

INTERNET BANKING IN KERALA WITH SPECIAL REFERENCE TO STATE BANK OF TRAVANCORE

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Abstract

With the rapid diffusion of the internet, banking in cyberspace is fast becoming an alternative channel to provide banking services and products. Internet Banking has been widely accepted by banks as their important marketing strategy. It is believed that, in the future, Internet Banking will recede in importance as a strategic application to become a competitive necessity that must be adopted by most if not all banking and financial institutions.

Introduction

Advances in Information and Communication Technologies in particular, the growing use of internet for business transaction, have had a profound effect on the banking industry. With the rapid diffusion of the internet, banking in cyberspace is fast becoming an alternative channel to provide banking services and products. Internet Banking has been widely accepted by banks as their important marketing strategy. It is believed that, in the future, Internet Banking will recede in importance as a strategic application to become a competitive necessity that must be adopted by most if not all banking and financial institutions. During the past years online banking acceptance has been rapid and current worldwide. Customers are demanding for the updation in services. However our study focuses on the popularity of internet banking among customers in Calicut district with a special reference to SBT, Feroke.

Statement of the Problem

Internet Banking has changed the way people banks. A whole new outlook has emerged about the concept of Banking. Although many customers perceived the usefulness and ease of use as benefits of the internet, they have not transferred this attitude towards the application of net banking services. Many are reluctant to use this online banking service. Therefore, there is a need to understand the reason for not using online banking services. So this study makes an attempt to analyse the attitude of customers towards online Banking facility.

Objectives of the Study

1. To understand the popularity and awareness of online banking services among the customers.
2. To list mostly used online banking services by customers.

3. To examine positive and negative aspects perceived by customers with regards to online banking services.
4. To measure the experience level of customers related to online banking services.

Scope of the Study

The scope of the study is limited to the selected 10 online banking services provided by SBT. These are,

1. Cheque related services
2. Checking your account balance and services
3. Transfer of payments or fund between accounts
4. Online information about products and services
5. Bill payment
6. E-recharge
7. Access Demat account
8. E-shopping
9. Pay credit card dues instantly
10. E-ticketing

This study analyses about the awareness and acceptance level of online banking services among the individual customers of SBT Feroke. It also tries to understand the reason for not using online banking services. The study covers other aspects like source of information, satisfaction level of customers, perception towards quality of banking service, and various problems faced by customers with regards to online banking services.

Need of the Study

Online Banking helps people to do their transactions easily. The customer's demand for personalized service and the concept of "Any where anytime banking" has made Internet Banking as one of the primary channel. Even though it is available to present day customer's people are not ready to use or take the advantage of this facility. The important studies under this area reveal that the net banking customers are comparatively low. So there is a need to analyse various factors affecting net banking services and why people are not ready to accept the new version of Banking. The study will help to take further policy measures to improve the acceptance of online banking services among customers.

Research Methodology

Research Design

The study is designed as a descriptive one based on both primary and secondary data.

Secondary Data

Secondary Data were collected from both published and unpublished sources. Data were collected from various websites, journals and research papers. Records of SBT Feroke branch were also referred to collect necessary data.

Primary Data

The study was mainly based on primary data. Primary data are collected from individual customers in SBT Feroke. For collecting primary data a detailed interview schedule has been used. A direct interview was also conducted with the manger of Feroke branch for collecting data.

Sample Design

Customers of SBT Feroke branch are the population frame fixed for the study. Since the size of population is very large, population survey is not possible. Hence sample survey has been carried out. The analyser adopted purposive sampling method in order to collect data. The sample size is fixed at 50 individual customers of SBT Feroke.

Research Instruments Used

For the purpose of collecting primary data a detailed interview schedule has been used. It has been prepared covering almost all objective of the study. This has been pretested among 4 informants as a part of pilot survey. The modified interview schedule consists of 17 questions and it contains 2 parts. Part I deals with personal information and part II deals with online banking services. A copy of interview schedule is appended with the report.

Pilot Study

Before the actual field survey a pilot study was conducted and in the light of experience gained, the interview schedule has been revised thoroughly and appropriate modifications were made.

Tools Used for Data Analysis and Presentation

The collected data were analyzed by using mathematical tools like percentage, average etc... The analyzed data were presented by using presentation tools like Tables, Graphs etc.

Limitations of the Study

The study is not free from limitations. The following are the major limitations of the study.

