



A Study On Customers Perception On Internet Banking And Its Impact On Their Usage

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ABSTRACT

The contemporary volatile environment had instigated much focus on virtual / cashless / human less transaction and thus hosted a lot of new-fangled financial instruments for ease of monetary transactions. Internet banking is unquestionably an immense blessing to the present cohort and this research study attempts to understand the perceptions of customers towards internet banking and subsequently to test its congruency on their usage pattern. Demographic details and information regarding the variables of the study were administered through a structured questionnaire with 24 items to a sample of 103 respondents through convenient sampling. Various statistical tests were performed to the study data and the results revealed the existence of strong association with regards to the age and gender of the respondents with regards to their usage and acceptance of internet banking. The study suggested the need for awareness programme amongst customers to instigate internet banking.

KEY WORDS: Customer Perception, Internet Banking

INTRODUCTION

Nowadays, severe competition and continuous changes in technology and lifestyles have brought about tremendous transformation in the face of banking. Banking Industry has felt the need for differentiating their varied services from time to time. Customers are no longer ready to wait in queues or on phones to avail these services. Internet banking has fulfilled this expectation by providing anywhere and anytime banking to its stakeholders. A system which allows customers to execute banking activities at off banking sites such as office, home, and any other locations globally via internet based secured networks is known as Internet Banking. As we all know, the internet has revolutionized the way we live; be it entertainment, shopping, education or businesses. In India, the advent of Internet banking started in late 1990's. ICICI bank in India was the pioneer bank to introduce Internet banking. Amongst varied services provide by banks online, checking account status, ordering demand drafts, credit card verifications, fund transfer through NEFT/ IMPS, shopping portals, etc, as well as the non requirement to visit branch during peak office hours are viewed as high value offerings and have become necessity rather than service.

SCOPE OF THE STUDY

Today, the demand for internet banking services has become indispensable. With the advent of technological revolution, all banking systems have realized the need for adoption and implementation of internet in their banking system. All types of business entities have started to feel the need and internet banking has gained importance. New and modern technologies introduced in banking sectors, has paved way for fast and economical transactions. Today every banking firm wants to retain its customers and for this purpose, offers latest and enormous facilities and offers. But it is also equally important to know whether the customers are really satisfied and are able to avail their services without any interruption at all times. Hence no bank can survive in the current situation if it is unable to provide its customers with their expectations.

REVIEW OF LITERATURE

Black et.al (2001) focused on the customer's perception, the drivers that drive consumers, the acceptance strata and the ways to improve the usage rate of Internet banking. An exploratory research was carried on with the help of a structured questionnaire. After initial screening, 500 respondents were selected for the studies, who were customers of various banks. On analysis, it was found that gender, education and income played a significant role in usage of internet banking. The researcher substantiated his findings through a conceptual framework citing that if the skills of customers be upgraded, then there all ways in which the usage of internet banking among customers can be enhanced.

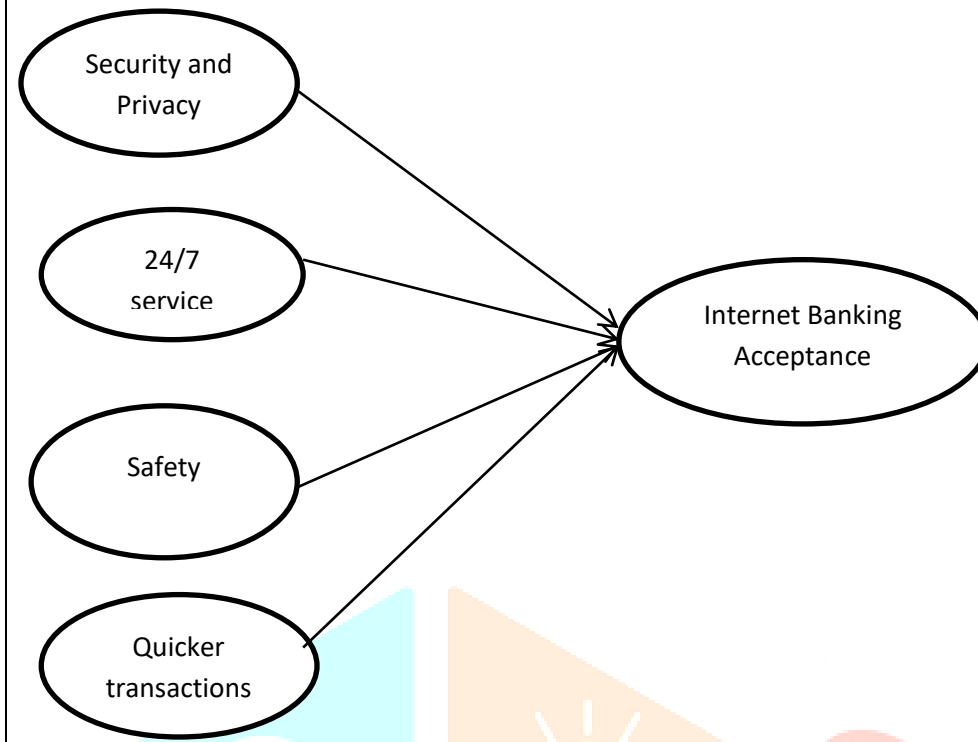
In order to develop a better understanding of consumer's attitudes and adoptions of Internet banking among sophisticated consumers, *Akinci at al. (2004)*, conducted a study. The examination was conducted on users and non- users of internet banking based on factors like attitudinal and behavioral characteristics. It was found that significant differences existed between the demographic profiles and attitudes of users and non- users of internet banking.

