



INTERNET BANKING AND CUSTOMER PERCEPTION

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Abstract

The Banking system plays a vital role in a nation's economy. A bank is indispensable in the modern society. It plays a pivotal role in the economic development. Without a sound and effective banking system no country have a healthy economy. The banking system should be able to meet new challenges posed by the technology.

The research is mainly focused on what are the customer's perceptions about electronic banking and what are the drivers that drive customers. How customers have accepted e-banking and how to improve the usage rate were the focus of research area in this study. A Qualitative exploratory research using questionnaire was applied. 150 bank customers from different banks were selected for study after initial screening. The study has revealed that education, gender, income play 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.

Keywords: Internet Banking, Customers Perception

INTRODUCTION

The Internet banking, also known as e-banking or Net Banking is a facility offered by the banks and the financial organizations which allows customers to use the banking services over the internet. The Customers need not to visit their bank to avail each and every small service. If

you want to use the internet banking services, you must register for the facility while opening the account or later. You have to use the registered customer ID and password to log into your internet banking account.

THE FEATURES OF E-BANKING

- Check the account statement online.
- Open a fixed deposit account.
- Pay utility bills such as water bill and electricity bill.
- Make merchant payments.
- Transfer funds.
- Order for a cheque book.
- Buy general insurance.

ADVANTAGES OF INTERNET BANKING

- Availability
- Easy to Operate
- Convenience
- Time Efficient
- Activity Tracking

DISADVANTAGES OF INTERNET/ONLINE BANKING

- Internet Requirement
- Transaction Security
- Difficult for Beginners
- Securing Password

The innovation in technology and hard line blend of it with the information technology made a paradigm shift in the banking industry. Technology itself created its world in the globe of human beings. Internet banking system started in 1990's. This beginning of electronic Banking system created a phenomenal system. Electronic or e-banking is a kind of systems that enable financial institution customers, businesses, to transact business, access accounts or obtain information on financial products and services through the Internet. The Government of India enacted the IT Act, 2000 from the 17th of October 2000. The objective of this act, in context of banking, was to provide the legal recognition to the digital or electronic

transactions and other means of Electronic Commerce.

In the current scenario the bank customers are moving towards Internet banking, slowly but steadily. Almost all commercial banks in India have introduced the internet banking services.

Automated service quality has tended to lag behind because practitioners have focused mainly on issues of usability and measurement of use. Therefore, customer perception and preferences of service quality have a significant impact on bank's success. The main aim of this research is to find out the acceptance of electronic or e-banking among bank customers and how it is perceived by them.

OBJECTIVES OF THE STUDY

- To study customer perception on the Internet Banking services provided by the banks.
- To know the reason for preferring internet banking service in the bank
- To analyze customer satisfaction level in the internet banking services
- To know the customers perception about the internet banking services.

RESEARCH METHODOLOGY

Research Methodology is a way systematically to solve the research problem. It may be understood as a science of studying how research is done scientifically.

Research design:

Research design is the structure, plan and strategy of investigation conceived so as to obtain answers to the research questions. Research design is purely a plan for study which guides in the collection of data.

Research Method:

Descriptive statistics was tabular, graphical & numerical summaries of data. Its main purpose is to facilitate the presentation and INFERENCE of data. Descriptive Research design involves description of the variables

making up the demographic and geographic profile of the sample

Source of data:

•Primary Data:

Primary data has collected directly from customers through structured questionnaires (Individual sample units)

•Secondary Data:

Secondary data has collected from the various magazines, journals, website of the bank and various websites.

Sampling Method:

The population includes male and female customers residing in the area of Hyderabad with the criteria: Customers with the bank. In this project convenience sampling method is followed.

Sample Size:

Our Sample size was 150, who fulfill the basis criteria- Customers with the bank.

Data collection method:

Self-administered Personal survey method was used to collect the necessary data. For this purpose appropriate questionnaires were designed.

Data collection instrument:

Appropriately designed questionnaire to facilitate self-administered surveys with simple standard questions were used to collect data.

LITERATURE REVIEW

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 (Parasuraman et al., 2005).

Black et al. (2001) performed a qualitative study on the adoption of internet services and found out that those with the highest income with a greatest use of information technology were most likely to purchase financial services using internet channel. Education and gender were not studied in this study.

DATA ANALYSIS

•DISTRIBUTION OF RESPONDENTS ACORDING TO THEIR ACCOUNT HELD WITH THE BANK

Having account in Dena Bank		
Status	No. of Respondents	Percentage
Below 1 Year	25	16.67
1-3 Years	33	22
3-5 Year	41	27.33
Above 5 Years	51	34

Total	150	100
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INFERENCE

From the above table, 39 percent of the respondents are having above 5 years with the bank, 27.33 percent of the respondents are between 3-5 years, and 22 percent of the respondents are 1-3 years. Remaining 16.67 percent of the respondents are having account below 1 year with the bank.

