

Customer awareness & adaptability towards internet banking: A study of Indian banking industry

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Abstract

In modern day's customer have become more sophisticated and are more interested in doing banking transaction at one click being grounded at home. Internet Banking has created convenient and flexible platform to customer in the present era. The paper highlights on their awareness and period of knowing internet banking. It further analysis banking services online used by customer and their accessibility towards the practices. Reasons were found which encouraged them for adopting these services. Some of them were Quick response 60 %, 24*7 service 52%, convenience and friendliness made 46 % each and free from queuing 42%. Factors which discouraged them of accepting services were Internet connectivity problem 40%, less awareness 28%, Insecurity and Low privacy 20%. Due to tough competition and actuate requirement of customers the banking sector is providing number of services, further more to make popular the private and public sector banks can take initiation of conducting basic training programs to customer and make them friendly with the services provided.

Keywords: Internet banking, online Banking, customer awareness of banking services, e-banking

Introduction

Internet Banking refers to the banking services provided by the banks over the internet. Some of these services include paying of bills, funds transfer, viewing account statement, etc. Banks also deliver their latest products and services over the internet. Internet banking is performed through a computer system or similar devices that can connect to the banking site via the internet. Nowadays, you can also use internet banking on your mobile phones using a Wi-Fi or 3G connection. With the ease of availability of cyber cafes in the cities, it has become quite popular.

Objectives

1. Inspect customers awareness towards internet banking services
2. To know since how long the customer are familiar with internet banking service
3. To identify the motives of using internet banking services
4. To evaluate the reasons of encouragement and deterrence of usage internet banking service

Literature review

Paul Hazell and Ziad Raphae: The authors have tried to shed light on the concept of Internet Banking. And then analyze the rise of the Internet banking in Latin America. At the later stage analysis of global Internet banking. Finally have arrived (hopefully) at answer the challenges to internet banking as, Internet banking is not a disruptive technology. Rather, the use Internet in banking re-presents the leveraging of an incredibly efficient medium to provide a very cost and time efficient distribution channel.

Miss. R. Elavarasi and Dr.S.T. Surulivel: The paper highlights on customer awareness & the preferred e-banking services of banks. The study area has been conducted at Kumbakonam City comprising a sample size of 200. After the data collection,

researcher have identified which commercial bank provide better service with regards to e-banking services to customers and also identified satisfaction level of customer view about internet banking website of banks. Their analysis has shown that mean age of e-banking users is 0.795 and 0.205 respectively and the respondents were mostly men as compared to women. The data analysis shows that age, educational qualification, occupation, income level of customer are significant factor that decide usage of e-banking services of various banks in the study area.

Rajesh Kumar Srivastava: Internet banking is still at infancy 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. 500 respondents were selected for study after initial screening. They were all bank customers. The study revealed that education, gender, income play an important role in usage of internet banking. Not much re- search 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, and price can have minimal effect on consumer mindset towards internet banking

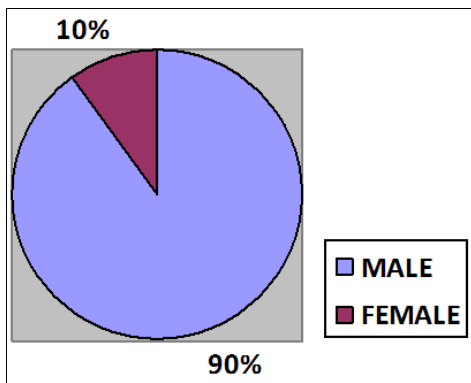


Fig 1: Gender of the respondents

Interpretation: Out of the total respondents of 100, 90% were male and 10% were female.

