



## A Study on Consumer Awareness and Perception of Online Banking

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### ABSTRACT

*On-line banking is a recent phenomenon in the field of E-Banking and is definitely improve the development of all types of business and service activities in the world. Most of the banking corporations are running their on-line portals to transact their services on-line. Due to time constraint and the advent of better communication technologies; online banking has gradually taken shape. Customers are ready to carry out the bank activities through internet, that will help them to save their time and effort. In such a situation, it is of real importance to look into the matter of online consumerism and how it is taking shape in different industries. Due to rapid globalization, all types of transaction are available on the internet. The paper aims to study about the consumer awareness and perception on online banking. The present research study has used Qualitative and Quantitative research methods to study the impact of Demographic factors of consumers on on-line banking, respondents behavior, awareness about the terms and conditions of online banking and benefits and services of online banking. The data were collected through Questionnaires. Simple percentage analyses and chi-square test have been used in the analysis. Results of the study reveal that on-line banking in India is significantly affected by various Demographic factors like age, gender, marital status, family size and income.*

**KEYWORDS :** – On line banking, Demographic factor, Age, Gender, occupation, Income

### 1. INTRODUCTION

Online banking can simply be defined as the process of entering into transactions by a particular client and the bank using modern technology. With the various capabilities of the computer and other technological developments, online banking is one of the many businesses that benefited from it. Since banking plays a very important role in the economy of a nation, then there is truly a need to maximize and improve its features to be client friendly and easy to access.

Online banking is a process that has evolved because of the development of technology over the years. So before going into detail on the online we should have an overview of its birth. In this genre of fast moving lifestyle, customers are busier than what they were few years back. It is precisely for these reason customers are also using online banking with technological up-gradation, online banking has gained popularity. Online banking varies to a great extent in comparison with the traditional banking, as an analysis of the Online banking shows.

Today, both urban and rural areas enjoy internet facilities in this genre of technological up-gradation the consumer buying behavior has changed to a great extent. Banks are also well aware of these facts and that's why they are also giving greater importance to online customer behavior. There was a time when people had ample time to visit bank but, with the changing business scenario the customer prefer the electronic use of online banking as it saves time.

With the wonderful expansion of the internet, online banking is also on the rise, showing fabulous potential for future growth, as well. In reality, various businesses are now trying o globalize their sales and marketing efforts for their products and services all through the net, patrons have turn in to the prime receiver in this online banking bang. According to a recent study, online banking is at the primary places in the list of remote banking ways that clients use these days. There are various advantages of banking on the internet and if customers desire to discover this enormous' banking mail' then read on to discover out what all efforts.

### 2. OBJECTIVES OF THE STUDY

The primary objective of this to know about online consumer's awareness towards online banking

To find out various attitudes towards the online banking.

To identify the respondents perception about online banking.

### 3. RESEARCH METHODOLOGY

The study is based on primary data. The data required for the study has been collected through issuing 100 respondents. Secondary data

also have been collected from various, books, magazines, journals and websites. Simple percentage analysis and chi square test have been used to analyze the study.

### 4. REVIEW OF LITRATURE

**Anthony (2004)**, this article discusses the importance of usability within the online banking sector and identifies common usability problems and ways to resolve them. It is widely recognized that on-line banking provides more revenue per customer and costs less per transaction than any other channel, including phone banking. Encouraging news from Forrester Research states that by 2007 the number of Europeans banking online will double to 130 million.

**Azouzi, D. (2009)** his study aims to check if the current and prompt technological revolution altering the whole world has crucial impacts on the banking sector. Particularly, this study seeks some clues on which we can rely in order to understand the customers' behavior regarding the adoption of online banking. To achieve this purpose, an empirical research is carried out and it reveals that panoply of factors is affecting the customers-attitude toward online banking. This study shows that despite the presidential incentives and in spite of being fully aware of the online banking benefits, numerous respondents are still using the conventional banking.

**B. Dizon, J.A. (2009)** founded that while big banks still conduct the bulk of their business in brick and mortar bank branches, the finance sector has been increasingly investing on Online banking facilities to offer 24-hour, queue free services to their regular clients, whether through ATM machines, mobile phones. "Online Banking' appeal is primarily its convenience. Clients nowadays want instant results; they don't want to wait anymore," said Francisco M. Caparros, Jr, senior vice-president of Asia United Bank and president of Banc Net. It's also turned out to be a more efficient way to process transactions, as online banking does away with most of the paperwork that clients have to accomplish.