1. There were many technical and financial terms in the schedule which the analyser had to explain to the respondent in order to get correct information.
2. For evaluating some variables in interview schedule the informants require to allot weight age in the form of rank, percentage, points, etc. In many cases it created some doubt for respondent. The analyser has solved the problem up to certain extent by giving appropriate explanations with examples.

3. For answering various questions in the schedule, the informant has to recall from their memory. So accuracy of information cannot be assured.
4. The study is based on sample survey, so chance for sampling errors cannot be ignored.

The study covers only selected 10 online banking services, so generalization about the online banking services may not be accurate and reliable one.

Banking Industry in India

The Indian Banking industry, which is governed by the Banking Regulation Act of India, 1949 can be broadly classified into two major categories, non-scheduled banks and scheduled banks. Scheduled banks comprise commercial banks and the co-operative banks. In terms of ownership, commercial banks can be further grouped into nationalized banks, the State Bank of India and its group of banks, regional rural banks and private sector banks (the old/ new domestic and foreign). These banks have over 54,000 branches spread across the country. The Indian banking sector functions under the regulatory and supervisory guidelines issued by the central bank, Reserve bank of India (RBI).

Banking in India in the modern sense originated in the last decades of the 18th century. The first banks were The General Bank of India, which started in 1786, and Bank of Hindustan, which started in 1770; both are now defunct. The oldest bank still in existence in India is the State Bank of India, Which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. For many years the presidency banks acted as quasi-central banks, as did their successors.

Adoption of Banking Technology

The IT revolution had a great impact in the Indian banking system. The use of computers had led to introduction of online banking in India. The use of the modern innovation and computerisation of the banking sector of India has increased many folds after the economic liberalisation of 1991 as the country's banking sector has been exposed to the world's market. The Indian banks were finding it difficult to compete with the international banks in terms of the customer service without the use of the information technology and computers.

The RBI set up a number of committees to define and coordinate banking technology. These have included:

1. In 1984 formed the Committee on Mechanisation in the Banking Industry (1984)¹ whose chairman was Dr C Rangarajan, Deputy Governor, Reserve Bank of introducing MICR technology in all the banks in the metropolis in India. This provided use of standardized cheque forms and encoders.

2. In 1988, the RBI set up the Committee on Computerization in Banks (1988) headed by Dr. C.R. Rangarajan which emphasized that settlement operation must be computerized in the clearing houses of RBI in Bhubaneshwar, Guwahati, Jaipur, Patna and Thiruvananthapuram. It further stated that there should be National Clearing of inter-city cheques at Kolkata, Mumbai, Delhi, Chennai and MICR should be made Operational. It also focused on computerization of branches and increasing connectivity among branches through computers. It also suggested modalities for implementing on-line banking. The committee submitted its reports in 1989 and computerization began from 1993 with the settlement between IBA and bank employees' association.
3. In 1994, Committee on Technology Issues relating to Payment systems, Cheque Clearing and securities settlement in the Banking Industry (1994) was set up under Chairman Shri WS Saraf. It emphasized Electronic Funds Transfer (EFT) system, with the BANKNET communications network as its carrier. It also said that MICR clearing should be set up in all branches of all banks with more than 100 branches.
4. In 1995, Committee for proposing Legislation On Electronic Funds Transfer and other Electronic Payments (1995) again emphasized EFT system

Banking Industry - Technological Innovations

Banking industry has always tried to reap maximum benefits out of the new technological options available at its disposal. The evolution of a new paradigm shift in banking popularly termed as 'e-banking' could be traced back to early 1970's. E-banking involved adoption of new technologies to optimize operations, Strengthening back office operations using improved information systems and exploring possibilities of coming up with new delivery channels of banking products/services. Banks tried to use e-banking as a means to replace their traditional delivery channel viz. branch banking - mainly due the cost of setting up of physical branches and increased overheads associated with maintaining them. New delivery channels available through e-banking allow banks to provide a wide variety of specialty services to their customers. Services available from each of new e-banking channel are briefly discussed below:

ATM: Main function of a banking institution is the safe custody of their customer's money. They allowed their customer to deposit excess cash into their account and withdrawal of the same through their branches. Bank maintained counters known as 'Teller counter' for accepting and dispensing customer cash.