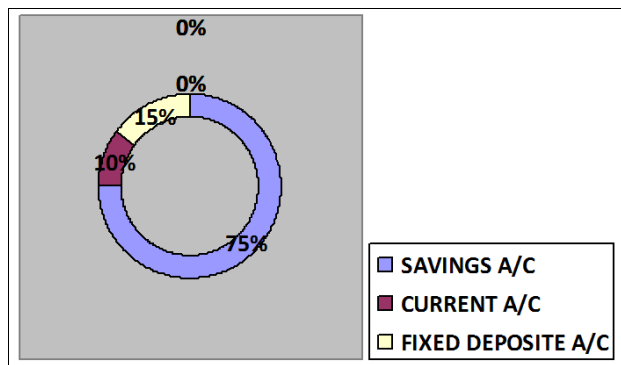


Fig 2: Account type

Interpretation: The respondent majority had 3 kinds of accounts like saving, current and fixed deposits accounts. 75% of the respondents have saving bank account.

Table 1: Respondents Awareness of Internet Banking Services Through

Options	Total in Percentage
Through bank officials	26
Advertisement in Print Media	12
Television and Radio advertisements	18
Online advertisements	12
From your friends and relatives	22
Others	10
	100

Source: Survey Study

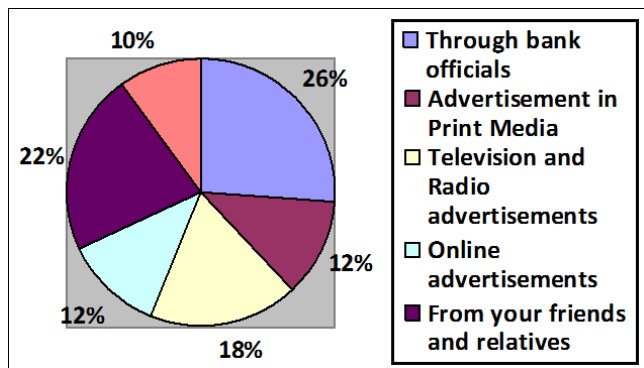


Fig 3: Respondents awareness of internet banking services through

Interpretation: During the study it was observed that awareness to the respondents was majority through bank officials of 26%, by friends 22%, through television and radio advertisement 18%. 12% each by online and print media and other by 10 %

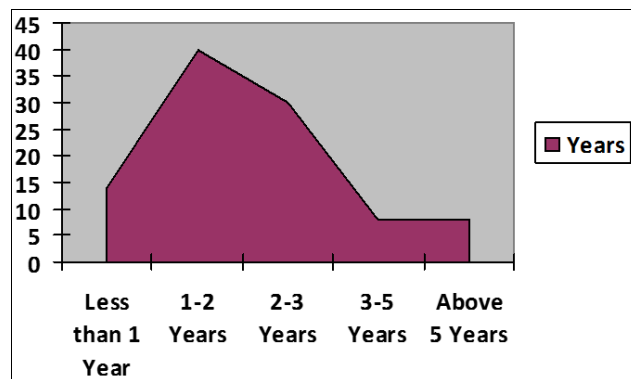


Fig 4: Duration of using internet banking services

Interpretation: It was examined that respondents are using internet banking services majorly since between 1 to 2 years

Table 2: Ranking of Internet Banking Services Most Used

Particulars	Rank	Percentage
Check account balance.	2	20
Transfer of funds/Inter account transfers.	1	25
Ask for cheque book, debit card, credit card etc.	5	15
Online bill payments (Electricity, Telephone, Insurance payment etc.).	3	18
Online shopping.	4	16
View Income Tax statement.	10	4
Check loan payment status.	9	6
Stop cheque payments.	8	10
Check recent transaction activities	7	12
Change password	6	14

