

Research Paper—Commerce



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INTERNET BANKING AND ITS GROWTH



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Introduction:

In the post reforms period Indian banking is passing through crucial stage. There is a paradigm shift on the different parameters of transformation. Many internal and external factors are responsible for this bank transformation. Competition from inter and intra bank group, and global forces are compelling the banks to make radical internal and external changes on their day to day functioning to face e-age challenges. Information Technology is crucial parameter for transformation on structure, over culture, functioning, H.R.D. and business re-engineering. E-banking services are replacing traditional services and creating a new scale in transformation. In the initial stages, e-channels were introduced in metropolitan cities and urban areas, but some banks have started focusing on rural and semi-urban areas. New private sector banks are taking the lead in capturing rural and semi urban sector.

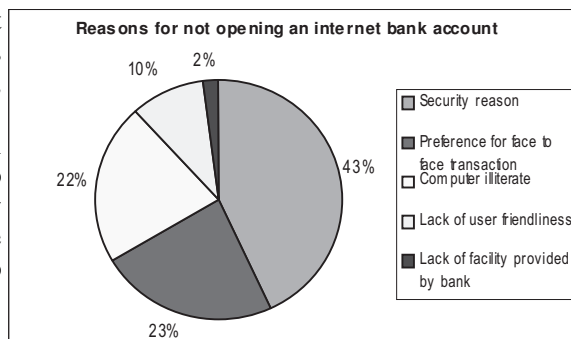
Internet banking involves consumers using the internet to access there bank account and to undertake banking transaction. At base level, internet banking can mean the setting up of a web page by a bank to give information about its product and services. At an advanced level it evolves transferring of fund, accessing account, e-payment, online shopping, e-booking / hotel / tickets etc. Opening an account always required physical presence of the individual in the bank in person to sign a signature card but now an internet friendly account opening procedure can expand the geographical footprint of a bank as well as to improve customer convenience.

Internet banking in India

The year 1990 saw the banking Industry embracing technology in massive way, especially by the new banks and foreign banks followed by PSU Bank, ICICI bank was pioneer in online banking. A study on the internet users, conducted by Internet and Mobile Association of India (IAMAI) found that hardly 25% of the online users prefer internet banking as the banking channel in India and 53% of used A.T.M. but it clearly indicated a significant number of online users do not use internet banking and hence there is a need to understand the reason for not using it. In the study by IAMAI, it was found that the people are not doing financial transaction on the bank internet sites in India because of reason such as -

Table : 1 Reasons for not using an internet bank account

	%
Security reason	43
Preference for face to face transaction	23
Computer illiterate	22
Lack of user friendliness	10
Lack of facility provided by bank	2



Issues of internet banking

There are a number of issues which exist in internet banking. Some of the prominent one are services to customer, survival, accessibility, security, acceptance, infrastructure, perception literacy etc. of which trust has an significant impact on the on acceptance of internet banking. The study focuses on services survival and security which have a strategic importance both for the banks as well as the customer especially on the context of Indian market. Moreover while adopting a new channel services the primary aspect the customer looks for cost benefit ratio associated with it. Secondly security issues are important because frauds can make life miserable and loss of faith on the system.

Survey of Gap analysis

The survey was planned to fill in gaps which has emerged sometime spoken as “the space between where we are and where we want to be” gap analysis is undertaken as a means of bridging the space. Gap analysis is a formal study of what a business is doing currently and where it wants to

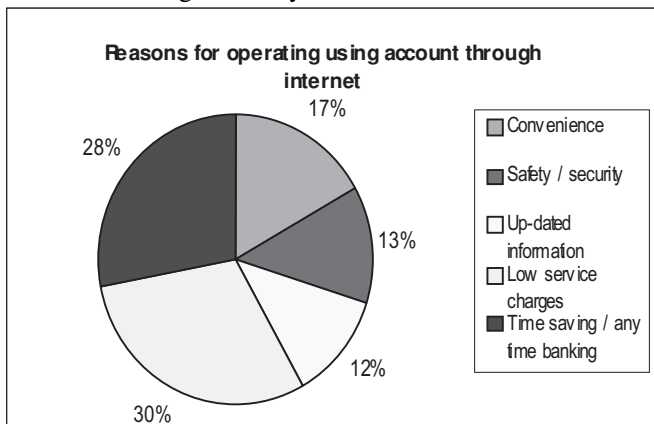
in India are growing but the infrastructure short comings are not keeping pace with the development. This factor led further exploration of the subject to probe the reasons to understand why internet user are not using internet banking and why internet banking is not able to keep pace with internet and ATM usages.

