

## Study On Customer Satisfaction Towards Internet Banking Services In Hdfc Bank

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### Abstract

The internet offers significant opportunities for banking institutions, with online services becoming a strategic necessity for most banks. Internet utilization has become a crucial distribution channel for banking services due to the considerable growth in consumers preferring internet banking. This growth is fueled by increasing computer literacy, the widespread availability of computers, and the reduced costs of PCs and internet access. Consequently, this trend is reshaping the optimal distribution structure for banks and financial institutes. Internet banking, referring to banking transactions conducted via a secure internet application, encompasses various activities such as bill payments, fund transfers, account statement viewing, and loan repayments. While internet banking has long been popular among tech-savvy individuals, its appeal is expected to surge as internet usage grows globally and more people recognize its numerous advantages. This study focuses on analyzing the internet banking services of HDFC and evaluating customer perceptions and satisfaction towards internet banking. The study encompasses 150 sample customers of HDFC in Madurai division. Data collection primarily relied on a structured questionnaire administered as a primary source. Analysis of the data employed appropriate mathematical and statistical tools, including mean, standard deviation, ANOVA, and F-test.

Key Words: Internet Banking, Internet Banking Services, customer perception, customersatisfaction.

Keywords: Myth, Marginalised, Cultural, Violence, Inequality

### INTRODUCTION

The integration of technology and information technology has sparked remarkable innovations in the banking industry, leading to a paradigm shift in how financial services are delivered. This blend of technology has not only transformed banking processes but has also created a whole new digital realm within human society. One of the monumental advancements born from this technological fusion is Internet banking, which emerged in the early 1990s. Internet banking revolutionized the way individuals and businesses interact with financial institutions. It serves as a comprehensive system that allows customers to access their accounts, conduct transactions, and gather information about financial products and services—all through the Internet. To utilize an institution's internet banking services, customers need personal internet access and must register with the institution, setting up a unique password for verification purposes. It's noteworthy that this password is typically distinct from the one used for telephone banking. In today's banking landscape, financial institutions routinely assign customer numbers to clients, irrespective of whether they intend to use internet banking. These customer numbers serve as identifiers and are separate from account numbers. They enable customers to link multiple accounts—such as checking, savings, loans, and credit cards—to a single customer number. Additionally, these customer numbers differ from any debit or credit cards issued by the institution. Accessing internet banking is straightforward; customers visit the financial institution's website and log in using their assigned customer number and password. While some institutions employ additional security measures for access, there is no standardization in approach across the industry. The present study focuses on exploring customers' perceptions of internet banking and the factors that drive them to utilize these services. It aims to understand whether consumers have embraced internet banking and analyzes their satisfaction levels. Furthermore, the study seeks to identify strategies for enhancing the usage of internet banking services. Conducted at HDFC in Madurai division, the research adopts a descriptive approach, involving a sample of 150 bank customers selected after an initial screening process.

### STATEMENT OF THE PROBLEM

Internet banking represents the modern era of banking, serving as a pivotal component in the financial landscape. Often referred to interchangeably as online banking, it has evolved from the concept of PC banking and relies on the internet as its primary delivery channel for various banking activities. These activities range from fund transfers and bill payments to checking and savings account management, as well as mortgage payments, among others. Without internet banking, the growth of electronic business would be stunted, and financial institutions would struggle to provide top-notch customer service.

The importance of developing and refining internet banking systems cannot be overstated. It requires the implementation of suitable technologies and secure communication networks, coupled with the utilization of efficient and flexible integrated software systems. Internet banking services empower customers to oversee their accounts at their convenience, from any location, and with minimal associated costs. As smartphones continue to proliferate, the popularity of internet banking has soared exponentially. More and more individuals are embracing internet banking and recognizing its inherent value as a banking channel.

