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## **A STUDY OF FACTORS INFLUENCING CUSTOMER'S PERCEPTION TOWARDS INTERNET BANKING**

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### **Abstract**

Internet banking also known as online banking is an electronic mode of payment system used by financial institutions to render their services to its customers. Internet banking began in the year 1981 in New York. . It was in 1983 that the Bank of Scotland had introduced the first internet banking service in the United Kingdom called “Home link”, in which the customers had access to the internet through telephones and television for payment and transfer of money. Internet banking has now emerged as one of the main concept regarding to customer satisfaction. The emergence of the internet banking facilities has also led to a competition between the banks of the country as to which bank offers the best internet banking facility. This paper tries to study the factors influencing customer’s perception towards internet banking.

**Keywords:** Internet Banking, Customer Perception, Demonetization

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### **Introduction**

Internet banking is also known as online banking, web banking, virtual banking or e-banking. It is a mode of electronic payment system used by banks and other financial institutions to deliver its financial service to its customer. Net banking enables the customers to manage their bank account and carry out financial transactions. The journey of online banking began in 1981 in New York, in the United States. It was these four major banks in New York- Citibank, Chase Manhattan, Chemical and Manufacturers Hanover which made banking facility available at home for its customers. It was in 1983 that the Bank of Scotland had introduced the first internet banking service in the United Kingdom called “Home link”, in which the customers had access to the internet through telephones and television for payment and transfer of money. In 1994,

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Stanford Federal Credit Union in the United States became the first financial institution to offer online banking service to its customers. In India, ICICI bank was the first to offer online banking services in the year 1994.

Nowadays, internet banking is growing faster than internet. It is mainly because of its convenience. With the arrival of online banking, there is no need for the customers to go to the bank to access their accounts. Net banking helps the customers to access their bank accounts from anywhere at any time. Banks offer facilities like payment of bill, transfer of money, check account balance etc. via internet. Transfer of funds and payment are faster through net banking

Technology has had a huge impact on people's life. Majority of the people deal with all the transactions with the use of internet. Internet banking has now emerged as one of the main concept regarding to customer satisfaction. The emergence of the internet banking facilities has also led to a competition between the banks of the country as to which bank offers the best internet banking facility. Online banking has changed the face of transactions across the country and also plays a major role in trading. This study is conducted to know about the different perceptions that the common people have towards internet banking, the factors responsible and the awareness and knowledge the people have about the same.

### **Review of Literature**

**Abhani Dhara. K (2017)** in his study "A Study on the Impact of Demonetization over the Banking sector with reference to Veraval City", investigates the impact of demonetization over the banking sector with respect to the city of Veraval. The analysis of the data collected from bank employees reveal that almost 55 per cent of the employees agree with the positive impact of demonetization and also stated that the current accounts and savings accounts were the most affected ones from this. According to them, a good per cent of customers were moving towards online banking and were willing to keep their money with the bank.

**Kesh Surya Pratim (2017)** in his study "Usage of Plastic Money and Virtual Wallet as Modes of Payments in and around Bengaluru City", makes an assessment of the level of awareness among the newline banking customers pertaining to the use, spend and awareness of plastic

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money and virtual wallets; its use and benefits to the customers. The study reveals that over 50 per cent of the customers are not clearly aware about the uses and benefits of cards and virtual wallets and it is observed that the users share their cards with their relatives. The main uses are restricted to money transfer, mobile recharge and banking transactions.

**Syamsundar. P (2017)** in his study “Demonetization- A Comparative Study” with special reference to India, provides a comparison and analysis of the impact and significance of demonetization towards the economic development of India, by making a comparison with other countries. It is inferred from the study that demonetization will create a huge positive impact in the long run and that India will achieve a significant growth by adapting the demonetization strategy.

**Koushik Halder (2016)** in his study “Online Banking of India”, makes an overview of carrying out banking transactions via the internet. From the primary survey conducted, it is found out that, out of 114 respondents; about 100 of them use internet banking services and a majority of the respondents using this is within the age group of 20-35 years. Being aware about the security threats, they have secured their net banking and mainly use it for ATM banking, online shopping, online recharge, bills payment, balance enquiry etc.

**Kadalarasane T (2015)** in his study “Acceptance of Mobile Banking Services antecedence and consequences” explains that mobile payment services are developed and operated by National Payment Corporation of India which enables cashless rupee transfers between customers account using mobile phones. Almost every commercial bank has implemented mobile banking services from May 2013. 100 per cent of the public sector banks are providing mobile banking services. 35.53 million people in India are using mobile banking. There is a hike in usage of mobile banking transaction in private sector in India during a period of May 2009 to May 2013.

