

A Study On Customer Perception Towards Internet Banking (With Reference to Raipur and Durg District)

By

Ravindra Baghel

Research Scholar School of Business Studies Mats University, Raipur (C.G.)

Dr. Umesh Gupta

HOD & Guide School of Business Studies Mats University, Raipur (C.G.)

Abstract

Banking is a highly information intensive activity that relies heavily on information technology (IT) to acquire, process, and deliver the information to all relevant customers. Banks used the Internet technology as a strategic weapon to revolutionize the way they operate, deliver, and compete against each other. As a result Online Banking was introduced as a channel where bank customers could perform their financial transactions electronically via their banks' Web sites. In this study an analysis of the differences in risk perceptions between bank customers using Internet Banking and those not using Internet Banking was done and it showed that risk perceptions in terms of financial, psychological and safety risks among customer not using the internet was more meaningful than those using internet banking. Customers not preferring to use internet banking thought that they would be swindled when using this service, and therefore, are particularly careful about high risk expectation during money transfers from and between accounts. Private and foreign banks are trying to turn more and more customer towards the usage of internet for the banking transaction. This study is basically to know the relation of various independent variables on the customer usage of internet for banking.

Keywords: Internet banking, online, Bank, perception, e-banking.

Introduction

Need for internet banking: One has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. In true Internet banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time. Providing Internet banking is increasingly becoming a "need to have" than a "nice to have" service. The net banking, thus, now is more of a norm rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services.

Why this research: An analysis of the differences in risk perceptions between bank customers using Internet Banking and those not using Internet Banking was done and it showed that risk perceptions in terms of financial, psychological and safety risks among customer not using the internet was more meaningful than those using internet banking. Customers not preferring to use internet banking thought that they would be swindled when using this service, and therefore, are particularly careful about high risk expectation during money transfers from and between accounts. Only 37% of Indian Internet users come from Top 10 cities i.e. Mumbai, Bangalore, Delhi, Calcutta, Chennai, Pune, Hyderabad, Ahmadabad, Surat and Nagpur. Another day and another number. As per IAMA and I-cube,

the number of active Internet user (i.e. ones who logon to Internet atleast once a month) is now 32 million and numbers who have used Internet at least once stands at 46 million.

Maximum of the person who are going on for internet banking lies in the age bracket of 26- 35. But the rises in the age the level of users become low. Approximately 17% of female use internet banking. This is a matter of concern for banks what are the causes why this is happening. Although many major banks have started offering i-banking services, the slow pace will continue until the critical mass is achieved for PC, internet connections and telephones. However, the upsurge of IT professionals with growing demands is pressuring the government and bureaucracy in the country to support and develop new initiatives for a faster spread of i-banking. But then to there is a fear in mind of customer using internet as a medium for the banking transaction.

This study is basically to know the relation of various independent variables on the customer usage of internet for banking.

Objective Of The Study

- Perceptual mapping of internet banking users.
- To know the cause why customers are not using internet banking.
- To know which age group of customers is using different e-banking facilities.
- To know the customer view of using internet banking.

Literature Review

[1] Joseph et al. (1999) investigated the influence of internet on the delivery of banking services. They found six underlying dimensions of e-banking service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization. Jun and Cai (2001) identified 17 service quality dimensions of i-banking service quality. These are reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding the customer, collaboration, continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features. They also suggested that some dimensions such as responsiveness, reliability and access are critical for both traditional and internet banks.

Jayawardhena (2004) transforms the original SERVQUAL scale to the internet context and develops a battery of 21 items to assess service quality in e-banking. By means of an Exploratory Factor Analysis (EFA) and a Confirmatory Factor Analysis (CFA), these 21 items are condensed to five quality dimensions: access, website interface, trust, attention and credibility.

