

# A Study on Relationship between Customer Satisfaction and Customer Loyalty in Internet Banking In Trichy District

Robinson M<sup>1</sup> Viswanathan R<sup>2</sup>

<sup>1</sup>Assistant Professor <sup>2</sup>P.G Student

<sup>1,2</sup>Department of Management Studies

<sup>1,2</sup>Anna University (BIT-campus), Tiruchirappalli, Tamil Nadu, India.

**Abstract**— This paper focuses on customer loyalty and customer satisfaction on internet banking. Customer satisfaction is more importance on internet banking in recent years. The factors determining the customer loyalty and satisfaction includes customer retention, virtual banking, Technology adaptation, Security, Personal service and Ease of use. These factors should lead to the customer satisfaction and customer loyalty. This study was conducting the chi-square test using the variables are whether associated or not associated and also how to influencing the customer satisfaction and the customer loyalty.

**Key words:** Customer Loyalty, Customer Satisfaction, Internet Banking

## I. INTRODUCTION

The financial institutes are implemented an e- banking (electronic banking) service is mid-1990s. Greatly expand the online banking based on the customer's perception. These banks are maintaining the web way to concentrate about customers and building loyalty as well as satisfaction. After coming the trailblazing companies such as American online, Amazon.com and eBay, to make the paying for items online widespread. The online banking is becoming increasingly due to convenience and flexibility to the customer. The bank service should be promoted by the online service of all over the world. The online banking system dimensions are privacy, security, convenience and time savings perceived positively by the customers. This paper study about whether the variables are association or not association, how to influencing the variables are the customer satisfaction as well as customer loyalty, also includes the overview about the Internet banking, customer loyalty, customer satisfaction and service quality. Internet banking quality is important factor that influence adoption of internet banking and customers' loyalty. The internet banking users are satisfied with the online banking reliability, online banking usability, online banking quality.

## II. LITERATURE REVIEW

(Thanh Nguyen, Mohini Singh, 2004), this study was discussed about the Internet banking issues both from the bank's point and from the customers' point. This paper was highlighting the relationship between Internet banking and customer satisfaction and loyalty.

(Ravi, Kiran and Ms. Navneet Kaur, 2014), study was Customer loyalty factors are namely, customer retention, Security, Virtual Banking and Technology invasion. Customer Retention emerges is an important factor for influencing customer Loyalty with highest Eigen value, and then it explains the maximum variation. Customer loyalty is associated positively with Confidence, Technology Adoption, ethnical Expertise of staff, Personal

Services, Account information, Channel Activity and Ease of Use from the construct of customer satisfaction.

(Eriksson, Mikael Schuster, Carolina, 2009), the study was I found that the impact factors of customer loyalty in online banking. The factors are namely, customer satisfaction, corporate image, brand reputation and generation.

(Erika Jansson Maria Letmark, 2005), this study explores that importance of Internet in banking increases as more people use Internet as their main channel in contacts with their bank. I found that many differences in attitudes and behavior among the customers depending on what communication channels they use, and the interviewed bank is also convinced that Internet should be used as a complementary channel to branch banking.

(Ibok, Nkanikpo Ibok, Itoro Moses Ikoh), this study was conducted in targeting corporate and individual customers on improved the service technology using participation, seminars and symposium on the adaptation of internet banking as well as they are facing different type of customers through desired customer satisfaction. The e-banking service quality and customer loyalty are covering changing dynamics of public, private and foreign banks' customers in India.

## III. DEFINITION OF INTERNET BANKING

Internet Banking is defined as the usage of Internet and telecommunication networks to deliver banking services to customers (Daniel, E. 1999, Furst, K., Lang, W. W. & Nolle, D. E. 2000, Sathye, M. 1999). Customers have more inquires and carry out of most banking services namely, account balance inquiry, inter-account transfers, and bill-payment via the Internet. The term 'Internet banking' has been construed as the transactions relating to current and credit card accounts such as viewing balances, paying bills, and transferring funds. And then the Internet banking includes the services relating to financing, insurance, investment, and new banking services [Furst, K., Lang, W. W. & Nolle, D. E. 2000, Singh, 2003].

