

CONSUMER PERCEPTION TOWARDS INTERNET BANKING SERVICES

(With Special References of Raipur and Durg District)

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Abstract

Banks today know better than anyone the opportunities and the risks they face in an ever-changing competitive environment. In offering e-commerce products, banks some key advantage over potential competitors. E-commerce would create opportunities for banks to strengthen their relationships with customers, sell additional services, and prevent encroachment on their business activities. Core banking is the services provided by a group of networked bank branches. Bank customers may access their funds and other simple transactions from any of the member branch offices. The ongoing banking sector reforms with their thrust on transparency, efficiency and sustainability have created a competitive environment before the Indian banks by the emergence of new private sector banks and the opening up on new branches of foreign banks in India. The marketing mantra “Customer is a King” is no more on paper, and how it has become a reality. Increased level of awareness among the customers leads to increased preferences. Today’s customers are not satisfied with care and courtesy alone, they expect concern and commitment. Therefore, customer centric approach is the need of the hour. In this competition environment not the oldest, not the strongest and not the first can survive, but only the “Best” can survive. Therefore, usage of modern technology for better service is imperative. Educational level of respondents influence the use of internet banking facility and highly satisfied with secrecy maintenance, transaction updating, account transfer and security followed by easy access while using the internet banking services. The success of Internet banking not only depends on the technology but also on, to the large extent the attitude, commitment and involvement of the operating at all levels and how far the customers reap the benefits from Internet banking services.

Introduction

Banks today know better than anyone the opportunities and the risks they face in an ever-changing competitive environment. In offering e-commerce products, banks some key advantage over potential competitors. E-commerce would create opportunities for banks to strengthen their relationships with customers, sell additional services, and prevent encroachment on their business activities. Core banking is the services provided by a group of networked bank branches. Bank

customers may access their funds and other simple transactions from any of the member branch offices. The ongoing banking sector reforms with their thrust on transparency, efficiency and sustainability have created a competitive environment before the Indian banks by the emergence of new private sector banks and the opening up on new branches of foreign banks in India. The performance of banking sector in India is considered to be better than what it was a decade back, thanks to the relentless efforts to the Reserve Bank of India. Now an important question is raised by each bank regarding customer's service expectations by cutting operational costs and managing competition. After a lot of exercise and thought they found out "Internet Banking".

Customer Relations on Banks Service Quality:

The bankers offer equal service quality to their customers. They don't make discrimination on nationality, religion, financial and social status and gender. However, differentiation was arising from determination of target market, organizational structures and product ranges or different approaches to high-risk customers, should not be constructed as an evidence of prejudice or categorizations among customers.

Handling Customer Complaints They investigate the reasons behind customer complaints and take required measures to avoid their repetition. Also, employees are notified of the errors encountered in practices and are warned for the purposes of correction of such errors and prevention of their repetition. **Security:** With their services developing along the lines of technological advancements and electronic banking will take will technical and legal measures required for the security of processes involved in all service media and different service channels against victimization of customers. Banks will not compromise on 'Security' either in protecting and safekeeping of the securities owned by the customers like deposits, share certificates, bonds, bills, information and documents considered as customer secrets etc., and in the presentation facilities like credit, interest, etc.,

Review of Literature

In the current circumstances of retail banking in India particularly with banks becoming larger, the closure of branches and the widespread use of internet banking, the issue arises whether the customers are satisfied or not and what are the rudiments of retail banking which lead to the satisfaction or dissatisfaction of its customers. The knowledge of current levels of satisfaction and, in particular, the primary factors of satisfaction are beneficial to those in the industry, thereby allowing them to focus and further strengthen the crucial areas that lead to highly satisfied customers. Previous results have emphasized that in-branch factors and, in particular, staff, branch location and convenience are the most noteworthy factors that have some bearing on customer satisfaction in retail banking. Customer satisfaction is one of the most significant factors for the profitability of retail banking in India. It calls for the retention of customers for the long term, which is more economical than attracting new customers (Reichheld and Kenny, 1990).

Banking, being a customer-oriented services industry, the customer is the centre of attention and customer service has to be the distinguishing factor. The challenge for banks is to lower costs, increase efficiency, while improving the quality of their service, and increase customer satisfaction. Attention has now turned to improving the quality of service encounter, when customers enter the bank and come into face-to-face contact with bank staff (Chakravarty, 1996). The banking industry like any other financial services industries is facing a market that is rapidly changing; new technologies being introduced, fear of economic uncertainties, fierce competition and more demanding customers and the changing climate have presented an unparalleled set of challenges (Lovelock, 2001).

