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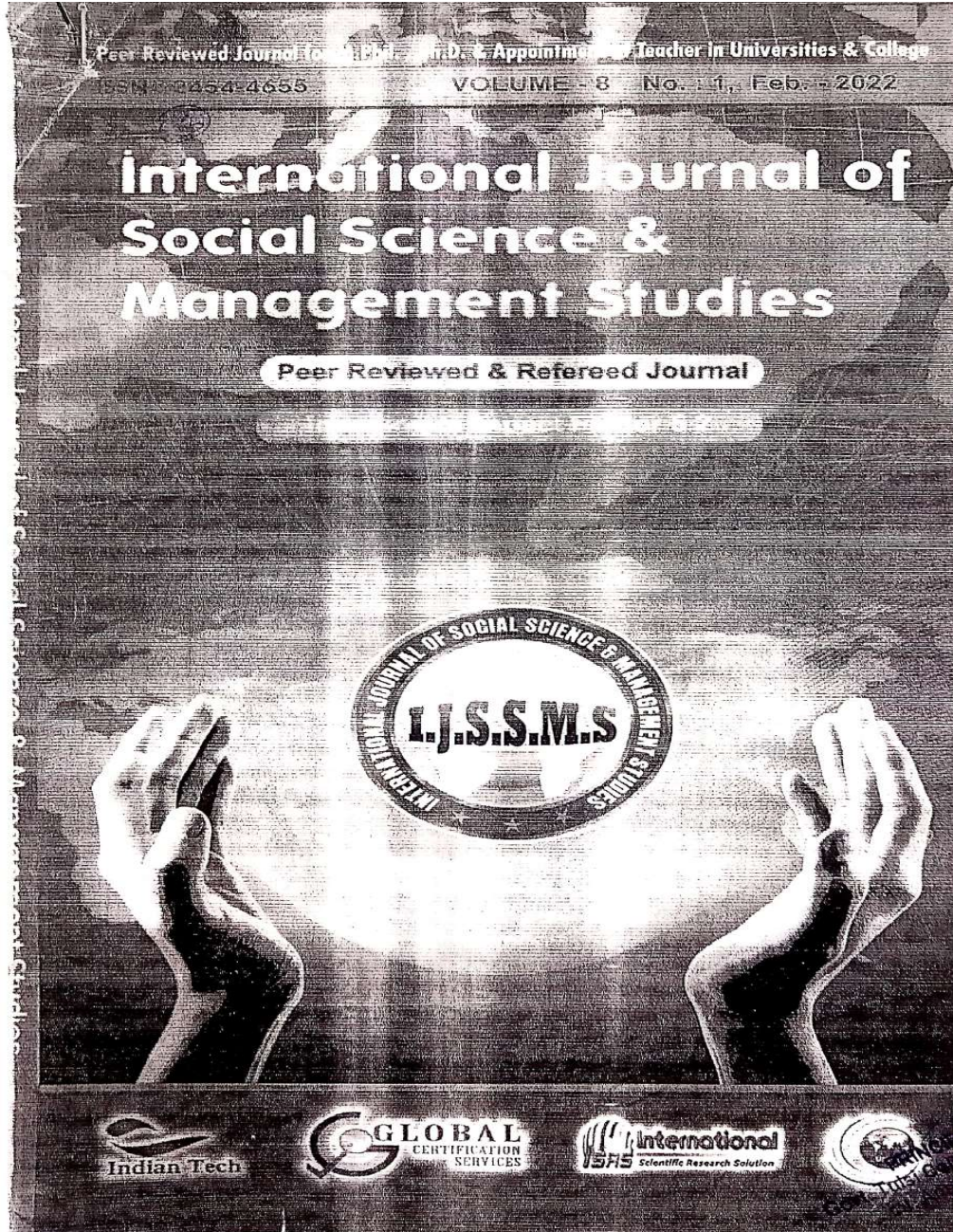
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A study on customer perception towards internet banking with special reference to India



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A Study on Customer Perception towards Internet Banking with Special Reference to India

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Abstract :- Internet banking is one of the most convenient ways for customers to get prompt, accurate, and efficient service at any time and from any location. Internet banking is the most current in a long line of technological marvels. ATMs, telebanking, internet banking, credit cards, and debit cards have all proven to be efficient delivery means for traditional banking services. The newest delivery channel offered by retail banks is Internet, Electronic, or Online banking, and there is widespread agreement that this channel will have a big impact on the market. In today's environment, online access to services is becoming more prevalent. Online banking is one aspect of this that is quickly expanding. Customer perception is critical for every organization's long-term sustainability anywhere on the planet. This study aims to provide an analysis of the customer attitude and customer perception toward three banking services technologies namely, automated teller machines (ATMs), mobile banking and internet (online) banking.

