

**A STUDY ON THE FACTORS INFLUENCING THE ADOPTION AND USAGE OF E-BANKING/
INTERNET BANKING ,WITH SPECIAL REFERENCE TO THE USERS IN MAVELIKARA THALUK**

PROJECT REPORT

SUBMITTED TO

The University of Kerala in partial fulfillment of requirements for the award of Degree of Bachelor of Commerce
Tourism and Travel Management

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UNIVERSITY OF KERALA
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CERTIFICATE

This is to certify that the project report entitled “**A STUDY ON THE FACTORS INFLUENCING THE ADOPTION AND USAGE OF E-BANKING/ INTERNET BANKING, WITH SPECIAL REFERENCE TO THE USERS IN MAVELIKARA THALUK**” is a bonafide work carried by
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DECLARATION

We hereby declare that the project entitled “**A STUDY ON THE FACTORS INFLUENCING THE ADOPTION AND USAGE OF E-BANKING/INTERNET BANKING, WITH SPECIAL REFERENCE TO THE USERS IN MAVELIKARA THALUK**” under the guidance of Mrs. Deepa Jayanandan is the result of the original work done during the project time. The matter included in this research is not a reproduction of any source. We are declaring that this project report has not been submitted elsewhere for any other degree. The findings in this report are based on data collected by us and are not a reproduction from any source.

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Chapter 1
INTRODUCTION

1.1 INTRODUCTION

The banking system in India has played a critical role in the growth and development of the economy. The Indian banking system has been stable without any major crisis. It is relatively transparent in its operations and follows the internationally accepted best practices of disclosure, asset classification and provisioning norms. During the past three decades India's banking system has several outstanding achievements to its credit. Today in an era of information technology every business wants to deliver their products and services via various electronic channels. Banks are also one of them which are now a days more focused towards electronic delivery of services and its importance of traditional branch networking has declined. Marvelous advances in technology and aggressive combination of information technology becomes the main reason for transformation of traditional banking into online banking.

One of the fundamental changes in the banking industry has been the movement of consumer from traditional to e-banking such as internet, telephone and mobile phones in private banking. Customers can perform their financial transactions electronically over the internet at a time convenient to them, without having to be restricted to regular branch operating hours. Furthermore, customer is expected to perform at least one of the following transactions online, namely balance enquiry, download banking statement, fund transfer between accounts, bills payment, ATM card request, cheque book request, cheque clearing status enquiry, ATM card notification etc.

Internet banking is beneficial to both the banks and their customers. From the banks view point, internet banking allows banks to reduce their operation cost through the reduction of physical facility and staffs resources that bank require, reduce waiting time in branches leading to potential boost in the sale performance and bigger global reach. From the consumer's standpoint, internet banking enables consumers to do a wide range of bank transactions electronically through the bank website anytime and anywhere. Although internet banking service has been widely adopted in various developed countries, customer's adoption of internet banking services in developing countries has been slower than anticipated. India is one of the developing countries that have faced the same problems. Therefore, there is a clear need to investigate the factors that influence customer's adoption to the internet banking services, so that banks can better formulate their marketing strategies to increase this service usage in the future.

1.2 NEED AND SIGNIFICANCE OF THE STUDY

The rapidly growing information and communication technology is knocking the front door of every organization in the world, where banks would never be exceptional. In the face of rapid expansion of electronic payment systems throughout the developed and the developing world, financial sector cannot remain an exception in expanding the use of the system. Technological innovations play a crucial role in banking industry by creating value for banks and customers, that it enables customers to perform banking transactions without visiting a brick and mortar banking system.

So the study is relevant to understand different factors that influencing consumer's to use internet banking and it will enable banks to increase their market share by creating solutions and strategies that attract consumers to use this type of banking. Therefore there is a need for a study such as this.

1.3 STATEMENT OF THE PROBLEM

Internet technology is rapidly changing the way as personal financial services are being designed and delivered. Now, commercial banks are trying to introduce internet based e-banking systems to improve their operations and to reduce costs. Despite all their efforts aimed at developing better and easier internet banking systems, these systems remained largely unnoticed by the customers, and certainly were seriously underused in spite of their availability. So the study is entitled as “**factors influencing the adoption and usage of Internet banking/E-banking, with special reference to the users in mavelikara thaluk**”.

1.4 OBJECTIVES OF THE STUDY

- To analyse which factor mostly influence the customers to use the internet banking.
- To analyse the level of satisfaction about internet banking services.
- To identify the reason for preferring internet banking.
- To identify the factors which act as a hindrance for customers to adopt Internet banking.

1.5 SCOPE OF THE STUDY

Traditional branch based retail banking remains the most widespread method for banking transactions. However the internet technology rapidly changing the way of designing and delivering the personal services. Now commercial banks are introduced 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 systems remain unnoticed by the customer. Therefore there is a need to understand user's acceptance of internet banking and a need to identify the factors that can affect their intention to use the internet banking.

1.6 LIMITATIONS OF THE STUDY

- The study limits to a pool of internet banking users.
- It is not sure whether respondents kept anything confidential.
- The project is meant for academic purpose and hence it has to be completed within a short time. Therefore time factor was the major constraint for the project.
- The sample of study is limited to 50 respondents only.
- It is difficult to verify the accuracy of information available for the study.

1.7 CHAPTERIZATION

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Chapter 2

LITERATURE REVIEW

2.1. THEORETICAL OVERVIEW

INTERNET BANKING

Internet banking, also known as **online 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'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.

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.

The customer visits the financial institution's secure website, and enters the online banking facility using the customer number and credentials previously set up. The types of financial transactions which a customer may transact through online banking are determined by the financial institution, but usually includes obtaining account balances, a list of the recent transactions, electronic bill payments and funds transfers between a customer's or another's accounts. Most banks also enable a customer to download copies of bank statements, which can be printed at the customer's premises (some banks charge a fee for mailing hard copies of bank statements). Some banks also enable customers to download transactions directly into the customer's accounting software. The facility may also enable the customer to order a cheque book, statements, report loss of credit cards, stop payment on a cheque, advice change of address and other routine actions.

Today, many banks are internet-only institutions. These "virtual banks" have lower overhead costs than their brick-and-mortar counterparts. In the United States, many online banks are insured by the Federal Deposit Insurance Corporation (FDIC) and can offer the same level of protection for the customers' funds as traditional banks.

FEATURES OF INTERNET BANKING

Online banking facilities typically have many features and capabilities in common, but also have some that are application specific. The common features fall broadly into several categories:

- A bank customer can perform non-transactional tasks through online banking, including –
 - Viewing account balances
 - Viewing recent transactions
 - Downloading bank statements, for example in PDF format
 - Viewing images of paid cheques
 - Ordering cheque books
 - Download periodic account statements
 - Downloading applications for M-banking, E-banking etc.
- Bank customers can transact banking tasks through online banking, including –
 - Fund transfers between the customer's linked accounts
 - Paying third parties, including bill payments and third party fund transfers
 - Investment purchase or sale
 - Loan applications and transactions, such as repayments of enrollments
 - Credit card applications
 - Register utility billers and make bill payments
- Financial institution administration
- Management of multiple users having varying levels of authority
- Transaction approval process

Some financial institutions offer special internet banking services, for example:

- Personal financial management support, such as importing data into personal accounting software. Some online banking platforms support account aggregation to allow the customers to monitor all of their accounts in one place whether they are with their main bank or with other institutions.

BENEFITS OF E-BANKING

For Banks:

- **Price-** In the long run a bank can save on money by not paying for tellers or for managing branches. Plus, it's cheaper to make transactions over the Internet.
- **Customer Base-**The Internet allows banks to reach a whole new market- and a well off one too, because there are no geographic boundaries with the Internet. The Internet also provides a level playing field for small banks who want to add to their customer base.
- **Efficiency-** Banks can become more efficient than they already are by providing Internet access for their customers. The Internet provides the bank with an almost paper less system.
- **Customer Service and Satisfaction-** Banking on the Internet not only allow the customer to have a full range of services available to them but it also allows them some services not offered at any of the branches. The person does not have to go to a branch where that service may or may not be offer. A person can print of information, forms, and applications via the Internet and be able to search for information efficiently instead of waiting in line and asking a teller. With more better and faster options a bank will surely be able to create better customer relations and satisfaction.
- **Image-** A bank seems more state of the art to a customer if they offer Internet access. A person may not want to use Internet banking but having the service available gives a person the feeling that their bank is on the cutting image.

For Customers:

- **Bill Pay:** Bill Pay is a service offered through Internet banking that allows the customer to set up bill payments to just about anyone. Customer can select the person or company whom he wants to make a payment and Bill Pay will withdraw the money from his account and send the payee a paper check or an electronic payment.
- **Other Important Facilities:** E- banking gives customer the control over nearly every aspect of managing his bank accounts. Besides the Customers can, Buy and Sell Securities, Check Stock Market Information, Check Currency Rates, Check Balances, See which checks are cleared, Transfer Money, View Transaction

History and avoid going to an actual bank. The best benefit is that Internet banking is free. At many banks the customer doesn't have to maintain a required minimum balance. The second big benefit is better interest rates for the customer.

ADVANTAGES OF INTERNET BANKING

The key factor is driving the core banking solution due to the increasing demand of this new technology among the customer for better service and security. The increasing need of managing accounts of customers from a single server is fueling the growth of core banking solution. Moreover, banking services are looking for cost effective solutions which can help them in reducing replacement costs and rapid adoption of technology among the customer is changing their need and the way they interact with banks is fueling the growth of core banking solution globally. Moreover, this new core banking solution technology helps in increased digitization and connectivity and more security in financial institutions. Owing to this factor, the industry is growing significantly and is expected a stable growth. Some of the major advantages are:

- **Convenience and Constant Accessibility**

Online banking customers with access to the Internet can access accounts online anytime and anywhere, creating convenient practices toward the maintenance and security of a checking or savings account. For example, if purchase transactions are made on a Sunday or after 5:00 p.m., your current balance from an ATM receipt will read the last-known balance during regular banking hours; this can be misleading. An account balance online will show customers the actual available balance, which is the difference between the last known "current" balance and recent transactions that are not fully processed.

- **Money Management and Educational Tools**

Deposits and bill payments can be set up to move in and out a checking or savings accounts automatically, freeing up the customer from worrying about mailing in bill payments on time or depositing checks while out of town. Also, many banks offer financial management tools and advice and can also export account statements to Quicken, Microsoft Money or Microsoft Excel. This enables the customer to monitor spending habits, budget effectively and retain the optimal benefits from investments or savings accounts.

- **Signing Up and Becoming Familiar**

Opening an online bank account can involve completing forms with a lot of small type. Completion of these forms usually involves proof of identification and Social Security number. If a joint account is opened, one party may be asked to sign a durable power of attorney over to the other. Once signed up, it may take some time to become familiar with the setup of the banking site. Most banks do have a call center to help new customers navigate the site; however, not all call centers are open 24 hours.

- **Save time and money**

We can save both time and money by dealing with our day-to-day banking business using internet banking. Time, because we do not have to stand in line at the bank; and money, because internet banking is free of charge if we already have one of the customer packages.

- **Get an overview of our financial situation**

Internet banking gives us an overview of our transactions. We can always check our balance, and we can prepare and handle more long-term budgets.

- Online account is simple to open and easy to operate.
- It is available all the time, i.e. 24x7. We can perform our tasks from anywhere and at any time; even in night when the bank is closed or on holidays. The only thing we need to have is an active internet connection.
- It is fast and efficient. Funds get transferred from one account to the other very fast. We can also manage several accounts easily through internet banking.
- Through Internet banking, we can keep an eye on our transactions and account balance all the time. This facility also keeps our account **safe**. This means that by the ease of monitoring our account at anytime, we can get to know about any fraudulent activity or threat to our account before it can pose our account to severe damage.

DISADVANTAGES OF INTERNET BANKING

- **Internet Connection**

Not everyone enjoys the luxury of having a stable and fast Internet connection at home. Aside from having a personal computer or laptop, having stable Internet access at home is a basic prerequisite to performing electronic banking. Of course, people can always use a public computer with Internet access; however, the security of public computers is always a concern.

