

Influence of Service Quality in Internet Banking on Customer Contentment

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Abstract

Purpose: The present research looked at the consequences of online banking on consumer fulfilment in commercial banking institutions. The purpose of the research is to investigate the connection between marketing influences and consumer satisfaction. **Methodology/Approach:** The descriptive design approach is used for the research; it has an infinite population size with a sample size of 385 responders. A convenience sampling technique is also used, and the questionnaire is the primary data collection tool. **Findings:** Finally, people's perspectives on the marketing tactics used by banks are examined. The banking business is growing more competitive, and mobile and online banking are assisting banks in lowering costs while increasing customer satisfaction. **Research Limitation/Implication:** The study emphasizes the importance of banks implementing effective marketing strategies to improve customer satisfaction. However, banks should also focus on enhancing service quality, trust, and security to address comprehensive consumer needs. **Originality/Value of paper:** This research adds to the increasing number of studies on how internet banking and other digital banking services affect customer satisfaction in the commercial banking industry. Its originality lies in the exploration of marketing influences as a key factor in customer perceptions and satisfaction within an increasingly digitalized banking environment. **Category:** Research paper.

Keywords: Customer satisfaction; Online Banking; Marketing Strategies; Marketing Tactics; Commercial Banking. **Research Areas:** Quality Management; Strategic Quality Management.

1. Introduction

Customer satisfaction is critical in modern society since there are several replacements for each service or product. Many choices to hand-pick from, and the entirety is completed with a limited snaps on the screen [1]. This also involves banking; past are the times when customers had to wait in large lines at a bank cashier's counter to find out the status of their accounts. Customers are able to utilise their cell phones to handle transactions, pay bills, check balances, create payments, and create account statements in seconds [2]. This is how technology has changed banking nowadays; everything is fast and dependable. As a result, the influence of internet banking on customer happiness is evident. The internet has changed the world of finance and banking industries in terms of fundamental products/services as well as the way it is packaged, suggested, conveyed, and expanded [3]. It is an important and wonderful resource in driving expansion, fostering creativity, supporting development, and boosting competitiveness [4]. Banks and supplementary organisations are revolting to boost superior service, corporate efficacy, and attract new customers [5].

Technological developments have been recognized to expand bank distribution channels, and these automated conveyance networks are collectively referred to as online banking [6]. Variations in distribution systems, including the PC-banking, Automated Teller Machine (ATM), Tele-banking, phone banking, and most recently, internet banking, have propelled the development of banking innovation [7]. Over the last few decades, the banking professional has evolved in technological zones, one of which is internet banking. Internet banking permits businesses and people to access economic services from the comfort of their own offices or homes using a computer. Online banking technologies have made it simple for banks to recruit a large number of business and individual clients [8]. The banking trade has progressed in scientific fields over the last several years, one of which is internet banking [9]. This has enabled it to be simple for the financial institution to catch the attention of many industries and provide ease of access, consumers who value convenience and acceptable approaches to transactions in their daily activities. Notwithstanding the various benefits of banking via the internet, many consumers prefer human interaction when it comes to customer care delivery [10]. The bank committed a noteworthy amount of cash in 2021 to improve its banking processes through rendering internet banking consumer-friendly as a tool to enhance exceptional consumer delivery; however, only 36% of consumers fully utilize the online services. This indicates that approximately 66% of their consumers are unhappy with their customer service [11]. As a result, the examination is approved to assess the influence of internet banking on consumer fulfilment in banks.

The purpose of this article is to look into the influence of online banking on consumer approval in commercial banks. The foremost objective of this paper is discussed below:

- To study customer perception towards Internet banking.
- To determine the customer preference towards Internet banking.
- To ascertain the acceptance level of online transactions from the commercial bank among the customers.
- To know the satisfaction of customers with Internet banking.

2. Literature Review

Kaur et al. (2021) have proposed that a moderating effect of customer satisfaction in the link between users' financial behavior goals and qualitative attributes of electronic (E) banking services. By identifying tactics to improve customer satisfaction and cultivate solid, long-term client relationships, it seeks to make a significant contribution to the banking industry by offering insightful information to decision-makers. However, poor digital literacy, inconsistent internet connectivity, and restricted access to technology present serious problems in Northern India. These factors lead to customer dissatisfaction or drive individuals to avoid or resist the high costs often associated with digital banking services.