[2] IAMAI report on online banking 2006. 43% of online banking user haven't started online financial transaction because of security reasons, 39% haven't started because they prefer face to face, 22% haven't started because they don't know how to use, for 10% sites are not user friendly and for 2% banks are not providing the facility of internet banking. According to research 68% of the customers cannot say that when they will be starting the financial transactions through internet. Maximum numbers of online banking users are male and maximum of them are in age the group of 25-35. Numbers of female users are very less i.e. 17% only. More than 60% of the people who are having account with have accounts in 3-4 banks.

[3] Meuter et al. (2000) have identified critical incidents of customer satisfaction and dissatisfaction with technology-based service encounters. Given that business-to-business transactions are the fastest growing segment of technology-driven services (Hof, 1999); Meuter and his colleagues (2000) suggested investigating what drives business customer satisfaction or dissatisfaction with technologydriven services. According to Gönroos (1982), customers distinguish the quality of customer interactions that take place during service delivery (functional quality) and the quality of the outcome the customer receives in the service encounter (technical quality).

[4] The Indian Internet Banking Journey In 2001, a Reserve Bank of India survey revealed that of 46 major banks operating in India, around 50% were either offering Internet banking services at various levels or planned to in the near future. According to a research report,(India Research, Kotak Securities, May 2000.) while in 2001, India's Internet user base was an estimated 9 lakh; it was expected to reach 90 lakh by 2003. Also, while only 1% of these Internet users utilized the Internet banking services in 1998, the Internet banking user base increased to 16.7% by mid- 2000.

Research Methodology

Research Type

We use descriptive research and exploratory research design in our studies. Descriptive research is also called Statistical Research. The main goal of this type of research is to describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages, and other statistical calculations. Although this research is highly accurate, it does not gather the causes behind a situation. Descriptive research is used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation.

Here we also tried to find out the main cause why there is perceptual blocking of the Indian customers towards internet banking. The methods involved range from the survey which describes the status quo, the correlation study which investigates the relationship between variables, to developmental studies which seek to determine changes over time.

Data Collection

Primary Data: Structured Questionnaire

Secondary Data: Online Database, Journals, Surveys

Sampling

We have used convenience sampling technique. It is also called haphazard or accidental sampling. Members of the population are chosen based on their relative ease of access. To sample friends, co-workers, or shoppers at a single mall, are all examples of convenience sampling. Sometimes called grab or opportunity sampling, this is the method of choosing items arbitrarily and in an unstructured manner from the frame. Though almost impossible to treat rigorously, it is the method most commonly employed in many practical situations.

Sample Unit:

Raipur and Durg Internet Users (for banks)
 Sample Technique: Convenient sampling
 Area: Raipur and Durg
 Sample Size: 150

Tools

Statistical: SPSS Techniques: Percentage Method

Data Analysis And Interpretation

The Primary data is collected through collected from respondents via questionnaire. Customer Satisfaction and Business Strategy Factor making the most impact on the analysis of customer perception towards internet Banking (with special reference to Raipur and Durg District) or least impact by Socio cultural impact Issues. These factors are numbered or ranked according to their impact on analysis of cutomer towards on internet banking of Raipur and Durg. Analysis of the data shown differently for different kinds of data so it can be easily understood by people.

Table 1.1: *Customer Perception Towards Internet Banking Factor: Business Strategy In Raip District*