Source: Survey Study

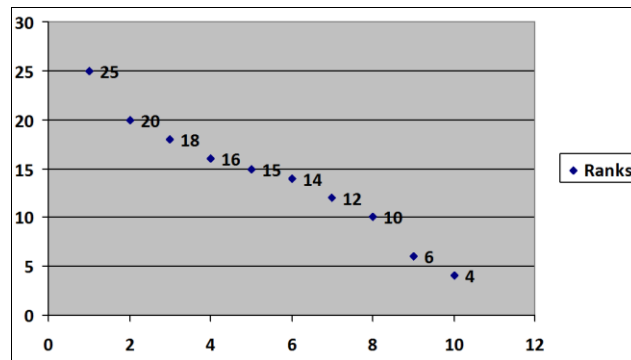


Fig 5: Ranking of internet banking services most used

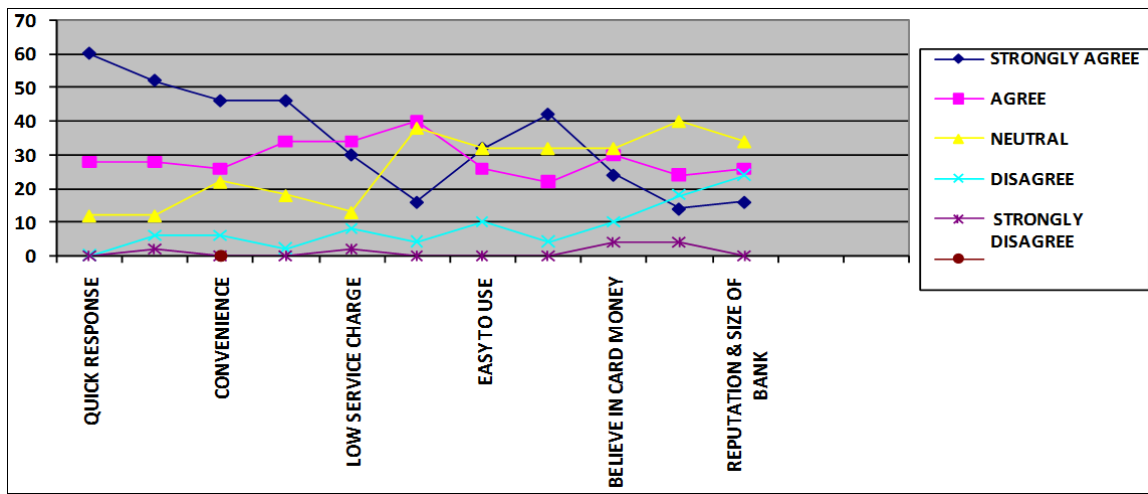
Interpretation: During the study it was observed that respondents most used services were Transfer of funds/Inter account transfers 25%, check account balance 20%, Online bill payments (Electricity, Telephone, Insurance payment etc.) 18 %, Online shopping 16%, ask for cheque book, debit card, credit card etc. 15%, Change password 14%, Check recent transaction activities 12%, Stop cheque payments 10 %, Check loan payment status 6 %, View Income Tax statement 4%.

Table 3: Encouragement to Adopt Internet Banking Services

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total In Percentage
Quick Response	60	28	12	0	0	100
24*7 Service	52	28	12	6	2	100
Convenience	46	26	22	6	0	100
User Friendly	46	34	18	2	0	100
Low Service Charge	30	34	13	8	2	100
Transaction Security & Safety	16	40	38	4	0	100
Easy to Use	32	26	32	10	0	100
Queuing Free	42	22	32	4	0	100
Believe in Card Money	24	30	32	10	4	100
Bank Familiarity	14	24	40	18	4	100
Reputation & Size of Bank	16	26	34	24	0	100

