



**THE IMPACT OF E-BANKING SERVICE QUALITY ON CUSTOMER SATISFACTION:
EVIDENCE FROM SONALI BANK LIMITED, BANGLADESH**

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ABSTRACT

This study examines how customers are satisfied with the E-banking services of Sonali Bank. E-banking implies the provision of banking products and services through electronic delivery channels. Today things are changing very fast, and it is very high time for each bank to understand the exception of the customers. Electronic banking is a banking service on the internet, protected with a bank identifier. It is available anywhere, anytime. 200 respondents were selected and met in the study. As regards data collection, a standard questionnaire with questions was prepared by us and given to the customers of Sonali bank. This study used primary data. This study represents the factors affecting e-banking customer satisfaction from the perspective of Bangladesh which will add value to the existing literature of the concerned area. Study results showed that there is a significant relationship between e-banking satisfaction and selected factors. Major findings of this study showed that customers' satisfaction with e-banking is closely related to responsiveness, empathy, and assurance. This study provided some instructions based on the finding in this report that might be helpful for the banking sector, governing bodies, and policymakers.

Keywords: Assurance, customer satisfaction, electronic Banking, empathy, reliability, responsiveness

INTRODUCTION

E-Banking or internet banking is the next stage in the development of banking services in Bangladesh. The banking systems in the country were known for their stability and stubbornness. The public banks in the country always resisted any kind of change in their working style through strikes and walks. The electronic bank is viewed as a means of providing traditional services in a modern way. Electronic banking makes the regular transaction for a client speedy and time efficient with little or no paperwork involved. There is no necessity for standing in long queues anymore for making a deposit or getting a withdrawal. Banking has turned into a 24/7 service with the bank always available to their client. This especially helps the various businessmen who need the best services at any time day or night. Also, this makes the banks competitive in the international market and against the best banks in the world. Electronic banking has positively affected banks in increasing their customer diversity and improving the quality of clients as well. E-Banking is a service offered to customers which includes viewing the balance

on accounts and checking the transactions. Downloading useful information, transfer of funds, paying third parties, making loan applications, etc. From a secured website of the bank. Customer satisfaction is positively related to E-banking, it is believed that customers are the king of the marketplace today (Rouf et al., 2019). The competition in the banking industry is intensifying and is the bank's priority to satisfy its respective customer. E-banking services are becoming a more integral component of the commercial world. Financial institutions now face intense competition, shifting consumer lifestyles and preferences, and financial sector liberalization (Balachandher et al., 2022). While most banks in India offer customer correspondence and balance inquiries, most bank customers in Oman said they used e-banking services to check their account balances and pay their bills. The technology acceptance model can be used to analyze the willingness and motivation of bank clients to adopt e-banking (Singh and Malhotra, 2021). E-banking or Internet banking or online banking is analogous and defined as the conduct of banking services and business using electronic delivery channels such as ATMs, Tele-banking, and PC banking (Azad, 2001). Internet deals with many varied financial transactions like customer payments, securities transactions applications for loans, or insurance acquisitions. In recent years, internet banking usage has become one of the most important e-commerce environments (Joseph and stone, 2020). (Sohail and Shanmugham, 2021) acknowledged that a bank's promotional efforts indeed facilitate awareness of internet banking adoption and its benefits. Banks have found themselves at the forefront of technology adoption for the last three decades. There was a scant understanding of the customers' needs or expectations of the role of ATMs large in bank's retail delivery system was not clear (Violano and Collie, 2018). In the USA, online PC banking has grown quickly, from slightly over 10 million users in 1999 to an estimated 35 million users by the year 2003, according to the Gartner Group's 1999 research (Barto, 2018). Although banks are particularly interested in Internet banking, (Rotchanakitumnuai and Speece, 2018) indicated that they are worried about the risk associated with procedures for transactions via the Internet. Therefore, this study objects to examine customer satisfaction levels regarding e-banking. Besides measuring satisfaction, the objective of this study is to provide some sort of suggestion based on the findings.

MATERIALS AND METHODS

Data and sample: The study is mainly based on primary data. For general concept development about the survey in primary source and questionnaire used for collecting data about customer satisfaction in E-banking of Sonali bank limited. Data are collected from 200 customers using the E-banking service of Sonali bank limited, Bangladesh.

