

## IMPACT OF E- BANKING ON CUSTOMER SATISFACTION: A CASE STUDY OF DISTRICT SHAHEED BENAZIR ABAD, SINDH PAKISTAN

Feroz Khan Laghari<sup>\*1</sup>; Nusrat Shah<sup>2</sup>; Mudsar Laghari<sup>3</sup>; Shahzaib Akram<sup>4</sup>;  
Muhammad Ismail<sup>5</sup>; Shehzore Laghari<sup>6</sup>

<sup>\*1</sup>MBA Scholar, Institute of Business Administration, University of Sindh, Jamshoro, Sindh 76080, Pakistan; <sup>2</sup>MBA Scholar, Faculty of Management & Business Administration, Shaheed Benazir Bhutto University, Shaheed Benazir Abad; <sup>3</sup>MBA Scholar, Institute of Science, Technology & Development, Mehran University, Jamshoro; <sup>4</sup>MBA Scholar, Institute of Business Management Sciences, University of Agriculture, Faisalabad; <sup>5</sup>MBA Scholar, School of Economics & Management, Chang'an University Xi'an, China; <sup>6</sup>BBA, Faculty of Management & Business Administration, Shaheed Benazir Bhutto University, Shaheed Benazir Abad

<sup>\*1</sup>[ferozlaghari100@gmail.com](mailto:ferozlaghari100@gmail.com); <sup>2</sup>[isadruweba@gmail.com](mailto:isadruweba@gmail.com); <sup>3</sup>[mudassirlaghari786@gmail.com](mailto:mudassirlaghari786@gmail.com);  
<sup>4</sup>[shahzaibakramuaf@gmail.com](mailto:shahzaibakramuaf@gmail.com); <sup>5</sup>[2020123948@chd.edu.cn](mailto:2020123948@chd.edu.cn); <sup>6</sup>[shehzorlaghari@gmail.com](mailto:shehzorlaghari@gmail.com)

Corresponding Author: Feroz Khan Laghari, Email: [\\*1ferozlaghari100@gmail.com](mailto:ferozlaghari100@gmail.com)

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### ABSTRACT

This research aims to investigate how electronic banking influences customer satisfaction and find out the relationship between electronic banking and customer satisfaction in the district Shaheed Benazir Abad. This study aims to provide vital and valid information to the bankers about customer satisfaction who are users of e-banking in district SBA. The statistical population consists of 200 customers who are actively engaged in using of electronic services. A closed ended structured questionnaire are used to gather data through survey method and random sampling is used together information from the customers of e-banking. ANOVA, correlation and multiple regression are used by taking efficiency, reliability, security and privacy, responsiveness and ease of use as independent variables and customer satisfaction as dependent variable. After applying correlation and multiple regression analysis on the gathered primary data, we concluded that in the correlation table all independent variables have positive and significant relationship with customer satisfaction and multiple regression show that reliability, responsiveness and ease of use have positive and significant impact on the customer satisfaction, while efficiency and security & privacy have insignificant impact on the customer satisfaction.

**Keywords:** E-banking, Customer satisfaction, Reliability, Efficiency, Shaheed Benazir Abad.

### INTRODUCTION

Electronic banking allows any individual to utilize the Internet as a remote platform to access services such as creating a bank account, moving funds among multiple accounts, and making online bill payments. There are two approaches to present this. One approach involves a traditional bank with physical branches establishing a website to offer its services, in that way expanding beyond conventional delivery channels for customer convenience. The second stage involves set up an online bank, where the PC server is accommodated in an office designated as the appropriate location for such a

banking entity. Banks enable their customers to deposit and withdraw funds via ATMs (Automated Teller Machines) or other remote delivery channels owned by various entities, with a management fee being charged for these services.(SHIMELES 2020) Electronic banking is an advanced technological platform that delivers a wide range of financial services. These include cash deposits, utility payments, fund transfers, cash withdrawals, loan provisions, requests for cheques and passbooks, account statements, and other essential financial inquiries. It can be described as the method through

which financial entities, such as banks, provide information and financial services to their customers using a digital platform. (Ijeoma, Akujor et al. 2020) The expansion of electronic banking in a nation is influenced by various factors, including the widespread availability and effectiveness of internet connectivity, advancements in online banking capabilities, the increase in household internet usage, and the legal and regulatory environment. E-banking provides faster, more efficient, and reliable services to customers, often resulting in greater satisfaction compared to traditional manual banking. E-banking structure not only produce the current feasible profit but also enhance the relationship with their customers.(Nupur 2010)