Research Design:

The survey was planned and the universe of the study was identified as adult internal user in area of Kalyan and Dombivli region (Thane district) sampling was done and 100 adult internet users on this region was selected. A questionnaire was prepared to collect information about various issues derived from literature review and gap analysis. Extensive discussion and explanation were conducted with respondents on the study. The questionnaire consisted of both open ended and closed with multiple choice questions were framed.

Objective :

- 1) To analyse the notions of internet banking customer.
- 2) To analyze the apprehensions of internet user who do not use internet banking sources.
- 3) To study the security system offered by internet banks.
- 4) To understand and study if there is a difference on view point for security features used by internet banks between users and non-users of internet banking.
- 5) To study the various services offered by internet banking system and H.R. policies adopted by the bank on making the staff techno savvy.



go in the future. Gap analysis provides a formulation for measuring of time money and human resources required to achieve a particular outcome. The gap analysis has been used in the study to find the gaps in research on internet banking. The study of secondary sources did-not reveal clear information about the perception of internet banking consumers perception of non-users of internet banking and the security factors but the finding clearly indicated on the basis of secondary sources was that the internet usage and ATM usage

	%
Convenience	17
Safety / security	13
Up-dated information	12
Low service charges	30
Time saving / any time banking	28

Table : 3

Usage of internet facilities	Yes %	No %	Total %
Check balances online	80	20	100
E - ticketing	70	30	100
Online shopping	40	60	100
Credit cards payment	30	70	100
Prepaid mobile recharge	28	72	100
Online bill payments	24	76	100
Download application forms	20	80	100
Money transfer	15	85	100
Apply for consumer loan	12	88	100
EMI calculation of loan	10	90	100
Product / service information	8	92	100
Download previous bank transactions	6	94	100

very popular among the users and from the survey it is very clear that not all services are equally popular among the internet banking users.

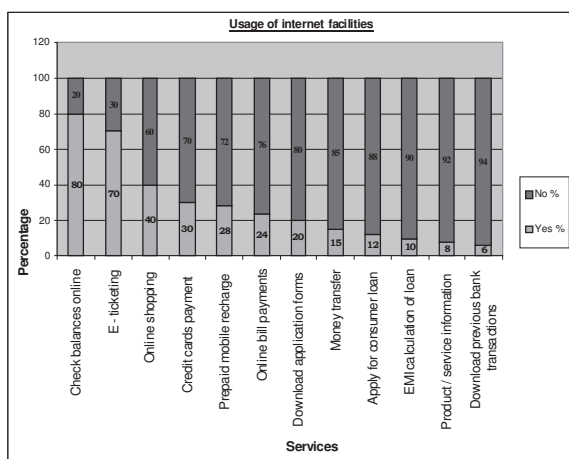
Reasons - Internet users not using internet banking facilities

	Yes %	No %	Total %
No real value	80	20	100
New concept	82	18	100
Current bank does not offer	76	24	100
Lack of time	75	25	100

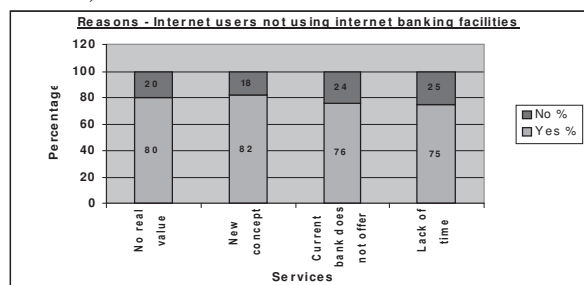
It is evident from above chart and diagram that there are many internet users who do not operate internet bank account citing reasons like lack of time as one of the reason. Secondly current bank does not provide the facility, some find no real value and others are apprehensive of the security in the operation of the account thus waiting on the side line with an attitude of wait and watch approach.

Conclusion:

In a country like India there is a need for providing better services to the masses at the lowest cost and user friendly and there is lot of emphasis on the concern for security and at the same time customer look for ease in performing banking transaction through internet. The study can be used as an eye opener and it is necessary for the banks to study not only the perception of the people who visit the bank but also the one who are internet users but currently not using internet banking. It was also found during course of the survey that most of the bank staff where also not well trained or had efficiency in handling latest technology or programme clearly indicating the failure of H.R. department in training the staff of the bank in this sector.



It is evident from the above table and fig. that checking balance online and e-ticketing are the most popular services in the order of usage by the internet bank account holder. Other services like shopping online and managing credit cards online, prepaid mobile recharge, online bill payment, money transfer, EMI calculation and other services are not



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