**Mirsath Begum M (2015)** in her study “Adoption and Usage of Innovative Techniques- A Study on Mobile Banking in Coimbatore city” reveals that people prefer mobile banking because it is easy to learn, reliable, available 24 hours per day, complete banking task more quickly and reasonably priced. About 63 per cent from the sample use smart phones and others have basic

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mobile phones. According to this study state bank of India has the highest number of mobile banking customers among public sector banks.

**Mishra Suyash (2015)** in her study “E- banking in Public and Private Sector in India- an Analogy” analyses that the growth of NEFT/EFT indicates the growth electronic banking system in India. The public sector bank has more on- site ATM facility. While the private sector bank have more off- site ATM facility. There has been an increase in the usage of mobile banking, usage of debit card and credit card at ATMs and at POS, NEFT, and RTGS etc.

### **Need and Importance of the Study**

Digital India programme has been launched by the Government of India to transform the nation into a digitally empowered society and knowledge economy. The main aim of the Digital India programme is to transform the nation into a cashless economy. India is standing very behind as compared to other economies, with regard to cashless transactions. After the demonetization step was taken on Nov 8, 2016, there has been a slight increase in the use of internet for transactions due to the exhaustion of cash in the economy. The expected number of internet users is 650 million by 2020 and nearly half i.e., 325 million being net banking users. This study is expected to be very useful for the banking industry, as the factors that are concerning the customers with regard to internet banking are looked into.

### **Statement of the Problem**

Demonetization has made people, those who do not have a bank account to the date, to open one and increased the usage of digital banking transaction. But, there is still confusion in the minds of people when it comes to cashless transaction and cash transaction. Mainly, in the rural area, the number of people using smart phone is still less and the availability of internet is also low. Lack of knowledge about the usage of smart phones and internet facilities in the rural area, makes the people to rely on cash transaction; especially the senior citizens, who are not familiar with the smart phone and internet usage, prefer traditional mode of payment only. The cost per transaction via internet is sometimes not affordable by many of the people.



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Bank customers are mainly worried about giving their account number during online transaction. They are mainly concerned about the security problems that they may face during the transaction. At present, the net capacity to handle all the transactions is not sufficient, when everyone starts using net banking. So, in some cases, net banking is also time-consuming. This made us to conduct a study on customer's satisfaction and awareness regarding net banking and factors influencing the customer's adoption of net banking before and after demonetization.

### **Objectives**

- To understand the concept of Internet Banking.
- To evaluate the factors influencing the customers for the adoption of Internet Banking.
- To study the impact of demonetization on Internet Banking.
- To analyse the level of satisfaction of net banking users.
- To evaluate the awareness of customers towards Internet Banking.

### **Research Methodology**

**Sources of Data:** The data for the study has been collected from both primary and secondary source. The primary data has been collected by way of well-structured questionnaires and the secondary data has been collected with reference to various online websites.

**Population:** The sample for the study has been selected from the banking customers in the city of Charkhi Dadri. With the advent of technology and political reforms, more number of people are on the verge of availing banking services.

**Sample Size:** In order to get a complete picture of the topic, data has been collected from both the users and non-users of Internet Banking. To facilitate the same, a sample of 100 respondents are taken, out of which 70 respondents are net banking users and the remaining 30 are non-users.

**Tool for analysis:** Analysis of the data, which has been collected, is an important aspect of any study. This can be done using various statistical tools. In this study, the tool used for analyzing the collected data is Percentage Analysis.



**Presentation:** The collected data is, primarily, presented in the form of tables, to provide a better understanding of data. After tabulation, a pictorial representation of the tabulated data is made with the help of Graphs, Pie Diagrams and Bar Charts etc. This provides ease in analysis of data.

### Limitations of the Study

Although the study is based on the data collected from both internet banking users and non-users, the findings cannot be generalized. The limitations of this study are as follows:

- The study was conducted within a short span of time.
- The sample for the study is restricted to only 100 respondents. The findings may vary for a larger sample size.
- The data collection for the study is restricted to the city of Charkhi Dadri.

### Analysis and Discussion

**Table-1**  
**Age Group of the Respondents**

S.No.	Age Group	Frequency	Percentage
1.	18- 25 years	56	56
2.	25- 35 years	20	20
3.	35- 50 years	15	15
4.	Above 50 years	9	9
<b>Total</b>		<b>100</b>	<b>100</b>

**Source: Primary Data**

From the table, it can be seen that 56% of the respondents belonged to the age group of 18-25 years, 20% belonged to 25-35 years age group, 15% belonged to 35-50 years age group and the remaining 9% belonged to age group of above 50 years.

