

CUSTOMER PERCEPTION AND ATTITUDE TOWARDS E-BANKING

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ABSTRACT:

Information technology is considered as a key driver for the changes taking place around the world. Electronic banking is the most inventive service offered by the banks. The transformation from traditional banking to e-banking has been a dramatic change. The evolution of e-banking started from the use of Automatic teller Machines and telephone banking (ATM), direct bill payment, electronic fund transfer (EFT) and the revolutionary online banking. This study determines the consumer's perspective on the adoption of E-banking.

There will be huge acceptance of E-banking with the passage of time with growing awareness and education. A great many people are shifting to E-banking and are readily accepting the usefulness of this option. It allows customers to manage their accounts from any place at any time for minimum cost.

Electronic banking is the latest in the series of technology wonders in the recent past, involving use of internet for delivery of products and services. The electronic banking has been evolving the environment with the development of the world web. Banks through internet has emerged as a strategic resource for achieving higher efficiency. More recently in India, the E-banking service is carried out in an effective way to highly satisfy the customers of the respective banks.

As time factor, is very much important for all the people in this modernized world, So if we are waiting in a queue spending the precious time which will lead us to go backward. So the customers don't want to waste their precious time for waiting in a queue. The electronic revolution has made it possible to

provide ease and flexibility in banking operations which benefit the customers. As a business tool, internet banking is rapidly transforming the world of commerce and banking, making banks faster and more efficient and allowing them to provide more personalized services to the user customer.

The internet creates perfect market conditions where customers have access to more information and can more compare rates and financial products offerings, internet reduces the barriers to enter many banks have found that internet banking has actually added to the cost.

Key words: E-banking, Information Technology, Internet, EFT, ATM.

1.1 INTRODUCTION:

The world is changing at a staggering rate and technology is considered to be the key driver for these changes around us. An analysis of technology and its uses show that it has permeated in almost every aspect of our life. Many activities are handled electronically due the acceptance of information technology at home as well as at workplace. Internet can be seen as a truly global phenomenon that has made time and distance irrelevant to many transactions. The transformation from the traditional banking towards e-banking has been a 'leap' change. The evolution of electronic banking started from the use of automatic teller machines (ATM) and has passed through telephone banking, direct bill payment, electronic fund transfer and the revolutionary online banking. The future of electronic banking according to some is the acceptance of WAP enabled banking and interactive-TV banking. But it has been forecasted that among all the categories, online banking is the future of

electronic financial transactions. The rise in the e-commerce and the use of internet in its facilitation along with the enhanced online security of transactions and sensitive information has been the core reasons for the penetration of online banking in everyday life. According to the latest official figures from the Office of National Statistics indicate that subscriptions to the internet has grown more than 50% from 15 million in 2000 to 35 million in 2005 in the UK. It has also been estimated that 60% of the population in the UK use internet in their daily lives. The fundamental shift towards the involvement of the customer in the financial service provision with the help of technology especially internet has helped in reduce costs of financial institutions as well as helped client to use the service at anytime and from virtually anywhere with access to an internet connection. Customer evaluation of the electronic services is influenced by attributions of success and failure in inter personal service situations. The use of electronic banking has removed the banking personnel that facilitate the transactions and has placed additional responsibilities on the customers to transact with the service. Although the use of E-banking is provided for the benefit of the customers but these changes require increased work or involvement on the part of customers. These and other factors might be seen as lesser service provided in terms of customer service. But these assumptions would be wrong if the customer knows the value of using the electronic service.

Though several studies have been done on e-banking in India, the findings may not be universal due to diversified needs, culture and life style of people of India. Following are some of the key usages for customers for choosing e-banking.

- v Utility Bill payments like electricity bill, landline telephone bill etc.
- v Electronic fund transfer
- v Credit or Debit card
- v Airlines or Railways E-ticket booking
- v Investing in stock market through internet banking or online trading.
- v Recharging your prepaid phones.
- v On line shopping.

1.2 OBJECTIVES OF THE STUDY

1. To measure the awareness of customers regarding the usage of e-banking.
2. To analyze the customer's perception and attitude towards e-banking.
3. To analyze risk inherent in e-banking (cyber crime).

1.3 CUSTOMER ATTITUDE TOWARDS INTERNET BANKING :

The quick expansion of information technology has imbibed into the live millions of people. Rapid technology advancements have introduced major changes in the worldwide economic and business atmosphere.

Research on consumer attitude and adoption of e-banking shows that there are several factors that influence the customer's attitude towards online banking such as person's demography, motivation and behavior towards different banking technologies and individual acceptance of new technology.

