

Awareness and Usage Level of Customers towards Internet Banking in Malwa Region of Punjab: An Empirical Study

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ABSTRACT

The present paper is an attempt to study the bank customers' awareness and usage level towards internet banking. It studies and analyzes the problems faced by them while using it. It also measures customers' satisfaction level towards internet banking. It also determines the factors influencing them for not using it and suggests the suitable measures for enhancing internet banking. Data is collected through well structured questionnaire from 500 customers of public sector banks and private sector banks working in urban areas, semi-urban areas and rural areas of Malwa region of Punjab. The study concludes that awareness and usable level of internet banking is low in rural and semi-urban areas as compared to urban areas. Consequently, internet banking is more preferred and used by urban customers. Customers of age group below 25 and 25 to 35 years are more inclined towards this service in comparison to customers of age group 35 to 50 years and above 50 years. In the context of satisfaction level, Most of the customers are satisfied with the services of internet banking. Poor internet connectivity/network problem and lack of security are the major problems faced by customers while using internet banking. Lack of knowledge and lack of awareness are the main hurdles influencing them for not using it. Considering these factors, the study also suggests some strategies for promoting internet banking.

1. Introduction

Internet Banking

Internet banking allows the customers of the banks or other financial institutions to transact a number of financial transactions through internet by using the respective banks or financial institutions' websites. It is also known as web based banking or virtual banking. To provide the efficient and satisfactory banking services through internet, there should be well structured, informative, user friendly and secured websites of banks. Thulani et.al (2009) identifies three types of websites.

Informative website: This website provides the general information about the banks and also gives the information of various products and services provided by banks to their customers.

Communicative website: Through this website, there is no much communication between bank and E-banking customers. This website facilitates the customers only to get account related information, apply for bank loan and update their static files. Through this website, customers cannot transfer their funds from one account to the other one.

Advanced Transaction website: With the help of this website, the E-banking customers can easily transfer their funds from one account to another electronically, make payment of their utility bills like electricity, water, phone bills etc and transact their other banking transactions.

Internet banking is one of the major channels among the various E-banking channels. It has totally changed the shape of banking from branch banking to anywhere anytime banking. Now customers are not longer required to visit bank premises and ATM personally to conduct their financial transaction rather they avail various banking services except depositing & withdrawing of cash sitting at their homes or offices. So dependency of customers on bank and ATM has been reduced to a large extent due to internet banking.

2. Review of literature

Shafaat (2017) stated that internet banking enabled the customers to carry out their financial transactions through banks' secure websites or web portals. At that time, all the banks were providing online banking services because it was the only way for them to attract more and more customers. The study showed that most of the customers were the users of smart phones. They used smart phones for mobile banking and internet banking. The numbers of mobile users were growing day by day in both urban and rural areas. This indicated that Indian customers were moving towards advance technology to fulfill their demands.

Popoola (2013): investigated the effect of trust on adoption and usage of internet banking. The study explored that adoption of internet banking was extremely slow in Nigeria as compared to other developed countries due to customers' lack of trust in e-services. The findings of study revealed that non-users of internet banking did not have trust in internet banking and users of internet banking had partially trust in it

because of lack of security, bad reputation of bank, poor technology and lack of assuring policy. They were afraid of losing their money because banks did not have any legal policy to protect their customers in case of hacking. Therefore, banks need to take into consideration all these factors to make internet banking to be successful.

Safeena et al. (2011) stated that perceived usefulness (PU) and perceived ease of use (PEU) had positive effect on use of internet banking. Customers used online banking for various benefits like minimize inconvenience, minimize the cost of transactions and time savings. On the other hand, perceived risk (PR) had the negative effect on use of internet banking. Customers were reluctant to adopt internet banking because of security and privacy risks associated with it.

Sylvie and Xiaoyan (2005) explored the market status for adopting the online/mobile banking in China by conducting the customer survey. The study concluded that mainly Chinese males not necessarily young and highly educated were using online and mobile banking services. The issue of security was found to be most important factor influencing the Chinese for adoption of online banking. Lack of computer and technology skill, perception of risk, Chinese traditional cash carrying banking culture were found to be main barriers in the way of not adopting/using online banking.

3. Objectives of the study

- To study the awareness and usage level of bank customers towards internet banking.
- To measure the customers' satisfaction level towards internet banking.
- To study and analyze the problems faced by customers while using internet banking.
- To determine the factors influencing customers for not using internet banking.
- To suggest the suitable measures for enhancing internet banking.