Statement of Problem With the changing environment, banks implemented tele-banking, mobile banking and call centre services, ATM and others one after another. Due to rapid change in technology and the entry of private and foreign banks a number of new products and delivery channels have been introduced. Among the major initiatives Internet Banking has brought to the customers the much demanded convenience. The advent of internet banking offers banking firms a new frontier of opportunities and challenges. Despite these possibilities, there are various psychological and behavioral issues such as reluctance to change, trust in one's bank, security concerns, preference of human interference and the like impede the growth of internet banking. In this regard a study has been undertaken in Internet banking services provided the Banks in Erode district. Objectives of the study The following objectives are carried out the study 1. To analyse the awareness of customers towards the internet banking facilities. 2. To analyse the level of satisfaction about internet banking services. 3. To identify the factors that influences the customer in using internet banking services. 4. To offer suggestions to improve the quality of internet banking services.

Methodology

For this purpose of investigation, the study considered only ten commercial banks both private and public sector bank in Erode has been selected. The study has been used primary data. The primary data have been collected from the classes of Government / Private employees, Professional / Businessman. A structured questionnaire was designed and collected for the customers of respective banks. Erode town has been consisting of all classes of peoples and also researcher own native place for this considerably to select the Erode District under the study. Totally two hundred respondents were selected which consist of twenty respondents each from ten bank branches to collect the data by using convenient sampling method. The statistical tools were used in this study are Percentage analysis, Chi-Square and Garrett Ranking Techniques. The banks were included in this study

Table - I**Selection of Banks included in the Study**

1.	State Bank of India	6.	Syndicate Bank
2.	Indian Bank	7.	Karur Vysya Bank
3.	Indian Overseas Bank	8.	Corporation Bank
4.	Canara Bank	9.	Lakshmi Vilas Bank
5.	ICICI	10.	Axis Bank

Limitations of the study as it is the obligation of the bankers to maintain secrecy of the customer's account, it is very difficult to fetch sufficient information for the research. Because of legal formalities, certain banks refused to provide certain information.

Data Analysis and Interpretation

To understand the opinion of the respondents were studied. The data collected from the customers were classified and systematically analysed. The various factors influencing the internet banking services and their problems and prospects have been analysed in detail is presented in the following tables.

Age and Level of Satisfaction

Age is an important factor for the purpose of decision making on matters concerned with the day-to-day life of the individuals. Age is also a symbol that the maturity of an individual. Age is one of the stages or phases in the life time, measured in term of years.

Table 1.1
Age and Level of Satisfaction

Sl.no	Age	No. of Respondents	Percentage	Level of Satisfaction		
				Low	Medium	High
1	Below 25	52	26	14 (29.17)	22 (23.91)	16 (26.67)
2	26-35	104	52	22 (45.83)	50 (54.35)	32 (53.33)
3	36-45	32	16	10 (20.83)	14 (15.22)	8 (13.33)
4	Above 45 Years	12	6	2 (04.17)	6 (06.52)	3 (06.67)
Total		200	100	48	92	59

Source: Primary Data

It reveals that 52% of the respondents belong to the 26 years to 35 years, 26% of the respondents belong to below 25 years and 16% of the respondents belong to 36 years to 45 years and remaining 6% of the respondents belong to the above 45 years.

Gender and Level of Satisfaction

Sex refers to the character that distinguishes people as male and female based on some unique behaviour. The behaviour and the opinion of the male differ from the females. Their opinion behaviour plays a vital role in using the internet banking services.

Table 1.2

Gender and Level of Satisfaction

Sl.no	Gender	No. of Respondents	Percentage	Level of Satisfaction		
				Low	Medium	High
1	Male	122	61	22 (45.83)	60 (65.22)	40 (66.67)
2	Female	78	39	26 (54.17)	32 (34.78)	20 (33.33)
Total		200	100	48	92	59

Source: Primary Data

The above table shows that 61% of the respondents belong to the male category, and 39% of the respondents belong to the female category.

Marital Status and Level of Satisfaction

An attempt is made to analyse the marital status of the respondents. For this purpose the marital status have been classified under two categories viz., married and unmarried.

Table 1.3

Marital Status and Level of Satisfaction

Sl.no	Age	No. of Respondents	Percentage	Level of Satisfaction		
				Low	Medium	High
1	Married	70	35	18 (37.50)	36 (39.13)	16 (26.67)
2	Unmarried	130	65	30 (62.50)	56 (60.87)	44 (73.33)
Total		200	100	48	92	59

Source: Primary Data

The above table shows that 65% of the respondents belong to the unmarried category, and 35% of the respondents belong to the married category.

Education and Level of Satisfaction

Educational refers to the acquiring and gaining knowledge through learning something. With the help of the education, people have such awareness to handle the cash transactions.