The word e-banking denotes the offering of various banking products such as current accounts, loans, and financial guidance, alongside services including deposit acceptance, bill payments, account management, and provide the products and services against digital money-banking is described as an online platform that allows users to access various banking services.(AlHaliq and AlMuhirat 2016)

E-banking services include a number of e-channels, including the internet, the phone, TV, mobile devices, and computers, for conducting financial transactions. As technology advances and grows, the demands and expectations of banking customers for services are expanding. Nowadays, clients pursue the ability to manage and conduct banking transactions without the need to visit a physical bank, unrestricted by traditional operating hours. They also aspire to swiftly and affordably accomplish all their payments, including purchases, bills, and stock-related transactions. (Hammoud, Bizri et al. 2018)

The electronic banking system is a digital payment method that credits customer accounts electronically within a day. It facilitates electronic payments for products and services bought online, making it a crucial component of e-commerce and a necessary foundation for its models. The fast growth and advancement of several electronic banking arrangement have significantly contributed to the widespread of e-commerce transactions. In developed nations, credit cards were in use even before the advent of the internet.(Nwekpa, Djobissie et al. 2020)

Electronic banking can be termed as the new change of conventional banking facilities that offer clients with ultimate convenience to do their transactions by electronically. (Simon, Thomas et al. 2016)

The introduction of internet banking resulted in a significant enhancement in bank operations. Information technology-enabled communication has greatly enhanced global development in several countries. (Emenuga)

Customer satisfaction gauges how effectively a company's products and services fulfill or surpass customer demands. It can also be described as the proportion or percentage of customers whose interactions with a company, its products, or its services surpass certain satisfaction benchmarks. (Tafa 2013)

The person buying goods is referred to as a customer, whereas the individual ultimately using the product is known as a consumer. The focus is on consumer satisfaction rather than customer satisfaction. (Buddhika and Gunawardana 2020)

Delivering high-quality electronic service (e-SQ) will help banks accomplish their goal of making consumers happy with their services and products, which will help them keep those clients. The majority of e-SQ research investigations revealed a substantial and positive connection between e-SQ and e-satisfaction. (Ariff, Yun et al. 2013)

### Research Questions

- How does the efficiency of electronic banking affect customer satisfaction?
- What does the impact of reliability in electronic banking on the customer satisfactions?
- What does the impact of security and privacy in electronic banking on the customer satisfactions?
- What does the impact of responsiveness in electronic banking on the customer satisfactions?
- What does the impact of ease of use in electronic banking on the customer satisfactions?

### Objectives of the Study

- To identify the impact of efficiency in electronic banking on the customer satisfactions.
- To identify the impact of reliability in electronic banking on the customer satisfactions.

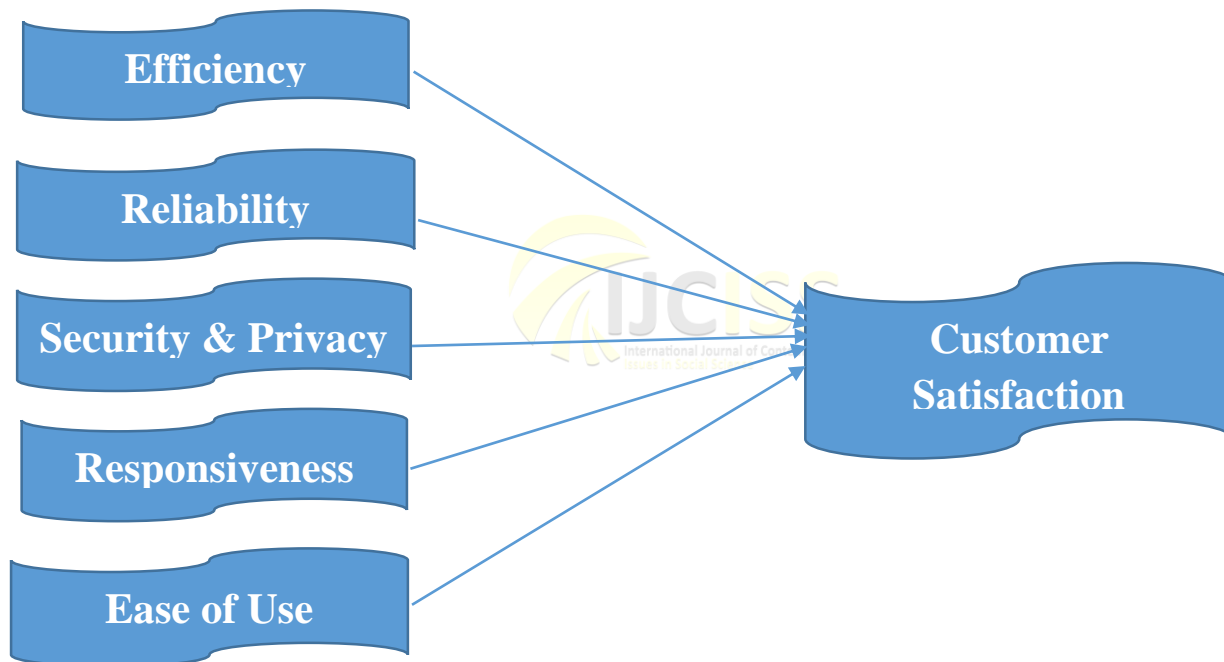
- To identify the impact of security and privacy in electronic banking on the customer satisfactions.
- To identify the impact of responsiveness in electronic banking on the customer satisfactions.
- To identify the impact of ease of use in electronic banking on the customer satisfactions.

