

A STUDY ON CUSTOMER PERCEPTION ON INTERNET BANKING SERVICES AND FINANCIAL INCLUSION

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ABSTRACT

Changes in banks' external environment, including globalization and deregulation, have made the banking sector highly competitive. Banks find it hard to compete on price, and need to look at other ways to retain customers. As customers become more sophisticated, it becomes imperative for banks to consider the use of technology to respond to their continuously changing requirements. Technology in the outer world is not static. It keeps on changing and developing. At the same time, this developing technology is impacting continuously on the ways of doing businesses and also about the perceptions of customers towards organizations and businesses. In this respect, valuation of the customer perceptions on a continuous basis is also important.

Financial inclusion is the discharging of financial services to low income group of people or unbanked people and to a section of disadvantaged sections of society at an affordable cost. it means provision of savings deposit services, payment, transfer, loans, credit and insurance services are the basic goal of financial inclusion. government of India had been trying to include the excluded for many years, but partly succeeded to get strong solution. in this connection ,India started grameen banks in 1976 launched by Muhammad younnuskhan. This paper analyses the role of internet banking in financial inclusion of banking services.

Key words: *customer perception, internet banking, financial inclusion.*

1. Introduction

Internet Banking System is a system that has been developed in order to help clients to do day-to-day transactions electronically from any place. Internet banking systems means that clients can now do banking activities on their homes. It is also known as online banking, the system allows both transactional and non-transactional features. Online banking or internet banking allows customers to conduct financial transactions on a secure website operated by the retail or virtual bank. Computer has been launched into India on 1955 and internet connection was popularly known in 1995s but in the starting stage it is not popular due to its cost. Than government of India took continuous and sincere effect to reduce the cost of computer and internet connections after the 2000 the computer and internet connection was famous to all field with effectively after 2005 both urban and rural areas got internet connection at a particular rate, it is reduced after some years. Then internet connection quickly reached the youngsters and businessman. So Banking sectors, manufactures and all other merchandise correctly used the chance to advertising their product through the internet. The massive adoptions of plastic money and internet have been driving the Digital Payment Industry for last few years.

In 2004 RBI setup the khan commission to look in to the financial inclusion and to submit recommendation. it suggested no frill accounts, general credit cards(GCC), know your customer(KYC), permit correspondents and business facilitator. The RBI's vision for 2020, Is to open nearly 600 million new customer accounts and banking services. RBI also introduces some measures for financial inclusion, which includes adoption of EBT, GCC, simplified branch authorization etc.

During the year 2013 CRISIL India's leading credit rating agency launched an index to measure the status of financial inclusion in India. CRISIL uses 3 parameters for reaching conclusions that are branch penetration, deposit penetration, and credit penetration. The CRISIL publishes the index and concluded that the top 3 states or union territories in growth of financial inclusion are Puducherry, Chandigarh and Kerala.

An analysis of the differences in risk perceptions between bank customers using Internet Banking and those not using Internet Banking was done and it showed that risk perceptions in terms of financial, psychological and safety risks among customers not using the internet was more meaningful than those using internet banking. Many major banks have started offering internet-banking services, the slow pace will continue until the critical mass is achieved for PC, internet connections and telephones. However, the upsurge of IT professionals with growing demands is pressuring the government and bureaucracy in the country to support and develop new initiatives for a faster spread of internet-banking. But then there is a fear in the mind of customers using internet as a medium for the banking transaction. Hence this study is conducted to find out the customer perception towards various internet banking facilities provided by the State Bank of India. This study is beneficial for both customers of SBI and SBI.

2 .Objectives of the study

- To study the awareness of SBI customers in Internet Banking as a facilitator of financial inclusion.
- To study the SBI customers' preference in internet banking
- To study the satisfaction level of SBI customers related to online banking.
- To know which age group of customers is using different internet-banking facilities

3. Research methodology

It is a survey research method collecting actual facts and figures. It is descriptive in nature using both primary and secondary data. This research is a sample survey because it takes a considerable part from a large population and analyzes the sample part in order to make meaningful interpretations and conclusions. In this study, the target population is taken to be customers of the State Bank of India. The sample size was restricted to 60 respondents, the respondents are the customers of the State Bank of India Koduvally branch, Kozhikode, Kerala.