- **Computer Know-How**

Conducting a successful electronic banking transaction, like paying bills online, requires basic computer skills and knowing your way around the Internet. Being computer-literate is not common to everyone-especially seniors who might not have grown up using computers-and this is a major disadvantage to electronic banking.

- **Delayed Statements**

When performing online banking there is not a standard at which payments made will show up on your online bank statements; they might show up two to three days later, depending upon the bank. When banking in person, you can generally get the exact status of your bank account.

- **Security Concerns**

One of the biggest disadvantages of doing electronic banking is the question of security. With the prevalence of key loggers, phishing emails, trojans and other online threats, it is natural for people to be concerned with the security of their identity, funds and electronic banking transactions. Using antivirus and similar programs is not full-proof. People worry that their bank accounts can be hacked and accessed without their knowledge or that the funds they transfer may not reach the intended recipients. Although it is rare nowadays with enhanced security measures, these threats still exist.

- **Loss of Human Touch**

Some people still value talking and interacting with bank tellers, managers and other bank clients. Electronic banking takes the majority of these "human interactions" away, leaving the banking experience as a very hands-off, impersonal process.

- Understanding the usage of internet banking might be difficult for a beginner at the first go. Though there are some sites which offer a demo on how to access online accounts, but not all banks offer this facility. So, a person who is new might face some difficulty.
- Password security is a must. After receiving our password, do change it and memorize it otherwise your account may be misused by someone who gets to know your password inadvertently.
- We cannot use it, in case the bank's server is down.

THE INDIAN EXPERIENCE

India is still in the middle stage of E-banking growth and development. Competition and changes in technology and lifestyle in the last five years have changed the face of banking. The changes that have taken place impose on banks tough standards of competition and compliance. The issue here is – “Where does India stand in the scheme of E-banking?”. E-banking is likely to bring a host of opportunities as well as unprecedented risks to the fundamental nature of banking in India. The impact of E- Banking in India is not yet apparent. Many global research companies believe that E-banking adoption in India in the near future would be slow compared to other major Asian countries. Indian E-banking is still nascent, although it is fast becoming a strategic necessity for most commercial banks, as competition increases from private banks and non banking financial institutions. Despite the global economic challenges facing the IT software and services sector, the outlook for the Indian industry remains optimistic.

The Reserve Bank of India has also set up a "Working Group on E-banking to examine different aspects of E-banking. The group focused on three major areas of E-banking i.e. (1) Technology and Security issues (2) Legal issues and (3) Regulatory and Supervisory issues. RBI has accepted the guidelines of the group and they provide a good insight into the security requirements of E-banking. The importance of the impact of technology and information security cannot be doubted. However, the rapid growth of the Internet has introduced a completely new level of security related problems. The problem here is that since the Internet is not a regulated technology and it is readily accessible to millions of people, there will always be people who want to use it to make illicit gains. The security issue can be addressed at three levels. The first is the security of customer information as it is sent from the customer's PC to the Web server. The second is the security of the environment in which the Internet banking server and customer information database reside. Third, security measures must be in place to prevent unauthorized users from attempting to log into the online banking section of the website. From a legal perspective, security procedure adopted by banks for authenticating users needs to be recognized by law as a substitute for signature.

In India, the Information Technology Act, 2000, in section 3(2) provides for a particular technology (viz., the asymmetric crypto system and hash function) as a means of authenticating electronic record. Any other method used by banks for authentication should be recognized as a source of legal risk. Regarding the regulatory and supervisory issues, only such banks which are licensed and supervised and have a physical presence in India will be permitted to offer E-banking products to residents of India. With institutions becoming more and more global and complex, the nature of risks in the international financial system has changed. The Regulators themselves who will now be paying much more attention to the qualitative aspects

of risk management have recognized this. Though the Indian Government has announced cyber laws, most corporate are not clear about them, and feel they are insufficient for the growth of Ecommerce. Lack of consumer protection laws is another issue that needs to be tackled, if people have to feel more comfortable about transacting online.

Taxation of E-commerce transaction has been one of the most debated issues that are yet to be resolved by India and most other countries. The explosive growth of e-commerce has led many executives to question how their companies can properly administer taxes on Internet sales. Without sales tax, online sellers get a price advantage over brick and mortar companies. While ecommerce has been causing loss of tax revenues to the Government, many politicians continue to insist that the Net must remain tax-free to ensure continued growth, and that collecting sales taxes on Net commerce could restrict its expansion. Also RBI is about to become the first Government owned digital signature certifying Authority (CA) in India. The move is expected to initiate the electronic transaction process in the banking sector and will have far-reaching results in terms of cost and speed of transactions between government- owned banks. Thus efficiency, growth and the need to satisfy a growing tech-survey consumer base are three clear rationales for implementing E-banking in India. The four forces-customers, technology, convergence and globalization have the most important effect on the Indian financial sector and these changes are forcing banks to redefine their business models and integrate technology into all aspect of operation.

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:

i) 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.

ii) 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.

iii) 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.

Automated Teller Machine (ATM):

ATM is designed to perform the most important function of bank. It is operated by plastic card with its special features. The plastic card is replacing cheque, personal attendance of the customer, banking hours restrictions and paper based verification. There are debit cards. ATMs used as spring board for Electronic Fund Transfer. ATM itself can provide information about customers account and also receive instructions from customers - ATM cardholders. An ATM is an Electronic Fund Transfer terminal capable of handling cash deposits, transfer between accounts, balance enquiries, cash withdrawals and pay bills. It may be on-line or Off-line. The on-line ATN enables the customer to avail banking facilities from anywhere. In off-line the facilities are confined to that particular ATM assigned. Any customer possessing ATM card issued by the Shared Payment Network System can go to any ATM linked to Shared Payment Networks and perform his transactions.

Credit Cards/Debit Cards:

The Credit Card holder is empowered to spend wherever and whenever he wants with his Credit Card within the limits fixed by his bank. Credit Card is a post paid card. Debit Card, on the other hand, is a prepaid card with some stored value. Every time a person uses this card, the Internet Banking house gets money transferred to its account from the bank of the buyer. The buyers account is debited with the exact amount of purchases. An individual has to open an account with the issuing bank which gives debit card with a Personal Identification Number (PIN). When he makes a purchase, he enters his PIN on shops PIN pad. When the card is slurped through the electronic terminal, it dials the acquiring bank system - either Master Card or VISA that validates the PIN and finds out from the issuing bank whether to accept or decline the transactions. The customer can never overspend because the system rejects any transaction which exceeds the balance in his account. The bank never faces a default because the amount spent is debited immediately from the customer's account

Smart Card:

Banks are adding chips to their current magnetic stripe cards to enhance security and offer new service, called Smart Cards. Smart Cards allow thousands of times of information storable on magnetic stripe cards. In addition, these cards are highly secure, more reliable and perform multiple functions. They hold a large amount of personal information, from medical and health history to personal banking and personal preferences.

TOP 10 BANKS THAT PROVIDE BEST INTERNET BANKING FACILITIES IN INDIA

We are not willing to stand in a queue and wait for our turn to make transactions like deposit money or withdraw the same. In this era of technology and internet at the maximum form, people don't usually waste their time to visit a bank and have all their services. So, the banks have a pressure of offering the best Net Banking which is customer friendly. In India, Reserve Bank of India behaves like the supervisor of all the banks of India. Here is the list of all those banks which provide a better Internet Banking facility;

i. State Bank of India:

The highest ranked bank of India is SBI. This bank is the oldest as well as ranked 1 in the list of bank with best Internet banking facilities. Not only that, it has the largest votes in every parameter be it profit, assets,

revenues, etc, this government bank was founded in 1806 and is the 2nd biggest bank in the whole world. With a score of 16000 branches and 8500 ATMs, this is also accountable for 1/5th portion of loans by Indian Bankers.

ii. ICICI Bank:

The 2nd largest bank in India is ICICI bank. There are in all 1.419 branches of this individual bank. This bank offers high-end facilities like Internet banking, Mobile banking, etc. the bank not only serves in India but has branches over 18 different countries in the world which includes Canada, Russia, UK and more but yet has the main headquarters in Mumbai, India. Along with being the 2nd best bank to provide Internet banking, it also provides investment banking, life insurance, non-life insurance, asset management and so much more.

iii. Axis Bank:

The Axis Bank ranks 1 when talked about private banks. Initially, this bank was known as Unit Trust of India-UTI which is the name of the organization who promoted this bank since 1994 as government allowed private banks those days. Having 729 branch offices and 3171 ATMs, the Internet banking provided by this bank is customer satisfactory.

iv. HDFC Bank:

This banking service was initiated in 1994 and is providing great service till date. This makes it the 4th largest bank of India and in terms of market capitalization it is the 2nd best bank of India. It provides a customer with all sorts of services like Net Banking, Online remittances, Personal Banking, NRI Services, and many such services.

In the year 2008, this bank was awarded many prizes for being the best bank for Retail bank category, best to adopt information technology in services. With 1500 branches in India, the bank is counted among best banks of the country.

v. Bank of India:

The 5th best bank of India, when seen in reference to Internet Banking facilities, is Bank of India. This bank was founded on 7th September, 1906. Like all other banks, this bank also provides number of services like Internet Banking, Online Tax Payment, Mobile Banking and Payments Pay Bills, Share trading online, Booking ticket, and many such services for customer ease. It has a count of 3140 branches spread across the country and around 27 branches in other countries

vi. Punjab National Bank:

PNB is the ranked 6 when it comes to Internet Banking facility. But when talked about the government commercial bank in India it is the third best. This bank was founded in 1895 and till today it has around 5000 branches in about 764 cities in our country. This bank is one of the few govt. banks of India which offers various services and schemes for senior citizens, army personnel, students, and women.

vii. Bank of Baroda:

This bank was founded in 1908 by Sir Sayajirao Gaekwadi III who was the Maharajah of Baroda, Gujarat. There are many customer friendly products like credit cards, pre-paid gift cards, ATM/Debit cards, etc and services provided by the bank which include Internet Banking, Mobile Banking, SME Banking, Retail Banking, Rural/Agni Banking, Wealth Management, NRI Remittances and many others. It has 3.778 branches all over the country and about 1.657 ATMs spread everywhere.

viii. Canara Bank:

Canara Bank is basically a bank of Karnataka which was established in the year 1906 and is spread in India having 3.057 branches and around 400 ATMs. Not only in India, but the bank has got branches and offices in other countries like Hong Kong, London, Dubai, Moscow, Shanghai, and Doha. Banking services offered by the bank are Internet banking, Mutual Funds, Loans and Advances, Savings and Deposits, Consultancy services and Depository services.

ix. Union Bank of India:

Union Bank of India is listed among the largest government banks of India. Indian Government holds above 50% of the share capital of this bank. The Internet banking system is in the form of Online Telebanking facility which is used by all the customer individuals as well as the corporate. The bank has its offices in countries other than India like United Arab Emirates, People Republic of China, Shanghai, and Hong Kong. The customers of the bank are convinced that they are 'Good People To Bank With'.

x. Citibank:

Citibank of India is one of the top banks which offer best net banking schemes and services. The Online Banking, Online Bill Payments, Online Fraud Protection, Mobile Banking, Tablet Banking, Text Banking, Overdraft Protection, and many other services are provided to the customers to increase their customer ratio. All these services along with the products such as ATM card, credit card and other such facilities make it one the best banks in India.

VARIOUS ONLINE BANKING SERVICES

❖ **Bill payment service**

You can facilitate payment of electricity and telephone bills, mobile phone, credit card and insurance premium bills as each bank has tie-ups with various utility companies, service providers and insurance companies, across the country. To pay your bills, all you need to do is complete a simple one-time registration for each biller. You can also set up standing instructions online to pay your recurring bills, automatically. Generally, the bank does not charge customers for online bill payment.

❖ **Fund transfer**

You can transfer any amount from one account to another of the same or any another bank. Customers can send money anywhere in India. Once you login to your account, you need to mention the payee's account number, his bank and the branch. The transfer will take place in a day or so, whereas in a traditional method, it takes about three working days. ICICI Bank says that online bill payment service and fund transfer facility have been their most popular online services.