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
1	Business Strategy	88	12

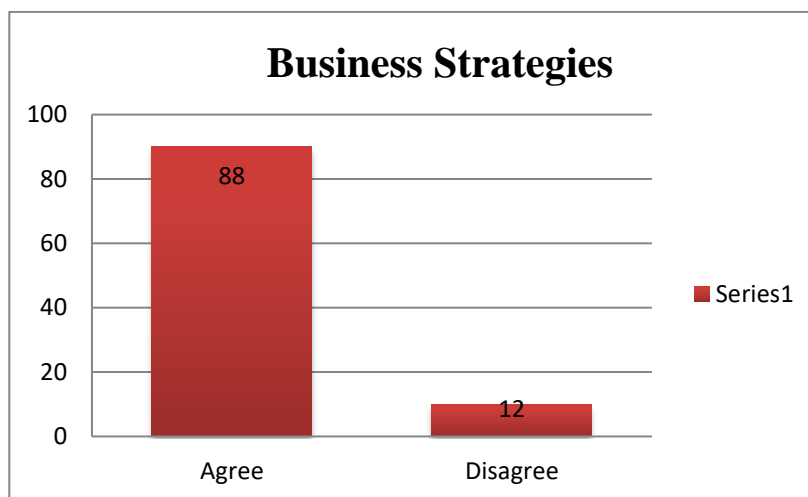


Chart 1.1: *Business Strategies*

Interpretation:

From the above chart and table it has been found that 88% of respondents agreed that Business Strategy factor is making an impact on the Analysis of customer perception towards internet banking in Raipur. Business strategy includes Business Concept, Financial features (Payment options and Refund mechanism), Advertising, Packaging, Public Relations, Distribution Policies and Utility of Resources.

Table 1.2: Customer Perception Towards Internet Banking Factor: Business Strategy In Durg District

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
2	Business Strategy	85	15

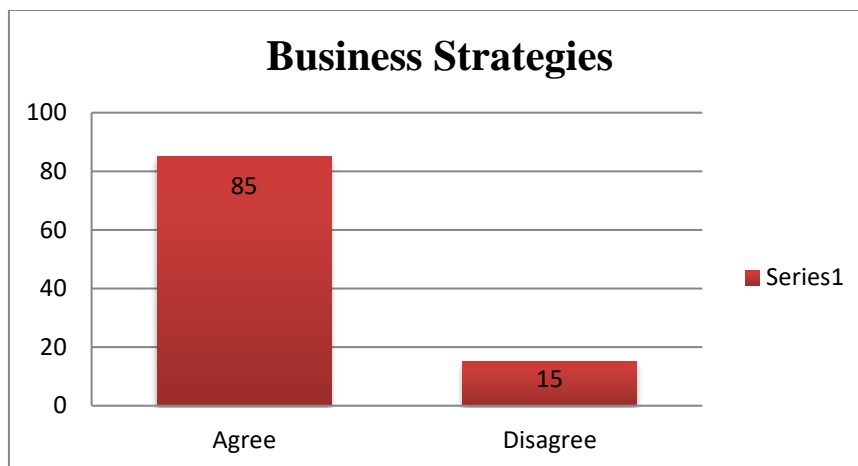


Chart 1.2: Business Strategies

Interpretation:

From the above chart and table it has been found that 85% of respondents agreed that Business Strategy factor is making an impact on the Analysis of customer perception towards internet banking in Durg. Business strategy includes Business Concept, Financial features (Payment options and Refund mechanism), Advertising, Packaging, Public Relations, Distribution Policies and Utility of Resources.

Table 1.3: Customer Perception Towards Internet Banking Factor: Website Interaction In Raipur District

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
3	Website Interaction	89	11

