

INTERNET BANKING AND CUSTOMER AWARENESS

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1. ABSTRACT

Indian banks have started offering services to customers through various channels amongst which Internet banking is one .This has been possible due to the adoption of Information technology in the banking industry which has also added value to customers. There is great transformation in the mindsets of individuals regarding the banking industry. But, awareness and acceptance of the same is a matter of concern. The present paper exhibits the customer perception about internet banking in India. In this study we have carried out a qualitative as well as quantitative analysis. The sample set consists of more than hundred individuals of various age and class .The findings through this research will help us to know about the customer awareness and expectations regarding internet banking which will also help banks to develop and upgrade their internet banking services by carrying out promotional activities that will ultimately increase their customer base.

KEY WORDS: INTERNET BANKING, AWARENESS, USAGE, SATISFACTION

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2. INTRODUCTION

Internet banking is the facility given by banks to its customers to carry out various operations like checking accounts, bank balance history, opening fixed deposits, pay bills etc by use of internet. Going back to the history of online banking, it had started in New York in 1981 whereas in India, the ICICI bank was the first one to launch internet banking in the year 1997. After showing lot of reluctance due to mistrust over security, SBI was the first nationalized bank to launch internet banking in 2001 which was followed by Canara Bank, Allahabad Bank, Punjab National Bank, Bank of Baroda, Syndicate Bank and others. Due to internet banking a bank customer can go for anytime and anywhere banking. "Use of the Internet for banking has seen a massive rise in the 2010-11 survey, taking the overall number of bank consumers who use the Net to close to 7 per cent of the total bank account holders -- a seven-fold jump since 2007 -- even as for the first time in the past 13 years, branch banking has come down by a full 15 percentage points during the same period," McKinsey & Company India partner and head of its retail banking services Renny Thomas said." Through our paper titled, "internet banking and customer awareness" we have considered awareness and satisfaction as the factors that drive usage of internet banking.

3. LITERATURE REVIEW

RBI has set up guidelines on Internet banking in its circular. DBOD.COMP.BC.NO.130/07.03.23/2000-01-June 14-2001 in which it tells about the activities of the working group on internet banking. Paper by, Al Nahian Riyadh, Md. Shahriar Akter, Nayeema Islam in International Review of Business Research speaks about adoption of internet banking in developing countries. Study on "Internet banking and customer acceptance – An Indian Scenario" by Sudeep .S Speaks about the criteria due to which internet banking is accepted which he has explained through a research model.

4. OBJECTIVE

1. To study the customer awareness of internet banking.
2. To study the customer usage of internet banking.
3. To study which factors influence the customer to use internet banking

5. RESEARCH METHODOLOGY

The study was conducted on primary data of 135 samples collected through a questionnaire. We have also done a personal interview and bank visit for more information. The focus of study was on awareness and usage. The correlation between awareness and usage of internet banking is calculated. Also the correlation between age and usage level is calculated. The various data are represented in the form of bar diagram and line graphs.

6. DATA COLLECTION, ANALYSIS & FINDINGS

RELATION OF AGE WITH AWARENESS					
Sr. no.	FACTORS	Age			total
		15- 25	26-40	41 and above	
	TOTAL SET	65	45	25	135
1	Balance and transaction history search	50	40	18	108
2	Transfer online fund	50	37	17	104
3	Card to card fund transfer	30	26	12	68
4	Open fixed deposit	21	21	10	52
5	Lock/activate debit cards/ ATM	42	22	13	77
6	Request a cheque book	38	32	13	83
7	Stop payment	27	30	15	72
8	Railway pass/ ticket	54	36	21	111
9	Shopping	51	37	19	107
10	Share payment	27	11	6	44
11	Any other (if yes plz specify)	5	8	0	13
	TOTAL	395	300	144	839
	CORRELATION BETWEEN AWARENESS AND USAGE				0.952114