❖ **Credit card customers**

With Internet banking, customers can not only pay their credit card bills online but also get a loan on their cards. If you lose your credit card, you can report lost card online.

❖ **Investing through Internet banking**

You can now open an FD online through funds transfer. Now investors with interlinked demat account and bank account can easily trade in the stock market and the amount will be automatically debited from their respective bank accounts and the shares will be credited in their demat account. Moreover,

some banks even give you the facility to purchase mutual funds directly from the online banking system. Nowadays, most leading banks offer both online banking and demat account. However if you have your demat account with independent share brokers, then you need to sign a special form, which will link your two accounts.

❖ **Recharging your prepaid phone**

Now just top-up your prepaid mobile cards by logging in to Internet banking. By just selecting your operator's name, entering your mobile number and the amount for recharge, your phone is again back in action within few minutes.

❖ **Shopping**

With a range of all kind of products, you can shop online and the payment is also made conveniently through your account. You can also buy railway and air tickets through Internet banking.

❖ **Funds Transfer (e-cheques)**

Now, transferring funds from Bank Account is very simple. There are various options provided online for transferring funds on Bank's website. Customers can select to:

- (i) Transfer Funds to their own linked Bank accounts
- (ii) Transfer Funds to other Bank accounts, anywhere in India

2.2. REVIEW OF LITERATURE

A researcher must update knowledge about the studies related to his own problem already made by others. For any worthwhile study the researcher needs an adequate familiarity with the library and its resources.

A survey of related literature not only forms one of the early chapters of the thesis, but also serves other useful purposes. A brief summary of the previous research and writings of recognised experts provides evidence that the researcher is familiar with what is already known and with what is still unknown and untested. This step helps to eliminate the duplication of what has been done and provides suggestions for significant investigation. The literature in any field forms the foundation upon which all future work will be built.

The key to the vast store house of published literature may open doors to sources of significant problem and explanatory hypothesis and provide helpful orientation for definition of the problem, the background for selection procedure and comparative data for interpretation of results. The review of literature is a crucial aspect of the planning of the study. The review of some studies on the area of interest of the scholar is presented in this chapter.

Jayawardhena and Foley (2000), listed the advantages for electronic banks: cost savings, increased customer base, mass customization, marketing and communication, innovation, and development of non-core business. It revealed that roughly one-half of consumers would first enquire with their existing banker if they needed a new financial product. In the case of e-banking, savings of time, money and convenience have been cited as relative advantages.

Lee and Lee (2000), find that for direct bill payment, minorities were less likely to have already adopted the technology. Increases in income and education tend to be positively related to the adoption of an innovation. Prior research has empirically found positive relationship between perceived ease of use and perceived usefulness as critical factors on the use of e-banking

Moutinho and Smith (2000), clearly suggested that the drive towards ease of banking and convenience is favored by the customer and, therefore, banks should find alternative strategic routes designed to improve service delivery (either human-based or technology based). Bank customers' attitudes towards the human provision of services and subsequent level of satisfaction will impact on bank switching more than when the same service delivery is made through automation. E-banking provides higher degree of convenience that enables customers to access internet bank at all times and places.

Goldfinger (2001), security was seen as a major obstacle to Internet banking. Banks were concerned about unauthorized access to their systems, and customers were concerned about the safety of their personal data and the risk of fraudulent transactions. Banks have been able to manage security with minimal repercussions.

Ashban and Burney (2001), in their study revealed that customers increasingly extent their use of electronic banking as their experience grows with the system. In general, Saudi customer's income levels and education play a vital role in their adoption and usage of electronic banking technology.

Howcroft (2002), revealed that younger consumers value the convenience or time saving potential of online and mobile banking more than older consumers. Younger consumers also regarded the lack of face-to-face

contact as less important than older consumers. Researchers have also suggested that consumers perceive electronic banking as inexpensive and that it does not offer any extra cost benefits.

Webchek (2002), it was revealed that the main use of Internet banking was viewing accounts, sourcing information, and making third party payments. It was not being used heavily for transactional purposes. The bulk of transactions were conducted on automated telling machines (ATMs), followed closely by transacting at a branch. Those customers who used ATMs tended not to be online bankers.

Gerrard and Cunningham (2003), security concerns and the negative issues associated with new technologies in general seemed to be the main reasons for non-technology customers avoiding it. However, internet bank's positive performance in terms of accessibility, convenience, time saving, and ease of use seemed to motivate time-poor, technology-oriented customers to use it, in spite of security concerns and a certain degree of depersonalization. For complex operations-such as mortgage loans customers preferred personal interaction in the bank branch. From the customers' perspective, the great advantage of the Branch Banking is the possibility of having person-to-person interaction, which is expected to bring mutual knowledge, individualized attention, professional competence of employees, and responsiveness in non-routine situations.

Sohail and Shanmugham (2003), identified that Internet accessibility, awareness, attitude towards change, computer and Internet access costs, trust in one's bank, security concerns, customer's reluctance to change, ease of use and convenience are the major factors affecting the adoption of Internet bank services in Malaysia. The more affluent members of the sample appear to have a greater inclination towards e-banking. Furthermore, the fact that 20% of the sample respondents had already adopted e-banking services is encouraging and is indicative of a bright future for e-banking in Malaysia.

Mattila (2003), show that internet banking was the third popular mode of payment among mature customers in Finland. Household income and education were found to have a significant effect on the adoption of internet as a banking channel so that over 30 percent of wealthy and well educated mature males make e-banking their primary mode of making payments. Perceived difficulties in using computers combined with the lack of personal service in e-banking were found to be the main barriers of internet banking adoption among mature customers. Internet Banking was also found to be more unsecured among mature customers than bank customers in general.

Kolodinsky (2004), study about the adoption of electronic banking technologies by US consumers, explored the idea that relative advantage, complexity/simplicity, compatibility, observability, risk tolerance and product

involvements are associated with adoption. Demographic and economic variables such as income assets, education, gender and marital status and age also affect adoption. Adoption changed overtime but the impact of these factors on adoption has not changed.

Barrutia and Echebarria (2005), Internet provides retail bank consumers with easier access to accurate, recent and unbiased information about products, thus diminishing information asymmetry. The Internet increases cost transparency for retail banking consumers. As a consequence of Internet retail banking consumers exercise greater control over the communication they receive and generate. The Internet reduces concerns about imperfect commitment. The Internet reduces retail bank consumers switching costs.

Christopher (2006), showed that the service quality, perceived risk factors, user input factors, employment and education are the dominant variables that influence consumers choice of electronic banking and non electronic banking channels. 27% of the sample population adopting Internet Banking indicating the market is not yet saturated, a fact who also found that the market was developing but that there was a still considerable development opportunity. Of those who adopted Internet Banking, the major services used are account transfer, bill settlement, account balance inquiry etc. The main reasons for bank customers adopting Internet Banking were seen to be the ability to perform banking transactions anywhere, anytime and quickly. On top of that, incentive programmes offered by the banks to promote Internet Banking were also seen as accelerators of the adoption.

Malhotra and Singh (2007), majority of customers are now showing greater interest in the new ways available to manage their accounts through accepting the internet technology in banking. Customers were thrilled with the speed and convenience of the internet banking services comprised 60 percent of male and 40 percent of females who are relatively young, educated and serving in Government offices or the private industrial houses.

Poon (2008), revealed about the user's adoption of e-banking services in Malaysia in which privacy, security and convenience factors play an important role in determining the users' acceptance of e-banking services with respect to different segmentation of age group, education level and income level. E-banking provides higher degree of convenience that enables customers to access internet bank at all times and places. Apart from that, the accessibility of computers is perceived as a measure of relative advantage.

Chapter 3

DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS AND INTERPRETATION

In order to extract, meaningful information from the data collected, the data analysis and interpretation is conducted. Through analysis, there is an attempt to study the data collected and derive results and through interpretation, conclusions are drawn based on the results obtained. The data are first edited, coded and tabulated for the purpose of analyzing them. The editing, coding and tabulating is must when there is huge amount of data concerning the research. The analysis is basically aimed at giving interference of association or difference between the various variables present in the research. The analysis was conducted by simple statistical tool percentage. Alternately, the collected data was analysed by using diagrams, graphs, charts etc.

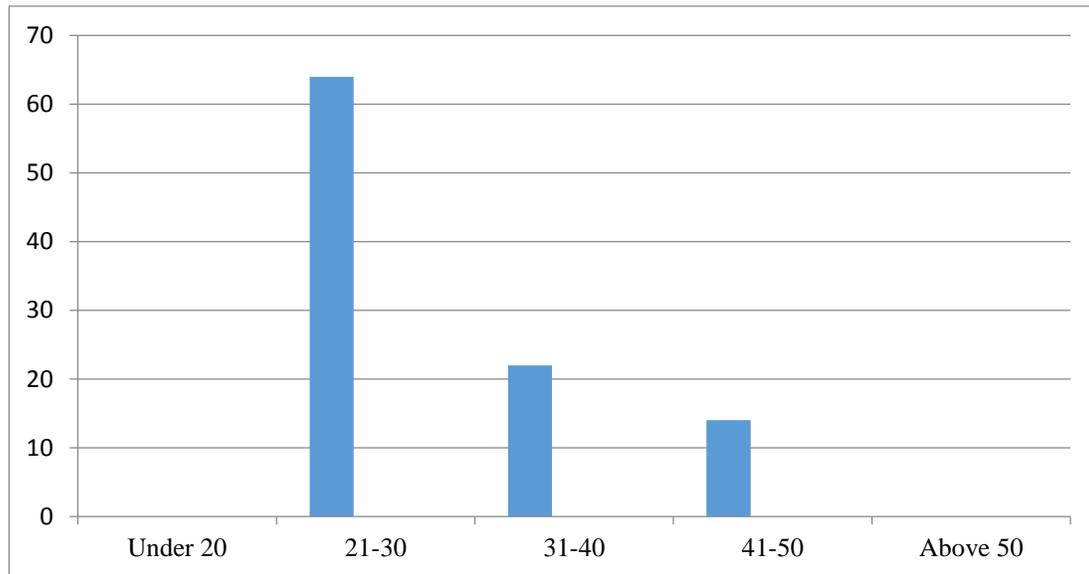
Data analysis and its interpretation summarise large mass of data into an understandable form and provide a more means of research findings. Only by means of analyzing and interpreting, the salient features, inter-relationship, cause and connections of research data are bought out. Analysis is not complete without interpretation and interpretation cannot proceed without analysis. So both are interdependent.

Finally, meaning of data may be extracted from the analysis thus conducted. The conclusions, summery and suggestions of research are based on the statistical analysis and interference drawn. The study is mainly based on primary data. The data has been collected from 50 customers that use internet banking in mavelikara thaluk. The data thus collected are analysed as follows;

Table 4.1
Age wise classification of respondents

| Category | Frequency | Percentage |
|-----------------|------------------|-------------------|
| Under 20 | 0 | 0 |
| 21-30 | 32 | 64 |
| 31-40 | 11 | 22 |
| 41-50 | 7 | 14 |
| Above 50 | 0 | 0 |
| Total | 50 | 100 |

Figure 4.1
Age wise classification of respondents



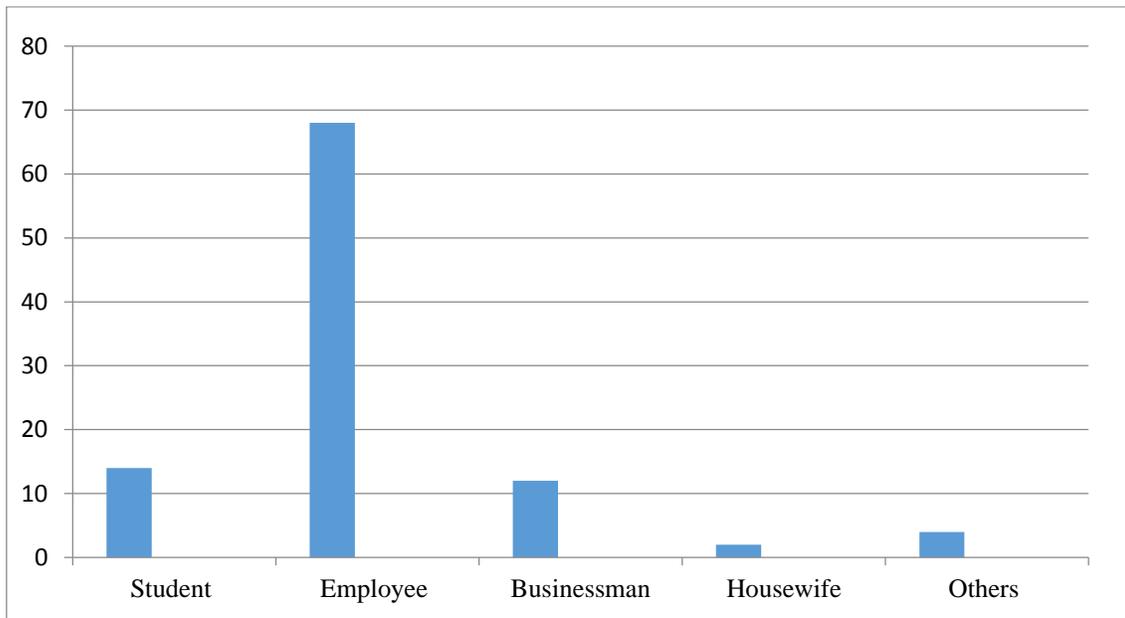
Source: Primary data

Interpretation: The above table shows that 64% of the respondents belong to the age group of 21-30, 22% of the respondents belong to the age group of 31-40, 14% belong to the age group of 41-50, and there are no one comes under the category of under 20 years and above 50 years.