Internet Banking

Tremendous growth of Internet during the mid nineties prompted banks to utilize Internet as a medium for offering banking services. In Internet Banking banks allow their customers to perform banking transactions through their web site in a secure way. For accessing Internet banking, a customer has to browse to the net banking site of the Bank and

login with the 'username' and 'password' provided to him/her by the Bank. Banks normally provide wide variety of banking service through their Internet banking facility which includes: account summary, details of historical banking Transactions, funds transfer, new service announcements, loan applications, bill payment, cheque book request, cheque status enquiry, stop cheque request, credit card payments/statement, facilities to contact account manager etc.

Types of Service	Service Provided
Basic bank products/ Account control	Account opening/ closing/ management. Account summary Details of historical banking transactions Funds transfer E-cheques Cheque book request Cheque status enquiry Stop cheque request Standing orders, Direct debit Debit card application
Credit products	Loan application Loan limit Loan approval Loan delivery Credit card application Credit card payments
Investment products	Deposit account opening & management Domestic and foreign equity investment Mutual funds/bonds. investment Insurance investment
3 rd Party services	E-commerce payment(shopping) Tax payment on-line Utilities bill payments e-billing
Other	Contact account manager On-line financial advice Other financial products

Mobile Banking

In today's business environment, with so many deadlines to fulfil, appointments to meet and meetings to attend , one can definitely do banking transactions and make enquiries while travelling, using mobile phones.

For mobile banking, one has to have a SAT handset with 32k SIM card and needs to register for mobile banking with the bank. Registration process is done using a cell phone, which the bank will download in the mobile banking module. Mobile banking also popularly known as M-Banking or M-Banking is a delivery channel which opened up after the

tremendous success of mobile telephony. Banks started offering M-Banking during the late nineties and with the introduction of 3G mobile telephony that allowed accessing Internet using a mobile phone in the early 2000, acceptance of M-Banking showed good growth rates. M-banking customers could conduct banking transactions using Short Messaging Service (SMS) or mobile internet. Instruction for a banking operation is send as a SMS to a predefined number given by the bank. M-Banking provides the following banking services to a customer:

1. account balance information and list of latest transactions,
2. electronic bill payments,
3. micro payments,
4. mobile recharge,
5. cheque book request,
6. stop payment instruction for cheque payments,
7. funds transfers between customer's accounts

Advantages of Online Banking

1. Convenience
2. Round the clock accessibility
3. Instantaneous transactions
4. Speed banking
5. Single window view of all accounts with drill down features.

Vision

1. A professionally managed, pro-active, technology driven, popular bank with an all India perspective and international standards of efficiency.
2. A bank retaining its household name and premier in Kerala, by carrying on the tradition of trust and service to all sections of society.
3. A bank with commitment to maximize customer satisfaction with a professional but personal touch.
4. A bank which is resilient, alert, vigilant and responsive to change, committed to maximizing shareholder satisfaction and value.
5. A bank with core institutional values, culture and team spirit which make working in State Bank of Travancore the most rewarding experience for the entire workforce.

Mission

The premier bank of Kerala, aspiring to achieve all India stature with the best parameters in profitability, efficiency, systems and technology by carrying on its traditions with the commitment to excellence in customer, shareholder and employee satisfaction while continuing to serve the community at large. State Bank of Travancore (SBT) was originally established as the Travancore Bank Ltd. on 12th September 1945 in the erstwhile

princely state of Travancore with a paid up capital of 1crore. The bank became a Scheduled Commercial Bank in 1946, and in 1960 it became a subsidiary of the State Bank of India and assumed its present name. SBT has its corporate office in Thiruvananthapuram and has six zonal offices, five which are in the state of Kerala and one at Chennai and eleven Regional offices. At the end of 2012, SBT has a network of 920 branches. 708 branches of SBT in the State of Kerala.

SBT has its presence in all metros with 212 branches outside Kerala. All the branches of the banks are fully computerized and networked under Core Banking solutions with Internet Banking and Mobile Banking facilities. The bank is actively encouraging use of Electronic Payment systems, Mobile Banking and Internet Banking facilities. The Bank has installed 948ATMs for improving customer convenience. Bank provides remittance facility from US and UK through “Xpress Remit” product. Online share trading facility “ez-Trade” gives 3 in 1 advantage with savings, Demat and trading facilities. The bank also provides other financial products like Life Insurance, Mutual Fund Investments, General and Accident Insurance. Thus the bank has become a Financial Super Market offering full spectrum of products under one roof. SBT has a very large clientele base of Non Resident Indians. More than 23% of the deposits of the bank is contributed by NRI segment. The bank offers a wide spectrum of services to its NRI customers. The bank has correspondent banking arrangements with 21 banks worldwide.

