

## **A Study On Customer's Perception Towards Internet Banking In Indian Banking Sector**

Dr Suprava Sahu, Assistant Professor, Department of Commerce,  
Ravenshaw University, Cuttack, ODISHA

### **ABSTRACT**

*In today's demanding world, everybody needs instant banking solutions for a better lifestyle. In the current scenario, almost every bank in India has the internet banking facility. Online banking or internet banking made things much easier for the people and saves lot of time. Research shows that impact of Internet banking on cost savings, revenue growth and increased customer satisfaction on Industry is tremendous and can be a potential tool for building a sound strategy. However, it has raised many public policy issues before the banking regulators and government agencies. Interestingly, reliable and systematic information on the scope of Internet banking in Indian context is still not sufficient, particularly what it means to the consumers and the bankers. This study aims at evaluating services quality of online banking in Cuttack city, of Odisha. This paper mainly evaluates the customer's perception towards online banking services from various customers of public sector banks. Structured questionnaire is administered to various target groups. The study mainly wants to investigate the four important elements of online banking i.e. Efficiency, Responsiveness, Reliability, and Privacy of customer information. The paper presents the data, drawn from a survey of Internet banking consumers from banks and develops a functional model for maximizing value to the consumers. Data was analysed to investigate the service quality of internet banking.*

**Keywords:** Online banking, Customer satisfaction, Service quality, Electronic Funds Transfers, Debit Cards, Security.

### **INTRODUCTION**

In the last few decades, information technology has changed the banking industry and has provided a way for the banks to offer differentiated products and services to their customers. The advent of technology made the banks to change the nature of financial services offered to its customers. For instance, automated teller machines (ATM) displaced cashier tellers, telephone represented by the call centers replaced the branch banking, the internet replaced mail, credit cards and electronic cash replaced bank transactions etc. Online-banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In online banking system, the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed

in the menu. Any service can be selected and further interaction is dictated by the nature of service. The traditional branch model of bank is now giving place to an alternative delivery channels with ATM network. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would be a borderless entity permitting anytime, anywhere and anyhow banking.

### **ONLINE BANKING IN INDIA**

Over the last decade, India has been one of the fastest adopters of information technology, particularly because of its capability to provide software solutions to organizations around the world. This capability has provided a tremendous impetus to the domestic banking industry in India to deploy the latest in technology, particularly in the online banking and e-commerce arenas. The Reserve Bank of India constituted a working group on online Banking. The group divided the internet banking products in India into 3 types based on the levels of access granted. They are:

i) **Information Only System:** General purpose information like interest rates, branch location, bank products and their features, loan and deposit calculations are provided in the banks website. There exist facilities for downloading various types of application forms. The communication is normally done through e-mail. There is no interaction between the customer and bank's application system. No identification of the customer is done. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet.

ii) **Electronic Information Transfer System:** The system provides customer-specific information in the form of account balances, transaction details, and statement of accounts. The information is still largely of the 'read only' format. Identification and authentication of the customer is through password. The information is fetched from the bank's application system either in batch mode or off-line. The application systems cannot directly access through the internet.

### iii) **Fully Electronic Transactional System:**

This system allows bi-directional capabilities. Transactions can be submitted by the customer for online update. This system requires high degree of security and control. In this environment, web server and application systems are linked over secure infrastructure. It comprises technology covering computerization, networking and security, inter-bank payment gateway and legal infrastructure. Any common citizen of India can avail following services using online banking.

- 1) Bill Payment Service
- 2) Funds Transfer
- 3) Credit/ Debit Cards
- 4) Railway ticket booking
- 5) Investing through internet banking

6) Shopping

7) Mobile Recharge.

### **E-BANKING**

Bank branches alone are no longer enough to offer services to meet the need of today's high demanding customers. Electronic or online banking is the latest delivery channel to be presented by the retail banks and there is large customer acceptance rate which means delivery of banking services to customers using electronic technology either at their office or home. The e-banking offers huge opportunities in every sphere of business as the competitive advantage, member/client retention, increased revenues and reduced costs. Understanding clients, organizational elasticity, availability of resources, system security, reputable brand name, having multiple integrated channels, e-channel specific marketing, support from top management and good client services are the vital factors for the success of e-banking.

