

# RELATIONSHIP BETWEEN E-BANKING, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY

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## ABSTRACT

The goal of this research is to analyse the relational impact between e-banking service quality, customer satisfaction and customer loyalty. Questionnaire was used as the research instrument to evaluate the dimensions of relations and distributed among the e-banking Chennai customers. Using simple random sampling technique, 240 samples were collected from the customers located in Chennai city. For the data analysis, SPSS Software version-28 was used to evaluate to reliability, correlation and difference between the variables. Demographic Analysis, Descriptive Analysis, Correlation, Reliability Analysis and ANOVA were used as the statistical tools. Result of correlation analysis and reliability analysis are lower than the significant value and accept the alternative hypothesis. Through ANOVA difference between the variables were analysed and found that there is no relationship between the variables. This research also suggests the implement high quality in e-banking services and that impact on high customer satisfaction and customer loyalty.

**Keywords:** E-Banking, Customer Services, Quality of Services, Customer Satisfaction, Customer Loyalty

## 1. INTRODUCTION

Concept of e-banking was derived in the mid year of 1970's. It is the sophisticated banking methods that help to transfer money without paper documents. This is possible when there are fund transfers from financial organizations and credit unions. Automated Teller Machine is also e-banking with the help of debit cards that transfers funds. E-Banking depends on computer system and information is sent through message or e-mail. This is easy to record transferring information quickly and maintain control towards fund accessing. E-Banking is the technological advancement which made the banking process more possible. Various researchers has focused to concentrate on effective usage of electronic banking conceptually. The factors that impact E-Banking are been evaluated that operates with effective Costing. Srinivastava R K (2007) As the development of the banking sector, electronic banking supports the peoples globally according to their current advancement and living standards. This acceptance of electronic banking has helped in developing more new technologies that reforms the services of banking. Factors that influence effective

adoption of electronic banking that helps consumers were been investigated. The factors are technology, internet, software, applications and security protection. Customer electronic banking based education and awareness that increases the usage of e-banking in India. Expected values are been in sighted by e-banking with the financial organizations that enables the banking strategies towards the effective usage of electronic banking. (Arjun Kulkarni, 2023)

## 2. REVIEW OF LITERATURE

E-Banking will be fulfilled only when the customers are been satisfied high number of customer satisfaction which reveals the success of the banking practices. 750 respondents from both private sector and public sector has been collected and used mediation model that shows the relation between E-Banking through customer satisfaction.

Association and effect between Customer Satisfaction of E-Banking and Customers' Loyalty were taken into consideration. Mediation effect of customers satisfaction that reflects the customers loyalty were been measured considering dimensions like services, website, easy usage and security usage. 384 data were collected and analyzed using SPSS and AMOS. This study has revealed that website and services are highly influenced that leads to Customer Satisfaction and that impact the loyalty of the customers. Mediation effect of Customers Satisfaction was evaluated that leads to continuous development of E-Banking Services.

In order to increase the digitalization in banking sector, various services were provided to customers by considering online transactions and that has become advantages for the banking sector. For the high profit and to increase satisfaction and loyalty of customers, online banking services are been provided to customers. E-banking services have been formulated to build quality of services. Dimensions covered in this study are Quality of services, Customer Satisfaction, Electronic Convenience, Cost Effective, Electronic Support and customer Loyalty. Concentrating on these dimensions, banking sector can retain their customers for the longer period of time. (Sathiyavany, 2018)

Physical approach of banking is the traditional method of processing banking services. As new technological advancement, internet facilities have become more advanced in financial services. Financial service industry is using banking as the strategy that helps to increase the quality of services, which become the competitive advantage. Potentialities of banks are been termed with high number of banking services to formulate the money distribution channels and that leads to more advantages to both banking sector and customers. (Mari Anand, 2015)

Relationship between Quality of E-Banking services and Customer Satisfactions are been evaluated to identify the influence of customer satisfaction. This research has used SEM for evaluating the actual reliability of the two variables that helps to increase the more number of customers. If effective banking services are been implemented and maintained effectively then customers will be satisfied and that leads to high competitive advantages. Banking sector are trying to implement more technological banking services that facilitates more customers.

## 3. OBJECTIVES AND HYPOTHESIS OF THE RESEARCH

### 3.1. OBJECTIVES OF THE RESEARCH

This study helps to evaluate the theoretical study that reveals the impact customer satisfaction on e-banking.

To study the relationship between customer satisfaction and e-banking services.

To evaluate the factors that affect customer satisfaction on e-banking services.

3.2 Hypothesis :

H1: 1 Corresponding Relationship between customer satisfaction and e-banking services.

H1: 2 Positive effects of customer satisfaction factors that impact e-banking services.

## 4. RESEARCH METHODOLOGY

### 4.1. RESEARCH DESIGN

"Research has to be fulfilled by planning the collection of data and analysing the data with the purpose of combining the research procedures". (Jahoda, 2016) Research Design is framed and contributes the sample size and research

instrument which are developed in solving the research problem. With the help of the theoretical implications in research, Quantitative and Qualitative methods of researching are been decided and also help to evaluate the sample size. (Samar Rahi, 2017)

## 4.2. RESEARCH SAMPLING METHOD

Samplings have to be defined with the help of sampling techniques, Simple Random Sampling. Sampling size has been defined and data collection has been done accordingly.

