

## CUSTOMER PERCEPTION OF ONLINE BANKING, AN EMPIRICAL STUDY IN MUMBAI

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### **Abstract :**

E Banking is a process whereby banking services are delivered with the help of electronic channels such as internet, telephone, Mobile etc. Globalization and liberalization has compelled banks to use information technology for delivering various services. In fact banks are using information technology in a big way. The paper focuses on finding out the satisfaction of customers with regards to these online services, in Mumbai city.

### **INTRODUCTION :**

Competition among banks has increased ever since the advent of Liberalization, Globalization and Privatization. In this age of fierce competition among banks, the quality of services provided by banks has gained importance. Bank can remain in the competition only if it provides wide range of services, innovative products. The satisfaction of bank customer depends upon service quality, cost and innovation. Earlier the bank branch was main service delivery channel for banks. But introduction of technology has transformed the working of Indian banking sector. Technology driven channels like ATM (Automated teller machines) POS (Point of Sale Machines) Phone Banking, Kiosks, Internet Banking, SMS Banking, Mobile banking etc have provided customers with numerous options for delivery of financial services. E-Banking or E-electronic banking is a common term generally used for internet banking, Telephone Banking, and Mobile Banking etc. E-banking, or electronic banking, refers to all types of banking transactions performed electronically, without visiting a bank.

Government of India had played an important role and has taken numerous initiatives for the development of E-Banking in India by way of enacting the Information Technology Act 2000, which helps in legal identification of electronic transaction.

Globalization and liberalization has compelled the banks to use information technology in banking industry for providing its various services in a majority way. In fact it is a boon to banking industry. In spite of all the benefits of E-banking, it is observed that the people are still hesitant to shift from the traditional ways of banking to the current internet banking. This reluctance of customers to use E-banking, calls for scholarly investigation to study the underlying problems faced by the customers from using E-Banking services. The paper focuses on finding out the perception of customers towards online banking services. E-banking is a common term for delivery of banking services and products through electronic channels, such as the telephone, the internet, the cell phone, etc. The concept and scope of E-banking is still developing in India. It facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services noticeably. E-Banking has facilitated the banks customers by providing anytime and anywhere banking services.

**OBJECTIVES OF THE STUDY:**

- The study aims to find out customers' perception towards online banking services.
- It aims to study the use of E-Banking technology i.e. ATMs, Internet Banking, Phone Banking, E-Payment, etc.
- The study focuses on finding out the reasons for acceptance of E-Banking services.
- It aims to find out the factors for non-acceptance of E-Banking services.
- To study the challenges faced by the bank customers while using E-Banking services.
- It aims to provide solution to enhance E-Banking services on the basis of empirical study.

**METHODOLOGY:**

The data for the research consist of data collected through Qualitative exploratory research using questionnaires. The researcher constructed questionnaire for bank customers. The customers using E-Banking services were selected for investigation. Published data for the study has been collected from books, journals, magazines and reports of various government and non government bodies. Websites of various banks and financial sector authorities have been browsed for information.

**SIGNIFICANCE OF THE STUDY:**

Internet banking is changing the banking sector in a rapid manner resulting in significant impact on overall banking business. It has now emerged as an important delivery channel for banking products and services. The present study focuses on the perception of customers about E-Banking services in Mumbai City. Being the hub of financial activities, all major financial and banking giants are situated in Mumbai City. The out come of the study will have major significance and influence fro policy makers of private sector banks, Public sector banks and co-operative banks. The study will also be useful to Government authorities to find out the reasons fro the slow pace of adoption of technology in banking sectors and to make the necessary amendments in the policy. Since this is a survey based study it will provide first hand information on customers' perception and their problems in adopting E-Banking services. This feedback will go a long way in facilitating the policy makers of the banking sector in understanding customers' specific needs. Thus, the study will have immense significance to the policy makers of banking sectors, along with its marketing professions, Government authorities and Banking Customers' Associations.

**ANALYSIS AND INTERPRETATION OF DATA :**

**GENDER CLASSIFICATION:**

The data for the study was collected through structured questionnaires. The criterion for selection of respondent was he should have E-Banking transaction with any of the bank. Out of 100 percent respondents contacted there were 64 percent males and 35 percent females. Hence for the study there are 64 male respondents operating E-Banking account and 35 Female respondents operating E-Banking account.

**PROFESSIONAL STATUS :**

The respondents belong to different status. Out of 100 percent respondents 25 percent are employed, around 15 percent are professionals such as doctors, lawyers , accountants and freelances, 18 percent of the respondents are students and businesses account for 38 percent and around 4 percent housewives.