Table 4.2
Profession of respondents

| Category | Frequency | Percentage |
|-----------------|------------------|-------------------|
| Student | 7 | 14 |
| Employee | 34 | 68 |
| Businessman | 6 | 12 |
| Housewife | 1 | 2 |
| Others | 2 | 4 |
| Total | 50 | 100 |

Figure 4.2
Profession of respondents



Source: Primary data

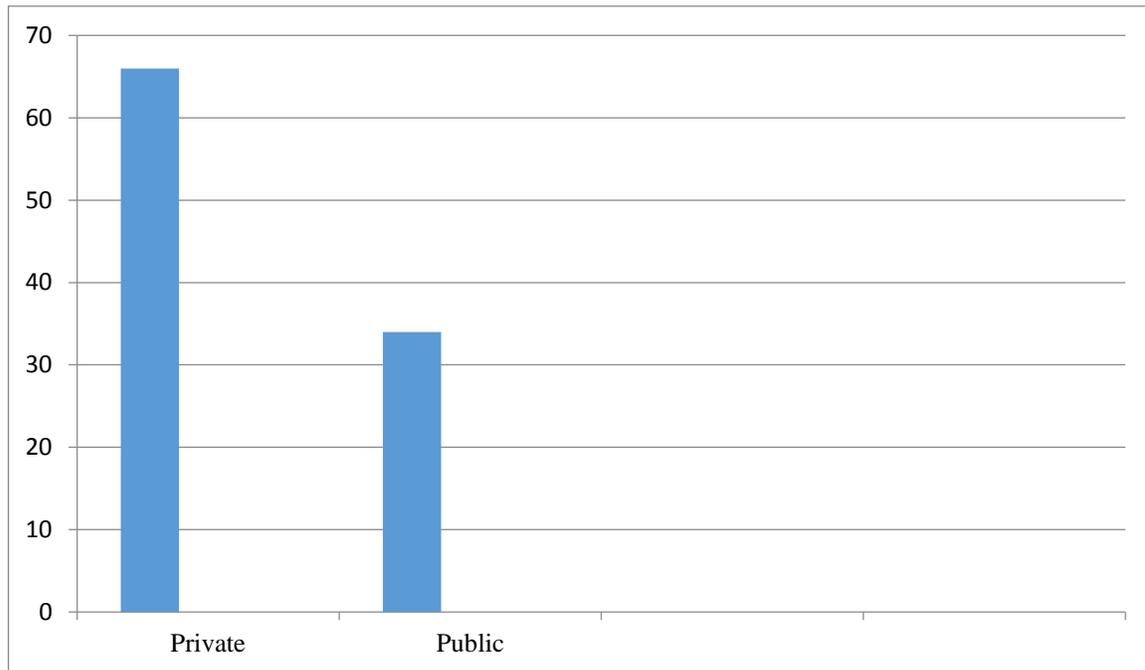
Interpretation: The table reveals that out of 50 respondents 14% are students, 68% are employees, 12% are businessmen, 2% are housewife and remaining 4% are others.

Table 4.3
Frequency towards types of banks

| Category | Frequency | Percentage |
|-----------------|------------------|-------------------|
| Private | 33 | 66 |
| Public | 17 | 34 |
| Total | 50 | 100 |

Figure 4.3

Frequency towards types of banks



Source: Primary data

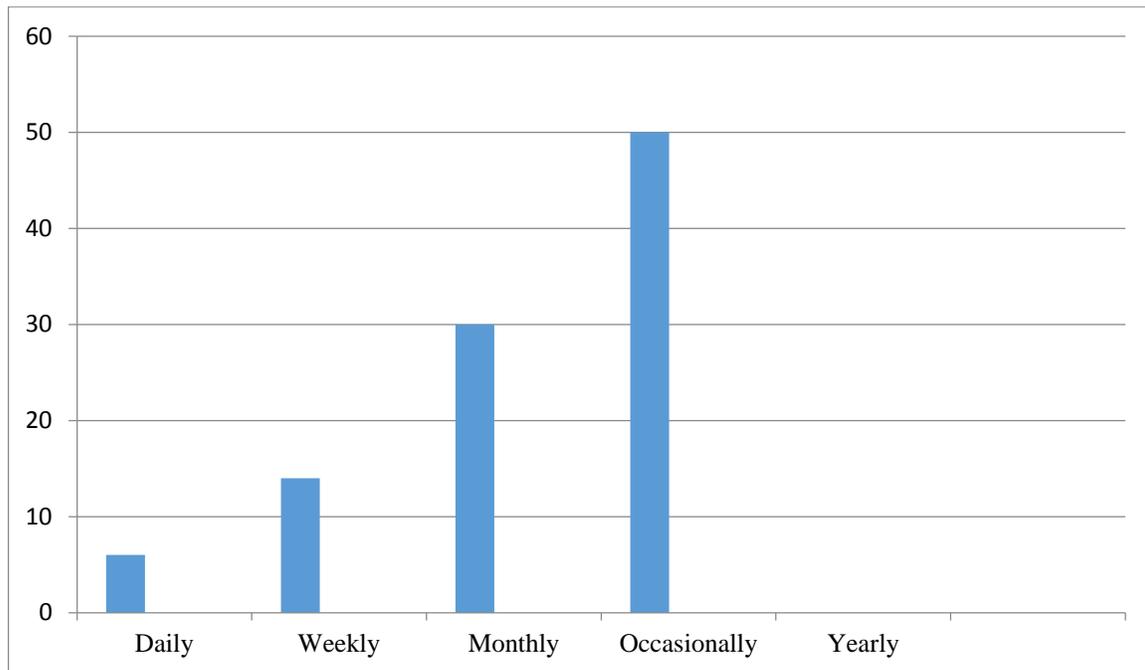
Interpretation: The table reveals that 66% of the respondents have accounts on private banks and 34% of the respondents have accounts on public sector banks.

Table 4.4

Frequency of using internet banking

| Category | Frequency | Percentage |
|--------------|-----------|------------|
| Daily | 3 | 6 |
| Weekly | 7 | 14 |
| Monthly | 15 | 30 |
| Occasionally | 25 | 50 |
| Yearly | 0 | 0 |
| Total | 50 | 100 |

Figure 4.4
Frequency of using internet banking



Source: Primary data

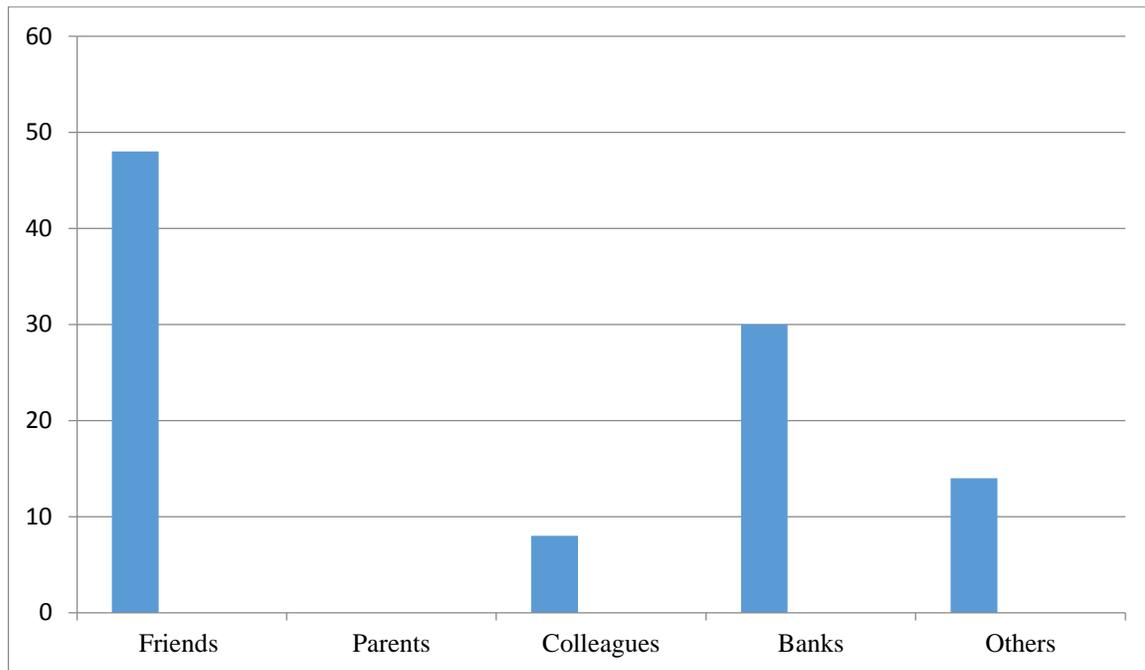
Interpretation: The table shows that 6% of the respondents daily using internet banking, 14% using weekly, 30% using monthly and 50% of the respondents use internet banking occasionally.

Table 4.5
Response towards influences of adopting internet banking

| Category | Frequency | Percentage |
|------------|-----------|------------|
| Friends | 24 | 48 |
| Parents | 0 | 0 |
| Colleagues | 4 | 8 |
| Banks | 15 | 30 |
| Others | 7 | 14 |
| Total | 50 | 100 |

Figure 4.5

Response towards influences of adopting internet banking



Source: Primary data

Interpretation: The above table shows that 48% of the respondents are influenced by their friends to adopt internet banking, 8% are influenced by their colleagues, 30% are influenced by banks and 14% are influenced by others.