Review of Literature

Some of the important reviews in the area of study are given below in brief

1. Sathye (1999) in his study tried to identify the factors effecting the adoption of internet banking by Australian customers. The findings of the study reveals that the lack of awareness and security concerns were the main obstacles for the adoption of internet banking among customers.
2. Tan & Teo studied the factors that influenced adoption of internet banking among customers in Singapore. They used a frame work based on theory of planned behavior Ajzen (1985) and the diffusion of theory (Rogers 1983) an on line survey was conducted for collecting the responses. Their main findings revealed that attitudinal and perceived behavioral control factors played significant role in influencing intention to adopt internet banking.
3. Hoppe, Newman, & Mugera (2001) tried to replicate the Tan & Teo (2000) study in South Africa. They obtained results which were largely in agreement to the Singapore study. Indicating the cross-cultural validity of the Tan & Teo (2000) framework.
4. Sunganthi, Blachandher, & Balachandren (2001) conducted an empirical study on internet banking patronage in Malaysia. They identified the following factors which influenced internet banking adoption: Accessibility, Reluctance, Costs, and Trust in one's bank, Security Concerns, Convenience and Ease of use. They studied internet

banking adoption among internet banking users and internet banking non-users. They observed that more promotional activities should be carried out by banks in creating greater awareness among customers regarding the benefit of internet banking to ensure better adoption.

5. Polatoglu & Ekin (2001) conducted an exploratory study to analyse the acceptance of internet banking services in Turkish bank. Their findings suggest that customer confidence in internet banking services trend to increase when they use the services for a long time.
6. Mattila, Karjasluoto, & Pentto (2002) examined responses of 3000 survey respondents and 30 indepth interview participants to study the customer channel preference in Finland. They tried to analyze the implication of new channel delivery channels in banking and its effect on customer and banks.
7. Sciglimpaglia, Ely (2002) tried to study the impact of internet banking from “customer centric perspective”. They conclude that customers who don’t in mind doing business through internet might have their current bank if they find a rival offering the service. They observed that electronic channel of delivery cannot be sidelined by banks and they should try to offer all the latest technology to customers.
8. Singh, Chhatwal, & Heng (2002) in their paper tried to develop a frame work for technology evolution in e-banking. Their frame work is based on revised technology Adoption Life Cycle Model. Life cycle for new channel of banking like ATM and internet banking is discussed.
9. Hui & Wan (2004) in their paper tried to examine “why current users of the internet might want to shop on the web”. They investigate the relationship between consumer innovativeness and determination of internet banking. They conclude that “individuals with higher level of internet usage and those who score high on open processing innovativeness and domain-specific innovativeness are more likely to adopt the internet for shopping.
10. Pikkarainen, Karjaluo, & Pahnla (2004) in their study investigated on line banking acceptance among finish customers. In their study they used an extended model of TAM. They studied influence of the following variables on the usage of on line banking. Perceived usefulness, Perceived ease of use, Perceived enjoyment, Information on online banking, Security and Privacy and Quality of internet connection. After performing multiple regression analyses on the collected data (n=268) they found that variables perceived usefulness and Information on online banking were the main factors influencing internet banking acceptance.

Analysis and Interpretation

The primary data collected from 50 customers in Calicut district has been classified, tabulated and analyzed to fulfil the main objective of the study. The data has

been analyzed by using statistical and mathematical tools and conclusions are drawn. The chapter is divided in to two parts namely Part I and Part II. In part one a brief profile of the informants is given to get an idea about socioeconomic characteristics of the sample. In part II a detailed analysis of the primary data is made in the light of stated objectives.

Sample Profile

In this part a brief profile of the respondent is given. It is helpful to get an idea about various characteristics of the sample population.

Table 1 Classification of Customers on the Basis of Sex and Age

Age Group	Male		Female		Total	
	Number	%	Number	%	Number	%
Below 20	5	16	3	16	8	16
20-30	10	33	7	37	17	34
30-40	14	45	8	42	22	44
40& above	2	6	1	5	3	6
Total	31	100	19	100	50	100

Source: Primary survey

It can be noticed from the above table 1 that majority of the respondent are from the age group of 30-40. It is same in the case of both male and female respondent. Small number of customers comes under the age group of below 20 and 40 & above. i.e.16 & 6% respectively.