- Reliability has significant and positive impact on customer satisfaction in electronic banking.
- Security & privacy has insignificant impact on customer satisfaction in electronic banking.
- Responsiveness has significant and positive impact on customer satisfaction in electronic banking.
- Ease of use has significant and positive impact on customer satisfaction in electronic banking.

### Hypothesis of the Study

- Efficiency has insignificant impact on customer satisfaction in electronic banking.
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### Conceptual framework



### Literature Review

#### Concept of E-banking

Due to the growing usage of technology, online banking is evolving into an essential component of modern banking services. Online banking defined as a web-based portal where customers may access various financial services. Customers may make or access any banking transaction, with the exception of

cash withdrawals, with a single mouse click. (Rajput 2019)

E-banking has emerged as a significant trend in the banking sector and it is poised to persist as further advancements and innovations occur in information technology. (Sakhaei, Afshari et al. 2014)

E-banking contributes significantly to the banking sector besides generating worth for banking and their clients. Online banking has given financial

organizations an edge in the global market by allowing them to provide services unhindered by time and geographical constraints. E-banking plays a vital role in reshaping how banks offer and deliver their products and services to customers. Hence, it's recognized as a potent and invaluable instrument for the advancement, growth, development of innovation, and increasing the competitiveness of banks. (TILAHUN 2016)

Electronic banking also known as internet banking, it can be defined as "A system that empowers any persons to conduct banking operations from the desired places via the internet." It encompasses systems that entitle customers of digital banking, however any individual or businesses, to approach information or financial products and services over both public and private networks, including the internet. (Alawamleh and Ismail 2017)

E-banking offers swift access to banking services for customers. It brings numerous benefits and facilities, enabling users to manage their accounts online from the comfort of their homes. Nowadays computerized system is playing an essential role in the organization. It has present the new business model, from which E-banking has evolved as a groundbreaking advancement. As competition in the market grows day by day, banks are embracing various strategies to manage the mounting pressure. E-banking is one of the prominent initiatives among them. Electronic banking integrates electronic technology into the banking sector. E-banking offers banking services to their clients via diverse electronic mediums. (Reddy 2021)

E-banking offers distinct advantages not found in traditional offline banking, including the absence of face-to-face interaction, universal accessibility, and personalized services. The widespread availability of e-banking services allows for banking access anytime and from any location. (Das and Ravi 2021).

### **Customer Satisfaction**

Customer satisfaction plays a crucial role in shaping a customer's inclination for future purchases. Additionally, contented customers are likely to share their positive experiences with others. Customer satisfaction is central to the marketing philosophy, emphasizing that meeting customer needs leads to enduring loyalty. (Aghdaie, Karimi et al. 2015)

Customer satisfaction measures how well a customer's expectations and needs are met at the appropriate time and place. Customer satisfaction

refers to a person's feelings of delight or discontent stemming from comparing a product's apparent performance to their expectations. (Emenuga)

Satisfaction is often defined by researchers as an attitude or assessment made by customers based on comparing their previous buying expectations with their actual perceptions of performance. (Abbasi, Kamran et al. 2017)

Customer satisfaction results from the combined perception, assessment, and emotional responses to the experience of using a product or service. (Ahangar 2011)

The expectations and impressions of the services rendered influence the level of customer satisfaction. The idea of satisfaction is influenced by various psychological and physical factors. Online services have enhanced satisfaction of customer in financial institutions due to the variety of facilities offered to their clients. (Ijeoma, Akujor et al. 2020).

