

Customers' Perception Towards Internet Banking System With Special Reference To Alappuzha District

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ABSTRACT: *The banking sector reforms initiated in India in the early 1990's revitalized the banking sector. The private and foreign banks brought new technologies and rendered technology-based world class quality services to customers through ATMs, Credit cards, Internet banking (IB) and Mobile Banking (MB). The present study is a customer centric study on Internet Banking in Kerala with special reference to Alappuzha District. The district is a widely known tourist destination, and is well known for its coir factories. The District is dotted with many industries, which promote international business. The banking sector therefore plays a vital role in the efficient functioning and smooth operation of the industries in and around this district. Remarkable progress in economy is identified after the introduction of technology banking services especially internet banking services. Therefore a study has made an attempt to study the individual's perception about the usefulness, ease of use and attitude towards the use of Internet Banking among banking customers in Alappuzha District. The problems encountered during internet banking service delivery were identified and some of these problems have negative effect on customer satisfaction.*

KEY WORDS: *Perception, Internet banking*

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I. INTRODUCTION

Liberalization and de-regulation process, which started in 1991-92, has made a drastic change in the Indian banking system. From a totally regulated environment, we have gradually moved into a market driven competitive system. In today's era, one cannot think about the success of any service industry including banking industry without information technology. It has increased the contribution of banking industry in the economy. Financial transactions and payments can now be processed quickly and easily in friction of seconds. Every second development in Information Technology (IT) and its acceptability by the commercial banks in India has enabled them to use IT extensively to offer their products and services to customers apart from just back office processes. Banks with latest information technology techniques are more successful in the cut throat competitive market in these days. Further, they can generate more and more business opportunities resulting in greater profitability. Information technology revolution in banking sector has not only provided improved service to the customers, but also reduced the operational cost.

To access a financial institution's online banking facility, a customer with internet access will need to register with the institution for the service, and set up a password and other credentials for customer verification. The credentials for online banking is normally not the same as for telephone or mobile banking. Financial institutions now routinely allocate customers numbers, whether or not customers have indicated an intention to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. Technically, the customer number can be linked to any account with the financial institution that the customer controls, though the financial institution may limit the range of accounts that may be accessed to, say, cheque, savings, loan, credit card and similar accounts.

Kerala has a long history of strong banking habits. The repayment culture in Kerala is very good compared to that of other states.. Kerala achieved the status of a 'Total Banking State' in the year 2011. This means that every household in the state has at least one bank account and would be eligible for a rural purpose loan up to Rs.25000. Role of banks in economic development and prosperity of a nation is well cleared before. Banks are not merely dealers in money, but also manufacturers of money. They act as a link between those who require finance and those who have finance in the form of savings, but are unable to make an effective and productive use of it. Besides, they become manufacturers of money by virtue of their lending operations. It is doubtful whether any bank is confined only to these primary functions of accepting deposits and lending them. Most of the banks are discharging a number of other valuable agency and general utility services. The role of banks in rural reconstruction, elimination of poverty and illiteracy, establishment of primary health centres and the like are considerable. Banks provide financial help to the needy to pursue their higher education

and later on to employ themselves in some meaningful and useful activity. Changes are being taken place in the savings patterns of the people of Kerala.

Alappuzha is the smallest district in Kerala gifted with great natural beauty and is well connected by water ways to various other parts of Kerala. It is an important tourist destination in India. The back waters of Alappuzha are the most popular tourist attractions in Kerala. The name Alappuzha is a toponym 'alam' means water and 'puzha' means watercourse or river. It refers to a network of waterways and backwaters. Alappuzha town has picturesque canals, backwaters, beaches and lagoons. Alappuzha is also known as 'Venice of the East'. Coir, Coir products, Coconut, Ginger, Pepper and Turmeric were the important items of trade through Alappuzha in the past. The major occupation in Alappuzha is farming. The District was carved out of the erstwhile Kottayam and Quilon (Kollam) Districts, on the 17th August 1957, consisting of seven Taluks namely, Cherthala, Thus, the present Alappuzha District comprises of six Taluks, namely, Cherthala, Ambalappuzha, Kuttanad, Karthikappally, Chengannur and Mavelikkara. Tremendous changes are being taken place in the savings patterns of the people of Kerala. The emergence of organized forms of banking activities was because of the growing demand for money and credit for productive activities which could not be met by the traditional financing means.