Consequently, there is a pressing need to conduct comprehensive studies in this domain. Such endeavors are essential for understanding the intricacies of internet banking services, particularly in assessing customer perceptions and satisfaction levels. This study, focusing on the internet banking services offered by Federal Bank, seeks to analyze the broader landscape of internet banking while delving into the specific nuances of customer experiences and satisfaction. By doing so, it aims to contribute significantly to the body of knowledge in this field, potentially paving the way for innovative advancements and best practices in internet banking services.

### **OBJECTIVES OF THE PAPER**

1. To embark on an exploration of the pivotal factors that propel individuals towards becoming valued patrons of our chosen bank. Delve deep into the motivations and influences that shape customer decisions, illuminating the pathways to acquisition.
2. To dive into the realm of customer perception, gaining insights into how our esteemed clientele engage with and perceive the internet services offered by our selected bank. Explore the nuances of customer experiences, shedding light on their attitudes and interactions with our digital offerings.
3. To navigate the landscape of customer satisfaction, assessing the levels of delight and contentment experienced by users of the internet banking services provided by our selected bank. Uncover the keys to enhancing user experience and fostering enduring loyalty in the digital realm.

### **HYPOTHESES**

- Ho: There is no significant relationship between the pivotal factors influencing individuals' decisions and their patronage towards our chosen bank..
- Ho: There is no significant difference in customer perception towards the internet services offered by our selected bank..
- Ho: The levels of customer satisfaction with internet banking services provided by our selected bank are not significantly different.

### **METHODOLOGY AND DATABASE**

The study utilized a descriptive research methodology, incorporating both primary and secondary data sources gathered through pre-tested questionnaires. The selection of the sample bank and customers was conducted using a purposive sampling method. HDFC in Madurai division was chosen due to its extensive branch network compared to other private commercial banks in the region.

A sample size of 150 was determined for the study. The collected survey data underwent analysis using statistical tools within the SPSS software suite. Key analytical techniques employed included the F-test, ANOVA (Analysis of Variance), and weighted average ranking.

Descriptive research methodology entails systematically gathering and analyzing data to describe or summarize phenomena

under study. Primary data refers to information collected firsthand from original sources, while secondary data involves utilizing existing data sources. Pre-tested questionnaires were administered to ensure the reliability and validity of the data collection instrument.

Purposive sampling, a non-probability sampling technique, involves selecting participants based on specific characteristics relevant to the research objectives. In this case, both the bank and customers were selected purposefully to align with the study's focus on HDFC and its clientele in Madurai division .

HDFC was chosen as the focal institution due to its prominence and extensive presence within Madurai division compared to other private commercial banks. The selection of a representative sample size, in this case, 150, aimed to provide sufficient data for analysis while ensuring practicality in data collection and processing.

The utilization of SPSS software facilitated rigorous statistical analysis of the collected survey data. The F-test, ANOVA, and weighted average ranking emerged as the principal analytical tools employed to examine relationships, variances, and rankings within the dataset. These tools enabled a comprehensive exploration of the research questions and hypotheses formulated for the study.

## RESULTS AND DISCUSSION

Before delving into the analysis of customer satisfaction, it is pertinent to provide a concise overview of the respondents' demographic profile. This snapshot offers valuable insights into the characteristics of the sample population, including gender distribution, age composition, and educational background. Understanding these demographic aspects lays a crucial foundation for interpreting the subsequent analysis and drawing meaningful conclusions regarding customer satisfaction within the study context.

### Profile of the Respondents

**Table.1 Profile of Internet Banking Users**

<b>A) Gender Composition</b>		
<b>Gender</b>	<b>No Of Respondent</b>	<b>Percentage</b>
Male	102	68
Female	48	32
<b>Total</b>	150	100
<b>B) Age Composition</b>		
<b>Age Group</b>	<b>No. Of Respondents</b>	<b>Percentage</b>
18-25	76	50
25-35	49	33
35-45	25	17
<b>Total</b>	150	100
<b>C) Education level</b>		
<b>Education Level</b>	<b>No. Of Respondents</b>	<b>Percentage</b>
Plus Two	9	6
Degree	87	58
PG	52	35
Above PG	2	1
<b>Total</b>	150	100
<b>D) Occupational status</b>		

