

# Customers Perception in Using Online Banking- Opinions and Experience in Warangal District

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Submitted: 30-08-2021

Revised: 03-09-2021

Accepted: 05-09-2021

## ABSTRACT

Information technology has revolutionised the banking industry with enormous benefits. However, there have been mixed perceptions on preferring online banking to traditional banking. These perceptions usually change over time because of deliberate efforts done by stakeholders. This study aimed to determine the opinions of customers on the reasons for using online banking services. In conducting this research, the study opted to use a case study research design. The study employed 100 IDBI Bank customers as its sample size. The study collected its data through primary data, by using a semi-structured questionnaire that allowed the collection of quantitative and qualitative data. The researcher employed content analysis through descriptions for qualitative data and simple descriptive statistics analysis through frequencies and percentages for quantitative data. The study found that most respondents (customers) use online banking because it saves time, easy to deposit and withdraw, and is secure and convenient. The study recommends more awareness and understanding of online banking services to users to enjoy the enormous benefits of online banking services. Furthermore, customer support must be improved and ensure keeping promises related to solving customers' problems. The study recommends categorically further research on the contribution of mobile money to the reduction of income poverty.

**Keywords:** E-Banking, Customer Perception, Information Technology, Internet Banking.

## I. INTRODUCTION

Online banking and internet banking are familiar words used synonymously to describe the financial transactions conducted by a customer using a device over the internet (Akhter, 2015). Additionally, it is a system that helps customers

access bank products and services and interact with their general information by using their computers or other devices such as mobile phones (Brun et al., 2016; Dhurup et al., 2014c). One of the significant conditions for online banking to serve customers is the availability of the internet. Online banking through the internet offers services such as checking balance, viewing some personal details, paying bills to various vendors, money transfer, paying loans, and procuring financial instruments and certificates of deposit (De Oliveira Santini et al., 2018; Kazi, 2015; Zabri et al., 2018).

Electronic Banking (E-banking) or Internet banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In internet banking system, the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would be a borderless entity permitting anytime, anywhere and anyhow banking.

## I. What Is E-Banking Or Internet Banking?

Electronic banking is one of the truly widespread avatars of E-commerce the world over. In simple words, e-banking implies provision of banking products and services through electronic delivery channels.

Various authors define E-Banking differently but the most definition depicting the meaning and features of E-Banking are as follows:

"E-Banking is a combination of two, Electronic technology and Banking."

"Electronic Banking is a process by which a customer performs banking Transactions electronically without visiting a brick-and-mortar

institutions.”

“E-Banking denotes the provision of banking and related service through Extensive use of information technology without direct recourse to the bank by the customer.”

## II. Types Of Electronic Banking In India

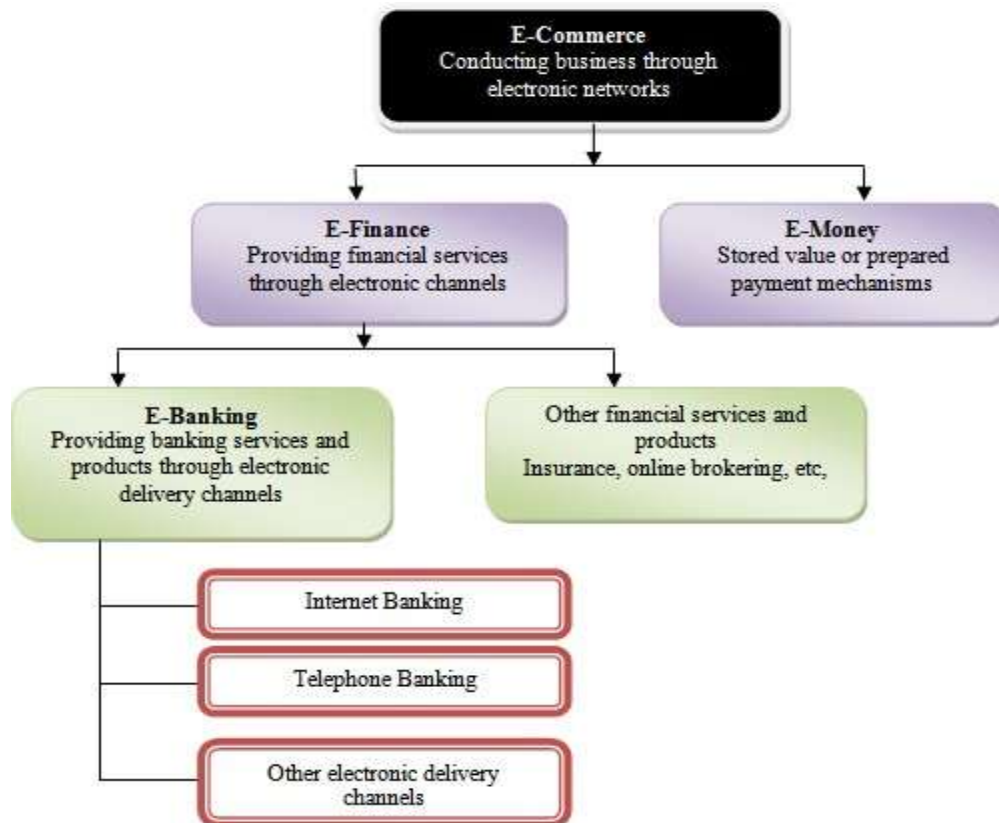
The following three basic kinds of internet banking are being employed in the marketplace:

**1. Informational** — This is the basic level of electronic banking. Typically, the bank has marketing information about the bank’s products and services on a stand-alone server. Risk involved in such kind of internet banking is relatively low as informational systems typically have no path between the server and the bank’s internal network. This level of internet banking can be provided by the bank or outsourced. While the risk to a bank is relatively low, the server or website may be vulnerable to alteration. Appropriate controls therefore must be in place to prevent unauthorized alterations to the bank’s server or website.

**Communicative** – This type of electronic banking system allows some interaction between the bank’s systems and the customer. The interaction may be limited to e-mail, account inquiry, loan applications, or static file updates (name and address changes). Because these servers may have a path to the bank’s internal networks, the risk is higher with this configuration than with informational systems. Appropriate controls need to be in place to prevent, monitor and alert management of any unauthorized attempt to access the bank’s internal networks and computer systems. Virus controls also become much more critical in this environment

**2. Transactional** — this level of electronic banking allows customers to execute transactions. Since a path typically exists between the server and the bank’s or outsourcer’s internal network, this is the highest risk architecture and must have the strongest controls. Customer transactions can include accessing accounts, paying bills, transferring funds, etc.

## III. What Is Electronic Banking?



#### IV. Customer Perception And Satisfaction With Electronic Banking

The ultimate goal of any organization is generation of profits and that can be achieved with attaining customer perception and satisfaction. A satisfied customer will come back and refer the electronic banking services to other as well, generating more sales and hence more profits. Banks are no different as they also thrive for profits. Customer perception and satisfaction is considered as a necessary condition for customer retention and loyalty and hence helps in realizing economic goals. Banks are now moving its business toward online along with the conventional banking. Internet banking is just the extension of conventional branch banking. Here the services are being provided online that were originally provided in the branches. Thus, customer satisfaction has got great importance in electronic banking as well. High level of satisfaction is demanded by the customer as customer expectation in electronic banking is very high and competition is also high with little differentiation in type of services offered. Hence, bankers along with the researchers have realized the importance of customer satisfaction in internet banking.

##### Objectives Of The Study

- ❖ To study the perception and usage level of respondents towards Electronic banking services in Warangal district.
- ❖ To measure the satisfaction level of people towards Electronic Banking services in Warangal district.
- ❖ To state the present situation of the Electronic Banking in Warangal District

#### II. LITERATURE REVIEW

- ❖ **Dr. M. Abdul Hakkeem and Y. Moydheen Sha (2015)** in their analysis it was observed that particular age group have used these services, the satisfaction of the customer majorly influenced the convenience, awareness, and responsiveness. In the present technology society, most of the banking customer prefer and switch to e-banking facilities. So the banker may improve their services, loyalty to customers and their retention by increasing awareness of other age groups and concentrating on the factors contributing customer satisfaction.

**Vandana Tandon Khanna & Neha Gupta (2015)** The study shows the factors such as Technology acceptability, safety, availability, user friendliness and accessibility highly depends on the demographic profile of the population size. Most of

marketing decision in terms of enhancing the effectiveness of delivery channels can be taken by considering these factors.

**A.Samsunisa (2015)** The researcher has identified that different age group of customers have different perception toward the e-banking services and the usage level of these banks" customer is different so bank should concentrate on all the age group of customers for betterment of e-banking banks. It has also seen that different occupation group of customers have different perception toward the e-banking services. There are good number of customer in every group like student, service class, business class and professionals, it shows that they all are keen interesting in using the e-banking services.

