



## An Empirical study on Consumer Awareness on Internet Banking in Gujarat

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### ABSTRACT

*E-Banking refers to electronic banking. E-banking is also pronounced as / advocated as / stated as virtual banking or online Banking or banking without wall. E-banking involves information based banking under the Informational Technology system. Bank provides a variety of products & services to the customer, the various services offered by the banks can be utilized by the customers only when they are aware of the services.*

*Researcher in this paper has attempted to evaluate to Internet banking literature by providing insights on the factors that affect Internet banking adoption. The present research is focused on what is the customer awareness about internet banking and what are the drivers that drive consumers. It is a billion dollar question which is answered in this paper how consumers have accepted internet banking and how to improve the usage rate were the focus of research area in this study.*

**Keywords : Internet Banking, Qualitative exploratory research, E Banking, Banking without Wall, Online Banking**

### INTRODUCTION:

E-banking is defined as the automated delivery of new & traditional banking products & services directly to customers through electronic, interactive communication channels. E-banking includes the systems that enable financial institution, customers, individuals & businesses to access accounts, transact business or obtain information on financial products & services through a network including the internet.

Customers access e-banking services using an intelligent electronic device such as personal computer, Automated teller machine etc. There are 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.

E-banking involves information technology based banking. Under this I.T system, the banking services are delivered by way of a Computer-Controlled System. This system does involve direct interface with the customers. The customers do not have to visit the bank's premises.

### WHAT IS INTERNET BANKING ?

Internet banking allows customers to perform a wide range of banking transactions electronically via the bank's Web site. When first introduced, Internet banking was used mainly as an information presentation medium in which banks marketed their products and services on their Web sites.

With the development of asynchronous technologies and secured electronic transaction technologies, however, more banks have come forward to use Internet banking both as a transactional as well as an informational medium.

As a result, registered Internet banking users can now perform common banking transactions such as ....

- Writing checks,
- Paying bills,
- Transferring funds,
- Printing statements, and
- Inquiring about account balances.

### Popular services covered under E-Banking

The popular services covered under E-banking include:-

1. Automated Teller Machines,
2. Credit Cards,
3. Debit Cards,
4. Smart Cards,
5. Electronic Funds Transfer (EFT) System,
6. Cheque Truncation Payment System,
7. Mobile Banking,

### Advantages of E-Banking

The main advantages of E-banking are:-

- The operating cost per unit services is lower for the banks.
- It offers convenience to customers as they are not required to go to the bank's premises.
- There is very low incidence of errors.
- The customer can obtain funds at any time from ATM machines.
- The credit cards and debit cards enables the Customers to obtain discounts from retail outlets.
- The customer can easily transfer the funds from one place to another place electronically

### RISK MANAGEMENT IN E-BANKING

#### 1). Transaction Risk:

Transaction risks arise from fraud, processing errors and other unanticipated events resulting in the institutions inability to deliver products or services. This risk is exits in each product and service offered. The key to controlling transaction risk lies in adopting effective polices procedure & control to meet the new risk exposures introduced by e-banking.

#### 2). Credit Risk

Generally, a financial institution's credit risk is not increased by the mere fact that a loan is originated trough an e-banking channel. However, management should consider additional precautions when originating and approving loans electronically, including assuring management information systems effectively track the preformation of portfolio's originated through e-banking channels

#### 3). Compliance/legal risk

Compliance/legal issues arise out of the rapid growth in us-

age of e-banking and difference between electronic & paper based processes. E-banking is a new delivery channel where the laws and rules governing the electronic delivery of certain financial institution products or services may be ambiguous.

**4) Reputation Risk:**

An institutions decision to offer e-banking services, especially the more complex transactional services, significantly increases its level of reputation risk. Some of the way in which e-banking can influence an institutions reputation include

- Loss of trust due to unauthorized activity on customer accounts.
- Disclosure or theft of confidential customer information to unauthorized parties.

