

CONSUMER BEHAVIOUR OF ONLINE BANKING - A CASE STUDY

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ABSTRACT:

E-banking plays a very crucial role in the development of banking sector, and it could be seen as a new step in banking evolution. There is a significant relationship between e-banking and customer satisfaction. In today's world of globalisation promoting cashless society is essential for the development and progress of any country. The present study focuses on customer awareness about net banking, consumer preference towards net banking and their perceptions regarding security measures.

Key Words:

E-banking, consumer preference, security

INTRODUCTION

The fast-advancing global information infrastructure (including information technology and computer networks such as the Internet and telecommunications systems) enable the development of electronic commerce at a global level. The nearly universal connectivity which the Internet offers has made it an invaluable business tool. These developments have created a new type of economy, which many call the digital economy '.

This fast-emerging economy is bringing with it rapidly changing technologies, increasing knowledge intensity in all areas of business, and creating virtual supply chains and new forms of businesses and service delivery channels such as e-banking. As a direct consequence of the emergence of the digital economy, the balance of power seems to be shifting to the customers. Customers are increasingly demanding more value, with goods customised to their exact needs, at less cost, and as quickly as possible. To meet these demands, businesses need to develop innovative ways of creating value which often require different enterprise architectures, different IT infrastructures and different way of thinking about doing business.

What is E-banking system in India?

Internet banking, also known as Online banking or E-banking or Virtual banking is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through their website. In 1996, ICICI was the first to use electronic banking in India introducing online banking services to its customers followed by HDFC bank, IndusInd Bank & Citi bank who provide online facility in 1999. Today in

India according to RBI statistics around 35% of population using E-banking for daily transactions. Presently there are two public sector banks and 12 private sector banks, and one small finance bank participated in the digital banking program. According to RBI, digital banking units will enable customers to have cost effective access and enhanced digital experience of such products and services in a efficient, paperless secured and connected environment with most services being available in self-service mode at any time all year around.

Internet banking offers an array of different advantages to the user, including account balances and history including year-to-date information, the ability to transfer money from one account to another and to payees for bill payments, check history, reorders, and stop payments, check credit card balances and statements, complete online loan applications, secure interactive messaging with staff, and much more. Broadly speaking, e-banking could be seen as another step-in banking evolution.

STATEMENT OF PROBLEM:

E-banking is a new industry and consumer acceptance, and use of e-banking is still limited. There is only a vague understanding of factors influencing consumers adoption of e-banking. Many corporate

and consumers in India either do not trust or do not have access to the necessary infrastructure to be able to process e-payments. Hence the need for a study of this nature was felt.

Objective of Study:

The present study pertains to E-banking services and security measures hence, theoretical scope covers an overview of PSB - Canara Bank, Indian Overseas Bank at Nazareth, Tamil Nadu

- To study customer performance towards Net banking in Nazareth, Tuticorin District, Tamil Nadu.
- To understand the bank costumers 'perception regarding security measures.

Limitation of Study:

- Study is limited to Nazareth, Tamil Nadu.
- Results are based on the opinion given by the respondents of the study area only.

In the present study, Service users are selected randomly from the respective banks. The stratified random sampling technique is used for selection of service users for collecting data from Chennai for the study purpose. This method is used to make research procedure faster by obtaining a large number of accomplished questionnaires rapidly and efficiently. The required data has been collected from respondents through the well-structured and pre-tested questionnaire.

REVIEW OF LITERATURE:

Menninger (2000) evaluated the emerging role of electronic commerce in banks. And also emphasized upon the strategic and operational risk which arise in banking sector.

Nitsure Rupa Rege (2006) explained E- Banking has the potential to transfer the banking business as it significantly lowers the transaction and delivery costs.

Vishwanathan Bharathan (2008), has undertaken a study "Internet Banking Multidimensional Perspective", published by ICFAI, University Press, and pp. 3-18. According to him, technology has made a tremendous impact in banking. It has thrown new challenges in the banking sector and new issues started cropping up which is going to pose certain problems in the near future. Also point that online banking becomes less secure if users are careless, gullible or computer illiterate.