**R. Elavarasi (2014)** The researcher has identified which commercial bank provides better service with regards to e-banking services to customers and also identified satisfaction level of customer view about internet banking website of banks. The data analysis shows that age, educational qualification, occupation, income level of customer are significant factor that decide usage of e-banking services of various banks in the study area. The findings were to increase awareness among people; SBI should advertise and conduct special awareness programs to make E-Banking services more popular among customers.

**Tavishi and Santosh Kumar (2013)** in their study "An Empirical Study on Technology Adoption by Indian Banks" studied the factors influencing the customers for the adoption of internet banking and mobile banking in India and hence investigate the influence of perceived usefulness, perceived ease of use and perceived risk on use of internet banking and mobile banking.

**Sabita Paul (2013)** in his work The Adoption of Electronic Banking (E-Banking) in Odisha, India described the current and prompt technological revolution altering the whole world which has crucial impact on the banking sector based on data, collected from customers of different commercial banks of Odisha.

**Prema C (2013)** in her research article "Factors Influencing Consumer Adoption of Internet Banking in India", examined the process of internet banking services and stresses that marketing experts should emphasize these benefits and its adoption provides and awareness can also be improved to attract consumers' attention to internet banking services.

**Rahmath Safeena et.al, (2012)** in his study "Technology Adoption and Indian Consumers: Study on Mobile Banking" identified that the evolution of e-banking started from the use

of Automatic Teller Machines (ATMs) and telephone banking (tele-banking), direct bill payment, electronic fund transfer and the revolutionary online banking transformation from the traditional banking to e-banking has been a 'leap' change.

**Neena Brar & Jaspreet Singh (2012)** While investigating all the variables and the responses by consumers, this study reveals that the perception of the consumers can be changed and can be made positive by awareness program, friendly usage, fewer charges, proper security, and the best response to the services offered. **Rahmath Safeena et.al, (2011)** in their research work "Internet Banking Adoption in an Emerging

Economy: Indian Consumer's Perspective" analyzed the factors influencing the consumer's adoption of internet banking in India and hence investigates the influence of perceived usefulness, perceived ease of use and perceived risk on use of Internet Banking.

According to **Ozuru et al. (2010)** "The importance of electronic payment system in any country can never be over emphasized, due to the dramatic transformation in technological advancements that is being experienced by the global financial industry".

**Singhal and Padhmanabhan (2008); Salawu et al. (2007)** There is faster delivery of information from the customer and service provider, thus differentiating Internet enabled electronic banking system from the traditional banking operation.

**Harris (2007)** observed that Internet Banking is Becoming "Need to Have" service. E-

banking is one of the most recent technological innovations, which is becoming a need for every common man. It uses Internet as a medium for delivery banking services. Today, banking is not limited to branches, where a person goes to bank for withdrawal of cash or request a statement of accounts or to deposit a check. An inquiry or transaction can be handled online without any reference to the branch any time through Internet Banking. Benefits of internet banking include fast speed, convenient, cost effective, all time accessibility, and flexibility.

### III. METHODOLOGY

This study conducted in the IDBI Bank Warangal branch in India. Based on the nature of this study which intends to examine customers' perceptions, the case study is very suitable as it enables in-depth study of the matter (Kothari, 2004). The study population were IDBI bank customers, who made a sample size of 100 online banking customers whose number reached after saturation. The sample was approached through non – probability sampling techniques known as purposive sampling, whose focus was to approach respondents known to possess essential information for the study. The study employed primary data gathered by semi-structured questionnaire with open and closed questions where qualitative and quantitative data were collected. The study employed content analysis for qualitative data and simple descriptive statistics for quantitative data through frequency and percentages in data analysis

### IV. FINDINGS

Table 1.0: Reasons for Using Online Banking N = 100

S.No	Reasons for Using Online Banking	Agree	%	Neutral	%	Disagree	%
1	It saves time	83	83	5	5	12	12
2	It is easy to deposit and withdraw money	63	63	20	20	17	17
3	It is secure	63	63	22	22	15	15
4	It is cheaper	52	52	13	13	35	35

#### Security of Online Banking in Making Financial Transactions

The results on customers' opinions on the reasons for using online banking services provide a positive insight that online banking is secure in making financial transactions, as presented in Table 1.0. Results from the field show that most

respondents, who were 63 (63%) of all respondents, agreed that online banking is secure in making financial transactions. Apart from the previous respondents who agreed with the statement, 22 respondents, who make 22% of all respondents, were neutral on whether online banking is secure in making financial transactions. Lastly, 15

respondents (15%) disagreed with this statement that online banking is secure in making financial transactions.