**RESPONDENTS' BANKS FOR E-BANKING SERVICES:**

The survey was conducted in Mumbai City, from around 500 respondents having all category of status such as employed, self employed professionals, students, businessmen and housewives. The researcher surveyed respondent based on the criteria of having E-Banking account in any of the banks. The respondents include account holders from ICICI Bank, Standard Chartered Bank, Bank Of Baroda, Bank Of India, United Bank of India, Syndicate Bank, State Bank of India, HDFC Bank, Punjab and National Bank, Dena Bank, Central Bank, Allahabad Bank, Bank of Maharashtra.

**DURATION OF E-BANKING EXPERIENCE WITH BANK:**

Another important aspect is time period i.e. lengths of the account. It is very I important to find out how long the account is operational with the bank and how long the respondent is carrying on banking

transaction via E-Banking with bank. There are four categories they are a respondent can have account from less than 6 months, 6 months to 2 years, 2 years to 4 years, 4 years above.

The researcher is not taking into account period above 4 years. Because in India E-Banking has picked up its speed in recent years.

**SECTOR PREFERENCES FOR BANKS:**

The respondents of study shows that 20 percent respondents belong to public sector banks, 52 percent respondents belong to private sector banks, 20 percent have e-banking account with foreign banks, 6 percent operate E-Banking account with co-operative bank and 2 percent respondents could not identify the category of their bank.

**Types of E-Banking Services use:**

There are VARIOUS E-Banking services offered by banks such as paying bills, checking balances, transferring funds, booking tickets, on-line shopping etc. Table below shows the various E-Banking services used by the customers.

Table: 1.  
E-Banking services used

Sr.no	Service Used	Res
A	In search of product and rate information	05
B	Calculate loan payment information	07
C	Download loan payment information	05
D	Download loan application form	02
E	Download personal bank transaction activity	10
F	Check balance online	78
G	Apply for credit cards	25
H	Inter account transfer	02
I	On line bills payment	87
J	Balance enquiry	80
K	Asking statement	90
L	Requesting cheque book	15
M	Funds transfer	10
N	Any other service	01

Source: Primary survey

The above table and graph shows the percentage of responses for categories of E-Banking services used by respondents. Out of 100 percent respondents 5 percent use E-Banking for product and rate search on bank's web site, 7 percent visit it for calculating loan payment information, 5 percent for down loading loan payment information, 2 percent for down loading loan application, 10 percent for downloading personal bank transactions, 78 percent for balances online, 25 percent for applying customer loans or credit cards online, 2 percent for interbank transfer, 87 percent for online bills payment, 80 percent for balance enquiry, 90 percent asking statement, 15 percent for cheque book request, 10 percent fund transfer and 1 percent any other service.

**SATISFACTION WITH ONLINE -BANKING SERVICES :**

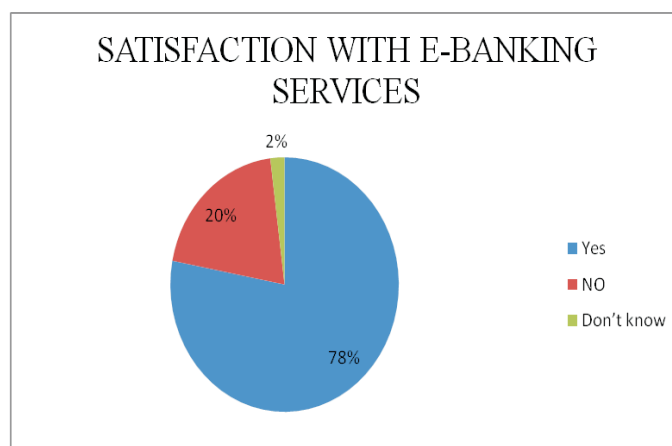
Crux of the study is to find out satisfaction with E-Banking services. To find out answer to this question, respondents were probed by asking the question. Their replies are presented in following table and graph.

**Table: 2**  
**Satisfaction with online -Banking services**

S.R.No	Responses	Percentage
1	Yes	78
2	No	20
3	Don't Know	02
	Total	100

**Primary Survey**

**Figure : 1**  
**Satisfaction with online -Banking services**



The study was based on direct responses of the customers having E-Banking account with commercial bank belonging to any sector. To probe into the satisfaction level of the customers, researcher probed further. Out of 100 percent respondents 78 percent respondents said they are satisfied with the E-Banking services offered by their banks. 20 percent of the respondents said they are not satisfied with the E-Banking services offered by the bank. Remaining 2 percent respondents are not sure about satisfaction; hence they are put in no response category. There are various reasons as to why the customers are satisfied and why they are not satisfied with the E-Banking services.