In E-banking system, banks are increasing their customer base with the help of multiple e-delivery channels like ATMs, Credit/Debit/Smart Cards, Internet banking, Mobile banking, Tele banking, EFTs etc. E-banking is offered by many banking institutions due to pressures from global competition. Hence, in case of delay in offering transactions based services on the internet; they might lose their market share. To be successful, banks have to offer e-banking facility instead of being pushed into it by others.

The customers can do their banking not only when they want to do but also from the convenience, comfort, confidentiality and security of their homes by using internet or other networks, television, telephone/modems. Due to various aspects of technology, there is a need to monitor efficiency of the banks to best judge their status in global environment. The banks with adequate electronic base are gaining.

### **REVIEW OF LITERATURE:**

**Dr. S. Kayarkanni (2013)** in his study focuses on finding the customers' perception on various internet application related with E-banking facility provided by State bank of India in Tuticorin town. Data for this investigation was collected from primary as well as secondary sources. Due to time constraint and owing to non-response from the sample respondents, purposive sampling technique was used to select 180 sample respondents from that obtained list. All the respondents were E-banking users. The data was collected during the months between May to July, 2013. Secondary data has been collected from books, journals, newspapers, internet and periodicals. Percentage analysis, averages, chi square test and probability analysis were used.

**Rashmi Sharma (2013)** in her study has made an effort to study the public sector banks v/s private sector banks from the e-banking perspective to assess the customers' and bank employees' satisfaction level with the current banking facilities to find the

most important factor that is inducing people towards e- banking. To understand the benefits of e-banking as compared to traditional banking, in terms of cost, efficiency, time, secrecy, quality of service and complaint resolution, from both the customers' and the employees' perspective, to investigate whether e-banking is cost effective for both the banks and the customers or not.

**Jhumkee Iyengar and Manisha Belvalkar** :In their study an attempt has been made to study documents, online banking trends, behaviors and expectations of Indian consumers and banks. It is based on excerpts of a large industry case study of users from 4 leading banks. While banks view online banking essentially as a technology solution, it is a relatively new area for Indian consumers and not yet self-supporting. Being a savings based culture still, Indian consumers are cautious about their financial assets. They are also relatively recent entrants to internet based services. Design of these systems must therefore be based on an understanding of these users' outlook and priorities through task centric, security assured and service oriented solutions minus the technological challenges. Design lessons suggest viewing online banking not just as a convenience alone anymore but beyond it, to provide service, simplicity and security. This will create satisfied online banking customers and therefore profitability for the bank

**Bhupendra Kaur Saluja, Dr. Vivek Sharma and Juhi Naik** in their study have made an effort to survey customer's perception towards banking services provided by banks in Indore region. The purpose of this analysis is to measure customer's awareness, perception and level of satisfaction with regard to services offered by Indian banks in Indore city. The attributes like internet banking, ATM services, timings, attitude of staff towards customer of the bank etc have been analysed.

**Dr. Anoop Vyas and Sandeep Raghuvanshi** in their study have made an attempt to examine the State bank of India and the development strategies of SBI such as ATM, cash deposit Machine, Internet banking, E-pay, E-Rail, online Trading etc.

#### **SCOPE OF THE STUDY:**

Traditional branch based retail banking remains the most wide spread method for banking transactions. However internet technology is rapidly changing the way of designing and delivering the personal services. Now commercial banks have introduced internet based e- banking system to improve their operations and to reduce the cost. Despite all their efforts aimed at developing better and easier internet banking system, these system is still not noticed by the customer. Therefore there is a need to understand users' acceptance of internet banking and a need to identify the factors that can affect their intention to use the internet banking.

#### **OBJECTIVES OF THE STUDY**

- To find out the reasons for preferring internet banking services.
- To understand the facilities mostly availed by the respondents and the opinion about the services.

- To measures the satisfaction level of customer.

### RESEARCH METHODOLOGY

**SOURCE OF DATA:** The study is based on both Primary and secondary data. Primary data is the first hand information, which has been collected through pre-tested interview schedule. The interview Schedule was designed to gather the Data keeping in view the objective of the study. Secondary data is collected through Published articles and the internet.