4. Research Methodology

The study is concerned with customers' awareness and usable level towards internet banking services provided by public sector banks and private sector banks in urban areas, semi-urban areas and rural areas of Malwa region of Punjab. We have selected five banks from each bank group. Hence, total 10 banks are taken. Further 2 bank branches (one from rural area/semi-urban area and one from urban area) are selected from each selected bank so total 20 bank branches has been taken for this study. 25 respondents are taken from

each bank branch. Thus Data is collected from total 500 respondents through well structured questionnaire. Five districts named Mansa, Bhatinda, Ferozpur, Patiala and Ludhiana are taken that represent Malwa region of Punjab. 100 respondents are taken from each district. Respondents is asked to respond on five point likert scale.

5. Data Analysis and Interpretation

Table 1: Socio-economic background of customers

Group/Sub Group	No.	%
Bank		
1. Public sector bank	250.00	50.00
2. Private sector bank	250.00	50.00
Area		
1. Rural	125.00	25.00
2. Semi – Urban	125.00	25.00
3. Urban	250.00	50.00
Age		
1. Below 25	64.00	12.80
2. 25-35	186.00	37.20
3. 35-50	169.00	33.80
4. 50 or Above 50	81.00	16.20
Gender		
1. Male	305.00	61.00
2. Female	195.00	39.00
Annual Income		
1. Below 1 lakh	69.00	13.80
2. 1-3 Lakh	103.00	20.60
3. 3-5 lakh	209.00	41.80
4. 5 or Above 5 lakh	119.00	23.80
Occupation		
1. Agriculture	39.00	7.80
2. Business/Profession	203.00	40.60
3. Serviceman	194.00	38.80
4. Student	64.00	12.80
All data	500.00	100.00

(Author's calculation)

Table 1 shows that total sample of 500 respondents is equally divided into public sector banks and private sector banks. Among all 50 per cent customers belong to urban areas. 37.20 per cent respondents of age group 25 -35 years , 41.80 per cent respondents earning income from 3 to 5 lakh rupees and 40.60 per cent respondents concerning business/profession class show the maximum response. Gender wise 61 per cent customers are male and 39 per cent are female.

Table 2: Extent of Awareness about Internet Banking

Group/Sub Group	(Per cent)								
	Very Little	A Little	Un decided	Some	Large	Chi^2	AVG	SD	CV
Bank									
1. Public sector bank	8.00	18.80	2.40	42.80	28.00		3.64	1.28	35.16
2. Private sector bank	9.20	18.80	2.00	38.00	32.00	1.68	3.65	1.34	36.71
Area									
1. Rural	17.60	23.20	2.40	40.80	16.00		3.14	1.40	44.59

2. Semi – Urban	5.60	22.40	3.20	47.20	21.60	44.77**	3.57	1.21	33.89
3. Urban	5.60	14.80	1.60	36.80	41.20		3.93	1.23	31.30
Age									
1. Below25	-	1.56	7.81	34.38	56.25	186.24**	4.45	0.71	15.96
2. 25-35	4.30	6.45		41.40	47.85		4.22	1.04	24.64
3. 35-50	13.02	22.49	2.37	47.34	14.79		3.28	1.32	40.24
4. 50 or Above 50	16.05	53.09	2.47	28.40			2.43	1.07	44.03
Annual Income									
1. Below 1 lakh	7.25	1.45	7.25	28.99	55.07	69.01**	4.23	1.13	26.71
2. 1-3 Lakh	4.85	22.33		48.54	24.27		3.65	1.20	32.88
3. 3-5 lakh	6.22	21.05	1.91	36.84	33.97		3.71	1.30	35.04
4. 5 or Above 5 lakh	16.81	21.85	1.68	46.22	13.45		3.18	1.36	42.77
All data	8.60	18.80	2.20	40.40	30.00		3.64	1.31	35.99

(Author's calculation)

Table 2 shows the extent of awareness about Internet Banking. Overall, survey report of 500 respondents shows that bank wise customers of private sector banks are more aware about internet banking i.e.32 per cent than customers of public sector banks. Customers who are living in urban areas are more aware about internet banking than customers belong to rural and semi-urban areas. This percentage is 41.20 per cent in urban areas, 16 per cent in rural areas and 26.60 per cent in semi-urban areas. Age- wise 56.24 per cent customers whose age is below 25 years are more aware about internet banking

and customers having age 50 or above 50 years have very little awareness about internet banking. Income wise 55.07 per cent customers earning income below 1 lakh rupees are aware at large extent than respondents of any other income groups. Overall 30 per cent total respondents have full awareness about internet banking. Chi square test shows that the difference in the opinion of customers is significant at 1 per cent level of significance according to area wise, age group wise and income wise.