Harris (2007) perceived in his study that Internet banking is becoming "Need to have service". He further enhances his statement that, Internet banking is one of the most recent technological innovations which is becoming the need of every common man. Nowadays banking is not just limited to deposit and withdraw cash or request a statement of transactions, but rather it involves much more activities as it is perceived.

An exploratory study was conducted by *Malhotra and Singh (2010)* to bring about an in-depth insight on the present position of Internet banking in India and the scope of internet banking services provided by Indian Banks. It also seeks to observe the factors that affect Internet banking services. On analysis it was found that Private and foreign sector banks out performed public sector banks when it comes to offering wider and advanced internet banking services. The researcher also revealed that services, size of the bank, financing pattern, experience and ownership are some of the key factor elements that affect the internet banking services.

Elavarasi (2014) has critically evaluated in her study as to the type of commercial banks that provides better internet banking services. She has further identified the factors that affect the level of customer satisfaction and their views on the website of banks. The author found that age, educational qualification, income and occupation are the substantial factors that decide the usage of internet banking services of various banks. The findings revealed that steps must be taken to increase awareness among customers, advertisement and special campaigns and programs must be conducted to promote internet banking services more popular among consumers.

Hammoud J, Bizri RM, El Baba I. have critically examined in their article that the study was conducted to examine the relationship between the dimensions of internet banking service quality and customer satisfaction to determine the dimension that can potentially have the strongest influence on customer satisfaction. The findings of the study revealed that reliability, efficiency and ease of use, responsiveness and communication, safety and security have significant impact on the customer satisfaction. It was also found that if the services are being properly implemented, competitive advantage can be gained by banks on its competitors.

CONCEPTUAL FRAMEWORK**OBJECTIVES OF THE STUDY**

1. To study the personal and professional profile of the respondents.
2. To study the perceptions and usage level of respondents towards Internet Banking services in Chennai city
3. To measure the satisfaction level of respondents towards Internet Banking services in Chennai city
4. To examine the relationship between customer satisfaction and various internet banking services quality dimensions,
5. To identify the impact of Internet Banking services provided b various banking sectors.

LIMITATIONS

There are limitations that need to be addressed and acknowledged with regards to the present study.

- The sample size is taken only from 103 respondents from the large population
- The inferences are relevant only to the respondents of Chennai City.
- Interacting with people was a constraint in the present scenario.

RESEARCH METHODOLOGY

Research methodology helps to critically evaluate and analyze a study's overall validity and reliability. This study employs both primary as well as secondary data.

SURVEY INSTRUMENT

The main tool used for primary data collection is a structured questionnaire. This is the foremost and extensively used technique in varied surveys. The questionnaire has been carefully designed in such a way that it covers adequate and relevant questions to cater all aspects of the study. It consists of two parts. Part one consists of personal questions, and the second part consist of questions to measure the perception on internet banking and its impact of usage on internet banking. It was an arbitrary scale developed by the researcher and all the items were measured on a five- point Likert scale in agreement with statements ranging from 5= Strongly Agree to 1= Strongly Disagree.

AREA OF STUDY The study has been undertaken in Chennai city.

RESEARCH DESIGN The researcher had adopted the descriptive research design.