**SAMPLE SIZE:** 200 Customers were taken as sample randomly from public sector banks.

**PERIOD OF STUDY:** To evaluate the customer’s perception towards internet banking in Cuttack city, the study period covers 2015

### METHODS OF ANALYSIS:

Various Tables and percentages are used for the analysis of data and for better understanding

### ANALYSIS AND INTERPRETATION

**Table: 1**  
**Nature of Accounts**

| Sl no. | Kinds of Accounts     | Number of Respondents | %    |
|--------|-----------------------|-----------------------|------|
| 1      | Savings Account       | 53                    | 26.5 |
| 2      | Current Account       | 77                    | 38.5 |
| 3      | Salary Account        | 40                    | 20   |
| 4      | Fixed deposit account | 30                    | 15   |
| Total  |                       | 200                   | 100  |

\*SOURCE: Primary data

From the above table it is found that out of 200, 26.67% respondents have savings bank account, 38.5% have current account, 20% have salary account and remaining 15% of the respondent have fixed deposit account\.

### INFORMATION SOURCES ABOUT INTERNET BANKING

The bank offers different types of services to the customer from time to time. Most of

| Sl no | Sources               | Number of respondents | %   |
|-------|-----------------------|-----------------------|-----|
| 1     | Advertisement         | 80                    | 40  |
| 2     | Friends and relatives | 42                    | 21  |
| 3     | Bank Staff            | 56                    | 38  |
| 4     | Bank website          | 22                    | 11  |
| Total |                       | 200                   | 100 |

the times the modern services provided by the bank is not correctly communicated to

the customer. So, the information collected through which the respondents got information about the internet banking. this piece of statistics has been presented as follows

**Table: 2**  
**Knowledge about Internet Banking**

\*SOURCE: Primary data

It is clear from the above table that out of 200 respondents 40% have known from advertisement, 21% of informants got the information from the friends and relatives, while 38% of the customers came to know about the internet banking services through Bank Staff and the remaining 11% of the respondents knew from bank website.

**REASONS FOR PREFERING INTERNET BANKING FACILITIES**

Internet banking provides various facilities to the respondents. Here data is gathered about the factors which induce or urge the respondents to prefer online banking facilities. The Major reasons for utilizing the online banking by the respondents are:

**Table: 3**  
**Reasons for preferring Internet Banking Facilities**

| Sl. no | Reasons                                  | Number of respondents | %   |
|--------|--|-----------------------|-----|
| 1      | Fund transfer                            | 96                    | 48  |
| 2      | Electronic bill presentation and payment | 28                    | 14  |
| 3      | Checking Accounts balance                | 42                    | 21  |
| 4      | Online bill Payment                      | 24                    | 12  |
| 5      | Business Purpose                         | 10                    | 5   |
|        | Total                                    | 200                   | 100 |

\*SOURCE: Primary data

From the Table:3 it is clear that out of 200 respondents who utilize the internet banking services, 48% of the respondents utilize it for inter account fund transfer, 14% of the customers use internet banking for electronic bill presentation and Payment, 21% prefer it for checking their account balance, 12% utilise it for online settlement of their bills. Remaining 5% prefer it to deposit and withdraw Money at any time.

**OPINION ABOUT SERVICE CHARGES OF INTERNET BANKING**

The bank collects the service charges from the account holders for providing the internet banking services. Here information gathered about the opinion regarding service Charges fixed by the bank has been presented in the table

**Table: 4**  
**Opinion about their service charges**

| Sl. no | Level of service charges | No of respondents | %   |
|--------|--------------------------|-------------------|-----|
| 1      | Very high                | 16                | 8   |
| 2      | High                     | 58                | 29  |
| 3      | Moderate                 | 78                | 39  |
| 4      | Low                      | 48                | 24  |
|        | Total                    | 200               | 100 |

\*SOURCE: Primary data

It is clear from the above table that out of 200 respondents, 8% felt that service Charges are very high, 29% pointed out the charges are high, 39% felt them to be moderate and the remaining 24% said service charges are low.