### **Customer Satisfaction in E-banking**

E-satisfaction refers to a customer's satisfaction with their pre-purchase experience from a particular e-business company, leading to positive actions like making a purchase or returning for another. The experience is driven by two primary factors: the service from the online platform (anticipation for the purchased products) and the interaction with the website itself. E-satisfaction can be described as the aggregate of a consumer's contentment from each purchase and repeated experiences with products or services on an online platform. (Sasono, JUBAEDI et al. 2021)

Customers achieve satisfaction when they can conduct their banking transactions at a time and place that suits them best. Customers can utilize e-banking services only when they are operational. Recent research evaluating customer perceptions, satisfaction, and responses to e-banking products and services indicates that service availability is a primary element in achieving client satisfaction in e-banking. (Addai, Ameyaw et al. 2015)

### **Efficiency**

Efficiency is a key component for the success of online banking and is assessed as the quickness of utilizing and accessing the website and services to completion of transaction. It allows for quicker completion of banking transactions, benefiting customers by eliminating the need to visit bank branches. Consequently, customers place greater

importance on the efficiency aspect of online banking when forming a relationship with their banks. (Rajput 2019)

Transaction efficiency denotes to the ease with which customers can approach e-banking services, locate their desired product and its related information, and complete their transactions with minimal effort. The following factors can be used to gauge how well e-banking is performing: Present data, response time, download duration, thorough product details, tutorial/demonstration, and helpful features. (TILAHUN 2016).

### **Reliability**

Reliability is characterized by a firm's ability to provide services correctly on its initial attempt and its commitment to keeping its promises. It encompasses accurate billing, correct record-keeping, and delivering the service at the specified time. Further investigation reveals that reliability also includes delivering services on schedule, being dependable while resolving customer service issues, implementation services properly the first time, providing services at the stated stage, and keeping an accurate record. Additionally, they identified reliability as the paramount feature in traditional service. (Nochai and Nochai 2013).

### **Responsiveness**

Customers are particularly curious in how soon a service is rendered or delivered. Furthermore, the vast majority of research has demonstrated that clients typically overestimate the amount of time needed for service processing. When an ATM isn't operating for a variety of reasons and customers need to withdraw money, they often take advantage of the bank's responsiveness to e-banking. In this situation, the customer is forced to ask the bank for an immediate response to help them in resolving their issue through the use of a POS machine located within the bank or another method. (Ariff, Yun et al. 2013)

### **Security and Privacy**

One definition of security is the absence of risk, danger, or uncertainty. It has to do with financial security, privacy, and physical safety. It is made up of employees that instill trust in consumers, make them feel safe throughout transactions, are consistently courteous, and are competent enough to

answer inquiries from clients. It includes staffs who inspire trust in customers, ensure that customers perceive secure during any transactions, staff who maintain consistent courtesy, and those knowledgeable enough to respond to customer inquiries. (Nochai and Nochai 2013)

Security and privacy are pivotal factors for customers when deciding to use Internet banking. Thus, if a bank fails to maintain the privacy of its customers, they may completely stop using the offered services. The slow growth of internet banking usage was primarily due to risks associated with financial, physical, and social aspects. Additional findings indicate that while individuals believe their bank would safeguard their privacy, leading to high level confidence in the bank itself, they have less trust in the technology utilized for online banking. (Asfaw 2017).

### **Ease of Use**

The ease of use in e-banking is crucial because it reduces client anxiety about the time and effort needed to learn how to use it. It is viewed as a component affecting the adoption of e-banking, tied to easy-to-recall pin codes and URL addresses, user-friendly software, straightforward site navigation, and clear, comprehensible content, terms, and conditions. (TILAHUN 2016)

The Technology Acceptance Model (TAM) highlights the significance of ease of use in the adoption of technology. Specifically, "ease of use" is characterized as "the extent to which an individual believes using a specific service would require minimal effort." (Bebli 2012)

### **Research methodology**

#### **Sampling and data collection**

In this research primary data is collected via the survey method from the customers of various branches of district Shaheed Benazir Abad because this is quantitative research. Customers of different banks in district Shaheed Benazir Abad who are using any of the electronic banking facility is considered as respondent. In this study random sampling is used and closed ended questions are used in this study, which are comprises of five point Likert scale method from which sample size of 200 e-banking customers are selected from various bank branches of district Shaheed Benazir Abad.