Ahmed, S. C et al. (2023) have explained that service quality, customer satisfaction, and perceived price significantly influence consumer loyalty in the restaurant industry. High service quality enhances loyalty by fostering trust and repeat patronage. The potential for long-term customer retention through consistent service. However, it lies in price sensitivity; even satisfied customers switch if competitors offer lower prices. Thus, balancing quality and pricing is critical for sustaining loyalty in a competitive market.

Vinoth et al. (2020) have intended mediating roles of Service Quality (SQ) and Customer Perception of Value (CPV) in shaping Customer Satisfaction (CS) within Bangladesh's E-banking sector of cloud computing adoption. The findings reveal a positive relationship between SQ and CS, as well as between SQ and CPV. CPV also positively influences CS and partially mediates the relationship between SQ and CS. However, when customer satisfaction is prioritized, the influence of service quality on satisfaction diminishes if customers perceive reduced value, highlighting a key concern in cloud-based banking environments, where perceived value and security risks affect trust.

Chan et al. (2022) have proposed a public library apps have become vital tools for maintaining access to educational resources. Studies show that perceived service quality significantly impacts app loyalty, with user satisfaction and perceived usefulness acting as key mediators. It is the increased user engagement and convenience these apps provided amid physical closures. However, it lies in the digital divide that users with limited digital literacy or access to smart devices are often excluded, reducing overall service effectiveness. These findings highlight the need for inclusive design and support strategies to enhance loyalty and satisfaction across diverse user groups.

Muridin, Imaduddin, et al. (2021) have explored evaluating the impact of technological perception, service superiority, and trustworthiness on consumer fulfilment of internet banking consumers in numerous Indonesian State Owned Enterprises (SOE) banks. According to the findings of this research, the appropriate usage and deployment of IT systems have improved the observations of online banking utilization on customer satisfaction at Indonesian SOE banks. However, with regard to transaction volume, it remains far behind online banking transactions conducted by private bank consumers.

3. Conceptual Framework

Fig. 1 illustrates the proposed model, which is based on research from the field of behavioural psychology. This proposed framework emphasizes the relationships between individuals' perceptions, attitudes, age, gender, education, intentions, and behaviours.

The aforementioned model states that an individual's behaviour is decided by their communication objective to accomplish it. This purpose is governed by the individual's views and personal standards regarding the behaviour. Subjective norms are defined as "the person's perception that many individuals who are relevant to him believe he should or should not perform the behaviour in question."

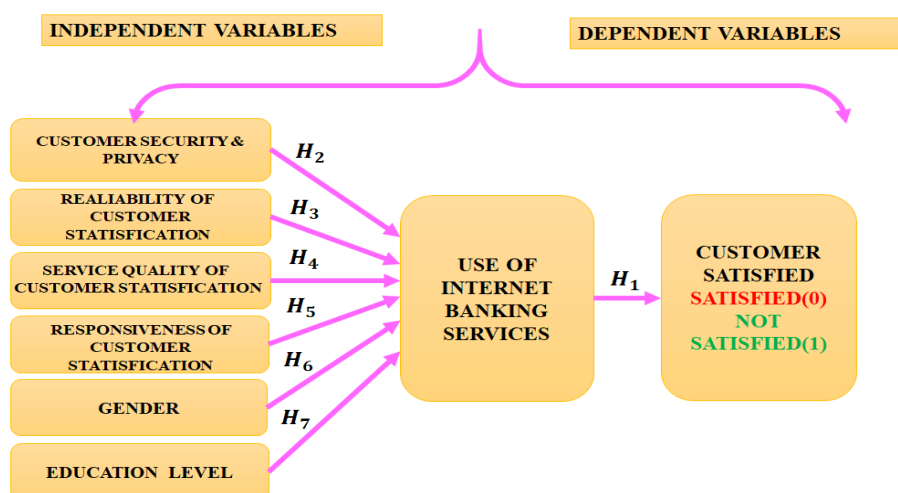


Fig. 1: Structure of Hypothesis Formulation.

3.1. Hypothesis

The part of the article that follows examines the theoretical structure that has been utilised to develop the hypothesis. The explanations provided are to authorize the context for the independent variables.

H1: The adoption of internet banking impacts customer satisfaction.

H2: Customer satisfaction with internet banking services has no important connection to security & privacy.

H3: In internet banking services, there is no substantial connection between customer satisfaction and reliability that is substantial.