**DIFFICULTIES IN E-BANKING SERVICES :**

**Table: 3**  
**Difficulties in online Banking**

<b>S.R.No</b>	<b>Difficulties</b>	<b>Percentage</b>
<b>1</b>	<b>Lack of awareness</b>	<b>18</b>
<b>2</b>	<b>Security Issue</b>	<b>30</b>
<b>3</b>	<b>Lack of Internet connectivity</b>	<b>25</b>
<b>4</b>	<b>Preference to traditional banking system</b>	<b>21</b>
<b>5</b>	<b>Conventional Thinking</b>	<b>04</b>
<b>6</b>	<b>Any other reason</b>	<b>02</b>

**Primary Survey**

The difficulties faced by respondents while transacting E-Banking transactions are Lack of awareness, security issue, lack of internet connectivity, preference to traditional banking system, conventional thinking etc.

**CONCLUSION:**

**1. Integration of services:** Currently banks are providing traditional banking services tough internet. Each service is provided in isolation having no integration with each other. This is due the make-up of the traditional banking services.

**2. Customers' Mindset:** In enthusiasm banks started providing and innovating e-banking services without considering the fact that large part of population is not tech savvy. Majority of population is not computer literate. Major challenge before banks to change the mindset of customers towards E-Banking services. It is the major challenge to change the attitude of customers. Customers are skeptical about the leakage of their financial information while electronic transmission of their information to bank. Banks in India are excited to introduce E-banking, many customers are not attracted towards it because most of the people in India are not computer savvy. For E-Banking

internet and computers needs to be available across the country for it to be successful. But this seems distant dream as there is lack of safe computing facilities available across the country.

**3.Lack of overall infrastructural development:** India lacks the basic infrastructural facilities such as communication, electricity connectivity by road etc. For E-Banking to be successful E-Banking needs to offer more reliable and accessible delivery channel in the form of internet. Better and cheaper access to basic infrastructure requirements such as power, tele-communications etc.

**4.Slotted service offerings:** Services offered by banks through internet is compartmentalized because there is one site for treasury, another for investment and yet another for corporate banking. This approach of slotted services is suitable for operational reasons but not beneficial to customers.

**5.Range of Services offered:** Another challenge faced by banks offering E-Banking services is to offer full range of services offered in physical banking. Maintaining speed and convenience of E-Banking.

6.The difficulties in operating E-Banking services, given by respondents include 18 percent said they don't know about internet and they are hesitant to operate internet. Lack of awareness is one of the difficulties faced by respondents. 30 percent respondents said they fear about security of their account and funds as they hear cases of system hacking and cyber crimes. 25 percent of the respondents responded that it is very difficult to have internet connectivity all the time. Internet connectivity is a difficulty faced by people who are well acquainted with knowledge to use internet and E-Banking services but lack internet connectivity. Some areas in India, especially rural India have problem of power cuts which greatly affect the internet connectivity. 21 percent respondents give preference to Traditional banking. They did not quote any particular reason for sticking to traditional banking but they prefer it because they are habitual to traditional banking. 4 percent respondents have traditional and orthodox thinking.

7.The challenges quoted by respondents mostly include technology related reasons such as lack of internet connectivity, lack of faith on internet, security and safety issue, lack of awareness of internet operations etc.

8.Backward Mindset of people in using technology is another difficulty.

9.Security and safety issue is one of the challenges to E-Banking.

10.Technology has helped bank in achieving ease in banking operations. It is technology which has made it possible for banks to reach millions of small and medium customers through E-Banking facilities with all the branches of banks.

While electronic banking can provide a number of benefits for customers and new business opportunities for banks, it aggravates traditional banking risks. Time is changing and people are accepting technology there is still a lot of blocking which hampers the growth of E-Banking. It's the normal tendency of a human not to accept change easily that's also one of the reasons for the slow acceptance of internet banking accounts. Internet banking facility must be made available in all branches of the Bank cross Mumbai city. Giving proper training to customers for using E-banking or arranging awareness camps for customers. Create a trust in mind of customers towards security of their accounts. Provide a platform from where the customers can access different accounts at single time without extra charge.

The main factors which persuade customers in Mumbai city to use on line banking are comfort & convenience & the facility which attracts them most is quality & quantity of information. Therefore the implementation of quality initiatives should begin with defining customer's need & preferences & their related quality dimensions.

However the security and precautions taken by banks are not sufficient, customers need to share their part of responsibility by being cautious while banking online and not revealing pin number or pass word to third party. E-Banking as a tool of high-tech banking can be more successful if both banker and customer are in synchronization with each other.

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