Furthermore, the study explored reasons as to why the majority of respondents think online banking is secure. One respondent said, 'I believe online banking is secure because I do not have a bad experience using it.' Another respondent provided that 'The online banking security is improving every day. Therefore, apart from minor challenges on online banking security but I assert that online banking is secure in the general context as there are very few cases of online banking theft' The study in this regard found that many customers do not have a bad experience with an online bank. They said that their money reached the intended destinations without problems. As a result of the little experience of security challenges, they opinioned that online banking is secure for their various transactions.

#### **Time-saving of Online Banking**

In this sub-variable, respondents in the field were requested to indicate their opinions as customers on reasons for using online banking services, tracing the time-saving as the reason for using online banking. Online banking was noted to save time, as an opinion by most of the respondents in the field. Expressly, the field results indicated that most of the respondents, 83 (83%), agreed that online banking saves time. Additionally, 05 (5%) of the respondents were neutral on whether online banking saves time or not. In another category, 12 (12%) of the respondents disagreed that online banking saves time.

In this study, the respondents provided further details regarding how online banking saves time when used by customers. Based on their experience before introducing online banking, some respondents provided that 'Before introducing online banking, it took the whole day for performing transactions due to long queues in the banks. However, in the presence of online banking, a customer is just using the internet, mobile phone and or computer to complete transactions just in a couple of few minutes, and the transaction becomes successful.'

#### **The Cheapness of Online Banking Compared to Other Forms of Banking**

The study was interested to know the opinions of customers on reasons for using online banking services. Online banking is cheaper than other forms of banking, was the opinion suggested by most of the respondents in the field. Results from the field indicated that most of the respondents, 52

(52%), agreed that online banking is cheaper than other forms of banking. Also, there were 13 (13%) of respondents whose opinions were neutral regarding the cheapness of online banking services. In this study, some respondents disagreed and against the statement that online banking is cheaper than traditional banking. Those respondents stand at 35 (35%) of all the respondents in the study.

Based on the above findings, respondents elaborated why they think online banking is cheaper than traditional banking. One respondent commented that 'If a person wants to conduct transactions, he/she has to set apart a bus fare or put fuel in a vehicle. As long as he/she is going to spend over 3-5 hours, then a budget for food has to be aside. Not only this but also the cost of time lost during this hassle is expensive as well.' All these costs can be avoided when a person uses online banking; hence customers perceive online banking as cheaper.

#### **Easy to Deposit and withdraw Money Online:**

The researcher in this study intended to inquire respondents in the field to indicate their opinions on reasons for using online banking services. Therefore, it was opinioned that withdrawing and depositing money online was an easy thing for customers, as suggested by most of the respondents in the field. Results from the field indicated that most of the respondents, 63 (63%) of all respondents, agreed that it is easy to withdraw and deposit money online, so most customers prefer to use it. Additionally, the study found that 20 (20%) of the respondents were neutral on whether it is easy to withdraw and deposit money online or not. Lastly, 17 (17%) of the respondents disagreed that it is easy to withdraw and deposit money online.

Respondents clarified furthermore that withdrawing and depositing money online is generally straightforward. In this regard, one respondent categorically asserted that 'I agree on ease of withdrawing and depositing money through ATM and even through mobile banking agents' However, other respondents explained that they never tried direct depositing money on ATMs capable of doing so. For those respondents who tried it, they confirmed that it is easy.

## **V. DISCUSSION**

### **Security of Online Banking in Making Financial Transactions**

In this study, respondents provided their opinions that they use online banking service because it is secure. Specifically, the results from the field show that the majority of 68 respondents, being 68% of all respondents, agreed that online

banking is secure in making financial transactions, and thus it is a reason for them to use online banking.

Furthermore, the study explored the reasons as to why the majority of respondents think online banking is secure. The study in this regard found that many customers do not have a bad experience with online banking. They said that their money reached the intended destinations without problems. As a result of the little experience of security challenges, they opined that online banking is secure for their various transactions.

The findings concur with the study done by De Oliveira Santini et al. (2018), which revealed that online banking has enough security to be preferred by many customers. The level of security is noted through the internet offering services such as checking balance, viewing some personal details, paying bills to various vendors, money transfer and paying loans which have been noted to be secure (Kazi, 2015; Zabri et al., 2018).

In general, as presented above, the findings suggest that online banking is secure in making financial transactions because in most cases, money sent via online banking reaches the destination, and it is not very easy to tamper with the system.