### A. Customer loyalty

**According to Kotler and Armstrong** (1997) defined that the loyalty comes from fulfilling the expectations or the expectations of consumers, while the expectation is derived from the experience of previous purchases by consumers, opinion from friends and relatives, and an appointment or information from a marketer or a competitor.

### B. Customr Satisfaction

Customer satisfaction is the degree of satisfaction provided by the goods or services of a company as measured by the number of repeat customer.

### C. Service Quality

The service quality is difference between the customer expectation and the customer perception. According to Philip kotler (1997) defined service as ‘an action or an activity which can be offered by a party to another party, which is basically intangible product’ on the other hand.

#### 1) Trust

Trust is a firm belief in the reliability, truth, or ability of someone or something. (Morgan and Hunt, 1994) that the trust is the willingness or readiness to rely on colleagues who are believed to be involved in the exchange. In addition there are some other senses of trust, among others, as follows:

- 1) Trust is a set of beliefs related to integrity,
- 2) virtue
- 3) The capabilities of the other party (Doney and Cannon, 1997).

#### 2) Habit

Habit of behaving someone will emerge and continue to run efficiently, without going through a tough business, and run without the awareness from the people (Aarts, 1998). Such behavior can be viewed from two aspects, namely the frequency or intensity of habitual behavior that a person, as well as the tendency is the tendency of a person to perform certain acts. Moreover, the habit can predict the behavior of someone in the future (Bamberg, 2003).

#### 3) Reputation

Herbig and Milewicz (1993) define reputation as attention to the attributes of a company, such as relations with shareholders. Additionally reputation can be seen from a broader perspective, associated with the level of credibility of the company. In this case, reputation can be interpreted as a consequence of the comparison between the promises - jani given company with things that actually happened. Another notion of reputation is the overall quality or character that can be seen or assessed by the general public (Malaga, 2001).

#### 4) Factors Influencing Internet Adoption

The internet adoption is identified for four characteristics are,

- 1) Ease of use
- 2) Usefulness
- 3) Cost saving

#### 5) Ease of use

The term of ease of use is related to easy to remember URL address, well structured, well organized, catalogue, site navigability, concise, understandable, content, terms and conditions.

#### 6) Usefulness

“These non- attitudes, or baseless options, can drag the dataa away from a position of reliability or usefulness”.

#### 7) Cost saving

The amount of money saved as a result of changes to plans or policies that reduce the expense associated with business activities. Cost saving may also refer to changes that generated the savings recorded. Identifying the cost saving opportunities can help a business to increase profit, by reducing outflows.

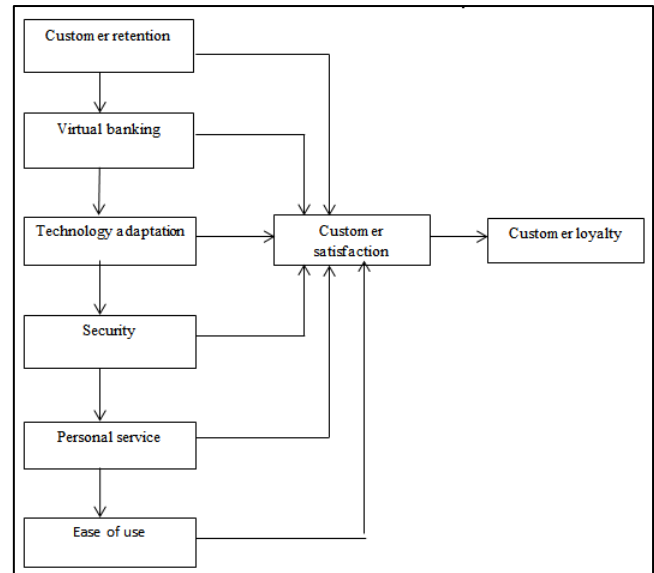


Fig. 1: Model for Customer Satisfaction and Customer Loyalty

#### 8) Factors Influencing Internet Adoption

The internet adoption is identified for four characteristics are

### IV. OBJECTIVE OF THE STUDY

- To study about the demographic characteristics of internet banking customers in Trichy District.
- To study about the factor affecting customer satisfaction in internet banking
- To study about the factor affecting customer loyalty in internet banking

#### A. Research Methodology

The study covers the customer of internet banking in trichy distict, tamil nadu, india. This study purely based on primary data. It is collected through structured questionnaire. The total population is 200 customers and the convenience survey is used for collecting data.