Occupation	No. Of Respondents	Percentage
Student	38	25
Business/Profession	42	28
Govt. Employee	33	22
Private Employee	27	18
NRI	10	7
<b>Total</b>	<b>150</b>	<b>100</b>
<b>E) Annual average Income</b>		
Income Level(Rs.)	No. Of Respondents	Percentage
Below 25000	42	28
25000-50000	29	19
50000-100000	51	34
100000-150000	18	12
Above 150000	10	7
<b>Total</b>	<b>150</b>	<b>100</b>

Source: Primary data

The demographic profile of the respondents sheds light on key characteristics within the sample population. Firstly, the gender distribution reveals a notable overrepresentation of males, comprising 68% of the total respondents compared to 32% females. This skew suggests potential gender imbalances either within the target population or as a result of the sampling process. Secondly, the age composition demonstrates a clear preference towards younger age groups, with 50% falling within the 18-25 bracket and 33% within the 25-35 range. Conversely, only 17% of respondents are aged between 35-45. Lastly, concerning educational attainment, half of the respondents have their education level classified as unspecified, indicating a diverse educational background within the sample. Meanwhile, 33% fall within the 25-35 age bracket, with a smaller proportion, 17%, belonging to the 35-45 group. These findings underscore the importance of understanding the demographic makeup of the sample population to contextualize study outcomes effectively and draw meaningful conclusions regarding the research objectives. The Reasons behind the Selection of Bank by the Internet Banking Users

The analysis on the reasons for choosing this particular bank for internet banking services is done with the help of percentages and presented using chart.

Table 2.Reasons for the Selection of Bank%

Sl.No	Reasons	No	%
1	I have a traditional bank account with this bank	78	52
2	The brand name of the bank	7	5
3	Service quality offered	49	32
4	Others	16	11
<b>Total</b>		<b>150</b>	<b>100</b>
<b>Source: Primary data</b>			

Chart Area

No

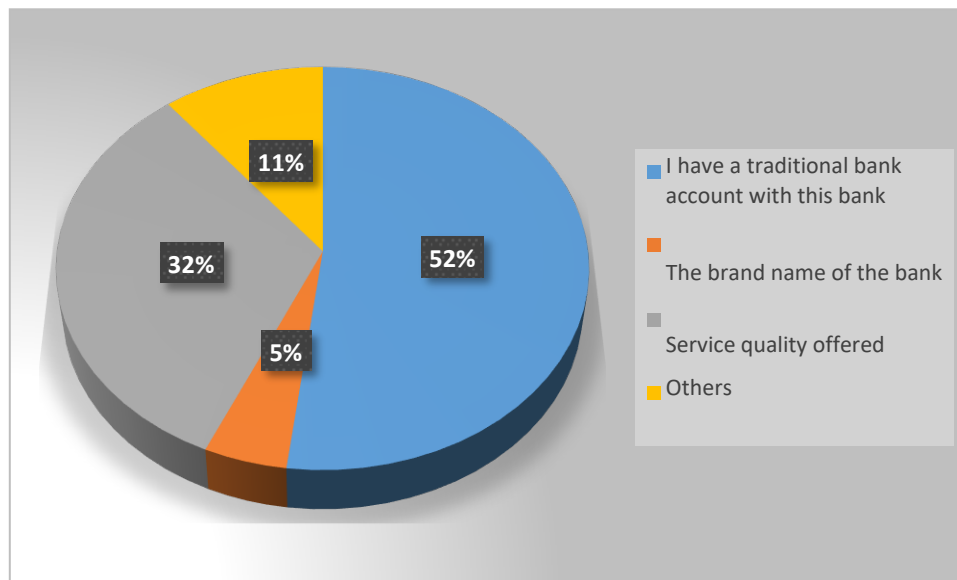
- I have a traditional bank account with this bank
- The brand name of the bank
- Service quality offered
- Others

Source: Primary data

The table shows that 52% users have chosen HDFC for internet banking services as because they are having traditional bank account with the same bank, 32% user chosen as because of service quality offered by the bank and only 5% chosen the bank due to its brand name.

