



## CONSUMER BEHAVIOUR TOWARDS E- BANKING IN INDIA

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### ABSTRACT:

Technological stride has changed the way banking is done in the present scenario. Internet banking has become a convenient and common phenomenon with increased and easy access of internet over smart phones, tablets and computers. Introduction of 3G and 4G network has enabled more and more people to go for internet banking for banking facilities. Furthermore, demonetization and remonitization of currency by hon'ble Prime Minister has necessitated the usage of internet banking in a sense. It is seen as a revolution in banking industry in terms of working culture, customer services and growth of banks. Even after the advent to secured internet banking facilities and easy access to internet there are several psychological and behavioral aspects affect usage of internet banking. The present is an attempt to explore the behavioural and psychological aspects of consumers to reveal underlying concerns of internet banking.

**KEYWORDS:** Financial services; internet banking; network security; online shopping and fund transfer.

### INTRODUCTION:

After the announcement of demonetization by honorable Prime Minister everyone was surprised and shocked. In a sense, it was a new beginning for bankers and customers in India to make use of currency for transaction purposes. The move is presumed as a restricting of Indian economy, has necessitated the usage of electronic media for making transaction with the help of net banking, debit or credit card for making and receiving payments. Simultaneously, with the advancement of technology and mobile phones more and more customers are using internet to buy and compare products online. Consequently, more and more entrepreneurs have encouraged the usage of internet to sell their product online. Resulting in widespread usage of finance services, associated with internet.

Internet banking has enabled users to execute bank related transactions like making and receiving payments, balance enquiry, fund transfers, term deposits, purchasing goods, tax payments and grievance redressal etc. The usage of internet banking has increased with the

implementation of several security features like: browser login page encryption, two stage authentication process, one time password etc. Internet banking offer several advantages over traditional banking. It allows to conduct various transactions using bank's website. Some of the advantages are like: 24X 7 hours' availability of banking facilities. in user friendly interface, fast and efficient banking services and availability of loan facilities at the fingertip. The launch of scheme like Jan Dhan Yojana has necessitated the usage of banking services for each and every one in India and has provided a great platform for private and public sector banks to serve each and every individual in this nation. Furthermore, geographical diversity and remote terrines of country make it difficult for most of the banks to provide their services to the residents residing there. In the meantime, the programs like digital literacy and skill India can prove as great complement for banks to provide banking services through internet banking. Hence internet banking can be seen as a great equipment and necessity in the upcoming time with financial, economic and technological restructuring.

### **LITERATURE REVIEW:**

Internet banking aimed to facilitate customers with banking facilities has attracted a considerable amount of academic interests, because of its emerging role in banking facilities and growing size of e - business. E business is largely presumed as a major business model for many of the firms in upcoming time. Rao (2003) has provided theoretical framework of internet banking in India and concluded that Indian banks have a long way to go for providing effective internet banking services. Malhotra P. (2009) in their study of impacts of internet banking on performance of public and private sector banks has revealed a positive relationship between internet banking and profitability of banks. A study conducted by Andrew M. and Ramadhan M. (2011) depicted a positive relationship between internet banking and customer satisfaction. While Preet S. (2013) has revealed the barriers for usage of internet banking services. She revealed that reliability, security issues, lack of infrastructure and technical dividend are the major barriers in the implementation of internet banking in semi urban and rural areas of the country. Srivastava K. (2007) has revealed the significance of awareness to change consumer behaviour and inclination towards internet banking.

While there is a rich documentation available on the usage of internet banking, banking options available to customers in internet banking, evolution of internet banking etc., very little is known about the factors that motivate bank customers to opt for e banking. The present study is proposed to contribute to the emerging body of knowledge by focusing on factors influencing consumer behaviour towards the usage of internet banking.

### **METHODOLOGY**

The study focuses on making an assessment of satisfaction level of internet banking users by analyzing the factors promoting the usage of internet banking among customers. To fulfill the research objectives following research issues have been outline. To examine the percentage share of transactions made through internet banking in term of total number of transactions made through internet banking. To analyses the factors that promote the usage of internet banking among respondents. To analyze various types of transactions like: making payments, fund transfers, online shopping etc. made by using internet banking. To study problems faced by users while making use of internet banking. The study may throw some light on issues promoting the usage of internet banking among its users, purpose for which customers opt for internet banking

and nature of problems faced by them during internet banking. As well as steps that may be taken by the banks to promote the usage of internet banking by its customers.

The study is primarily based on both primary and secondary data. The secondary data has been collected from annual reports of public sector banks, progress reports and bank website. For collecting primary data, a simple random sample design was adopted by selecting customers in urban areas and in rural areas of district Mandi of Himachal Pradesh. A total of seventy two respondents were surveyed to represent the population of internet banking users.

