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## Online Banking-A Survey on Customers Viewpoint and Satisfaction

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### **Abstract:**

*E-banking also known as internet banking, online banking, virtual banking means use of online banking products and service. Banking industry has a great contribution in the growth of the Indian Economy. Since the new economic reforms private banks has grown tremendously and since then India economy has grown significantly. The main objective of the study is to study the growth of virtual banking in India and its popularity among the Indians. As per the survey State bank of India is still the largest public sector banks having maximum number of bank account. The result of the study is based on primary survey depicting that E-banking has become gradually important among the Indians as it time saving, convenient and reliable. Very few respondents are not using it due to security reasons. The E-Banking services are used frequently to make online purchase, bill payments and to make investments. E-Banking is gaining momentum gradually in India. By the end of 2014 Indian government is making effort to reach almost to all the parts of rural India and to have at least 40 % of the bank account of the rural population.*

**Keywords:** Banking Industry, E-Banking, Rural India

### **1. Introduction**

E-Banking also referred as online banking, virtual banking, Internet banking simply means use of banking products and services through electronic means. Online banking services have become very popular among the customers from quite some time. It has become popular not only in advanced countries but also in the other parts of the world and has offered new opportunities to the customers. It is beneficial for the customers as it is faster, convenient and provides 24X7 services to the customers irrespective of their location. For banks it is efficient and cost-saving channel. Internet banking has been quite popular among the users in the form of ATMs (Automatic Teller Machine) and telephonic transactions. Virtual as well as physical expansion of banking is taking place through mobile banking, telebanking, internet banking. Internet banking has grown tremendously in the last few years and it is gaining momentum year on year.

Revolution in Indian IT sector has a great impact on the banking system in India. After the economic liberalization the use of computers, mobile phones and technology has increased many times as it was difficult for the Indian banks to work in par with the international banks without the use of IT. It was difficult for the Indian banks to compete with International banks in terms of customer services without the use of information technology. In order to cope up with rising competition, Indian banking system have been adopted several measures and E-banking is one of them. RBI adopted several measures like introduction of MICR technology in 1984, Computerization of banks branches in 1988, adoption of EFT (Electronic Fund Transfer) System in 1994. Total number of ATM(Automatic Teller Machine)operating in India by the end of June 2012 is 99218. e –banking has impacted business operations in India as well outside drastically. Business has grown many-fold because of the introduction of internet banking as it has cut down the transaction cost massively and has made business operations easier with the international markets.

E-banking offers numerous advantages to customers as well banks but there a lots of challenges-poor and uneducated are still ignorant of the E-banking system, operational environment in public, private and foreign banks is quite different, E-banking has posed challenges for regulatory and supervisory authorities. The major problems for public sector banks are security risk, unavailability of trained employees, higher upgrading and system recurring cost. Despite of all the major challenges the Government of India is taking initiative for the development of banks through National Bank for Agriculture and Rural Development with an aim to bring number of banks to 40% of the population than are still unbanked by the end of 2014.

The main objective of the current paper is to study the customer's viewpoint and satisfaction on online banking system in India, to study the growing trend of online banking, awareness about online banking, to explore the reasons and factors stimulating the growth of online banking system, most commonly online services being used by the customers in India.

The rest of the paper is organized as follows: section 2 deals with the literature review, section 3 describes the methodology, section 4 discusses the growth of online banking in India, section 5 describes the empirical results and section 6 includes conclusion and implications of the study.

## 2. Review of Literature

Nitsure (2014) in his paper examines the problem being faced by developing countries in the adoption of E-banking initiatives due to low penetration of Information Technology. The paper highlighted the problems such as security concerns, rules, regulation and management. In India there is a major risk of the emergence of a digital divide as the poor are excluded from the internet and so from the financial system.

Torian et.al. (2008) in their paper highlighted the growing importance of Internet-Banking in India. The study focus on the development of Federal Reserve board, Electronic fund transfers, Legislation that restricts the electronic payment system due to security reasons.

