

Internet Banking in Semi - Urban Areas

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Abstract: *Virtual banking / e-banking/online banking / internet banking are the synonyms for electronic banking. It has revolutionized an integral activity of modern twenty first lives- 'Banking'. It came into existence due to innovation in technology. It is conducted through a PC, PDA, a hand- held communication gadget or any mobile phone offering internet connectivity. This research paper focused on barriers for the usage of internet banking services and the consumer perception on the internet banking. The study was exploratory in nature and questionnaire method considered for this study on the basis of the account having in banks and having internet banking facility but they are not using it. The factors identified such as cost, reliability, security, connectivity in the semi urban areas.*

Keywords: Internet banking, online banking, mobile device, semi urban areas

1. Introduction

The first tranche of commercial banks pan India happened in 1969 post nationalization of 14 banks and changed the paradigm of bank branch geography with all the nationalized banks expanding their footprints in all the rural and semi urban areas. The second round of nationalization in 1980, made further inroads in rural expansion by banks with the increased number of public sector players, the next revolution happened in the early 1990s after the economic liberalization measures introduced in 1991 and new generation private sector banks were allowed as a part of the reform measures. Then the technology enabled banking models were introduced by the new players and there was necessity for adoption of the same by existing players. The traditional branch format of service delivery to customers was strengthened with delivery channels automated teller machine (ATM). With the passage of time internet penetration increases and the banks underwent to innovative changes as introduction of mobile banking and internet banking.

The conventional function of banking is to accepting the deposits and lending loans. These days, banking is known as innovative banking. Use of informational technology has given rise to product innovations and service designing and their delivery in the banking and financial sector is must. As the customer satisfaction is the principle work of banking. In the present banking scenario, banking is linked with various sectors of economy and development in the worldwide market offers too many opportunities to the banking sector. Banking sector is not only collecting funds but also serves as a financial guide to the customer for the investment of their money.

The objective of this paper is to examine the consumers in semi urban area in respect of internet banking. Internet revolution is a global phenomenon and going by the current growth statistics. It has been difficult to assemble comprehensive information on the internet banking activities of commercial banks and to study the factors impeding the usage of internet banking in semi urban area.

2. Literature Review

We conducted a literature review in order to focus various studies on the internet banking and adoption in this field. As the websites of related journals and related to information system, informational technology, internet banking were searched manually. Research indicates that internet banking has a significant impact on the business models of banks, insurance, brokerage, security.

Internet banking is a cause of concern to majority of the offline banks who should be ready for an unprecedented competition from the non- traditional banking institutions that offer banking and financial services over the internet. Although, some of the traditional banks have started offering services online, it is not only an extension of their offline services (Devi, 2001). Internet banking has now started motivating customers to park their funds with the online banks, which has a substantially impact on the deposit base of the other banks.

Kautish (2008) made an attempt to shift of banking sector from conventional banking to online banking. Internet banking is a new delivery channel for banks in India. The internet banking channel is both an informative and a transactional medium. However, i-banking has not been popularly adopted in India as expected. This study suggested that consumer perceptions of transaction security, transaction accuracy, user friendliness and network speed are the critical factors for success in internet banking. Convenience, safety and cost effectiveness are the jargons in the spectrum of online banking.

Research studies in china reveals that the main barriers to online banking were risks, technology, up gradation skills and their traditional carry back. The findings of the study shown that the level and nature of customer participation had the greatest impact on the quality of the service experience and issues such as customers' zone of tolerance and the degree of role understanding by customers and emotional response potentially determined, expected and perceived service quality (Broderick and Achirapornpuk, 2002). This study suggested that the consumer perceptions of transaction security, transaction accuracy, user friendliness and network speed are the critical factors for success in Internet banking (Liao and Cheung, 2003)

The use of technology in banking has direct relationship with the profitability. *Ceteris paribus*, investment in electronic banking increase the profit margin of banks by reducing costs and increase in non-interest income, which will increase the ROA and ROE (Sinkney, 1998).