METHODOLOGY:

Study Area:

Present study was undertaken in the selected town Nazareth of Tuticorin District, TamilNadu. Nazareth is situated near tip of the Tamil Nadu. It is about 50 Km from Tuticorin and about 36 Km from Tirunelveli. Total area of 10.98 KM². It is a Christian majority town where missionaries from UK, primarily through the work of Canon Arthur Margoschis (1852-1908) who is recognized as the Father of Nazareth.

As of 2011 Indian census, Nazareth had a population of 24,862 people, male constitute 48% of the population and has an average literacy of 94% with 95% of male and 93% of female literacy. As per census of 2011 Nazareth had 12.16% of Hindus and 87.83% of Christians.

Sample Design:

The present study is of analytical and exploratory nature. Accordingly, the use is made of primary data. The primary data is collected with the help of questionnaires from a sample of respondents 100 customers from Nazareth, Tamil Nadu using the E-banking services provided by the branches of PSBs - Canara Bank, Indian Overseas Bank.

The key intention of the study is to evaluate the security and infrastructure measures of electronic banking adopted so far. Therefore, main objective of the study is evaluation of E- banking measures adopted in nationalized banks with reference Canara Bank, Indian Overseas Bank in Nazareth, Tamil Nadu.

Data Collection:

- Primary data: this is first-hand information is collected from the respondents associated with

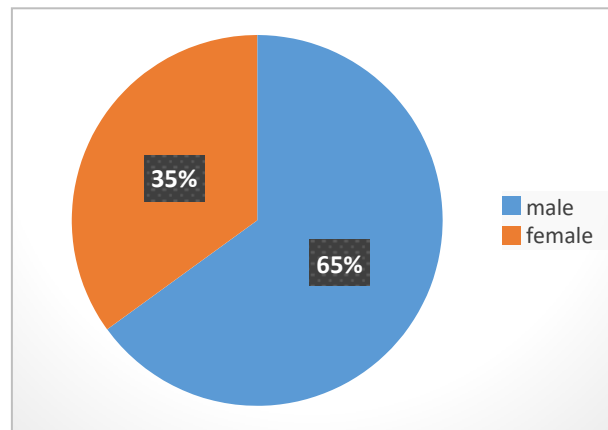
selected banks.

- Secondary data: This shall be collected by using a variety of sources. These sources are:
 - Publications of Public sector banks
 - RBI reports
 - Journals Of banking and finance
 - Ju Web site of RBI

DATA ANALYSIS AND INTERPRETATION:

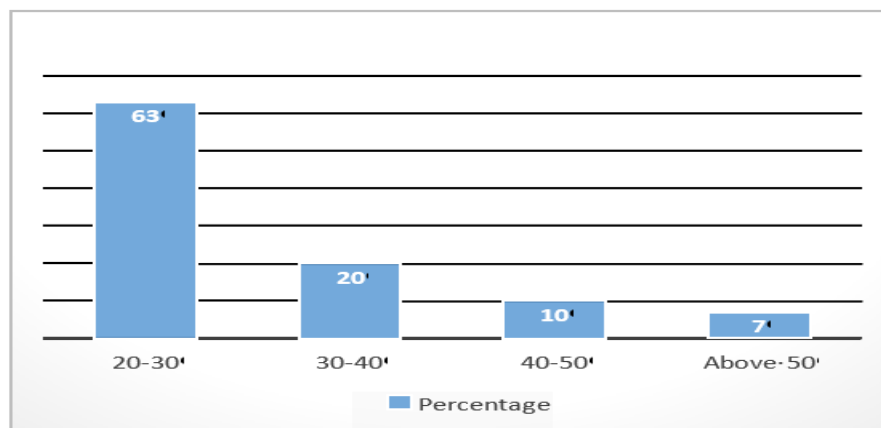
GENDER OF THE SAMPLE RESPONDENTS Table 1

Gender	No. of. respondent	Percentage
Male	65	65
Female	35	35
Total	100	100



AGE OF THE RESPONDENTS Table 2

Age	No. of. respondent	Percentage
20-30	63	63
30-40	20	20
40-50	10	10
Above 50	7	7
Total	100	100