The study started by conducting an correlation and Regression analysis, on the valid responses received from a convenience sample of bank customers. The paper provides evidence on the basis of reviews to show that the internet banking service quality dimensions area an important factor to satisfy the customers since each of them is positively related to customer satisfaction.

Keywords : E-banking Services Quality, Satisfaction, Customer Attitude, Perception.

Introduction :- Internet banking means that 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 internet 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 menu.

Banks are concentrating their efforts these days on recruiting customers by improving their services and diversifying their operations. Aside from typical banking services, agency services, also known as non-banking and general utility services, are gaining traction. The services industry has been given a lot of attention since the establishment of the globalisation strategy, and it is attracting a lot of overseas clients. Accepting that a country's transition from developing to developed status is feasible not only through industrial expansion but also through the rise of the services sector, which ensures that the sectors grow to be more dominant, is a glorious reality. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. Internet banking software provides personal and corporate banking services offering features such as viewing account balances, obtaining statements, checking recent transaction and making payments.

Internet banking is changing the banking industry and is having the major effects on banking relationships. Banking is now no longer confined to the branches were 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.

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E-Banking :- E-banking is described as the electronic, interactive delivery of innovative and classic banking products and services directly to customers. E-banking refers to the systems that allow customers of financial institutions, whether people or corporations, to access their accounts, conduct business, or acquire information on financial products and services via a public or private network, such as the Internet. Customers use an intelligent electronic device, such as a computer, a personal digital assistant (PDA), an automated teller machine (ATM), a kiosk, or a Touch Tone telephone, to access e-banking services. While the risks and controls for many e-banking access routes are comparable, due to the Internet's publicly accessible public network, this pamphlet concentrates mainly on Internet-based services.

Need for E-Banking :- To withdraw cash, deposit a check, or seek a statement of accounts, one must go to the bank in person. In real Internet banking, any query or transaction is performed online at any time (anywhere banking) without the need to visit a branch. Providing Internet banking is quickly becoming a "must have" service rather than a "good to have." Because it is the most cost-effective manner of providing financial services, net banking is now more of a norm than an exception in many developed countries. Banks have long been at the forefront of technological innovation to improve their products, services, and efficiency.

Features of E-Banking :- E-Banking provide exceptional rates on Savings, CDs, and IRAs

- Checking with no monthly fee, free bill payment and rebates on ATM surcharges
- Credit cards with low rates · Easy online applications for all accounts, including personal loans and mortgages
- 24 hour account access
- It provides Quality customer service with personal attention
- It provides the quick services to their customers.
- Enables transfer of funds from one place to another (banks).

- Exchange of statistical information among banks.
- Enables foreign exchange operations.
- Inter-bank applications like settlement of funds between banks.
- Provides facilities like demat operation, ATM operation, online banking

Forms of Internet Banking :-

1. **Online Banking** – The customer uses electronic devices like computer or mobile to conduct transactions using the internet.
2. **ATM machines** – The customers can withdraw cash, deposit cash, transfer funds using ATMs.
3. **E-cheque** – The customer can transfer money using PayPal or other e-service provider.