•DISTRIBUTION OF RESPONDENTS ACORDING TO THEIR AWARENESS ABOUT BANK :

Awareness about Dena Bank		
Status	No. of Respondents	Percentage
Yes	150	100
No	0	0
Total	150	100

INFERENCE:

From the above table, 100 percent of the respondents are aware of Dena Bank.

•DISTRIBUTION OF RESPONDENTS ACORDING TO THEIR CONVENIENT MODE OF BANKING:

Classifications based on customer's convenient mode of banking :		
Status	No. of Respondents	Percentage
Branch	25	16.67
Internet banking	30	20
Phone banking	15	10
Mobile banking	25	16.67
ATM Services	55	36.66
Total	150	100

INFERENCE:

From the above table, 36.66 Percent of respondents are aware about ATM service, 20 Percent of respondents are aware about Internet banking services, 16.67 Percent of respondents

are aware about branch banking and mobile banking service, remaining 10 Percent of respondents are aware about phone banking service.

DISTRIBUTION OF RESPONDENTS ACORDING TO THEIR AWARENESS ABOUT THE INTERNET BANKING SERVICES:

Awareness about internet banking services		
Status	No. of Respondents	Percentage
Yes	125	83.33
No	25	16.67
Total	150	100

INFERENCE:

From the above table, 83.33 percent of the respondents are aware of the internet banking service offered by the bank the remaining 16.67 percent of respondents are unaware of it.

•DISTRIBUTION OF RESPONDENTS ACORDING TO THEIR USAGE OF INTERNET BANKING SERVICES:

Awareness about internet banking services		
Status	No. of Respondents	Percentage
Yes	68	45
No	82	55
Total	150	100

INFERENCE

From the above table, 45 percent of the respondents are using internet banking service offered by the bank and the remaining 55 percent of respondents are not using it.

•DISTRIBUTION OF RESPONDENTS ACORDING TO THEIR PERIOD OF USAGE OF INTERNET BANKING SERVICES:

Period of usage of internet banking services		
Status	No. of Respondents	Percentage
Never used	82	55
Less than 1 year	23	15.33

1-2 years	15	10
Above 2 years	30	20
Total	150	100

INFERENCE

From the above table, 55 percent of the respondents never used this service, 20 percent of the respondents have used this service above 2 years, and 15.33 percent of the respondents have used this service below 1 year. Remaining 10 percent of the respondents are using this service between 1-2 years.

•DISTRIBUTION OF RESPONDENTS ACORDING TO THE TRANSACTIONS THEY MADE THROUGH INTERNET BANKING SERVICES:

Period of usage of internet banking services		
Status	No. of	Perce
Balance	12	17.65
Mini	11	16.18
Statements of	12	17.65
Cheque based	9	13.24
Funds	12	17.65
Tax	12	17.65
Total	68	100

INFERENCE

From the above table, 17.65 percent of the respondents tried Balance Enquiry, Account Statement, Funds Transfer and Tax Payments facility offered by the bank. 16.18 percent of the respondents have checked their Mini Statement and the remaining 13.24 percent of the respondents have made Cheque based enquiry using internet banking service.

•DISTRIBUTION OF RESPONDENTS REASON FOR NOT USING INTERNET

BANKING SERVICES:

Reason for not using internet		
Status	No. of.	Percentage
Confusing	9	11
Lack of information	13	15.85
Fear of security	50	61
Others	10	12.2

Total	82	100
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INFERENCE:

From the above table, 61 percent of the respondents did not use this service due to the fear of security, 15.85 percent of the respondents did not use this service due to the lack of information about this service, 12.2 percent of the respondents did not use this service due to some other reasons and for the remaining 11 percent of the respondents did not use this service due to confusion in the internet banking service.

•DISTRIBUTION OF RESPONDENTS ACCORDING TO THEIR PURPOSE OF USING INTERNET BANKING SERVICES:

Purpose for using internet banking services		
Status	No. of.	Perc
Business activity	25	36.8
Electronic	20	29.4
Demat Services	13	19.1
Others	10	14.71
Total	68	100

INFERENCE

From the above table, 36.8 percent of the respondents used this for business activity, 29.4 percent of the respondents used this for making electronic payments, 19.1 percent of the respondents used this for Demat Services and 14.71 percent of the respondents used this for other purposes.

• DISTRIBUTION OF RESPONDENTS ACCORDING TO THEIR SATISFACTION LEVEL IN THE INTERNET BANKING SERVICE

Satisfaction in the internet banking services		
Status	No. of.	Percentage
Highly satisfied	25	37
Satisfied	23	33.8
Neutral	15	22.1
Dis- Satisfied	5	7.4
Highly dis -	0	0
Total	68	100

INFERENCE:

From the above table, 37 percent of the respondents are highly- satisfied with this service, 33.8 percent of the respondents are satisfied with this service, 22.1 percent of the respondents are neutrally satisfied with this service, and 7.4 percent of the respondents are highly-satisfied with this service. None of the respondents are highly dis-satisfied with this service.