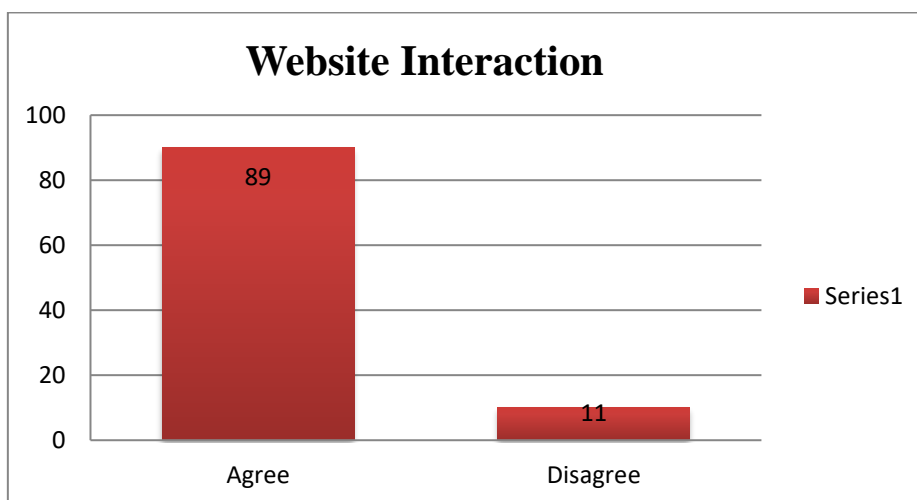


Chart 1.3: Website Interaction

Interpretation:

From the above chart and table it has been found that 89% of respondents agreed that Website Interaction factor is making an impact on the analysis of customer perception towards internet banking in Raipur and 11 % of respondents were not agreed that Website Interaction factor is analysis of customer perception towards internet banking in Raipur.

Table 1.4: *Customer Perception Towards Internet Banking Factor: Website Interaction In Durg District*

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
4	Website Interaction	85	15

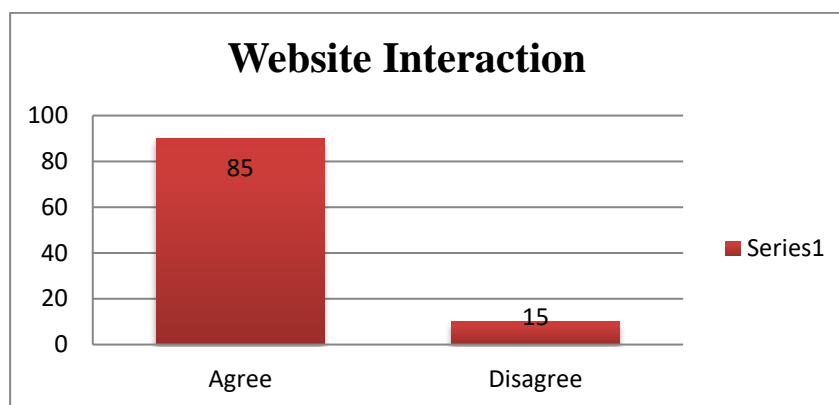


Chart 1.4: *Website Interaction*

Interpretation:

From the above chart and table it has been found that 85% of respondents agreed that Website Interaction factor is making an impact on the analysis of customer perception towards internet banking in Durg and 15% of respondents were not agreed that Website Interaction factor is analysis of customer perception towards internet banking in Durg.

Table 1.5: *Customer Perception Towards Internet Banking Factor: Trust In Raipur District*

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
5	Trust	92	8

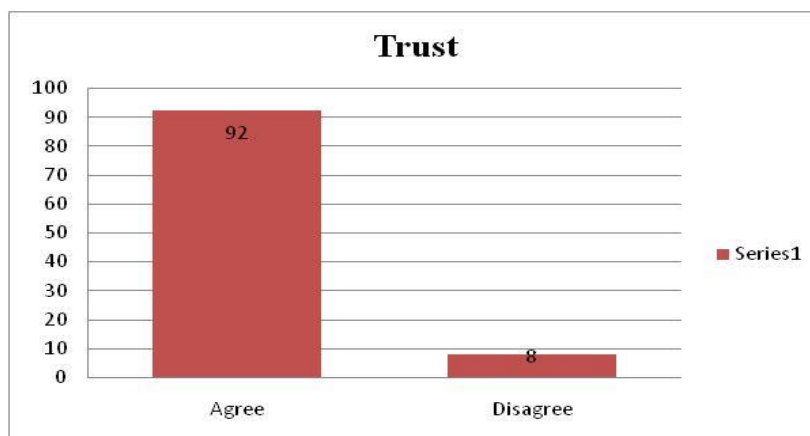


Chart 1.5: *Trust*

Interpretation:

From the above chart and table it has been found that 92% of respondents agreed that Trust factor is making an impact on the analysis of customer perception towards internet banking in Raipur and 8% of respondents were not agreed that Trust factor is analysis of customer perception towards internet banking in Raipur.