Primary data was collected through the questionnaire by distributing questionnaires: questionnaire with both close-ended and open-ended questions have been used as sample respondents. On the basis of tables, the facts are presented in the form of various graphs.

4. Theoretical framework of the study

Internet banking in India

The Reserve Bank of India constituted a working group on Internet Banking. The group divided the internet banking products in India into 3 types based on the levels of access granted. They are:

➤ **Information Only System:**

General purpose information like interest rates, branch location, bank products and their features, loan and deposit calculations are provided in the banks website. There exist facilities for downloading various types of application forms. The communication is normally done through e-mail. There is no interaction between the customer and bank's application system. No identification of the customer is done. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet.

➤ **Electronic Information Transfer System:**

The system provides customer- specific information in the form of account balances, transaction details, and statement of accounts. The information is still largely of the 'read only' format. Identification and authentication of the customer is through password. The information is fetched from the bank's application system either in batch mode or off-line. The application systems cannot directly access through the internet.

➤ **Fully Electronic Transactional System:**

This system allows bi-directional capabilities. Transactions can be submitted by the customer for online update. This system requires high degree of security and control. In this environment, web server and application systems are linked over secure infrastructure. It comprises technology covering computerization, networking and security, inter-bank payment gateway and legal infrastructure.

MEASURES FOR FINANCIAL INCLUSION

❑ **OPENING OF NO-FRILL ACCOUNTS:**-It is the account with zero balance or minimum amount. Banks provide over draft facility on such accounts

❑ **ADOPTION OF EBT:**-Banks have been advised to common service centers for implement ebt. It helps to transfer the social benefits electronically, to the bank account of beneficiary and deliver the government benefits

❑ **ENGAGING BUSINESS CORRESPONDENTS:**-In January 2006, rbi permitted banks to engage business facilitators and correspondents. In September 2010, the companies also allowed to be engaged as facilitators. With the help of village panchayath, the facilitators setup common service centers (CSC)

❑ **RELAXATION ON KNOW YOUR CUSTOMER (KYC):**-The banks provide evidence to customers relating to their account information

❑ **GCC:**-For helping the poor peoples, banks introduced general purpose credit cards. The purpose of **GCC** is to provide free credit to customers based on their cash flow assessment

❑ **SIMPLIFIED BRANCH AUTHORISATION:**-In 2005, the scheduled banks are permitted to open branches in rural areas with a population of less than 50000. It allows the banks for opening their branches without the permission of **RBI**

NO	STATE/UNION TERRITORY	%OF HOUSE HOLDS AVAILING IN BANK SERVICES
1	A&N ISLANDS	89.3
2	ANDHRA	53.1
3	ARUNACHAL	53
4	ASSAM	44.1
5	BIHAR	44.4
6	CHANDIGRAH	80.1
7	CHATTISGRAH	48.8
8	DADRA&NAGA HAVELI	56.7
9	DAMAN&DIU	65.4
10	DELHI	77.7
11	GOA	86.8
12	GUJARAT	57.9
13	HARYANA	68.1
14	HIMACHAL	89.1
15	JAMMU KASHMIR	70
16	JARKHAND	54
17	KARNATAKA	61.1
18	KERALA	74.2
19	LAKSHADEEP	85.3
20	MADHYA PRADESH	46.6
21	MAHARASHTRA	68.9
23	MANIPUR	29.6
24	MEGHALAYA	37.5
25	MIZORAM	54.3
26	NAGALAND	34.9
27	ODISSA	45
28	PUDUCHERY	64
29	PUNJAB	65.2
30	RAJASTAN	68

31	SIKKIM	67.5
32	TAMILNADU	52.5
33	TRIPURA	79.2
34	UTTAR PRADESH	72
35	UTTARAKAND	80.7
36	WEST BENGAL	48.8
	ALL INDIA	58.7