- H4: In internet banking services, there is no observable connection between service quality and customer satisfaction.
 H5: In internet banking services, there is no connection between responsiveness of customer satisfaction and communication.
 H6: The connection between being male and not utilizing online banking has an impact on customer fulfilment.
 H7: The combination of holding a secondary education and not utilizing internet banking has an influence on customer fulfilment.

3.2. Research methodology

The methodology of descriptive research has been selected for this investigation. Descriptive research examinations focus on analyzing the features of a certain individual or group. Here, the questionnaire approach is employed to collect data, and it also includes performing scientific research. This is intended to learn about consumer perspectives towards the internet banking app.

3.2.1. Data Protection laws

- The General Data Protection Regulation (GDPR), effective since May 2018, is a comprehensive legal framework designed to protect the personal data of EU citizens. It applies broadly to any organization processing such data, regardless of its geographic location.
- India's Digital Personal Data Protection Act, enacted in 2023, sets forth a regulatory framework for processing digital personal data in India. The law applies to entities handling the data of Indian residents, emphasizing lawful processing, consent, and data minimization.

3.3. Sampling method

A convenient sampling method is employed. Because of the large size of the target population, a sampling approach has been used to choose particular samples for the researcher's convenience.

The sample population size of the proposed method is infinite, so the sample size is estimated using below formula,

$$n = \frac{z^2 pq}{e^2}, \text{ Where } e=0.05 \quad (1)$$

In this study, a sample size of 385 was selected to ensure robust and reliable results. Both primary and secondary data were collected for comprehensive analysis. Primary data was collected through a structured questionnaire, which was designed and validated to ensure its reliability and validity. This validation process was crucial to guarantee that the questionnaire effectively measures the intended variables. The responses were collected using Google Forms, offering a convenient and efficient platform for data collection. Once the responses were collected. To ensure accuracy and proper analysis, data is processed and analyzed using SPSS software. The research primarily focused on univariate analysis, allowing for an in-depth examination of individual variables. This approach helps confirm the consistency and relevance of data, ensuring the questionnaire's effectiveness in capturing the research objectives.

4. Analysis and Discussion

4.1. Demographic questions for descriptive analysis

Table 1: Customer Stratification and Reliability Correlation

Correlations			Res	Sat
Spearman's rho	Ref	Correlation coefficient	1.000	.605 ⁻
		Sig. (2 – tailed)	.	.000
	Sat	N	385	385
		Correlation coefficient	.605 ⁻	1.000
		Sig. (2 – tailed)	.000	.
		N	385	385

The result calculated in the correlation analysis shown in Table 1 is the strength of correlation. Therefore, there is a significant positive association. Consequently, the null hypothesis is disproved.

Table 2: Correlation Between Customer Satisfaction and Security & Privacy

Correlations			Res	Sat
Spearman's rho	Sec	Correlation coefficient	1.000	.644 ⁻
		Sig. (2-tailed)	.	.000
	Sat	N	385	385
		Correlation Coefficient	.644 ⁻	1.000
		Sig. (2-tailed)	.000	.
		N	385	385

The gained value in correlation analysis, shown in Table 2, is the strength of the correlation. As a result, there is a significant positive association. As a result, the null hypothesis is disproved. Customer satisfaction with Internet banking services has a high correlation with security and privacy.

Table 3: Relationship Between Customer Satisfaction and Responsiveness, and Communication.

Correlations			Res	Sat
Spearman's rho	Res	Correlation coefficient	1.000	.639 ⁻
		Sig. (2 – tailed)	.	.000
	Sat	N	385	385
		Correlation coefficient	.639 ⁻	1.000

Sig. (2 – tailed)	.000	.
N	385	385

The value of the results of correlation analysis in Table 3 is to be determined by the strength of correlation. As a result, there is a significant positive association. As a result, the null hypothesis is disproved. In Internet banking services, there is a considerable correlation between responsiveness and communication and consumer happiness.

