

**FACTORS AFFECTING ONLINE BANKING CUSTOMER  
SATISFACTION IN THE CASE OF LOCAL  
COMMERCIAL BANKS IN SRI LANKA**

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Sri Lanka

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## **ABSTRACT**

Online banking has become an essential feature for a bank in today's world to allow customers to fulfil their banking needs without a physical visit to a branch. When all banks have introduced an online portal for their customers and customer adoption of online banking was higher, the competition was to retain the customer by providing a high level of satisfaction. This study discusses the factors that influence the customer satisfaction in online banking. The primary objective of this study is to identify the influential factors and the impact of those factors on customer satisfaction. The objectives of this study can be obtained by data collection using a structured questionnaire distributed among the selected sample and based on the responses the results can be derived.

The researcher identified seven factors influencing customer satisfaction based on previous studies conducted on the same field of study. The seven factors are Ease of Use, Privacy and Security, Technological Innovation, Perceived Usefulness, Perceived Value, Perceived Quality and Complaint Management. This study is based on quantitative methodology. Data collection was carried out by distributing a structured online questionnaire among 400 randomly selected respondents. The results were derived from 385 valid responses.

The results of this study reveal that in the Sri Lankan context, the most influential factors of customer satisfaction in online banking are Technological Innovation, Privacy and Security and Perceived Quality. While Ease of Use, Perceived Usefulness and Perceived Value have moderate influence on customer satisfaction Complaint Management has considerably low influence on customer satisfaction. In light of this finding, few recommendations are provided for online banking in Sri Lanka with the expectation of enhancing customer satisfaction by enhancing customer experience in online banking. Sri Lankan commercial banks need to seek new technological advancements to provide new functions for the online banking application apart from the generic functions such as bill payment and balance inquiry. With the growing concerns on privacy and security, the banks need to decide to publish their privacy and security policy regarding online banking and to make sure they use the latest security features. Moreover, the need of making all online services available on 24 hours and providing a mechanism to customers to

communicate with the bank online will enhance the customer satisfaction in online banking in the Sri Lankan context.

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