

# Customer Perception & Awareness about Internet Banking Services in Patiala City

Dr. Narinder Kaur<sup>1</sup> Jyoti Verma<sup>2</sup>

<sup>1</sup>Professor <sup>2</sup>Research Scholar

<sup>1</sup>Government Bikram College of Commerce <sup>2</sup>Punjab University, Patiala

**Abstract**— The aim of this study is to investigate the customer perception towards the internet banking services and to identify the main factors affecting the usage of internet banking in Patiala city. For that purpose, Questionnaire has been prepared and survey had been conducted. The study is based upon primary data. The finding of the study indicated that factors of cost, ease of use, availability and accessibility were statistically significant and have positive effects on customer's satisfaction. Respondents finds it risky to share their personal data at websites as they think there is chance of data getting hacked with the increasing cybercrime in the country. The study also shows the major impact of digitalisation in India as the number of users of internet banking has increased more comparatively in the last one year. The study concluded that the most of the bank customers are aware about all the banking services and are satisfied with their banks in Patiala city. The banks further have to take necessary steps to educate the customers regarding the new technology and other services offered by the banks.

**Key words:** Internet Banking, Services, Customer Perception

## I. INTRODUCTION

Banking sector is the backbone of any financial system and economy. Commercial banks play a vital role in the development of economies by mobilization of resources and their better allocation. It is an important part of our Indian Financial System. The Indian Banking System is regulated by the Reserve Bank of India (RBI), which was nationalized in 1949. RBI is the primary regulator for the banking sectors and the central government exercises direct and indirect control over banks through RBI to protect the interest of customers. This also enabled balanced geographical growth of banks especially in rural areas and small towns, which accounted for the majority of the population. This process resulted in vast expansion of banking and financial system.

Today, all banks basically offer the same types of services and facilities to the customers. The banker who wants to compete with others has to depend more on the efficient services and coordinate relationship with his customers. The only factor that distinguishes one bank's service from the other is the "Customers' Satisfaction" relating to their services rendered by the bank. It is the most important factor that customer influences the choice of the bank. The success of banks generally depends on the customer satisfaction relating to new technological services offered by the banks. Technology plays a vital role in improving the quality of services provided by the banking sectors. One of the technologies which really brought information revolution in the society is 'Internet' and is rightly regarded as the third wave of revolution after agricultural and industrial revolution. Advent and adoption of internet by the banking sector has removed the constraint of

time, distance and communication making globe truly a small village. Financial sector being no exception, numerous factors such as competitive cost, customer service, increase in education and income level of customers etc. influence banks to evaluate their technology and assess their electronic commerce and internet banking strategies. Internet banking allows banking from anywhere, anytime and is used for transactions, payments etc. over the internet through a bank or society's secure website. So, basically in internet banking a client has one-to-one interaction with the bank's website and in such a situation it is essential on the part of bank to provide high quality services over the internet. So, in contrast to traditional banking, internet banking involves non-human interactions between customers and online bank information system. Customer satisfaction, customer retention and new customer acquisition are the key factors in internet banking. However, the service quality in internet banking from customer needs thorough analysis to find out the determinants for success and growth of new channel of delivery in India so that useful guidelines for bankers can be extracted.

## II. INTERNET BANKING

Internet banking refers to the use of Internet as a remote delivery channel for banking services such as opening a deposit account or transferring funds at different accounts etc. Further, it is a desirable opportunity for banks where the key to success is customer retention. There is evolution in development of internet banking. At the basic level, Internet banking includes the setting up of a web page by a bank to give information about its product and services. At an advance level, it involves provision of facilities such as accessing accounts, funds transfer, enabling integrated sales of additional process and access to other financial services such as investment and insurance. There is advantage for customers as it provides opportunity to handle their banking transactions without visiting bank tellers. The services through Internet banking are e-tax payment; access the account to check balance, online trading of shares, online remittance of money, electronic bill payment system, railway reservation, transfer of funds from one customer's account to other, application of loan, etc. Internet banking channel is convenient compared to bank branch system because stakeholders can access their account at any time. Banks leveraged the advantage of the Internet by offering online services in recent years. E-banking technology is gaining all-round adoption in banking industry across developed and developing countries.