Nath et .al.( 2001) in their study examines the bankers' views on giving banking services to the customers using the internet. The issues which are addressed are need for Internet banking, effect of E-Banking on customer-bank relationships, and experience of customers in Internet banking. Data is collected from 75 banks which show that most banks do not provide complete Internet banking services. However, most of the banks have plans to do so. Furthermore, bankers see Internet banking as a strategic opportunity that can reduce the transaction costs, enhance customer service, increase in the customer base and also improves cross-selling opportunities. Also, Internet banking is perceived more favourably by banks that offer it compared to those that do not.

Ismail and Masinge(2011) in their paper highlighted the importance of using mobile banking to reach to the rural India and especially those who are unbanked. The study highlighted growing use of mobile banking. The perceived usefulness, perceived ease-of-use, perceived cost and the level of customer trust in the mobile banking provider were all important factors influencing the take-up of this new technology.

Safeena et.al.(2011) in their study examines the factors that influences the adoption of E-banking in India by Indian consumers. This study is based on primary survey aims to study the benefits, risk and usefulness of internet banking .The study highlighted that banks need to provide more information and guidance to the customers for the use of internet banking also Banks need to engage in security enhancement activities such as encryption, firewall, and user protection and authenticity to increase the usage of internet services.

## 3. Methodology

The present study includes both primary and secondary sources. Online survey on banking is conducted by using self designed questionnaire on Google drive. Convenient sampling has been used for the survey. Mail survey method been used. Total of 146 responses has been received. The responses from the users of online banking have been analysed to explore the reasons and factors to go for online banking. Secondary data has been collected from newspapers, websites, and journals.

## 4. Growth of Indian Banking System

Banking system in India originated in the last decade of 18<sup>th</sup> century .The bank which was initially established was Bank of Hindustan and the General Bank of India. The largest and still in existence is the State Bank of India. Banking system in India is fairly mature in terms of supply of services and products but the current and the major challenge for the banks is to reach to rural India. All the other banks inspite of strict provisions, control and regulation of Reserve Bank of India except state Bank of India which has emerged as the largest public sector bank were owned and operated by private entities. By the year 1960, Indian banking industry has become an important tool for the growth of the Indian Banking, therefore on 19 the July, 1969 the government of India has issued ordinance and national 14 commercial banks in India in the same year, further 6 banks were nationalised in the year 1980 so as to give government more control of credit delivery.

Following the policy of liberalization in the year 1990,small number of private banks were introduced which came to be known as New Generation Tech-Savvy banks and includes the banks like Global Trust Bank which later on amalgated with oriental Bank of Commerce, UTI Bank(Known as Axis Bank),ICICI bank, HDFC bank. With this major move banking system in India is being revitalised and all the three major banking sector i.e. Public Banks, Private Banks and foreign Banks has grown remarkably leading the Indian economy to the new paths of growth and strong growth in the International markets.

Revolution in Indian IT sector has a significant impact on the Indian banking system. After the economic liberalization the use of computers and internet technology has increased among the users as Indian economy has grown tremendously in the foreign markets. Introduction of MICR technology in 1984, Computerization of banks branches in 1988, adoption of EFT (Electronic Fund Transfer) System in 1994.Total number of ATM (Automatic Teller Machine) operating in India by the end of June 2012 is 99218.Indian banking has impacted business operations in India as well outside drastically. Business has grown many-fold because of the introduction of internet banking as it has cut down the transaction cost massively and has made business operations easier with the international markets.

The major challenge today if front of the banking system is to reach to the rural poor and to bring the bank branches to 40% of the population which is still unbanked.

### 5. Empirical Results

#### 5.1. Demographics of the Respondents

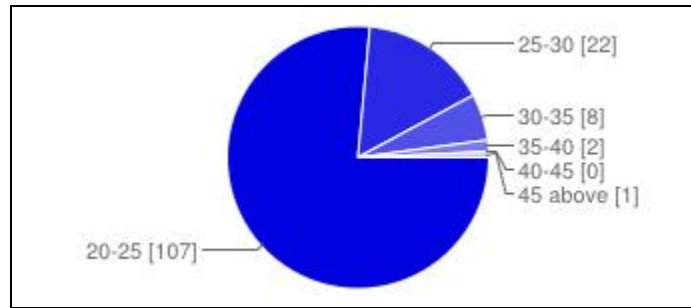


Figure 1: Age Group of respondents

Majority of the respondents come are in the age-group of 20-25.73% of the respondents are in the age group of 20-25.21% are in the age group of 25-30.This shows that the majority of the respondents are the youngsters. People above the age group of 35 have not responded much to the survey.

