

**A STUDY ON CUSTOMERS' AWARENESS AND PERCEPTION TOWARDS USAGE OF INTERNET BANKING-
AN EMPIRICAL RESEARCH ON CUSTOMERS' IN ERODE CITY.**

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ABSTRACT

Now a day's information technology plays a vital role in banking sector. Day by day increasing change in technology world and it leads to improve e-banking services of various banks. Internet Banking means providing banking products and services through electronic delivery channels like ATM, e-banking, Telephone banking and other electronic delivery channels. Internet banking highly useful to the customer one who have computer with internet connection, they need not visit bank branch for their business transactions. Advent and adoption of internet by the industries has removed the constraint of time, distance and communication making globe truly a small village. Financial sector has being no exception, numerous factors such as competitive cost, customer service, increase in education and income level of customers, etc., Influence banks to evaluate their technology and assess their electronic commerce and internet banking strategies. Internet banking allows banking from anywhere, anytime and is used for transactions, payments, etc., over the internet through a bank, a credit union or society's secure website. The purpose of this study was to identify influenced the customer's awareness and perception towards usage of Internet banking in Erode city. A sample of 200 internet users were approached, data was collected using a questionnaire , and Chi-Square analysis and ANOVA analysis was carried out using SPSS software. It was found that Age, Gender, Marital Status, Educational Qualification, Occupational Status, Family Type, Domicile, Family Monthly Income influenced the customer's awareness and perception towards usage of Internet banking

Key words: Information Technology, Electronic Commerce, Domicile,

INTRODUCTION

Internet Banking is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. It is also known as Online Banking, e-Banking, Virtual Banking. The Internet 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.

To access an Internet Banking facility, would need to register for the service, and set up a password and other credentials for customer verification. The credentials for Internet banking is normally not the same as for telephone or mobile banking. Banks now routinely allocate customers numbers, whether or not customers have indicated an intention to access their Internet banking facility. Customer numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. Technically, the customer number can be linked to any account with the banks that the customer controls, though the bank may limit the range of accounts that may be accessed to, say, cheque, savings, loan, credit card and similar accounts.

The customer visits the Banks secure website, and enters the Internet banking facility using the customer number and credentials previously set up. The types of financial transactions which a customer may transact through Internet banking are determined by the financial institution, but usually includes obtaining account balances, a list of the recent transactions, electronic bill payments and funds

transfers between a customer's or another's accounts. Most banks also enable a customer to download copies of bank statements, which can be printed at the customer's premises. Some banks also enable customers to download transactions directly into the customer's accounting software. The facility may also enable the customer to order a cheque book, statements, report loss of credit cards, stop payment on a cheque, advise change of address and other routine actions. Today, many banks are internet-only institutions. These "virtual banks" have lower overhead costs than their brick-and-mortar counterparts. In the United States, many Internet banks are insured by the Federal Deposit Insurance Corporation (FDIC) and can offer the same level of protection for the customer's funds as traditional banks.

STATEMENT OF THE PROBLEM

Banking is a customer oriented service industry, where the customer is in focus and customer service is a differentiating factor. The Traditional functions of banking are very limited one. Economic reforms initiated by the government of India in the early 1990's have brought about a sea change in the operational environment of the financial sector and the functioning outlook of Indian banks. In Modern world, Bank is fully based on computerization connected their markets and services not only in the local level but also into the world level. Internet banking provides new opportunities for banks to expand. Banking revolution has made it possible to provide ease and flexibility in banking operations to the benefit of customers. The Internet banking has made the customer say goodbye to limited time banking and local area operation. Due to the enormous benefits of Internet banking most of the customer opt for Internet Banking services.

This study provides an opportunity to know role of Internet Banking service in commercial banks and its consumer awareness is analyzed. This study seeks to provide answer for the following queries:

- 1) What is the extent the internet banking is able to meet the customer expectation?
- 2) What are the problems faced by the customers towards the usage of Internet banking?

OBJECTIVES OF THE STUDY

- To find out the reasons for preferring Internet Banking Services by the customers in Erode city.
- To analyse the awareness of Internet Banking among the customers.
- To measure the customers satisfaction in Internet Banking services.
- To evaluate the most preferred Internet Banking services offered.
- To offer suggestions to improve the consumer awareness and usage of Internet Banking Services.