Table 1.4

Education and Level of Satisfaction

Sl.no	Educational Qualification	No. of Respondents	Percentage	Level of Satisfaction		
				Low	Medium	High
1	Higher Secondary	38	19	8 (16.67)	18 (19.57)	12 (20.00)
2	Graduate	64	32	20 (41.67)	24 (26.09)	20 (33.33)
3	Post Graduate	88	44	18 (37.50)	48 (52.17)	22 (36.67)
4	Others	10	5	2 (4.17)	2 (2.17)	6 (10.00)
Total		200	100	48	92	59

It reveals that 44% of the respondents belong to the post graduate level, 32% of the respondents belong to the graduate level and 19% of the respondents belong to the higher secondary level and remaining 9% of the respondents belong to the others.

Occupation and Level of Satisfaction

An attempt is made to analyze the occupation of the respondents. For this purpose, the respondents have been classified under four heads viz., business / profession, employed in Government, Employed in Private and others.

Table 1.5

Occupation and Level of Satisfaction

Sl.no	Occupation	No. of Respondents	Percentage	Level of Satisfaction		
				Low	Medium	High
1	Profession / Business	66	33	18 (37.50)	28 (30.43)	20 (33.33)
2	Employed in Govt.	28	14	6 (12.50)	14 (15.22)	8 (13.33)
3	Employed in Private	74	37	12 (25.00)	32 (34.78)	30 (50.00)
4	Others	32	16	12 (25.00)	18 (19.57)	2 (3.33)
Total		200	100	48	92	59

Source: Primary Data

Inference

The table reveals that 37% of the respondents belong to employed in private, 33% of the respondents belong to business/profession and 14% of the respondents belong to employed in government and remaining 16% of the respondents belong to the others.

Annual Income and Level of Satisfaction

An attempt is made to analyze the annual income of the respondents. For this purpose, the respondents have been classified under four heads viz., less than Rs. 300000, Rs. 300001 to Rs. 5,00,000, Rs. 5,00,001 to Rs. 10,00,000 and more than Rs. 10,00,001.

Table 1.6

Annual Income and Level of Satisfaction

Sl.no	Occupation	No. of Respondents	Percentage	Level of Satisfaction		
				Low	Medium	High
1	Less than Rs. 3,00,000	90	45	20 (41.67)	34 (36.96)	36 (60.00)
2	Rs. 3,00,001 to Rs. 5,00,000	56	28	8 (16.67)	34 (36.96)	14 (23.33)
3	Rs. 5,00,001 to Rs. 10,00,000	36	18	12 (25.00)	18 (19.57)	6 (10.00)
4	Above Rs. 10,00,001	18	9	8 10	6 17	4 18
Total		200	100	48	92	59

Source: Primary Data

From the table reveals that it is referred that 45% of the respondents have annual income ranging below Rs. 3,00,000 and followed by 28% of the respondents come under the category Rs. 3,00,001 to Rs. 5,00,000, 18% of the respondents have Rs. 5,00,001 to Rs. 10,00,000 and remaining 9% of the respondents have above Rs. 10,00,001.

Family Size and Level of Satisfaction

An attempt is made to analyse the size of family members and its usage of internet banking products utilized. For this purpose, the respondents' family members have been classified under three heads viz., less than 4, 4 to 8, and more than 8 members.

Table 1.7

Family Size and Level of Satisfaction

Sl.no	Family Members	No. of Respondents	Percentage	Level of Satisfaction		
				Low	Medium	High
1	Less than 4	114	57	37 (77.08)	38 (41.30)	39 (66.10)
2	4 to 8	56	28	8 (16.67)	34 (36.96)	14 (23.33)
3	More than 8	30	15	3 (6.25)	20 (21.73)	6 (10.17)
Total		200	100	48	92	59

Source: Primary Data

Inference

From the table reveals that it is referred that 57% of the respondents have utilised internet banking services those size of the family members less than 4 members and followed by 28% of the respondents come under the category 5 to 8 and remaining 15% of the respondents family member more than eight.

Chi-Square Analysis

The satisfaction of Internet Banking Services user studied among the selected sample respondents in this study area. The opinion collected from customers are analysed with their personal factors and specific factors for the purpose of measuring their influencing over the level of satisfaction of the respondents.

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

With Degree of Freedom $(C - 1)(R - 1)$

Where,

O = Observed frequency

E = Expected frequency

C = Number of Columns

R = Number of Rows

Ho: There is no significant association between attributes of the respondents and their level of satisfaction.