Services provided by SBI internet banking

- **ONLINE SBI** (WWW.ONLINESBI.COM): State Bank of India is India’s largest bank with a branch network of over 11000 branches and 6 associate banks located even in the remotest parts of India. State Bank of India (SBI) offers a wide range of banking products and services to corporate and retail customers. „Online SBI“ is the Internet banking portal for State Bank of India. The portal provides anywhere, anytime, online access to accounts for State Bank’s Retail and Corporate customers. The application is developed using the latest cutting edge technology and tools. The infrastructure supports unified, secure access to banking services for accounts in over 11,000 branches across India.
- **RETAIL BANKING:** The Retail banking application is an integration of several functional areas, and enables customers to:
 - Issue Demand Drafts online
 - Transfer funds to own and third party accounts
 - Credit beneficiary accounts using the VISA Money Transfer, RTGS/NEFT feature
 - Generate account statements
 - Setup Standing Instructions
 - Configure profile settings
 - Use e-Tax for online tax payment
 - Use e-Pay for automatic bill payments
 - Interface with merchants for railway and airline reservations
 - Avail DEMAT and IPO services
- **CORPORATE BANKING:** The Online SBI corporate banking application provides features to administer and manage corporate accounts online. The corporate module provides roles such as Regulator, Admin, up loader, Transaction Maker, Authorizer, and Auditor. These roles have access to the following functions:
 - Access accounts in several branches with a single sign-on mechanism
 - Upload files to make bulk transactions to third parties, supplier, vendor and tax collection authorities.
 - Use online transactional features such as fund transfer to own accounts, third party payments, and draft issues
 - Make bill payments over the Internet.
 - Authorize, modify, reschedule and cancel transactions, based on rights assigned to the user
 - Generate account statement

- Enquire on transaction details or current balance
- VALUE ADDED SERVICES
- Tax payments to central and state governments through site to site integration.
- Supply Chain Finance(e-VFS- Electronic Vendor Finance Scheme)
- Direct Debit Facility
- E Collection Facilities for:
- Core Banking Transactions
- Internet Bank transactions for incoming RTGS/NEFT Transactions
- Internet banking transactions for SBI and associate banks
- Debit facility where suppliers can directly debit their customer’s account through internet banking
- PRODUCTS & SERVICES
- E-Ticketing
- SBI E-Tax
- Bill Payment
- RTGS/NEFT
- E-Payment