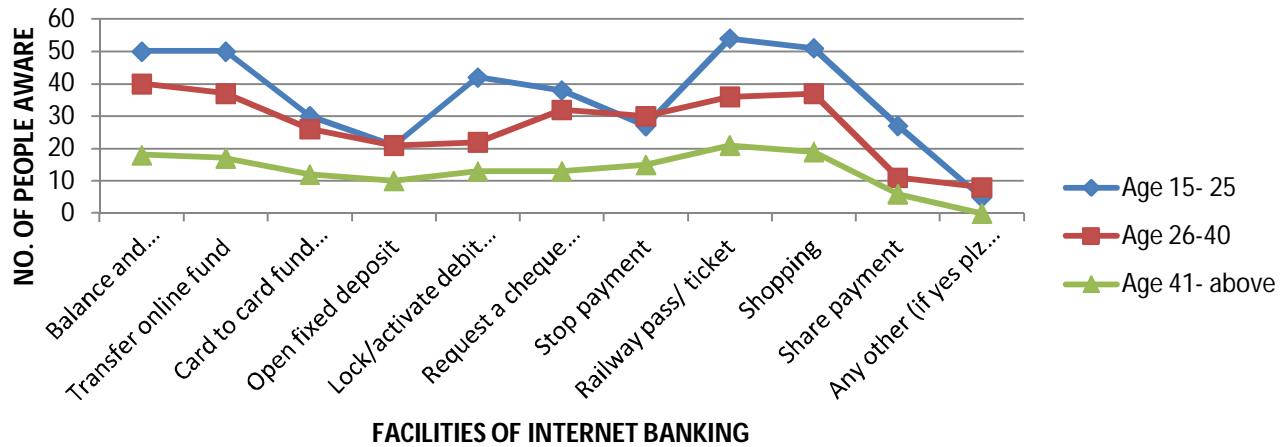
Through the above data collection we can interpret many things. Among the age group 15-25, we find that out of 780(65*12) facilities 395 are aware of the facilities. Thus finding the percentage we get that nearly only 50.64% of people are aware of the internet banking facilities.

Similarly, among the age group 26-40, out of 540(45*12) facilities they are aware of only 300. Converting into percentile we find that 55.55% are aware of the facilities

In the age group 41 and above, out of 300(25*12) facilities they are aware of 144 facilities. So we can conclude that only 48% are aware of the total facilities.

Thus comparing three age groups we can say that age group 26-40 are more aware of the facilities followed by individuals in the age group 15-25 and the last comes the group of our individuals with age group 41 and above.

RELATIONSHIP OF AGE WITH AWARENESS OF VARIOUS FACILITIES



From the above chart we can interpret that among the age group 15-25 the railway ticket and pass facility is known by most of them followed by shopping, balance and transaction and transfer online fund.

Similarly looking the awareness of facilities in the age group 26-40. The balance and transaction facilities stand first followed by transfer online fund then shopping and railway ticketing.

In case of age group 41 and above railway ticketing is the facility which is known the most and then the shopping and balance and transaction.

RELATION OF AGE WITH USABILITY					
Sr. no.	FACTORS	Age			total
		15- 25	26-40	41 and above	
	Total Number of smaple set	65	45	25	135
1	Balance and transaction history search	29	36	7	72
2	Transfer online fund	21	28	10	59
3	Card to card fund transfer	15	15	4	34
4	Open fixed deposit	11	11	4	26
5	Lock/activate debit cards/ ATM	9	15	8	32
6	Request a cheque book	16	21	6	43
7	Stop payment	10	16	2	28
8	Railway pass/ ticket	24	23	8	55
9	Shopping	28	29	7	64
10	Share payment	13	6	3	22
11	Any other (if yes plz specify)	2	2	0	4
	TOTAL	178	202	59	439
	Correlation between usage & awareness	0.867539	0.9538063	0.776238978	0.95211