**Uppal, R.K. & Chawla, R. (2009)** highlights customer perceptions regarding online banking services. A survey of 1,200 respondents was conducted in October 2008 in Ludhiana district, Punjab. The respondents were equally divided among three bank groups namely, public sector, private sector and foreign banks. The present study investigates the perceptions of the bank customers regarding necessity of Online banking services, quality of online banking services, bank frauds, future of online banking, preference of bank customers regarding banks, comparative study of banking services in various bank groups, preferences regarding use of online channels and problems faced by online bank customers. The major finding of this study is that customers of all bank groups are interested in online banking services, but at the same time are facing problems like, inadequate

knowledge, poor network, lack of infrastructure, unsuitable location, misuse of ATM cards and difficulty to open an account.

**Reeti, Sanjay, and Malhotra, A. (2009)** Stated about the Customer's perspectives regarding online banking in an emerging economy. So that, the author determining various factors affecting customer perception and attitude towards and satisfaction with online banking is an essential part of a bank's strategy formulation process in an emerging economy like India. To gain this understanding in respect of Indian customers, the study was conducted on respondents taken from the northern part of India. The major findings depict that customers are influenced in their usage of online banking services by the kind of account they hold, their age and profession, attach highest degree of usefulness to balance enquiry service among Online banking services, consider security & trust most important in affecting their satisfaction level and find slow transaction speed the most frequently faced problem while using online banking.

**Malhotra, Pooja & Singh, B. (2010)** analyzed the present Status of online banking in India and the extent of online banking services offered by banks. In addition, it seeks to examine the factors affecting the extent of online banking services. Multiple regression technique is employed to explore the determinants of the extent of Online banking services. The results show that the private and foreign online banks have performed well in offering a wider range and more advanced services of online banking in comparison with public sector banks.

**5. RESULTS AND FINDINGS**

Percentage analysis has been used to analyze the demographic variables of the customers. Respondent's behavior, awareness about the rules of online banking and benefits and services of online banking also analyzed with the help of percentage analysis. Chi-Square test has been used to find the relationship between variables of the study.

Demographic variables gender, age, marital status, educational qualification, occupation, monthly income, type of family, place of residence and status of computer owned by customers are revealed in the table 1. It can be inferred that 50% of the male and 50% of the female respondents gave their experience on online banking. Majority of the respondents -42% of the respondents belong to the age group 21-30 years, 55% of the respondents are married, 37% of the respondents are educated in PG level, 20% of the respondents are doing business, 16% of the

respondents are employed ,26% of the respondents are professionals and 14% are farmers. 30% of the respondents earned Rs.25, 001-50,000, 59% of the respondents are belong to nuclear family, 48% of the respondents are semi-urban customers and 68% of the respondents owned computer in their home.

**Table -1 Demographic Variable of the Respondents**

Factors	Options	No. of Respondents	Percentage (%)
Gender	Male	100	50
	Female	100	50
Age	Below 20 years	32	16
	21-30 years	84	42
	31-40 years	46	23
	Above 40 years	38	19
Marital Status	Married	90	45
	Unmarried	110	55
Educational Qualification	Upto HSC	32	16
	Diploma	36	18
	UG Degree	58	29
	PG Degree	74	37
Occupational Status	Business	40	20
	Employed	32	16
	Professional	52	26
	Agriculturist	28	14
	Others	44	24
Monthly Income	Less than Rs.10,000	50	25
	Rs.10,001-25,000	54	27
	Rs.25,001-50,000	60	30
	More than Rs.50,000	36	18

Type of family	Nuclear family	118	59
	Joint family	82	41
Place of residence	Rural	70	35
	Urban	34	17
	Semi urban	96	48
Computer Owned	Yes	136	68
	No	64	32

**Table -2 Awareness about the online Banking**

Factors	Options	No. of Respondents	Percentage (%)
Awareness about online banking	Friends & Relatives	110	55
	Bank employees	84	42
	Existing Customers	16	8
Awareness about the terms & conditions of online banking	Highly aware	48	24
	Aware	98	49
	Not aware	54	27

Table.2 shows that out of 200 respondents, 24% ,49% and 27% of the respondents highly aware, aware and not aware about the terms and conditions of online banking respectively. 55% of the respondents are aware through friends and relatives, 42% aware through bank employees and 8% of the respondents through existing customer.

