

A Study on Impact of Internet Banking in Pudukkottai District

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ABSTRACT - Internet banking service is a service which provide a facility to make payments, update account information and monitor account transactions online, at anytime and anywhere through a single internet connection. Online banking also known as internet banking, e-banking, or virtual banking is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution website. Satisfaction seems to be an average through the analyses and test when it is compared to the awareness and satisfaction of Internet banking users. As an outcome of the result depends upon the awareness level of internet banking, they look more satisfied on the awareness level of the internet banking being created by the banks. The bankers should take necessary steps to improve their customer's awareness for perennial satisfaction of the customers.

The problems awareness and the respondents' satisfaction are high to which they are not induced for shifting them in future. The researcher has advised that the banks should take prompt steps to use of internet banking benefits to customers only those who are willing to use of internet banking facilities.

Keywords – Internet Banking, payment, satisfaction.

I. INTRODUCTION

Internet banking is becoming increasingly becoming popular because of convenience and flexibility. Online (or) Internet Banking is a way for customers of a bank to conduct a range of financial transaction through their online banking channel. Online banking gives you the freedom to bank where and when you want and is a very convenient way to stay on top to finances.

Internet banking service is a service which provide a facility to make payments, update account information and monitor account transactions online, at anytime and anywhere through a single internet connection.

Banking sector is the backbone of and financial system and economy. Commercial bank play an important role in the development of underdeveloped and developing economies by mobilization of resources and their better allocation. The Indian Banking system is regulated by the Central Bank of the country i.e RBI, which was nationalized in 1949. The RBI is the primary regulator for the banking sectors and the central government exercises direct and indirect control over banks through RBI to protect the depositors and to stabilize the banking system Extensive powers have been conferred on RBI Act, 1934 and the Banking Regulations Act 1949.

In 1969, the government nationalized fourteen Major banks to break the ownership and control of few leaders of commerce and industry over the economic power and banking system. This is also enabled balanced geographical growth of banks especially in rural areas and small towns, which accounted for the majority of the population. The government, as the owner of the banks, decided the agenda for the banks and directed the flow of credit. The focus changed form class banking to social banking ever since nationalization of banks.

Online banking is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution website. Hence Internet Banking in Pudukkottai District was taken for the study.

STATEMENT OF PROBLEM

- There are some serious problems that may encounter while banking through the internet, due to which many still prefer to go directly to banks instead of availing this facility. For carrying out internet banking properly, a basic knowledge of computers and the Internet is required, which limits the number of people willing to avail this facility.

- Many people, who are not comfortable with computers and the Internet, often find it difficult to use internet banking. Therefore, for beginners, internet banking is really a time consuming work. In addition to this, people find a difficulty in trusting a completely mechanized.
- System like internet banking, in case of financial matters. In many instances, a simple mistake by clicking a wrong button may create a big problem. And so, many individuals often keep wondering if they have properly executed the transaction. However, this uneasiness can be avoided by printing the transaction receipt and keeping it with oneself, until the bank statement is received.
- While banking through the internet, one should be careful about the security of the internet bank account. The security of the internet bank account depends to a great extent on the security of the computer, password and pin number. Any leakage of information regarding password or pin number and banking transactions can allow computer hackers to gain access to others bank account, which is the most common internet banking problem. This can lead to unauthorized and criminal transactions being conducted without other's knowledge. By the time one gets the bank statement and detect such transactions, it may be too late.

OBJECTIVES OF THE STUDY

- 1) To analyse the socio-economic background of the respondents.
- 2) To study the importance of internet banking.
- 3) To identify the factors influencing internet banking.
- 4) To find out the problems of internet banking.
- 5) To analyse the services provided by the internet banking
- 6) To Study the level of Satisfaction of Customers with regard to various Internet Banking

Services offered by the bank

II. RESEARCH DESIGN AND METHODOLOGY

The research is exploratory in nature and primary data was collected from the Customer of SBI, ICICI, HDFC, and Canara Bank, in the form of well developed questionnaire on Likert's five point scales. Customer Satisfaction level of Internet banking and their influencing factors are analyzed. The design of the study exclusively depends on the primary information collected from these banks. Sample of the Study Surveys are basically conducted by means of sampling techniques. This means that by studying a small group selected at random one obtains information on variables of interest to a larger group. Thus permitting inferences as to the behaviour of the variables within the

universe is important. This procedure is adopted because surveying an entire universe entails high costs and lot of time.