Table 1.6: Customer Perception Towards Internet Banking Factor: Trust In Durg District

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
6	Trust	90	10

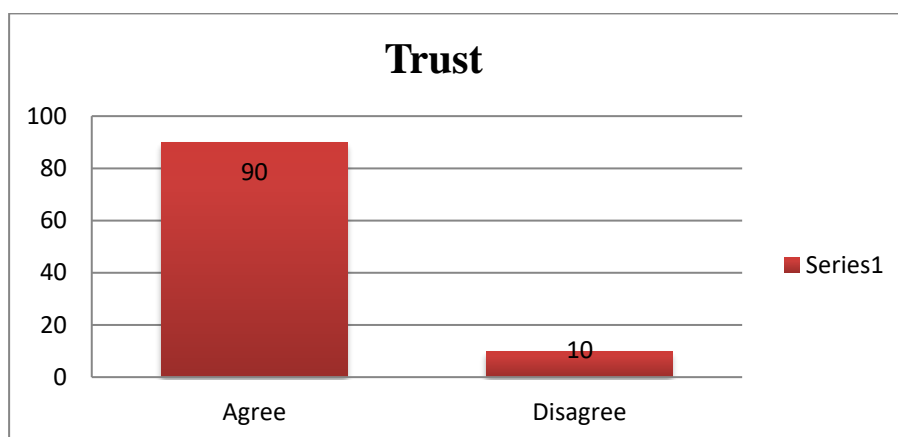


Chart 1.6: Trust

Interpretation:

From the above chart and table it has been found that 90% of respondents agreed that Trust factor is making an impact on the analysis of customer perception towards internet banking in Durg and 10% of respondents were not agreed that Trust factor is analysis of customer perception towards internet banking in Durg.

Table 1.7: Customer Perception Towards Internet Banking Factor: Globalization In Raipur District

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
7	Globalization	89	11

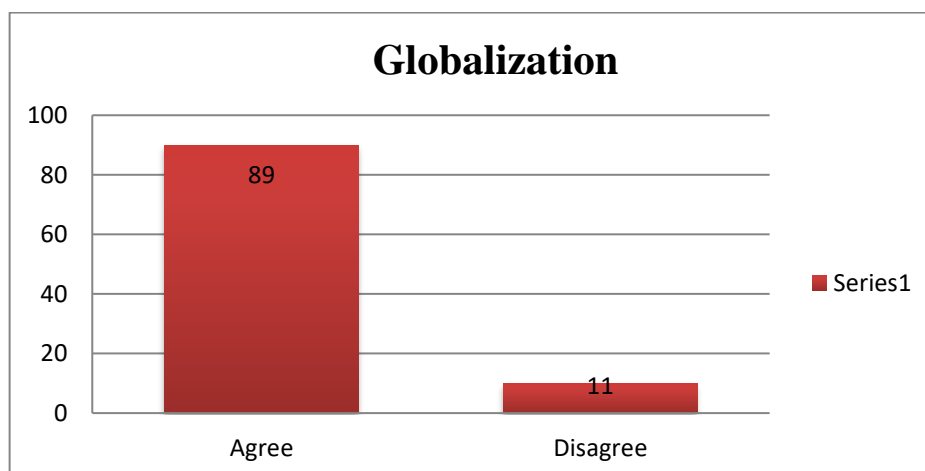


Chart 1.7: Globalization

Interpretation:

From the above chart and table it has been found that 89% of respondents agreed that Globalization factor is making an impact on the analysis of customer perception towards internet banking in Raipur and 11% of respondents were not agreed that Globalization factor is analysis of customer perception towards internet banking in Raipur.

