

BANKING & FINANCE

Theory, Praxis and Solution



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Banking & Finance: Theory, Praxis and Solution

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CHAPTER 15

ONLINE BANKING: A STUDY WITH RESPECT TO CUSTOMER AWARENESS FOR SOME SELECTED AREA IN SOUTH 24 PARGANA DISTRICT WEST BENGAL

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ABSTRACT

Online banking isn't out to change your money habits. Instead, it uses today's computer technology to give you the option of bypassing the time consuming, paper-based aspects of traditional banking in order to manage your finances more quickly and efficiently. Online banking may be known as adoption of various emerging and useful technologies by the banks to provide solutions to bankers for their short term and long term business and technological requirements. In the present condition of market, factors like enhancing of customer satisfaction, unified customer experiences, faster output, infinite banking volumes, financial inclusion, operational efficiencies, scale of economy etc. are being sought by using Online banking technologies. In this paper researcher try to show the awareness of online banking among the people of some selected rural area of south 24 pargana district in west Bengal. It was found that salaries people, male customer, educated customer prefer online banking mostly. Though online banking is our future more awareness should be developed among rural people to develop this banking system.

Keywords: Online banking, development, technology, economy, awareness etc.

1.0 INTRODUCTION

E-Banking is a process that has evolved because of the development of technology over the years. So before going into detail on the e-banking we should have an overview of it birth. Information technology (IT) is the acquisition, processing, storage and dissemination of vocal,

pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications. IT (information technology) is a term that encompasses all forms of technology used to create, store, exchange, and use information in its various forms (business data, voice conversations, still images, motion pictures, multimedia presentations, and other forms, including those not yet conceived). It's a convenient term for including both telephony and computer technology in the same word. It is the technology that is driving what has often been called "the information revolution. IT is the area of managing technology and spans wide variety of areas that include but are not limited to things such as processes, computer software, information systems, computer hardware, programming languages, and data constructs. In short, anything that renders data, information or perceived knowledge in any visual format whatsoever, via any multimedia distribution mechanism, is considered part of the domain space known as Information Technology (IT). IT provides business with four sets of core services to help execute the business strategy. These four core services are broken into business process automation, providing information, connecting with customers, and productivity tools. IT professionals perform a variety of functions (IT Disciplines / Competencies) that ranges from installing applications to designing complex computer networks and information databases. A few of the duties that IT professionals perform may include data management, networking, engineering computer hardware, database and software design, as well as management and administration of entire systems. Information technology is starting to spread further than the conventional personal computer and network technologies, and more into integrations of other technologies such as the use of cell phones, televisions, automobiles and more, which is increasing the demand for such jobs.

1.1 What is online banking?

If you're like most people, you've heard a lot about online banking but probably haven't tried it yourself. You still pay your bills by mail and deposit checks at your bank branch, much the way your parents did. You might shop online for a loan, life insurance or a home mortgage, but when it comes time to commit, you feel more comfortable working with your banker or an agent you know and trust. Online banking isn't out to change your money habits. Instead, it uses today's computer technology to give you the option of bypassing the time consuming, paper-based aspects of traditional banking in order to manage your finances more quickly and efficiently.

1.2 Origin of online banking

The advent of the Internet and the popularity of personal computers presented both an opportunity and a challenge for the banking industry. For years, financial institutions have used powerful computer networks to automate millions of daily transactions; today, often the only paper record is the customer's receipt at the point of sale. Now that its customers are connected to the Internet via personal computers, banks envision similar economic advantages by adapting those same internal electronic processes to home use. Banks view online banking as a powerful value added tool to attract and retain new customers while helping to eliminate costly paper handling and teller interactions in an increasingly competitive banking environment.

1.3 Brick-to-click banks

Today, most large national banks, many regional banks and even smaller banks and credit unions offer some form of online banking, variously known as PC banking, home banking, electronic banking or internet banking. Those that do are sometimes referred to as "brick-to-click" banks, both to distinguish them from brick-and-mortar banks that have yet to offer online banking, as well as from online or "virtual" banks that have no physical branches or tellers whatsoever. The challenge for the banking industry has been to design this new service channel in such a way that its customers will readily learn to use and trust it. After all, banks have spent generations earning our trust, they aren't about to risk that on a Web site that is frustrating, confusing or less than secure. Most of the large banks now offer fully secure, fully functional online banking for free or for a small fee. Some smaller banks offer limited access or functionality; for instance, you may be able to view your account balance and history but not initiate transactions online. As more banks succeed online and more customers use their sites, fully functional online banking likely will become as commonplace as automated teller machines.