It has been found that consumer's attitudes toward E-Banking are influenced by the prior experience of computer and new technology. The adoption of electronic banking forces consumers to consider concerns about password integrity, privacy, data encryption, hacking and the protection of personal information. Electronic banking requires perhaps the most consumer involvement, as it requires the consumer to maintain and regularly interact with additional technology (a computer and an internet connection). Consumers who use e-banking use it on an ongoing basis and need to acquire a certain comfort level with the technology to keep using it. The banking services have been dynamic during the last decade due to the advent of the Internet in banking sector. One of the most vital challenges of the Internet as a service delivery channel is providing and maintaining service quality. Service quality is an input of customer trust which becomes satisfaction and lead to loyalty as an output.

One of the main reasons electronic products were introduced was that the banks were losing their market share. Electronic banking has assisted the banks in retaining their customer and their market share by reducing the cost in many areas, especially those associated with providing services to the customer and also to enhance their image. By the same the customers are fully influenced with these services provided by the banks and also these services helps the customer to save their money. Due to e-banking services it is seen that the loyalty of the customer has become very volatile and today's discern customer is now more services driven than loyalty driven. fig.2

1.4 Customer usage e-banking:

With the e-banking in working, we find the customer can save time and travel to bank and get the transactions instantly. However, Customer protection is important for building online customer confidence

because there is no face-to-face contact and there is a great possibility (at least in customer perception for having problems or making mistakes via the web. One factor that determines the level of demand for internet banking services is that of the number of people having access to Internet. Several other account security related issues would affect the customer preference and loyalty towards adoption of internet banking. Social psychology and marketing research indicate the customers differ in the type of relationship they wish to maintain with service providers such as banks.*

The customers also desire to get the benefit of one step on line payment of bills. According to Data monitor, bank sites that offer consolidated bill payment will account for 70 per cent of all bills presented and paid online through consolidated sites. The future looks bright for banks that implement EBPP services.⁷ E-banking transaction mechanism is shown below, in the fig.1

1.5 Risk inherent:

Several bank's IT infrastructure and applications are being exposed to system outages and cyber-attacks. One of Britain's biggest online banks was forced to shut down its website as customers were able to access each other's accounts. In Norway, a hacker led to a major software problem on the website of leading national bank. These cyber-crimes demand global solutions. Though some progress has been made in this direction, a lot remains to be done. For example, Bank for international Settlements has constituted a committee involving representatives of national regulations and supervisors, which closely examine the security and reliability of electronic money. It has called for the development of prudent risk management for e-money activities and stronger cooperation with banks to identify good practice supervisors (IAIA) the international organization of security commissions (IOSCO) and the European Commission have started similar initiatives.

Co-operation

Banks, international organizations, governments and financial institutions have to work together to manager all the risks mentioned above. It is critical that partnerships must continue to enhance consumer trust towards e-banking. Bank conducting business online have to consider security and reliability as their first business priority for customer retention. Cyber crime is emerging as a serious threat. Worldwide governments, police departments and intelligence units have started to react. Initiatives to curb cross border cyber threats are taking

Shape. Indian police has initiated special cyber cells across the country and have started educating the personnel.

A computer is an electronic machine that accepts data and instructions as Input, allows it to be stored and manipulated; and processes (computes) the data at high speed and gives information / data as output (result). (As defined under Section 2(i) of Indian Information Technology Act 2000 and www.computerhope.com/jargon/c/computer.htm) Thus, computer is a material medium.

Internet is not a physical or tangible entity, but rather a giant network, which interconnects innumerable smaller groups of linked computer networks. It is a network of network some networks are "closed" networks, not linked to other computers or networks. Many networks, however, are connected to other networks, which are in turn connected to other networks in a manner, which permits each computer in any network to communicate with computers on any other network in the system. This global web linked networks and computers are referred to as Internet.

Hacking

"Hacking" is a crime, which entails cracking systems and gaining unauthorized access to the data stored in them. Hacking had witnessed a 37 per cent increase this year

Phishing

Phishing is just one of the many frauds on the Internet, trying to fool people into parting with their money. Phishing refers to the receipt of unsolicited emails by customers of financial institutions, requesting them

to enter their username, password or other personal information to access.

Cafes ~ Emails

Cyber cafes have emerged as hot spots for cyber crimes. Even terrorists prefer the anonymity of a cyber cafe to communicate with each other. The mushrooming of cyber cafes in the city, which provide the secrecy through cabins constructed for users, has also made the porn literature easily accessible to the people visiting them.etc

The IT Act was passed with the objective of for promoting to secure the electronic transaction, to facilitate the electronic fund transfer amongst the financial institutions and banks. To prevent and test offences as well as deter abuse of Information Technology and to deal with the civil and criminal liabilities arising out of provision of law.