## III. LITERATURE REVIEW

Jadhav Anil (2004) described various channels of e-banking services such as ATM, Telephone banking (Tele-banking), Mobile banking, Internet banking and its features. The focus is also given on e-banking opportunities, challenges and

security aspects while performing the banking transactions on the internet. Comparison of public, private, foreign and co-operative banks and barriers to the growth of e-banking in India are also discussed. Finally the paper discusses an overview of the major private sector banks such as ICICI banks which provides e-banking services.

S. B. Verma, S. K. Gupta and M. K. Sharma (2007) stated that public sector banks have initiated the process of technological development by computerization of branch operations, but new generation private banks have well focused business vision, with technology integral component in it. Thus all the banks are trying their level best to take the maximum advantage of technology in the public sector banks. A number of studies focused on the fact that different electronic channels such as ATMs, mobile banking, debit cards and credit cards are changing the concept and the total philosophy of banking. Private sector banks have started offering all such kinds of facilities and thus attracting the consumers. In order to meet the competition the public sector banks have also started working in the same direction.

Malhotra and B. Singh (2010) attempted to reflect the present status of internet banking in India and the extent of internet banking services offered by internet banks. They examined the factors affecting the extent of Internet banking services. The data for this study was based on a survey of bank websites explored during July 2008. The sample consisted of 82 banks operating in India at 31st March 2007. Multiple regression technique was employed to explore the determinants of the extent of Internet banking services. The study concluded that the private and foreign internet banks have performed well in offering a wider range and more advanced services of Internet banking in comparison with public sector banks. Among the determinants affecting the extent of internet banking services, size of the bank, experience of the bank in offering internet banking, financing pattern and ownership of the bank were found significant.

M. Kaur (2010) in her study observed that, "In today's increasingly competitive environment, it has become important for the banks to satisfy their customers in all aspects. With the nationalized banks giving a tough competition to the private banks, satisfaction and retention of the customers has become the need of the hour. If the unquenchable needs of the customers are not fulfilled on time, no matter how hard the bank tries to retain them, the customers will switch over to some other bank in search of contentment. The findings of the study showed that the most important factors that can add to a customer's delight are: technology savvy, good investment advisory services, efficient and co-operative staff and better approach to customer relationship management.

S. Singh (2011) in his research paper examined the adoption and impact of ATM, internet banking and tele-banking services on customer satisfaction and retention by leading Indian banks. The information and communication technology channels have positive impact on the customer satisfaction. Some characteristics such as availability of cash and location of ATM and time to process request have very high customer satisfaction across both private and public sector banks.

#### IV. RESEARCH METHODOLOGY

The Research objectives of the study are-

- To understand the awareness level of customers about Internet banking services.
- To understand the customers perception about Internet banking services.
- To study the influence of internet banking services on various demographic factors

In this study, Primary data has been used to have first-hand information on any happening of event and Secondary data has been used for Literature Review and conceptual study on the topic of Internet Banking. Data collection has been done by survey method. The questionnaire is distributed among 50 respondents in Patiala city and their perception and awareness level have been analysed later. The data is collected by using convenient sampling technique. The Sampling unit is the customers of Patiala city who are using internet banking services. The sample size used in this study is 50 respondents. Calculations are made from the five point likert scale ranging from "1-Strongly disagree" to "5-Strongly agree". The data is analysed by using percentage method and other statistical tools.

#### V. DATA COLLECTION AND ANALYSIS

It includes frequency distribution, descriptive statistics and percentage calculations. First of all, frequency distribution analysis of demographic factors will be explained.