SCOPE OF THE STUDY

Traditional branch based retail banking remains the most wide spread method for banking transaction. However the internet technology rapidly changing the way of designing and delivering the personal services. Now Commercial banks are introduced internet banking system to improve their operations and to reduce the cost. Despite all their efforts aimed at developing better and easier internet banking system, these systems remain unnoticed by the customer. Therefore there is a need to understand user's acceptance of internet banking and a need to identify the factors that can affect their intention to use the Internet Banking.

LIMITATIONS OF THE STUDY

Inspite of all possible efforts to make the analysis more comprehensive and systematic, a study of the present kind is bound to have certain limitations. Some of them are as follows:

- The study is constrained to Erode city only. Hence, general application of the result is not possible.

- The data given by the respondents are limited to their own perception, opinion, emotion, knowledge, feeling and awareness.
- The accuracy of the information depends upon the data obtained from the respondents and hence the limitation of generalization is applicable.
- Due to time constraint, the sample size is limited to 200 respondents. Therefore, the limitation of a restricted sample size is applicable to the present study.

SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS

The respondents have been distributed on the basis of socio-economic factors such as their age, gender, marital status, educational qualification, occupational status, family type, Domicile and family monthly income.

Percentage Analysis- (Table-1)

- The majority (41%) of the respondent are belong to the age group of 20-30 years.
- The majority (52%) of the respondent are belong to the category of Male.
- The majority (60%) of the respondents are married.
- The majority (35%) of the respondents are Post Graduation.
- The majority (30%) of the respondents were Private Employee.
- The majority (55.5%) of the respondents are belonging to the category of Nuclear family.
- The majority of (46%) of the respondents domicile in Urban Area.
- The majority (54%) of the respondents were having a family monthly income ranging from Rs.20,001 -Rs.40,000.

PROFILE OF THE RESPONDENT BASED ON THEIR AWARENESS

To analyse the customers awareness and perception towards the usage of Internet banking, the category of the banks, Attribute of the bank, Frequency of transaction, reasons to visit the bank branch, factors promoting the use of new techniques in banking, Computer/Mobile usage knowledge to access bank account, type of banking transaction, important of human contact for banking transaction, satisfaction of overall technological services of bank, the contribution of new technology to the success of bank by the respondents in using Internet banking variables are considered in the present study.

Percentage Analysis- (Table-1)

- The majority (64.5%) of the respondents consider that Private Sector Bank is most technically advanced.
- The majority (32%) of the respondents consider that attribute of the bank value the most is Technology.
- The majority (47%) of the respondents are making transaction weekly.
- The majority (35.5%) of the respondents are visiting the bank branch to withdraw cash.
- The majority (31.5%) of the respondents were considering the promoting factors are Ease of use.
- The majority (32%) of the respondents are having Average Knowledge of Computer.
- The majority (60%) of the respondents were using Internet Banking for Business transaction.
- The majority (48%) of the respondents were considering Human contact is somewhat important.
- The majority (62%) of the respondents are satisfied with the overall technological services of the banks.
- The majority of (51%) of the respondents were considering the success of banks are high.

WEIGHTED AVERAGE SCORE RANKING METHOD (Table-2)

The respondents opinion regarding the usage of Internet Banking is analyzed by applying weighted average score ranking technique. The average rank analysis is performed to identify the priority of the different category of the consumer awareness in Internet Banking based on the consolidated priority of the respondents. The average rank is calculated and the final rank is fixed based on the criteria lesser the average rank more is the priority on the various aspect relating personal factors. A comprehensive interview schedule is given to 200 sample customer in order to know their priority according to the factors that influence the Internet Banking. These sample consumers are made to rank the reasons such as Mobile Banking Software, Security, Convenience, Time saving, 24 hours operation, Cost effectiveness, E-alerts, Service and Technology. The ranks are assigned according to the problems. The ranks 1, 2, 3, 4, 5, 6, 7, 8 and 9 are assigned as per the weight of 9,8, 7, 6, 5, 4, 3, 2 and 1 respectively. Among the various factors, "Mobile banking Software" is ranked first with a weighted score of 27.55 points. The second rank was given to a "Time Saving" with a weighted score of 25.86 points. The third rank was given to a "Security" with a weighted score of 25.37 points. The fourth rank was given to a "Convenience" with a weighted score of 25.17 points. The fifth rank was given to a "24 Hours operation" with a weighted score of 23.08 points. The sixth rank was given to a "Cost Effectiveness" with a weighted score of 20.02 points. The seventh rank was given to a "Service" with a weighted score of 17.86 points. The eighth rank was given to a "E-alerts" with a weighted score of 17.71 points and the ninth rank was given to a "Technology" with a weighted score of 17.33 points.