Proposed Hypotheses:

H1: There exists a positive correlation between reliability and customer satisfaction in the case of E-banking.

H2: There exists a positive correlation between responsiveness and customer satisfaction in the case of E-banking.

H3: There exists a positive correlation between tangibility and customer satisfaction in the case of E-banking.

H4: There exists a positive correlation between empathy and customer satisfaction in the case of E-banking.

H5: There exists a positive correlation between assurance and customer satisfaction in the case of E-banking.

Table1. Variable of the study

Determinants	Variables	Notations
Dependent variable	Customer satisfaction	CS
Independent variable	Reliability	REL
	Responsiveness	RES
	Tangible	TAN
	Empathy	EAM
	Assurance	ASS

Methods: Descriptive statistics, Pearson correlations, and Chi-square have been used to estimate customer satisfaction with the E-Banking of Sonali Bank limited.

RESULT AND DISCUSSION

Table 2. Gender description

	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	140	70.0	70.0	70.0
	Female	60	30.0	30.0	100.0
	Total	200	100.0	100.0	

Table 2 shows those there were 140 male respondents, and 60 female respondents participated in the study to provide the response against the structured questionnaire.

Table 3. Age Description

	Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	31	15.5	15.5	15.5
	26-35	81	40.5	40.5	56.0
	36-50	59	29.5	29.5	85.5
	50-more	29	14.5	14.5	100.0
	Total	200	100.0	100.0	

Table3 shows that 31 respondents' ages are (18-25)years, 81 respondents' ages are(26-35)years, 59 respondents' ages are(36-50)years, and 29 respondents' ages are(50-more)years.

Table 4. Occupation description

	Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Students	34	17.0	17.0	17.0
	Employee	81	40.5	40.5	57.5
	Businessmen	50	25.0	25.0	82.5
	Other	35	17.5	17.5	100.0
	Total	200	100.0	100.0	

Table 4 shows that 34 respondents are students, 81 respondents are employees, 50 students are businessmen, and 35 respondents are from another profession.

Table 5. Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
CS	200	1.33	7.00	5.3533	.79336
REL	200	2.60	17.20	5.2330	1.08081
RES	200	3.40	7.00	5.4720	.57904
TAN	200	2.00	22.00	5.0650	1.46567
EM	200	1.33	18.33	5.4067	1.23785
ASS	200	2.75	7.00	5.7442	.71893
Valid N (listwise)	200				

Table 5 shows the customer satisfaction (CS) result is 5.35 which implies customers are satisfied and they are agreed with the statement. Here the customer responses are much more positive regarding reliability (REL), responsiveness (RES), tangibility (TAN), empathy (EM), and assurance (ASS) which hold the mean values 5.23, 5.47, 5.06, 5.40, and 5.74 respectively.

Table 6. KMO Test Value

Reliability Statistics		
<u>KMO and Bartlett's Test</u>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.718
	Approx Chi-Square	1023.258
Bartlett's Test of Sphericity	df	231
	Sig	.000

Kaiser-Meyer-Olkin and Bartlett's test of sphericity was carried out to test the data for its suitability for factor analysis. The value of KMO is .718, which shows that the overall data is adequate for carrying out factor analysis. Bartlett's sphericity test scores also indicate that the data is valid for carrying out factor analysis.

Table 7. Factor loadings using varimax rotation (PCA) method

Items	Factor Loadings	Factor Name
Factor 1		
The use of E- banking is reliable	.647	Reliability
I prefer using E- banking instead of visiting branch for making my transactions	.504	
I am satisfied with the service charges of Sonali bank	.563	
I have always found ATM Booths in working order	.682	
E- banking performs the service right the first time	.653	
Factor 2		
I always get the detail of my account through SMS/Email on my cellular phone	.590	Responsiveness
The helpline services of the bank are efficient	.594	
I am always informed by the bank when the services will be performed	.594	
Sonali Bank’s E-banking facility makes accurate promise about the service they deliver	.559	
Response of service through E-banking is very prompt and quick	.573	
Factor 3		
The E banking physical facilities are visually appealing	.753	Tangibles
I am satisfied with the technological up to date equipment of the bank	.610	
The E-banking physical facilities of bank are modern	.675	
Factor 4		
When you have a problem, Bank shows a sincere interest in solving it	.640	Empathy
You get personal attention from employees, if need of contact arises	.698	
Employees of Bank understand your specific needs	.626	
Factor 5		
I feel secure while making transactions through internet	.671	Assurance
I am satisfied of the knowledge of the employees	.617	
The behavior of E –banking employees instills confidence in customer	.630	
My E-banking site does not share my personal information with other sites	.603	