1.4 Features of Online Banking

- a. Bill Pay Service
- b. Electronic Bill Notification
- c. Online Check Images
- d. Online Deposit Slip Images
- e. Reporting Tools

- f. Linked Accounts
- g. Convenient Deposit Method
- h. Low ATM Fees and Convenient Locations.
- i. Free Money Transfer.
- j. Security Balanced with Convenience etc

2.0 REVIEW OF LITERATURE

- **Nedumaran & Kaleeswaran (2017)** focuses that, digital banking is having enormous potential to change the landscape of financial inclusion. They also found that, with the features as low cost, easy use Online banking can accelerate the integration of unbanked economy to the mainstream.
- **Chakra. S (2018)** found that, to attract the customers the bank has emerged in a significant strategy that is online banking
- **Santiago Carbo - Valverde (2017)** attempted to discuss the impact of digitalization on banking activities and challenges that imposes for financial stability. They also found that, digitalization is an opportunity to reduce marginal costs and increase productivity in financial services.
- **Kuiry (2017)** analysed that with the help of digitalization Indian banks are now not only getting more customers but also delivering top-notch services, as efficiency counts as well.
- **Hema Divya and Suma Vally (2018)** focused on their analysis of the adoption level of the digital payment systems by customers and also found the deployment of technology for digital payments have improved the performance of banking sector and able to achieve the motive cash less country.
- **Rahul Golden S. (2017)** explained that banks always try to adopt latest technologies to enhance customer experience. He further explained that due to the adoption of this digitalization, the banking sectors in India face some remarkable changes as well as hurdles.
- **Rao et.al. (2003)** explained with his theoretical analysis of internet banking in India and also compared to abroad bank and found that there is still have a long way to go for the

Indian bank for offering online service and to reach at a critical mass there are sufficient infrastructure in place and also sufficient number of users.

2.1 Objective of the Study

The primary objectives of the study are -

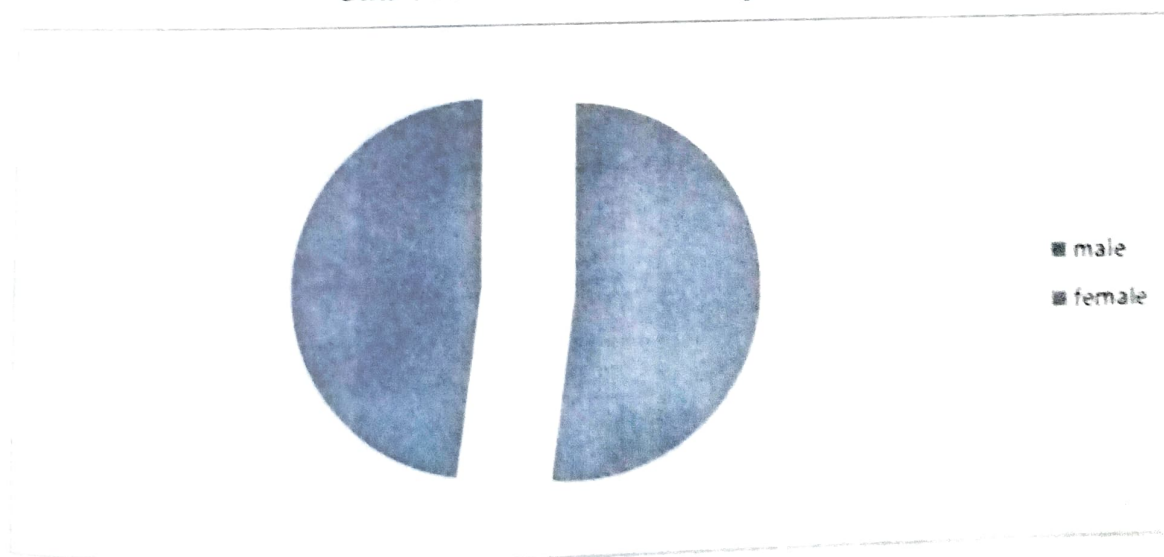
- i. To know the concept of e banking and its features.
- ii. To find out the awareness of e-banking to the user of south 24 pargana district

3.0 RESEARCH METHODOLOGY

The paper performs an extensive research on the basis of the data and information obtained from both primary and secondary sources. Researcher has collected 130 responded from Bishnupur I, Bishnupur II, Sarisa, Amtala, Vidyanagar Block in south 24 pargana District in West Bengal. After careful scrutiny 30 responses were no taken due to some insufficient data. Total 100 samples were taken for this study. Samples were taken in the month of October and November 2020. It also involved the use of journal, research paper, and various reports of RBI and authenticate bank website and online resources etc. for the collection of secondary data needed in the analysis.