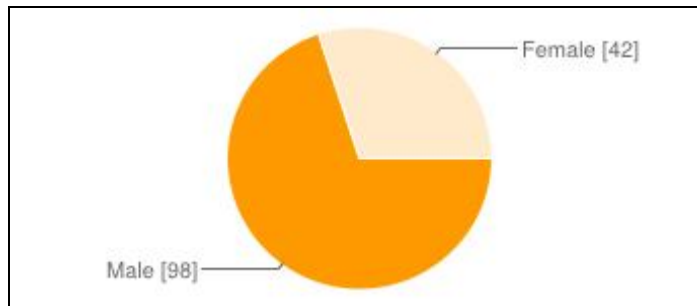


Figure 2: Gender Group

From the above graph it is found that majority of the respondents are males. Of the total 146 respondents 98 are males 42 are females i.e.67% are males and 29% are females.

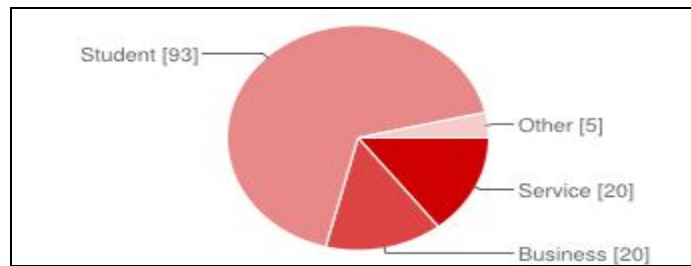


Figure 3: Occupation of the respondents

The above figure shows that majority of the respondents (64%) are students.14% are in services and business each and very less come under the other categories.

#### 5.2. Results of the Survey

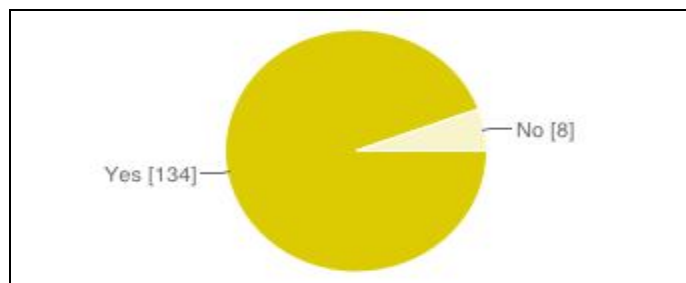


Figure 4: Users of online banking Out of the total responses

Out of the total responses 91% are users of online banking i.e they have an internet banking and use online banking services.

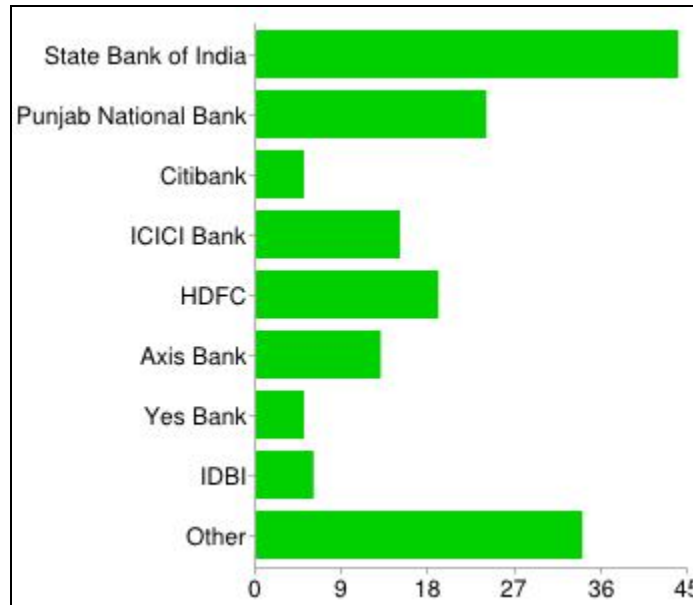


Figure 5: Bank Account with Respondents

45% of the respondents have a bank account in SBI (state Bank of India).The largest public sector bank followed by PNB , HDFC Bank, ICICI Bank , Axis Bank, IDBI Bank, Citibank.

