

CUSTOMER PERCEPTION TOWARDS NET BANKING SERVICES PROVIDED WITH REFERENCE TO CANARA BANK

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ABSTRACT

Net Banking is a web-based service that enables the banks authorized customers to access their account information. Net banking services helps to reduce the cost of operation of banks. Internet banking is able to provide solution for high cost conventional banking services providing. To know the customer perception towards net banking services provided by Canara Bank. The study also involves in identifying and analysing the purpose of net banking services and its various benefits or features. From the study, the perception of customers is analysed. It is clear that, more number of customers are successfully utilizing the net banking services.

Keywords: Net Banking, Bill Payment Service, Account Information

Introduction

Net Banking is a web-based service that enables the banks authorized customers to access their account information. It allows the customers to log on to the banks website with the help of bank's issued identification and personal identification number (PIN). The banking system verifies the user and provides access to the requested services, the range of products and service offered by each bank on the internet differs widely in their content. Most banks offer net banking as a value-added service. Net banking has also led the emergent of new banks, which operate only through the internet and do not exist physically, such banks are called "virtual" banks or "Internet Only" banks.

A couple of years ago, there was a belief even among bankers that customers opening new accounts wanted the online banking facility, just to 'feel good' and very few of them actually used that services. Today, bankers believe that the trend from 'nice to have' is changing to 'need to have'.

Services provided through Internet Banking

1. Account Information

Account information provides summary of all bank accounts. Allow transaction tracking which enables retrieval of transaction details based on cheque number, transaction amount, and date. It also provide account statement and transaction reports used on user-defined criteria. Customers can even download and print the statement of accounts.

2. E-Cheques (Online Fund Transfer)

Customer can transfer funds; Transfer funds between accounts, even if they are having an account with the same bank anytime, anywhere, using third party funds transfer option.

3. Bill Payment Service

Banks Bill Payment Service is the easiest way to manage bills. Account holder can pay their regular monthly bills i.e., telephone, electricity, mobile phone, insurance, etc. at anytime, anywhere for free. Saves time and effort. Make bill payments at customer's convenience from their home or office. Let's account holders check their bill amount before it is debited from their account. No debit to account without their knowledge. No more missed deadlines, no more loss of interest- account holder can schedule their bills in advance, avoid missing the bill deadlines as well as earn extra interest on their money. Track payment history- all payments to a biller are stored automatically for future reference. No queuing up at collection centers or writing cheque anymore. Just a few clicks and customers account will be debited for the exact amount they ask.

4. Requests and Intimations

Can electronically submit a request for:

- Cheque book
- Stop payment instructions
- Opening a fixed deposit, recurring deposit
- Intimate for the loss of ATM card
- Register online for phone and mobile banking
- Cheque status
- Online application for debit card
- Issue a DD or a Banker's cheque form account at special rates.

Just select the account to be debited from and give details of the amount, location and beneficiary. The demand draft will be couriered to account holder at their mailing address: Customers can get their applications for issuance of Letters of Credit and Bank Guarantees processed online book the customers Railways ticket online.

5. De-mat Account

De-mat is commonly used abbreviation of 'De-materialization', which is a process whereby securities like share, debentures are converted from the 'material' (paper documents) unto electronic data and stored in the computer of an electronic depository. A depository is a security 'banks', where dematerialized physical securities are held in custody, and from where they can be traded. This facilitates faster, risk-free and low cost settlement.

6. Share Trading

In share trading a customer can buy and sell securities online without stepping into a broker's office. Once the shares are dematerialized then the trading can be done from home or office. As de-mat account are directly linked to the customer's bank account, so there is no need to write cheque for the payments or to fill up the slips to deposit the cheque. Amount for the purchase and sale of securities is automatically debited or credited to their bank account. It also brings the same convenience while investing in Mutual funds also hassle free and Paperless.

Benefits of Net Banking

Reduce Costs

The cost reduction occurs due to the nature of internet banking which is a fixed cost, contrast with conventional banking services which are variable costs where costs will continue to grow along with the addition of branches, number of employees, and working hours. Nature of Internet banking is not limited by time (24*7) is self-accessible, and can reach all customers network. Internet banking is able to provide solution for high cost conventional banking services providing.

Increase Customer Base

Corrocher (2002) stated that one of the benefits from internet banking is the increase in the customer base. This can occur because the nature of internet banking is that it can be accessed by all customers from anywhere and anytime. It is different from conventional banking system, in which new branch offices that are only able to reach customer base in a certain area are established.

Marketing and Communication Media

One of the benefits from internet banking is that it can be a media of marketing and communication for its banking company as a service provider. Corrocher (2002) stated that through the internet media, information process delivery and the latest updates from the bank can

be performed efficiently and accurately because each message is sent directly to each user and so the message doesn't need to be broad to target information that is not supposed to.

Increase Customer Satisfaction and Loyalty

With the use of internet banking, frequency of customer visits to bank can be reduced and so customers can save their time and cost. Banks also can create more loyal customers by offering various financial services through their website. Sites that offer a wide range of financial service will increase customer dependence on the services offered, thereby enabling banks to generate higher revenue from each customer.