The information about the banking sector is also retrieved from the internet. various dairies of banking sector, annual reports, newspapers and magazines. Convenience sampling method was used for selecting the sample of the study. Method of Data Collection the present study is mainly of opinion survey nature. It is based on the primary data and other information collected from various sources of secondary data. The information has been analyzed with the use of scientific tools and techniques. A total of 1000 sample for the information. Questionnaire is used to collect the information from sample of the study.

The Current Study is based fully on Primary Data. The Sample for data collection is related to bank Customers living in pudukkottai District. The instrument used for the collection of data is a well-defined questionnaire carrying the statements measuring various aspects pertaining to internet banking in addition to having statements measuring demographic characteristics of the sample respondents. The 5-point likert type scale items are included in the questionnaire for obtaining the Customer's views about various aspects of internet banking. The questionnaires were distributed randomly selected bank Customers in the study region and filled in questionnaires were collected in person by the researcher. With 1000 distributed, only 855 filled in questionnaires were received by the with response rate of 85.5 percent. While scrutinizing collected questionnaire, some were found with lack of required information. And after dropping the questionnaire with insufficient information, 795 Questionnaires (79.5% of the total sample) with complete information were finally retained for the study. The analysis of primary data was carried out using Statistical Package for the Social Sciences (SPSS) 16.0 for windows

III. SOURCES OF DATA

The study is mainly based on the primary data source and the secondary also. For general concept development about the short survey in primary sources and questionnaire used for collecting data about the Growth, Challenges and Trends in Internet banking system –An analytical study Research Design For secondary source of data got collected from various journals, publications, conference themes, speeches, banking books, annual reports of RBI, internet (websites) and research papers, articles etc.

PRIMARY DATA

The study basically depends on primary data. The primary data for the study has been collected through the Customer satisfaction level of questionnaire. Customer satisfaction scheduled prepared was used here as a questionnaire for the measurement of Customer satisfaction of employees included in the sample. This is first hand information is

collected from the respondents associated with selected banks. Structured questionnaire prepared by the researcher and it is filled up by 795 banking customers. Respondents' responses are collected from pudukkottai district.

SECONDARY DATA

The secondary data is an integral part of any research study or a project report as it provides information or key variables, which play a major part in the research. The secondary data are collected through the various studies. This shall be collected by using a variety of sources. These sources are:

- 1) Books
- 2) Magazines
- 3) Journals
- 4) Internet
- 5) Newspapers etc to Supplement the present study.

SAMPLING METHOD-CONVENIENCE RANDOM SAMPLING

This study tries to focus on Characteristics of customers towards "Internet banking" which were previously found significant by various studies with few uniquely appropriate characteristics. The respondents who are using Internet banking 2-10 years above are considered as sample. This using period is planned because if the consumers enjoy the services for the long time from any bank and what type of challenges faced by customers. This period is enough for experiencing the Internet banking services. My total study on banking customers 795 (customers) sample size was taken. The customers were selected by random sampling method.

Sampling unit defines the population that we target that will be sampled those are the people to whom we get answers of the survey questions, in this study the sampling unit was the Customers of the four branches of SBI, ICICI, HDFC and Canara Bank of Pudukkottai District.

SAMPLE SIZE

The sample size was so selected that it could be adequate enough to represent the whole Customers of these banks. Due to the restricted time frame the total sample size was restricted to 1000.

AREA OF STUDY

The survey instrument is administered through the medium of internet with an e-mail attachment of questionnaire and directly distributing the questionnaire. However the study is not restricted to any specific bank, so the proposed sample for the study is 1000 respondents from both public and private sector banks namely State bank of India, ICICI, HDFC, Canara banks in pudukkottai.

PERIOD OF STUDY

The period of Study of the project for the year 2015-2018.

LIMITATIONS

1. There is lack of awareness about the terms of Internet banking.
2. The present study is limited with bank customer's views about internet banking and not the views of bank employee.
3. My study has confined to pudukkottai district Banks like., SBI, ICICI, HDFC and Canara bank.
4. Most of the customer respondents not ready to spare their time for gathering the data.
5. Lack of technical knowledge is the major reason for facing the challenges.