It is one of the technologies who brought information revolution in the society is Internet Technology and is rightly rewarded as third revolution after agriculture and industrial revolution.

Research objective

As the literature review tells us the study related to internet banking and the objective of this paper is to explore the factor affecting the usage of internet banking in semi urban areas and to study the importance of internet banking.

3. Analysis and Interpretation

The study was based on secondary data sources to identify the factors affecting the usage of internet banking. As the questions were asked from the different persons who works in banks and different fields and get to know the analytical results and observational method interpreted the factors impeding the usage of internet banking. As the result, the following factors are barriers of internet banking in semi urban areas.

- 1) **Awareness/knowledge-** As the people are stuck in their daily life and they are not interested to take part or learning in any innovative thinking and ideas for the betterment of their skills and knowledge. They just waste their free time in useless talks because they are dependent on their family members and are not allowed to go out somewhere for official work.
- 2) **Reliability-** The other factor load in semi urban areas is reliability. As people trust on transaction with bank authentication and believe in presence of human being and they don't want to take any responsibility of loss of money. People afraid of doing any type of mistake while using the internet banking on their own.
- 3) **Security** As they feel insecure about hacking of any account, any incorrect option will be pressed and then to correct that error leads to any loss or penalty.
- 4) **Training-** As the banks don't provide any training facilities to consumers for the usage of internet banking and to understand the complicated software. Consumers are not friendly to use the banking application on its own.
- 5) **Women empowerment-** Women are always dependent on men in Indian culture. Likewise, in banking transactions they are totally dependent on their counter parts for their work. Other factor also affects for those who want to work but they are illiterate and not allowed to do any kind of work other than household.
- 6) **Infrastructure usage-** As the irregular supply of electricity and don't need any kind of activity in their area.
- 7) **Financial literacy** – In semi urban areas people are not literate about financial matters. Instead of learning, they believe in following other people as one is doing and don't want to update their knowledge to control on their account at his own place.

- 8) **Complicated software-** As the bank website is complex and servers are almost down and virus can also enter into the tracking records and affect the accounting information. Because accounts are secrecy of money for every person and everyone should learn it to control their accounts on their own and banks have to make it somewhat easier with aspect of security in view of usage.
- 9) **Risk-** This factor states that the banks don't provide any guarantee for security of their account information. In semi-urban areas customer has mindset based on past bad and negative experiences of human being and they rely on that experiences more than the usage of internet banking.

4. Conclusion

Internet banking definitely is one of the most burgeoning technologies that has facilitated most business transactions, utility services and will continue to do so in future ahead. The kingmakers in the future will be those who truly know their customer and monetize opportunity that customer really wants. However to improve the user experience, the banks will have to constantly improve their limitations in usage of internet banking. Digital banking coupled with the 'internet of things' will be so demanding that banks will have no choice but to disperse the activities. For the banks, this system is cost effective and one person can constantly monitor his account anywhere in the world. The most important advantage for customers is that they do not have to wait for so long in the queue and lead to saving of time and efforts. The study was focused in the semi urban areas as the factors which affect the usage of internet banking. To increase the usage of internet banking in semi urban areas, a basic knowledge of computers and Internet is required as to increase the interest in doing the banking transactions in their hands. In many instances, simple mistake is done by clicking on the wrong button and people face so many troubles to rectify it. To avoid this fear, one can get the receipt of every transaction and keep it with oneself. In addition to this, people find a difficulty in trusting with complicated mechanized system software and to avoid this uneasiness, banks should make it easy to use friendly for everyone. The other issues faced by women that they are dependent on their counter parts and banks have to provide opportunities specially for women to encourage them to come forward and become independent in every work. However with the advances in technology, with the passage of time many banks have taken initiative and measures to ward off these problems and easy way to access this software and various training development programs have also been started related to this context.

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