Table 2 Classification of Customers on the Basis of Occupation

Category	Number	Percentage
Student	6	12%
Govt. Sector	7	14%
Private Sector	15	30%
Business	12	24%
Profession	10	20%
Total	50	100%

Source: Primary survey

Above table shows that majority of respondents are from private sector i.e. 30 % of respondent, and least from student category.

Table 3 Classification of Customers on the Basis of Educational Qualification

Qualification	No. of respondent	Percentage
SSLC	2	4%
HSE/VHSE	14	28%
Degree	16	32%
PG	10	20%
Professional	8	16%
Total	50	100

Source: Primary survey

Table 3 classifies customers on the basis of Educational Qualification. Majority numbers of customers are graduates i.e. 32%. Out of remaining 16% are professionals, 20% have Post Graduation and 28% from HSE. Only 4% of respondents come under SSLC. While going through the above table and figure it can be seen that 68% of the customers are highly educated that include graduate, post graduate and professional. This shows that customers in SBT Feroke district have good education background.

Popularity of Internet or on Line Banking

This part is core of the analysis. In this part a detailed study of the popularity of on line banking is given. It is helpful to get an idea about the introduction of net banking and its acceptance among the sample population.

Table 4 Year of Experience in Bank

Experience	No of respondent	%
1-5 Year	30	60
5-10 Year	10	20
10 & Above	10	20
Total	50	100

Source: Primary survey

From the above table 4 reveals that the 60% of sample population has the experience of 1-5 years in their bank. The numbers of customers have 5-10 years and more than 10 years include 20% of total population.

Table 5 Types of Account

Accounts	No: of Customers	%
Savings	40	80
Current	3	6
Fixed deposits	2	4
Others	5	10
Total	50	100

Source: Primary survey

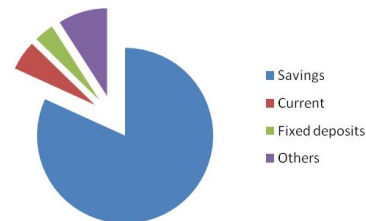


Figure 1 Types of Account

The above table represents the types of account preferred by sample population. It can be seen that most customers (80%) prefer savings account.

Table 6 Nature of Internet Users on the Basis of Sex

Period	Male		Female		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Regularly	9	29	4	21	13	26
Occasionally	21	68	9	48	30	60
Never use	1	3	6	31	7	14
Total	31	100	19	100	50	100

Source: Primary survey

It can be noticed from the table 6 that Out of the 50 sample population 43 are browsing internet as occasionally or regularly. The remaining 7 never use internet. Majority of the customers browse internet occasionally. Out of the total sample population 68% are male and 48% female.

Table 7 Mode of Internet Browsing

Mode	Number	Percentage
Internet café	5	10
Mobile phone	14	28
Home	17	34
Office	7	14
Never use	7	14
Total	50	100

Source: Primary survey

It is seen from the Table 7 that most of the customers browse internet from their home. The number of customers browsing internet through mobile phone is 28%. they also browse from office as it is more convenient. The dependence on internet cafe is less as it incurs high cost.

Figure 2 Mode of Internet Browsing

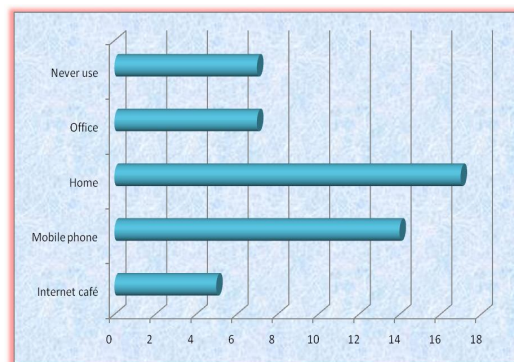


Table 8 Sources of Information Regarding on Line Banking

Sources	No. of customers	%
News Papers	12	24
Journals	1	2
Manager of your bank	8	16
Website of your bank	7	14
E-mail	4	8
Peer groups	18	36
Total	50	100

Source: Primary survey

The table 8 describes the sources of information that customers come to know about on line banking. It is seen from the table that most number of customers came to know about online banking from their peer groups. News paper and manager of the bank have much relevance in informing about banking services i.e. 24% and 16% respectively. The information from website of the bank and e-mail include 14% and 8% respectively and the least from journals i.e. 2%.

