



A STUDY OF AWARENESS AND USE OF INTERNET BANKING IN PUNE CITY, MAHARASHTRA, INDIA.

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Abstract

This research is done in with the primary objective to know the use and awareness of internet banking in Pune, Maharashtra, India. 1000 responded were selected by convenience sampling method and well-structured questionnaire was administered. Analysis has been done by using frequency, percentage and chi square test. It is concluded that younger age group dominates the internet banking.

INTRODUCTION

The Indian Banking system has been operating successfully over the last two centuries. Several major banks in India are either offering Internet-banking services or planning to do so in the near future. With the growing Internet awareness among customers, increase in role of banks in Internet-business and growing reach of the internet banking would become an important part of the Indian banking sector in the years to come. The use of most modern and advance methods of Equipments in banking industries is called 'INTERNET-BANKING'. Internet-banking has given an opportunity for banks to find solutions to management problems like saving time, money and energy, reducing/minimizing paper works, elimination of waiting in queues, lack of communication, and lack of efficiency. The Internet-Banking is changing the banking industry and is having the major effects on banking relationships. Internet-banking involves the use of electronic devices for delivery of banking products and services. Internet-Banking as a medium of delivery of banking services and as a strategic tool for business development, has gained broad acceptance international and is fast easily spread up in India with more and more banking entering the day.

One of the reasons for trend observed is that education is often positively correlated with an individual's level of Internet literacy (Burke, 2002). If consumers have relatively more opportunity to use computer or Internet in their workplace than others, their ability to use technologies related to computer or Internet might be higher than others (Lee et al., 2001). There are number of transactions done in Internet banking, only few transactions are done more frequently (Dharmender Kumar, Dharminder Kumar and A.K.Saini, 2009). Adult decision makers with a high personal annual income are rapidly embracing new technology (Crawford, 2002).

OBJECTIVES OF THE STUDY

1. To study the demographic profile of banking customers
2. To study the usage pattern and usage frequency of Internet banking customers in pune.
3. To study Preferences & barriers for internet banking.

RESEARCH METHODOLOGY

This research study conducted was a descriptive one in nature. Researcher has prepared structured questionnaire keeping the objective of identifying the usage pattern of Internet banking customers. The sampling technique used was a Non-Probability Method of sampling, ie, convenience sampling method. The sample surveyed consisted of 1000 customers in Pune City. The sample includes customers from various Banks.

RESULTS AND DISCUSSION

Demographic profile of online Banking Customers

Age in years	Percentage
18 years to 30 years	64.0
31 years to 45 years	27.0
Greater than 45 Years	09.0

It is seen that 64 % of the customers belong to the age group of 18 years to 30 years and so, it tends to be concluded that in pune the maximum number of Internet banking customers are youngsters in the age group of 18-30 years.

When considering gender, studies have shown that there is a difference between the males and females in using various types of technology. Until women got employed and became economically independent, the banking activities were done mostly by male counter-parts. At present the educational background of women together with better employment opportunities available to them have resulted in good usage of banking channels.

Gender	Percentage
Male	60.0
Female	40.0

But from the Table, it can be seen that 60 % of the customers are male and 40 % are female. So, it can be concluded that in Pune the majority of Internet banking customers are males.

Economic development largely depends upon the literacy of the people. Education plays a significant role with regards to attitude towards technology use. Mostly well-educated customers such as university graduates are more comfortable in using technology, like the internet or Internet banking.

Educational Qualification	Percentage
Doctorate	12.00
Post-graduation	36.7
Under-graduation/Diploma	41.3

It can be concluded that 48.7% are Doctorate or Post Graduates Occupation is one of the significant factors for adoption of Internet banking. It is associated with adoption of Internet banking in terms of ability.

The employment gives an opportunity to learn the new developments taking place throughout the world especially with respect to latest technology. The respondents' field of employment as well as the type of employment sector at times helps to experiment the new technology products due to opportunity provided in that sector.

Type of employment sector	Percentage
Govt. Service	7.5
Private Sector	73.7
Business/Professionals	16.5
Others	2.3

Hence, it is found that majority of pune respondents' work in private sector organisations. Income is one of the motivating factors of an Internet-banking customer to adopt the Internet-banking channels. Income has been shown to potentially exert a strong effect on the adoption and diffusion of technology.

Total Household Income	Percentage
Less than Rs.10000	13.5
Rs.10001 to Rs.25000	51.5
Rs.25001 to Rs.40000	22.7
More than Rs.40000	12.3

Thus, we can arrive at the conclusion that majority (i.e. 87.7%) of the Internet banking customers are with an household income Rs. 10,000 to Rs.40, 000.It appears that not so many studies are related with the marital status and adoption of Internet-banking facilities.

Marital Status	Percentage
Single	61.0
Married	39.0

From the above table, it is seen that 61. % of the customers is single and 39 % are married. So, it can be concluded that in pune the majority of Internet banking customers are single.

India is a multi-lingual country and the language differs from state to state. Hence, to find out the preference to do Internet-banking operations with respect to language amongst the Internet-banking customers, the classification was confined to two languages, i.e., regional language and English.

Language preferred	Percentage
English	74.0
Regional Language	26.0

From the table, it can be seen that 74% of the respondents prefer to transact business in English and 26% prefer to do in regional languages.

Influencers' Internet-banking services

The Internet-banking facility is available to people on account of the advancement of technology. The tendency of people is to hesitate in using the new channel or product. So, the influencers play a major role in making the adoption level higher.

