

# AN EMPIRICAL STUDY ON CUSTOMER SATISFACTION OF SERVICE QUALITY IN ONLINE BANKING SERVICES OF NATIONALIZED BANKS (WITH SPECIAL REFERENCE TO COIMBATORE CITY)

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## ABSTRACT

The rapid growth of online banking services has transformed the banking sector, especially in urban areas like Coimbatore City. This study aims to examine customer satisfaction with the service quality of online banking services provided by nationalized banks. The research focuses on evaluating key service quality dimensions such as reliability, responsiveness, security, ease of use, and customer support. Data is collected from online banking users in Coimbatore, providing insights into their experiences, expectations, and levels of satisfaction. The study identifies factors influencing satisfaction and highlights areas requiring improvement to enhance the overall service quality. The findings offer valuable recommendations for nationalized banks to improve their online banking platforms, ensuring better customer retention and increased trust in digital banking services. This study contributes to understanding the evolving preferences of customers and helps nationalized banks align their digital strategies with customer expectations.

**Keywords:** Customer Satisfaction, Service Quality, Online Banking, Nationalized Banks, Coimbatore City.

## 1. INTRODUCTION

Online banking services offered by nationalized banks play a crucial role in providing convenient and efficient banking experiences for customers. Service quality in online banking is a key factor that shapes customer satisfaction, influencing their trust, loyalty, and continued usage. Customers expect seamless transactions, secure platforms, prompt responses, and user-friendly interfaces when using online banking services.

Nationalized banks in Coimbatore City serve a diverse customer base, making it essential to understand how well their online services meet customer expectations. Evaluating customer satisfaction helps identify strengths, gaps, and areas for improvement, ultimately enhancing service delivery. The study focuses on understanding customer perceptions and satisfaction levels regarding the service quality of online banking services provided by nationalized banks in Coimbatore.

### Objectives:

- 1.To know the socio-economic practices of bank customers of nationalized banks in ore city.
- 2.To know the customers perception on service quality of online banking-nationalized banks in Coimbatore city.
- 3.To study the customer level of satisfaction on online banking services in Nationalized bank.
- 4.To identify the key challenges and problems faced by customers in using online banking services.

## 2. STATEMENT OF PROBLEM

With growing digital adoption, customer expectations in banking now emphasize convenience, security, and quick service. Nationalized banks, traditionally focused on offline banking, face challenges in meeting these digital demands. Despite improvements, service gaps persist when compared to private and digital-only banks. In Coimbatore, where digital banking usage is rising, evaluating the service quality and customer satisfaction of nationalized banks is crucial. Key concerns include platform reliability, responsiveness, security, and ease of use. This study aims to identify factors influencing customer satisfaction and highlight areas for service improvement, helping nationalized banks enhance their online banking experience and stay competitive.

### Hypothesis:

Ho: There is no significant relationship between the socioeconomic profile of customers and their perception of online banking service quality in nationalized banks.

Ho: There is no significant relationship between the socioeconomic profile of customers and their satisfaction of online banking service quality in nationalized banks.

### 3. RESEARCH METHODOLOGY

#### 3.1 Research Design

This study adopts a descriptive and exploratory research design using a quantitative approach to examine customer satisfaction with online banking services of nationalized banks in Coimbatore City. Key service quality dimensions such as tangibility, reliability, responsiveness, assurance, and empathy are evaluated using structured data collection and statistical techniques to identify customer perceptions and satisfaction trends.

#### 3.2 Data Collection Method

Primary data is collected through a structured questionnaire, including Likert scale questions (1 to 5) and demographic questions. Surveys are distributed online via email and social media groups.

#### 3.3 Population and Sampling

The target population comprises online banking customers of nationalized banks in Coimbatore. A stratified random sampling method is used to ensure demographic representation. The sample size is 133 respondents, determined with a 95% confidence level and 5% margin of error.

#### 3.4 Data Analysis Methods

Data is analyzed using SPSS. Descriptive statistics summarize data, while ANOVA compares satisfaction across demographic groups. Chi-Square tests examine relationships between demographic variables and satisfaction. Rank Analysis identifies key service quality factors influencing customer satisfaction.

### 4. SATISFACTION LEVEL OF NATIONALIZED BANK CUSTOMERS

The study aims to assess customer satisfaction with online banking services provided by nationalized banks in Coimbatore. To achieve this, responses were collected from 133 customers, representing various demographic groups. This section presents the satisfaction levels, demographic details, and online banking preferences of the respondents.

