A STUDY ON CUSTOMER’S PERCEPTION TOWARDS INTERNET BANKING IN NANDED CITY

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ABSTRACT

Internet banking is still at early life stage in the world. Many studies focused on usage of internet banking but many factors on non-usage were overlooked. This research was carried out to validate the conceptual model of internet banking. The causes were identified and researched through correcting the causative factors so that internet banking can be used by more people. This will help the banking operations to be more cost effective. The research is focused on what are the customer’s perceptions about internet banking and what are the drivers that drive consumers. How consumers have accepted internet banking and how to improve the usage rate were the focus of research area in this study. Qualitative exploratory research using questionnaire was applied. 100 respondents were selected for study after initial screening. They were all bank customers.

The study revealed that education, gender, income plays an important role in usage of internet banking. Not much research has been done on these areas as they were focused more on the acceptance of technology rather than on people. The research corroborated the conceptual framework stating that if skills can be upgraded there will be greater will to use internet banking by consumers. Inhibitory factors like trust, gender, education, culture, religion, security, price can have minimal effect on consumer mindset towards internet banking.

KEYWORDS: Internet banking, internet security.

INTRODUCTION

The marvellous kinds of innovation in technology and hard line blend of it with information technology made a paradigm shift in the banking industry. Technology itself created its world in the globe of human beings. Advent of Internet banking happened in early 1990. This beginning
of Internet Banking created a phenomenal system, Internet banking. Internet banking is a kind of systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through the Internet. The Government of India enacted the IT Act, 2000 (Information Technology Act). This act came into effect from the 17th of October 2000. The purpose of this act, in context of banking, was to provide legal recognition to electronic transactions and other means of Electronic Commerce. The working group set by Reserve bank of India, has been working as a watchdog on the different aspect of the Internet banking. ICICI bank was the pioneer bank to use Internet banking for some of its services, in India. ICICI bank and a lot of other Indian banks use the Internet banking system to provide online banking solution.

WHAT IS E-BANKING?

In simple words, e-banking implies provision of banking products and services through electronic delivery channels. Electronic banking has been around for quite some time in the form of automatic teller machines (ATMs) and telephone transactions.

In more recent times, it has been transformed by the internet a new delivery channel that has facilitated banking transactions for both customers and banks. For customers, the internet offers faster access, is more convenient and available around the clock irrespective of the customer’s location.

WHY E-BANKING?

There are not many inventions that have changed the business of banking as quickly as the e-banking revolution. World over banks are reorienting their business strategies towards new opportunities offered by e-banking. E-banking has enabled banks to scale borders, change strategic behaviour and thus bring about new possibilities. E-banking has moved real banking behaviour closer to neoclassical economic theories of market functioning. Due to the absolute transparency of the market, clients (both business as well as retail) can compare the services of various banks more easily. For instance, on the internet, competitors are only one click away. If clients are not happy with the products, prices or services offered by a particular bank, they are able to change their banking partner much more easily than in the physical or real bank-client relationship. From the banks’ point of view, use of the internet has significantly reduced the physical costs of banking operations. As discussed by Turner (2001), progress in information technology has slashed the costs of processing information, while the internet has facilitated its transmission, thus facilitating change in the very essence of the banking business.

LITERATURE REVIEW

The vast majority of the banks that avoided Internet banking in the beginning did so because they simply did not see the benefits of using it. Polatoglu& Kin (2001) state that the average internet banking transaction costs the institution only one twentieth of a teller transaction. An extensive study conducted in 2001 by the Consumer Bankers Association indicates that Internet banking usage remained stagnant from 1996 to 1998, with less than 10% of the market utilizing the service. This characterizes the early adoption phase where the banking industry, in its striking transformation, has embarked on an era of ‘anytime, anywhere’ banking. In fact, earlier researchers (Reiletal., 2001; Long &McMellon, 2004) point out that automated service is still at its infancy stage and there is no generally accepted theoretical conceptualization of automated service quality. Banks that had the capability of implementing such a system became the first
movers and focused primarily on the technological benefits offered by such a setup in order to capture technology enthusiasts at that time. Since then, Internet banking has been able to successfully cross the chasm as a complete service within the financial services industry but not up to the mark. As mentioned above, technologies in the early market provided many single services and not complete solutions during this period. These examples demonstrate the development of a complete service that becomes widely used within a small segment of the pragmatic early majority, representing an entry into the bowling alley. Conclusions of study undertaken for European Commission on public perceptions (September, 2003) say that lack of trust has been frequently cited to be one of the key factors that discourage customers from participating in e-commerce, while cultural differences affect the formation of trust.