**Table-2**  
**Gender of the Respondents**

S.No.	Gender	Frequency	Percentage
1.	Male	50	50
2.	Female	50	50
<b>Total</b>		<b>100</b>	<b>100</b>

**Source: Primary Data**



From the table, it can be noted that there are equal number of respondents from both the male and female categories.

**Table-3**  
**Users and Non-users of Internet Banking**

S.No.	Category	Frequency	Percentage
1.	Users	70	70
2.	Users	30	30
<b>Total</b>		<b>100</b>	<b>100</b>

**Source: Primary Data**

From the above table 6.6, out of the 100 respondents, 70 were users of Internet banking and the remaining 30 were the non-users.

**Table-4**  
**Reasons for Choosing the Bank for Internet Banking**

S.No.	Reasons	Frequency	Percentage
1.	Brand name of the bank	12	17.1
2.	Services offered by the bank	40	57.1
3.	Traditional bank account with same bank	13	18.6
4.	Others	5	7.1
<b>Total</b>		<b>70</b>	<b>100</b>

**Source: Primary Data**

From the above table, out of the 70 net banking users, 57.1% select their internet bank account based on the service offered by the bank. 18.6% choose their net bank account on the basis of their traditional bank account with the same bank and 17.1% choose their internet bank account by the brand name of the bank. The remaining 7.1% prefer other factors for selecting their Internet bank account.

**Table-5**  
**Visits to Banks by the Internet Banking Users**

S.No.	Visit to Branch	Frequency	Percentage
1.	Daily	1	1.4
2.	Weekly	4	5.7
3.	Monthly	43	61.4
4.	Not at all	22	31.4
<b>Total</b>		<b>70</b>	<b>100</b>

**Source: Primary Data**



From table, it can be noted that 61.4% of the respondents visits the bank branches monthly, 31.4% of the respondents never visit the bank, 5.7% of the respondents visits the bank weekly and the remaining 1.4% visits the bank daily.

**Table-6**  
**Visits to Bank by Internet Banking users after using Internet Banking**

S.No.	Visit to bank after use of Internet Banking Service	Frequency	Percentage
1.	Visitors	36	51.4
2.	Non- Visitors	31	44.3
3.	Not Applicable	3	4.3
<b>Total</b>		<b>70</b>	<b>100</b>

Source: Primary Data

From the table, it can be seen that 51.4% visit the bank after using internet banking services, 44.3% do not visit the bank and the remaining 4.3% chose the option not applicable.

**Table-7**  
**Usage of Internet Banking**

S.No.	Usage of Internet Banking Service	Frequency	Percentage
1.	Daily	8	11.4
2.	Weekly	30	42.86
3.	Monthly	30	42.86
4.	Not at all	2	2.87
<b>Total</b>		<b>70</b>	<b>100</b>

Source: Primary Data

From the table, it can be seen that 42.86% of the respondents use internet banking weekly, another 42.86% use internet banking monthly, 11.4% of the respondents use internet banking daily and 2.87% never use Internet Banking service.

**Table- 8Satisfaction Level Regarding Online Banking Services**

S.No.	Satisfaction	Frequency	Percentage
1.	Highly Satisfied	24	34.29
2.	Satisfied	40	57.14
3.	Neutral	4	5.71
4.	Unsatisfied	1	1.43
5.	Highly Unsatisfied	1	1.43
<b>Total</b>		<b>70</b>	<b>100</b>

Source: Primary Data





From the table, it can be noted that 57.14% of the respondents are satisfied, 34.29% are highly satisfied, 5.7% have chosen the option neutral and 1% are unsatisfied as well as highly unsatisfied with online banking service.

**Table-9**  
**Response Regarding Effect of Demonetization on Internet Banking**

S.No.	Effect of Demonetization	Frequency	Percentage
1.	Strongly Agree	16	22.9
2.	Agree	27	38.6
3.	Neutral	16	22.9
4.	Disagree	18	11.4
5.	Strongly Disagree	3	4.3
<b>Total</b>		<b>70</b>	<b>100</b>

Source: Primary Data

From the table, it can be noted that 38.6% of the respondents agree, 22.9% of the respondents strongly agree, another 22.9% of the respondents disagree and the remaining 4.3% strongly disagree that demonetization has affected the banking sector.

**Table-10**  
**Response Regarding usage of Internet Banking Post Demonetization**

S.No.	Usage of Internet Banking Service Post-Demonetization	Frequency	Percentage
1.	Users	33	47.1
2.	Non- Users	37	52.9
<b>Total</b>		<b>70</b>	<b>100</b>

Source: Primary Data

From the table, it can be seen that 52.9% of the respondents did not start using internet banking post demonetization and the remaining 47.1% started using internet banking post demonetization.