## 4.3. COLLECTION OF DATA

240 customers who avail e-banking services has been responded from Chennai city for processing the data analysis of this research.

## 4.4. RESEARCH INSTRUMENT

Questionnaire has been used as the research instrument of this research. Questionnaire has been framed in Likert Scaling method.

## 5. DATA ANALYSIS

Data analysis has been done by using SPSS software – 28, relationship between e-banking and customer satisfaction; factors that impact e-banking services are been examined in this research.

## 6. RESULT OUTPUT

Table No. 1 Demographic Analysis

| Statistics     |         |      |        |
|----------------|---------|------|--------|
|                |         | Age  | Gender |
| N              | Valid   | 240  | 240    |
|                | Missing | 0    | 0      |
| Mean           |         | 4.01 | 1.42   |
| Std. Deviation |         | .838 | .494   |

Mean value of age level analysis is 4 and Standard Deviation is .838, which is considered as having high consent and gender mean value is 1.42 and Standard Deviation is .494, which is very moderate in consent that influences the research.

Table No. 2 Descriptive Analysis of Age

| Age   |                |           |         |               |                    |
|-------|----------------|-----------|---------|---------------|--------------------|
|       |                | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | 19 - 29 Years  | 1         | .4      | .4            | .4                 |
|       | 30 - 39 Years  | 80        | 33.3    | 33.3          | 33.8               |
|       | 40 - 49 Years  | 75        | 32      | 32            | 65.0               |
|       | Above 50 Years | 84        | 35.0    | 35.0          | 100.0              |
|       | Total          | 240       | 100.0   | 100.0         |                    |

In age category, above 50 years of the respondents were 35%, 30 – 39 years of age category were with 33%, 32 % of the respondents were under the age group of 40 – 49 years.

Table No. 3 Descriptive Analysis of Gender

| Gender |        |           |         |               |                    |
|--------|--------|-----------|---------|---------------|--------------------|
|        |        | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid  | Male   | 140       | 58.3    | 58.3          | 58.3               |
|        | Female | 100       | 41.7    | 41.7          | 100.0              |
|        | Total  | 240       | 100.0   | 100.0         |                    |

Under Male gender, majority of the respondents were Male with 58% and 42 % of the respondents were Female.

Table No. 4 Correlation Analysis

| Correlations          |                     |                 |                       |                  |
|-----------------------|---------------------|-----------------|-----------------------|------------------|
|                       |                     | Service Quality | Customer Satisfaction | Customer Loyalty |
| Service Quality       | Pearson Correlation | 1               | .681**                | .136*            |
|                       | Sig. (2-tailed)     |                 | <.001                 | .035             |
|                       | N                   | 240             | 240                   | 240              |
| Customer Satisfaction | Pearson Correlation | .681**          | 1                     | .308**           |
|                       | Sig. (2-tailed)     | <.001           |                       | <.001            |
|                       | N                   | 240             | 240                   | 240              |
| Customer Loyalty      | Pearson Correlation | .136*           | .308**                | 1                |
|                       | Sig. (2-tailed)     | .035            | <.001                 |                  |
|                       | N                   | 240             | 240                   | 240              |

The result clearly reveals that, there is perfect correlation between Service Quality, Customer Satisfaction and Customer Loyalty. P- Value is <.001, which is lower than the significant value.

Table No. 5 Reliability Statistics

| Reliability Statistics |                    |            |
|------------------------|--------------------|------------|
| Cronbach's Alpha       | Standardized Items | N of Items |
| .859                   | .864               | 6          |

With the help of Cronbach's Alpha, reliability of the variables has been checked and the result shows that it is highly reliable with the value of .859, which is nearer to 1.

Table No. 5 ANOVA Test

| ANOVA                 |                |                |     |             |      |      |
|-----------------------|----------------|----------------|-----|-------------|------|------|
|                       |                | Sum of Squares | Df  | Mean Square | F    | Sig. |
| Service Quality       | Between Groups | 2.121          | 3   | .707        | .684 | .562 |
|                       | Within Groups  | 243.862        | 236 | 1.033       |      |      |
|                       | Total          | 245.983        | 239 |             |      |      |
| Customer Satisfaction | Between Groups | 2.121          | 3   | .707        | .684 | .562 |
|                       | Within Groups  | 243.862        | 236 | 1.033       |      |      |
|                       | Total          | 245.983        | 239 |             |      |      |
| Customer Loyalty      | Between Groups | 1.392          | 3   | .464        | .421 | .738 |
|                       | Within Groups  | 259.771        | 236 | 1.101       |      |      |
|                       | Total          | 261.163        | 239 |             |      |      |

Difference between the variables like Service quality, Customer Satisfaction and Customer Loyalty has been analyzed. F Value of Service Quality is .684, Customer Satisfaction is .684 and Customer Loyalty is .421. P- value of Service quality, Customer Satisfaction and Customer Loyalty is higher than the significant level (<.005)

## 7. CONCLUSIONS

The study shows that there is high impact of service quality of e-banking, customer satisfaction and reflect on customer loyalty and more reliable. Through ANOVA Test, difference between the variables are analyzed and shows there is no difference between service quality of e-banking, customer satisfaction and customer loyalty. Under the banking system, e-banking has become the bridge between the banks and customers. More number of effective services has been provided through e-banking services. Providing an effective quality of services may lead to high impact of customer satisfaction and customer loyalty.

## CONFLICT OF INTERESTS

None.

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