

## Customer Perception towards E- Banking Services in Karnataka

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### Abstract

In present scenario world is changing at a staggering rate and technology is considered to be the key driver for these changes around us. An analysis of technology and its uses show that it has permeated in almost every aspect of our life. Many activities are handled electronically due to the acceptance of information technology at home as well as at workplace. Slowly but steadily, the Indian customer is moving towards the internet banking. The ATM and the Net transactions are becoming popular. But the customer is clear on one thing that he wants net-banking to be simple and the banking sector is matching its steps to the march of technology. E-banking or Online banking is a generic term for the delivery of banking services and products through the electronic channels such as the telephone, the internet, the cell phone etc. The concept and scope of e-banking is still evolving. It facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services considerably. Several initiatives have been taken by the Government of India as well as the RBI(Reserve Bank of India); have facilitated the development of e-banking in India. The government of India enacted the IT Act, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce. The RBI has been preparing to upgrade itself as regulator and supervisor of the technologically dominated financial system. It issued guidelines on the risks and controls in computer and telecommunication systems to all banks, advising them to evaluate the risks inherent in the systems and put in place adequate control mechanisms to address these risks. .

**KEYWORDS:** ATM, E-Banking, RBI, Correlation

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### INTRODUCTION

The rapid advancement in electronic distribution channels has produced tremendous changes in the financial industry in recent years, with an increasing rate of change in technology, competition among players and consumer needs (Hughes, 2001).The proliferation of, and rapid advances in, technology-based systems, especially those related to the internet, are leading to fundamental changes in how companies interact with customers (Ibrahim et al, 2006;Bauer et al., 2005; Parasuraman and Zinkhan,2002). Internet banking has become the self service delivery channel that allows banks to provide information and offer services to their customers with more convenience via the web services technology the evolution of e-banking has fundamentally transformed the way banks traditionally conduct their businesses and the ways consumers perform their banking activities (Eriksson et al., 2008; Sayar and Wolfe, 2007). Today e-banking has experienced phenomenal growth and has become one of the main avenues for banks to deliver their products and services (Amato- McCoy, 2005). Electronic

banking (e-banking), also known as Internet banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels (Daniel, 1999; Sathye, 1999). E-banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the internet. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), kiosk, or Touch Tone telephone. Chou and Chou (2000) identified five basic services associated with online banking: view account balances and transaction histories; paying bills; transferring funds between accounts; requesting credit card advances; and ordering checks for more faster services that can be provide by domestic and foreign bank.

## REVIEW OF LITERATURE

**Aladwani's (2001)** study of online banking, potential customers ranked internet security and customers' privacy as the most important future challenges that banks are facing. Perceived usefulness, perceived Web security has a strong and direct effect on acceptance of internet banking, too.

**Centeno (2004)** argues that speed, the convenience of remote access, 7/24 availability and price incentives are the main motivation factors for the consumers to use internet banking.

**Guerrero, et.al. (2007)** examine the usage of internet banking by Europeans and their results indicate that ownership of diverse financial products and services, attitude towards finances and trust in the internet as a banking channel influence clients' usage of internet banking.

**Tsoukatos (2008)** examined the customers' perceptions of their banks' performance regarding the key e-banking quality elements. This research was used for data collection from a convenience sample of 302 internet banking users in Greece.

**Maenpaa et.al. (2008)** examine the consumer perceptions of internet banking in Finland and their findings indicate that familiarity has a moderating role in the perception.

**Waqarul Haq and Bakhtiar Muhammad (2012)**, revealed that purpose of conducting this research is to compare public and private sector banks of Pakistan by evaluating their customer satisfaction. This research is mainly based on primary data and this paper makes a useful contribution as there are very low number of studies has been conducted in Pakistan on such areas like price, technology, reliability, customer service, location and infrastructure. The research shows that customer satisfaction varies from person to person and, bank managers need to conduct more researches in order to evaluate customer satisfaction more strongly.

**R. Elavarasi (2014)** identified commercial bank provides better service with regards to e-banking services to customers and also identified satisfaction level of customer view about internet banking website of banks. The data analysis shows that age, educational qualification, occupation, income level of customer are significant factor that decide usage of e-banking services of various banks in the study area. The findings were to increase awareness among people; SBI should advertise and conduct special awareness programs to make E-Banking services more popular among customers.

