A Study on Importance of Internet Banking in Pudukkottai District

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Abstract- Business owners, accounting staff and other approved employees can access to internet banking activity such as deposits, cleared checks and wired funds quickly through an internet banking interface. When every day is a race against time in our busy lives, we are looking at saving time everywhere possible. When it comes to daily errands, internet banking has made the visits to bank a rare occurrence. This study determines the level of importance of internet banking in pudukkottai district. The banks involved in this study are SBI, ICICI, HDFC and Canara. The importance of internet banking services are determined by using survey method whereby questionnaires are distributed randomly to bank customers in pudukkottai district. The findings of this study show the evidence of importance of internet banking and help the banks to determine the most influencing dimensions in determining customer satisfaction. There are also recommendations by the end of the study which may help the future researchers in similar studies.

I. INTRODUCTION

Due to the advancement of Information & Communication Technology (ICT), the industrial and service sectors have shifted their delivery channels toward self service channels such as internet banking services since the mid-1990s. When the world is becoming more open due to the Internet and World Wide Web (WWW), Internet banking has gained attention all around the world. In order to access to internet banking services provided by a financial institution, one must have Internet access and electronic devices such as laptop, personal computer, smartphone or tablet for the purpose. Then, the customer needs to register with the financial institution for the services. After that, the customer should set up an account at the internet banking portal with self-choose username and password verification on customer’s identity is also required during the process.

Importance of Internet Banking:

Internet banking provides many advantages for banks and customer’s. It has made life much easier and banking much faster for both customers and banks.

Main advantages are as follows.

- It provides convenience in terms of capital, labour, time all the resources needed to make a transaction.
- Taking advantage of integrated banking services, banks may compete in new markets, can get new customers and grow their market share.
- It provides some security and privacy to customers, by using state-of-the-art encryption and security technologies.

Electronic funds transfer means computer systems are used to perform financial transactions electronically. The EFT is used for electronic payments and customer initiated transactions where the cardholder pays using credit or debit card. The transaction types are, Withdrawal, deposit, interaccount transfer, inquiry, administrative transactions that covers non financial transactions including PIN change. Electronic Fund Transfer transactions needs authorisation and a means to match the card and card holder. EFT transactions require the cardholder’s PIN to sent online in encrypted form for validation by the issuer of the card. Other information may include the card holders address or the CVV2 security value printed on the card.

Objectives of the study

- The main objective of this study is to investigate the importance of internet banking in Pudukkottai district
- This study targets to identify the difference in banking services provided by public and private banks.

II. REVIEW OF LITERATURE

Malhotra ,Poopa and Singh , (2010) study examined various factors affecting the banking services in India. The purpose of the study was to help in filling the gap in knowledge about Banking Landscape in India. The study utilized sample of 82 banks of India using the technique of Multiple Regression to explore the determinants. The study revealed that bankers as well as society perceive that banking services lag in terms of providing different products and services.

Husun ,(2008) study showed that human capital has a direct impact on the customer capital which in turn affects the business performance. The study also conceptualized that there exists negative relationship between process capital and customer capital in the financial service sector and also that customer satisfaction relies on the extent of training and high research and development.
Maumbe, (2006) study found that developing nations need to improve the educational standards and computer literacy prior to broad based adoption and the constructive use of the internet services as those segment of customers who are poor and unemployed remain disadvantaged in terms of access and availability to the rural banking services due to lack of awareness. Thus finding of this study emphasized that real access to well functioning and the efficient financial services which has great potential to empower the poor communities.

Bauer, Malike and Falik, (2006) study revealed that the quality of e-banking portals has a significant impact on the consumers quality perception in the internet providing banks which serves a promising start for the best establishment of an effective quality management. The empirical model study validated a measurement model for web – quality model based on security, trust, basic service quality, value, trust, responsiveness, buying service quality to achieve the best customer satisfaction.

Mishra (2005) in his paper explained the advantages and the security concerns about internet banking. According to him, improved customer access, offering of more services, increased customer loyalty, attracting new customers were the primary drivers of internet banking. But in a survey conducted by the internet banking association, member institutions rated security was the most important concern of internet banking.

