



Research Paper

Customer's perception and utility pattern of internet banking with special reference to Dharmapuri District.

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ABSTRACT: Net banking system is becoming is growingly becoming popular because of flexibility, time saving and convenience for banking activity. The present study of the paper investigates the main factors responsible for Net banking based on perfection and utility pattern on various internet applications. It also provides a structure of the factors which are taken to assess the internet banking perception.

KEYWORDS: Net banking, Customer's perception, e-banking, utility pattern

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I. INTRODUCTION

Introduction Internet banking is the term used for new age banking system. Internet banking is also called as online banking and it is an outgrowth of PC banking. Internet banking uses the internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposits [1]. Internet banking is a result of explored possibility to use internet application in one of the various domains of commerce. It is difficult to infer whether the internet tool has been applied for convenience of bankers or for the customers' convenience. But ultimately it contributes in increasing the efficiency of the banking operation as well providing more convenience to customers. Without even interacting with the bankers, customers transact from one corner of the country to another corner.

There are many advantages of online Banking. It is convenient, it isn't bound by operational timings, there are no geographical barriers and the services can be offered at a minuscule cost [2]. Electronic banking has experienced explosive growth and has transformed traditional practices in banking [3] [4]. Private Banks in India were the first to implement internet banking services in the banking industry. Private Banks, due to late entry into the industry, understood that the establishing network in remote corners of the country is a very difficult task. It was clear to them that the only way to stay connected to the customers at any place and at anytime is through internet applications [5]. They took the internet applications as a weapon of competitive advantage to corner the great monoliths like State Bank of India, Indian Bank etc. Private Banks are pioneer in India to explore the versatility of internet applications in delivering services to customers.

As per prediction of the e- banking is leading to a paradigm shift in marketing practices resulting in high performance in the banking industry [6] [7]. Delivery of service in banking can be provided efficiently only when the back ground operations are efficient [8]. An efficient back ground operation can be conducted only when it is integrated by an electronic system. The components like data, hardware, software, network and people are the essential elements of the system. Banking customers get satisfied with the system when it provides them maximum convenience and comfort while transacting with the bank. Internet enabled electronic system facilitate the operation to fetch these result. An in-depth analysis would help to understand that internet enabled electronic bank system differentiates from traditional banking operation through faster delivery of information from the customer and service provider. Additionally, it has to be noted that the banking operations does not transfer physical currencies instead it transfer the information about the value for currencies. I-banks enable transfer of information more swiftly online. [9]. In service organizations like banks, information flows more than physical items. In the commercial world, especially in most advanced societies today, money is rather carried in information storage medium such as cheques, credit cards and electronic means that in its pure cash

form. According to Christopher, E banking has become an important channel to sell the products and services and is perceived to be necessary in order to stay profitable in successful [10].

The perception is the formed as a result of interpreting the experience. There is a growing interest in understanding the users' experience [11] [12]; as it is observed as a larger concept than user satisfaction. From this perspective, assessing the user experience is essential for many technology products and services [13] Customers have started perceiving the services of bank through internet as a prime attractive feature than any other prime product features of the bank. Customers have started evaluating the banks based on the convenience and comforts it provides to them. Bankers have started developing various product features and services using internet applications [14].

II. METHODOLOGY

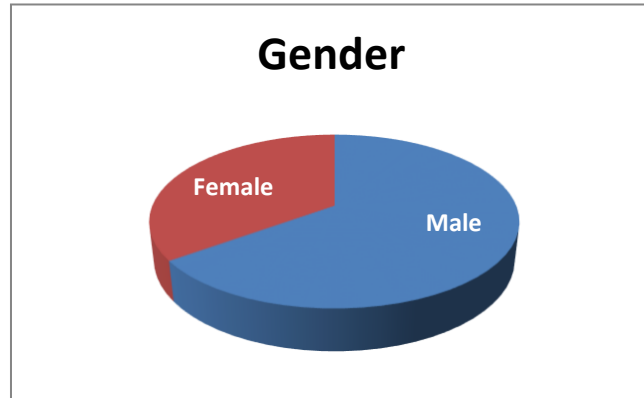
The study employs primary data as well as secondary data. Secondary data was collected from different published sources. Primary data was collected by structured survey. The survey was created online and link sent to the respondents from India using convenience sampling. The respondents, who were approached through email, were 80. Of these, 61 responses were received, giving a response rate of 76.0 percent. In the questionnaire, various internet banking applications were included from previous research. Later, structured questionnaire containing 32 items was developed (18 for general perception and 15 for internet banking features) for the purpose of data collection. All items were measured by responses on a five-point Likert scale in agreement/ relevance with statements, ranging from 1= Strongly Disagree/ Completely Irrelevant to 5= Strongly Agree/ Completely Relevant. The analysis of primary data was carried out using Statistical Package for the Social Sciences (SPSS) 16.0 for windows