**Dr. M. Abdul Hakkeem and Y. Moydheen Sha (2015)** observed that particular age group has used these services; the satisfaction of the customer majorly influenced the convenience, awareness, and responsiveness. In the present technology society, most of the banking customer prefer and switch to e-banking facilities. Hence the study concluded that banker may improve their services, loyalty to customers and their retention by increasing awareness of other age groups and concentrating on the factors contributing customer satisfaction.

### **OBJECTIVES OF THE STUDY**

1. To analyze the customers' perceptions and awareness towards Internet banking security;
2. To understand the problems faced by customers while using internet banking services; and
3. To know impact of the internet banking securities among the selected customers in Karnataka

### **HYPOTHESIS OF THE STUDY**

H1: Online Banking Security has no Significant Impact on the Customers.

### **SCOPE OF THE STUDY**

This study provides a direct to the current structure of the Internet banking security and highlights awareness level of customers for using Internet banking, and their perception and satisfaction towards Internet banking with new technologies and its functioning. This helps to know in details about development in banking industry with advancement in technology. It also helps in understanding different services offered in Internet banking. Ultimately this would help in understanding the benefits of Internet banking to customers as well as banking industry in present scenario.

### **NEED FOR THE STUDY**

Banking services largely depend upon customer demands and their perceived preferences. The entry trend of globalization and liberalization had posed serious problem to domestic banks. Due to rapid change in technology and the entry of private and foreign banks a number of new products and delivery channels have been introduced. The changing environment, banks implemented tele-banking, mobile banking, call centre services, ATM, etc., In this regard a study has been undertaken to know the customers perception and satisfaction towards net banking services.

### TYPES OF STUDY AND DATA

The present study is analytical and exploratory in nature. Accordingly, the data used is both primary as well as secondary. The relevant reports viz., RBI monthly bulletins, Magazines, newspapers, business dailies, books and journals, e-media and other literature available in this Field constitutes secondary sources for the present study. The awareness of, perception towards, Satisfaction of Internet banking security is studied with the help of a structured questionnaire.

### ANALYSIS AND INTERPRETATIONS

**Table 1: Awareness Level of Internet Banking Security among the Selected Customers of Karnataka Banks**

CORRELATIONS										
Descriptions	Correlations	SCG	PPS	TS	CS	AS	HS	DS	MPS	FS
SCG	Pearson Correlation	1	-.121	-	-.51	-	-.44	-.038	-.034	-.270
	Sig.(2-tailed)	--	.395	.751	.720	-	.754	-.784	.801	-.041
PPS	Pearson Correlation	-.121	1	.061	.151	-	.191	-.032	-.141	.136
	Sig.(2-tailed)	.397	--	.660	.281	.201	.167	.796	.312	.332
TS	Pearson Correlation	-.044	.061	1	0.61	-	-	-.425	-.013	.026
	Sig.(2-tailed)	.751	.660	--	.660	.316	.076	.002	.919	.839
CS	Pearson Correlation	-.049	.151	.061	1	-	-	-.264	-.080	-.205
	Sig.(2-tailed)	.719	.281	.661	--	.636	.526	.060	.571	.145
AS	Pearson Correlation	.060	-.181	-	-	1	-	-.053	-.214	.020
	Sig.(2-tailed)	.677	.198	.312	.637	--	.246	.702	.131	.886
HS	Pearson Correlation	-.044	.196	-	-	-	1	.264	.071	.074
	Sig.(2-tailed)	.753	-.167	.074	.527	.246	--	.061	.621	.598
DS	Pearson Correlation	-.037	-.034	-	-	-	.264	1	.251	-
	Sig.(2-tailed)	.779	.796	.002	0.61	.703	0.61	--	.075	.031
MPS	Pearson Correlation	-.032	-.142	-	-	-	.071	.251	1	-.154
	Sig.(2-tailed)	.807	.312	.918	.571	.131	.621	.075	--	.275
FS	Pearson Correlation	-.275	.136	.026	-	.020	.075	-	-.156	1
	Sig.(2-tailed)	.047	.331	.838	.147	.884	.596	.031	.275	--
*Correlation is Significant at the 0.05 level (2- Tailed)										
** Correlation is Significant at the 0.01 level (2- Tailed)										

(Note: SCG- Security Code Generator, PPS-Password Protection Security, TS-Transaction Security, CS-Confidential Security, AS-Authentication Security, HS-Hardware Security, DS-Database Security, MPS-Memory Protection Security, FS-File Security.)