Table 7 shows the results of factor analysis performed on the set of data using principal component analysis with the varimax rotation method, through which five factors were extracted. The first factor consisted of 5 items. The second factor consisted of 5 items. The third factor consisted of 3 items. The fourth factor consisted of three items. The fifth factor consisted of 4 items.

Table 8. Rotation sums of squared loadings of factors extracted

Rotation Sums of Squared Loadings	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Eigen Value	3.049	2.91	2.038	1.964	2.521
Total Variance (%)	20.800	8.654	6.807	6.185	5.741
Cumulative Variance (%)	20.800	29.454	36.261	42.447	48.188

Table 8 shows the Rotation Sums of Squared Loadings of factors extracted. Rotation Sums of Squared Loadings indicate that the first factor accounts for 20.80% of the variance, and the second factor for 8.654% of the variance, while the total variance for six factors is 48.188%.

Table 9.Correlation Analysis

	REL	RES	TAN	EM	ASS	CS
REL	1					
RES	.266**	1				
TAN	0.107	.194**	1			
EM	.158*	.260**	0.055	1		
ASS	.283**	.500**	-0.032	.299**	1	
CS	0.088	.368**	0.104	.244**	.364**	1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table 9 shows that REL has a positive significant relationship with RES and ASS at a 0.01 significance level. REL also has a significant positive relationship with EM at a 0.05 significance level. As a major fact, the dependent variable CS has a positive relationship with all independent variables where it is positively significant with RES, EM, and ASS at 0.01 significance level.

Table 10. Chi-Square Test results

Name	Pearson Chi-Square	Degree of Freedom	Phi Value
Reliability	515.995 ^a	190	1.606
Responsiveness	506.024 ^a	170	1.591
Tangibility	214.865 ^a	140	1.036
Empathy	361.250 ^a	150	1.344
Assurance	469.309 ^a	150	1.532

Table 11.Hypothesis testing result

Hypothesis	Tool	Explanation	Result
H1: There exists a positive correlation between reliability and customer satisfaction in the case of E-banking.	Correlation	Pearson's correlation matrix shows that $r = 0.088$ which is insignificant.	Rejected
H2: There exists a positive correlation between responsiveness and customer satisfaction in the case of E-banking.	Correlation	Pearson's correlation matrix shows that $r = 0.368$ which is significant at a 0.01 significance level.	Accepted
H3: There exists a positive correlation between tangibility and customer satisfaction in the case of E-banking.	Correlation		Rejected
H4: There exists a positive correlation between empathy and customer satisfaction in the case of E-banking.	Correlation	Pearson's correlation matrix shows that $r = 0.244$ which is significant at a 0.01 significance level.	Accepted
H5: There exists a positive correlation between assurance and customer satisfaction in the case of E-banking.	Correlation	Pearson's correlation matrix shows that $r = 0.364$ which is significant at a 0.01 significance level.	Accepted

CONCLUSIONS

Banking is an integral part of the whole financial system. It affects the country's economy by providing investment, credit, and infrastructure. The banking industry is the backbone of global economies. The banking sector plays a significant role in the economic growth and development of any country. The research clearly indicates that those who use the E-banking features of Sonali bank limited are not very satisfied with all services offered by the bank authority, but they are satisfied with some points. If the bank plans to expand its customer base of E-banking it should focus more on speed, user-friendliness, safety and convenience, and quick response factors of E- banking. Proper web hosting is required for this reason. Customers should be aware of unethical practices like sniffing, spoofing, phishing, pharming, and other malicious software which can be used by hackers. Attention should also be given to the encryption of the information which is exchanged between the users and the bank. This study is very beneficial for

banking sector in light of E-banking customer satisfaction. The research could be executed by taking a larger number of customers of different banks and checking out to understand their satisfaction level on the basis of proxy determinants as a level of satisfaction may be a cardinal approach.

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