6. ANALYSIS AND INTERPRETATION

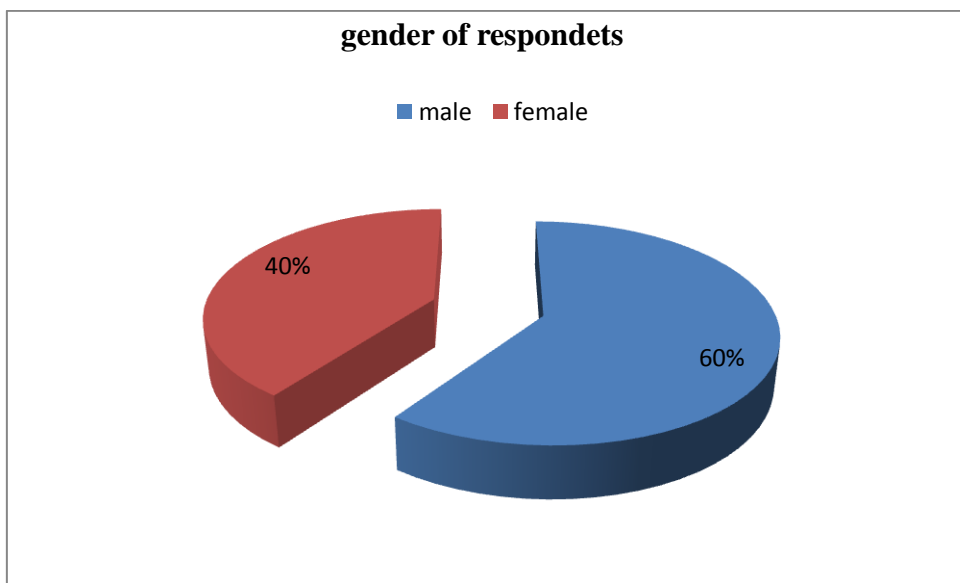
Table: 6.1

Gender of respondents

Gender	Number of respondents	Percentage
male	36	60%
female	24	40%
total	60	100%

Chart: 6.1

Gender of respondents



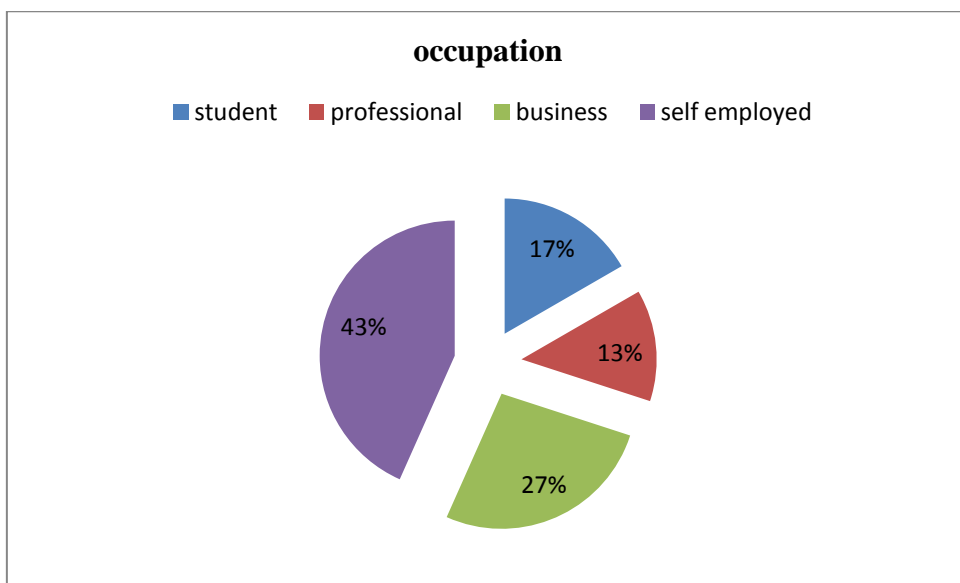
Interpretation

The above graph shows that the majority(60%) of respondents are male and 40% are female.so the researcher conclude that male customers are more used internet banking facility than female customers

Table: 6.2
Occupation of respondents

Job	Number of Respondents	Percentage
student	10	17%
professional	8	13%
business	16	27%
self employed	26	43%
total	60	100%