The advent of information technology and its convergence with communication technology have drastically changed the landscape of banking services across the globe. Over the past few decades, banks all over the world have been investing substantial amounts of money in information technology with the avowed objectives of improving operational efficiency, competitive position and product innovation. The use of IT in the banking sector has contributed to the emergence of more flexible and user friendly Self Service Banking Technologies to address the rapid and changing needs of banking customer. It has changed the face of Global Banking sector radically, altering the manner in which customers conduct their banking transactions. Indian banking sector too has followed the same path and the gap between Indian banks and their counter parts in the technology advanced countries is vanishing.

II. INTERNET BANKING

Online banking, also known as internet 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's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. Tremendous growth of Internet during the mid-nineties prompted banks to utilize Internet as a medium for offering banking services. In Internet Banking banks allow their customers to perform banking transactions through their web site in a secure way.

Advantages of Internet Banking

Choice and Convenience for Customers: In modern business environments, customers want greater choice. They want the traditional range of banking services, augmented by the convenience of online capabilities and a stronger focus by banks on developing personal relationships with customers. Internet banking can help in better understanding customers' needs and customizing products or services according to those needs. Offering extra service delivery channels means wider choice and convenience for customers, which itself is an improvement in customer service.

Low operational cost: The operational costs have come down due to technology adoption. The cost of transactions through internet banking is much less than any other traditional mode.

Speed Banking: The increased speed of response to customer requirements under internet banking will lead to a greater customer satisfaction and handling a larger number of transactions at lesser time. Thus it increases the customer convenience to a greater extent and facilitates better customer retention.

Attracting High Value Customers: E-banking often attracts high profit customers with higher than average income and education levels, which helps to increase the size of revenue streams

Service Banking: Internet banking creates strong basic infrastructure for the banks to embark upon many cash management products and to venture in the new fields like e-commerce, EDI, etc. instant credit, one day credit, immediate payment of utility bills, instant transfer of funds, etc., . In brief, it adds conveniences to the entire banking services apart from range of services.

Enhanced Image: E-banking helps to enhance the image of the organization as a customer focused innovative organization. This was especially true in early days when only the most innovative organizations were implementing this channel. Despite its common availability today, an attractive banking website with a large portfolio of innovative products still enhances a bank's image.

Increased Revenues: Increased revenues as a result of offering e-channels are often reported, because of possible increases in the number of customers, retention of existing customers, and cross selling

opportunities. Electronic bill payment and other related capabilities of e-banking have a real impact on retail banking practices and rapidly expanded revenue streams.

Easier Expansion: Traditionally, when a bank wanted to expand geographically it had to open new branches, thereby incurring high start-up and maintenance costs. E-channels, such as the Internet, have made this unnecessary in many circumstances. Now banks with a traditional customer base in one part of the country or world can attract customers from other parts, as most of the financial transaction does not require a physical presence near customers living/working place.

Cost Reduction: The main economic argument of e-banking so far has been reduction of overhead costs of other channels such as branches, which require expensive buildings and a staff presence. It also seems that the cost per transaction of e-banking often falls more rapidly than that of traditional banks once a critical mass of customers is achieved.

Organizational Efficiency: To implement e-banking, organizations often have to re-engineer their business processes, integrate systems and promote agile working practices. These steps, which are often pushed to the top of the agenda by the desire to achieve e-banking, often result in greater efficiency and agility in organizations.

E-marketing: E-marketing in the financial services sector was made possible by the arrival of e-banking. E-marketing builds on the e-channel's ability to provide detailed data about customers' financial profiles and purchasing behaviour. Detailed understanding of customers enables customised advertising, customised products and enrichment of the relationship with customers through such activities as cross selling. Other potential benefits of e-banking to organizations may include: improved use of IT resources and business processes; better relationships with suppliers/ customers; quick delivery of products and services; and a reduction in data entry and customer services related errors.