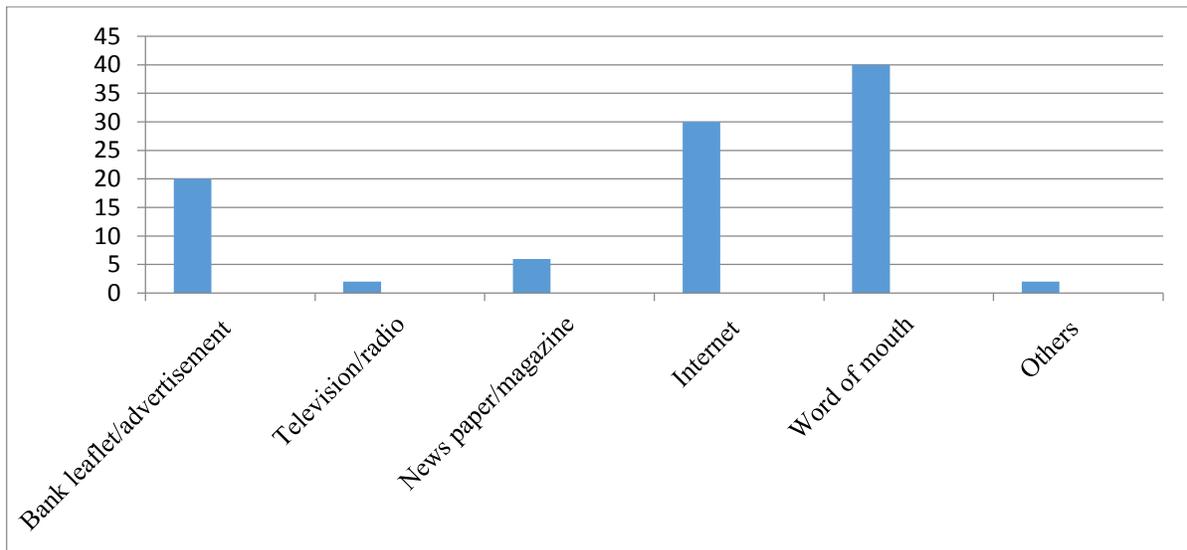
Table 4.6

Response towards sources of learning internet banking

| Category | Frequency | Percentage |
|----------------------------|-----------|------------|
| Bank leaflet/advertisement | 10 | 20 |
| Television/radio | 1 | 2 |
| News paper/magazine | 3 | 6 |
| Internet | 15 | 30 |
| Word of mouth | 20 | 40 |
| Others | 1 | 2 |
| Total | 50 | 100 |

Figure 4.6

Response towards sources of learning internet banking



Source: Primary data

Interpretation: The table reveals that 20% of the respondents learn about internet banking through bank leaflet/advertisement, 2% from television/radio, 6% from newspaper/magazine, 30% from internet, 40% through word of mouth and remaining 2% from other sources.

Table 4.7

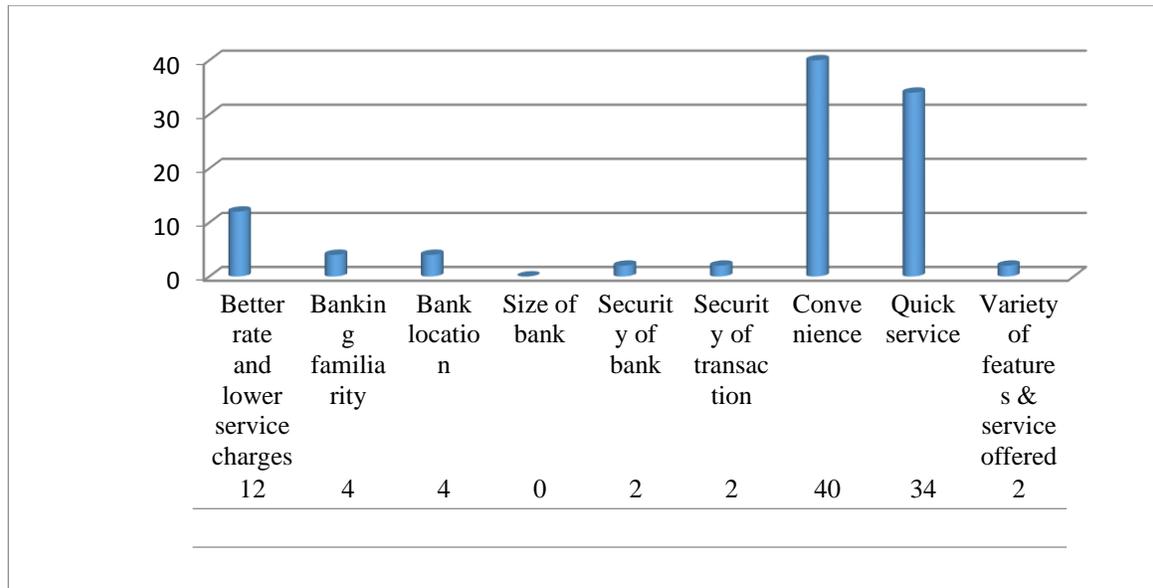
Response towards factors influencing internet banking

| Category | Frequency | Percentage |
|---------------------------------------|-----------|------------|
| Better rate and lower service charges | 6 | 12 |
| Banking familiarity | 2 | 4 |
| Bank location | 2 | 4 |
| Size of bank | 0 | 0 |
| Security of bank | 1 | 2 |
| Security of transaction | 1 | 2 |
| Convenience | 20 | 40 |

| | | |
|---------------------------------------|----|-----|
| Quick service | 17 | 34 |
| Variety of features & service offered | 1 | 2 |
| Total | 50 | 100 |

Figure 4.7

Response towards factors influencing internet banking



Source: Primary data

Interpretation: The table shows that 12% of the respondents choose better rate and lower service charge as the important factor influenced them to adopt internet banking, 4% choose banking familiarity, 4% choose bank location, 2% says that security of bank is the important factor, 2% choose security of transaction, 40% says that convenience is the most important factor, 34% choose quick service and remaining 2% are influenced with variety of features & services offered through internet banking, size of bank is not a factor influenced anyone to adopt internet banking.

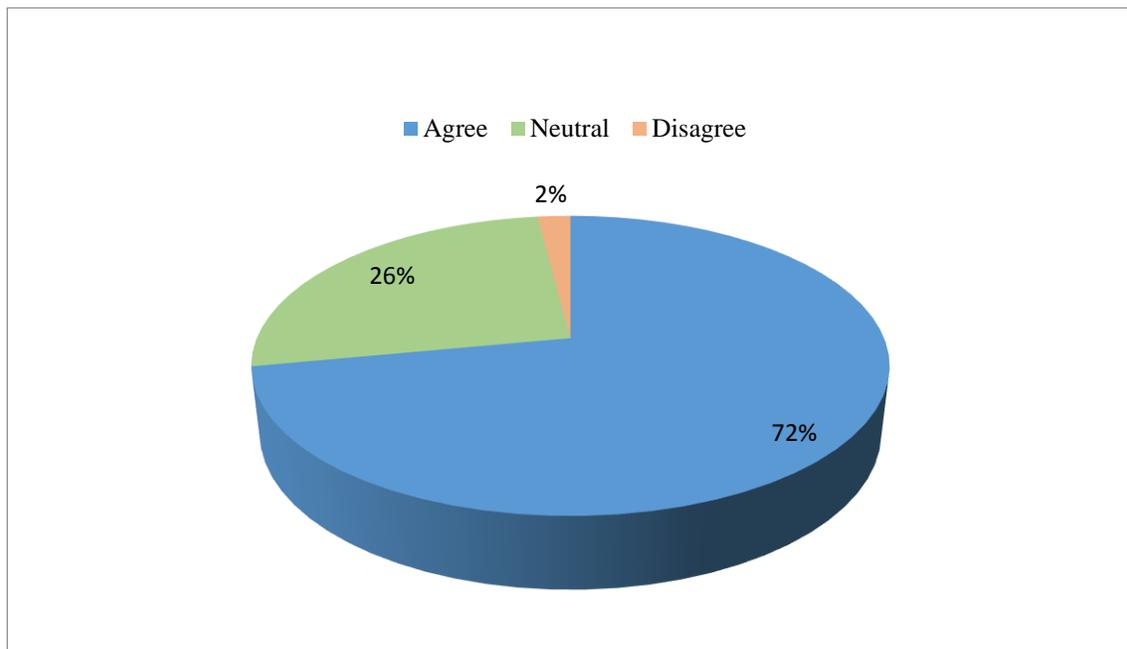
Table 4.8

Response towards trust worthiness of bank

| Category | Frequency | Percentage |
|----------|-----------|------------|
| Agree | 36 | 72 |
| Neutral | 13 | 26 |
| Disagree | 1 | 2 |
| Total | 50 | 100 |

Figure 4.8

Response towards trust worthiness of bank



Source: Primary data

Interpretation: The table shows that 72% of the respondents agree that trust on the bank plays an important role in adopting internet banking, 26% of the respondents have moderate opinion and 2% disagree with this statement.

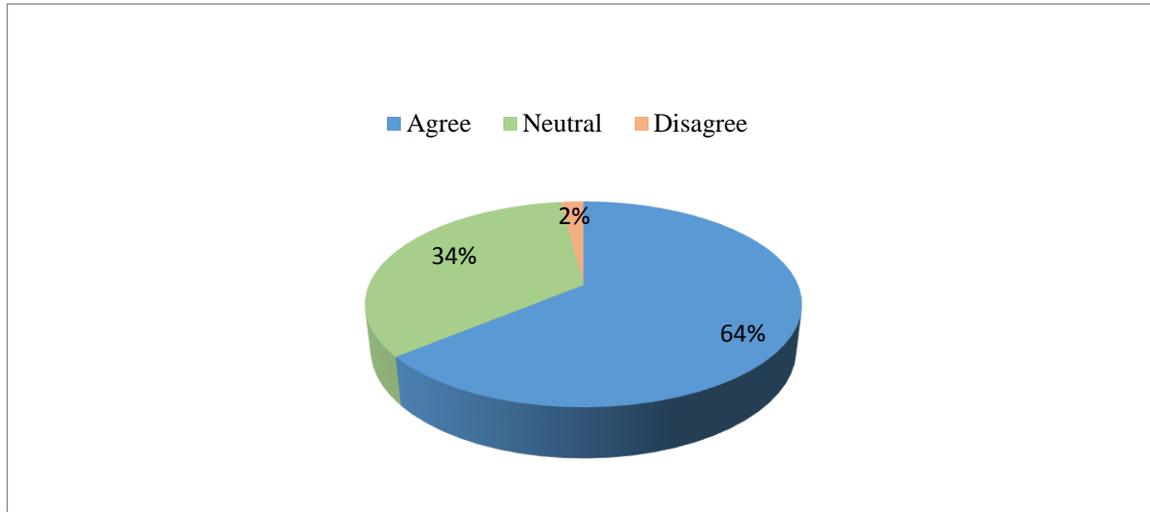
Table 4.9

Response towards importance of financial services in using internet banking

| Category | Frequency | Percentage |
|----------|-----------|------------|
| Agree | 32 | 64 |
| Neutral | 17 | 34 |
| Disagree | 1 | 2 |
| Total | 50 | 100 |

Figure 4.9

Response towards importance of financial services in using internet banking



Source: Primary data

Interpretation: The table shows that 64% of the respondents agree that unique, integrated and customized financial services are important in adopting internet banking, 34% have moderate opinion and remaining 2% disagree with the statement.