#### 4.1 Overall Satisfaction Level

The survey revealed that 55.64% of respondents reported a high level of satisfaction with online banking services, indicating that more than half of the customers have a positive perception of the service quality. Meanwhile, 44.36% indicated a low level of satisfaction, highlighting areas requiring further improvement.

**Table 1.** Overall Satisfaction Level

Overall Satisfaction Level	Percentage (%)
High	55.64%
Low	44.36%
<b>Total</b>	<b>100%</b>

#### 4.2 Satisfaction Level based on Economic Profile of Nationalized Bank Customers

**Table 2.** Satisfaction Level based on Economic Profile

PARTICULARS	LEVEL OF INFLUENCE		CHI-SQUARE VALUE (sf)
	HIGH	LOW	
<b>GENDER</b>			0.618
Male	43(32.33)	51(38.35)	
Female	16(12.03)	23(17.29)	
Total	59(44.36)	74(55.64)	
<b>OCCUPATION</b>			0.014
Salaried	13 (09.77)	25 (18.80)	
Self-employed	10 (07.52)	04 (03.01)	
Farmer	06 (04.51)	13 (09.78)	
Retired	11 (08.27)	11 (08.27)	
Professional	15 (11.28)	08 (06.01)	
Unemployed	04 (03.01)	13 (09.77)	

Total	59 (44.36)	74 (55.64)	
<b>INCOME</b>			
Less than 20,000	14 (10.53)	32 (24.06)	0.094
20,001 - 50,000	16 (12.03)	13 (09.77)	
50,001 - 1,00,000	10 (07.52)	13 (09.77)	
Above 1,00,000	19 (14.29)	16 (12.03)	
Total	59 (44.36)	74 (55.64)	
<b>NATIONALIZED BANKS</b>			
State Bank of India (SBI)	11 (08.27)	11 (08.27)	0.902
Punjab National Bank (PNB)	12 (09.02)	15 (11.28)	
Bank of Baroda (BOB)	13 (09.77)	14 (10.53)	
Canara Bank	11 (08.27)	14 (10.53)	
Union Bank of India	12 (09.02)	20 (15.04)	
Total	59 (44.36)	74 (55.64)	
<b>ACCOUNT TYPE</b>			
Savings	17 (12.78)	29 (21.81)	0.456
Current	20 (15.03)	21 (15.79)	
Salary	22 (16.54)	24 (18.05)	
Total	59 (44.36)	74 (55.64)	
<b>PRIMARY PURPOSE OF USAGE</b>			
Fund Transfers	19 (14.28)	19 (14.28)	0.218
Utility bill Payments	07 (05.26)	14 (10.53)	
View Transaction History	13 (09.77)	11 (08.28)	
Mobile Recharge	07 (05.26)	18 (13.54)	
Other	13 (09.78)	12 (09.02)	
Total	59 (44.36)	74 (55.64)	

(The values in the Parentheses are in Percentage)

The data provides insights into customer satisfaction with online banking services based on a variety of demographic and behavioural characteristics. Gender has no significant effect on the level of influence, with males and females having similar distribution patterns (Chi-square value = 0.618). However, occupation has a significant influence, with professionals and salaried individuals reporting higher levels of satisfaction, whereas unemployed people and farmers report lower levels of satisfaction (Chi-square value = 0.014). Individuals earning over ₹1,00,000 have a stronger presence in the high influence group, while those earning less than ₹20,000 are more prominent in the low influence category (Chi-square value = 0.094). Customer satisfaction among nationalised banks was not significantly different across institutions (Chi-square = 0.902). Similarly, account type had no significant impact on influence levels (Chi-squared = 0.456). Fund transfers and transaction history viewing had higher influence levels, whereas utility bill payments and mobile recharges were more common in the low influence group (Chi-square value = 0.218). Overall, occupation was identified as the most important factor influencing customer satisfaction in this study.

## 5. SUMMARY OF FINDINGS ON SATISFACTION LEVEL OF THE RESPONDENTS

- Overall Satisfaction: 55.64% of respondents reported a high level of satisfaction with online banking services provided by nationalized banks in Coimbatore City.
- Gender Distribution: 70.68% of respondents are male, while 29.32% are female, indicating higher male engagement in online banking.
- Age Group: The majority (48.87%) belong to the 26-45 years age group, making this segment the most active in online banking usage.