Table 1.8: *Customer Perception Towards Internet Banking Factor: Globalization In Durg District*

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
8	Globalization	82	18

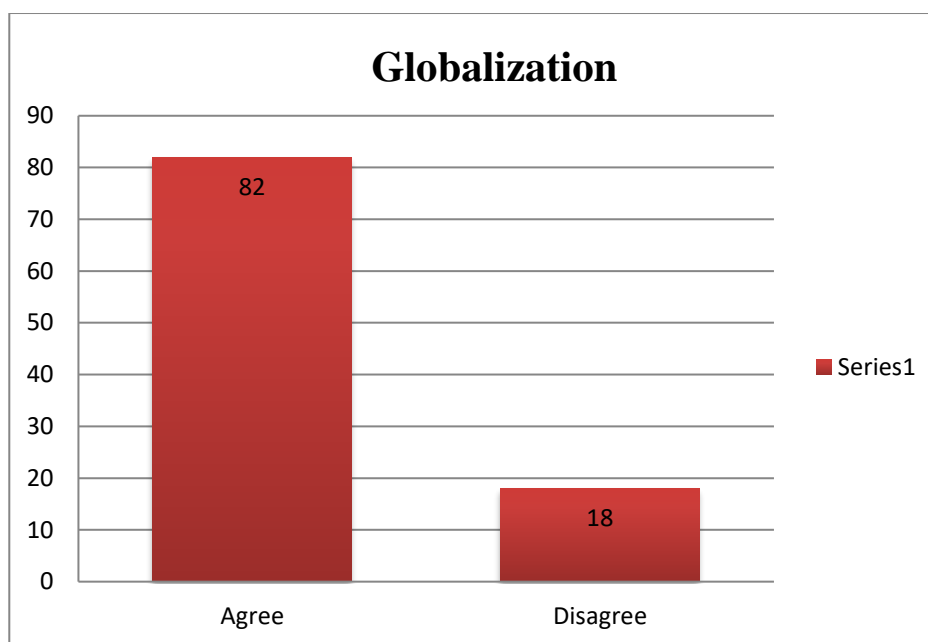


Chart 1.8: *Globalization*

Interpretation:

From the above chart and table it has been found that 82% of respondents agreed that Globalization factor is making an impact on the analysis of customer perception towards internet banking in Durg and 18% of respondents were not agreed that Globalization factor is analysis of customer perception towards internet banking in Durg.

Table 1.9: *Customer Perception Towards Internet Banking Factor: Security In Raipur District*

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
9	Security	81	19

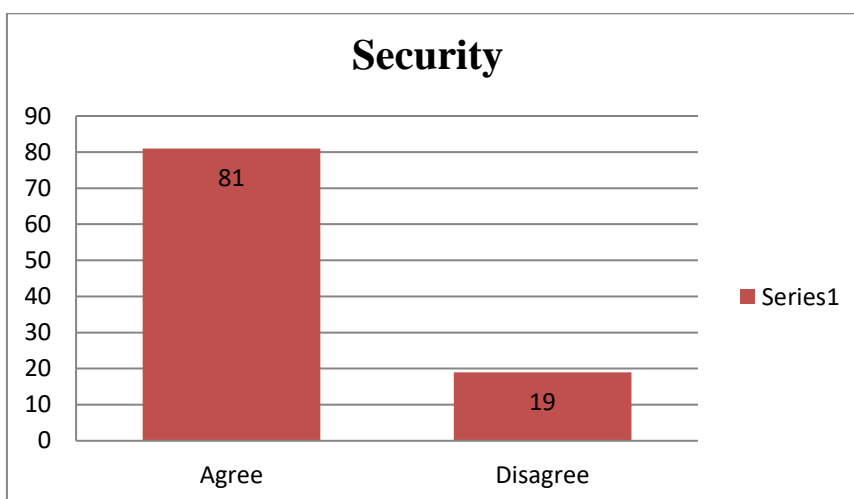


Chart 1.9: Security

Interpretation:

From the above chart and table it has been found that 81% of respondents agreed that Security factor is making an impact on the analysis of customer perception towards internet banking in Raipur and 19% of respondents were not agreed that Security factor is analysis of customer perception towards internet banking in Raipur.