**Table-11****Variation in the Usage of Internet Banking Post Demonetization**

S.No.	Usage of Internet Banking Service Post-Demonetization	Frequency	Percentage
1.	Increase	26	37.1
2.	No Increase	21	30
3.	Not Applicable	23	32.9
<b>Total</b>		<b>70</b>	<b>100</b>

Source: Primary Data

From the table, it can be inferred that 37.1% of the respondents have increased the usage of Internet Banking service Post- Demonetization. There was no increase in usage of 30% of the respondents and the remaining 32.9% of the respondents chose the option Not Applicable.

**Table-12****Visits to the Banks by Non-users of Internet Banking**

S.No.	Visit to Bank Branch	Frequency	Percentage
1.	Daily	1	3.3
2.	Weekly	1	3.3
3.	Monthly	18	60
4.	Not at all	10	33.3
<b>Total</b>		<b>30</b>	<b>100</b>

Source: Primary Data

From the table, it can be noted that 60% of the respondents visit the bank branch monthly, 33.33% of the respondents do not the visit the bank branch and the remaining 3.3% visit the bank branch daily as well as weekly.

**Table-13****Response towards Opening of an Internet Bank Account by the Non- Users**

S.No.	Opening of Internet Bank Account	Frequency	Percentage
1.	Very Likely	2	6.7
2.	Likely	11	36.7
3.	Unlikely	9	30
4.	Very Unlikely	3	10
5.	Not at all	5	16.7
<b>Total</b>		<b>30</b>	<b>100</b>

Source: Primary Data



From the table, it can be noted that 36.7% of the respondents are likely to open an internet banking account, 30% are unlikely to open an internet banking account, 16.7% have no chance of opening an internet banking account, 10% are very unlikely to open an internet banking account and remaining are very likely to open an internet banking account.

**Table-14**  
**Respondents Preference towards Internet Banking over Traditional Banking**

S.No.	Preference of Internet Banking over Traditional Banking	Frequency	Percentage
1.	Favourable	14	46.7
2.	Unfavourable	16	53.3
<b>Total</b>		<b>30</b>	<b>100</b>

**Source: Primary Data**

From table, it can be seen that 53.3% prefer traditional banking over internet banking and remaining respondents prefer internet banking over traditional banking.

### Findings

1. Out of the 100 respondents, 56% belongs to the age group of 18-25 years.
2. There was an equal response from the male and female category for the survey.
3. Out of the 100 respondents, 70% were users of Internet banking.
4. Among the users of online banking, 57.1% choose their Internet bank account on the basis of the service offered by the bank.
5. According to the users of online banking, 61.4% of them visit their bank branches monthly.
6. Even after availing the Internet banking services, 51.4% users of online banking visit their bank branches.
7. Demonetization has a strong impact on the banking sector and this was agreed by 38.6% of the respondents.
8. Even after demonetization, 52.9% of the users are not using online banking.
9. After demonetization, 37.1% of the users have increased the usage of Internet banking.



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**10.** According to 70% of the non-users of Internet banking, time consumption is the disadvantage of visiting the bank branch.

**11.** Among the non-user respondents, 36.7% is likely to open online bank account within the next 12 months.

**12.** Out of the total non-users of Internet Banking, 53.3% prefer traditional mode of banking over Internet banking.

### **Suggestions**

**1.** The people are to be made aware of Internet Banking and the facilities provided by it in a better way of organizing training programmes for them.

**2.** The people are more conscious about the security of transactions through Internet Banking. So, the banks are to make their security policies stringent to create a trust in the minds of the customers towards the same.

**3.** The online portals of the banks are to be made user-friendly in order to attract more customers.

**4.** By providing access to different accounts at a time without extra charges, customers may switch over to Internet Banking.

**5.** Internet Banking should not be confined to urban areas. Proper marketing is to be done by the banks to ensure that the Internet Banking facilities are available in rural areas too.

### **Conclusion**

Internet Banking, being a significant part of digitalization, has influenced the customers to a great extent. Unlike traditional banking, Internet Banking is not at all time consuming. They have access to their bank accounts at their fingertips, thereby making it more convenient for them to carry out transactions. The use of internet banking has also increased significantly after demonetization. This study has helped to analyse the various perceptions of the customers towards internet banking and the factors affecting the same.



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Nowadays internet banking is utilized by both male and female customers. It has made transactions much easier and hence most of the youths are inclined towards online transactions. The banking sector must provide more awareness and assistance to all the banking customers to bring about greater customer satisfaction. The success of internet banking is not only dependent on the technology, the customer perceptions, satisfaction and the benefits acquired from it also play a very important role. The renowned phrase “Customer is the king” prevails here also.

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