Table 4: Respondents by Gender

Gender	Frequency	Percentage
Male	208	52.7
Female	177	47.3
Total	385	100.0

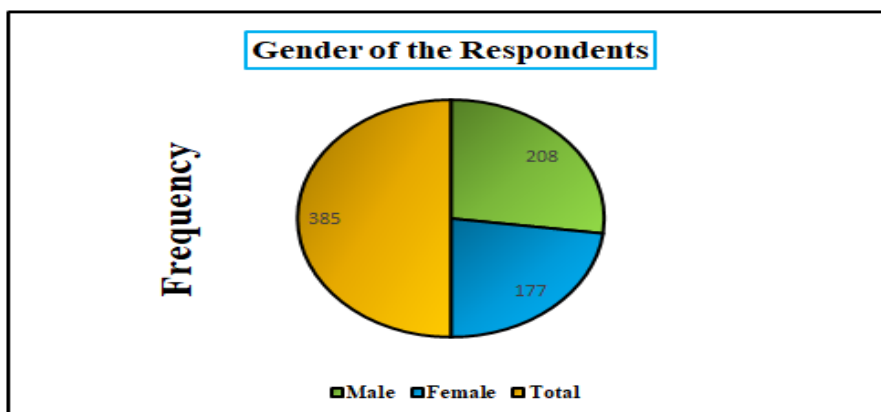


Fig. 2: Respondents' Gender.

According to Table 4 above, 52.7% of the respondents are male, while the balance of 47.3% of the respondents are female. Fig. 2 depicts the comparable plot of the gender responders.

Table 5: Education Level of the Responders

Education level	Frequency	Percentage
HSC	41	10.6
UG	154	40.0
Valid PG	171	44.4
Professional	19	4.9
Total	385	100.0

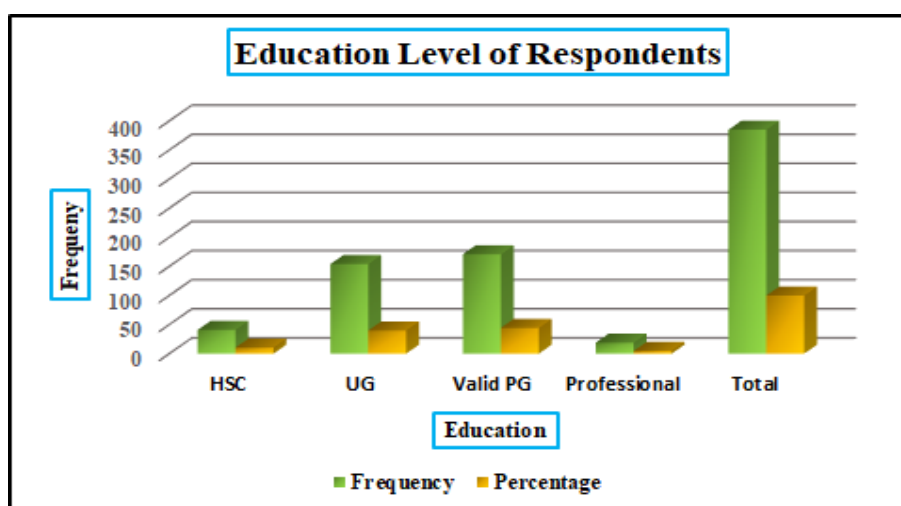


Fig. 3: Education Level of Respondents.

Table 6: Illustration of Internet Banking Registration Procedure

	Frequency	Percent	Valid percent	Cumulative Percent
Valid	80	16.0	16.0	100.0
Strongly agree	70	10.0	10.0	84.0
Agree	83	35.3	35.3	74.0
Neutral	77	15.3	15.3	38.7
Disagree	75	23.3	23.3	23.3
Strongly disagree	385	100.0	100.0	
Total				

In accordance with the above Table 6, the majority of the responders did not agree that the Online Banking application procedure is complicated or hard for beginners, while 35.33% of respondents are neutral.

Table 7: Demonstration of the Safety Internet Transactions

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	125	67.3	67.3	100.0
	Agree	107	16.0	16.0	32.7
	Neutral	73	12.7	12.7	16.7
	Disagree	40	2.0	2.0	4.0
	Strongly Disagree	40	2.0	2.0	2.0
	Total	385	100.0	100.0	

Based on the listed Table 7, the majority of respondents completely agree that internet transactions are secure. However, approximately 2% of respondents believe that online money transactions are unsafe.

4.2. Chi-square tests

4.2.1. Chi-square test regarding customer preference for internet banking and respondent age

Null Hypothesis:

There is no substantial connection between consumer preference for internet banking and respondents' age.

Alternative Hypothesis:

There is a substantial connection between consumer demand for Internet banking and respondents' age.

Table 8: Displaying A Cross-Tabulation of Customer Demand and Age

		Age			Total
		18 – 25	26 – 35	35 & above	
Valid	No	15	90	24	120
	Yes	83	127	46	256
Total		98	217	70	385

Table 9: Chi-Square Tests

	Value	df	Asymptotic(2 – sided)
Chi – Square	.382a	2	.824
Likelihood ratio	.372	2	.827
N of Valid Cases	385		

a. 1 cell (16.72%) has a number that is below 5 The predicted least count is 3.21.