Advantages of E-Banking :-

To the Banks :-

1. Lesser transaction costs – electronic transactions are the cheapest modes of transaction
2. A reduced margin for human error – since the information is relayed electronically, there is no room for human error
3. Lesser paperwork – digital records reduce paperwork and make the process easier to handle. Also, it is environment-friendly.
4. Reduced fixed costs – A lesser need for branches which translates into a lower fixed cost.
5. More loyal customers

To the Customers :-

1. Convenience – a customer can access his account and transact from anywhere 24x7x365.
2. Lower cost per transaction
3. No geographical barriers

To the Businesses :-

1. Account reviews
2. Better productivity
3. Lower costs
4. Lesser errors
5. Reduced fraud

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Review of Literature :-

Ihab Ali El-Qirem (2013) in his study and that the primary purpose of this current research is to conduct an investigation into the factors affecting the acceptance of E-Banking by users who have access to the internet and elicit opinion of non-internet users about E-Banking. To develop a theoretical framework for the current study, a literature review relating to the technology acceptance model (TAM) and its various adaptations is being undertaken. The E-Banking has been chosen as an innovative service, whose possible adoption by customers will be investigated. It is believed that successful adoption of E-Banking will be cost convenience beneficial for all stakeholders in financial sector. The current research model proposes an extension to the technology acceptance/ adoption models that account for the social factor influence E-Banking services adoption in the Jordanian commercial banks

Hez and Gallie (2010) investigated the factors determining the usage of online banking services. The authors compared the internet banking users of Mexican and French banks. They analyzed the data of available Mexican study and French analysis from 398 French bank users. The results of the survey revealed that there are six main factors affecting the usage of internet banking that are difficulty, compatibility, trust, and privacy concerns and group influence.

Suraman et al., 2005 discusses automated service quality within the service that is delivered through web sites. In addition to internet banking, service quality, telephone banking and service quality need to be addressed in a similar service environment. Black et al. (2001) conducted a qualitative study on the adoption of internet services and found out that those with highest income with a greatest use of information technology were most likely to use financial services using internet banking. Education and gender were not studied in the study.

Men, P., Sinkkonen, S. & Laukkanen, T., stated in their paper "Consumer resistance

to internet banking: postpones, opponents and rejecters" The purpose of this paper is to further provide the understanding of innovation resistance by dividing internet banking non-adopters into three groups based on their intentions to use the innovation. Thereafter, the aim is to identify how the resistance differs in these customer groups. This study identifies three groups of internet banking non-adopters, namely postpones, opponents and rejecters. The data were collected by conducting an extensive postal survey among the retail banking customers in Finland who had not adopted internet banking. Principal component analysis was used to classify the resistance items into five adoption barriers derived from the earlier literature. Thereafter, analysis of variance was used to analyze the statistical differences in resistance to internet banking between the three groups. Significant differences were identified between the groups explored. The resistance of the rejecters is much more intense and diverse than that of the opponents, while the Postpones show only slight resistance. The results also indicate that psychological barriers are even higher determinants of resistance than usage and value, which are constructs related to ease-of-use and usefulness determining acceptance in the traditional technology acceptance model. Moreover, the findings highlight the role of self-efficacy in bank customers' risk perceptions to internet banking.

Saha, P., Zhao, Y. (2005) identified nine service quality dimensions in internet banking which are efficiency, reliability, responsiveness, fulfilment, privacy, communications, personalization, technology update and logistic/technical equipment. The first five dimensions were tested as a core dimensions in internet banking. Communication and personalization were identified as another two significant service quality dimensions in internet banking. Nupur JM (2010) investigated the impact of variables of e-banking on customer satisfaction in Bangladesh and emphasized that reliability, responsiveness, assurance, empathy and tangibles are the core service quality dimensions for customer

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satisfaction in e-banking.

Pikkarainen T, Pikkarainen K, Karjaluoto, and Pahnla, (2004) highlighted that electronic banking know-how had created newer usages of banking especially via online banking direct methodology. The authors adopted technology approval model to control the online environment.

Bhosale, M. D., and NalawadeK. M. (2012) in their study or paper identified that E – banking is the provision of banking services through electronic channels and the customer can access the data without and time and geographical limitation. Hence this paper outlines the concept of E-banking with advantages and disadvantages. Also comparative study of nationalize bank in satara region to analyze ATM, Net banking, Mobile banking services used by user in that banks.

Kalaiarasi and Srividya (2013) in their paper observed that online banking, an innovation to traditional branch banking system, is now used as a channel for delivering financial services by virtually all banks in India. Online banking provides improved convenience and customer service; however it is observed that Indian banking customers are reluctant to adopt online banking services. This study identifies the factors influencing adoption of online banking services using Roger's innovation diffusion theory.