III. DATA ANALYSIS AND CHARTS

SAMPLE PROFILE

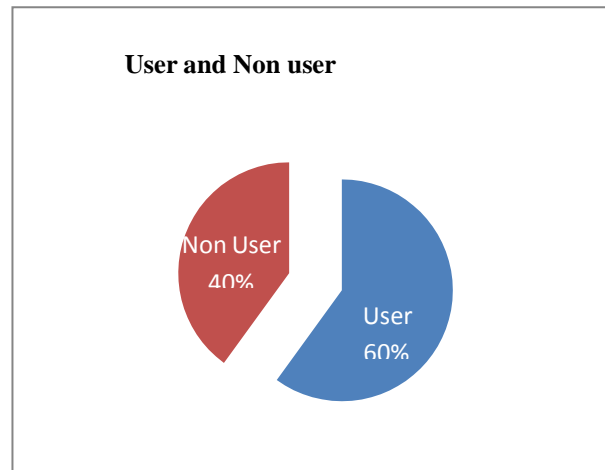
Sample Profile

From the total respondents' 65% were males and 35% were females.



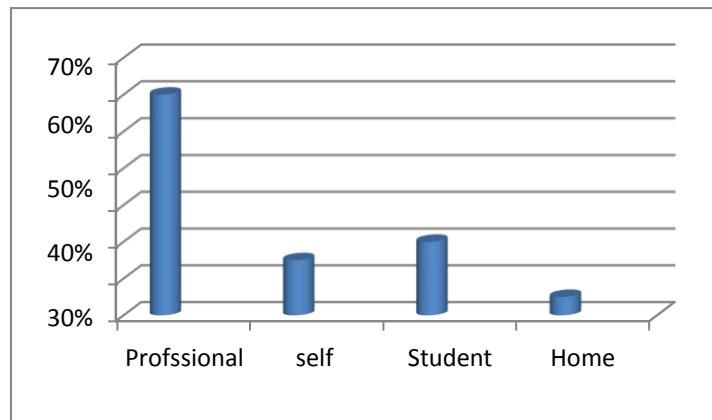
USER AND NON USER

The chart below depicts the respondents classification based on user and non user criteria. Out of total respondents' 60 respondents were internet banking users' and 40 were nonusers.



OCCUPATION WISE DISTRIBUTION

The chart below depicts the respondents classification based on user and non user criteria. Out of total respondents' 60 respondents were internet banking users' and 40 were nonusers.



From the total respondents 60% were Professional, 15% were self employed, 20 % were Students and 5% were Home maker .

THE FRAMEWORK OF THE FACTORS WHICH ARE TAKEN TO ASSESS THE PERCEPTION IS AS FOLLOWS:

1. Convenience way of operating banking transactions: Online banking is a highly profitable channel for financial institutions. It provides customers convenience and flexibility and can be provided at a lower cost than traditional branch banking [15]. The convenience of online banking is helping people gain greater control of their finances and contributing to changing patterns in cash withdrawal and day to day money management [16].
2. Flexible virtual banking system: Financial institutions have spent a great deal of time and money developing online banking functionality to allow customers an easy and convenient way to manage their money [15]. A customer can check balance by logging into banks websitethrough a user name and password. In this way he can enquire balance, status of cheques, perform funds transfers, order drafts, request issue of cheque books etc [17].
3. Reliability: To identify one of the very important service quality dimensions of i- banking service quality is reliability [18]. The online banking environment has grown tremendously over the past several years and will continue to grow as financial institutions continue to strive to allow customers to complete money transfers, pay bills, and access critical information online. During this same time, online banking has been plagued by Internet criminals and fraudsters attempting to steal customer information. Phishing, pharming, and other types of attacks have become well known and are widely used as a means for fraudsters to obtain information from customers and access online banking accounts. As a result, authenticating customers logging onto their online banking service has become a crucial concern of financial institutions [15].