III. RESEARCH DESIGN

Research methodology is a way to systematically represent a research on any problem. It tends to explain the steps taken by the researcher in studying the research problem along with the logic behind them. It tends the define the methodology for the solution of the problem that has been undertaken for the purpose of the study.

Descriptive type of research includes surveys and fact finding enquiries. The major purpose of descriptive type is description of the state of affairs as it exists at present. The main characteristic of this method is that it does not allow the researcher to control the variables and the variables and the research cannot be replicated.

Data sources:

Primary Data:

The primary data was collected from the respondents using internet banking.

Secondary Data:

Apart from primary data, the data collected through text books, journals from library, academic reports and internet is used for the study.

Sampling:

Sampling size – 1000 internet users

Sampling Area:

The research was conducted at Pudukkottai district.

Sampling Method:

Stratified Random sampling method was used for the study

Limitations of the Study:

1. Time was a constraint
2. The data collected may lack accuracy.
3. Only certain bank customers of Pudukkottai was studied.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>N</th>
<th>Mean Rank</th>
<th>Kruskal-Wallis Test Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 20 years</td>
<td>404</td>
<td>455.60</td>
<td>Chi-square</td>
</tr>
<tr>
<td>20-25 years</td>
<td>283</td>
<td>486.63</td>
<td>df</td>
</tr>
<tr>
<td>26-30 years</td>
<td>157</td>
<td>552.22</td>
<td>Asymp.sig</td>
</tr>
<tr>
<td>Above 30 years</td>
<td>156</td>
<td>589.91</td>
<td>Significant</td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the result of Kruskal Wallis test of the age of the respondents and the importance of internet banking. It was evident from the table that respondents below 20 years of age were much interested in using internet banking, the chi square value was 30.622 and highly significant at 1 per cent level.
TABLE NO.2: ASSOCIATION BETWEEN GENDER AND MEAN SCORES OF IMPORTANCE OF INTERNET BANKING

TEST: INDEPENDENT SAMPLES T-TEST

<table>
<thead>
<tr>
<th>Gender Group</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>t</th>
<th>df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>385</td>
<td>3.9582</td>
<td>.56339</td>
<td>2.854</td>
<td>2</td>
<td>.004 Significant</td>
</tr>
<tr>
<td>Women</td>
<td>615</td>
<td>3.8509</td>
<td>.60207</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Equal variances not assumed)

The above table describes the result of t test of the gender of the respondents and the importance of internet banking. It was clear from the table that the women respondents were much interested in using internet banking, the t value was 2.854 and highly significant at 1 per cent level.

TABLE NO.3: ASSOCIATION BETWEEN DURATION OF USING AND MEAN SCORES OF PERCEIVED IMPORTANCE OF INTERNET BANKING

TEST: ONE-WAY ANOVA

<table>
<thead>
<tr>
<th>Duration of Using Group</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>df</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2 years</td>
<td>464</td>
<td>3.9053</td>
<td>.57625</td>
<td>3</td>
<td>4.223</td>
<td>.006 Significant</td>
</tr>
<tr>
<td>2-4 years</td>
<td>375</td>
<td>3.8861</td>
<td>.59577</td>
<td>996</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-10 years</td>
<td>125</td>
<td>3.9549</td>
<td>.54462</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above 10 years</td>
<td>36</td>
<td>3.5683</td>
<td>.74737</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
<td>3.8922</td>
<td>.58952</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table No. 3 illustrates the result of One way ANOVA of duration and the importance of internet banking. It was evident from the table that respondents duration was less than 2 years in using internet banking, the F value was 4.223 and highly significant at 1 per cent level.