Table 3: Period for using Internet Banking

Group/Sub Group	(Per cent)								
	Not using	Less than 1 year	1-3 year	3-5 year	above 5 year	Chi^2	AVG	SD	CV
Bank									
1. Public sector bank	34.00	4.00	32.40	20.40	9.20	2.16	2.67	1.36	50.94
2. Private sector bank	38.40	4.80	27.60	18.80	10.40		2.58	1.42	55.04
Area									
1. Rural	48.00	3.20	29.60	12.00	7.20	32.82**	2.27	1.35	59.47
2. Semi – Urban	37.60	4.00	36.00	20.80	1.60		2.45	1.23	50.20
3. Urban	29.60	5.20	27.20	22.80	15.20		2.89	1.44	49.83
Age									
1. Below25	23.44	7.81	48.44	20.31		163.95**	2.66	1.05	39.47
2. 25-35	13.44	4.30	32.26	33.87	16.13		3.35	1.20	35.82
3. 35-50	43.79	3.55	32.54	8.88	11.24		2.40	1.40	58.33
4. 50 or Above 50	82.72	3.70	4.94	8.64			1.40	0.93	66.43
Annual Income									
1. Below 1 lakh	28.99	7.25	43.48	20.29		66.63**	2.55	1.11	43.53
2. 1-3 Lakh	29.13	7.77	30.10	32.04	0.97		2.68	1.22	45.52
3. 3-5 lakh	33.01	1.44	33.01	16.27	16.27		2.81	1.45	51.60
4. 5 or Above 5 lakh	52.10	5.04	16.81	14.29	11.76		2.29	1.50	65.50
All data	36.20	4.40	30.00	19.60	9.80		2.62	1.39	53.05

(Author's calculation)

Table 3 shows that Bank wise 34 per cent customers of public sector banks and 38.40 per cent customers of private sector banks are not using internet banking. Area wise 48 per cent customers of rural areas are not using internet banking, that is higher than urban customers i.e. 29.60 per cent and

semi-urban customers i.e. 37.60 pc. Age wise 82.72 per cent customers of 50 or above 50 years age, income wise 52.10 per cent customers earning income 5 or above 5 lakh rupees are not using internet banking. Overall 36.20 per cent customers are not using internet banking and 63.80 per cent customers

are using internet banking out of which most of the customers i.e. 30 per cent are using internet banking from 1 to 3 years. Chi square test shows that the difference in the opinion of

customers is significant at 1 per cent level of significance according to area wise, age wise and income wise.

Table 4: Purpose for using Internet Banking

Purpose	Average Rank	Average Score	Total Score	Rank
Transfer of Fund	1.93	82.12	3,535	1 st
Check Account balance	2.79	71.33	3,103	2 nd
Request to issue cheque book	5.44	38.27	1,781	5 th
Stop cheque payment	6.55	24.32	1,223	7 th
Enquiry about cheque status	7.01	18.60	994	8 th
Online shopping	3.78	59.02	2,611	4 th
Request mini bank statement	5.49	37.58	1,753	6 th
Paying water, phone, electricity and others bills	2.99	68.85	3,004	3 rd

(Author's calculation)

Table 4 shows that Internet banking is widely in use for transfer of funds among customers with 1st position and having 82.12 as a highest average score. Check account balance, payment of utility bills, online shopping have 2nd, 3rd and 4th position with 71.33, 68.85 and 59.02 as average score respectively it is least used for stopping cheque payment and

getting enquiry about cheque status. So it has 7th and 8th positions respectively. Overall, internet banking provides facility to their customers for transfer their funds and payment for their utility bill while sitting at their homes or offices without wasting their time in long queues.