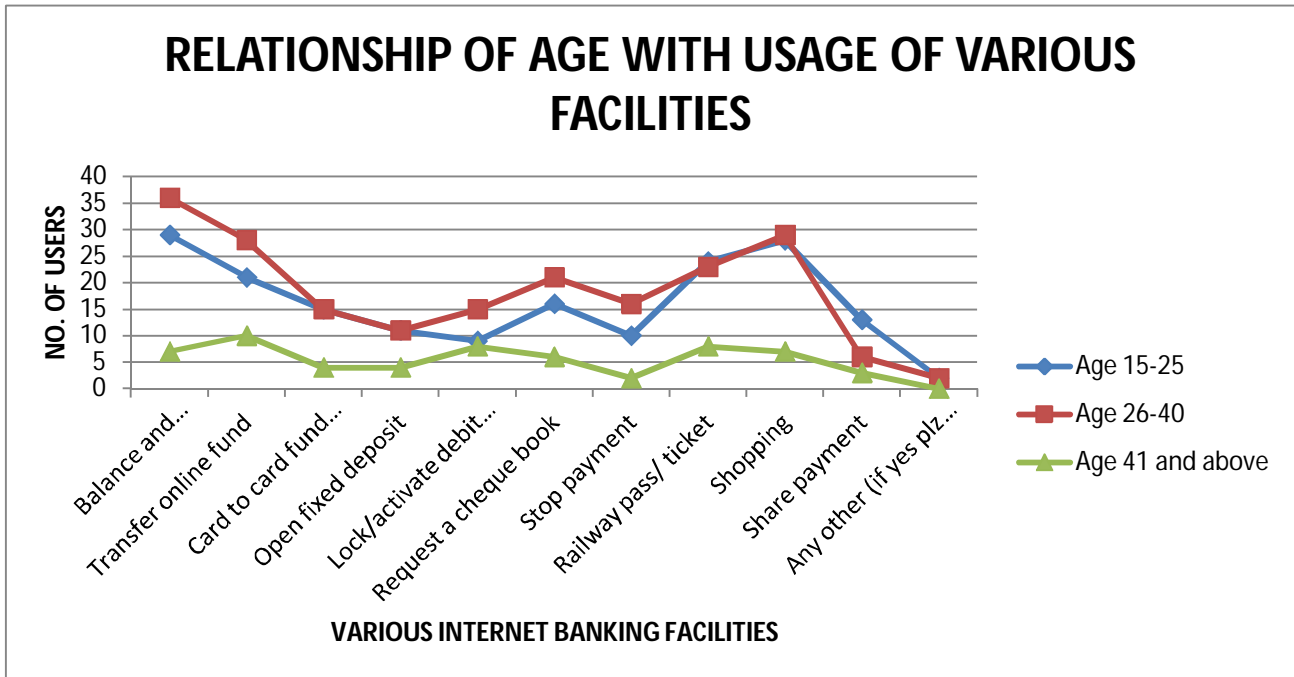
- ❖ Here calculating the parentage **users** among the sample set of each age group.
- We find that in the age group 15-25 out of 780 facilities provided to the individuals the users are 178 thus we can say that only **22.8%** are using of the facilities.
- In the age group 26-40 out of 540 facilities only 202 uses it, i.e. **37.4%** are the users of the facilities.
- In the age group 40 and above out of 300 facilities only 59 uses it, which means only **19.9%** of the individuals of the sample set uses it.
- ❖ Now, finding the **relation between the aware and the user** individuals of internet banking facilities we found that in the age group out of 395 aware individuals' only 178 uses the facilities. That is **45.1%** are aware users of internet banking facilities.
- Similarly in age group 26-40 out of 300 aware individuals' 202 uses the facilities. That is **67.3%**. are aware users of internet banking facilities
- Among the age group 41 and above individuals out of 144 aware individuals' 59 uses the facilities. That is **40.9%** are aware users of internet banking facilities.

Thus concluding that the age group 26-40, are the largest aware users among the other two age group individuals.

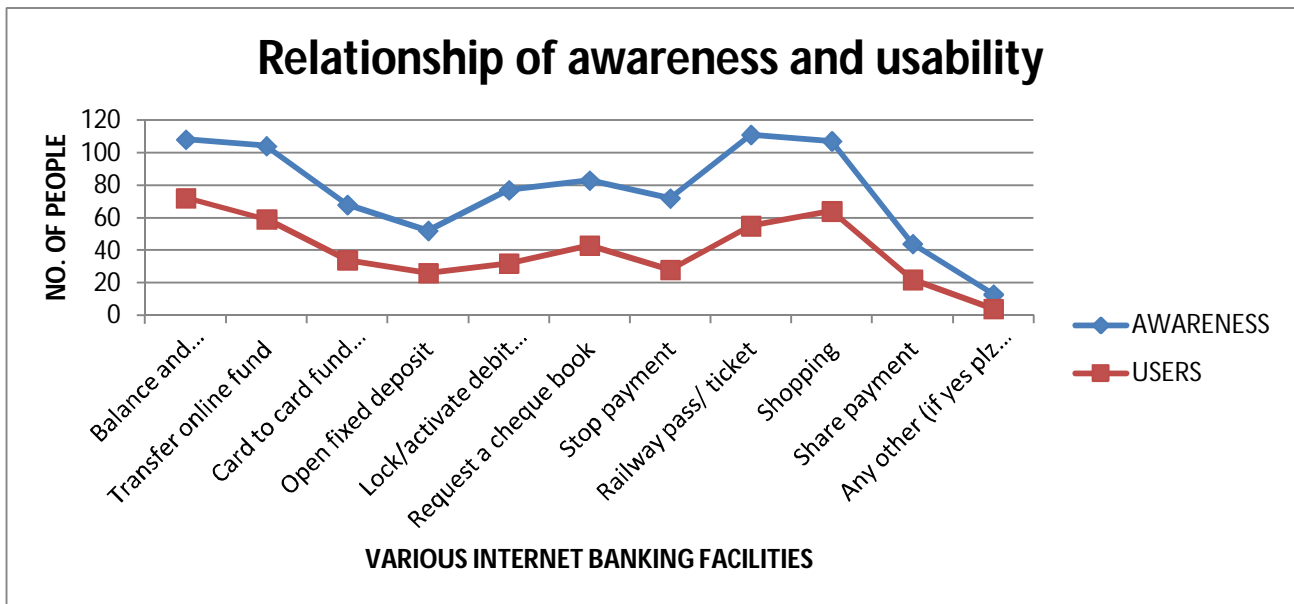
- ❖ Using **the correlation between aware and the users**,
 - In the age group 15-25, the correlation is **0.867**
 - In the age group 26-40, the correlation is **0.953**
 - In the age group 40 and above, the correlation is **0.776**