TABLE NO.4: ASSOCIATION BETWEEN EDUCATIONAL LEVEL AND MEAN SCORES OF IMPORTANCE OF INTERNET BANKING

TEST: KRUSKAL-WALLIS

<table>
<thead>
<tr>
<th>Education Group</th>
<th>N</th>
<th>Mean Rank</th>
<th>Chi-square</th>
<th>df</th>
<th>Asymp.sig</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Secondary</td>
<td>137</td>
<td>471.83</td>
<td></td>
<td></td>
<td></td>
<td>7.837</td>
</tr>
<tr>
<td>Under-Graduate</td>
<td>645</td>
<td>491.02</td>
<td></td>
<td>3</td>
<td></td>
<td>.049</td>
</tr>
<tr>
<td>Post-Graduate</td>
<td>191</td>
<td>543.40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td>27</td>
<td>569.09</td>
<td></td>
<td></td>
<td></td>
<td>Significant</td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above table enumerates the result of Kruskal Wallis test of the education of the respondents and the importance of internet banking. It was evident from the table that the Post Graduate respondents were much interested in using internet banking, the chi square value was 7.837 and highly significant at 5 per cent level.
Table No. 5 illustrates the result of One way ANOVA of monthly income and the importance of internet banking. It was evident from the table that respondents earning upto Rs.5000 was using internet banking, the F value was .544 and was not significant.

Table No. 6 discusses the result of One way ANOVA of occupation and the importance of internet banking. It was clear from the table that employees use internet banking, the F value was 2.784 and highly significant at 5 per cent level.

Table No. 7 examines the result of One way ANOVA of frequency of usage and the importance of internet banking. It was evident from the table that respondents monthly usage was more, the F value was 1.219 and was not significant.
The above table discusses the results of One way ANOVA of type of account and the importance of internet banking. It was clear from the table that respondents having savings account use internet banking, the F value was 18.555 and highly significant at 1 per cent level.

The above table enumerates the result of Kruskal Wallis test of the usage of services of the respondents and the importance of internet banking. It was evident from the table that the respondents use internet banking for security, the chi square value was 40.570 and highly significant at 1 per cent level.

The above table elucidates the result of Kruskal Wallis test of the banks and the importance of internet banking. It was evident from the table that the use internet banking was more in case of SBI than other banks in pudukkottai district, the chi square value was 7.032 and was not significant.

**Findings**

- Respondents below 20 years of age were much interested in using internet banking.
- Women respondents were much interested in using internet banking.
- Duration of usage was less than 2 years in internet banking.
- Post Graduate respondents were much interested in using internet banking.
5. Respondents earning up to Rs.5000 were using internet banking.
6. The employees use internet banking more than other users.
7. The monthly usage of internet banking was more.
8. Savings account holders use internet banking more than other account holders.
9. The main usage of internet banking was for the sake of security.
10. Internet banking was more in case of SBI than other banks in Pudukkottai district.

Suggestions
The following suggestions are recommended for enhancing internet banking services of banks to the customers:
1) Banks should take necessary steps to create awareness among rural people about the advantages of internet banking services available in the banks.
2) The internet banking system should be enhanced to make the online enquiry and online payment much more easier to the customers.
3) Public sector banks should improve their internet banking services to compete with their private sector counterparts.
4) Most of the customers have not availed of the 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.
5) The bank customers have perceived the risk of getting wrong information from internet banking services. These illusions should be removed from the minds of the customers by bank people as these factors are the barriers for most of the customers for not adopting these services.
6) Though internet banking is convenient and easy to use, customers are afraid of adopting these services because they think that using these “services are difficult and complicated”. So, on-site training can be provided to the bank customers who intend to use internet banking services.

IV. CONCLUSION
The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. A modern day banking customer, making use of the online banking services, must be vigilant enough to identify the authentic and publishing mails. One should not forget the fact that no bank in the world would seek the personal information, User ID or password or other critical information, which can result in data sabotage or theft. One must not forget to confirm the credentials of a mail, which is doubted by him to be forging in its very nature, from the respective bank authorities. Bank websites, these days, offer protection by offering encryption and even virtual keyboard. These facilities let the banking customer to transact in a far more safe and secured manner, without putting his or her data’s confidentiality at the stake. It is highly advisable that a prospective online banking services’ user must understand the pros and cons of such usage and takes all possible steps to ensure his own safety.

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