Table -3 reveals the respondents behavior towards the online banking. According to table, 29%, 25%, 24% and 22% of the respondents' use online banking services fortnightly, rarely, monthly and weekly period respectively. Majority 39% of the respondents are making online transaction with public sector banks. 69% of the respondents recommend the online banking services to others. 70% feel that the online banking service is better than the traditional banking services. Majority 46% of the respondents are satisfied, 26%, 18% and 10% of the respondents are neutral, highly satisfied and dissatisfied with the online banking services respectively.

**Table -3 Respondents Behaviour towards the online Banking**

Factors	Options	No. of Respondents	Percentage (%)
Frequency of use	Weekly	44	22
	Fortnightly	58	29
	Monthly	48	24
	Rarely	50	25
Type of bank	Public sector banks	78	39
	Private sector banks	86	43
	others	36	18
Recommendation to others about online banking	Yes	138	69
	No	62	31
Feelings of online banking is better than traditional banking	Yes	140	70
	No	60	30
Satisfaction level	Highly satisfied	36	18
	Satisfied	92	46
	Neutral	52	26
	Dissatisfied	20	10

**Table-4 Benefits and Services of Online Banking**

Is online banking useful	Yes	150	75
	No	50	25
Benefit of using online banking	Time saving	102	51
	Safety	42	21
	Status	30	15
	others	26	13
Type of transaction	Checking balances	36	18
	Make payments	60	30
	Transfer funds	78	39
	others	26	13

Account security in online banking	Yes No	138 62	69 31
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The table 4 shows that majority 51% of the respondents feel that the benefit of using online banking is a time saving process ,21 % feels about safety, and 15% feels about the status.75% of the respondents feel that online banking is useful and 25% of the respondents feel online banking is not useful. Majority 39% of the customers used on-line banking service for fund transfer ,30% used for making payments, and 18%used for checking the balance in their accounts. 69% of the respondents' feel online banking has security and safety in the transaction.

**6. Chi-square Analysis**

Chi-square test is mainly used to test the significance of one factor over the other. In this study, chi square test is used to analyze the relationship between demographic variables and the level of satisfaction on online banking.

**7. Hypothesis**

$H_{01}$  – There is no significant relationship between the age of the respondents and level of satisfaction.

$H_{02}$  – There is no significant relationship between the educational qualification of the respondents and level of satisfaction.

$H_{03}$  – There is no significant relationship between the occupational level of the respondents and level of satisfaction.

$H_{04}$  – There is no significant relationship between the monthly income of the respondents and level of satisfaction.

$H_{05}$  – There is no significant relationship between the monthly income and type of transaction

$H_{06}$  – There is no significant relationship between the age and type of transaction

**Table-5 Chi-Square Results**

Hypothesis	Chi-square value	Asy. sign 2 side	Result
$H_{01}$	8.56	0.219	Not Significant
$H_{02}$	7.65	0.000	Significant
$H_{03}$	5.11	0.009	Significant
$H_{04}$	4.31	0.005	Significant
$H_{05}$	2.98	0.000	Significant
$H_{06}$	3.32	0.016	Significant

From the table 5, it is clear that the chi-square value of the age 8.56 (0.219) is not significant. So there is no significant relationship between age and level of satisfaction of respondents. So  $H_{01}$  is accepted. Educational qualification 7.65 (0.000), occupational level 5.11(0.009), monthly income 4.31 (0.005) are significant at the level of 1% with the level of satisfaction.

Chi-square values of monthly income 2.98(0.000) and age 3.32(0.016) are significant at 1% and 5% level of significant respectively. The result shows that there is a significant relationship between level of satisfaction of customers and demographic factors, education, occupation, income and family size. So the hypothesis ( $H_{02}, H_{03}, H_{04}, H_{05}, H_{06}$ ), formulated in this study is rejected.

**8. SUMMARY**

According to the results of percentage analysis and chi-square test, there is a significant relationship between the level of satisfaction of customers and demographic factors, education, occupation, income and family size. Majority of the respondents aware of the online banking services and they utilize all available services and also recommend the online banking services to other people. Also the people feel that the online banking service has security and safety based on their experience in using net banking.

**8. LIMITATIONS OF THE STUDY**

The result and conclusion of the study is completely based on the in-

formation provided by the consumers. Consumer's attitude being dynamic. There is every possibility that the findings of today may become invalid tomorrow.

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