Chart: 6.2
Occupation of respondents



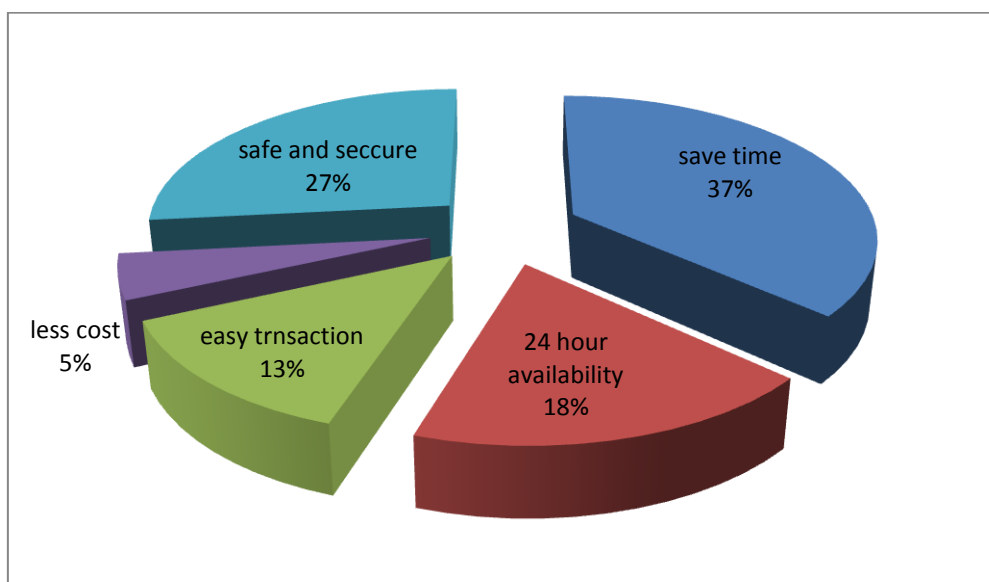
Interpretation

The above graph shows that 43% of the total respondents are self employed,27% are doing business,17% are student and 13% are doing professional jobs.that the majority of respondents are self employed.so it is interpret that the majority of respondents in this study are self employed.

Table: 6.3
Reason for using internet banking

Reasons	Number of respondents	Percentage
save time	22	37%
24 hour availability	11	18%
easy transaction	8	13%
less cost	3	5%
safe and secure	16	27%
total	60	100%

Chart: 6.3
Reason for using internet banking



Interpretation

the above graph shows that 37% of the respondents are use internet banking for save time,27% of respondents use for safety transactions,18% using because of its avaiability in 24 hours,13% use for easy transaction and 5% use because of less transaction cost.so it is interpret that the majority of respondents use internet banking facilitie for save time in their transactions.

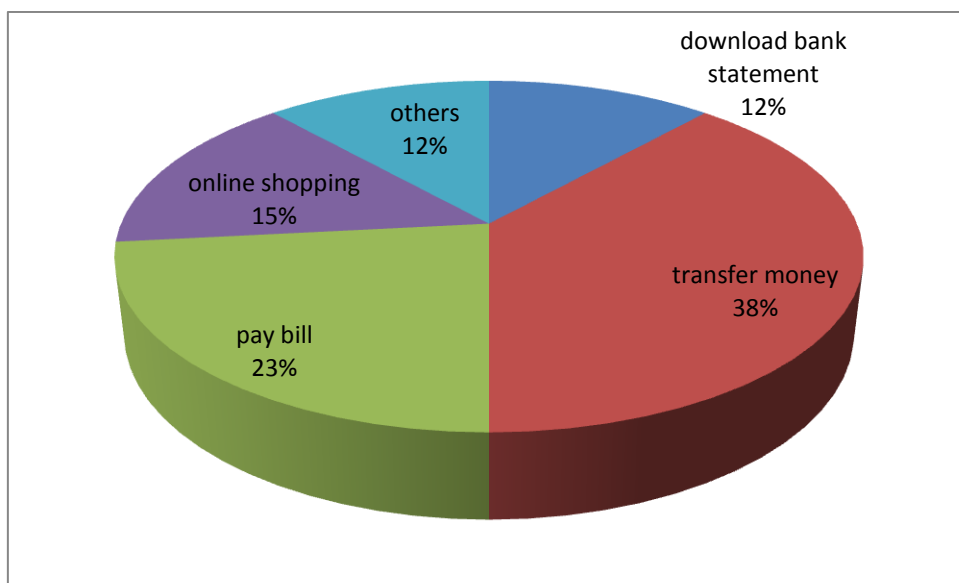
Table: 6.4

Mostly used internet banking services

Services	Number of respondents	Percentage
download bank statement	7	12%
transfer money	23	38%
pay bill	14	23%
online shopping	9	15%
others	7	12%
total	60	100%

Chart: 6.4

Mostly used internet banking services



Interpretation

The 38% of respondents use internet for transfer money, 23% use for paying bill, 15% use internet banking for online shopping and 12% use for download bank statement. so it is interpreted that the majority of respondents use internet banking facility for transfer money.