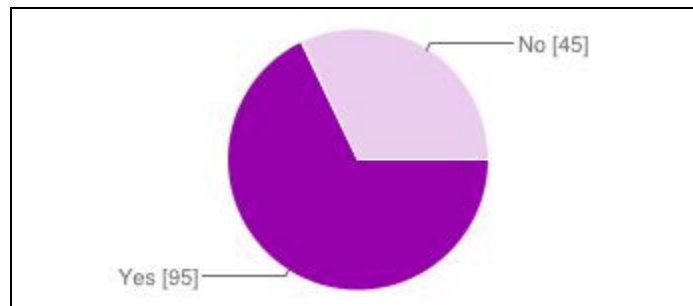


Figure 6: Online banking Users

Of the total respondents 65% are the users of E-banking and 35% are still relying on the physical banking system due to the security reasons, inconvenience and inadequate knowledge about the system.

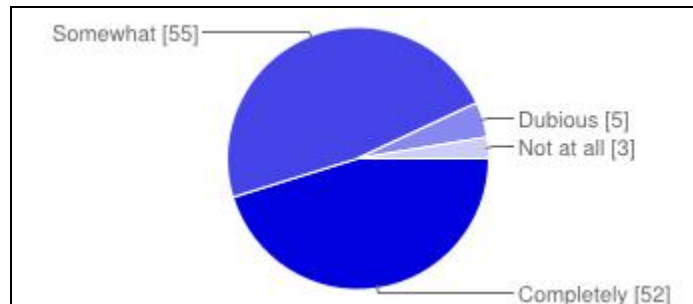


Figure 7: Trust on E-banking Services

36% of the respondents completely trust the e-banking services and 38% trust somewhat which means that as the awareness is becoming more among the customers, users of internet banking is on rise.

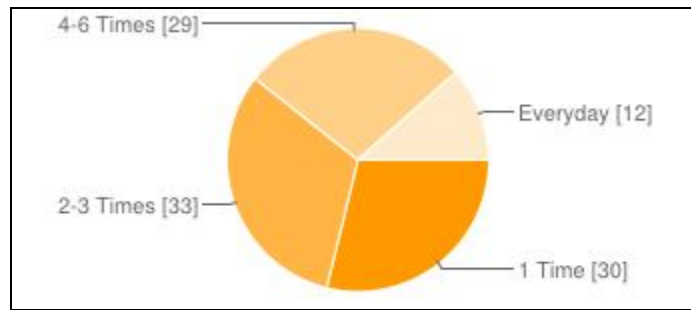


Figure 8: Frequency of usage of Online banking services

Frequency of usage is comparatively high among the users.8% of the customers are using it everyday.20% are using 4-6 times, 23% are using 2-3 times, rest 21% are using it only 1 time.

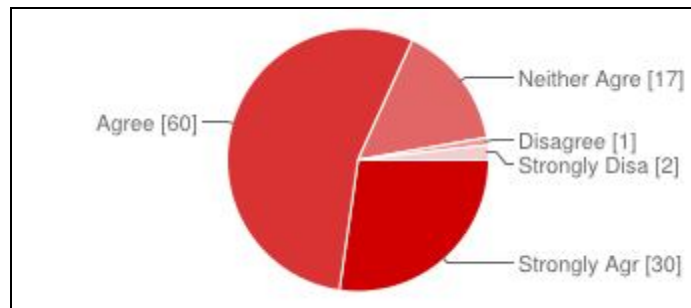


Figure 9: Convenience and Reliability of Online-banking

A very high percentage of the customers i.e. 62% agree that online banking services are convenient and highly reliable .Very less i.e. 2% of the customers disagree to the reliability of online banking system.