DEMOGRAPHIC FACTORS	Frequency	Percentage	
GENDER	Male	32	64%
	Female	18	36%
	Total	50	100%
EDUCATION	10 <sup>th</sup>	7	14%
	10+2	13	26%
	Graduates	21	42%
	Post Graduates	9	18%
	Total	50	100%
AGE	18-24	13	26%
	25-35	19	38%
	36-44	15	30%
	45-54	3	6%
	55 and above	0	0%
Total	50	100%	
MONTHLY INCOME	Less than 20000	15	30%
	Rs. 20000-30000	16	32%
	Rs. 30000-50000	13	26%
	50000 and above	6	12%
	Total	50	100%
PROFESSION	Students	4	8%
	Professionals	16	32%
	Serviceman	15	30%
	Businessman	15	30%
	Total	50	100%

Table 1: Frequency Distribution of Demographic Factors  
Source: Field Investigation Survey

From the above table 1, it can be analysed that out of the total number of 50 respondents, 32 (64%) are Male and 18 (36%) are Female. Out of the total respondents, 14% (7 out of 50) are 10<sup>th</sup> and 26% (13 out of 50) are 10+2 in terms of educational status. Maximum number of respondents i.e. 42% (21 out of 50) are graduated and 18% (9 out of 50) are holding Master’s degree. Majority of the respondents i.e. 38% lies in the age group of 25-35 years. Age group of 18-24 years have 26% and 36-44 years have 30% of respondents respectively. There is no person found during the survey using internet banking services above the age of 55 years. The income of the respondents is represented in Indian Rupee. 32 % of the respondents are falling in the income group of Rs. 20000-30000 and are maximum among all followed by 30% in the income group of Less than 20000. In terms of Profession, 32% respondents are professionals, 30% each are from service and business class and the remaining 8% are the students.

**A. Customer’s Information Related to the Use of the Internet Banking Services**

The data will be analysed from the information supplied by the respondents through questionnaires related to their usage of various internet banking services.

	Frequency	Percent (%)	Cumulative Percent
1	7	14	14
2	18	36	50
3	17	34	84
4 and more	8	16	100
Total	50	100	

Table 2: No. of Banks Accounts of Respondents

Source: Self-Generated

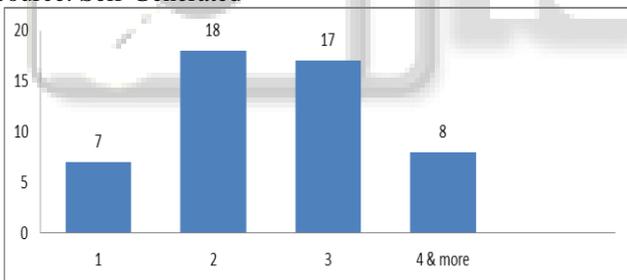


Fig. 1: No. of Banks Accounts of Respondents

Source: Self-Generated

Table 2 and Figure 1 shows that most of the respondents are having 2 and 3 accounts in the banks and only 14% of the respondents are having 1 bank account. This shows that most of the persons who are using internet banking services used to have 2 or more bank accounts.

	Frequency	Percent (%)	Cumulative Percent
Internet	19	38	38
ATM	23	46	84
Mobile	3	6	90
Branch	5	10	100
Total	50	100	

Table 3: Mostly Used Banking Channel by Respondents

Source: Self-Generated

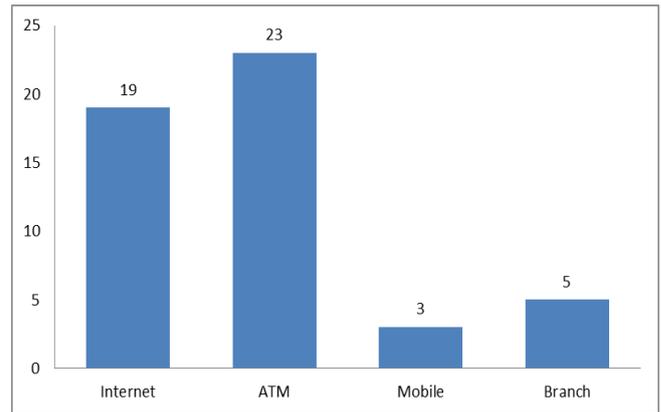


Fig. 2: Mostly Used Banking Channel by Respondents

Source: Self-Generated

Table 3 and Figure 2 shows the banking channels mostly preferred by the respondents. Maximum number of respondents prefer ATM which shows that most of the respondents are managing their accounts in terms of withdrawal of cash, checking their accounts and fund transfers etc. While the respondents who are dealing with payments of bills, rents and other trading options, without carrying cash in their pockets use internet banking services.