We can interpret that there is a positive correlation between all the age groups. Also the correlation of awareness and usability among the age group 26-40 is very strong as compare to other two.

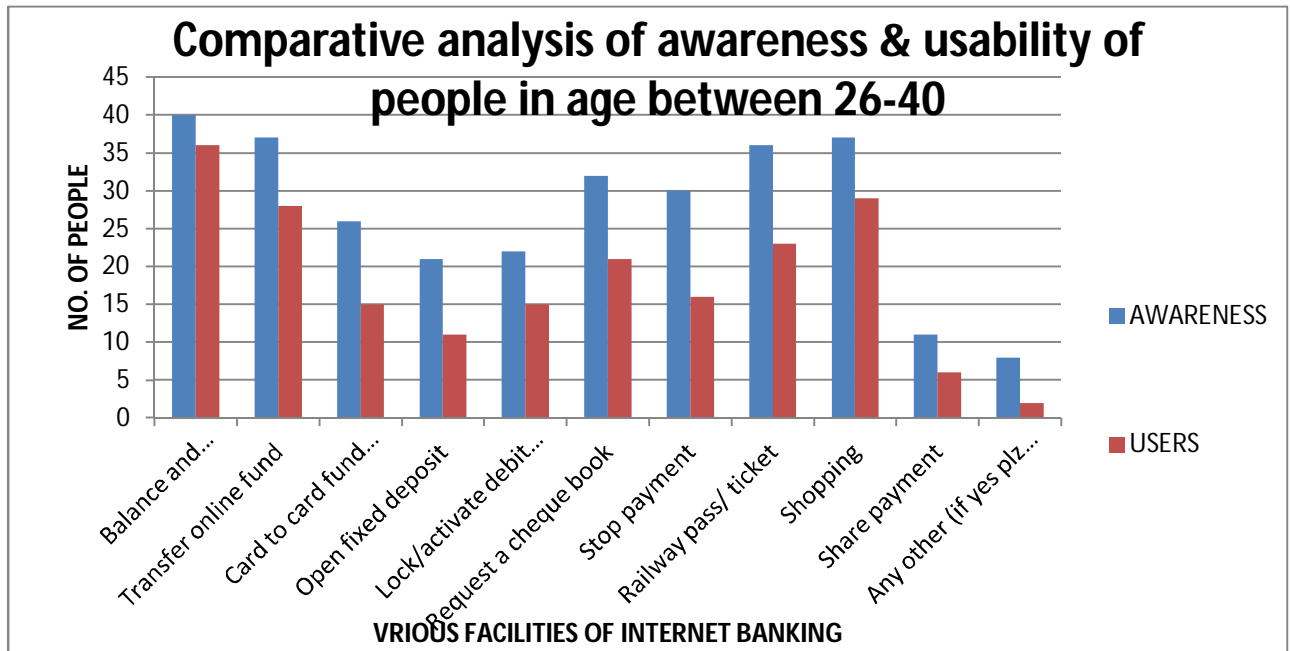
- ❖ The correlation between the total aware and the total users is 0.952 this in general shows that the awareness is very strongly and positively correlated with the usability.



Here in the above chart we can clearly see that the facility largely use by the age group 15-25 and 26-40 is shopping and checking balance and transaction history, similarly in the case of age group 41 & above it is online railway ticketing.