The results imply that significant changes and enhancements are being made to online banking security by governments, financial institutions, telecommunications companies, and information and security firms. This increased the level of online banking protection so that it is not easy to exploit it. Stuff such as surveillance cameras in ATMs, mobile banking password levels, regular customer information monitoring, real-time input on a transaction's success or failure, and many other related issues improves online banking services.

### **Time-Saving of Online Banking**

Online banking was noted to save time, as an opinion by most of the respondents in the field. Expressly, the results from the field indicated that the majority of the respondents, 83 (83%), agreed that online banking saves time.

In this study, the respondents provided further details regarding how online banking saves time when used by customers. Based on their experience before introducing online banking, some respondents provided that 'Before introducing online banking, it took a whole day for performing transactions due to long queues in the banks. However, in the presence of online banking, a customer is just using the internet, mobile phone and or computer to complete transactions just in a

couple of few minutes, and the transaction becomes successful.'

A study by Erick (2015) on customer perceptions on e-banking in Warangal provides a bundle of reasons why customers in Warangal use online banking services, and it keeps on becoming prominent. The reasons in this study were the following; First, it is saving the travel cost to the bank, saving the travelling and processing time, instant feedback from the system on transaction confirmation, and customer service. Saving time is an essential factor that influences the customers to prefer to use online banking. The above finding is similar to the study conducted by Mchomba (2018) on the impacts of electronic banking on customer satisfaction in the Warangal Banking Industry and found the same.

The results in this section confirm, as presented above that online banking saves time for customers. This means growing productivity on the customer side as other efficient works are now used for the entire day that would have been spent on going to the bank, getting into a long queue, and waiting to be served.

### **The Cheapness of Online Banking Compared to Other Forms of Banking**

The study was interested to know the opinions of customers on the reasons for using online banking services. Online banking is cheaper than other forms of banking, was the opinion suggested by most of the respondents in the field. Results from the field indicated that the majority of the respondents, 52 (52%) of the respondents, agreed that online banking is cheaper than other forms of banking, hence being a reason for using it.

Based on the above findings, respondents elaborated why they think online banking is cheaper than traditional banking. One respondent commented that 'If a person wants to conduct transactions, he/she has to set apart a bus fare or put fuel in a vehicle. As long as he/she is going to spend over 5 hours, then a budget for food has to be aside. Not only this but also the cost of time lost during this hassle is expensive as well.' All these costs can be avoided when a person uses online banking; hence customers perceive online banking to be cheaper.

The above finding is similar to the study conducted by Malik et al. (2019); whereas most online banking customers consider it cheaper, their behaviour to adopt the online services is determined by this factor and other benefits of using online banking.

As per the findings from respondents and literature review, it can be concluded that online

banking services are cheaper compared to traditional banking, whereas a customer does not spend extra costs such as transport to go to the bank as the transaction can be done at home or wherever he or she is located.

#### Easy to deposit and withdraw

The researcher in this study intended to inquire respondents in the field to indicate their opinions on reasons for using online banking services. Therefore, it was opined that withdrawing and depositing money online was an easy thing for customers, as suggested by most of the respondents in the field. Results from the field indicated that the majority of the respondents, 63 (63%) of the respondents, agree that it is easy to withdraw and deposit money online, so most customers prefer to use it.

Respondents clarified furthermore that withdrawing and depositing money online is generally straightforward. In this regard, one respondent categorically asserted that 'I agree on the ease of withdrawing and depositing money through ATM and even through mobile banking agents' However, other respondents explained that they never tried direct depositing money on ATMs capable of doing so. For those respondents who tried it, they confirmed that it is easy.

Kiunsi (2013) confirmed that using online banking services is easy and that online banking customers in Tanzania draw and deposit their money through online bank outlets and vendors spread across the country.

Generally, as per the findings of the study and the literature, it is revealed that the withdraw and depositing of

## VI. CONCLUSIONS

It is concluded that online banking is secure in making financial transactions according to the customers' opinions in the study area, so many customers use it. Online banking has many advantages, such as saving time, and many respondents concurred with this fact, as noted in the collected data. Furthermore, online banking is regarded as convenient, as suggested by most respondents in the field. Throughout the study, it was established that customers set their reasons for using online banking due to the perceived benefits that are enjoyed when using online banking services.

## VII. RECOMMENDATIONS

To raise awareness and understanding of online - banking services. The bank should influence the usefulness, ease of use, and self-efficacy of online banking by giving customers

information on the advantages of online banking. The bank may produce brochures that contain details of online -banking services, including usefulness and ease of use, and the bank may organise training courses in various online banking services. The bank should also continue to provide information and assistance on online banking using well-qualified and professional staff with good customer care through help desks situated in banking halls.

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