Generate High Profit

By increasing the customer's dependence frequency toward internet banking, banks can increase their profit.

Limitations of Net Banking

The two major limitations of online banking which apply to both banks and customers alike are security and the reduced relationship between banks and customers. The most influential aspect is security, which is the major inhibitor for customers in using internet banking. Hacker attacks and fraud are obstacles which banks have to constantly try to overcome in order to assure customers that their personal details are protected. Also, when using online banking, the opportunity for a relationship between the bank and the customer to be developed is lost.

An additional disadvantage for banks is the fact that specialised web developers have to be employed to take care of the site and to make sure that to the maximum extent possible it always functions in the way that it should be.

For customers, another disadvantage is related to transaction issues, such as the case when some aspects of banking cannot be performed from behind a monitor, example depositing cash. Also, in order to make use of internet banking one must have an internet access and be mobile or computer literate.

Literature Review

Polatoglu & Ekin (2001) state that the average internet banking transaction costs the institution only one twentieth of a teller transaction. An extensive study conducted in 2001 by the Consumer Bankers Association indicates that Internet banking usage remained stagnant from 1996 to 1998, with less than 10% of the market utilizing the service. This characterizes the early adoption phase where the banking industry, in its striking transformation, has embarked on an era of 'anytime, anywhere' banking.

Mols (1998) suggests that banks should use the Internet as an additional channel of distribution and must keep their traditional channels such as branches and phone banking intact. This gives the banks the opportunity for a gentle transition from a branch banking strategy to e-banking strategy, and it provides good market coverage. Cronin (1998) draws our attention to the social aspects, which must be considered in the virtual environment. They propose branding as a transferable resource across physical and social barriers to entry, for customers in a new and perceptibly daunting environment.

Enos (2001) identified several success factors for online banking including: improving trust and security, simplifying and integrating basic services, such as banking and lending, insurance, investment and payments, personalization and customization capabilities in order to provide each customer with unique offerings. He also stated that, in the fierce battle over customers, providing a unique experience is the compelling element that will retain customers.

Yoon and Barker Steege (2012) argue that although the number of internet users and the number of benefits associated with online banking has risen, it has not increased by as much as expected. The results obtained by these authors show that there are three main dimensions that influence the use of internet banking. In particular, online banking is positively related to openness and website usability, while negatively related to perceived security concerns. People are more likely to have a positive attitude towards trying new systems, such as online banking, when their score on openness is high.

Mattila et.al. (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.

Statement of the Problem

In order to meet the new challenges, the banking industry has to modern information technology techniques.

Objectives of the study

The main objectives of the present study are outlined below:

1. To know the customer perception towards net banking services provided by Canara Bank.
2. To know the factors that influence the customers to use net banking services.
3. To overcome the problems faced by the customers with regard to usage of net banking services provided by Canara Bank
4. To offer fruitful suggestions for solving the net banking services.

Scope of the study

The survey is confined to opinion about facilities provided by Canara Bank. The study also involves in identifying and analysing the purpose of net banking services and its various benefits or features.

Research Methodology

The study will be based on both primary data and secondary data. A study of this nature will required the selection of customers who are using net banking services in Canara Bank. Since the customers are more, a sample of 120 customers will be selected on the basis of convenient sampling in a systematic way.

Sampling Size

Sampling size is the number of customers to be selected from the universe to constitute the sample. In this study, a sample size of 120 has been chosen.

Analytical Tools

To analyse and interpret the data collected, the researcher will adopt percentage tools for this study.

Data Analysis and Interpretation

Table 1: Classification of Respondents Based on Demographics

Demographic Variables	No. of Respondents	Percentage (%)
Sex		
Male	78	65
Female	42	35
Age		
18-25	22	18.33
26-35	42	35
36-45	27	22.5
46-50	18	15
60 and above	11	9.17
Marital Status		
Married	82	68.33
Unmarried	38	31.77
Educational Level		
Below 10 th	10	8.33
Below 12 th	13	10.83
Graduation	45	37.50
Post-Graduation	38	31.67
Professional	14	11.67
Status and Occupation		
Salaried	52	43.33
Businessman/Self employed	45	37.50
Housewife	13	10.83
Others	10	8.33
Monthly Income (Rs)		
Below 10,000	49	20.00
10,000-15,000	32	26.67
15,000-20,000	24	48.33
Above 20,000	15	12.50

Table 1 represents the demographic profile of respondents. Majorly 65 per cent of male respondents and 35 per cent of female respondents are making use of net banking services. Based on age pattern of respondents majority of 42 respondents are in the age group of 26-35 and least of 11 respondents are in the age group of 60 and above. This shows that still the elderly or aged people follow the traditional banking practices. Marital status of the respondents shows that 68.33 per cent are married and 31.77 per cent are unmarried. 45 respondents educational level is graduation, 38 respondents educational level is post- graduation, 10 respondents educational level is below 10th, 13 respondents educational level is below 12th and 14 respondents educational level is professional. In the context of status and occupation majority of 43.33 per cent respondents are salaried and least of 8.33 per cent respondents are others. Majorly 40.83 per cent respondents earning monthly income of ₹15,000- ₹20,000 have more access to net banking services.