It is conclude from the above analysis that the maximum of the respondents are often and preferred by Mobile Banking Software.

CHI-SQUARE ANALYSIS

The Chi-square test has been used to find out the relationship between the socio economic factors and opinion level of the sample respondents.

Result of Chi-Square Analysis:

- There is no significant relationship between Age, Gender, Marital Status, Educational Qualification, Occupational Status, Family Type, Domicile, Family Monthly Income and their level of satisfaction with regards to usage of Internet banking services.

ANOVA ANALYSIS

Analysis of variance (ANOVA) is an analysis tool used in statistics that splits the aggregate variability found inside a data set into two parts: systematic factors and random factors. The systematic factors have a statistical influence on the given data set, but the random factors do not. Analysts use the analysis of the variance test to determine the result independent variables have on the dependent variable amid a regression study.

Result of ANOVA Analysis:

- There is a no significant relationship between Age, Gender, Marital Status, Educational Qualification, Occupational Status, Family Type, Domicile, Family Monthly Income and problems faced by the respondents with regards to usage of Internet Banking services.
- There is a no significant relationship between Age, Gender, Marital Status, Educational Qualification, Occupational Status, Family Type, Domicile, Family Monthly Income and level of satisfaction with regards to Service Quality dimensions in Internet Banking Services.

SUGGESTION

Based on the above findings the concrete and fractional suggestions are recommended to Internet banking services offered by the banks.

- Banks should take necessary steps to create awareness among rural people about the advantages of internet banking services available in the banks.
- Public sector banks should improve their internet banking services to compete with their private sector counterparts.
- The internet banking system should be enhanced to make the online enquiry and online payment much more easier to the customers.
- Though internet banking is convenient and easy to use, customers are afraid of adopting these services because they think that using these “services are difficult, complicated and risky”. So, on-site campaign can be provided to the bank customers who intend to use e-banking / internet banking services.
- The bank customers have perceived the risk of getting wrong information from internet banking services. These illusions should be removed from the minds of the customers by bank people as these factors are the barriers for most of the customers for not adopting these services.

Table 1: Profile of the respondents- Percentage Analysis

Demographic Factors	Category	No of Respondents	Percentage of Respondents(%)
Age	18-20 years	24	12
	20-30 years	82	41
	30-40 years	66	33
	Above 40 years	28	14
Gender	Male	104	52
	Female	96	48
Marital Status	Unmarried	63	32
	Married	119	60
	Separated	9	4
	Widowed	9	4
Educational Qualification	No Formal Education	9	5
	School Level	43	21
	Graduation	25	12
	Post Graduation	70	35
	Professional	53	27
Occupational Status	Government Employee	26	13
	Private Employee	60	30
	Business	36	18
	Student	39	19
	House Wife	28	14
	Agriculture	11	6
Family Type	Nuclear Family	111	55
	Joint Family	89	45
Domicile	Urban	78	39
	Rural	92	46
	Semi Urban	30	15
Family Monthly Income	Upto Rs. 20,000	29	15
	Rs. 20,001-Rs. 40,000	108	54

	Rs. 40,001-Rs.60,000	42	21
	Above Rs. 60,001	21	10
Category of banks	Public Sector bank	71	35
	Private Sector bank	129	65
Most valued Attribute of the bank	Quality of Service	34	17
	Technology used	64	32
	Trust	9	5
	Location	47	23
	Type of the bank	46	23
Frequency of transaction	Daily	30	15
	Weekly	94	47
	Monthly	56	28
	Occasionally	20	10
Reasons to visit the Bank	To make a deposit	46	23
	To get advice for investment options	21	11
	To inquire about a balance	55	27
	To withdraw cash	71	35
	Other	7	4
Factors promoting the new techniques in banking	Low Transaction Time	55	28
	Cost Effectiveness	47	23
	Ease of use	63	32
	Technology Savvy	35	17
Familiar with Internet Banking	No Knowledge of computer	46	23
	Beginner	56	28
	Average Knowledge	64	32
	Advanced Computer Knowledge	24	12
	Expert	10	5
Type of Banking Transaction	Personal	46	23
	Business Transaction	120	60
	Both	34	17
Direct Contact	Completely	47	24
	Somewhat	96	48
	Unsure	24	12
	Not at all	33	16
Overall Technology	Yes	123	62
	No	77	38
Success of Bank	Very High	29	15
	High	102	51
	Average	51	25
	Low	18	9

