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Evaluating Factors Influenced on Consumer Perception towards Online Banking Services - A Study

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Abstract: *The research study was an attempt to identify the consumer perception level on online banking i.e. security, privacy, usefulness of online banking and quality of internet for online banking in Hyderabad. Mainly the study attempts identified perception behaviours of online banking were examined for that, respondents are selected from major city i.e. and sample size was 110 and tested via percentages and multiple regression by using SPSS 20.0 Version. The results of the study showed that online banking is positively affected on consumer perception. Based on the results, this study can be considered and must useful as a best pioneer in this new area of banking sector.*

Keywords: *consumer, consumer perception, internet, online banking.*

I. INTRODUCTION

In the present scenario online services have become an added feature in the banking sector. Online banking or Internet banking allows customers to conduct financial transactions on a secure website. Credit goes to internet that provided ultimate ease to the customers at their door step. Online banking allows people to perform all the banking related activities such as money transfer, past transactional information, cash withdrawals and deposits etc with a just one click of a mouse. Clients can easily check the account balance every day just by visiting the website of their bank. This provides the place and time utility to people provided if one has Internet access. Online banking also eliminates unnecessary waste, which an organization incurs in the form of office supplies. This facet has also helped in meeting the social concerns. However, using internet for money transaction is never been free from risk. More importantly, security is always been an issue with Internet transactions. Despite several counter measures taken by the banks in the form of information encryption, firewalls, encoding etc but still reluctance prevails in relaying totally at online banking especially in developing countries like India. This led to the foundation of this study. The core purpose of this research study was to figure out the most critical factors having an impact on consumer perception towards online banking in India with the help of Technology Acceptance Model (TAM)(Davis and Venkatesh, 1996; Davis et al., 1989). Online banking was introduced in the 80's but its growth across the globe took place in the 90's. Europe has been and still is the leader in Online banking technology and usage (Schneider, 2001). In Hyderabad city, many of banks introduce online banking. By introducing online banking, its help to build reputation and increasing the customers towards banks. Online banking, also known as internet banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. To access a financial institution's online banking facility, a customer with internet access will need to register with the institution for the service, and set up a password and other credentials for customer verification. The credentials for online banking is normally not the same as for telephone or mobile banking. Financial institutions now routinely allocate customer numbers, whether or not customers have indicated an intention to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. Technically, the customer number can be linked to any account with the financial institution that the customer controls, though the financial institution may limit the range of accounts that may be accessed to, say, cheque, savings, loan, credit card and similar accounts.

II. REVIEW OF LITERATURE

Technology has always been a major driver of bringing changes and making things easier in timely manner. Technological breakthroughs have brought major changes especially from the last century. Internet is just one of the contributions of technology

that has reshaped almost every aspect of our lives. Technology also changed banking of today from traditional banking to online banking. There can be different factors that influence the use of online banking. Adoption of online banking services can be increased by the availability of quality internet connections like broadband (Al-Somali et al., 2009). But certain barriers exist that hinders the acceptance of online banking which differ from environment to environment. As according to the study of Laforet and Li (2005) perception of risks as well as computer and technological skills are the main factors causing obstruction in online banking acceptance. Internet banking services has not only reduced the operating costs to the banks but it also helped in increasing the customer satisfaction and customer retention (Polatoglu and Ekin, 2001), Safeena (2010) determined the consumer attitude on internet banking adoption. Finding shows that perceived usefulness, perceived ease of use, consumer awareness and perceived risk are the important determinants of online banking adoption and have strong and positive effect on customers to accept the online banking system. Rao, K. Rama Mohana and Lakew, Tekeste Berhanu (2011) examines the service quality perceptions of customers of public sector and private sector banks in the city of Visakhapatnam, India. The study reveals that the Reliability and Assurance dimensions of service quality scored the highest ratings while the Tangibles dimension got the lowest score. Moreover, the study found a strong dissimilarity in service quality perceptions between customers of private sector and public sector banks. Dharma lingam, S. Anand Kannan. V. (2012) evaluated the service quality in retail banking in the Tamil Nadu, based on different levels of customers' perception regarding service quality. Data are collected from Three Private Banks, i.e. ICICI, AXIS and HDFC Bank. Sample size of this research is 240. The result indicates that customers' perception is highest in the tangibles area and lowest in the Product Variety area.