TOOLS USED

Statistical tool of percentage analysis (SPSS) has been used for the analysis of the data and to draw a meaningful conclusion there from.

IV. REVIEW OF LITERATURE

(Jham, 2016) For banks to succeed in the long run, their ability to convince the customers to do Internet Banking is crucial. Consequently, customer trust is vital to Internet Banking

(Nerme et al., 2015). Internet Banking and try to convince them to adapt to the Internet Banking. They have to use different marketing tools and channels to communicate with the different segments

Rakesh H M & Ramya T J (2014) In their research paper titled "A Study on Factors Influencing Consumer Adoption of Internet Banking in India" tried to examine the factors that influence internet banking adoption. Using PLS, a model is successfully proved and it is found that internet banking is influenced by its perceived reliability, Perceived ease of use and Perceived usefulness. In the marketing process of internet banking services marketing expert should emphasize these benefits its adoption provides and awareness can also be improved to attract consumers' attention to internet banking services.

Al-Ajam and Nor's study (2013) presents a significant relationship between Internet Banking trust and attitude toward behavioral Intention. The findings indicate that trust of using the Internet Banking is high, and it is considered as one of the main factors influencing the intention, because of the degree of uncertainty of a virtual setting of economic transactions is higher than in traditional settings (Md Nor & Pearson, 2007; Grabner-Kraäter & Faullant, 2008).

V. ANALYSIS AND INTERPRETATION

Table :1 Test: One-way ANOVA

Occupation Group	N	ANOVA Test Statistics				
		Mean	SD	df	F	Sig.
Employee	325	3.9251	.61914	3	24.146	.000 Significant
Businessman	180	3.5943	.64001	996		
Self-employed	156	3.8774	.62303			
Other	339	4.0761	.59803			
Total	1000	3.9093	.63758			

The above table describes the occupation of the respondents, employees, businessman, self employed & Others were taken as the respondent level for the study. The F value was 24.16 & it was highly significant at 1% percent level. There exists significant association between occupation and the mean scores of service provided under internet banking.

Table :2 Test: One-way ANOVA

Type of Account Group	N	ANOVA Test Statistics				
		Mean	SD	df	F	Sig.
Current Account	246	4.0102	.62971	3	20.578	.000 Significant
Savings Account	585	3.9500	.61177	996		
Loan Account	81	3.4215	.67071			
Credit Card	88	3.8055	.59393			

The above table describes the Type of Account of the respondents, like Current Account, Savings Account, Loan Account and Credit Card were taken for the Study. The F value was 20.578 & it was highly significant at 1% Level. There exists significant association between Type of Account and the mean scores of service provided under internet banking.

Table:3 CORRELATION MATRIX

Variables		Importance of Internet Banking Features	Satisfaction with Internet Banking Features	Perceived Problems of Internet Banking	Services Provided under Internet Banking
Importance of Internet Banking Features	Pearson 'r'	1	.613**	.561**	.502**
	Sig.		.000	.000	.000
Satisfaction with Internet Banking Features	Pearson 'r'		1	.614**	.658**
	Sig.			.000	.000
Perceived Problems of Internet Banking	Pearson 'r'			1	.603**
	Sig.				.000
Services Provided under Internet Banking	Pearson 'r'				1
	Sig.				

** . Correlation is significant at the 0.01 level (2-tailed).

Table no.3 Explains the Correlation Matrix of Variables taken for the Study. Variables like importance of internet banking, satisfaction of respondents, problems of internet banking, Services provided under internet banking were significant at 1% level.

Coefficients^a

Predictors	Unstandardized Coefficients		Std. Coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
Constant)	.611	.092		6.640	.000			
Importance of Internet Banking Features	.293	.025	.302	11.588	.000	.613	.345	.242
Perceived Problems of Internet Banking	.213	.027	.219	7.771	.000	.614	.239	.162
Services Provided under Internet Banking	.336	.024	.374	13.836	.000	.658	.402	.289

a. Dependent Variable: Satisfaction with Internet Banking Features

Regression equation:

$$Satisfaction\ with\ Internet\ Banking\ Services = 0.611 + 0.293 (Importance) + 0.213 (Problems) + 0.336 (Services)$$