Table 2: REASONS THAT INFLUENCE THE CONSUMER TO PREFER INTERNET

WEIGHTED AVERAGE SCORE RANKING METHOD

FACTOR	WEIGHTED SCORE	RANK
Mobile Banking Software	1240	1
Security	1142	3
Convenience	1133	4
Time Saving	1164	2
24 Hours Operation	1039	5
Cost Effectiveness	901	6
E-alerts	797	8
Service	804	7
Technology	780	9

Table 3 : CHI-SQUARE TEST RESULT

Factors	Calculated Chi-Square Value(K ²)	Table Value @ 5% Level	Degrees of Freedom	Result
Age	6.682	12.6	6	Accepted
Gender	1.542	5.99	2	Accepted
Marital Status	2.511	12.6	6	Accepted
Educational qualification	6.105	15.5	8	Accepted
Occupational Status	9.440	21.0	12	Accepted
Family Type	.279	5.99	2	Accepted
Domicile	4.922	9.49	4	Accepted
Family Monthly Income	5.752	12.6	6	Accepted

Table 4 : ANOVA RESULT

Relationship between Socio Economic factors and problems faced by the respondents with regards to usage of Internet Banking services

FACTORS	SOURCES OF VARIATION	SUM OF SQUARE	DEGRESS OF FREEDOM	MEAN SQUARE	F-RATIO	F-TABLE	HYPOTHESIS
Age	Between Groups	0.580	3	.193	0.477	2.6049	Accepted
	Within Groups	79.500	196	.406			
Gender	Between Groups	.237	1	.237	0.588	3.8415	Accepted
	Within Groups	79.843	198	.403			
Marital Status	Between Groups	.345	3	.115	.282	2.6049	Accepted
	Within Groups	79.735	196	.407			
Educational Qualification	Between Groups	.827	4	.207	.509	2.3719	Accepted
	Within Groups	79.253	195	.406			
Occupational Status	Between Groups	3.428	6	.571	1.439	2.0988	Accepted
	Within Groups	76.652	193	.397			
Family Type	Between Groups	.187	1	.187	.464	3.8415	Accepted
	Within Groups	79.893	198	.403			
Domicile	Between Groups	1.319	2	.660	1.650	2.9837	Accepted
	Within Groups	78.761	197	.400			
Family Monthly Income	Between Groups	1.574	3	.525	1.310	2.6049	Accepted
	Within Groups	78.506	196	.401			

Relationship between Socio Economic factors and problems faced by the respondents with regards to usage of Internet Banking services

FACTORS	SOURCES OF VARIATION	SUM OF SQUARE	DEGRESS OF FREEDOM	MEAN SQUARE	F-RATIO	F-TABLE	HYPOTHESIS
Age	Between Groups	.680	3	.227	.628	2.6049	Accepted
	Within Groups	70.840	196	.361			
Gender	Between Groups	.104	1	.104	.289	3.8415	Accepted
	Within Groups	71.416	198	.361			
Marital Status	Between Groups	.266	3	.089	.244	2.6049	Accepted
	Within Groups	71.254	196	.364			
Educational Qualification	Between Groups	.842	4	.211	.581	3.3192	Accepted
	Within Groups	70.678	195	.362			
Occupational Status	Between Groups	1.108	6	.185			

	Within Groups	70.412	193	.365	.506	2.8020	Accepted
Family Type	Between Groups	.861	1	.861	2.412	3.8415	Accepted
	Within Groups	70.659	198	.357			
Domicile	Between Groups	.981	2	.490	1.370	2.9937	Accepted
	Within Groups	70.539	197	.358			
Family Monthly Income	Between Groups	.497	3	.166	.457	2.6049	Accepted
	Within Groups	71.023	196	.362			

CONCLUSION

With regard to the “intention to use internet banking in the future”, all respondents have expressed positive opinion that they have intention of using these services in the future to use internet banking services. It is further concluded that the bank customers may also continue to use internet banking in the future as it is useful in getting account details and balance statements as well as for transferring funds. It is identified that time saving and less cost tend to influence the bank customers.

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