- Marital Status: 82.71% of respondents are married, indicating that online banking is widely adopted by families.
- Educational Qualification: 42.86% of respondents hold postgraduate or doctorate degrees, showing a positive relationship between education and digital banking adoption.
- Occupation: Salaried employees make up the largest group (28.57%) among online banking users.
- Income Level: 34.59% of respondents earn less than ₹20,000, highlighting strong representation from lower-income segments.
- Bank Preference: 24.06% of respondents prefer Union Bank of India, followed by Punjab National Bank and Bank of Baroda (20.30% each).
- Account Type: Savings accounts are the most common, held by 34.59% of respondents.
- Individual vs Joint Accounts: 64.66% of respondents hold individual accounts, while 31.58% maintain joint accounts.
- Multiple Bank Accounts: 58.65% of respondents have accounts in more than one bank, showing a preference for multi-bank relationships.
- Private Bank Accounts: 50.38% of respondents also hold accounts in private banks, indicating co-existence between private and nationalized banking.

## 6. SUGGESTIONS

To enhance customer satisfaction with online banking services in nationalized banks, addressing key challenges like technical reliability, security concerns, and customer support efficiency is crucial. Investing in advanced cybersecurity will help prevent fraud and enhance customer trust. Improving server infrastructure and transaction speeds can reduce technical issues and payment failures, ensuring smooth user experiences.

User-friendly platforms with simple navigation are essential, especially for less tech-savvy and elderly users. Integrating AI chatbots and real-time support can enhance customer service by providing faster responses and effective issue resolution.

Nationalized banks should also focus on digital literacy programs, especially for rural and elderly customers, to promote awareness of online banking benefits and security practices. Expanding online services to include personalized financial tools, investment options, and AI-based recommendations can increase user engagement.

Partnering with fintech firms for innovations like biometric authentication and voice-assisted banking can further improve security and ease of use. Regular customer feedback surveys will help identify service gaps and guide future improvements. By focusing on security, convenience, accessibility, and personalized service, nationalized banks can enhance customer satisfaction and remain competitive in the evolving digital banking landscape.

## 7. CONCLUSION

Customer satisfaction in online banking is influenced by service quality, security, technological efficiency, and customer support, which play a crucial role in shaping user experiences. While digital banking offers convenience, accessibility, and cost savings, persistent challenges such as technical issues, security risks, transaction failures, and inadequate support hinder overall satisfaction. Additionally, factors like age, education, and digital literacy affect customer perceptions and adoption rates. Enhancing security measures, improving service reliability, simplifying user interfaces, and promoting digital awareness can significantly improve customer trust and engagement.

To further enhance customer satisfaction, banks must adopt a customer-centric approach by incorporating advanced technologies such as artificial intelligence and blockchain to improve transaction security and fraud detection. Personalized banking solutions, efficient grievance redressal mechanisms, and real-time support can further boost confidence among users. Moreover, conducting customer feedback surveys and implementing data-driven insights can help banks tailor their services to meet evolving customer expectations. By addressing these challenges, nationalized banks can bridge service gaps, boost digital banking adoption, and strengthen long-term customer loyalty, ensuring sustained growth in an increasingly digital financial landscape.

## 8. SOCIAL RELEVANCE

This study holds significant social relevance as it focuses on improving the quality of online banking services in nationalized banks, directly impacting the financial well-being of diverse customer groups. In Coimbatore, where customers from varied economic and educational backgrounds rely on online banking, ensuring secure, accessible, and efficient digital services is essential for financial inclusion.

Nationalized banks cater to salaried employees, small business owners, students, homemakers, and senior citizens. By identifying customer satisfaction levels and service challenges, banks can enhance digital platforms, address technical

and security issues, and provide faster customer support. This improves trust and encourages wider adoption of online banking, reducing dependency on physical branches.

Enhancing online banking services also supports India's digital economy by encouraging citizens to confidently manage finances online. It aligns with the Digital India initiative and helps bridge the digital divide, ensuring that even lower-income groups gain equal access to digital banking benefits.

## 9. SCOPE FOR FURTHER STUDY

Future research can examine how emerging technologies like AI, blockchain, and biometric authentication enhance the security and efficiency of online banking in nationalized banks. Exploring customer preferences for AI-driven services, robo-advisors, and personalized banking solutions can offer valuable insights into improving user engagement.

Further studies could focus on cybersecurity measures and fraud prevention strategies to boost customer trust. Research on online banking adoption among rural and elderly populations can help identify barriers to digital inclusion and ways to overcome them.

Comparative analysis between nationalized and private banks in terms of service quality, technology use, and customer satisfaction can highlight best practices. Additionally, examining the role of government policies, financial literacy initiatives, and digital banking regulations can support the development of a secure, inclusive, and efficient digital banking environment.

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