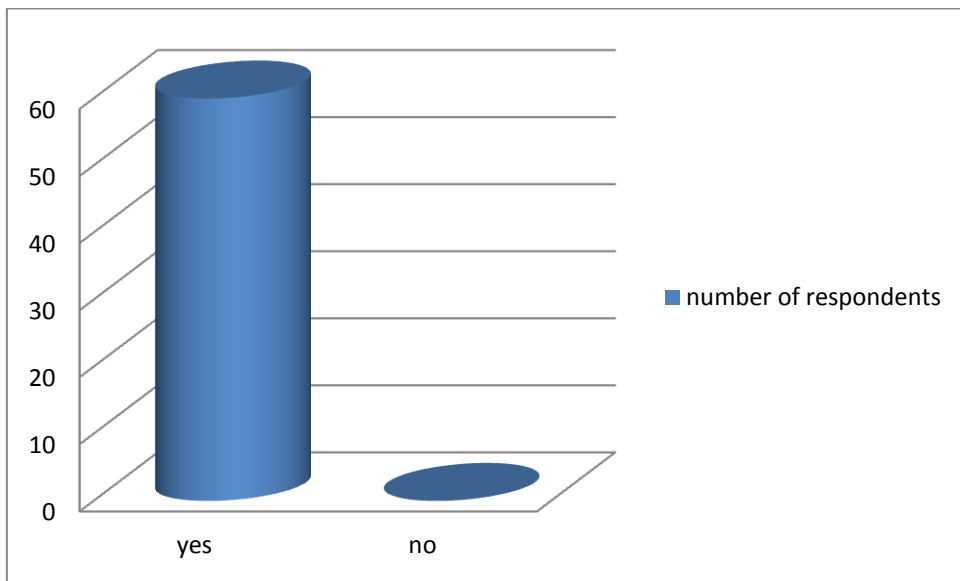
Table: 6.5

Satisfaction of SBI’s internet banking

Opinion	Number of respondents	Percentage
yes	60	100%
no	0	0%
total	60	100%

Chart: 6.5

Satisfaction of SBI’s internet banking



Interpretation

The above graph shows that 100% of the respondents in this study say yes for the question of satisfaction of internet banking. It is interpreted that all the respondents in this study satisfy with SBI’s internet banking facilities.