#### **Data analysis**

In this study collected data is used for analyze and these data is analyzed through the Statistical package for the social sciences (SPSS) software. In this study

multiple regression and correlation techniques are applied to check the impact of independent variables on dependent variable.

**Results and Conclusion Table.**  
**1 Pearson's Correlation**

		Efficiency	Reliability	Security & privacy	Responsiveness	Ease of use	Customer Satisfaction
Efficiency	Pearson Correlation	1	.566**	.543**	.566**	.607**	.493**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
Reliability	Pearson Correlation	.566**	1	.644**	1.000**	.642**	.581**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000
Security & privacy	Pearson Correlation	.543**	.644**	1	.644**	.684**	.480**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
Responsiveness	Pearson Correlation	.566**	1.000**	.644**	1	.644**	.674**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
Ease of use	Pearson Correlation	.607**	.642**	.684**	.644**	1	.581**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
Customer Satisfaction	Pearson Correlation	.493**	.581**	.480**	.674**	.581**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000

Correlation is a statistical technique which shows the relationship between two variables. Pearson correlation is shown in table 1. Correlation between the variables is being checked at 1% and 5% level of significance.

The correlation analysis reveals a positive and significant relationship among various variables, as comprehensive below:

1. Efficiency and customer satisfaction (r = 0.493, P < 0.05)
2. Reliability and customer satisfaction (r = 0.581, P < 0.05)
3. Security & privacy and customer satisfaction (r = 0.480, P < 0.05)

4. Responsiveness and customer satisfaction (r = 0.674, P < 0.05)
5. Ease of use and customer satisfaction (r = 0.607, P < 0.05)

The results from the table further emphasize that responsiveness and customer satisfaction shows the highest correlation. Prominently, all variables, including efficiency, reliability, security & privacy,

responsiveness, and ease of use, display a positive relationship with customer satisfaction.

**Table.2** Multiple Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.719a	.517	.505	.37814

a. Predictors: (Constant), Efficiency, Reliability, Security & privacy, Responsiveness and Ease of Use

Table no 2 illustrations that the value of R-square is 0.517, which means that regression model is explaining the 51.7% variation in the dependent variable which is significant.

**Table.3** ANOVA<sup>a</sup>

Model	Sum of squares	Df	Mean square	F	Sig.
1					
Regression	25.978	4	6.495	45.419	.000 <sup>b</sup>
Residual	24.309	170	.143		
Total	50.287	74			

In Table 3, the Anova analysis indicates a P-value of .000, which is less than the significance level of 0.05. Therefore, we can conclude that there exists a

significant relationship between the independent variables and the dependent variable

**Table.4** Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.232	.100		2.321	.021
Efficiency	.098	.075	0.93	1.319	.189
Reliability	.260	.065	.304	3.980	.000
Security and Privacy	-.071	.074	-.075	-.959	.339
Responsiveness	.863	.167	.621	5.174	.000
Ease of use	.521	.091	.473	5.736	.000

**a. Dependent Variable: Customer Satisfaction**

Table 4 shows the coefficient analysis which indicate the correlation between the dependent variable and each independent variable. Upon examination of the significance (sig.) values, it is evident that reliability, responsiveness, and ease of use manifest a positive and significant relationship with customer satisfaction, as their sig. values are below 5%. Conversely, the sig. values for efficiency and security & privacy surpass the significance level, indicating that they do not have significant relationship with customer satisfaction.

### **Conclusion**

The main and basic aim of this research is to find out the impact of e-banking on customer satisfaction and find the relationship between dependent and independent variables, so here dependent variable is customer satisfaction and independent variables are efficiency, reliability, security & privacy, responsiveness and ease of use. The research also investigate to identify factors that significantly contribute to enhancing customer satisfaction . A survey research questionnaire of 30 items has been selected and contextualized to gather the data from the users of e-banking of different banks which are situated in district SBA, Pakistan. The sample size consists of 200 respondents. After the data collection several tests have been employed but main tests were correlation and multiple regression.

Further it has been concluded that correlation result shows the all explanatory variables have positive and strong relationship with customer satisfaction and multiple regression indicate that reliability, responsiveness and ease of use have positive and significant impact on customer satisfaction while, efficiency and security & privacy have insignificant impact on customer satisfaction.

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