Table 2: Classification of Respondents Based on factor influencing net banking services

Factor influencing	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
24*7 access	100	00	00	00	00
Privacy is maintained	40	50	10	00	00
Service Charges are less	20	40	24	08	08
Innovative Services	45	30	15	05	05
Security of transaction	60	14	16	06	04
Quick ATM Services	50	50	00	00	00
Wireless net banking services	56	18	16	10	00

Table 2 depicts the factors influencing net banking services. All the respondents i.e., 100 per cent strongly agreed that bank is providing 24*7 access to net banking services. Among 40 per cent strongly agree and 50 per cent agree that privacy is maintained at bank. Around 20 per cent strongly agree and 40 per cent agree that bank provide less service charges. Around 45 per cent strongly agree and 30 per cent agree that bank provide innovative services, 60 per cent strongly agree that bank provide security of transaction, 50 per cent strongly agree and 50 per cent agree that bank provide quick ATM services and 56 per cent strongly agree that bank provide wireless net banking services. To conclude, above are the factors influencing net banking services.

Table 3: Classification of Respondents Based on perception of customers towards net banking services

Net Banking Services	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
Account Statement	50	20	00	20	10
Funds Transfer	60	20	00	10	10
De-mat Account Statement	40	30	20	00	10
Bills Payment	80	10	00	10	00
Cheque Books	20	70	00	05	05
Booking of E-Ticketing	50	10	10	10	10
TDS Enquiry	30	20	10	25	15
Other Value Added Services	24	76	00	00	00

Table 3 indicates perception of customers towards net banking services. Majorly 50 per cent of the respondents strongly agree with account statement, 60 per cent of the respondents strongly agree with funds transfer net banking services. Around 40 per cent of the respondents strongly agree, 30 per cent of the respondents agree with de-mat account statement. Around 80 per cent of the respondents strongly agree with bills payment, 70 per cent of the respondents agree with cheque books. Around 50 per cent of the respondents strongly agree with booking of e-ticketing net banking services, around 30 per cent of the respondents strongly agree and 20 per cent of the respondents agree with TDS Enquiry net banking services and 24 per cent of the respondents strongly agree and 76 per cent of the respondents agree with the other value added services provided by the bank.

Findings

1. The sex wise classification of the study shows that 65 per cent respondents are male and 35 per cent respondents are female. The majority of the respondents are in the age group of 26-35. 68.33 per cent respondents are married. 37.50 per cent respondents educational level is graduation. Majority of 43.33 per cent respondents are salaried. 48.33 per cent respondents' monthly income lies between ₹15,000 and ₹20,000.
2. It is found that 100 per cent respondents strongly agree the factor influencing net banking services provided by bank is 24*7 access.
3. Majority of 50 per cent respondents agree that privacy is maintained in bank.

4. As per the study, 40 per cent respondents agree that Service charges are less in bank.
5. It is known that, 45 per cent respondents strongly agree bank provides innovative services.
6. From the study it is clear that, 60 per cent respondents strongly agree security of transaction is the net banking services influencing factor.
7. It is observed that, 50 per cent respondents strongly agree and 50 per cent respondents agree bank provides quick ATM services.
8. 56 per cent respondents strongly agree that wireless net banking services provided by bank is the influencing factor.
9. Majority of 50 per cent respondents strongly agree that account statement, the perception of customers on net banking services provided by bank.
10. 40 per cent of the respondents strongly agree the de-mat account statement, the perception of customers on net banking services.
11. 80 per cent of the respondents strongly agree that bills payment the net banking services the respondents consider as the perception of customers on net banking services.
12. It is found that, 70 per cent of the respondents agree with cheque books as the net banking services the respondents found as the perception of customers on net banking services.
13. It is observed that, 50 per cent of the respondents strongly agree with booking of e-ticketing as the perception of customers on net banking services.
14. From the study, 30 per cent respondents strongly agree and 20 per cent respondents agree with TDS enquiry as the perception of customers on net banking services.
15. It depicts that, 76 per cent respondents agree that other value added services as the perception of customers on net banking services.

Suggestions

1. To provide more training to the staff and customers on handling of the net banking services.
2. To reduce complex procedures in net banking services.
3. To encourage more number of customers to utilize the net banking services provided by bank.
4. Technology and security issues should be handled very carefully in order to retain customers.

Conclusion

The present study is made to analyse, the customer perception towards net banking services provided with reference to Canara Bank. The success of the banking sector mainly depends on

the customer. The bank is eager to maintain and improve the net banking services. Net banking services helps to reduce the cost of operation of banks. From the study, the perception of customers is analysed. It is clear that, more number of customers are successfully utilizing the net banking services.

Limitations of the study

the main difficulty may be the collection of information for the study. The customers may be hesitant to provide the necessary information. The researcher has to visit a number of times to contact the respondents and collect information. In the questionnaire method of collecting data, it is difficult to derive the exact information and it has some limits regarding personal things.

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