Table 9 Online Banking Users & Non-users on the Basis of Sex

Category	Users		Non users	
	Number	Percentage	Number	Percentage
Male	13	76	16	48
Female	4	24	17	52
Total	17	100	33	100

Source: Primary survey

Table number 9 classifies the users and non users of online banking on the basis of sex. Even though the number of customers browsing internet is more, the customers using on line banking is less. Out of 50 sample population 17 are users of on line banking and 33 are non users.

Table 10 Internet Users and Online Banking Service Users

Category	Number	Percentage
No: of internet users using online banking service	17	40
No: of internet users not using online banking service	26	60
Total internet users	43	100

Source: Primary survey

It is clear from the figure and table that even though 43 respondents (i.e., 86 % of total respondent) are internet users, only 17 internet users use online banking facility. More precisely while 40 % of internet users use online banking services 60% of internet users never depends online banking services. It is to be noted that 86% respondent have internet accessibility/ internet browsing capability, majority of them never use online banking services. So it is clear that non availability of internet facility or lack of internet browsing capability cannot consider as a major reason for not using online banking services.

Table 11 Educational Qualification of On-line Banking Users

Qualification	Number	Percentage
SSLC	1	6
HSE/VHSE	1	6
DEGREE	2	12
PG	4	23
Professionals	9	53
Total	17	100

Source: Primary survey

The table shows the educational qualification of on line banking users. It can be noticed that majority number of on line customers are professionals (53%). The number of customers with SSLC using internet banking is less (6%).so a wide awareness should be given to them for increasing their usage.

Table 12 Online Banking Users on the Basis of Age

Age	No: of respondent	%
Below 20	1	6
20-30	4	23
30-40	10	59
40 & Above	2	12
Total	17	100

Source: Primary survey

It can be seen from the above table 12 is that 59% of on line customers are from the age group of 30-40. Next largest on line customers are from 20-30 age group i.e. 23%. Out of remaining 18% ,12% is from 40& above and least come from the group of below 20,i.e 6%.

Table 13 Occupation of on Line Banking Users

Occupation	No of respondent	%
Students	1	6
Government sector	2	12
Private sector	2	12
Business	8	47
Profession	4	23
Total	17	100

Source: Primary survey

The table shows that a large number of on line banking customers are in business field.47% of the total on line customers are working in business field. Next 23% customers are professionals. The online users from private and govt sector consist of 24%. Students using online facility is less as their transactions are carried out by their parents.

Table 14 Income of on Line Banking Users

Income	No. of respondent	Percentage
Below 100000	3	17
100000-200000	1	6
200000-400000	2	12
400000 & Above	11	65
Total	17	100

Source: Primary survey

The table reveals that most of the on line banking customers has an annual income of above 400000. So it can be generalized that high income group are the major users of online banking services.

Table 15 Reason for Not Using on Line Banking

Reason	Rank
Lack of awareness & knowledge	1
Not easy to use/complexity of procedures	2
Lack of security	3
Difficult to remember password	4
Lack of accessibility to internet	5

Source: Primary survey

The above table describes the reason for not using on line banking services. The main reason is Lack of awareness and knowledge. Another reason is that it is not easy to use/complexity of procedures, Lack of security, and difficult to remember password are also another reasons for non usage of on line banking. Lack of accessibility to internet is the least reason for non-usage of internet banking services.

Table 16 Reason for Selecting on Line Banking

Reason	Rank
Anytime, anywhere banking	1
Save time	2
Bring down the cost of banking.	3
Quick movement of fund.	4
Relevant & detailed information in seconds.	5
Fastest mode of banking transaction	6
Convenient way to manage services & finance	7
Faster internet access speed	8
Less risky & greater security	9

Source: Primary survey

The table 16 lists the reasons for using/selecting internet banking services by on line banking customers. The reasons ranked in the order of rank given by the respondent, so that it can be say that the on line customers in Calicut district considered the first reason for selecting on line banking services as Any time anywhere banking ,Then save time, Bring down the cost of banking, Quick movement of funds, Relevant & detailed information in seconds, Fastest mode of banking transaction, Convenient way to manage services and finance and last internet access speed and less risk and greater security.

Table 17 Awareness about Online Banking Services

Services	Aware		Not aware	
	Number	%	Number	%
Checking your a/c balance and statement	25	50	25	50
E-Recharge	32	64	18	36
Bill payment	25	50	25	50
E-Shopping	25	50	25	50
E-Ticketing	28	56	22	44
Transfer of payment or fund between accounts	30	60	20	40
Pay credit card dues instantly	18	36	32	64
Cheque related services	15	30	35	70
On line information of products and services	30	60	20	40
Access Demand account	10	20	40	80

Source: Primary survey

It can be noticed that majority of the customers are aware about various online banking services like balance enquiry, e-recharge, e-shopping, fund transfer etc. and least awarded services are access Demat account and cheque related services and credit card services.