Name of Banks	Frequency	Percent (%)	Cumulative Percent
PNB	12	24	24
AXIS	10	20	44
HDFC	9	18	62
ICICI	8	16	78
SBI	7	14	92
CBI	4	8	100
Total	50	100	

Table 4: Bank Wise Detail of Respondents Using Internet Banking Services

Source: Self-Generated

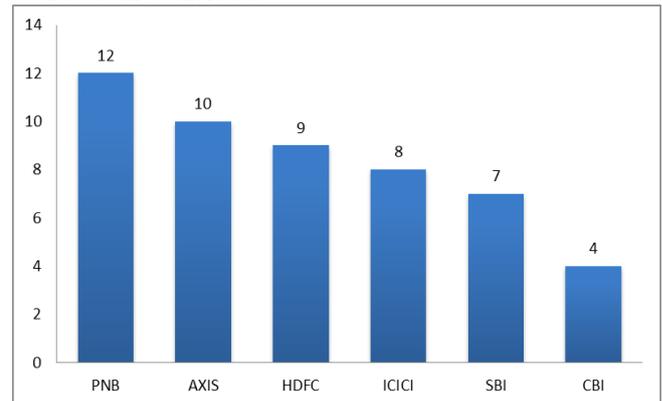


Fig. 3: Bank Wise Detail of Respondents Using Internet Banking Services

Source: Self-Generated

In this study, we have taken 50 respondents on convenient basis and asked them about which banking services they prefer or dealing with. They have bank accounts in multiple banks but they have given response only about most preferred among all they have. Respondents have given responses about their most preferred bank accordingly. Table 4 and Figure 3 shows that respondents use PNB bank most for the internet banking services as the maximum 24% (12) are using it. AXIS is the next most preferred bank by the 20%

(10) respondents for the internet banking services. SBI is less preferred by the customers for using internet banking services as the survey counts only 14 % (7) respondents as users of the services.

Reasons	Frequency	Percent (%)
Save time	44	88
24 hours availability	39	78
Banking transactions are easy	22	44
Transaction cost is cheap	11	22
Be Technological	9	18
Security	5	10
Curiosity	7	14

Table 5: Reasons for Using Internet Banking

Source: Self-Generated

Table 5 shows the reasons that motivate the respondents to make use of internet banking services. In this question the respondents were asked to tick one or more than one among the above mentioned options. As the table shows the most important factor that motivates the users to use internet banking service is - Save time. Out of 50 respondents 44 (88%) are using internet banking because it saves time. The other major reason according to the study is the 24 hours availability of the service as this reason is supported by 39 respondents with the percentage of 78%. On the other hand the factor that gives less motivation to the users of internet banking is the Security. People are really conscious about their interest to be protected in terms of managing their bank accounts. Some of the users who are not having proper knowledge about internet banking service have some security issues.

	Frequency	Percent (%)	Cumulative percent
Daily	16	32	32
Weekly	25	50	82
Monthly	7	14	96
Yearly	2	4	100
Total	50	100	

Table 6: Frequency of the Usage of Internet Banking

Source: Self-Generated

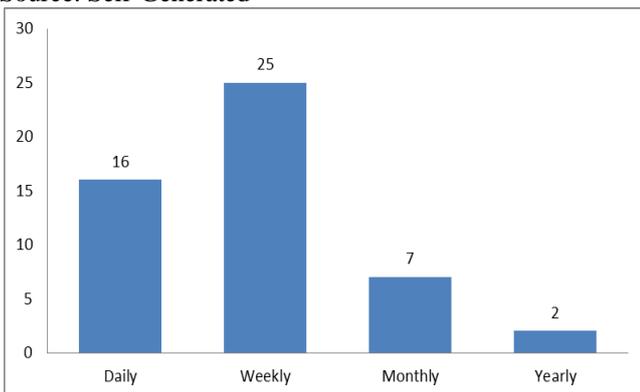


Fig. 4: Frequency of the Usage of Internet Banking

Source: Self-Generated

Table 6 and Figure 4 shows that how often the internet banking services are used by the respondents. Most of the respondents are using internet banking on daily and weekly basis that sums 41 out of 50. While the 7 respondents are using internet banking once in month and 2 are using it on yearly basis that means they hardly use internet banking

service. It can be concluded that majority of the respondents are using it.