DESCRIPTIVE STATISTICS

Table 1: Percentage analysis of the classification on the basis of demographic profile of the respondents

DEMOGRAPHIC INFORMATION			
S.NO	QUESTIONS	OPTIONS	PERCENTAGE (%)
1	AGE	20-30	80
		31-40	16
		41-50	3
		51-60	1
		60 And Above	0
2	GENDER	Male	12
		Female	88
		Prefer Not To Say	0
3	MARITAL STATUS	Married	35
		Single	65
4	EDUCATIONAL QUALIFICATION	Graduate	30
		Post Graduate	31
		Professional	7
		Student	33

5	EMPLOYMENT STATUS	Unemployed/ Student	61
		Self Employed/ Business	8
		Practising Professional	3
		Private Organisation Service	24
		Government Service	0
		Others(Eg: NRI)	4
6	MONTHLY INCOME	Less Than Rs. 50,000	81
		Rs.50,001 - Rs. 1,00,000	14
		Rs.1,00,001 - Rs. 2,00,000	2
		Rs. 2,00,001 - Rs. 5,00,000	1
		Rs. 5,00,000 and Above	2

Table: 1 shows the demographic profile of the respondents. The results shows that out of the 103 respondents, 80% of them fall in the age group between 20-30, 16% of them are between 31- 40 years of age and 4% of them are above 40 years of age. It was found that 88% of the respondents are female and 12% of them are male. It can be inferred from the results that 65% of the respondents are single and 35% of them are married. Out of the total respondents, 33% of them are students, 31% of them are post graduates, 30% of them are graduates and 7% of them are professionally qualified. As far as the employment status of the respondents, 61% of them are Unemployed or students, 24% of them work for private organization services, 8% of them are Self Employed or doing Business and 3% of them are practicing professionals. The table shows that 81% of the respondents earn Less Than Rs. 50,000 per month while, 14% of them earn Rs.50,001 - Rs. 1,00,000 monthly and 5% of the respondents earn above Rs.1,00,000 per month.

RELIABILITY ANALYSIS

Cronbach's Alpha	No of Items
0.950	24

In order to determine the reliability of the questionnaire, Cornbach's alpha coefficient was calculated for various items in the questionnaire, measuring the effect of Customers perception on internet banking and its impact on their usage.

ASSOCIATION BETWEEN AGE AND PERCEPTION OF INTERNET BANKING USAGE

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	31.648 ^a	12	0.002

H₀ = There is no significant association between age and perception of internet banking usage

H₁ = There is a significant association between age and perception of internet banking usage

In the above table Chi- Square Value (31.648) for the association between age and perception of internet banking usage is statistically significant ($P \geq 0.002$).

**ASSOCIATION BETWEEN GENDER AND PERCEPTION ABOUT INTERNET BANKING
SAFETY**

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	29.682	12	0.003

H₀ = There is no significant association between gender and perception about internet banking safety

H₁ = There is a significant association between gender and perception about internet banking safety

In the above table Chi- Square Value (29.628) for the association between gender and perception about internet banking safety ($P \geq 0.003$) is statistically significant. Female respondents find it easy to use internet banking compared to male respondents.

FACTOR ANALYSIS**KMO and Bartlett's Test**

Kaiser-Meyer - Olkin Measure of Sampling Adequacy.		.815
	Approx. Chi-Square	338.050
Bartlett's Test of Sphericity	Df	36
	Sig.	.000

Interpretation

Factor Analysis was conducted to identify the most influencing variables for the customer to choose internet banking as the mode of service. Before proceeding with the factor analysis, KMO test and Bartlett's Test of sphericity was conducted to test the adequacy of sample size and sufficient variables were considered for the purpose of the analysis. Since the significant value is .000 and KMO value is more than .50, we qualify the variables and the test was carried on.

Communalities

	Initial	Extraction
Cheap operations	1.000	.777
24/7 service	1.000	.659
Quicker Process	1.000	.652
Reduces time and effort	1.000	.586
Saves time	1.000	.574
Safety	1.000	.470

Extraction Method: Principal Component Analysis.

From the analysis, we infer that cheap operations, 24/7 uninterrupted service and quicker process without waiting time are the most influencing factors that impact customers on their decision to shift to internet banking.

Suggestions and Recommendations

It is significant from the study that the findings bring clear insight into the perceptions of customers on internet banking and its impact on their usage. The study suggested the need for awareness programme amongst customers to instigate internet banking. It is important for banks to take necessary steps to craft more awareness programmes not only for attracting more number of customers but also to retain the existing ones. Banks must also emphasis the security issues which are increasing every day. The number of internet banking users can be intensified by minimizing the cost.

Conclusion

It is evident from the study that Internet banking has become an inevitable service to customers. The study delivers the different correlation between the various factors. Based on the results, we infer that cheap operations, 24/7 uninterrupted service and quicker process without waiting time are the most influencing factors that impact customers on their decision to shift to internet banking. It can also be perceived that female respondents find it easy to use internet banking compared to male respondents. To conclude, the dissemination of any technology like internet banking requires detailed research and further investigation to study the perceptions of customers as it is not static.

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