**OBJECTIVES OF RESEARCH**

The purpose of research is to discover answers to questions through the application of scientific procedures. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet. Though each research study has its own specific purpose,

- 1) The primary objective of this study is to investigate attitudes and expectations of internet banking users.
- 2) To study the level of awareness of customers about the e-banking

**LITERATURE REVIEW:**

The vast majority of the banks that avoided Internet banking in the beginning did so because they simply did not see the benefits of using it. Polatoglu & Kin (2001) state that the average internet banking transaction costs the institution only one twentieth of teller transaction.

On the importance of trainability, Rogers (1983) and Agarwal and Prasad (1998) stated that potential adopters of new technology, who are allowed to experiment with it, would feel comfortable with it and thus be more likely to adopt it. According to Tan and Teo (2000) if customers are given the chance to try the innovation, it will minimize certain fears, especially when customers found that mistakes could be rectified and thus providing a predictable situation. A more rapid diffusion occurs when consumers can have low-cost or low-risk trial of the service. Internet banking services are free. The cost and risk to trial are relatively low especially when Internet access is available from work. The third hypothesis therefore states:

**RESEARCH METHODOLOGY**

The research survey was answered by a mix group of people among the customers of the Banks. The survey was conducted through questionnaires to a group of people and only 25 respondents filled in our survey that focused on gathering information about awareness, usage of and expectations about the internet banking in Gujarat. In this study convenience-sampling method is used, thus the respondents were randomly selected.

**Research Question**

This study is aimed at finding out whether the respondents are aware about internet and banking services and whether they use their knowledge of hassle free banking or they are abided by habits customs and routines

**Research Design**

Research design is the plan, structure and strategy of investigations conceived to obtain answers to research questions and to control variance. The research design constitutes the blue print for the collection, measurement and analysis of data. It aids the researcher in the allocation of his limited resources by posing crucial choices.

**Sample size:**

Sample sizes of 25 respondents were selected for this study.

The respondent profile who participated in the study is given below

	Internet banking Users	Percentage
Male	21	84%
Female	4	16%
Education		
High school	1	4%
Bachelor	5	20%
Master	15	60%
PhD	4	16%

**Sampling Method:**

Simple random sampling has been effective for this study purpose.

**Data Collection:**

Data will be collected from both primary and secondary sources of information.

**Primary Source:**

All necessary information about the study has been collected from personal contact and discussion by using of Questionnaire method.

Type of data : Primary

Data collection method : Questionnaire

**Secondary sources:**

Data has been collected from both internal and external sources such as personal records, annual reports, published articles, websites, web links etc.

Data analysis technique : Qualitative

Data analysis tool : Pie chart

**DATA ANALYSIS AND FINDING**

The Following table describes the demographic profile of the respondents which consists of gender, age, level of education. From a total of 25 completed questionnaires received. According to our analysis of the demographic characteristics of the respondents we can say that, 52% of the respondents are between the ages of 20 and 29. Another 20% is between the age of 30 and 39. Then the remaining 28% is higher than the 40 years old. Within the respondents 84%are female and remaining 40% is male. If we check the education level of the respondents we can say that, 4% is graduated from a high school, 20% hold Bachelor Degree, 60% hold Master degree & 16% hold PhD, it is found that Master degree respondent are using highest e-banking.

	Internet banking Users	Percentage
Gender		
Male	21	84%
Female	4	16%
Age		
20-29	13	52%
30-39	5	20%
40-49	6	24%
50-59	1	4%
Education		
High school	1	4%
Bachelor	5	20%
Master	15	60%
PhD	4	16%

Finding shows that there is no any significance difference between Awareness of e-banking & usage of e-banking,

- Finding shows that all consumers are using WWW more than a one Year.
- 64% consumers are visit 1-4 times in a month & 12% consumers are never visit branch of the Bank.
- There is 64% consumer are using ATM for 1-4 times in a month.& 12 % consumer are use over period of 12 months.

- There is 44% consumers are using tele-banking for 1-4 times in a month & 28 % consumers are using 5-8 times in a month & 24 % respondents are not using a tele-banking services.
- Main reason for visiting a bank branch is to make a Deposit with highest % is 40 %.
- There is a 56% consumers are purchased product through the internet & 44% consumer they have never purchased product through internet
- When they are asked that they considered themselves as risk-taker, 36% respondents are Strongly agree on this judgment, also 36% respondents are agree, 28% of respondents they take risk as Neutrally.

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