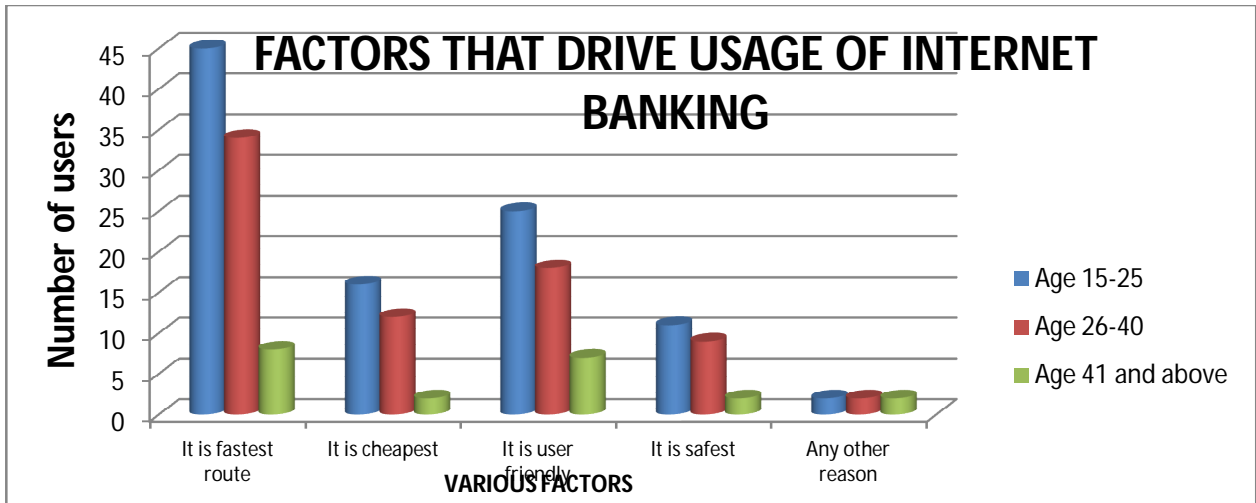
Here the total number of individuals aware of the facilities and the users of the facilities are taken into consideration we realize that they go hand in hand is relation with the awareness and usability of the facilities in total.



As it was found that the maximum users and aware people belong to age between 26- 40, we have compared their awareness and usability in following graph.

SATISFACTION IN RELATION TO FACTORS BELOW					
Sr. no.	FACTORS	Age			
		15- 25	26-40	41 & above	Total
	Total set	65	45	25	135
1	It is fastest route	45	34	8	87
2	It is cheapest	16	12	2	30
3	It is user friendly	25	18	7	50
4	It is safest	11	9	2	22
5	Any other reason	2	2	2	6
	Total	99	75	21	195