Years	Frequency	Percent (%)	Cumulative Percent
Less than 1 year	20	40	40
1-2	9	18	58
2-3	13	26	84
4-5	6	12	96
More than 5 Years	2	4	100
Total	50	100	

Table 7: Duration of the Usage the Internet Banking

Source: Self-Generated

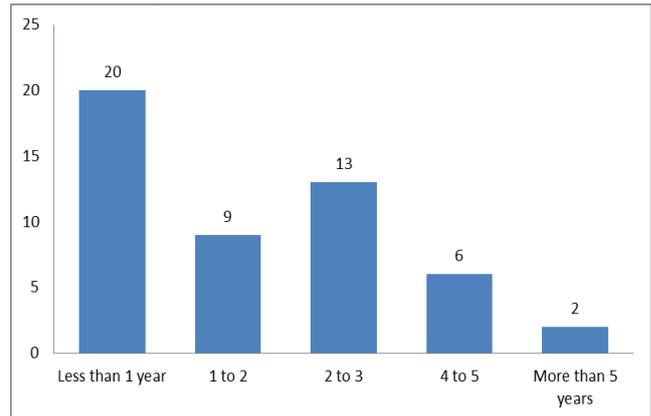


Fig. 5: Duration of the Usage the Internet Banking

Source: Self-Generated

As shown in the Table 7 and Figure 5, most of the respondents i.e. 20 (40%) are using Internet banking from less than 1 year that means that they have started using it most frequently which depicts the increasing trend of internet banking. This can also be said that it is the result of digitalization in India that people are preferring cash less transactions. On the contrary there are only 2 (4%) respondents who are using internet banking from more than 5 years.

Features	Frequency	Percent (%)
Bills Payment	42	84
Pay rent	7	14
Check the account	37	74
Transfer money between accounts	33	66
Requesting credit card and credit card transactions	5	10
Purchase and sale of foreign exchange	6	12

Table 8: Mostly Used Features of Internet Banking

Source: Self-Generated

Table 8 shows the features mostly used by respondents of Internet banking. In the survey the respondents were asked to tick one or more than one among the above mentioned options. Maximum number of respondents has opted 'Bills Payment' option i.e. 42 (84%), other most used features of internet banking by the respondents are 'Check the account' and 'Transfer money between accounts', i.e., 37(74%) and 33(66%) respectively. Respondents are making less use of other above mentioned internet banking features. Least used feature of internet banking by the respondents is Stock transactions 4(8%).

	Frequency	Percent (%)	Cumulative percent
Yes I am satisfied	42	84	84
No I am not satisfied	8	16	100
Total	50	100	

Table 9: Are you satisfied with your bank's internet banking services?

Source: Self-Generated

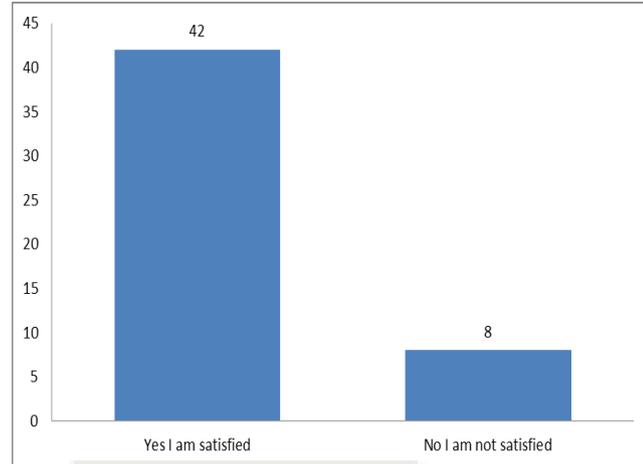


Fig. 6: Are you satisfied with your bank's internet banking services?

Source: Self-Generated

Table 9 and Figure 6 shows that whether the respondents are satisfied with their banks internet banking services or not. Maximum number of respondents are satisfied with their bank's internet banking services with the result of 42 out of 50 and only 8 respondents are not satisfied.