•DISTRIBUTION OF RESPONDENTS ACCORDING TO THEIR SATISFACTION TOWARDS INTERNET BANKING SERVICES

Satisfaction in the internet banking		
Status	No. of.	Percentage
Cheap and best	15	22.05
Saves time	18	26.5
Fast	25	36.8
No need to visit	10	14.1
Total	68	100

INFERENCE:

From the above table, 36.8 percent of the respondents are satisfied because of faster transactions, 26.5 percent of the respondents are satisfied because is Saves time consumption 22.05 percent of the respondents are satisfied because it is Cheap and best, 14.1 percent of the respondents are satisfied because no need to visit bank often.

• DISTRIBUTION OF RESPONDENTS REASON FOR THEIR DISSATISFACTION TOWARDS INTERNET BANKING SERVICES:

Reason for dis-satisfaction towards internet		
Status	No. of.	Percentage
Security reasons	85	56.67
Unable to do	45	30
Others	20	13.33
Total	150	100

INFERENCE:

From the above table, 56.67 percent of the respondents are dis-satisfied for security reasons, 30percent of the respondents are dis-satisfied as it's unable to do cash transactions, and 20 percent of the respondents are dis-satisfied for other reasons.

DISTRIBUTION OF RESPONDENTS WITH REFERENCE TO THE FACILITIES OFFERED BY THE BANK FOR INTERNET BANKING:

Facilities offered for internet banking		
Status	No. of.	Percentage
Excellent	20	29.4
Very Good	18	26.5
Good	15	22.06
Average	10	14.71
Poor	5	7.4
Total	68	100

INFERENCE

From the above table, 29.4 percent of the respondents have rated excellent, 26.5percent of the respondents have rated Very good, 22.06 percent of the respondents have rated Good, 14.71 percent-of the respondents have rated Average and the remaining 7.4 percent of the respondents have rated poor for the facilities offered by the bank for internet banking services.

•DISTRIBUTION OF RESPONDENTS AC CORDING TODURATION OF THEIR USAGE IN INTERNET BANKING SERVICE:

Classification based on the duration of their		
Status	No. of.	Percentage
Very	23	33.8
Frequently	17	25
Occasionally	15	22.1
. Rarely	13	19.1
Very Rarely	Nil	0
Total	68	100

INFERENCE:

From the above table, 33.8 percent of the respondents use this service very frequently, 25 percent of the respondents use this service frequently,22.1 percent of the respondents use this service occasionally, 19.1 percent of the respondents use this service rarely and none of the respondents use this service very rarely.

•DISTRIBUTION OF RESPONDENTS AC CORDING TOFREQUENT USAGE IN

INTERNET BANKING SERVICE

Classification based on customer		
Status	No. of.	Percentag
Regularly	29	42.6
Once in a	12	17.6
When I am	13	19.1
Indifferent	14	20.6
Total	68	100

INFERENCE:

From the above table, 42.6 percent of the respondents use this service regularly, 20.6 percent of the respondents use this service indifferent, 19.1 percent of the respondents use this service when they are out station and 17.6 percent of the respondents use this service once in a while.

• DISTRIBUTION OF RESPONDENTS AC CORDING TO THEIR OPINION IN INTERNET BANKING SERVICE:

Classification of customer opinion about		
Statu	No. of.	Per
Excele	85	56.7
Good	30	20
Averag	18	12
Poor	17	11.3
Total	150	100

INFERENCE:

From the above table, 56.7 percent of the respondent's opinion is Excellent, 20percent of the respondent's opinion is good, 12 percent of respondent's opinion is Average and the remaining 11.3 percent of the respondent's opinion is Poor about the internet banking services provided by the bank.

LIMITATIONS OF THE STUDY

- 1.This study is limited to know the perception of the bank customers of Hyderabad region.
- 2.Sample size is very limited i.e., 150.
- 3.The study is limited to a limited duration.
- 4.The study is limited to a particular subject.

CONCLUSION

The success of the company directly or indirectly depends on their customers, as they are the backbone of the company. With the development of technology the customers' expectations are raising relentlessly, competitive will survive who can respond to the customer needs faster and better than anyone.

The project commence with fixing the objective then sample were collected accordingly around 150 samples have been collected from the population in a structure method and analysis have been done to get the results.

The objectives framed at the beginning of the project have been achieved.

The customers are aware of the bank and various types of the services provided by the bank.

The result of this study shows that perceived usefulness, perceived ease of use, customer awareness and perceived risk are the important determinants of internet banking adoption.

Study concludes that majority of customers are accepting internet banking because of many favorable factors. Analysis concluded that usefulness, ease of use of the system awareness

about internet banking and risks related to it are the main perusing factors to accept internet banking system.

These factors have a strong and positive effect on customers to accept internet banking system.

This"customer awareness survey" is conducted to rival the awareness level of the customers towards internet banking service in different parameters as per the respondents having positive attitude towards the bank.

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