The scope of study is confined to exploring the consumer behaviour of net banking users in district Mandi and Hamirpur of Himachal Pradesh in its semi urban and rural areas. The study may through some light on the usefulness, purpose and problems faced by net banking users. The study may help bankers in formulating policies and strategies for increasing the usage of net banking among its users. As net banking is becoming a prerequisite after demonetization and remonitization. The observation is made by keeping into consideration the occupation/ profession of respondents.

**RESULTS AND DISCUSSIONS:**

Table I discuss average number of transactions carried by users in different categories through net banking. It is noted that 77.78 percent of users are carrying 1-5 transactions a month through net banking, while 20.83 percent of respondents are making 5-10 transactions a month. Only 1.39 percent of respondent is making more than 10 transactions a month. It is further noted that people employed in private sector are comparatively making more usage of internet banking than people in government services. While businessmen have voluntarily opted for net banking after demonetization and are making more and more usage of banking facilities through net banking as it has become their necessity to carry out business activities effectively. In the same manner more of government employees can be instigated to make use of net banking through government policies. Online security is one of the biggest concerns among its users to make less use of net banking.

In table 2, a comparison of various attributes of net banking has been made. These attributes have been defined on the basis of users interests for net banking. It is observed from the table that quality and trust in net banking services is the most deciding factor encouraging the usage of net banking among its users. As about sixty nine percent of respondents has opted for net banking after having quality services and trust in its bank. While technology and type of interface (21 percent) is also playing a major role towards the inclination of users for net banking services. While type of bank whether in public sector or in private sector is also a determinantal factor in its business. As majority the users in government services prefer to have bank account and net banking only with a bank in public sector. Private sector banks have to build the trust among these users to make them use of services offered by them.

**Table 1: Number of transaction carried out by professionals in different categories**

| Number of Transactions Carried out by Respondents |            |           |              |            |
|---|------------|-----------|--------------|------------|
| Profession  | 1 to 5     | 5 to 10   | More than 10 | Total      |
| Govt. Employee                                    | 14 (25.00) | 1 (6.67)  | 0 (.00)      | 15 (20.83) |
| Private Employee                                  | 20 (35.71) | 7 (46.67) | 0 (.00)      | 27 (37.50) |
| Own Business                                      | 13 (23.21) | 5 (33.33) | 1 (100.00)   | 19 (26.39) |

|           |            |            |          |            |
|-----------|------------|------------|----------|------------|
| Student   | 9 (16.07)  | 1 (6.67)   | 0 (.00)  | 10 (13.89) |
| Any Other | 0 (.00)    | 1 (6.67)   | 0 (.00)  | 1 (1.39)   |
| Total     | 56 (77.78) | 15 (20.83) | 1 (1.39) | 72         |

Source: Data collected from field

**Table 2: Banking Attribute most like by consumers for net banking**

| Banking Attribute most liked by users for net banking |                     |                 |            |              |              |
|---|---------------------|-----------------|------------|--------------|--------------|
| Profession  | Quality of Services | Technology Used | Trust      | Type of Bank | Type of Bank |
| Profession  | Quality of Services | Technology Used | Trust      | Type of Bank | Total        |
| Govt. Employee  | 7 (19.44)           | 1 (6.67)        | 4 (30.77)  | 3 (37.50)    | 15 (20.83)   |
| Private Employee                                      | 15 (41.67)          | 7 (46.67)       | 4 (30.77)  | 1 (12.50)    | 27 (37.50)   |
| Own Business  | 8 (22.22)           | 6 (40.00)       | 4 (30.77)  | 1 (12.50)    | 19 (26.39)   |
| Student   | 6 (16.67)           | 1 (6.67)        | 1 (7.69)   | 3 (37.50)    | 12 (15.28)   |
| Total   | 36 (50.0)           | 15 (20.83)      | 13 (18.06) | 8 (11.11)    | 72 (100.00)  |

Source: Data collected from field

Table 3 discusses the factors which are most encouraging for net banking users to make use of banking facilities. It has been observed that the facility of anytime banking from home is the most encouraging factor for respondents to make use of net banking facilities. As reported 62.5 percent of respondents have opted for net banking because of this feature. Followed by the attribute of banking facilities at their fingertip (27.8 percent). While some of the users like to save the time and make use of latest technology for carrying out banking transactions.