Yan-Qin Su, Ying-Jun Sun (2012) in their paper suggested that the development of Internet, online banking has become a development trend of Bank. It also provides more opportunity for the profits. The advantages of the online banking draw attentions from each bank. Its convenience is helpful to develop the bank markets, but also can improve the bank's financial service level. So each bank searches for more innovative financial products to pursue the market share. The SWOT analysis-based method on the internal and external environment provided the theoretical basis for online banking. The strategic analysis shows the research value and has certain practical significance.

Agarwal, R., Raastogi, S., & Malhotra, A. (2009) in their paper titled "The Customers' perspective regarding e-banking in an emerging economy." stated about the Customers' perspectives regarding e-banking in an emerging economy. so that, the author determining various factors affecting customer perception and attitude towards and satisfaction with e-banking is an essential part of a bank's strategy formulation process in an emerging economy like India. To gain this understanding in respect of Indian customers, the study was conducted on respondents taken from the northern part of India. The major findings depict that customers are influenced in their usage of e-banking service s by the kind of account they hold, their age and profession, attach highest degree of usefulness to balance enquiry service among e -banking services, consider security & trust most important in affecting their satisfaction level and find slow transaction speed the most frequently faced problem while using e-banking.

Geetha, K. T., and malarvizhi, V., (2012) in their study presented that financial liberalization and technology revolution have the developments of new and more efficient delivery and processing channels as well as more innovative product and services in banking industry. Descriptive statistics was used to explain demographic profile of respondents and Factor and Regression analyses were used to know the factors affecting e-banking services among customer in India. The finding depicts many factors like security and privacy and awareness level increased the acceptance of e-banking services among Indian customers. The finding shows that if banks provide them necessary guidance and ensure safety of their accounts, customers are willing to adopt e-banking.

Objectives :-

- To understand the underlying factors of student perception of internet banking.
- To study the present scenario of Internet Banking in Indian context.

Research Methodology :- The present study is based mainly on secondary data.



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present study these secondary data has been collected from different sources of literature like magazines, newspapers, text books, journals and internet and information from the banking staffs.

Findings of the study (on the basis of Previous studies) :-

- It's concluded that these dimensions namely, that efficiency, privacy and website design contribute most highly towards customer perception.
- These findings indicate that internet banking users are mostly young males and are mostly individuals with a good level of educational attainment.
- It is clear by the above results that internet banking service quality does have an impact on the customer perception in internet banking in India.
- There is lack of awareness about E-Banking usage among rural people.
- Banks should take necessary steps to create awareness among them about the various services of E-Banking that are available and also the advantages of using such services.
- Demonstration of E-Banking should be provided to the customers to promote Electronic banking. The banks should focus on the security issues regarding the confidential credentials which are under the risk of hacking in the cyber world.
- The cost involved in using the Internet Banking services can be minimized in order to increase the number of users of Internet banking.
- The E-Banking system should be enhanced to make online enquiry and online payment much easier to the customers.

Conclusion and Managerial Implication :- After reviewing the many literatures on customer perception in the banking business, it was discovered that there are numerous elements that influence customer perception in the banking industry. Customer impression is a very important component of the banking industry, and it is also a fairly broad field to research. This is a topic that academics and researchers are

constantly researching. Because of the quick changes in technology, consumer perceptions, services, and so on, it is necessary for the banking business to adapt. Modern banking has evolved from traditional banking.

Customers' expectations for service quality, attention, and other factors are rising. Banks are more concerned with client perception than with any other factor. With the use of contemporary customer perception trends, the results of my study suggest that modern banking leads to moderate consumer perception. Service quality, E banking, Customer relationship management (Customer services), Employee conduct, Less documentation procedure and cost, Tangible appearance, Prompt service and appearance, and Less Interest rate are some of the developments that contribute to customer impression in the banking business. All of these aspects are critical, and bank executives must be aware of them if they want to improve their customer reputation.

To manage their finances, most students deal with banking organisations. While some students have the time to physically stand in line at the bank to obtain information, others may not want to waste time by ensuring their physical presence on the bank's premises. As a result, the online banking service has become available. Throughout the study, the researcher's goal was to see how satisfied students are with the internet banking services provided by both commercial and public sector banks in Tirunelveli. Any company's most valuable asset is its students. Any company's success or failure is determined by how well it meets the expectations of its customers.

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