Table 18 Mostly Used on Line Banking Services

Services	Rank
Checking your a/c balance and statement	1
E-Recharge	2
Bill payment	3
E-Shopping	4
E-Ticketing	5
Transfer of payment or fund between accounts	6
Pay credit card dues instantly	7
Cheque related services	8
On line information of products and services	9
Access Demat account	10

Source: Primary survey

The table 18 lists out the on line banking services which is mostly used as per the rank given by the customers .Checking you're a/c balance and statement is mostly used internet banking service. After this next are E- recharge, Bill payment, E-Shopping, E-Ticketing, Transfer of payment or fund between accounts, Pay credit card dues instantly, Check related services, Online information of products and services ,and lastly Access Demat account.

Table 19 Perception of Customers towards Improvement in Quality of Services

Perception	No of respondents	%
Strongly agree	11	65
Agree	6	35
Neutral	0	0
Disagree	0	0
Strongly Disagree	0	0
Total	17	100

Source: Primary survey

The table 19 reveals about the perception of customers towards the improvement in quality services provided by internet banking. It can be observed that 65% of customers strongly agree with the improvement in quality of services and 35% of customers agree with the introduction of on line banking.

Table 20 Experience in Online Banking

Experience	No of customers	%
Less than 6 months	3	17
6-12 months	1	6
1-2 year	11	65
2-4 year	1	6
4 & Above	1	6
Total	17	100

Source: Primary survey

The table that shows experience in on line banking (table 4.20) shows that 3 customers in on line banking have an experience of less than 6 months. People having experience with 6-12, 2-4, 4 & above consist of 6% each. The experience of customers during 1-2years has been increased by 65%.

Table 21 No. of Customers Encountered Problem while using Online Banking

Problem	No of customers	Percentage
Encountered	10	59
Not-Encountered	7	41
Total	17	100

Source: Primary survey

Out of 17 number of customers 10 (59%) has encountered problems and 7 (41%) has not encountered any problem while using net banking as shown in the table 4.21.

Table 22 No of Customers Complained in Bank

Problem	No of customers encountered problem	Percentage
Complained	4	40
Not complained	6	60
Total	10	100

Source: Primary survey

Table 22 shows that the number of customers encountered problem are 10, but only 40 % complaints are reported to the authority and 60% had not taken any measures against their problem.

Table 23 Nature of the Problem Faced

Nature	No of customers	%
Server Down	2	50
Non availability of proper information/on line assistance	1	25
Delay in getting SMS alert or E-mail	1	25
Total	4	100

Source: Primary survey

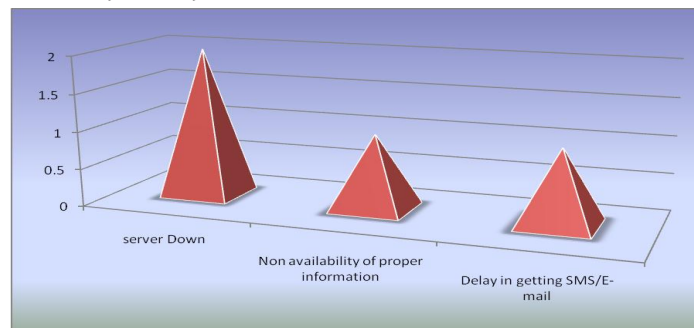


Figure 3 Nature of the Problem Faced

Table 23 explains about the nature of problems faced by net banking users. Majority of customers are facing server problems (50%). Non availability of proper information and delay in getting SMS is the another problem that are faced by the remaining customers

Table 24 Level of Feeling of Experience about the Statement Related to Online Banking Services

Statements	Weighted average	Interpretation
Provides individualized attention to customers	2.35	Disagree
Website of the bank is designed according to the need of the customer	4.06	Agree
Ensures safety of transaction	2.47	Disagree
Explains the service it self	3.41	Agree
Provides up to date information	4.06	Agree
Online purchase and online payment is easier	4.06	Agree
Transfer of fund is faster as compared to manual banking	4.29	Agree
Helps in reducing queues in bank	4.47	Agree

Source: Primary survey

The above table clearly explains about the feeling of experience about the statements that are positive/ favours to the online banking services. While majority of the statements are agreed by the respondent, at the same time customers have opinion that online banking facility does not give individual attention and safety.