CONCLUSION:

Internet Banking is a online Banking using Internet, The customer can access it with easy from anywhere in the world. It has made possible to conduct some banking transactions from anywhere like making payments and transfer funds to third party, open new account , details of new account, details of account, credit card and home loan balanced. The bank will be just a Click away from customer around the clock. However various risk are incurred in E-banking services rather than that the customers are stick to E-banking services various risk and crimes incurred in e-banking are neglected by the customers. And with full enjoyment they are using E-banking services, just few important things are to be taken into consideration while operating E-banking services those are suggested below.

Suggestions:

secure your system:

your system:

- o Always download and install authorised operating system updates.
- o Run and maintain an anti-virus product on your home computer and update regularly.
- o Do not run or install programmes of unknown origin.
- o If using a local area network (LAN) contact your administrator and seek the availability of email gateway filtering for specific file attachments.
- o Do not access your bank account from computers in Internet cafes or untrusted PC's as they may not be safe.

- o Never leave your PC unattended when logged into Internet banking.
- o Always ensure that you log-out properly when you have finished Internet banking.

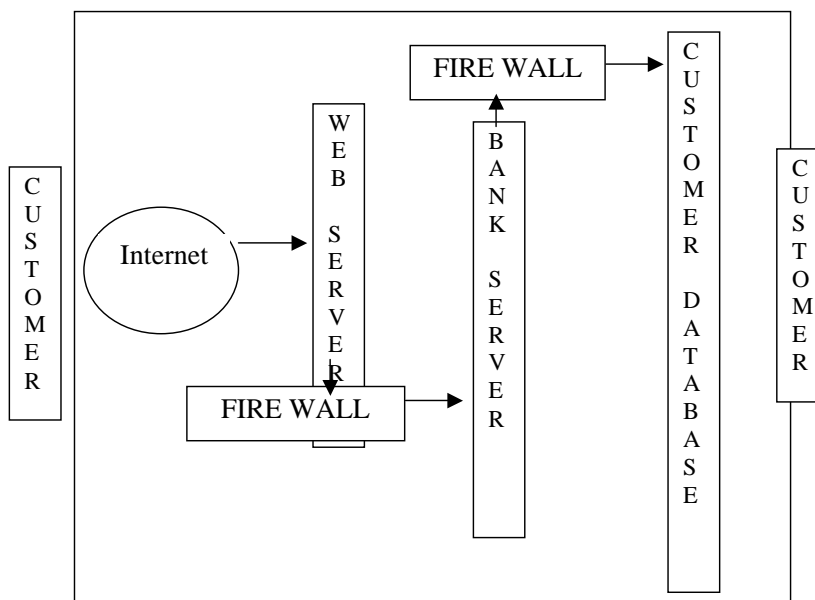
Secure Your Passwords

- o Do not give your PIN or password to anyone else, including bank staff or Police.
- o If you suspect your Internet banking password has been compromised, change it as soon as possible.
- o Avoid using your birth date or name as your PIN or password. Passwords should be alpha numeric i.e. pencil37.
- o Avoid storing passwords on your computer.
- o Do not set up your computer so it 'autocompletes' or saves your password i.e. - do not tick the "remember this password" box.
- o Do not use the same password on Internet Fig,2

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Fig.2



research studies and variables included are, perceived usefulness, perceived ease use, perceived enjoyment, the amount of information, security and privacy, inter connection.

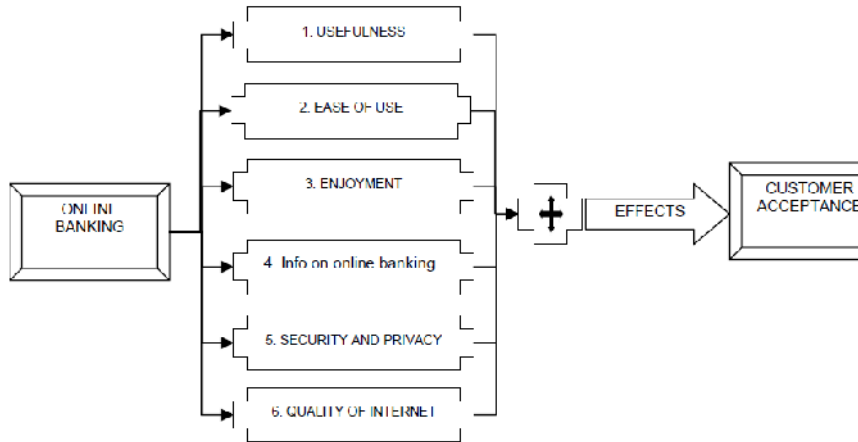


Figure 1: TMQ Customer Acceptance of online line Banking model