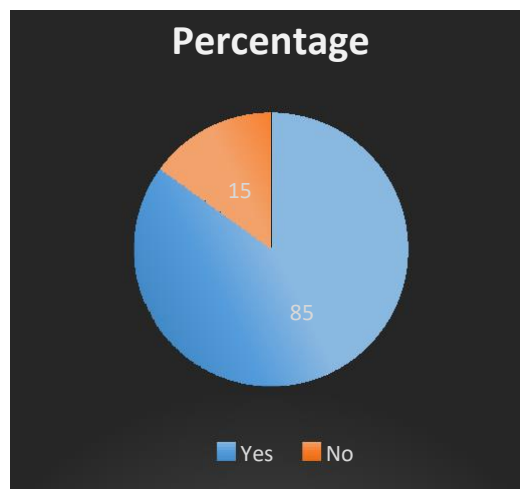


EDUCATIONAL STATUS OF THE SAMPLE RESPONDENTS Table 3

Particular	No of respondents	Percentage
Undergraduate	60	60
Diploma	27	27
Postgraduate	3	3
Professional	10	10
Total	100	100

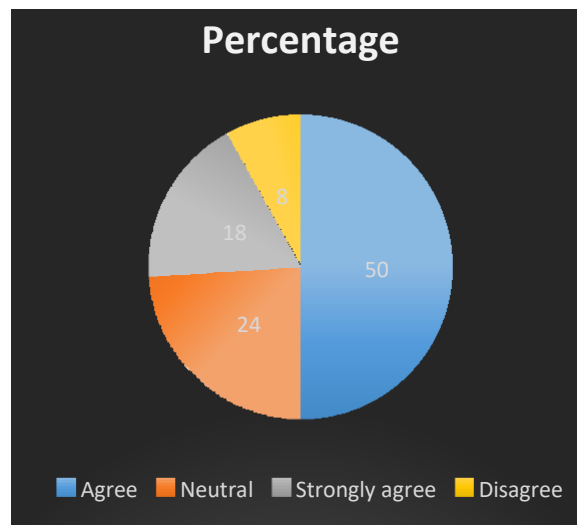
E-BANKING Table 4

particular	No of respondents	Percentage
Yes	90	90
No	10	10
Total	100	100



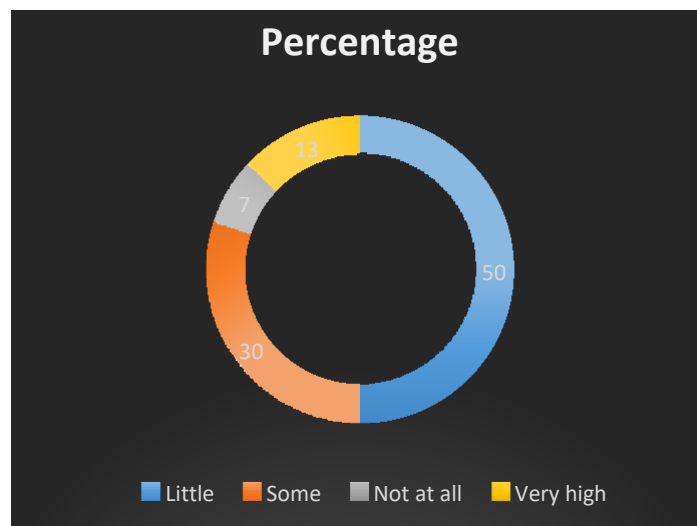
OPINION ABOUT INTERNET BANKING Table 5

Particular	No of respondents	Percentage
Agree	50	50
Neutral	24	24
Strongly agree	18	18
Disagree	8	8
Total	100	100



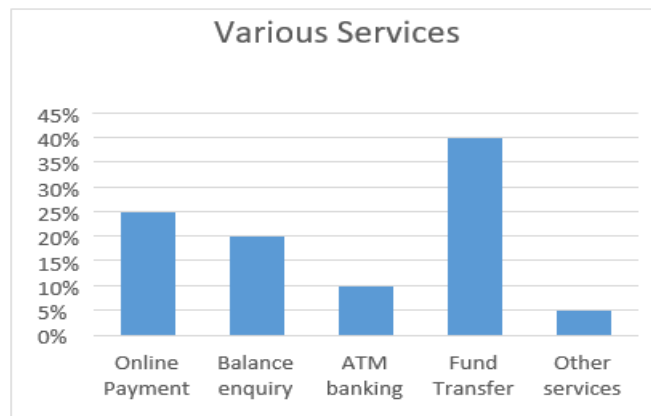
DEGREE OF CONFIDENCE Table 6

Particular	No of respondents	Percentage
Little	50	50
Some	30	30
Not at all	7	7
Very high	13	13
Total	100	100