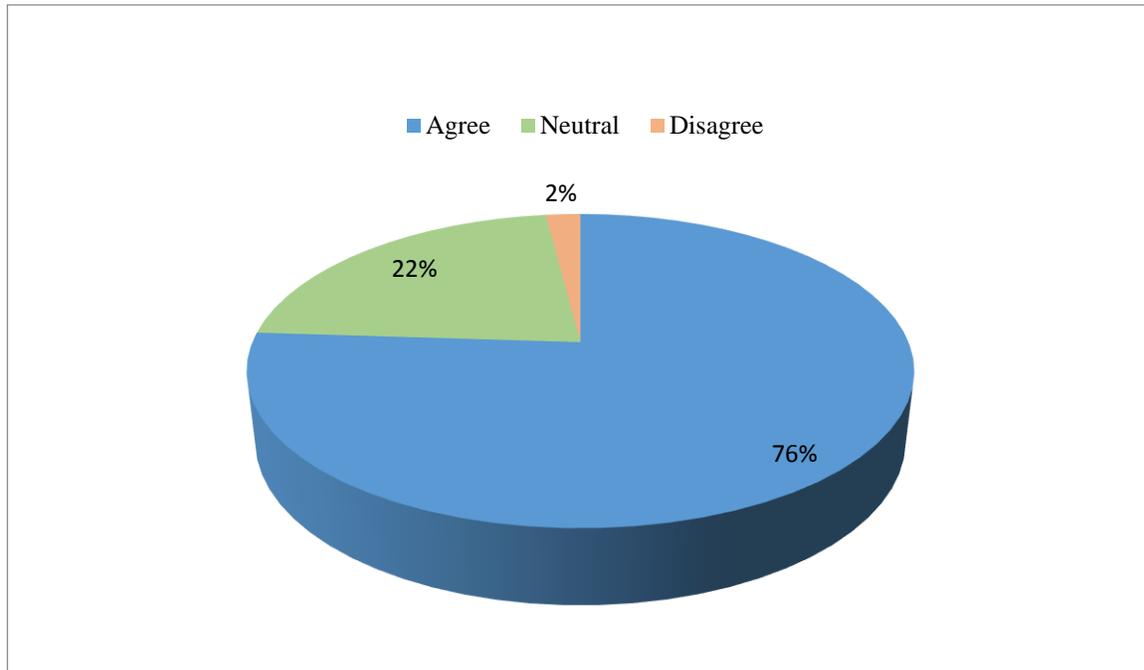
Table 4.10

Response towards convenience and flexibility

| Category | Frequency | Percentage |
|----------|-----------|------------|
| Agree | 38 | 76 |
| Neutral | 11 | 22 |
| Disagree | 1 | 2 |
| Total | 50 | 100 |

Figure 4.10

Response towards convenience and flexibility



Source: Primary data

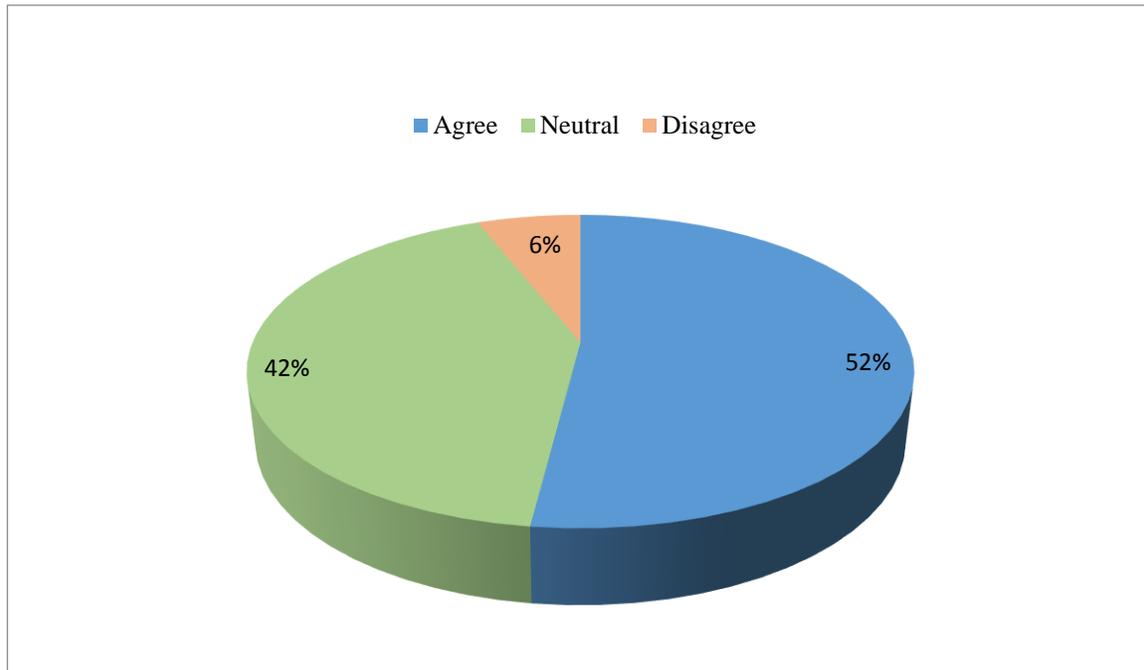
Interpretation: The table shows that 76% of the respondents agree that convenience and flexibility in terms of location and time play a vital role adopting internet banking. 22% have moderate opinion and 2% disagree with this statement.

Table 4.11

Response towards influence of privacy policy

| Category | Frequency | Percentage |
|----------|-----------|------------|
| Agree | 26 | 52 |
| Neutral | 21 | 42 |
| Disagree | 3 | 6 |
| Total | 50 | 100 |

Figure 4.11
Response towards influence of privacy policy



Source: Primary data

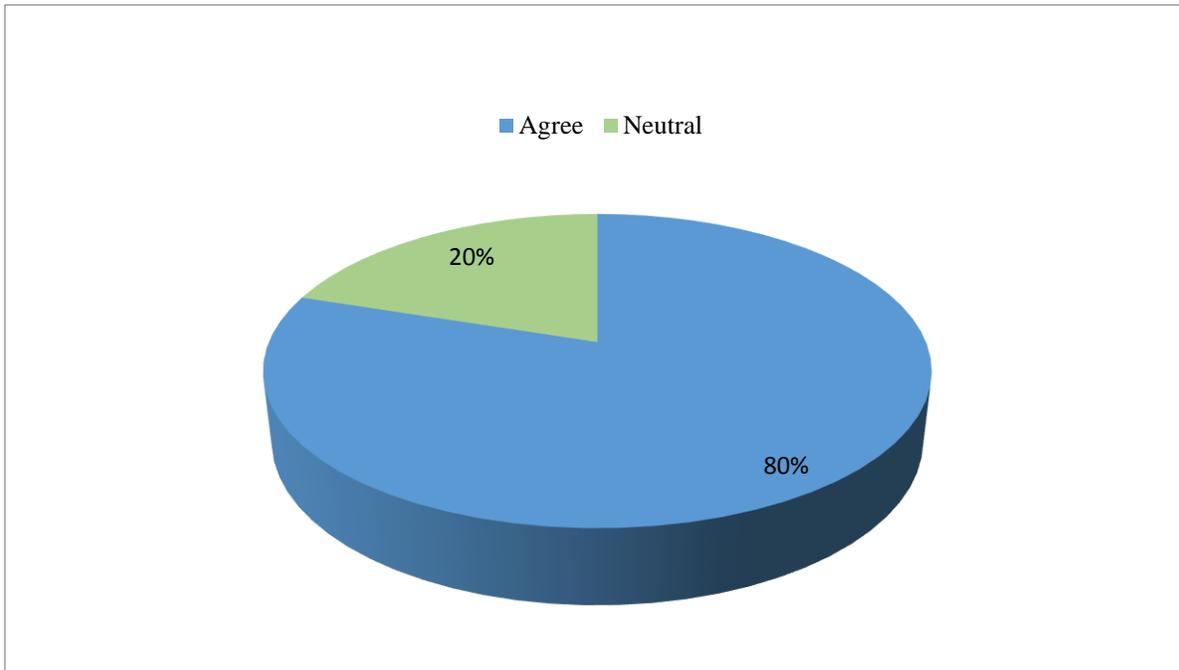
Interpretation: The table reveals that 52% of the respondents agree that customer oriented privacy policy of banks lead to the adoption and continued use of internet banking, 42% have moderate opinion and remaining 6% disagree with the statement.

Table 4.12
Response towards quickness in using banking services

| Category | Frequency | Percentage |
|----------|-----------|------------|
| Agree | 40 | 80 |
| Neutral | 10 | 20 |
| Disagree | 0 | 0 |
| Total | 50 | 100 |

Figure 4.12

Response towards quickness in using banking services



Source: Primary data

Interpretation: The table shows that 80% of the respondents agree that online banking enable them to utilize banking services more quickly, remaining 20% have moderate opinion on this statement.

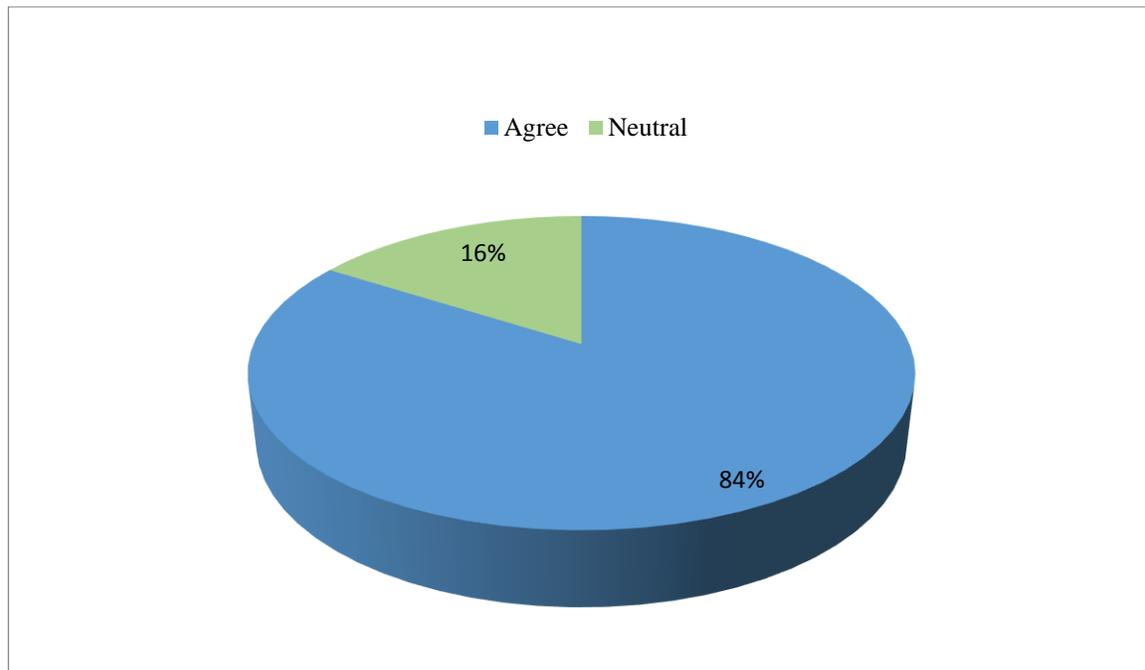
Table 4.13

Response towards improvement in performance

| Category | Frequency | Percentage |
|-----------------|------------------|-------------------|
| Agree | 42 | 84 |
| Neutral | 8 | 16 |
| Disagree | 0 | 0 |
| Total | 50 | 100 |

Figure 4.13

Response towards improvement in performance



Source: Primary data

Interpretation: The table reveals that 84% of the respondents agree that online banking improves their performance of utilizing banking services and remaining 16% have moderate opinion on this statement.

Table 4.14

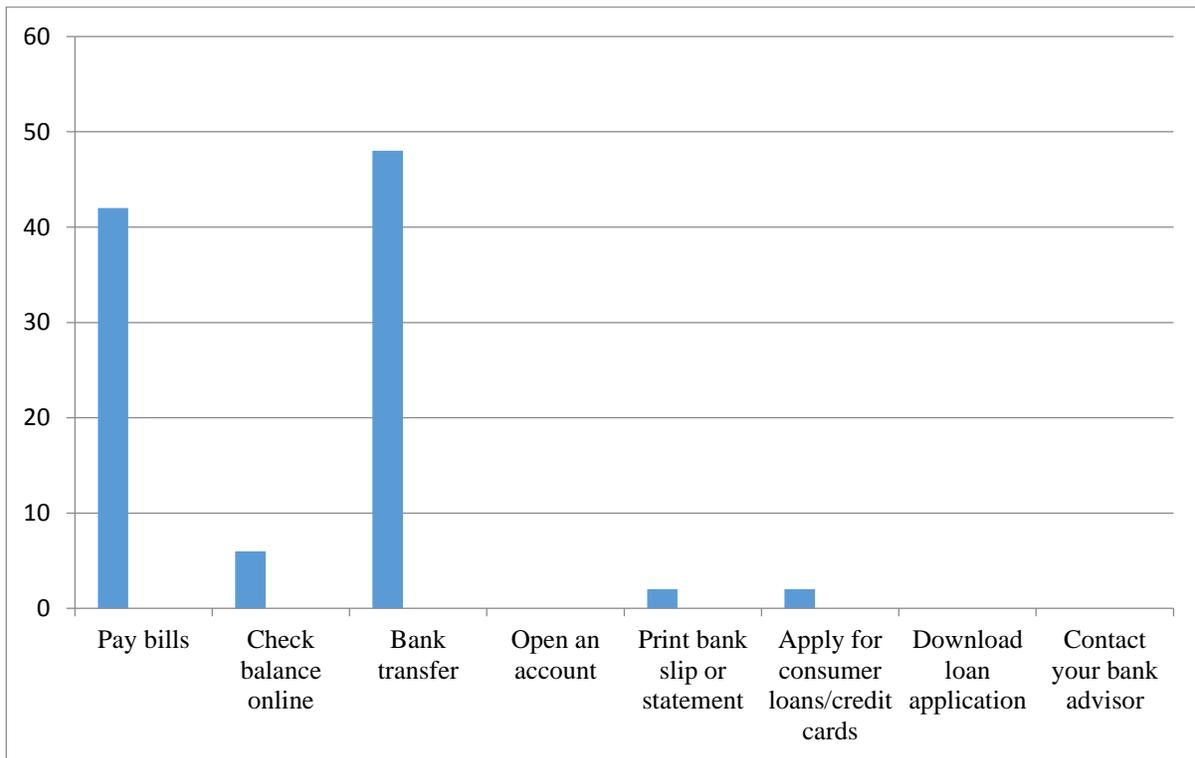
Response towards type of online banking operation

| Category | Frequency | Percentage |
|------------------------------|-----------|------------|
| Pay bills | 21 | 42 |
| Check balance online | 3 | 6 |
| Bank transfer | 24 | 48 |
| Open an account | 0 | 0 |
| Print bank slip or statement | 1 | 2 |

| | | |
|---------------------------------------|----|-----|
| Apply for consumer loans/credit cards | 1 | 2 |
| Download loan application | 0 | 0 |
| Contact your bank advisor | 0 | 0 |
| Total | 50 | 100 |

Figure 4.14

Response towards type of online banking operation



Source: Primary data

Interpretation: The table shows that 42% of the respondents use online banking for paying bills, 6% for check balance online, 48% for bank transfer, 2% for print bank slip or statement and remaining 2% use internet banking for apply for consumer loans /credit.