Source: Survey Study

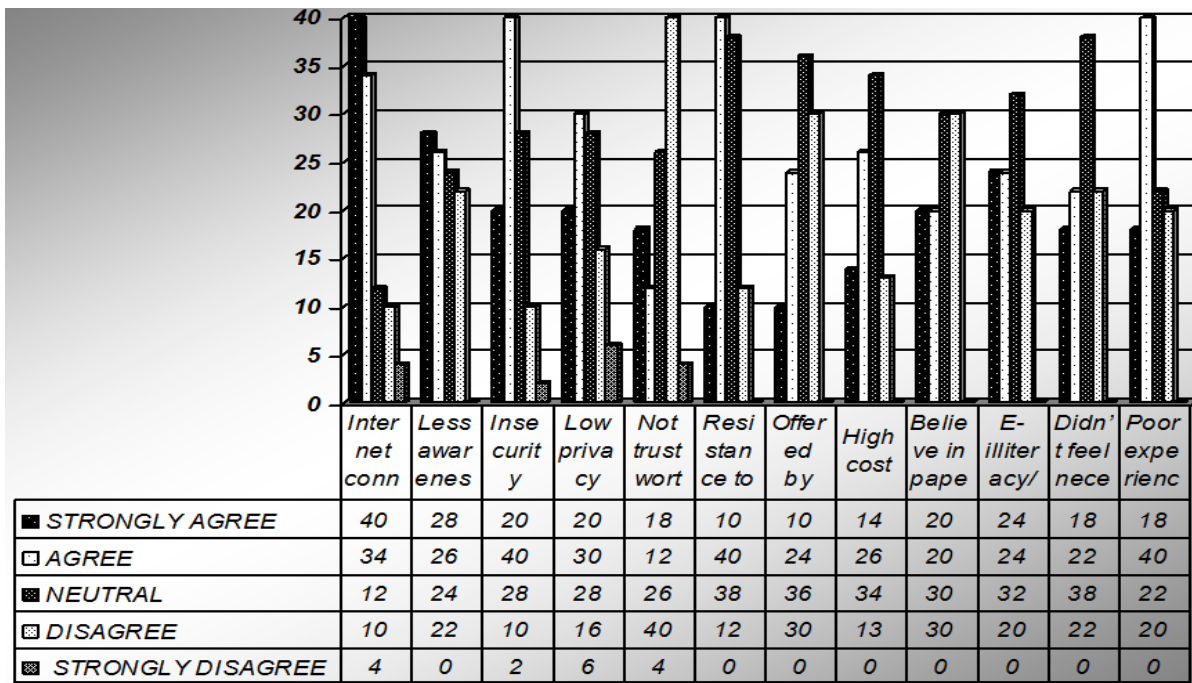
Fig 6: Encouragement to adopt internet banking services



Interpretation: The encouragement to adopt internet banking services by the respondents which were strongly agreed are Quick Response 60%, 24*7 Service 52%, Convenience 46%, User Friendly 46%, Queuing Free 42%, Easy To Use 32%,

Low Service Charge 30%, Believe In Card Money 24 %, Reputation & Size of Bank 16%, Transaction Security & Safety 16%, Bank Familiarity 14%.

Fig 7: Reasons of not adopting internet banking services by customer



Interpretation: internet connectivity problem strongly agree 40 %, less awareness insecurity strongly agree 28%, low privacy agree 40%, not trust worthy disagree 40%, resistance to change agree 40%, offered by less banks, high cost, believe in paper money, e-illiteracy/ illiteracy, didn't feel necessary, poor experience / dissatisfactory were neutral by 36%, 34% 30%, 32%, 38%, 22% respectively.

Various Online Services

Online banking account is easy to open and operate. The online services offered might differ from bank to bank, and from country to country. To know about the various services, always go through the welcome kit that you get at the time of opening the account. You also get the password to access your online account, which you are supposed to keep with great care for security reasons.

The common online services offered by banks are:

- **Transactional activities** like funds transfer, bill pay, loan applications and transactions.
- **Non-transactional activities** like request for cheque book, stop payment, online statements, updating your contact information.