Table no.4 describes the Regression analysis of satisfaction of internet banking services I pudukkottai district. The t value of services provided were high (13.836) followed by importance of internet banking (11.588) & problems of internet banking (7.771) were highly significant at 1% level.

$$Y^{\wedge} = .611x1 + 0.293x2 + 0.213x3 + 0.336x4.$$

VI. FINDINGS, SUGGESTIONS AND CONCLUSIONS.

FINDINGS

- 1)Internet Banking was used by respondents below 20 years.
- 2)Female respondents use internet banking in pudukkottai district.
- 3)Nearly Half of the respondents were using internet banking for less than 2 years.
- 4)Under graduates use internet banking for various transactions.
- 5)More than 1/3 of the respondents earn up to Rs.25000/-
- 6)1/3 of the respondents were employees.
- 7)More than 50% of the respondents maintain savings account in banks.

SUGGESTIONS

The following suggestions are offered by the researcher for improving customers' satisfaction and removing customers' discontent, as emanated, from the research findings and also from the interactions the researcher had with the respondent bankers and customers.

1. In the present scenario, banks play a vital and active role for the economic development of any country by mobilizing the funds and allocating to the needy (entrepreneurs). Banks ensure stable economy, fair

distribution of income, risk sharing, facilitates production and business activities.

2. The use of Internet banking is still not up to the mark as expected by the banks. This requires awareness building among the customers about the benefits of these services. Customers should be properly educated about the mechanism of using these services.
3. The banks have to initiate steps to educate the customers about new banking services / new products, ATMs, online banking, mobile banking etc. The banker may have to conduct different programs like customers day, customer meet and customer campaign in which they can directly interact with their customers and educate them about their new products /services.
4. For adoption of internet banking, it is necessary that the banks offering this service make the consumers aware about the availability of such a service and explain how it adds value to their banking needs
5. Both users and non users experience higher risk in using internet banking. Bank managers should impart more information on various security and privacy measures adopted by them to the customers. Proper implementation of information security will be of utmost importance for banks to remain in business. Internet banking option is prone to fraud. Phishing for personal information over the web is common and difficult to uncover. Customer awareness education on how to use internet banking safely and precautions to take while sending sensitive information over the internet would help reduce fraud.
6. Banks should ensure safety and confidentiality while delivering services through internet banking. By customer education, bank managers can remove some disbelieves that non users have with regard to internet banking. So the challenge to all banks will be to expand the internet banking user base and slowly increase the range of services to the customers.
7. Customer awareness campaigns are necessary in each location where branchless banking has taken root.
8. Since mobile banking has great growth potential in the future as it provides greater accessibility to the bank

customers, banks should initiate urgent steps to encourage the customers to avail of the wide range of services delivered through mobile banking now. Banks should grow from the initial level of SMS banking to WAP banking as it opens up more opportunities to the customers to conduct any banking transactions through their mobile handsets.

VII. CONCLUSION

The study on “Customer Perception and Satisfaction Towards Internet Banking Service With Special Reference to Pudukkottai District ” have been analysed in this study.

Regarding the analyses was made and found out that the growth and evolution of Internet banking and the female respondents prefer to use it for convenient transactions in bank in pudukkottai district. The socio economic variables which are influence the internet banking customers usage and possession of internet for more than years. It is further found that adoption of internet banking is dependent on education where educated have high rate of adoption

Satisfaction seems to be an average through the analyses and test when it is compared to the awareness and satisfaction of Internet banking users. As an outcome of the result depends upon the awareness level of internet banking, they look more satisfied on the awareness level of the internet banking being created by the banks. The bankers should take necessary steps to improve their customer’s awareness for perennial satisfaction of the customers.

The problems awareness and the respondents’ satisfaction are high to which they are not induced for shifting them in future. The researcher has advised that the banks should take prompt steps to use of internet banking benefits to customers only those who are willing to use of internet banking facilities.

To conclude Banking is the fastest growing sector of the economy with the key success by attending directly the needs of end consumers. It is facing lot of competition ever since financial sector reforms were started in the country. Internet banking providers to know Internet banking users’ opinion and find the solution through customers’ perspective. It can help Internet banking providers easily achieve customer’s Satisfaction. There are several recommendations that can help in overcoming this research

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