4. Time factor: Liu and Arnett in their study identified time factor as one of the prime factor that in Internet banking service quality feature for the customers. Saving time is an importance factor which influences the customers prefers to use i-banking [16]. Banks can make the information of products and services available on their site, which is, an advantageous proposition. Prospective customer can gather all the information from the website and thus if he comes to the branch with queries it will be very specific and will take less time of employee[17].
5. Real time access to information: The banks started i-banking initially with simple functions such as real time access to information about interest rates, checking account balances and computing loan eligibility. Then, the services are extended to online bill payment, transfer of funds between accounts and cash management services for corporate [19].
6. Saving transaction cost: Improving customer service, increasing market reach and reducing costs are now basic expectations of Internet banking services. If consumers are to use new technologies, the technologies must be reasonably priced relative to alternatives. Otherwise, the acceptance of the new technology may not be viable from the standpoint of the consumer [20]. Internet banking model offers advantages for both banks and customers. The Internet provides the banks with the ability to deliver products and services to customers at a cost that is lower than any existing mode of delivery.
7. On-line bill payments: The most popular online transaction through internet banking is funds transfer/bill payment [16]. Of the twenty-two million users in US, twenty percent or 4.6 million people regularly used online bill payment services offered by the top ten financial institutions. This report also highlighted that the usage of online bill payment services increased by thirty-seven percent at the end of the first quarter 2004.
8. Digital signature for security: In a survey conducted by the Online Banking Association, member institutions rated security as the most important issue of online banking. There is a dual requirement to protect customers' privacy and protect against fraud (Mishra). Digital signature is a precautionary measure to prevent malpractices and tampering the information. It is a form of enhanced authentication [15]. Nearly one in 5 customers was victims of identity theft and fraud [24].
9. Faster transfer: Another important factor that contributes the framework of the perception is the faster transfer of fund. The fundamental advantage of the internet banking is the transfer of the information about the money's worth to any place at any time with a mouseclick's distance.
10. Easy to use and user friendliness: Ease of use is another important determinant for the customer preferring the internet banking [16]. In a study conducted by Cooper, reported that ease of use of innovative product or service as one of the three important characteristics for adoption from the customer's perspective [21]. The user friendliness of domain names as well as the navigation tools available in the web-sites is an important determinant for ease of use. The design of the web-sites with appropriate use of graphical user interface is also considered as an important determinant. [21] It is also worth noting that proper navigation attributes and search facility will also certainly be helpful to consumers when they surf the Internet. In addition, the level of interactivity of the site will certainly have an effect on the consumers' perception of the user friendliness of the Internet [20].
11. Low transaction fees: Another factor that would stand in the way of consumer adoption of Internet banking is the cost factor. In Internet banking, two types of costs are involved. First, the normal costs associated with Internet access fees and connection charges and secondly the bank fees and charges [20]. These two types of costs shape the perception of the customers.
12. Anytime and anywhere banking facility: Online banking users say that convenience is the most important factor, online banking lets them access their accounts from anywhere and at any time [22].
13. Access to current and historical transaction data: According to IAMA report's – online banking '2006', customers prefer to view account balances, transaction history and updates get e-statements, credit card and debit card transaction history and updates, checking the status of their credit card accounts, viewing information regarding their demat account, information on their fixed deposits.
14. Facility of fund transfer to third party: According to IAMA report's – online banking 2006, majority of the customers prefer on-line banking channels to transfer funds to third party [22].

15. Queue management: One among the important dimensions of e-banking service quality is queue management [23].

LIMITATIONS AND FUTURE RESEARCH

Although this research is primarily based on the primary data from the users and non-users of Internet banking, the findings cannot be generalized, as the research is based on non-probability sampling. This study has successfully examined the Customer perception and utility pattern for internet banking based on respondents' perception on various internet applications; future research may include examining the factors importance. Future research may also consider the impact of other demographic variable like education.

IV. CONCLUSION

Thus, the analysis done with the help of statistical tools clearly indicate the customer perception and utility pattern for internet banking. Factor analysis results indicate that 'utility request', 'security', 'utility transaction', 'ticket booking' and 'fund transfer' are major factors. Out of total respondents' more than 50 % agreed that internet banking is convenient and flexible ways of banking and it also have various transaction related benefits. Thus, Providing Internet banking is increasingly becoming a "need to have" than a "nice to have" service.

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