### B. Descriptive Statistics

The respondents were asked to express their degree of agreement against each question. In this section of the questionnaire, Five-Point Likert scale is used for each statement ranging from "1-Strongly disagree" to "5-Strongly agree". The results are shown in the following Table 10

Statements	N	Min.	Max.	Mean
Internet Banking services are less costly than other banking services	50	1	5	4.16
Internet Banking transactions procedures are simple and straight forward	50	1	5	4.4
Internet Banking transactions are complex	50	1	5	2.8
Internet Banking is an easy service	50	1	5	4.58
I am satisfied with Internet Banking because I do not have to go bank every time	50	1	5	4.04
Banks give enough information about Internet Banking services	50	1	5	3.46
I have information about internet banking services	50	1	5	3.96

The personal data I entered is protected during the process of Internet Banking	50	1	5	3.28
Internet Banking is more efficient than branch banking in terms of time saving	50	1	5	4.38
Internet Banking is convenient because it eliminates the risk of carrying cash	50	1	5	4.72
Websites are safe that offer Internet Banking Services	50	1	5	2.72
If I have any problem regarding Internet Banking service banks provide help	50	1	5	3.06

Table 10: Descriptive Statistics

Source: Self-Generated

Table 10 shows the degree of agreement with the statements on five point Likert scale. Mean participants demonstrated a high degree of agreement in "Internet Banking is convenient because it eliminates the risk of carrying cash", with the mean value of 4.72 on the five-point Likert scale. While considering this average we can say that respondents feel risk in carrying cash and for them internet banking eliminates this risk to the greater extent.

The other high degree of agreement of respondent's lies with the Internet Banking is that it is a easy service as it averages 4.58 on the five-point Likert scale. "Internet Banking transactions procedures are simple and straight forward" is the next highest with the mean score of 4.4, this means that the respondents find internet banking easy to handle.

"Internet Banking is more efficient than branch banking in terms of time saving", got the mean score of 4.38 which shows that the respondents are highly agree with the statement.

The lowest mean score of 2.72 is showing the low degree of agreement of respondents about the statement that "Websites are safe that offer Internet Banking Services". As the users are really conscious about their security they have doubt about the websites security through which they make transactions.

## VI. FINDINGS OF THE STUDY

The findings of the study are explained below-

- Out of the total number of 50 respondents, 32 (64%) are Male and 18 (36%) are Female.
- Out of the total respondents, 14% (7 out of 50) are 10<sup>th</sup> and 26% (13 out of 50) are 10+2 in terms of educational status. Maximum number of respondents i.e. 42% (21 out of 50) are graduated and 18% (9 out of 50) are holding Master's degree.
- Majority of the respondents i.e. 38% lies in the age group of 25-35 years. Age group of 18-24 years have 26% and 36-44 years have 30% of respondents respectively. There is no person found during the survey using internet banking services above the age of 55 years.
- The income of the respondents is represented in Indian Rupee. 32 % of the respondents are falling in the income