Table 1.10: Customer Perception Towards Internet Banking Factor: Security In Durg District

Sr. No	Growth Factors	Primary Data Response % wise	
		Agree	Disagree
10	Security	78	22

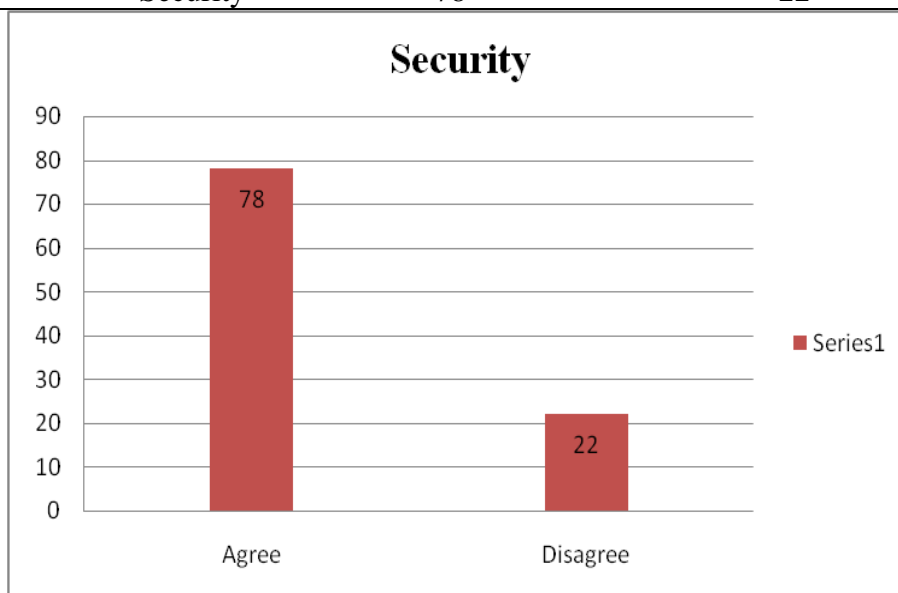


Chart 1.10: Security

Interpretation:

From the above chart and table it has been found that 78% of respondents agreed that Security factor is making an impact on the analysis of customer perception towards internet banking in Durg and 22% of respondents were not agreed that Security factor is analysis of customer perception towards internet banking in Durg.

Findings

- ❖ Business Strategy of Internet Banking in Raipur and Durg District 88% and 85%
- ❖ Website Interaction of User in Raipur and Durg District 89% and 85%
- ❖ Trust of User in internet Banking in Raipur and Durg District 92% and 90%
- ❖ Globalization of Internet Banking in Raipur and Durg District 89% and 82%
- ❖ Security of Internet Banking in Raipur and Durg District 81% and 78%

Suggestions

The customer needs to inform about online saving a/c on the mass level.

- The online banking nowadays mostly focuses towards the customers
- It should be made easy and it should maintain the feedback portion if the customer also.
- Standalone internet along with guidance staff should be provided in all branch of SBI for opening saving account through online mode.
- Bank can do necessary correction in the security system in online banking to that bank can increase the no of customer using online banking.
- Good incentive must be given to concerned person for opening of saving account through online mode. At present it is very low.
- Bank can do some internship programs in various management colleges to make this scheme popular.

Conclusion

There is still a lot needed for the banking system to make reforms and train their customers for using internet for their banking account. Going through the survey the main problem lies that still customer have a fear of hacking of accounts and thus do not go on for internet banking. Banks are trying their level best by providing the best security options to the customers but then to there is lot of factors which betrays a customer from opening an internet bank account.

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