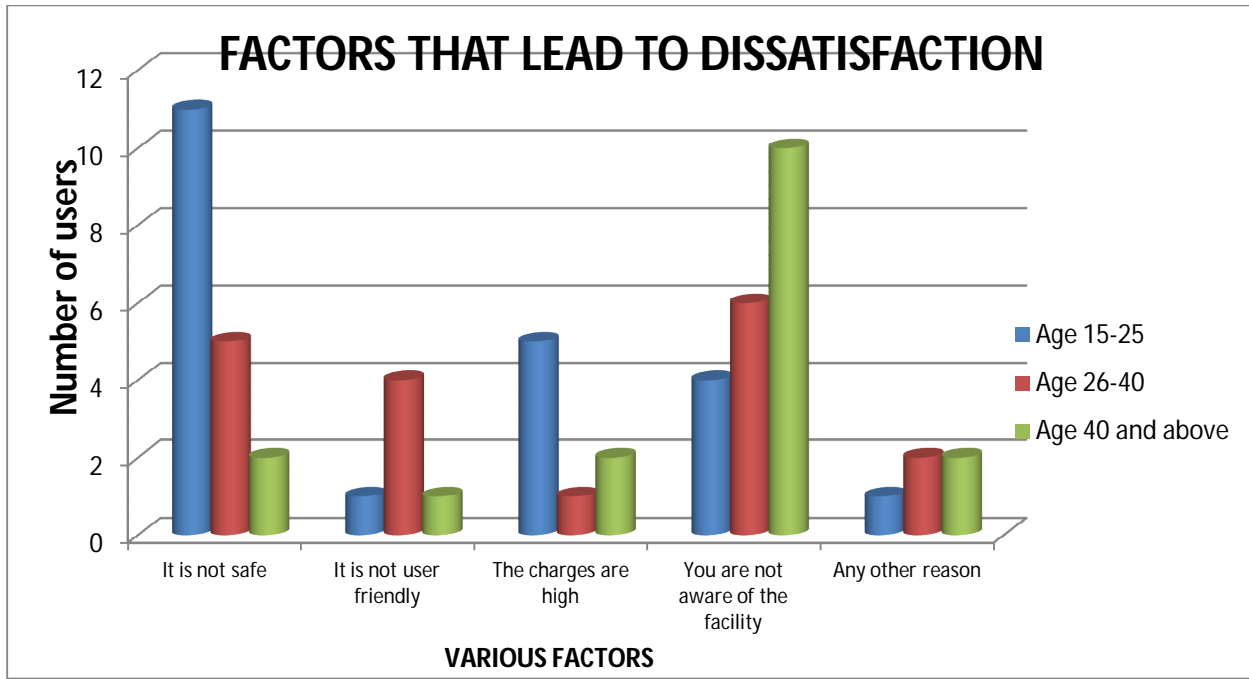
Talking about the satisfaction level, we can say that, the main reason due to which individuals in all the age groups use internet banking because they think it is the fastest route. This amounts to about 45% of the total sample set. Also the second ranked criterion for the people to use internet banking is that, they feel it is user friendly which amounts to 25%. . 15% people out of the whole sample set use it because they feel it is cheapest. The remaining people use it because they feel it is safe. It is noticed that, individuals in the age group of 41 and above use internet banking because they feel that it is user friendly and fast and not because it is cheap and safe.



All the above factors indirectly leads to the increase in the usability of the internet banking. Customer satisfaction and usability goes together hand in hand for any product to succeed in market.

DISSATISFACTION IN RELATION TO FACTORS BELOW					
Sr. no.	FACTORS	Age			
		15- 25	26-40	41 & above	Total
	Total set	65	45	25	135
1	It is not safe	11	5	2	18
2	It is not user friendly	1	4	1	6
3	The charges are high	5	1	2	8
4	Not aware of the facility	4	6	10	20
5	Any other reason	1	2	2	5
	Total	22	18	17	57

Now after interpreting the statistics on the reasons for dissatisfaction, we could conclude that, individuals in the age falling between 15- 25 and 26- 40 do not use this facility because they perceive it to be unsafe the most, after which they feel its costlier and then due to unawareness followed by tedious to use. The most noticeable fact was that 59% of the people aged above 41 are unaware of the facilities and hence they don't use. Rest out of them don't use it because they feel its unsafe, tedious and costly.



7. CONCLUSIONS

- As we found that, the correlation between awareness and usability is 0.9521, thus we can conclude that they are positively correlated and hence go hand in hand.
- Correlation of all age groups and their usage is positive which means that people in all the age groups use some or the other facility.
- Youngsters of age between 15- 25 are most aware of the facilities of internet banking but the maximum users are of the age group of 26- 40 . This can be because in the age group of 26- 40, we have many people who are earning which is not same in the age group of 15- 25. So, these are the prospective users in future.
- Most used facility out of the total facilities is the balance and transaction history check. This could be because this does not call for any extra charges.
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Particular	AGE GROUPS			Total
	15- 25	26-40	41 & above	
Satisfied	51	34	12	97
Dissatisfied	14	11	13	38
Total	65	45	25	135

- From the above table we can conclude that , 72% of the sample set are satisfied and the rest 28% are dissatisfied.
- The factor that drives the usage of internet banking is awareness and satisfaction among the customer.
- Both the factors leads to the increase in the usage of internet banking facilities.
- Although after 15years of emergence of internet banking in India the awareness and the usage of internet banking is very low.

8. SUGGESTIONS

- Awareness of internet banking should be increased.
- A demo or CD should be provided to every account holder in bank and further if any up gradation is there, the customer should be informed.
- School and college fees should be online like electricity bill, airway ticket etc.
- Training to every customer should be given in regional language
- Website should be more user friendly.
- dual factor authentication for safety must be adopted by all the banks (currently used by private banks)
- Protection level must be high as SWIFT
- Publicity regarding internet banking and anti pushing services must be provided to maintain the safety.
- Mock transactions software can be made that would help the first time user achieve comfort level.
- Internet banking awareness and facility should be increased in rural areas.

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