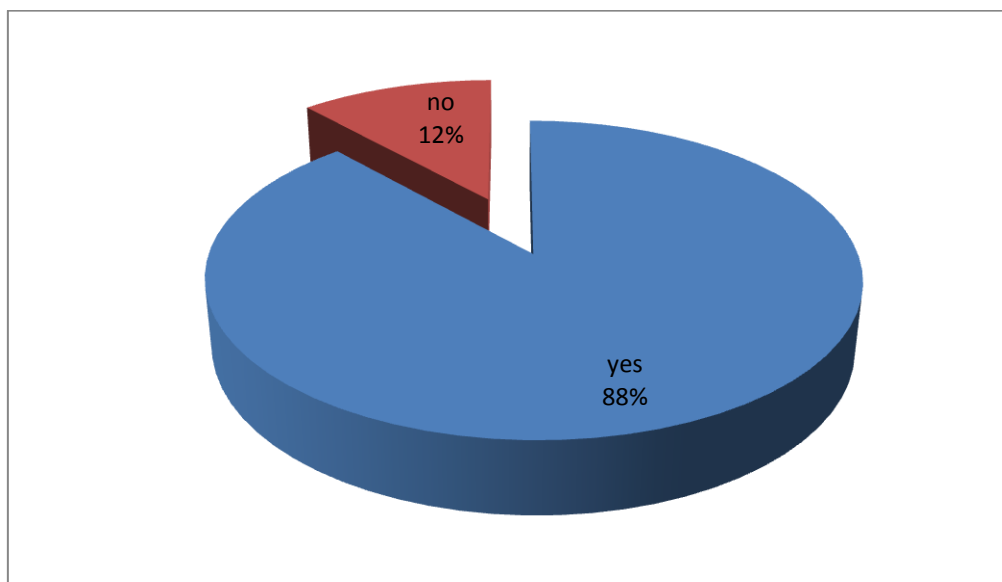
Table no: 6.6

Image of SBI influence in internet banking

Opinion	Number of Respondents	Percentage
yes	53	88%
no	7	12%
total	60	100%

Chart no: 6.6

Image of SBI influence in internet banking



Interpretation

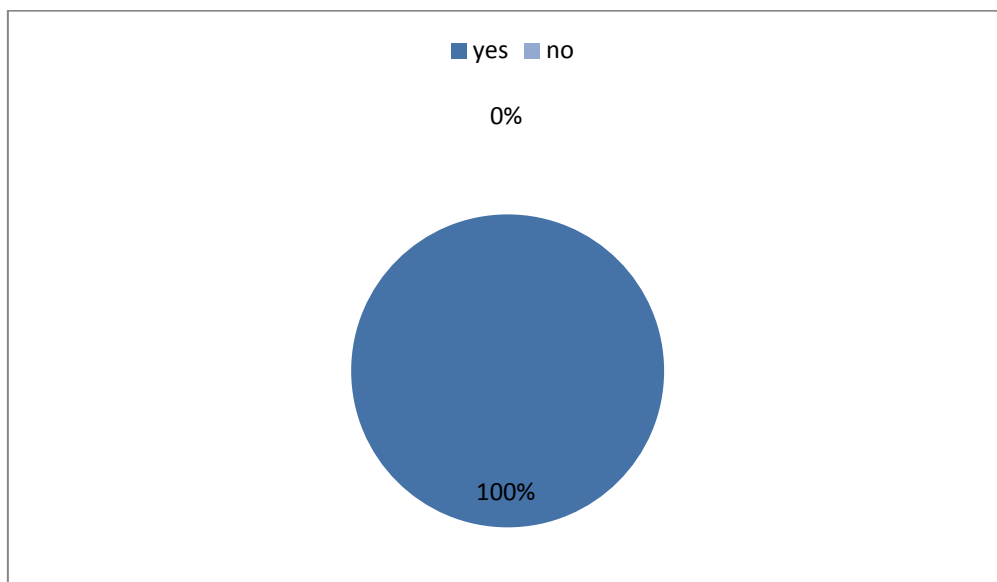
The above graph shows that the 88% of respondents say that the image of SBI influence them in internet banking activity and 12% say that the image of SBI does not influence them in internet banking. so it is interpreted that the image of SBI influence the majority of respondents in this study.