- group of Rs. 20000-30000 and are maximum among all followed by 30% in the income group of Less than 20000.
- In terms of Profession, 32% respondents are professionals, 30% each are from service and business class and the remaining 8% are the students.
  - Most of the respondents are having 2 and 3 accounts in the banks. This shows that most of the persons who are using internet banking services used to have 2 or more bank accounts.
  - Maximum number of respondents prefer ATM which shows that most are managing their accounts in terms of withdrawal of cash, checking their accounts and fund transfers etc. While the respondents who are used to make payments of bills, rents and other trading options without carrying cash in their pockets use internet banking services.
  - Respondents use PNB bank most for the internet banking services as the maximum 24% (12) are using it. AXIS is the next most preferred bank by the 20% (10) respondents for the internet banking. SBI is less preferred by the customers for using internet banking services as the survey counts only 14 % (7) respondents as users of the service.
  - The most important factor that motivates the users to use internet banking service is - Save time. Out of 50 respondents 44 (88%) are using internet banking because it saves time. The other major reason according to the study is the 24 hours availability of the service as this reason is supported by 39 respondents. On the other hand the factor that gives less motivation to the users of internet banking is the Security. People are really conscious about their interest to be protected in terms of managing their bank accounts. Some of the users who are not having proper knowledge about internet banking service have some security issues.
  - Most of the respondents are using internet banking on daily and weekly basis that sums 41 out of 50. While the 7 users are using internet banking once in month and 2 are using it on yearly basis that means they hardly use internet banking service.
  - Most of the respondents i.e. 20 (40%) are using Internet banking from less than 1 year that means that they have started using it most frequently which depicts the increasing trend of internet banking. This can also be said that it is the result of digitalisation in India that people are preferring cash less transactions. On the contrary there are only 2 (4%) respondents who are using internet banking from more than 5 years.
  - Maximum number of respondents has opted 'Bills Payment' option i.e. 42 (84%), other most used features of internet banking by the respondents are Check the account and Transfer money between accounts that is 37(74%) and 33(66%) respectively. Respondents are making less use of other above mentioned internet banking features. Least used feature of internet banking by the respondents is Stock transactions 4(8%).
  - Maximum number of respondents are satisfied with their bank's internet banking services with the result of 42 out of 50 and only 8 respondents are not satisfied.
  - Participants demonstrated a high degree of agreement in "Internet Banking is convenient because it eliminates the risk of carrying cash", with the mean value of 4.72 on the five-point Likert scale. While considering this average we can say that respondents feel risk in carrying cash and for them internet banking eliminates this risk to the greater extent.
  - The other high degree of agreement of respondent lies with the Internet Banking is that it is a easy service as it averages 4.58 on the five-point Likert scale. "Internet Banking transactions procedures are simple and straight forward" is the next highest with the mean score of 4.4, this means that the respondents find internet banking easy to handle.
  - "Internet Banking is more efficient than branch banking in terms of time saving", got the mean score of 4.38 which shows that the respondents are highly agree with the statement.
  - The lowest mean score of 2.72 is showing the low degree of agreement of respondents about the statement that "Websites are safe that offer Internet Banking Services". As the users are really conscious about their security they have doubt about the websites security through which they make transactions.

## VII. CONCLUSION

This study has examined the customer's perception and awareness about internet banking services. The findings of the study shows that there are some basic and common factors that affect customer's perception towards the internet banking services. On the other hand these perceptions might be the due to less education and knowledge about internet banking. Most of customers have started to prefer electronic banking instead of traditional or branch banking in Patiala. Specially, customers prefer to use ATM machines. Most of users began to use internet banking over a year ago, this is due to the digitalization in India and people started to adopt it.

According to customer, internet banking is more effective than branch banking about time saving. In addition most important reason for not using the internet banking, the security reason that ranks first. Therefore, banks should regard the customer support services. According to users, the most important reasons for using the internet banking are respectively save time, 24 hours availability, ease of use and be cheap. Most of the respondents use the internet banking services on daily and weekly basis which means they are regular users and shows their positive interest towards it. The most frequently used transactions by the respondents are bills payment and checking account at internet banking. The respondents were mostly satisfied with their banks services. Finally the conclusion derived is that the perception of customers about their security need to be changed by the banks and awareness programmes should be initiated by the banks.

## REFERENCES

- [1] Jadhav Anil "Electronic Banking and Information Technology in Banks" ICICI Bank, New Delhi, 2004.
- [2] M. Kaur, "The Account of Satisfaction: A Study of Customer Satisfaction from Today's Banking",

- Handbook of Management and Behavioral Science, vol. 4, (2010), pp. 66-74.
- [3] P. Malhotra and B. Singh, "An Analysis of Internet Banking Offerings and its Determinants in India", *Internet Research*, vol. 20, no.1, (2010), pp. 87 – 106.
- [4] S. B. Verma, S. K. Gupta and M. K. Sharma, "E-Banking and Development of Banks", New Delhi: Deep & Deep Publications Pvt. Ltd. (2007).
- [5] S. Singh, "Customer satisfaction analysis of information and communication technology channels in banking sector", *Asia Pacific Business Review*, vol. 7, no. 3, (2011), pp. 84-97.