## **RESULTS**

From the above table show that there is a significant and negative correlation between SCG and FS. There is also a negative and significant correlation between DS and FS. The above results show that Internet banking security has no significant impact on customers. Therefore, the null hypothesis, H1, is accepted.

## **FINDINGS OF THE STUDY**

1. It is found that some bank customers have not adopted e-banking services as they do not trust the internet as a channel for banking and it is complicated to use as well as they cannot afford the Internet fee.
2. The services such as “Deposits using ATM” and “Telephone Banking” performed by the banks are just “good” in turn indicating that these services are somewhat up to the expectation of bank customers.
3. Banks need to increase the level of spread by increasing interest income and to reduce burden decrease the level of income, bank should also pay special attention to convenience by providing customers with electronic banking service at some points which can be accessible easily, some ATMs are the most frequently used services by customers, and so the bank must encourage their customers to operate online transactions i.e., cash less transactions in all aspects of banking.
4. The management of bank should also improve their ATM systems so as to reduce queue. This will create efficiency in cash delivery which boosts customer relations.
5. Banks should also ensure effective security systems for secure banking and to show increased customer perception regarding the service quality, the management of the bank should also understand the fact that RBI has come out with working group on information security and cyber frauds.

## **SUGGESTIONS OF THE STUDY**

1. Most of the customers have not availed of the e-banking / internet banking services because they do not trust the internet channel presuming it as complicated. So banks may set up a team of personnel to train the customers to get acquainted with internet channel.
2. The customers are advised to the about mutual benefit. This enables the banks to improve the quality of services. The qualitative approach and proportionate should be taken care for their customers.
3. The banks have to initiate steps to educate the customers about new banking services / new products, ATMs, online banking, mobile banking etc. The banker may have to conduct different programs like customers day, customer meet and customer campaign in which they can directly interact with their customers and educate them about their new products /services.
4. For ensuring security, banks must appoint watch and ward staff who would also be able to guide the customers for availing services at ATMs. Steps should also be initiated to avoid

the problem of technical breakdown which is common in some of the ATM centers through regular inspection and preventive measures.

5. Both users and non users experience higher risk in using internet banking. Bank managers should impart more information on various security and privacy measures adapted by them to the customers. Proper implementation of information security will be of utmost importance for banks to remain in business. Internet banking option is prone to fraud. Phishing for personal information over the web is common and difficult to uncover. Customer awareness education on how to use internet banking safely and precautions to take while sending sensitive information over the internet would help reduce fraud.

## CONCLUSION

After the great independence the functioning of banks is becoming efficient and faster than ever before. With the ascending globalization and the acceptance of the universal banks, the competition has further more deepened. Anywhere and anytime banking now becomes a reality. Presently banks are competing with one another to expand their customer perception thereby increasing efficiency and service quality. The customer perceptions have played a very significant role in the banking operations. Service quality can be utilized as an efficient technique to meet the stiff competition. Deregulation, liberalization and privatization, some of the major financial reforms let loose the driving forces of competition hire the banks to follow up their business. The emergence of information technology and other and level of income have created a massive growth in banking in India. The competition is at the peak between the private and the public sector who are competing to the greatest extend by ensuring the fulfillment of the requisitions of the customers and investments in facilities like security norms, KYC norms and credit evaluation. To achieve efficient operation in the functioning of banks, banks need to emphasize on five dimensions of service quality such as tangibility and assurance. From the study we conclude that a great amount of customers are contented with the tangibility, reliability, responsiveness, assurance and reliability of the services provided by the Indian banks. In this study we conclude that high customer perception of service quality, password protection, can create improvement in the operational efficiency and service quality provided by the bank.

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