Table 5: Satisfaction level regarding Internet Banking

Group/Sub Group	Ex.Dis Satisf	Dis. Satisf	Un Decided	Satisf.	Ex. Satisf	Chi^2	(Per cent)		
							AVG	SD	CV
Bank									
1.Public sector bank	3.20	6.00	33.60	37.60	19.60	2.01	3.64	0.97	26.65
2. Private sector bank	2.00	7.20	37.60	36.00	17.20		3.59	0.92	25.63
Area									
1. Rural	1.60	5.60	45.60	34.40	12.80		3.51	0.84	23.93
2. Semi – Urban	0.80	4.80	37.60	43.20	13.60	20.88**	3.64	0.80	21.98
3. Urban	4.00	8.00	29.60	34.80	23.60		3.66	1.05	28.69
Age									
1.Below25	7.81	17.19	23.44	28.12	23.44		3.42	1.23	35.96
2. 25-35	1.61	5.91	13.44	57.53	21.51	158.33**	3.91	0.85	21.74
3. 35-50	2.37	3.55	42.01	32.53	19.53		3.63	0.91	25.07
4. 50 or Above 50	1.23	6.17	82.72	4.94	4.94		3.06	0.60	19.61
Annual Income									
1. Below 1 lakh	5.80	14.49	28.99	26.09	24.64		3.49	1.17	33.52
2. 1-3 Lakh	0.97	4.85	26.21	45.63	22.33	59.00**	3.83	0.86	22.45
3. 3-5 lakh	3.35	5.74	33.01	46.89	11.00		3.56	0.88	24.72
4. 5 or Above 5 lakh	0.84	5.04	52.10	17.65	24.37		3.60	0.94	26.11
All data	2.60	6.60	35.60	36.80	18.40		3.62	0.94	25.97

(Author's calculation)

Table 5 shows that. Bank wise 57.20 per cent customers of public sector banks are more satisfied as compared to customers of private sector banks. Area wise internet services are mostly used by urban customers and semi urban customers as compared to rural customers. So, their satisfaction level is also higher in comparison to rural customers. Age wise customers i.e. 79.04 per cent of age group 25 to 35 years and income wise 67.96 per cent customers earning income from 1 to 3 lakh rupees are highly

satisfied with the performance of internet banking. Overall, 18.40 per cent customers are extremely satisfied and 36.80 per cent customers are satisfied with services of internet banking. The percentage of customers i.e. 9.20 per cent that express their dissatisfaction level is very less. Chi square test shows that the difference in the opinion of customers is significant at 1 per cent level of significance according to area wise, age wise and income wise.

Table 6: Service charges on Internet Banking

(Per cent)									
Group/Sub Group	Most Unrea	Unrea	Un Decided	Reas.	Most Reason	Chi ²	AVG	SD	CV
Bank									
1.Public sector bank		3.60	34.80	32.40	29.20	4.49	3.87	0.88	22.74
2.Private sector bank		6.00	40.80	29.60	23.60		3.71	0.89	23.99
Area									
1. Rural		2.40	46.40	23.20	28.00	31.59**	3.77	0.89	23.61
2. Semi – Urban		1.60	42.40	21.60	34.40		3.89	0.91	23.39
3. Urban		7.60	31.20	39.60	21.60		3.75	0.88	23.47
Age									
1.Below25		10.94	26.56	28.12	34.38	120.36**	3.86	1.01	26.17
2. 25-35		3.76	19.35	50.54	26.34		3.99	0.78	19.55
3. 35-50		4.14	42.01	21.30	32.54		3.82	0.94	24.61
4. 50 or Above 50		3.70	80.25	8.64	7.41		3.20	0.62	19.37
Annual Income									
1. Below 1 lakh		8.70	31.88	27.54	31.88	54.24**	3.83	0.98	25.59
2. 1-3 Lakh		2.91	34.95	54.37	7.77		3.67	0.66	17.98
3. 3-5 lakh		3.35	34.93	28.71	33.01		3.91	0.90	23.02
4. 5 or Above 5 lakh		6.72	48.74	16.81	27.73		3.66	0.96	26.23
All data		4.80	37.80	31.00	26.40		3.79	0.89	23.48

(Author's calculation)

Table 6 shows that Bank wise 62.60 per cent customers of public sector banks, Age wise 76.88 per cent customers of age group of 25 to 35 years and income wise 62.14 per cent customers of income from 1 to 3 lakh rupees are agreed that service charge on internet banking are reasonable. Overall 4.80 per cent customers express that service charges are

unreasonable. Most of the customers i.e. 57.40 per cent customers hold view in favour of reasonable charges charged by bank on internet banking service. Chi square test shows that the difference in the opinion of customers is significant at 1 per cent level of significance according to area wise, age group wise and income wise.