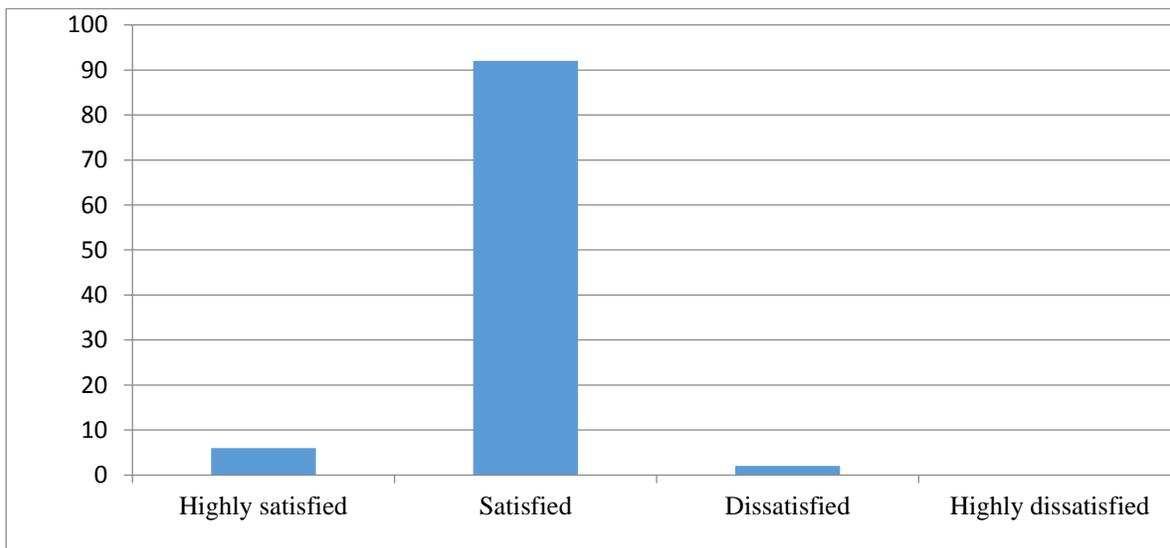
Table 4.15

Response towards safety or security level in using internet banking

| Category | Frequency | Percentage |
|---------------------|------------------|-------------------|
| Highly satisfied | 3 | 6 |
| Satisfied | 46 | 92 |
| Dissatisfied | 1 | 2 |
| Highly dissatisfied | 0 | 0 |
| Total | 50 | 100 |

Figure 4.15

Response towards safety or security level in using internet banking



Source: Primary data

Interpretation: The table reveals that 6% of the respondents are highly satisfied on safety or security level in using internet banking, 92% are satisfied and remaining 2% are dissatisfied.

Table 4.16

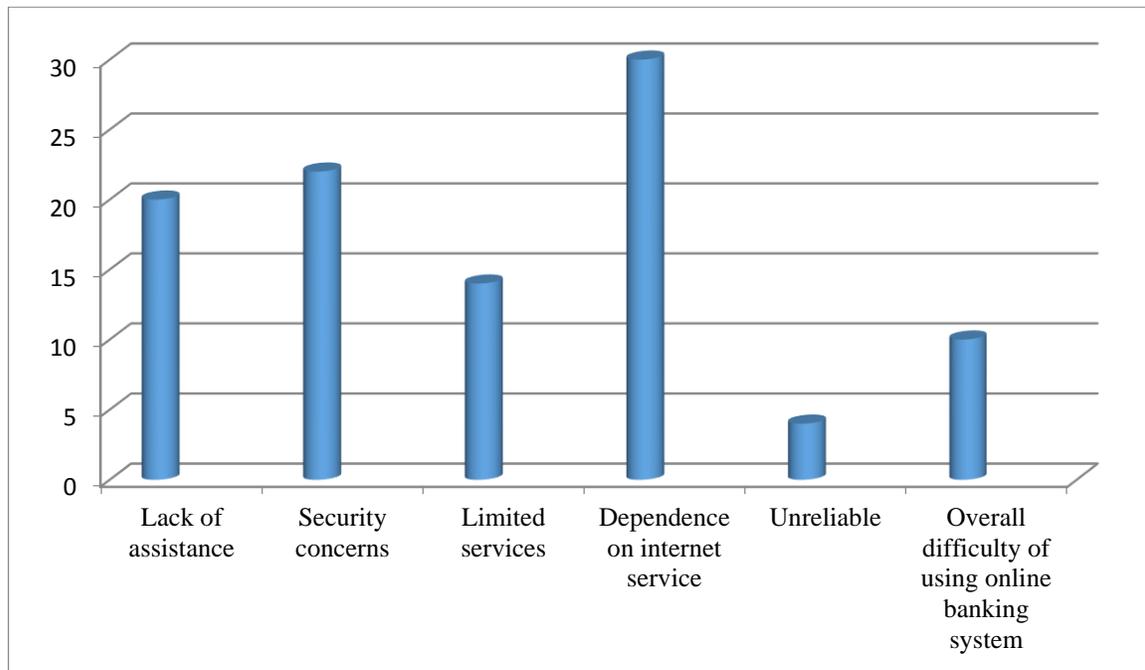
Response towards demerits on internet banking

| Category | frequency | Percentage |
|--------------------|------------------|-------------------|
| Lack of assistance | 10 | 20 |
| Security concerns | 11 | 22 |

| | | |
|---------------------------------------------------|----|-----|
| Limited services | 7 | 14 |
| Dependence on internet service | 15 | 30 |
| Unreliable | 2 | 4 |
| Overall difficulty of using online banking system | 5 | 10 |
| Total | 50 | 100 |

Figure 4.16

Response towards demerits on internet banking



Source: Primary data

Interpretation: The table shows that 20% of the respondents have the opinion that lack of assistance is the main disadvantage on internet banking, 22% are security concerns, 14% says that limited services is the demerit, 30% on dependence on internet service, 4% on unreliability and remaining 10% says that overall difficulty of using online banking system is the disadvantage on internet banking.

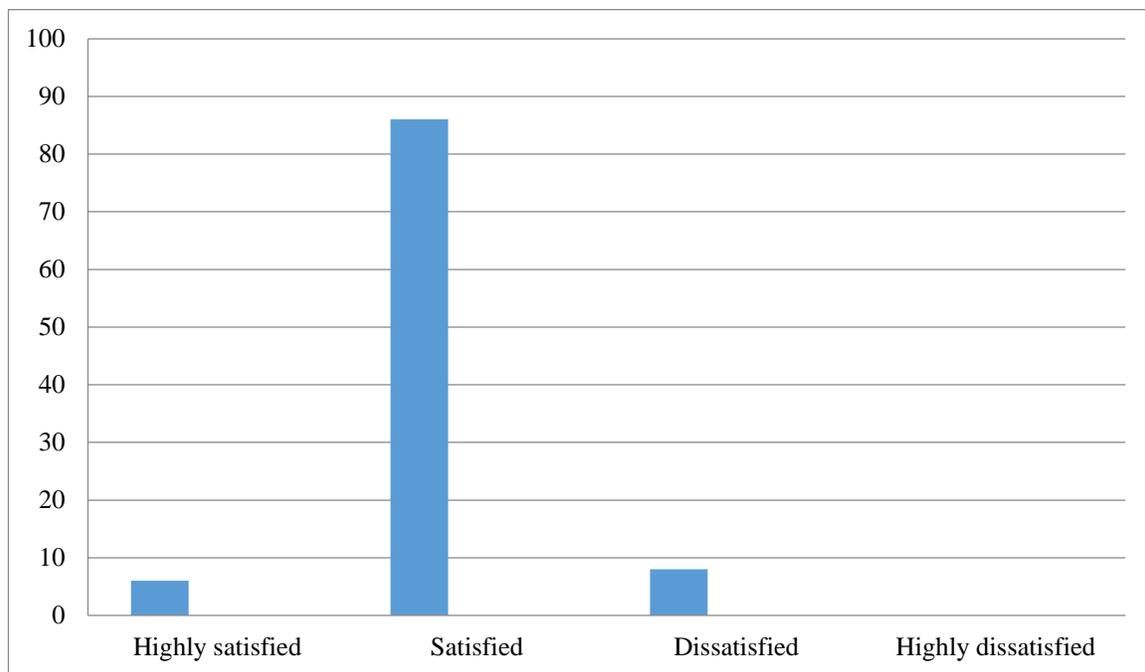
Table 4.17

Response towards satisfaction with online banking service

| Category | Frequency | Percentage |
|---------------------|------------------|-------------------|
| Highly satisfied | 3 | 6 |
| Satisfied | 43 | 86 |
| Dissatisfied | 4 | 8 |
| Highly dissatisfied | 0 | 0 |
| Total | 50 | 100 |

Figure 4.17

Response towards satisfaction with online banking service



Source: Primary data

Interpretation: From the table, it is clear that 6% of the respondents are highly satisfied with the online banking services, 86% are satisfied and 8% are dissatisfied.