Apart from trust, there are other variables which influence the usage of Internet banking. They are intention, beliefs, and subjective norms, trust in the bank, attitude, perceived usefulness and perceived ease of use (Journal of Services Research, 2007). Demography may also affect the usage pattern of Internet Banking. It is interpreted that the females respondents are yet to get fully involved in Internet purchase (Journal of Internet Banking and Commerce, 2006). Therefore, enhancing the level of service performance acceptance is the major issue to get competitive advantages. Service quality has received much attention because of its obvious relationship with financial performance, customer satisfaction and retentions (Al-Hawari et al., 2005). Suganthi et al. (2001) conducted the review of Malaysian banking sites and revealed that all domestic banks were having a web presence. Only 4 of the ten major banks had transactional sites. The remaining sites were at informational level. There are various psychological and behavioral issues such as trust, security of Internet transactions, reluctance to change and preference for human interface which appear to impede the growth of Internet banking Corrocher (2002) investigated the determinants of the Internet technology adoption for the provision of banking services in the Italian context and also studied the relationship between the Internet banking and the traditional banking activity, in order to understand if these two systems of financial services delivery are perceived as substitutes or complements by the banks. According to the results of the empirical analysis, banks seem to perceive Internet banking as a substitute for the existing branching structure, although there is also some evidence that banks providing innovative financial services are more inclined to adopt the innovation than traditional banks. Technology has had a remarkable influence on the growth of service delivery portions (Dabholkar&Bagozz, 2002). Rao et al. (2003) provide a theoretical analysis of Internet banking in India and found that as compared to banks abroad, Indian banks offering online services still have a long way to go. For online banking to reach a critical mass, there has to be sufficient number of users and the sufficient infrastructure in place. I.T. has introduced new business paradigms and is increasingly playing a significant role in improving the services in the banking industry. Internet banking is becoming more and more popular today, as is banking via digital television. Beyond doubt, a substantial part of the future of banking business lies in a banking environment that is less and less branch-based and where customers are able to access banking services remotely. The automated service quality research has been limited to relationship management rather than service quality or its acceptance by consumer. Even comprehensive definition of banking service quality is lacking.

OBJECTIVES

- To study the reactions of bank customers about computerisation.
- To study the perception of bank customers towards e-banking.
To study the problems related with the handling of e-banking services.

To provide suggestions for the better usage of e-banking services.

**RESEARCH METHODOLOGY**

Qualitative research method was used in the first phase. Pilot testing of questionnaire helps to get in-depth response of target group. Based on this we have used exploratory research methodology in the second phase. The working of the research was started with the questionnaire. In this we have used screening criteria to identify the target group for our research. Screening was done on the basis of three questions:

Does their bank provide Internet banking facility?

Does customer know how to use Internet?

Does he have access to Internet?

The study went through the perception of the target group about the manual banking also. Opinion about manual banking by the target group helped to measure impact of manual banking transactions. Then, our study was divided into two streams: the customer, who uses Internet banking and who doesn’t use it. The reason behind bifurcation of the study was to gather the parameters that can help to understand the customers’ perception. These parameters helped to correlate the information between both kinds of customers. This also helped to evaluate the current satisfaction level of the customers who were using Internet banking. Evaluation of different parameters ended up with the landscape scrutiny of the areas, which are needed to be urbanized by banks. Earlier studies have mentioned that reliability, ease of use, personality, accessibility accuracy, security and efficiency could influence the Internet banking.

While doing the survey we focused on all the possible different demographics, e.g. age, sex, financial status, etc. The aim behind covering different demographics was to minimize the errors in our survey, as we were taking the sample of population for the purpose of research.

**DATA INTERPRETATION**

![Graph showing data interpretation](image-url)
RESEARCH FINDINGS

- **RISK**: The above chart show that the risky of use internet banking is quiterisky.

- **COMPUTER LITERACY**: It is very essential factor of above chart. It should give, training to customers.

- **SECURITY ISSUE**: Most important part is security for the customer. Overhead chart finds that security for customer is must.

- **NECESSITY OF THE INTERNET**: With out Internet access power, the banking transaction can not be done by the customers.

- **TECHNICAL DIFFICULTY**: It is most happening in India. Beyond chart shows that technical difficulty is very critical problem for handling computer for the customers.

- **SECURITY PRECAUTIONS**: Above chart also finds that security is very essential for customers.

SUGGESTIONS

1. New strategies should be framed and implemented in order to expand the attracting women & young people.
2. The employees should be more aware and familiar with every aspect related to E-channels.
3. Bank branches should be merged some to satisfy the customers strongly and efficiently with implementation of Information Technology.
4. The customers should be made more aware of E-channels; especially through demos at the counter. There should be provision to answer the customer queries regarding credit card & other related problems.
5. IT and E-Banking services should be implemented at the rural and semi-urban areas.

CONCLUSION

When investigating all the variables and the response by consumers, this study reveals that the perception of the consumers can be changed by awareness program, friendly usage, less charge, proper security, and the best response to the services offered.

The study also provides the kind of correlation between different factors. As per our basic assumptions we consider only those consumers who know how to use Internet and have an access to Internet, and our study considered only the situation wherein banks provide Internet banking services.

By grouping the variables less than one relevant question mayresult in proper implication for the bankers. In case of the consumers who don’t use Internetbanking services, having all facilities at their disposal, technology was not the biggest issue. The first thing that all bankers should concern about is the requirement of awareness. Even though these people are inclined towards the manual banking, these can be turned to potential customers, it is well proven thing, which
says the surrounding influences the individual’s behavior or in India only environment that surrounds the public determines the behavior and decisions of the individuals.

REFERENCES


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