**Table 3: Most Encouraging factor promoting usage of net banking among respondents**

| Most Encouraging factor promoting usage of net banking among respondents |                  |             |                                   |                     |            |
|--|------------------|-------------|-----------------------------------|---------------------|------------|
| Profession   | Any time Banking | Time Saving | Banking facilities at Finger tips | Usage of Technology | Total      |
| Govt. Employee   | 10 (22.22)       | 0 (.00)     | 4 (20.00)                         | 0 (.00)             | 14 (19.44) |
| Private Employee   | 14 (31.11)       | 2 (50.00)   | 8 (40.00)                         | 2 (66.67)           | 26 (36.11) |
| Own Business   | 13 (28.89)       | 1 (25.00)   | 4 (20.00)                         | 0 (.00)             | 18 (25.00) |
| Student  | 8 (17.78)        | 1 (25.00)   | 4 (20.00)                         | 1 (33.33)           | 14 (19.44) |
| Total  | 45 (62.50)       | 4 (5.56)    | 20 (27.78)                        | 3 (4.17)            | 72         |

Source: Data collected from field

Table 4 display common type of problems encountered by respondents while making use of net banking facilities. It has been observed that long time taken by the banks to carry out transactions (41.6 percent) and frequent changes of password prompted by banks are the most common type of problems encountered by users while making use of net banking. While multi step authentication procedures by the banks to finalize transaction (33.33 percent) is also a problematic concerns for respondents. Banks can rather opt for fingerprint authentication and inclusion of artificial intelligence to overcome these hurdles. So that more and more users can be encouraged to make of net banking facilities.

**Table 4: Common problems faced by respondents while making use of net banking.**

| Common problems faced by respondent during net banking |       |         |        |         |       |         |       |
|--|-------|---------|--------|---------|-------|---------|-------|
| Factor   | Often |         | Rarely |         | Never |         | Total |
| Abrupt termination of session                          | 3     | (4.17)  | 46     | (63.89) | 23    | (31.94) | 72    |
| Long procedure to carry out transactions               | 5     | (6.94)  | 37     | (51.39) | 30    | (41.67) | 72    |
| Frequent password changes request by bank              | 7     | (9.72)  | 35     | (48.61) | 30    | (41.67) | 72    |
| Multi steps authentication by the bank                 | 12    | (16.67) | 36     | (50.00) | 24    | (33.33) | 72    |

Source: Data collected from field

**ADVANTAGES OF CONSUMER BEHAVIOUR TOWARDS E- BANKING IN INDIA:**

The advantages of internet banking from customer point of view can be summarized as under:

1. Internet banking in India has several advantages from the customers perspectives. The most important advantage is that the customer can avoid traveling from a one branch to another branch of bank by just clicking the button of his computer.
2. Such banking facility is available to the customer 24\*7 and 365 days.
3. It Save the time of the customers from the old and traditional methods of filling of very lengthy forms or slips of the papers and using pins etc and save money of the customer.
4. It the more Speedy banking transaction in comparison of old banking methods of even depositing money or making deposits, which is done by just click of button.
5. Because of E-Banking the customers can access, modify and conduct their banking activities at any time they want with out any delays and any where banking activities either from their home, office, transport or even from public places.
6. Overall average cost of internet banking transaction is much lower than conducting the same transaction traditionally.
7. Customers can make the use of Debit Card/ Credit Card for making the payments of merchandise.
8. It is more advantages to customers as he is free from carrying heavy cash every where and during the travelling.

**Dis- Advantages of Consumer Behaviour towards E- Banking in India:**

As there are many advantages of internet banking for customers, there are disadvantages as well they are summarized as under:

1. To avail such facilities the Customer must have some extra requirements for the purpose of using the internet banking services. Such as personnel computer with a browser, login name and password, electronic personal account, and network connection.
2. Moreover, users that is the customer should know how to use computer and internet banking services also know how to protect his account as there is no opportunity for him to have direct communication with bank staffs.
3. Another disadvantage is that customers should have reliable computer network system because if there is any mistake at connection, users can not access their accounts and their process may not be valid at bank system.
4. Furthermore, banks upgrade their websites periodically, by either adding new features at websites or changing external appearance of the website and the menu properties. Thus, some customers have difficulties in adapting to the new version of bank website.
5. Customers may have to face the risk of fraud which is one of the major factors affecting consumer for adoption in online banking services.
6. Apart from the fraud and identification of theft in which sensitive private information about individuals and his businesses, which is stolen by unauthorized persons may result in to unauthorized large amount of credit card bills or devastate the reputation of valuable customer.
7. Customer privacy and account security are major issues for future expansion of internet financial services .
8. Lastly, the hurdles in filing the cases of fraud, as it crosses the number of jurisdictions, not only at the national level but might be at the international and disputes with regard to filing of these cases.

**CONCLUSION:**

In the present scenario, internet banking is becoming the need of hour for all banks to reduce their operational costs and to effectively handle the challenges of remonitization. Demonization by the central government can be visualized as a unique business opportunity of banks. Hence, they are required to encourage more and more people towards usage of net banking facilities. Internet banking services are not only the save the time of its user but they are providing other facility like as a save paper, cost of effectiveness, ease of use and technology savvy. As observed banks need to reconstruct the platform of net banking to encourage more people towards net banking. Inclusion of latest technologies like: Artificial intelligence, high level of automation are prerequisite for the banks to encourage more users for net banking facilities. Further, banks have to think for a way out to develop applications on android and window platforms where a customer can access his banking facilities even without internet connection. In last successful implementation of net banking by public and private sector banks is seen as a great future for banking industry.

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