Products And Services Offered By Internet Banking

BILLPAYMENT

Online bill pay is an electronic payment service that allows us to set up a secure online account to make one-time or recurring bill payments. The source of funds for the payments is usually a checking account, but some bill pay services also work with credit cards. There are some very good free online bill pay services, although they typically don't come with many special features.. Online bill pay is perfectly safe. Transactions and other personal and financial information are heavily encrypted to prevent theft and fraud. We can also follow some simple tips for paying bills online to make using these services even safer. For example, a good rule of thumb is avoided clicking on payment links from an email. Always log onto the online bill pay service directly through a web browser, using our unique login and password.

FUND TRANSFER

Online banking, also known as internet banking, it 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's website. The National Electronic Fund Transfer (NEFT) is the most commonly used method to transfer funds from one bank account to another.

BUSINESS BANKING

Most banks offer financial services for business owners who need to differentiate professional and personal finances. Different types of business banking services include:

- Business loans
- Checking accounts
- Savings accounts
- Debit and credit cards
- Merchant services
- Cash management (payroll services, deposit services, etc).

DEPOSIT CHECKS

Many banks offer the convenience of depositing checks at home with either online or mobile deposit. Depositing checks this way saves a trip to the bank. Though policies differ by bank, the process is fairly similar from bank to bank.

III. IMPORTANCE OF THE STUDY

Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. Different banks follow different levels for providing services on internet. Compared to banks abroad Indian banks offers online services still have a long way to go in terms of numbers of users and sufficient infrastructure in place.

The use of information technology also enables banks to provide Any Time Banking, Customer Services, Telebanking, Home banking, Plastic Card Services etc. A successful Internet banking offers, Exceptional rates on Saving, Cash deposits, and free bill payment. Credit cards with low rates. Online application for all accounts, 24 Hours account access, Transfer funds online to accounts with other banks in India. Hence to enable the awareness of this service in the minds of the customers, this study is entitled as, "Customers' Perception towards Internet Banking System with Special Reference to Alappuzha District"

IV. SCOPE OF THE STUDY

Traditional branch based retail banking remains the most wide social method for banking transaction how everything internet technology rapidly changing the way of designing and delivering the personal service. Now commercial bankings introducing internet based e-banking system to improve their operations and to reduce the cost. Despite all their efforts aimed at developing better and easier internet banking system, these system remains unnoticed by the customer. The study entitled as "Customers' Perception towards Internet Banking System with special reference to Alappuzha District" aims to find out the awareness level and the effectiveness of Internet Banking Services provided by the banks to their customers. The analysis will help to know the level of satisfaction of customers regarding the Internet Banking Services. Along with the problems faced by customers in the Internet Banking Services and the customer's suggestions regarding the Internet Banking Service.

Objectives Of The Study

- To analyze the trend of online banking with the help of Primary Data.
- To access the present scenario of the service of Internet Banking services.
- To study the improvement of efficiency of banking operations obtained by Internet Banking.
- To analyze the Importance, functions, advantages and limitations of Online Banking..
- To study the problems faced by the consumer in availing the Internet Banking service.
- To access the satisfaction level experienced by the users of Internet Banking services

Pooja Malhotra & Balwinder Singh (2009)-In their research paper "The impact on Internet Banking on Bank performance and Risk: The Indian Experience". The paper describes the current state of internet banking in India and discusses its implications for the Indian banking industry. Particularly, it seeks to examine the impact of internet banking on banks performance and risk. Internet banks rely more heavily on core deposits for funding than Non-internet banks do. However, the multiple regression results reveal that the profitability and offering of internet banking does not have any significant association, on the other hand, Internet Banking has a significant and negative association with risk profile of the banks.

Vijay M. Kumbhar (2011): In his research paper "Factors affecting the customer satisfaction in E-Banking: Some evidences form Indian Banks". This study evaluates major factors (i.e. service quality, brand perception and perceived value) affecting on customers' satisfaction in e-banking services settings. This study also evaluates influence of service quality on brand perceptions, perceived value and satisfaction in e-banking. Required data was collected through customers' survey. For conducting customers' survey like scale based questionnaire was developed after review of literature and discussions with bank managers as well as experts in customers' service and marketing.