4.0 DATA ANALYSIS

Chart 1: Distribution of Respondent

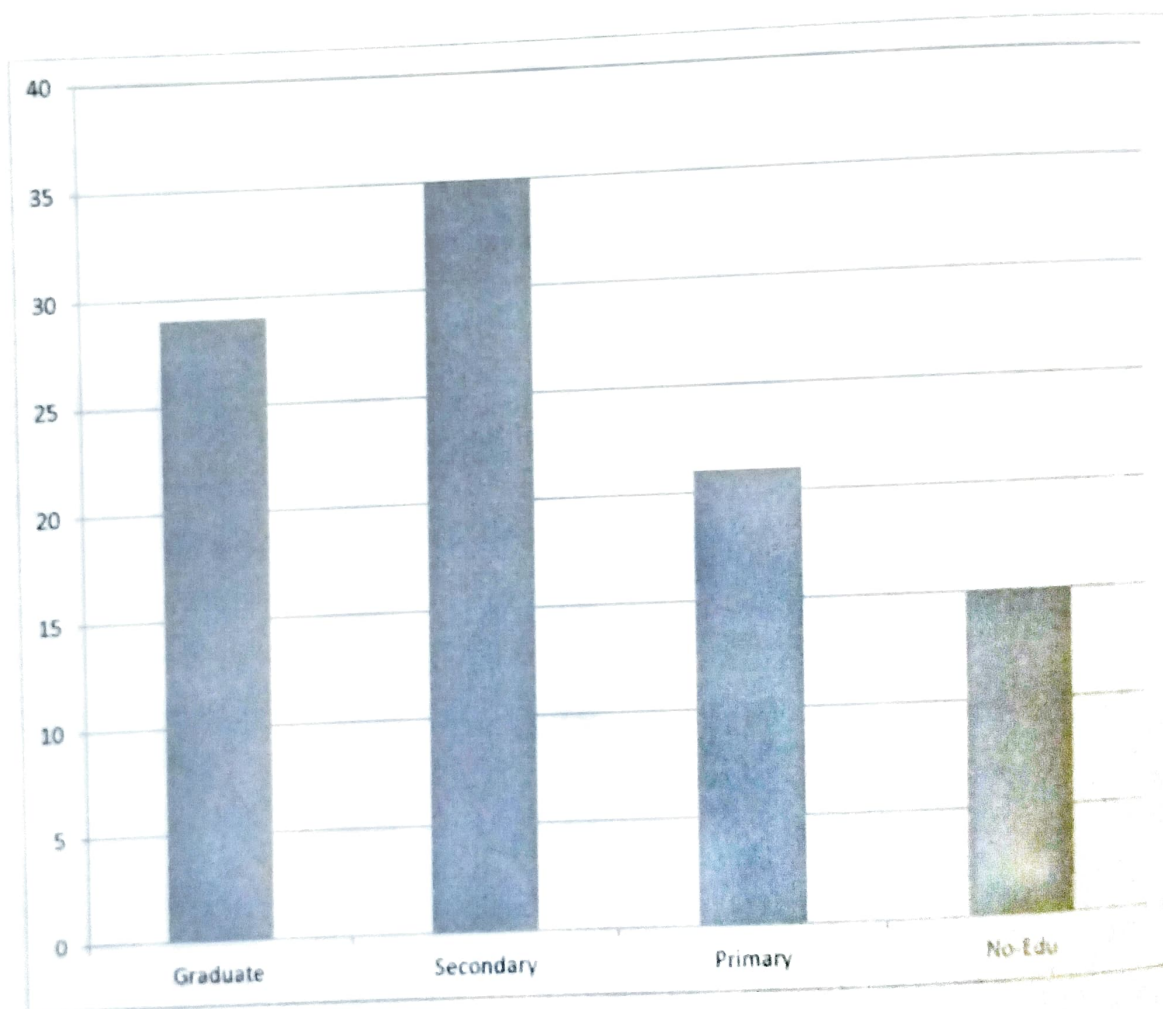


Source: Author's compilation from collected data

Out of 100 respondents 52% of the respondent students are male and 48% are female

Table 1: Educational Qualification

Graduate	29
Secondary	35
Primary	21
No-Edu	15



Source: Author's compilation from collected data

4.1 Reliability Test

In order to measure the internal consistency of questionnaire the reliability statistic Cronbach's alpha is used

Table 2: Cronbach's Alpha

Cronbach's alpha	N of items
0.785	20

Source: Author's compilation from collected data

The above table shows that the value of Cronbach's alpha is 0.785 which is greater than 0.7. It means that the questionnaire is reliable and I continue the research using this instrument.