It is diagrammatically represented below:

CHART 1



Analysis on the Users Perception towards the Advantages of Internet Banking

The table provides insights into users' perceptions regarding the advantages of internet banking, segmented by the level of importance attributed to each advantage. Notably, convenience emerges as the paramount consideration, with a striking 98% of users deeming it as the most important aspect. An additional 51% also regard convenience as important, underlining its central role in driving users' adoption of internet banking services. Security follows closely, with 54% of users identifying it as the most important factor, while a substantial 70% consider it important overall. This underscores users' strong emphasis on the safety and protection of their online financial transactions. Furthermore, speedy transfer garners significant attention, with 81% rating it as the most important advantage and 58% finding it important. This underscores users' preference for swift and efficient fund transfers through internet banking platforms. Meanwhile, other factors such as the variety of services offered, proper maintenance, and cost-effectiveness also feature prominently in users' considerations, albeit to varying degrees. The interpretation of these findings highlights the multifaceted nature of users' priorities when it comes to internet banking, with convenience, security, and speed emerging as the primary drivers of user satisfaction and adoption.

**Table 3. Advantages of Internet Banking**

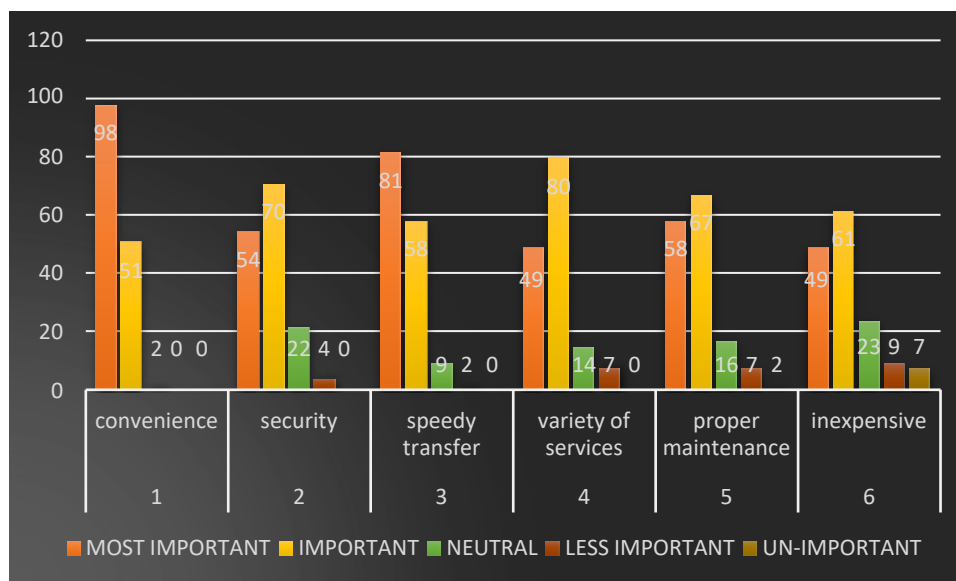
Sl.No	Advantages	Most Important	Important	Neutral	Less Important	Un- Important
1	Convenience	98	51	2	0	0
2	Security	54	70	22	4	0
3	Speedy Transfer	81	58	9	2	0
4	Variety Services	49	80	14	7	0
5	Proper Maintenance	58	67	16	7	2

6	Inexpensive	49	61	23	9	7
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Source: Primary data

The table distinctly indicates that the majority of users opt for internet banking primarily due to its convenience. This aspect stands out prominently, with a significant percentage of users prioritizing it as the most important advantage. Conversely, factors such as security and the variety of services offered garner relatively equal levels of importance among users, highlighting their significance in users' decision-making processes. However, comparatively less emphasis is placed on aspects such as proper maintenance and cost-effectiveness, suggesting that these factors are perceived as less critical in users' considerations when selecting internet banking services. Overall, the data underscores the pivotal role of convenience in driving user preference for internet banking, while also shedding light on the nuanced importance attributed to other key advantages. It is diagrammatically represented below:

**CHART 2**



#### Analysis Of Male And Female Perception Towards Internet Banking Preference

The table presents a breakdown of user preferences regarding the advantages of internet banking, categorized by gender. Across the board, convenience emerges as the most favored aspect among both male and female users, with 26 males and 13 females citing it as their primary consideration. This indicates a consensus among both genders regarding the paramount importance of convenience in their choice of internet banking services. Following closely, security ranks as the second most valued advantage, with 15 males and 7 females prioritizing it. While there is a noticeable gender difference in the number of respondents favoring security, it remains a significant factor for both groups. Similarly, speedy transfer and variety of services are also regarded favorably, albeit with slightly higher preference from male users compared to females. Conversely, proper maintenance and cost-effectiveness receive relatively lower attention from both male and female respondents, with only a small percentage of users considering them as important factors. Overall, the interpretation underscores the overarching importance of convenience in driving user preferences for internet banking services, while also highlighting some variations in the perceived significance of other advantages between male and female users.

**Table 4. Advantages of Internet Banking (Male–Female Perception)**

Sl.No	Advantages	Male	Female
1	Convenience	26	13
2	Security	15	7
3	Speedy transfer	22	11
4	Variety of services	13	5
5	Proper maintenance	14	7
6	Inexpensive	12	5
<b>Total</b>		<b>102</b>	<b>48</b>

Source: Primary data

**F-test**

H0: There is no significant difference in the perception of male and female respondents towards internet banking preference.

H1: There is significant difference in the perception of male and female respondents towards internet banking preference.

Note;

$$F = (n_1 s_1^2 / n_1 - 1) / (n_2 s_2^2 / n_2 - 1) f = 2.963$$

Table value at 5% level of significance = 4.28 Degree of freedom = (5, 5)

It is observed that the calculated value of F is greater than the table value .hence the null hypothesis is rejected and it is concluded that there is significant difference in the perception of male and female users towards internet banking.

**The Type of Banking Used and the Services Chosen By the Users**

Analysis done on the type of banking and services chosen by the users is taken here by using percentages and showed the results in charts.

**Table 5. The Type Of Banking Used By The Customers**

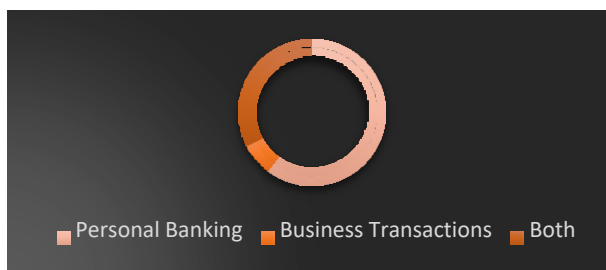
Sl.No	Type	No: Of Respondents	Percentage
1	Personal Banking	90	60
2	Business Transactions	11	7
3	Both	49	33
<b>Total</b>		<b>150</b>	<b>100</b>

Source: Primary data

The above table shows that most of the customers are using internet banking for doing personal banking transactions (60%), 33% are using it for both personal and business transactions and only 7% are using for business transactions.