Neetu Jain & DR. Pooja Malhotra (2012): In their research paper "Demographic Factors Affecting the Adoption of Internet Banking in India." The goal of this paper to find out the demographic factors affecting adoption of electronic banking in general and Internet banking in particular in India. The results of this study provide interesting additions to knowledge of electronic banking and contribute to our understanding of Internet Banking users as well as nonusers.

Jayshree Chavan (2013): In his research paper "Internet Banking- benefits and challenges in an Emerging Economy". This study presents new information technology has taken imperative place in the future expansion of financial services, especially banking sector conversion are affected more than any other financial provider groups. Increased use of mobile phone services and use of internet as a new division of channel for banking transaction and international trading requires more concentration towards e-banking security against deceptive activities. Online banking has a lot of benefits which add value to customers' satisfaction in the terms of better quality of service offering and at the same time enable the banks gain more competitive gain over other competitors. This paper discusses some challenges in an emerging economy.

Amruth Raj Nippatlapalli (2013): In his research paper "A Study on Customer Satisfaction of Commercial Banks: case study on State Bank of India". This paper presents customer satisfaction a term frequently used in marketing is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is a defined as "the number of customers or percentage of total

customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals”.

Rakesh H M & Ramya T J (2014): In their paper titled “A study on factors influencing consumer adoption of Internet Banking in India” tried to examine the factors that influence internet banking adoption. 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.

V. FINDINGS

The following are the major findings of the study obtained through analysis of data.

1. The research work found that under gender wise classification 62% are male respondents.
2. Under age wise classification most of the respondents belongs to the age group of 18 – 25.
3. Majority of the respondents have marked Graduation as their educational qualification.
4. Majority of the respondents are come under the income status below 20000.
5. From the respondents 40% are visit bank to make deposit.
6. 40% of respondents are visit bank 1 – 3 times per month.
7. 58% of the respondents are visiting ATM 1-3 times per month.
8. The research work found that 94% of respondents are the users of internet banking service and 6% of respondents are non-users.
9. 6% of respondents are not using internet banking service because of lack of technical knowledge.
10. 42% of respondents use internet banking monthly.
11. Majority of the respondents give first preference to check balance online from the internet banking services provided by their banks.
12. Around 41% of respondents use internet banking due to 24 hours access of internet banking.
13. From the respondents around 43% regularly use internet banking for paying bills.
14. The majority of the respondents are considering public sector bank as most technologically advanced category of bank.
15. Majority of the respondents’ access internet banking service in mobile phone.
16. 30 of respondents use mobile banking for balance enquiry.
17. 80% of respondents visit bank after they started using internet banking service.
18. From the respondents 60% are satisfied with internet banking service provided by their particular bank.
19. Majority of the respondents state the reason for choosing the particular bank as internet bank that the excellent service offered by their bank.
20. The research work found that majority of the respondents think that the bank can improve their customer relationship through internet banking service.
21. 31% of respondents face obstacle in using internet banking due to lack of internet access and 25% of respondents are afraid about security concern.
22. 55% of respondents have the opinion that the contribution of new technology highly paves the way in success of banking sector.

VI. SUGGESTIONS

On the basis of the study, the following suggestions are given;

- ❖ It is exposed in the study that there are respondents who have never utilized the internet banking service provided by their bank, even though the awareness on the service is high. Hence, banks and government should encourage people make use of internet banking service.
- ❖ It is better to tune more educational oriented programmers to improve the confidence of the people and to motivate them to conduct more online transactions.
- ❖ Majority of the people are afraid about the security concern of internet banking and they feel it is unsafe. Hence bank and government should conduct awareness programmes stressing on the safety issues
- ❖ The government should ensure that the bank should reduce their unnecessary transaction charges. These charges prevent people from using online transactions

VII. CONCLUSION

The traditional bank offers many services to their customers, including accepting customer money deposits, providing various banking customers, and making loan to individuals and companies. Compared with traditional channels of offering banking service through physical branches , e-banking uses the internet to deliver traditional banking service to their customers, such as opening accounts, transferring funds, and electronic bill payment.

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