Table 7: Problem faced while using Internet Banking

(Per cent)				
Problems	No opinion	Never	Rarely	Often
Lack of security	36.20	18.00	25.00	20.80
Poor internet connectivity	36.20	6.00	37.40	20.40
Un-updated information	36.20	15.40	40.80	7.60
High service charges	36.20	27.00	19.40	17.40

(Author's calculation)

Table 7 examines the problems faced by customers while using internet banking. 20.80 per cent customers often face the problem of lack of security and 20.40 per cent customers often face the problem of poor internet connectivity. 27 per cent customers never face the problem of high service charges and

only 7.60 per cent customers often face the problem of un-updated information. Overall, lack of security and poor internet connectivity are the main problems of internet banking faced by the customers.

Table 8: Reasons for not using Internet Banking

(Per cent)							
Reasons	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	WAS	Rank
Difficult & Complicated	9.00	16.00	13.60	20.40	41.00	0.68	4 th
Lack of knowledge how to use it	6.00	10.00	12.20	31.80	40.00	0.90	2 nd
Lack of awareness	5.80	10.80	10.80	38.20	34.40	0.85	3 rd
Lack of security and privacy	3.60	11.00	9.40	27.00	49.00	1.07	1 st
Face to face banking transactions are more comfortable & trustful	7.20	15.00	16.60	26.80	34.40	0.66	5 th

(Author's calculation)

Table 8 shows various reasons for not using internet banking. It is found that lack of security and privacy is a main reason for not using internet banking. 49 per cent customers are strongly agreed with this statement and got 1st rank. Among above reasons, lack of knowledge how to use internet banking and lack of awareness of customers have 2nd and 3rd rank respectively. 41 per cent customers are strongly agreed

that online banking is very difficult and complicated, So it has got 4th rank. Lack of security & privacy, lack of awareness, lack of knowledge are the strongest challenging factors in way of internet banking. On the other hand, service charges, lack of trust and not fully trained employees are the least discouraging factors influencing the customers for not using internet banking .

Table 9: Suggestions to improve Internet Banking

Measures	Average Rank	Average Score	Total Score	Rank
Seminars	2.07	77.57	2885	1 st
Training Program	3.10	62.89	2395	3 rd
More advertisement	2.53	71.06	2737	2 nd
Personal Contact	4.89	37.26	1554	6 th
Helpdesk	4.29	45.80	1853	4 th
Demo Fairs	4.59	41.57	1705	5 th
Reading Materials	6.49	14.49	757	7 th

(Author's calculation)

Table 9 shows various measures for improving awareness level of customers. Seminar and more advertisement are the most preferred as effective measures to spread awareness about internet banking so these measures got 1st rank with average score 77.57 and 2nd rank with 71.06 average score respectively. 3rd rank has given to measure of conducting customer training program to make people more aware with average score 62.89. Helpdesk and demo fairs have got 4th and 5th rank to aware the customers. Personal contact and reading materials related to E- banking services are taken as least effective methods to spread awareness so these measures got 6th and 7th rank respectively.

6. Findings and Conclusion

On the basis of above analysis, it is concluded that 70.40 per cent customers are aware about internet banking. Out of which 63.80 per cent customers are using it. Most of them i.e. 30 per cent are using it from 1 to 3 years. It is widely in use for transfer of funds, check account balance and payment of utility bills. It is least in use for stopping cheque payment and getting enquiry about cheque status. It is more preferred and used by urban customers and the customers of age group below 25 and 25 to 35 years. Customers of age group 35 to 50 years and above 50 years and customers living in rural areas are

least in use of internet banking because of lack of awareness and lack of knowledge about E-technology. In the context of satisfaction level, Most of the customers i.e. 55.20 per cent are satisfied with the services of internet banking. Most of the customers state that service charges for internet banking are more reasonable. Poor internet connectivity/network problems and lack of security in the form of unauthorized access of data are the major problems faced by customers while using internet banking. Lack of security & privacy, lack of awareness, lack of knowledge are the strongest challenging factors in way of internet banking. On the other hand, service charges, lack of trust and not fully trained employees are the least discouraging factors influencing the customers for not using internet banking .To promote internet banking, the study suggests that Customers training camps, seminars, demo fairs should be organized by banks to provide knowledge about the usage of internet banking. Personal contact with customers can also enhance internet banking services. So, banks should appoint efficient person especially from concerned region because local person can understand his people and deliver information as per understanding level of them. Banks should set up help desks for providing necessary information regarding internet banking services to their customers when they demand.

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