It is diagrammatically represented below:

**Chart 3**



**Table 6. Services Chosen by the Users**

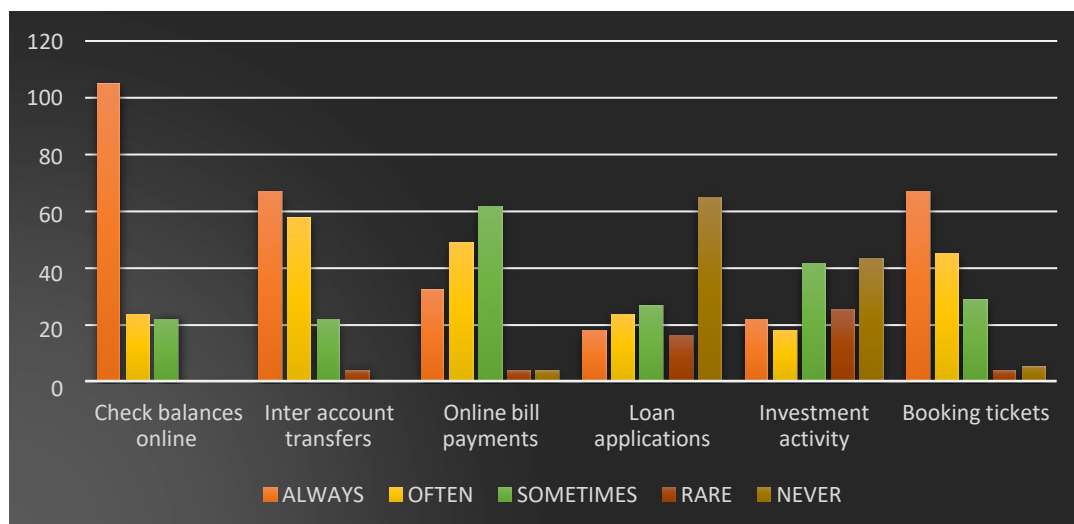
Sl.No	Services	Always	Often	Sometimes	Rare	Never
1	Check Balances Online	105	23	22	0	0
2	Inter Account Transfers	67	58	22	4	0
3	Online Bill Payments	33	49	61	4	4
4	Loan Applications	18	23	27	16	65
5	Investment Activity	22	18	42	25	43
6	Booking Tickets	67	45	29	4	5

Source: Primary data

It is clear from the table that, Most of the customers are using internet banking for checking balances online , inter account transfer , booking tickets and for online bill payments. Only few are using it for loan applications and for investment activity.

It is diagrammatically represented below:

Chart 4



### ANALYSIS OF VARIANCE

A two way analysis of variance is conducted between the type of banking used and the internet banking services chosen by the users.

Ho: there is no significant difference between the types of services used by the internet banking customers.

H1: there is significant difference between the types of services used by the internet banking customers.

Ho: there is no significant difference between services chosen by the users.

H1: there is significant difference between services chosen by the users.

**Table 7. ANOVA**

Sl.No	Services	Type Of Banking			Total
		Personal Banking	Business Transactions	Both	
1	Check Balances Online	22	2	13	36
2	Inter Account Transfers	20	4	11	34
3	Online Bill Payments	14	2	7	23
4	Loan Applications	7	2	4	13
5	Investment Activity	7	0	4	11
6	Booking Tickets	20	2	11	33
<b>Total</b>		90	11	49	150

Source: Primary data

**Table 8. ANOVA Results**

Sources Of Variation	Sum Of Squares	Degree Of Freedom	Mean Squares	F
Between Columns	SSC=217.11	K-1=5	43.42	4.6085
Between Rows	SSR=507.11	R-1=2	253.6	26.91
Residual	SSE=94.22	(K-1)(R-1)=10	9.42	-
Total	SST=818.444	17		-



**Note:**

$F(\text{between columns}) = \text{MSC}/\text{MSE}$   $F(\text{between rows}) = \text{MSR}/\text{MSE}$  CV:

Between columns=4.60 Between rows=26.91

TV:

Between columns=4.74 Between rows=19.41

$H_0$  is being accepted in case of testing the significant difference between the types of services used by the internet banking customers and  $H_0$  rejected in case of testing the significant difference between services chosen by the users. So it is concluded that there is no significant difference between the types of services used by the internet banking customers but there exist significant difference in choosing services by the users.

**Analysis on the Usage of Internet Banking**

The usage of internet banking by the customers is analysed here by using percentages and showed the results in chart.