The p-value in the preceding table is larger than 0.05 at the 5% limit of significance. As a result, they accepted both the null and alternative hypotheses that there exists no statistically significant connection between consumer choice for Internet banking and respondents' age.

4.2.2. Chi-square test regarding consumer approval of internet banking and respondents' gender

Null Hypothesis:

There is no substantial connection between consumer approval of Internet banking and respondent gender.

Alternative Hypothesis:

There is a substantial correlation between consumer adoption of Internet banking and respondent gender.

Table 10: Demonstrating the Cross-Tabulation of Customer Approval Level and Gender

		Gender		Total
		Female	Male	
Valid	Strongly Agree	54	96	150
	Agree	41	67	108
	Neutral	25	45	70
	Disagree	14	21	35
	Strongly Disagree	8	14	22
Total		142	243	385

Table 11: Chi-Square Tests

	Value	df	Asymptotic(2 – sided)
Pearson Chi-Square	6.182a	4	.187
Likelihood Ratio	6.176	4	.187
N of Valid Cases	385		

a. Three (30.2%) cells have a predicted count of fewer than five. The estimated minimal count 1.72.

The p-value in Table 9 is larger than 0.05 at the 5% threshold of significance. As an outcome, the null and alternative hypotheses are that there is no significant connection between consumer approval of Internet banking and respondent gender.

4.2.3. Chi-square test among consumer satisfaction with the internet banking and respondent gender

Null Hypothesis:

There is no substantial association between consumer satisfaction with Internet banking and respondent gender.

Alternative Hypothesis:

There is a substantial link between consumer satisfaction with Internet banking and respondent gender.

Table 12: Displaying an Analysis of Satisfied Internet Banking Users and Gender

		Gender		Total
		Female	Male	
It is satisfactory to use online banking	Strongly Agree	64	98	162
	Agree	46	65	111
	Neutral	20	43	63
	Disagree	16	25	41
	Strongly Disagree	9	12	21
Total		142	243	385

Table 13: Chi-Square Tests

	Value	df	Asymptotic significance (2 – sided)
Pearsonhi – Square	4.090a	4	.394
Likelihoodatio	4.136	4	.389
Nf Vad Cases	385		

a. Three cells (30.2%) possess a predicted count of fewer than 5. The estimated minimal count is 3.42.

The value p in the preceding table is greater than 0.05 at the 5% threshold of significance. As a result of the accepted null and alternative hypotheses, there is no significant link between customer satisfaction with Internet banking and respondent gender.

Findings:

- According to the data, most of the consumers are between the ages of 25 and 36.
- It has been demonstrated that 96.3% of respondents are comfortable using the Internet Banking option.
- It turns out that the majority of responders disapprove of the application process of Internet Banking being complex and difficult to comprehend, while 35.3% of responders are neutral in the registration procedure.
- The majority of the respondents believe that transferring cash from one bank account to another using Internet banking is simple. It is deduced that the majority of respondents are satisfied with internet banking, while 12% are ambivalent.

Suggestions:

- Banks offer online banking facilities for users; hence, it is essential to increase awareness about these services across the public and instruct them on how to use them.
- Special training needs to be offered to bank staff on exactly how to utilise banking.
- Banks ought to establish special processes to guarantee the widespread protection of consumer cash. Banks utilise modern technology and routine updates to protect users' cash from cybercriminals.
- Most of the time, the currency points have technical issues (such as being out of service, having no currency available, being offline, and so on).
- More security should be implemented by the bank to reduce risk and boost client trust.

5. Conclusion

Customers need to become more aware of Internet banking in this rapidly expanding period in order to derive maximum benefit from it. It has been found that introducing a cardless ATM withdrawal process is really advantageous in today's environment. Because Internet banking is the technology of the future, most clients recognise its requirements and necessity. It is really simple and secure to use. This feature is available to anyone who has a smartphone. The spread of Internet banking has demonstrated several critical elements related to usage, awareness, benefits, hurdles, and incentives for adopting Internet banking services. As a result, banks and customers have to collaborate to make the greatest use of Internet banking services. Furthermore, hypothesis testing revealed that there is no relationship between customer age, level of pleasure, and usage behaviour. Similarly, it was discovered that both male and female clients have the same level of satisfaction and usage behaviour.

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