PREFERENCE FOR USE OF VARIOUS SERVICE Table 7

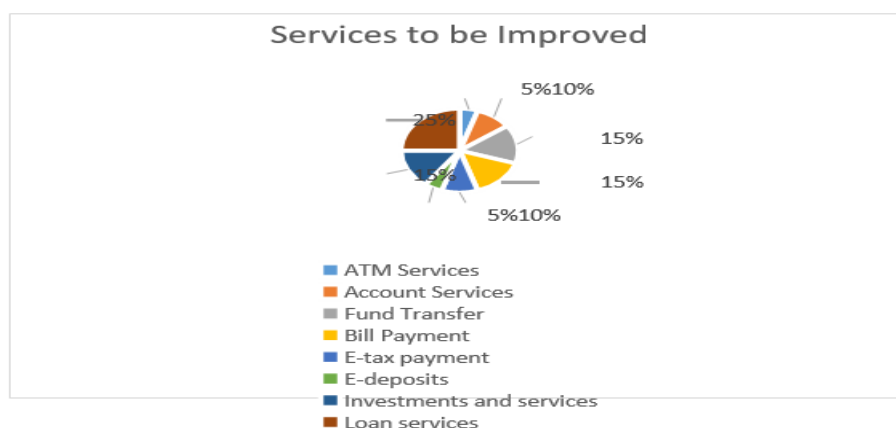
Online Payment	25%
Balance enquiry	20%
ATM banking	10%
Fund Transfer	40%
Other services	5%



SERVICES TO BE IMPROVED Table 8

SERVICES TO BE IMPROVED Table 8

ATM Services	5%
Account Services	10%
Fund Transfer	15%
Bill Payment	15%
E-tax payment	10%
E-deposits	5%
Investments and services	15%
Loan services	25%



FINDINGS:

- Of the total sample majority 65% of them are male and remaining 35% of them are females.
- Of the total sample majority 90% of them are in the age group of 20-30, followed by around 7% of them are in the age group of 30-40 only very meagre percentage of around 2% of them are 40 or above 40 years of age.
- Of the total sample majority 60% of them are undergraduate holders, followed by 27% of them are diploma holders and around 3% of them are postgraduate holders. Only 10% of them are professional holders.
- Of the total sample majority 85% of them had been used e-banking facility frequently and 15% of them are not used e-banking facility frequently in their life.
- Majority 50% of them agree with the Opinion about Internet banking statement, followed by

around 24% of them are neutral and around 19% of them are strongly agree with the above statement. Only around 9% of them are disagree with the Internet Banking.

- Of the total sample majority 50% of them are states that they have little confidence about the net banking, followed by 30% of them had some level of confidence and around 14% of them had very high level of confidence. Only 7% of them had not at all any level of confidence.
- Of the total sample 25% people uses E-banking for Online payment, 20% uses for balance enquiry, 40% uses for fund transfer and 15% uses for ATM and other services.
- Of the total sample 5% suggested to improve ATM services, 15% to improve Fund transfer, 25% to improve loan services, 15% to improve investments services.

SUGGESTIONS:

- IT has changed the entire scenario of customer bank relationship, adding growth to bank business and convenience to customers. Technology has already helped in providing various delivery channels to customers.
- Every person in the country should be given e-banking facilities anywhere, anytime.
- Swipe machines should be installed in all remote and rural areas.
- Internet facilities should be provided to all the rural and semi urban areas.
- Digital Literacy campaign should organize to promote and create awareness about the net banking, e-business and about its security measures.

CONCLUSION:

E-banking is an acronym for electronic banking which offers a safe and convenient way to manage financial transactions which saves time and money. It has many benefits.

- Customer convenience where an individual can access their services anywhere, anytime at lower rate.
- Online bill payments and fund transfers are made simple and efficient.
- Quick services to the clients

However, it continues to present challenges and threatens like security risk, technical issues and identity theft but the absence of stable internet connections can also affect this service.

Despite of these limitations E-banking plays a vital role in the future development of banking industry, and it is an excellent alternative to traditional banking. To overcome with the issues, banks should take all the steps and measures to make online transactions safe and secured to all the customers.

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