Influencers	Frequency	Percentage
Self	600	60.0
Friends and Relatives	178	17.8
Parents/Spouse	72	7.2
Bank Representatives	140	14.0
Advertisements	100	10.0
Big personalities	10	1.0

The table depicts around 60. % of the respondents say that it is their self-decision to go for Internet banking service and 17.8% is influenced by friends/relatives.

USAGE PREFERENCE LEVEL OF VARIOUS CHANNELS

Consequent on advancement in information and Communication technology, banking services are made available through computer. In most banks, nowadays, human or manual teller counter is being replaced by the Automated Teller Machine (ATM) and other electronic means of communication. So, there are various channels available to Indian banking customers.

Ranking of Various Channels based on the usage preference

Channels	Rank 1 - %
Branch Visit	10.3
ATM	52.3
Phone/Mobile Banking	7.0
Internet Banking	30.4

52.3 % of the respondents have given first Rank to ATM Banking. 30.4 % of the respondents have given First rank to Internet Banking, 7.0% of users gave first rank to Phone Banking and 10.0% of customers gave first rank to Branch visit. Hence, it can be concluded that ATM is the most preferred channel amongst other channels & Internet Banking is second one.

Frequency of Usage

The usage frequency of banking operations can be done by a banking customer on daily, weekly, fortnightly, monthly basis and very rarely.

Frequency of Usage	daily/weekly basis %	fortnightly basis %	monthly/very rarely %
Branch Visit	10.0	7.0	82.0
ATM	75.8	15.0	13.3
Phone/Mobile Banking	11.3	12.0	73.8
Internet Banking	50.4	11.8	35.8

75.8% of the customers visit ATM's daily/weekly basis, followed by 50.4% do internet banking daily/weekly basis. Eighty two percent of the customers visit branches monthly/very rarely and 73.8% of the customers do phone banking monthly once/very rarely. So, it can be concluded that majority of pune Internet-Banking customers use ATM facility Daily/Weekly basis and majority of Internet banking customers do branch visit monthly basis or very rarely.

Basic services of Internet Banking

So, for the purpose of study, the following basic services were taken up among those often used services, Viz., Balance enquiry, Money transfer, Online Bill Payment/Shopping and Service request.

Ranking of Basic services of Internet Banking

Basic services of Internet Banking	Rank 1 - %
Balance enquiry	5.0
Money transfer	70.5
Online Bill Payments/shopping	27.0
Service request	30.5

It is seen that lowest usage of Internet banking is for doing balance enquiry constituting 5.0 % ranked one for this service. Then 70 % ranked one for the service Money transfer, 27.0 % ranked one for doing Online Bill Payment/Shopping and 30.5 % ranked one for the service help. Hence researcher can infer that most of the customer use Internet banking for money transfer.

Victim of Internet-banking fraud

Internet technology and the environment called cyberspace is evolving rapidly. Also the usage patterns of the Internet is changing both with regard to growth in the number of users and new applications. Electronic banking is a growing phenomenon. It also allows consumers to access bank facilities round the clock and seven days a week. In general, new innovations particularly technological ones that too in banking are not readily accepted and adopted by everyone due to certain underlying factors like frauds, threats, etc.

Ever been a victim of Internet-banking fraud	Percentage
No	96.0
Yes	4.0

So, it can be concluded that majority of Internet-banking customers are not victims to Internet-banking frauds. In this context, a hypothesis was framed and tested by chi-square test. i.e., there is no relationship between the age & frequency of usage of internet banking. The results revealed that there is a relation between the age and frequency of usage. But the characteristics such as gender, income, marital status, type of banking sector and education have no influence with the frequency of usage.

Association between Frequency of Usage and Age

Pearson Chi-Square Value: 28.267	d.f: 4	Sig : 0.0001
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From the table of chi square test, researcher can conclude that there is strong significant association between age of the customers and usage of internet banking. Further it has been observed that younger the respondent, more the probability of using internet banking.

It is found from the above table that the majority of the respondents strongly expressed the necessity to provide more security and it should be made easy to operate. They also suggested that creating awareness with more demo's of how to use it and they expect more personalized features.

The major barriers listed out by the respondents are Fraud/threats in internet, slow internet connectivity, less awareness of internet operations, Communication bandwidth not available, Non-responsive at times, Interrupted power supply, Non-confident about using/Lack of training, Lengthy process and takes time, improper encryption of data and use of passwords, and high cost of access.

SUGGESTIONS

Regulatory set-up will have to be strengthened, in line with the requirements of a market-led integrated financial system. To overcome the many new virus attacks and online thefts which are taking place on day to day basis due to the increased usage of internet, adequate security controls must be put in place. Furthermore, banks need to have a strong in-house research and market intelligence units within the organization, so as to face the challenges of competition. Banking institutions need to carry out various awareness camps and customer education workshops to facilitate the banking customers to equip themselves in the latest technology products and practices. The banking institutions may conduct campaigns and arrange information sessions to demonstrate the features of Internet-banking services and its uses over traditional channels.



CONCLUSION

This study on online banking practices shown that the take-off of online banking is much significant. The age and educational qualification are the major influencing factors in adopting the online banking services. Thus Customer Education Programmes on a huge scale, to train Internet-banking practices are the need of the hour to solve the low support of Internet-banking. More consumers would be ready and willing to move towards use of technologically-enhanced products. The banking companies are in a state to advance the Functioning efficiency and profitability by constantly searching the requirements of the customers. They can also design tailor made technology solutions to attract potential online customers in order to achieve the wide clientele base.

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