Table: 6.7

Internet banking made life easy

Opinion	Number of Respondents	Percentage
yes	60	100%
no	0	0%
total	60	100%

Chart: 6.7
Internet banking made life easy



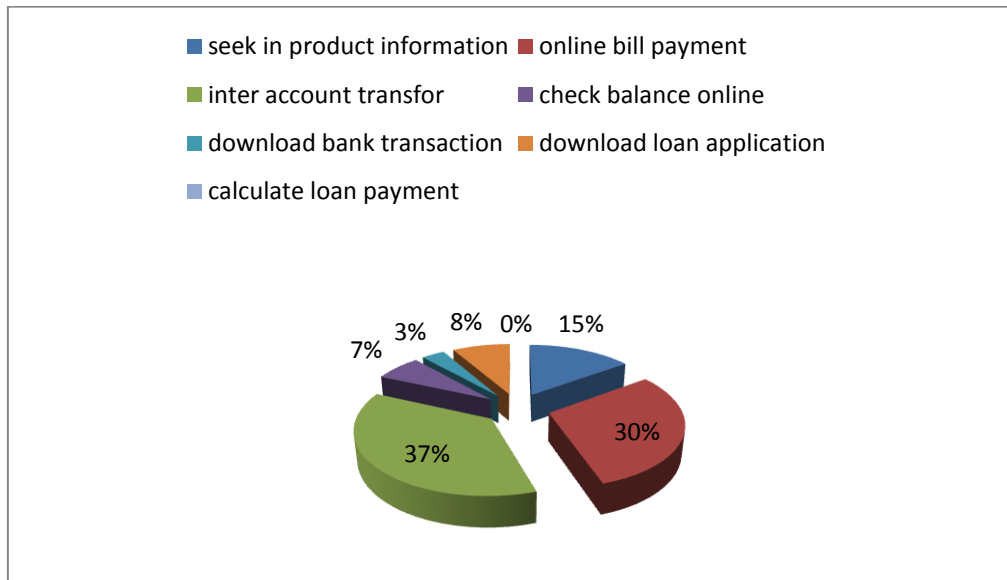
Interpretation

The above graph shows that 100% of respondents say yes for internet banking facility made their life easy. It is because of speedy transactions and avoid to visit bank for transactions.

Table: 6.8
Preference in internet banking

Preferences	Number of respondents	Percentage
seek in product information	9	15%
online bill payment	18	30%
inter account transfer	22	37%
check balance online	4	7%
download bank transaction	2	3%
download loan application	5	8%
calculate loan payment	0	0%
total	60	100%

Chart: 6.8
Preference in internet banking



Interpretation

It shows that 37% of the respondents give preference for inter account transfer, 30% for online bill payment, 15% seek product information, 8% for download application forms and only 7% give preference to check balance online. It is interpreted that majority of respondents give more preference in internet banking for inter account transfer of money.

7. Findings

- the majority (60%) of respondents are male and 40% are female
- Majority (43%) of the respondents in the age group between 26 to 35.
- majority of respondents are self employed. they have 43% of the total respondents.
- that majority of the respondents have monthly income between the income level 0 to 15000.
- 25 respondents out of total 60 (42%) have educational qualification of higher secondary.
- all the respondents in this study use the internet banking facilities of state bank of india.
- most (37%) of the respondents are use internet banking for save time. 27% of respondents use for safety transactions.
- The majority (38%) of respondents use internet for transfer money and 23% use for paying bill.
- all the respondents in this study satisfy with SBI's internet banking facilities.

- 88% of respondents say that the image of SBI influence them in internet banking activity.
- 100% of respondents say yes for internet banking facility made their life easy.
- that the majority of respondents have an opinion to improve connectivity in internet banking facilities.
- most (55%) of the respondents visits the bank occasionally
- 35% of respondents agree and 7% strongly agree that internet banking is an easiest way of financial transactions
- 55% of respondents agree and 12% strongly agree for the statement financial transactions over the internet is a secure process
- 45% of respondents agree and 32% of respondents strongly agree for want substantial privacy for using internet banking facility
- that 60% of respondents have a behaviour to continue of using internet banking services
- majority(32%)of respondents says that the preference groups like family members and colleagues does not influence them in use of internet banking

8. suggestions

- It is recommended that State Bank of India should conduct various training programs for the employees, so that they will get aware with the terms of internet banking. After such programs they can create awareness amongst the consumers.
- More stress should be given on security concern on internet there are some people who are into unethical practices of hacking of accounts of customers. This is nothing but the breach in the security of the SBI on internet. There should be some measures in order to prevent such practices.
- Laws regarding IT or cyber laws get change as per the need. SBI should anticipate such kind of changes and get loaded with various plans and actions.
- SBI should provide more mobile banking facilities to its customers.

9.conclusion

In last 5 years, there is a high growth rate in financial inclusion in India. The states or union territories such as Chandigarh, Kerala, Puducherry provide higher financial inclusion. In last 5 years the bank account services and branch penetration increases in last 5 years. There is still a lot needed for the banking system to make reforms and train their Customers for using internet for their banking account. Going through the survey the main problem lies that still customer have a fear of hacking of accounts and thus do not go on for internet banking. Banks are trying their level best by providing the best security options to the customers but then there is lot of factors which betrays a customer from opening an internet bank account. When investigating all the variables and the response by consumers, this study reveals that the perception of the consumers can be changed by awareness program, friendly usage, less charges proper security, and the best response to the services offered. Internet banking helps the peoples for access the banking services easily. So financial inclusion in banking services possible through use of online banking.

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