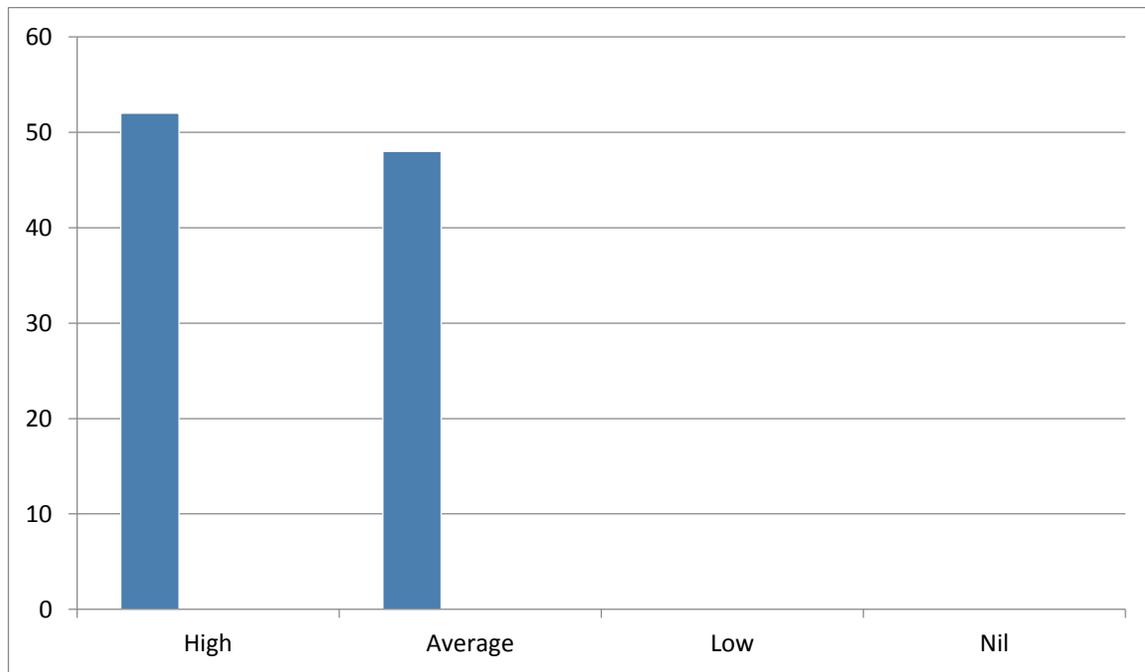
Table 4.18

Response towards application of new technology in banking services

| Category | Frequency | Percentage |
|-----------------|------------------|-------------------|
| High | 26 | 52 |
| Average | 24 | 48 |
| Low | 0 | 0 |
| Nil | 0 | 0 |
| Total | 50 | 100 |

Figure 4.18

Response towards application of new technology in banking services



Source: Primary data

Interpretation: The table shows that 52% of the respondents have high opinion on the contribution of new technology to the services of banks and 48% of the respondents have average opinion on this.

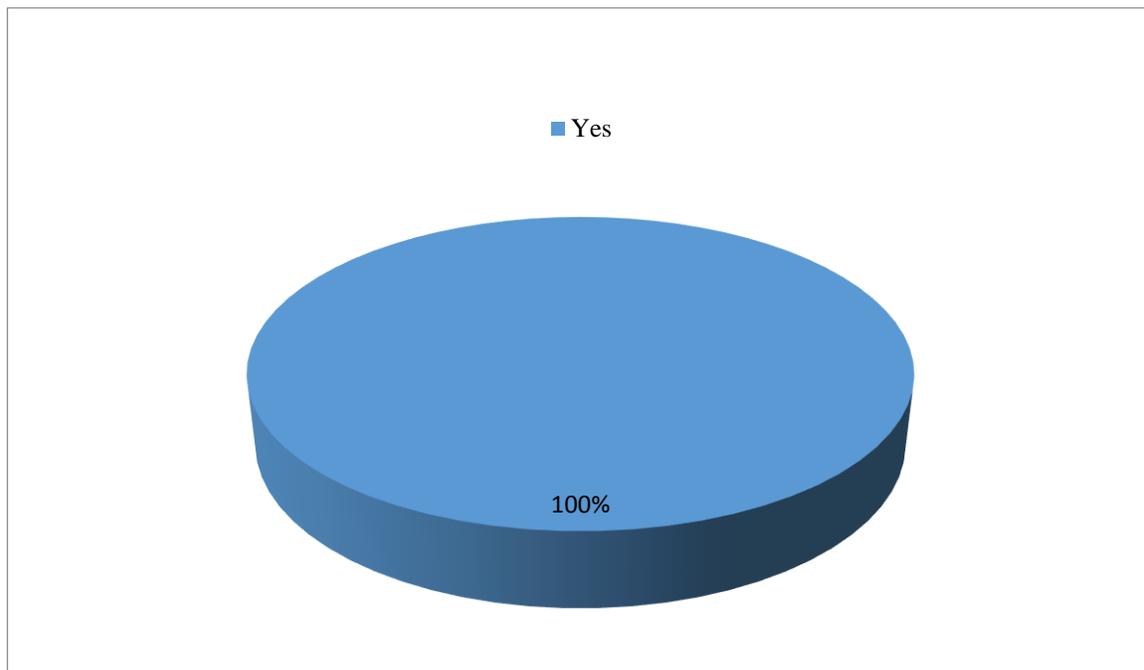
Table 4.19

Response towards continuing with internet banking

| Category | Frequency | Percentage |
|-----------------|------------------|-------------------|
| Yes | 50 | 100 |
| No | 0 | 0 |
| Total | 50 | 100 |

Figure 4.19

Response towards continuing with internet banking



Source: Primary data

Interpretation: From the table it is clear that 100% of the respondents intended to continue using internet banking in future.

Chapter 4

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS, SUGGESTIONS AND CONCLUSION

The study intends to analyze the factors that influencing the adoption and usage of internet banking/E-banking in mavelikara thaluk. The study was conducted among 50 respondents that use internet banking in mavelikara. A questionnaire was prepared with 25 questions relating to the factors influencing the adoption and usage of internet banking. The enormous amount of information available and the many uses, one can have through the internet have made it the most valuable tool in the life of a human being. The continual improvement of the internet technology has provided an extraordinary level of public accessibility to a wide range of forms of communication.

Moreover, the use of internet has made the jobs easier. It has become a great tool for avoiding the hassles of the banks, offering the chance to make the transactions quickly and safely. The types of products and services offered through internet banking include account balance and enquiries, bill payments, summary reports of transactions, bank transfer etc. The findings of this study also hold important practical implications for banks that are currently offering internet banking services as well as banks that are planning to offer such services.

FINDINGS OF THE STUDY

1. Among the 50 respondents 64% belongs to the age group of 21-30.
2. Among the total respondents, 68% are employees that use internet banking.
3. Among the total respondents, 66% have accounts on private banks and 34% have accounts on public sector banks.
4. The study shows that about 54% of the respondents always use internet and 42% often use internet.
5. The study shows that about 50% of the respondents occasionally use internet banking, 30% use monthly and 14% use weekly.
6. The study shows that about 48% of the respondents are influenced by their friends to adopt internet banking and 30% are influenced by banks.
7. Most of the respondents that is 40%, learn about internet banking through word of mouth and 30% through internet.
8. The study shows 40% and 34% of the respondents said that convenience and quick service are the most important factor influences them to adopt internet banking. Better rates and lower service charges (12%), banking familiarity(4%), bank location(4%) etc. are other factors influencing them to adopt internet banking.

9. Majority of the respondents that is 80%, agreed that clear, simple, precise and understandable information helps them to perform internet banking transactions easily.
10. The study reveals that 72% of the respondents says that trust on the bank plays an important role in the adoption of internet banking services.
11. The study reveals that 64% of the respondents believes that unique, integrated and customized financial services are important in adopting internet banking.
12. The study reveals that 76% of respondents agree that convenience and flexibility in terms of location and time play a vital role in adopting internet banking.
13. The study reveals that 52% of the respondents agree that customer oriented privacy policy of the bank lead to the adoption and continued use of internet banking.
14. The study shows that about 80% of the respondents agreed that using an online banking enable them to utilize banking services more quickly.
15. The study shows that about 84% of the respondents say that online banking helps them to improve their performance of utilizing banking services.
16. The study reveals that 48% of the respondents depends internet banking for bank transfer and 42% of the respondents depends to pay bills.
17. 92% of the respondents are satisfied towards the safety or security level in using internet banking.
18. The study reveals that, 30% of the respondents have the opinion that dependence on internet service is the main disadvantage on internet banking, 22% have opinion on security concerns and 20% says that lack of assistance is the disadvantage according to them.
19. Majority of the respondents are satisfied with the online banking services, 6% are highly satisfied and 8% are dissatisfied.
20. The study reveals that, 52% of the respondents have high opinion about the contribution of new technology to the services of banks.
21. 100% of the respondents intended to continue using internet banking in future.

SUGGESTIONS OF THE STUDY

This study was conducted to explore the factors influencing the adoption and usage of Internet banking services. As such, there is still room for further investigation into the adoption of Internet banking services. Following are some suggestions for future studies.

1. It is important for the banks offering services electronically to differentiate themselves from competitors. They need to provide information for customers on various competing services.
2. It is important to make customers aware of the information and relative advantage of internet banking services.
3. Banks need to activate, develop and innovate new techniques to encourage their customers using internet banking services.
4. The bank must maintain long term relationships with their customers in order to obtain the advantages of a customer base loyal to the bank, it is necessary to develop strategies that prevent loss of customers.
5. The study can be extended to corporate customers. Comparison can be made between individual customers and corporate customers in terms of the factors influencing their adoption decisions, the criteria for selecting an online banking service and the type of product and services perceived to be useful.

CONCLUSION

The objective of this study is to analyze the factors influencing bank customers to adopt internet banking. **An important finding of this study is that convenience and quick service are the most important factor influencing the customers to adopt internet banking.** Better rates and lower service charges and banking familiarity are also a factor influencing customers adopting internet banking. An understanding of the factors identified in this study allows bank managers to direct efforts and resources in the most effective and efficient way to increase bank business in the long run and encourage their bank customers to adopt internet banking. Bank managers can make use of such information to develop appropriate strategies to attract new customers to use internet banking services. In general, if the bank management has greater knowledge about the factors affecting their customer's adoption of internet banking, then they have greater ability to develop appropriate strategies and hence increase the internet banking adoption rate.

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APPENDIX

QUESTIONNAIRE

“FACTORS INFLUENCING THE ADOPTION AND USAGE OF INTERNET BANKING”

Please read each question carefully and indicate your response with (✓) mark by selecting the most appropriate choice. Personal details will be kept strictly confidential.

1. Name : _____
2. Gender : Male Female
3. Age : Under 20 21-30
31-40 41-50
Above 50
4. Qualification : Up to 12th Graduate
Post graduate Others
5. Profession : Student Employee
Businessman Housewife
Others
6. Bank Name : _____
7. Bank type : Private Public
8. How frequently do you use Internet?
Always Often Rarely
9. How frequently do you use Internet banking?
Daily Weekly Monthly
Occasionally Rarely
10. Who influences you to adopt online banking?
Friends Parents Colleagues
Banks Others
11. Where did you learn about Internet banking?
Bank leaflet / advertisement
Television / radio
Newspaper / magazine

Internet
Word of mouth
Others
12. What was the most important factor that influences you to adopt Internet banking?
Better rate and lower service charge
Banking familiarity
Bank location
Size of bank

- Security of bank
- Security of transaction
- Convenience
- Quick service
- Variety of features & service offered

13. Do clear, simple, precise and understandable information help you to perform Internet banking transactions easily?

- Agree Neutral Disagree

14. Does trust on the bank plays an important role in the adoption of Internet banking service?

- Agree Neutral Disagree

15. Are unique, integrated and customized financial services important in the adoption of Internet banking?

- Agree Neutral Disagree

16. Do convenience and flexibility in terms of location and time play a vital role in the adoption of Internet banking?

- Agree Neutral Disagree

17. Does customer oriented privacy policy of the bank lead to the adoption and continued use of Internet banking?

- Agree Neutral Disagree

18. Does using an online banking enable you to utilize banking services more quickly?

- Agree Neutral Disagree

19. Does online banking improves your performance of utilizing banking service?

- Agree Neutral Disagree

20. What type of online banking operations do you use the most?

- | | | | |
|----------------------|--------------------------|-----------------------------------------|--------------------------|
| Pay bills | <input type="checkbox"/> | Print bank slip or statement | <input type="checkbox"/> |
| Check balance online | <input type="checkbox"/> | Apply for consumer loans / credit cards | <input type="checkbox"/> |
| Bank transfer | <input type="checkbox"/> | Download loan application | <input type="checkbox"/> |
| Open an account | <input type="checkbox"/> | Contact your bank advisor | <input type="checkbox"/> |

21. What is your opinion about safety or security level in using Internet banking?

- Highly satisfied Satisfied
 Dissatisfied Highly dissatisfied

22. What are the main disadvantages on online banking?

- Lack of assistance
- Security concerns
- Limited services
- Dependence on Internet service
- Unreliable
- Overall difficulty of using
- Online banking system

23. Are you satisfied with the online banking service?

- Highly satisfied Satisfied
 Dissatisfied Highly dissatisfied

24. What is your opinion about the contribution of new technology to the services of banks?

- High Average Low

25. Do you intend to continue using Internet banking in the near future?

- Yes No