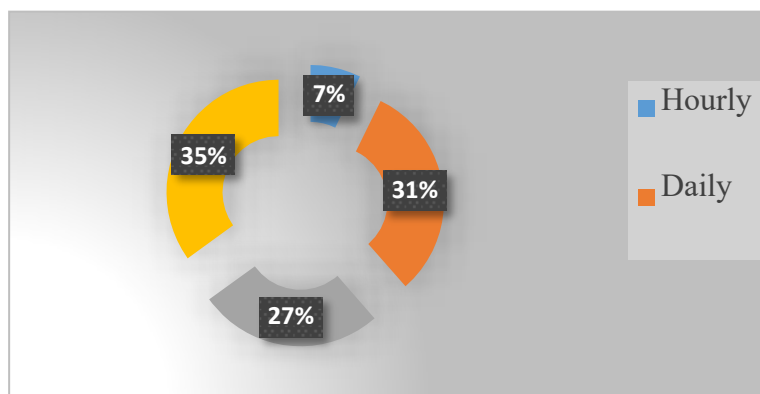
**Table 9.Usage of Internet Banking**

	No: Of Respondents	Percentage
Hourly	11	7
Daily	47	31
Weekly	40	27
Monthly	52	35
<b>TOTAL</b>	<b>150</b>	<b>100</b>

Source: Primary data

The above table shows that 35% customers are using internet banking once in a month and 31% using it daily. Only 7% are using it hourly.

It is diagrammatically represented below:

**Chart 5****Analysis on the Services and Level of Satisfaction of Users of Internet Banking**

Analysis of variance (one way) is done here on the services and level of satisfaction of users.

**Table 10.Services and Satisfaction Level**

Services	Level Of Satisfaction		
	Highly Satisfied	Satisfied	Dissatisfied
Paying bills	80	67	3
Transfer of funds	78	69	3

Online shopping	54	90	6
Account inquiry	78	67	5
Investment activity	45	62	43
Loan applications	30	60	60
Booking railway tickets	74	58	18

Source: Primary data

### Analysis of Data

The analysis of data using one way ANOVA provided the following:

Ho: The services do not have the same effect on the level of satisfaction

H1: The services do have same effect on the level of satisfaction

**Table 11.ANOVA Table**

Sources OfVariation	Sum OfSquares	Degree OffFreedom	Mean Square
Between Samples	SSC=10329	K-1=2	MSC=5164.33
Within Samples	SSE=6291	N-K=18	MSE=349.47
Total	SST=16620	N=20	-

### NOTE:

**F=MSC/MSE CV=14.77**

TV=3.55 [At 5% level of significance with degree of freedom (2, 18)]

Since the calculated value (CV) is greater than the table value (TV) we reject the null hypothesis and accept the alternative hypothesis. i.e., the services do have same effect on the level of satisfaction.

### CONCLUSION AND SUGGESTIONS

This study has been conducted to analyze the internet banking services of HDFC in general and evaluate the perception and satisfaction of customers towards internet banking in specific. Now-a-days a proper and efficient internet banking system only provides a better growth to the bank. The research found that the internet banking services provided by the bank is well and satisfactory in nature. But the bank could bring more security measures to improve the trust among customers regarding internet banking. And the bank could give proper education regarding internet banking, its advantages and its importance in the present life. That will promote internet banking. Although the scope of this study is not very wide with reference to the demographic variables, but the revelation which this study has made is that the major users of the internet banking are male and most of them are younger generation. Most of the users are of male group and are of satisfied more in paying bills online and making inter account transfers. The bank could focus more on increasing the number of services available at online. The services provided by the bank and the user friendly nature of the internet banking makes the bank perfect in the area of internet banking. The modern world is getting lot of advantage through internet banking and it clearly depends on their perception and satisfaction level of internet banking services provided by the banks. Here the researcher would like to mention the study on the quality of internet banking services, study on challenges faced by the banks in performing internet banking services and also study on internet banking services of different banks as the scope for further research as based on the present study experience.

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