Bahl, Sarita, (2013) determined that security and privacy issues are the big issue in e-banking. If security and privacy issues resolved, the future of electronic banking can be very prosperous. Qureshi, Zafar and Khan (2008) conducted a study to know the Customer Acceptance of Online Banking in Pakistan and found that perceived usefulness, and security and privacy are the predictor of customer acceptance.

III. OBJECTIVES OF THE STUDY

A. *The objectives of the study are to realise the following*

- 1) To analyze the impact of online banking services on demographical variables.
- 2) To analyze the impact of online banking services towards customer perception .
- 3) To examine the effect of online banking services towards consumer perception

B. *Testing Of Hypothesis*

The following are the hypothesis designed with above objectives

- 1) H_o^1 : There is no significant impact of online banking services on demographic variables
- 2) H_o^2 : There is no significant impact of online banking services towards customer perception.
- 3) H_o^3 : There is no significant impact of factors like security, privacy, usefulness customer perception

C. *Statement Of Problem*

In past years, everyone went to bank in every time for perform their transaction, it is not possible all the time. So it is major problem to customers and bankers. so to overcome of this major task, banking institutions adopting online banking system, it helpful to provides enhanced techniques for maintaining the required accurate information up-to date, it helpful to made easy transactions by the customer when they are adopted with the online banking system. So finally , this study reveals that factors influence to customer performance towards online banking.

D. *Methodology*

The study is concerned with the customer perception towards online banking based on that, both primary data and secondary data, the primary data were collected directly from the sample customers through a well devised questionnaire in Hyderabad city. Secondary data were collected from books, journals, research articles and magazines for the purpose of review of literature. Convenience Sampling method is used for the study. The sample size of the bank customers is 110. The data analyzed by using percentage method, multiple regression method used for data analysis. Data was presented in the form of tables.

E. *Analysis And Interpretation Of The Study*

Respondents are using the Online Banking regularly

Table 1

Age		
	No of Responses	Percentage
Below 20 years	46	41.9
21-30 years	42	38.1
31-40 years	14	12.7
Above 41 years	8	7.3
Total	110	100.0
Gender		
Male	81	73.7
Female	29	26.3
Total	110	100.0
Education		
Intermediate	13	11.8
Degree	46	41.9
PG degree	39	35.4
M.Phil/ Ph.D	12	10.9
Total	110	100.0
Occupation		
Student	32	29.1
Govt employee	23	20.9
Private employee	44	40.0
Business	11	10.0
Total	110	100.0
Income for month (in rupees)		
Below Rs.10,000	19	17.3
Rs.10,001-20,000	28	25.5
Rs.20,001-30,000	34	30.9
Rs.30,001-40,000	17	15.4
Above Rs.40,001	12	10.9
Total	110	100.0

Source: Authors finding

From the Table 1, It is evident that more than 41% of respondents are using the Online banking in the age group of below 21 years, followed by 38% of respondents from the 21-30 years group, 74% of the respondents belonged male and 26% of respondents belonged female, 41% of respondents studied Degree and with followed 35% of respondents studied PG, 40% of respondents working as a Private Employees, 29% are the Students and 20% are the Govt. Employees are using Online banking services regularly, 31% of respondents earned Rs.20,001-30,000 for month and 25% of respondents earned Rs.10,001-20,000, using online banking services regularly.

F. Multiple Regression

Multiple regression analysis is a set of statistical processes for estimating the relationships among variables. It includes many techniques for modelling and analyzing several variables, when the focus is on the relationship between a dependent variables and one or more independent variables (or 'predictors'). it helps to understand how the typical value of the dependent variable (or 'criterion variable') changes when any one of the independent variables is varied, while the other independent variables are held fixed. It also helps to determine the overall fit (variance explained) of the model and the relative contribution of each of the predictors to the total variance explained.

1) H_0^1 : There is no significant impact of online banking services on demographic variables

Table 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.286 ^a	.072	.066	.38232	18.697	.000 ^b

Source: Authors finding

Predictors: (Constant), Age in years, Gender, Education, Occupation, Income

R^2 value is found to be 0.072, meaning there by that 72% of the variation in dependent variable is explained by predictors. Since the F value found to be significant, the null hypothesis is rejected and the alternative hypothesis accepted, meaning there is a significant in the variation caused by the predictors.