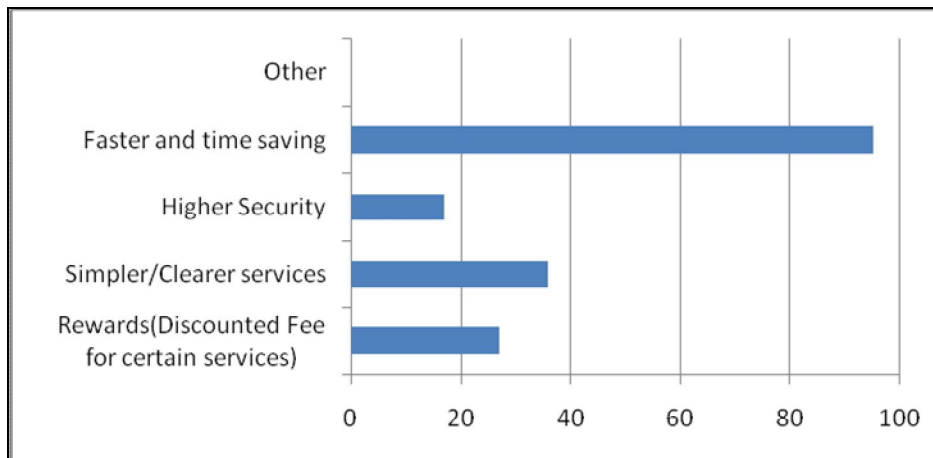


Figure 10: Reasons for Online Banking

From the above figure 10 it is being is discovered 95% customers prefer to use online banking is that it is faster and time saving followed by simpler services, rewards and security.

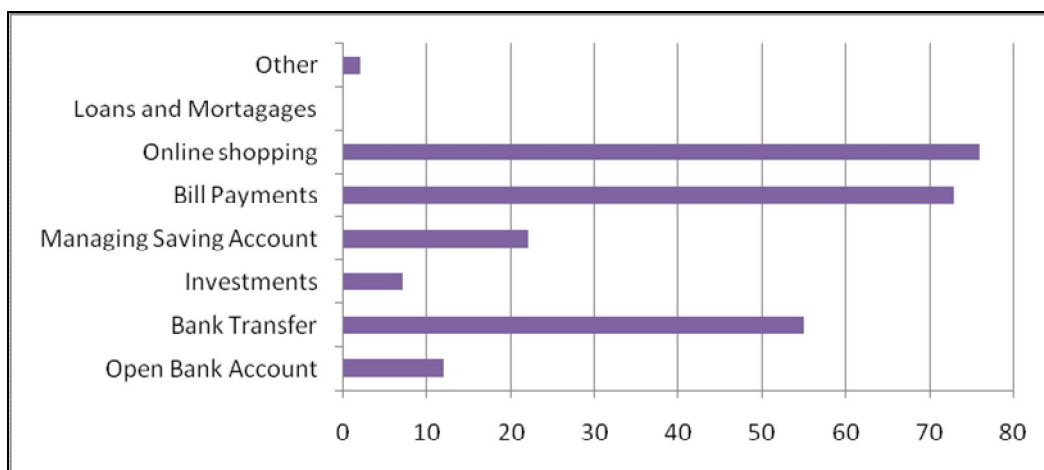


Figure 11: Online Banking Services Used by the Customers

From the above figure it is very much clear than the reasons for using E-banking is to make payment for online shopping followed by bill payments and bank transfer. A very less percentage of customers 15% use it for investments, 8% for opening bank account. Customers don't use it for loans and mortgages.

## 6. Conclusion and Implication of the Study

Indian Banking Industry is one of the four pillars that have taken Indian Economy to the new paths of growth. After the economic liberalization in 1991, entry of the private banks such as Axis (earlier known as UTI), ICICI Bank, HDFC Bank has led to the growth of Tech savvy new generation bank. State of Indian has been the oldest, largest and still in existence public sector bank and as per our survey the maximum number of account of the respondents is in SBI. After the introduction of Information technology Indian banks has become more virtual. Number of bank branches, services and products offered by them has also increased tremendously. In the current study a survey has been done to know the level of customer satisfaction and viewpoint on the use of E-Banking. The major respondents of our study are male students between the age group of 20-25. The main reason people prefer to go online is due to the fact that online banking is much more convenient and reliable. It is faster and time saving. People completely trust the online banking system. Services for people prefer to use online banking services are online shopping, bill payments, fund transfers. The result of the study clearly indicates that E-Banking has added new arms to the growth of the Indian banking system which in turn has a great impact on the growth of the Indian economy. The current challenge before the banks is to reach to the rural poor and to make banking services available to lower sections and farmers.

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