#### B. Research Design

Research design is a plan to answer whom, where, and how the subject under investigation conceived so as to obtain answers to research questions. The type of research design is involved in this study is descriptive research studies.

Descriptive research is carried out with objective and the research problem is analyzed by the way of collecting data through questionnaire.

The scaling technique of the questionnaire is Likert five point scale. It is rated by the respondents on a 5- point Likert scale of “1=Strongly Agree” to “5=Strongly Disagree”.

#### C. Sampling Technique

In this study 200 samples are taken. Convenient sampling method is used for collecting data. Both open ended and closed ended questions were used in the questionnaire. The information gathered is analyzed and test the association between two attributes by using chi-square test.

#### D. Limitation of the Study

The major limitations of the study are as follows;

- Finding of the study was based upon limited respondents.
- Some respondents were not willing to share their views and did not give any proper information.

1) HYPOTHESIS -1

- **H0:** There is no significance association between the Age and Comfortability.
- **H1:** There is a significance association between the Age and Comfortability.

	Cases					
	Valid		Missing		Total	
	N	Percentage	N	Percentage	N	Percentage
Age * comfortable	200	100.0%	0	0.0%	200	100.0%

Table 1: Case Processing Summary

		Count				Total
		strongly agree	agree	neutral	disagree	
Age	18-25	21	78	20	9	128
	26-30	6	29	9	2	46
	31-35	3	10	0	1	14
	36-40	3	3	0	0	6
	41 and above	2	4	0	0	6
Total		35	124	29	12	200

Table 2: Age \* comfortable Crosstabulation

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.489 <sup>a</sup>	12	.488
Likelihood Ratio	14.544	12	.267
Linear-by-Linear Association	4.915	1	.027
N of Valid Cases	200		
a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .36.			

Table 3: Chi-Square Tests

The asymptotic significance (2 sided) value is .488 and the calculated value is 11.489. Then the calculated value is less than the tabulated value.

C<T, H0 is accepted.

There is no significance association between the Age and Comfortability.

2) HYPOTHESIS-2

- **H0:** There is no significance association between the living area and open fast.
- **H1:** There is a significance association between the living area and open fast.

	Cases					
	Valid		Missing		Total	
	N	Percentage	N	Percentage	N	Percentage
Linving.a rea * open.fast	200	100.0%	0	0.0%	200	100.0%

Table 4: Case Processing Summary

		Count					Total
		strongly agree	agree	neutral	disagree	strongly disagree	
Linving.area	urban	14	42	30	12	5	103
	semi urban	6	19	9	6	4	44
	rural	5	25	13	9	1	53
Total		25	86	52	27	10	200

Table 5: Linving.area \* open.fast Crosstabulation

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.069 <sup>a</sup>	8	.750
Likelihood Ratio	5.135	8	.743
Linear-by-Linear Association	.020	1	.888
N of Valid Cases	200		
a. 2 cells (13.3%) have expected count less than 5. The minimum expected count is 2.20.			

Table 6: Chi-Square Tests

The asymptotic significance (2 sided) value is .750 and the calculated value is 5.069. Then the calculated value is less than the tabulated value.

C<T, H0 is accepted.

There is no significance association between the living area and open fast.

V. CONCLUSION AND THE FINDINGS

The Internet banking system are most of banks having the best way to attract customer. This is the most important in the world because; the people have every time use in internet banking system. The online banking system is part of the core banking system operated by a bank. The internet banking system is more affected by the customer satisfaction as well as the customer loyalty; the affecting factors are namely, customer retention, security, personal service, Ease of use, virtual banking and technology adaptation. So that the internet banking is shall always security based banking system and this use of most customers have consider the main channel in the world. An empirical study has constructed a model for the variables are affected in the customer loyalty and the customer satisfaction based upon the online banking. This study should be analyzing the association between the some variables to conducting a chi- square test in SPSS. The some variables are associated and others are not associated, the associating variables are more impact to the customer satisfaction as well as the customer loyalty. But the not

associated variables are not highly impact in customer satisfaction and customer loyalty but it is influenced. The internet banking should provide the quality of service because the customer satisfaction as well as customer loyalty is very important thing of the banking service.

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