4.2 Chi-Square Test

- To assess the relationship between respondents gender with awareness of online-banking.

H_{01} : There is no relationship between the genders with awareness of online-banking.

Table 3: Chi-Square Tests

	Value	df	Asymp. Sig. (2- sided)
Pearson Chi-Square	173.295 ^a	8	.000
Likelihood Ratio	176.134	8	.000
Linear-by-Linear Association	43.130	1	.000
N of Valid Cases	100		

Source: Author's compilation from collected data

The above tables give the result of Chi-Square test of association of attributes between genders with awareness of e-banking. Several Statistics are reported here but the most commonly used is the Pearson Chi-Square. In above Table the p-Value is less than 0.05 percent level of significance. Therefore, the null hypothesis is rejected. In other words, there seems to be a relationship between genders with awareness of online-banking.

- To Assess the Degree of Relationship between online-banking and salaried people.

H₀₂: There is no significant relationship between online-banking and salaried people.

Table 4: Chi-Square Tests

	Value	df	Asymp. Sig. (2- sided)
Pearson Chi-Square	44.460 ^a	16	.000
Likelihood Ratio	52.373	16	.000
Linear-by-Linear Association	5.082	1	.025
N of Valid Cases	100		

Source: Author's compilation from collected data

The above tables give the result of Chi-Square test of relationship between online-banking and salaried people. Several Statistics are reported here but the most commonly used is the Pearson Chi-Square. In above Table the p-Value is less than 0.05 percent level of significance. Therefore, the null hypothesis is rejected. In other words, there seems to be a significant relationship between online-banking and salaried people.

- To assess the relationship between educational qualification of customer with banking system.
- **H₀₃:** There is no relationship between the educational qualifications of customer with banking system.

Table 5: Chi-Square Tests

	Value	df	Asymp. Sig. (2- sided)
Pearson Chi-Square	80.277 ^a	20	.000
Likelihood Ratio	62.023	20	.000
Linear-by-Linear Association	20.521	1	.000
N of Valid Cases	100		

Source: Author's compilation from collected data

The above tables give the result of Chi-Square test of association of attributes between the educational qualifications of customer with banking system. Several Statistics are reported here but the most commonly used is the Pearson Chi-Square. In Table 4 the p-Value is less than 0.05 percent level of significance. Therefore, the null hypothesis is rejected. In other words, there seems to be a relationship between educational qualifications of customer with banking system.

5.0 FINDINGS AND CONCLUSION

The data analysis and its interpretation lead to the following findings and conclusions:

- iv. People are not confident enough to whether to rely completely on online banking. There is hesitancy in their minds with regards to preference. So they use both the techniques of banking i.e. Online and Traditional.
- v. Because of the complexity and unawareness in the people regarding the online banking, there is less utilization of the online banking services provided by the banks.
- vi. People are not sure whether their account is completely secured in online banking. Security concern is the main and the core reason why people do not tend to use online banking.
- vii. People with higher educational qualification prefer online banking than people with less or nil educational qualification.
- viii. Most of this population is salaries employees who do not have that volume of transaction that can be used for online transaction.

- ix. Generally Male customer uses mostly in online banking system compare to female customer believe in traditional banking system

6.0 RECOMMENDATIONS AND SUGGESTIONS

After analysing the entire study of online banking with respect to both the primary and the secondary data, the following recommendation can be put forth:-

- i. The infrastructure for the development is not being implemented in way that could be beneficial
- ii. There are various obstacles in the banking scenario with regards to guidelines and issue for functioning. This has led to decline in the usage of the online banking services of banks
- iii. The people having account can be urged to take up an internet banking facility. They should be motivated rather than just being told that there exists a service or online banking
- iv. There are some people who are not actually aware of all the benefits that they reap out of the transaction of online banking. They should be proper awareness.
- v. Most of the people not count online banking due the problems of security concerns. Proper security software should be developed and people should be convinced that their accounts are secured on online transactions

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