Table 1.7
Summary of Chi-Square Analysis

Sl.No	Attributes	χ^2 Value	d.f.	Table Value at 5% Level	Significant / Not Significant
1.	Age	10.088	6	5.348	Not Significant
2.	Gender	5.991	2	7.842	Significant
3.	Marital Status	8.256	2	7.842	Not Significant
4.	Education	4.725	6	5.348	Significant
5.	Occupation	4.671	6	5.348	Significant
6.	Annual Income	5.054	6	5.348	Significant
7.	Size of the Family	12.526	4	9.487	Not Significant

Source: Primary Data

The chi-square table reveals that there is a significant association between the gender, education, occupation and annual income and also insignificant association between the age, marital status and size of family of these attributes and the internet services used.

Garrett Ranking Technique

In the section an attempt has been made to identify the various problems encountered by the Internet Banking Services. Each problem has been analyzed separately and finally categorized by Garrett Ranking Techniques. The total and meanscores for all the factors were arranged in the descending order, Ranks given and most important problems identified and shown in Table 1.8.

Table 1.8

Problems of Internet Banking Services

Sl.No.	Statement	Total Score	Mean Score	Rank
1	Lack of Security measures	28102	140.51	1
2	Fear of online threads or scams	27895	139.48	2
3	Lack of computer literacy and internet options	26928	134.64	3
4	Difficult to operate the transactions	26630	133.15	4
5	Low Broad band internet penetration	26122	130.61	5
6	Lack awareness of banking facilities	23567	117.84	6
7	Banks ambivalent commitment levels	23195	115.98	7
8	Avoid using credit card transactions	18544	92.72	8
9	Threats from Hackers through encryption	17911	89.56	9
10	Customer mostly preferred with traditional method of operations	16725	83.63	10

The above table shows that encountered the number of problems faced by the respondents regarding internet banking services for assigned by rank and fed the data into Garrett ranking techniques reveals lack of security measures got the first rank with 140.51 mean score and followed by fear of online threads and scams, lack of computer literacy and internet options and vice versa.

Finding

1. 52% of the respondents belong to the 26 years to 35 years are highly satisfied the internet services.
2. 61% of the respondents belong to the male category are highly satisfied.
3. 65% of the respondents highly satisfied belong to the unmarried category.

4. 44% of the respondents belong to the post graduate level of the education respondents highly satisfied.
5. 37% of the respondents satisfied the internet services belong to employed in private sector.
6. 45% of the respondents have annual income ranging below Rs. 3,00,000 are highly satisfied the internet banking services.
6. Out of 200 respondents, 63% of the respondent's levels of satisfaction are dissatisfied with doesn't aware of the internet banking products advertisement.
7. 40% of the respondents, level of satisfaction are satisfied on the available internet banking services.
8. 65% of the respondents, level of satisfaction are satisfied on cost chargeable that operation while using the internet banking.
9. 36% of the respondents, level of satisfaction are moderate with the internet services provided by the public banks compared as private banks. 37% of the respondents, level of satisfaction are dissatisfied with the available features of the product and its information.
10. 43% of the respondents, level of satisfaction are moderate on the whole services and awareness of the internet banking system provided by the bankers.
11. The chi-square table reveals that there is a significant association between the gender, education, occupation and annual income and also insignificant association between the age, marital status and size of family of these attributes and the internet services used.
12. The Garret ranking techniques reveals that lack of security measures is the major problems of internet banking services are identified and also fear of online threats and scams and lack of computer literacy and internet options etc.

Suggestions

1. Awareness level about internet banking is very less among customers. So banks have to conduct customer meet regularly to educate the customers on internet banking. The bank can also distribute booklets contains information about the new schemes and it can be distributed directly to the customers.
2. Introduction of core banking should be speeded up because size of the bank is considered an important factor in choosing internet banking.
3. Organization structure has to be changed to accommodate IT experts to give training in computer to the employees.

4. The call centre concept has to be brought down to the STD booth level in this aspects an ordinary persons may have to utilized the internet banking services.
5. Banks can also extend more loan facility to buy computers which in turn will increase the internet usage level among the customers of our banks.
6. An exclusive TV channel or programme for public sector banks can be opened to educate customers in regarding internet services and their utilization.
7. The banker is expected to serve the customers without any delay for quarries and it is advisable to follow time management principles consistently.

Conclusion

The marketing mantra “Customer is a King” is no more on paper, and how it has become a reality. Increased level of awareness among the customers leads to increased preferences. Today’s customers are not satisfied with care and courtesy alone, they expect concern and commitment. Therefore customer centric approach is the need of the hour. In this competition environment not the oldest, not the strongest and not the first can survive, but only the “Best” can survive. Therefore usage of modern technology for better service is imperative. Educational level of respondents influence the use of internet banking facility and highly satisfied with secrecy maintenance, transaction updating, account transfer and security followed by easy access while using the internet banking services. The success of Internet banking not only depends on the technology but also on, to the large extent the attitude, commitment and involvement of the operating at all levels and how far the customers reap the benefits from Internet banking services.

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