### **PROBLEMS FACED BY THE RESPONDENTS**

Even though banks provide various services under the internet banking Scheme to their customers, sometimes it creates problems which are listed below:

**Table: 5**  
**Problems Faced by the Respondents**

| Sl no | Problems                         | Number of respondents | %   |
|-------|----------------------------------|-----------------------|-----|
| 1     | Network failure                  | 58                    | 29  |
| 2     | Error in operation               | 40                    | 20  |
| 3     | No Security for internet dealing | 56                    | 28  |
| 4     | No authenticated Records         | 34                    | 17  |
| 5     | Low speed and Delay              | 12                    | 6   |
|       | Total                            | 200                   | 100 |

\*SOURCE: Primary data

It is clear from the above table that out of 200 Respondents, 29% of the respondents face Network failure problem, 20% of respondent face error in operation, 28% felt that there is no security in dealing, 17% felt that there is no authenticated record for the transaction they have done through internet and remaining 6% think that network problem exists.

### **SATISFACTION LEVEL OF THE CUSTOMER**

The satisfaction level of customer is a very important factor because effort has been made not only for helping the bank to minimise their cost, time and maximize their revenue but to satisfy the customer as well. Now it can be judged through the following table

**Table : 6**  
**Satisfaction level of customer**

| Sl no | Level of satisfaction | Number of respondents | %   |
|-------|-----------------------|-----------------------|-----|
| 1     | Highly satisfied      | 82                    | 41  |
| 2     | Satisfied             | 50                    | 25  |
| 3     | Moderately satisfied  | 30                    | 15  |
| 4     | Dissatisfied          | 20                    | 10  |
| 5     | Highly dissatisfied   | 18                    | 9   |
|       | Total                 | 200                   | 100 |

\*SOURCE: Primary data

From the above table, it is clear that out of 200 respondents, 41% are highly satisfied with online banking facilities provided by bank. On the other hand, 9% respondent are highly dissatisfied with the internet banking services.

### **FINDINGS**

Even though e-banking provides numerous facilities to the users, still the customer worries about the security system offered by the bank. For this problem, bank must implement the following:

- Bank should install system supported by Software and firewalls. It should be configured. The highest security setting with the highest level of protection according to the customer needs has to be provided.
- Banks should increase their ability to control and manage the various risks inherent to the e-transaction.
- Banks should implement more security to minimise the risk and increase customer authentication such as personal identification number, digital signature, audit trail for transaction.

2.Banks have to focus on quality of services and also should try to charge a reasonable service charge.

3.Bank can have tie-up with other banks so that the customer can transact between the accounts of various types of banks

### **CONCLUSION**

The customers prefer e-channels with time and cost utility which provide efficient services. Moreover, banks are uncertain about the regulatory framework for conducting e-business and taxation issues for governing cyberspace present formidable problems. Any successful attempt at governing cyberspace will involve significant international cooperation..Although there are some drawbacks in e-banking like complaints regarding use of ATMs, high service charges and more working hours leading to frustration among the employees, but still e-banking is preferred as the efficiency of the employees working through e- channels is better.

### **REFERENCES**

1.Kayarkanni,S.(2013) “A Study on Customer Perception Towards E-banking”, Volume 2, Number 4, October , pp:2319-9032.

2.Sharma, Rashmi. (2013) “A Comparative Study of E-banking in Public and Private sector banks(with special reference to SBI and HDFC Bank)”

3.Saluja, Bhupendra, Sharma and Naik, Juhi “The Study of Customer Perception towards Banking Services of Banks in Indore Region”, *Altius Shodh Journal of Management & Commerce*, pp 2348 - 8891

4.Iyengar, Jhumkee. And Belvalkar, Manisha, ”Case Study of Online Banking in India: User Behaviors and Design Guidelines”

5. Vyas, Anoop.and Raghuwanshi, Sandeep. ” New Developments in Banking Sectors of India,(With Special reference to State Bank of India)”, *Altius Shodh Journal of Management & Commerce*, ISSN pp 2348 - 8891

6. Gupta, Sunil. “The Mobile Banking and Payment Revolution”