Summary Findings and Recommendation

In the present globalised world, banks in India are increasingly adopting core-banking solutions in order to provide better services to the customers at a minimal cost. Now on line banking has become a large part of the financial service. Online banking means simply using today's technologies to give customers the option of bypassing the time-consuming, paper-based aspects of traditional banking, in order to manage their finances more quickly and efficiently. It gives the bank's customers access to their bank through the internet, to complete transactions such as viewing their account status, transferring money between accounts, viewing images of cancelled cheques, print copies of those cheques and paying bills online. Internet Banking means, nothing but a Money Managing Programs thorough IT. The study aims to analyse acceptance of online banking services among customers. The specific objectives of the study are:

1. To understand the popularity and awareness of online banking services among the customers.
2. To list mostly used online banking services by customers.
3. To examine positive and negative aspects perceived by customers with regards to online banking services.
4. To measure the experience level of customers related to online banking services.

In the light of above objectives following findings were drawn.

1. Majority of the customers are aware about various online banking services like balance enquiry, e-recharge, e-shopping, fund transfer etc. but only 34% are using online banking facilities. Among the online banking users majority are from categories like business man, high income group, highly educated person and young people
2. It is to be noted that 86% respondent have internet accessibility/ internet browsing capability, majority of them never use online banking services. More precisely while 40 % of internet users use online banking services 60% of internet users never depends online banking services. So it is clear that non availability of internet facility or lack of internet browsing capability cannot consider as a major reason for not using online banking services.
3. Mostly used online banking services are checking a/c balance and statement, E-recharge, Bill payment, E-Shopping, E-Ticketing, Transfer of payment or fund between accounts and lastly Access Demat account.
4. The reasons for using/selecting internet banking services by online banking customers are any time anywhere banking, save time, Bring down the cost of banking, Quick movement of funds, Relevant & detailed information in seconds and fastest mode of banking transaction.
5. The reason for not using on line banking services are due to Lack of a awareness and knowledge, use/complexity of procedures, Lack of security, and difficult to remember password .Lack of accessibility to internet is the least reason for non-usage of internet banking services.
6. It is observed that majority of customers agree with the statement that introduction of online banking services improved the quality of banking services.
7. 59% customers encountered problems while using online banking services and only 40 % complaints are reported to the authority and 60% had not taken any measures against their problem.
8. Majority of problems are in the nature of server problems, non availability of proper information and delay in getting SMS.
9. Majority of customers experience that website of the bank is designed according to the need of the customers and Provides up to date information, facilitate transfer of funds, helps in reducing queues in bank etc. At the same time customers have opinion that online banking facility does not give individual attention and safety to transactions.
10. The most common mode for browsing internet is from home and through mobile phone as it is more convenient.
11. The main source of information to online users is from peer groups and newspapers. Majority of customers started to use online banking services recently.

Recommendations

Based on the above findings of the study the following suggestions were made.

1. Customer's confidence building campaign should be strengthened.
2. Website of the bank should be offered in regional language like Malayalam so that the website will become more users friendly and interactive.
3. Bank should provide both offline and online information and assistance to customer for facilitating easy transactions
4. Banks should conduct awareness programme with practical demonstration on internet banking services to prospective and new customers.
5. Banks should simplify mechanism to recover lost passwords without causing the security.
6. Bank should promote customers to report their complaints to the bank in order to improve confidence in online banking services.
7. The awareness about online banking services should be imparted through curriculum in order to aware students in colleges, schools etc.
8. Awareness programmes should implement in regional language also by considering illiterate people
9. Simple & easy to use Mobile applications software for On-Line banking services should be made available to customers at free of.
10. Banks should conduct awareness programme in order to educate customers about mode of operations, services available, usefulness of the services etc.

Conclusion

Indian economy is witnessing stellar growth over the last few years. There have been rapid developments in infrastructural and business front during the growth period. Internet adoption among people has been increasing over the last one decade. Indian banks have also risen to the occasion by offering new channels of delivery to their customers. Customer acceptance for internet banking has been not at satisfactory level. In this study we tried to conduct a qualitative and quantitative investigation of internet banking popularity among customers. To conclude, it can be stated that the recommendations of the study would be useful for Indian banks in planning and upgrading their internet banking services to society at large.

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