Coefficients						
Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	3.271	.089		37.573	.000
	Age in years	.084	.023	.078	2.633	.009
	Gender	.192	.025	.225	5.978	.000
	Education	.225	.015	.064	2.992	.007
	Occupation	.132	.017	.055	2.902	.000
	Income(in rupees)	.082	.012	.142	3.968	.001

Table 3
Source: Authors finding

From the Table 3, it is evident that Education(.225) emerged as the most important demographic variable, followed with gender (.192) and Occupation (.132). Hence, It can be concluded that higher education qualification of consumers will have higher positive impact on online banking, and followed by gender and occupation of consumers also having positive impact on online banking. So finally, There is a significant impact of all demographic variables on online banking.

2) H_0^2 : There is no significant impact of online banking services towards customer perception.

Table 4

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.771 ^a	.623	.679	.16512	254.610	.000 ^b

Source: Authors finding

a) Predictors: (Constant), Easy accessibility, Time and money saving, Provide efficient service

Thus, R^2 value is found to be 0.623, meaning there by that 62% of the variation in dependent variable is explained by predictors. Since the F value found to be significant, the null hypothesis is rejected and the alternative hypothesis accepted, meaning there is a significant in the variation caused by the predictors.

Table 5

Coefficients						
Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	2.287	.081		30.973	.000
	Easy accessibility	.027	.012	.023	.630	.001
	Time and money saving	.229	.019	.019	1.380	.000
	Provide Efficient service	.160	.014	.175	14.855	.003

Source: Authors finding

b) Dependent Variable: Customer perception

From the Table 5, it is evident that Time and money saving (.229) emerged as the most important motivational factor of banking, followed with Provide Efficient service (.160) and Easy accessibility (.027). It concluded that higher maintenance of Time and

money saving, Efficient service, and Easy accessibility online banking will have higher positive impact on customers perception towards online banking.

3) H_0^3 : There is no significant impact of factors like security, privacy, usefulness customer perception

Table 6

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.681 ^a	.464	.461	.21409	184.283	.000 ^b

Source: Authors finding

a) *Predictors*: (Constant), Quality of services, Accurate information, R^2 value is found to be 0.464, meaning there by that 46% of the variation in dependent variable is explained by predictors. Since the F value found to be significant, the null hypothesis is rejected and the alternative hypothesis accepted , meaning there is a significant in the variation caused by the predictors.

Table 7

Coefficients						
Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.128	.106		10.642	.000
	Quality of Services	.037	.015	.079	2.420	.006
	Accurate information	.264	.024	.302	10.813	.000
	Security and Privacy	.483	.027	.523	17.726	.000

Source: Authors finding

b) *Dependent Variable*: Customer perception From the Table 7, it is evident that Security and Privacy(.483) emerged as the most important factor of banking, followed with Accurate information (.264) and Quality of Services (.037). It concluded that higher maintenance of Security and Privacy, Accurate information and Quality of Services of banks will have higher positive impact on customers perception towards online banking. so finally, There is a significant impact of factor influence on online banking

G. *Limitation*

- 1) As the geographical area of the study is limited to Hyderabad area only, Hence the findings and conclusion has its own limitations.
- 2) A convenience sample method was used for the data collection, which makes the results not readily generalizable
- 3) The study carried out to understand the customer performance towards online banking.

IV. CONCLUSION

Now a days, Internet banking has become a major weapon for survival of banking institutions. The major theme of the research was to study consumer perception towards online banking in Hyderabad city. There are three major objective and data were collected through questionnaire. It was analysed by the percentages and multiple regression. As per the results 41% (<20 years) and 38% (21-30 years) of respondents are mostly using online banking, 74% (male) and 26 (female), followed with 41% (degree) and 35% (PG), 29% (Private Employees) and 20% (Govt. Employees) of respondents mostly using online banking services regular. The results of the multiple regression analysis found that there is significant impact of demographical variables on the online banking, followed with consumer perception also impact on online banking. finally, it concluded that most of the respondents have positive perception and they are satisfactory with online banking in Hyderabad city, but most of the people from this area, not having awareness on online banking because lack of the computer and internet knowledge. So they face problem, while using online banking.

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