e-banking services are safe to use followed by secondary category and primary category.

## CONCLUSION

This study helps in understanding the perception of customers towards the bank's CRM strategies. Now-a-days, banks mainly talks about serving and satisfying their customers, so this study reveals that do banks really focuses on this factor.

On the basis of above interpretation and representation, few things were observed. First of all, we observed that when a customer calls bank's customer care executives, gender does not play a significant role in the response. In other words we can also say that a customer, whether a male or female get the same response from the customer care executives. We have also found that the age group plays a crucial role in understanding of e-banking services. Age group of 21 to 30 has better understanding of e-banking services as compare to age group of 51 to 60. This reveals that the customers of young age are more satisfied towards the features and functioning of e-banking services.

It has also been found that education of customers play a significant role in belief that e-banking services are safe to use. Customers of lower and higher education, both were considered for this paper, and as a result customers who are in degree and above category believe that e-banking services are safe to use.

At the concluding point banks are taking initiative to satisfy their customers need and trying to build healthy relationship with customers. It is also necessary that customers also put trust and faith on





banks and their employees so that they may deliver qualitative services to the customers. Moreover, e-banking has made customers more comfortable towards the banking facility as it is time consuming.

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