Advantages of Internet Banking

Internet Banking has several advantages over traditional one which makes operating an account simple and convenient. It allows you to conduct various transactions using the bank's website and offers several advantages. Some of the advantages of internet banking are:

- Online account is simple to open and easy to operate.
- It is quite convenient as you can easily pay your bills, can transfer funds between accounts, etc. Now you do not have to stand in a queue to pay off your bills; also you do not have to keep receipts of all the bills as you can now easily view your transactions.
- It is available all the time, i.e. 24x7. You can perform your tasks from anywhere and at any time; even in night when the bank is closed or on holidays. The only thing you need to have is an active internet connection.
- It is fast and efficient. Funds get transferred from one account to the other very fast. You can also manage several accounts easily through internet banking.
- Through Internet banking, you can keep an eye on your transactions and account balance all the time. This facility also keeps your account safe. This means that by the ease of monitoring your account at any time, you can get to know about any fraudulent activity or threat to your account before it can pose your account to severe damage.
- It also acts as a great medium for the banks to endorse their products and services. The services include loans, investment options, and many others.

Disadvantages of Internet Banking

Though there are many advantages of internet banking, but nothing comes without disadvantages and everything has its pros and cons; same is with internet banking. It also has some disadvantages which must be taken care of. The disadvantages of online banking include the following:

- Understanding the usage of internet banking might be difficult for a beginner at the first go. Though there are some sites which offer a demo on how to access online accounts, but not all banks offer this facility. So, a person

who is new, might face some difficulty.

- You cannot have access to online banking if you don't have an internet connection; thus without the availability of internet access, it may not be useful.
- Security of transactions is a big issue. Your account information might get hacked by unauthorized people over the internet.
- Password security is a must. After receiving your password, do change it and memorize it otherwise your account may be misused by someone who gets to know your password inadvertently.
- You cannot use it, in case, the bank's server is down.
- Another issue is that sometimes it becomes difficult to note whether your transaction was successful or not. It may be due to the loss of net connectivity in between, or due to a slow connection, or the bank's server is down.

Internet Banking has definitely made the life easy for users by providing online access to various banking services.

Customer Awareness tips that can be followed

To ensure security in e-banking transactions and personal information, please be advised of your responsibilities as a consumer:

Password Reminders

- Choose a strong Password
- Do not disclose Login ID and Password
- Do not store Login ID and Password on the computer
- You will be prompted to change your password every 90 days
- Password must be a combination of letters (uppercase and/or lowercase) and numbers
- Password must be at least 8 characters in length

Keep Personal Information Private

- Do not disclose information such as address, mother's maiden name, social security number, bank account number, etc.

Are you using the Correct Website?

- Check for the correct and secure website
- Verify correct website by correct URL address
- Verify secure website by the URL beginning with https://
- Beware of pharming websites that are "look-alike" websites to deceive consumers

Protect Your PC and Personal Information from Hackers and Viruses

- Install a firewall and reputable anti-virus software
- Keep anti-virus software up to date
- Keep your operating system and web browser up to date
- Never download any file or software that you are not familiar with
- Always remember to log-off site when transactions have been completed
- Clear the cache to remove stored information entered into the site

Conclusion

Banking sector is growing rapid based on the customer need. Customer wants banking services on ease for which they look for more online services. On need base and crucial importance

almost all public and private sector banks provide online services, during the study it was observed that female users were less in number in using online services. Fixed deposit nature among the customer was less. Awareness of these services is thin through print and online media by 12 %. Majority of the customer are not using the services for a long time which is below five years. Usage of online banking services corresponding to view income tax statement and check loan payment status is 10 and 9 percent which can be further improved through bankers support. Encouragement to adopt internet banking services is more on disagreement for bank familiarity, reputation & size of bank by 18 and 24 percent which can be improved. It is suggested to the customer to have strong internet connectivity, awareness sessions can be conducted to make more familiar of using online services, customer are more worried on security issues where the banker takes adequate care on this front, some of the other areas that can be improved are privacy, trust worthy, resistance to change, offered by less banks, high cost, believe in paper money, e-illiteracy/ illiteracy, poor experience. Banker and customer should go hand in hand through which services provided by banks can be utilized optimally.

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