ADOPTION OF INTERNET BANKING SERVICES THE ROLE OF SERVICE QUALITY DIMENSION OF DEMOGRAPHIC VARIABLES

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Abstract

Financial liberalization and technology revolution have given a lot of developments in the banking industry especially the speedy and efficient delivery of services and also introduced more innovative products and Services in banking industry. Banking institutions are facing competitions not only from each other but also from non-bank financial intermediaries as well as from alternative sources of financing. Another strategic challenge facing banking institutions today is the growing and changing needs and expectations of consumers. Consumers are becoming increasingly selective and have become more involved in their financial decisions. Internet banking provides huge benefits to banks in reducing cost, improved customer relationships and differentiating their offerings from competitors. Although the Internet banking services were introduced in India for more than a decade ago, the adoption among the bank customers are still very high now. This study aims to examine the factors that determine adoption intentions of customers to use Internet banking services in Kerala. The results confirm that the influence of digital banking among the people is tremendously high because of the trust and security which the banks offer. The confidence of users to use internet banking is trust and that took to the trust of the technological systems also. It’s again proved that the banking services are available in one touch. Making the internet banking interface for the customer more attractive and easier to navigate is not enough to increase the adoption rate of internet banking. This paper investigates the factors which are affecting the acceptance of e-banking services among the customers.

Keywords: Internet Banking, Trust, Customers, Risk, Security

I. INTRODUCTION

Technological innovation has rapidly changed every aspect of our lives and the way of banking business during the last decade. The smart devices are being used in delivering banking services. The integration of the internet technology and mobile network creates new opportunities and applications. Delivering the bank-related financial services through the mobile devices is known as
mobile banking. The services offered by mobile banking include non-financial transaction i.e. Cheque-Book request, mini statement/balance enquiry, and financial transactions i.e. bill payments (utility bills, Credit cards, insurance premium), fund transfer, mobile recharge, merchant payments etc. Mobile banking provides the customer anytime, anywhere banking facility with real-time transaction through the mobile device. Mobile network operators or service provider should ensure the security and threats that the customers may pose while doing the banking transactions.

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. Internet banking allows banking from anywhere, anytime and is used for transactions, payments, etc. over the internet through a bank, a credit union or society’s secure website. Internet banking, a client has one-to-one interaction with the bank’s website, and in such a situation it is essential on the part of bank to provide high quality services over the internet. As compare to traditional banking, Internet banking involves non-human interactions.

Between customers and online bank information system. Customer satisfaction, customer retention and new customer acquisition are the key factors in Internet banking system (Khan, Mahapatra and Sreekumar, 2009). Internet Banking is a term used to describe banking transactions that are performed via a secured Internet application. These transactions include such things as paying bills, transferring funds, viewing account statements and paying down loans and mortgages. Although Internet Banking has been popular among young Internet-savvy people for many years, its popularity is expected to grow rapidly as Internet usage grows internationally and people discover the many advantages that it provides. Internet Banking can be defined as a facility provided by banking and financial institutions that enable the user to execute bank related transactions through Internet. The biggest advantage of Internet banking is that people can expend the services sitting at home, to transact business.

Internet banking has attracted the attention of banks, securities trading firms, brokerage houses, insurance companies, regulators and lawmakers in developing nations since the late 1990s. With the rapid and significant growth in electronic commerce, it is obvious that electronic (Internet) banking and payments are likely to advance. Researches show that impact of Internet banking on cost savings, revenue growth and increased customer satisfaction on Industry is tremendous and can be a potential tool for building a sound strategy. The paper fills significant gaps in knowledge about the consumer’s perspective of Internet banking, trace its present growth and project the likely scenario.

**Literature Review**

S. Bhaskar (2010) Banks have expanded the scope of competition to an e-environment with online banking. The commercial banks in India are introducing online banking to their customers in order to retain their customers from the competition given by foreign banks. Even though, these are so many empirical studies related online banking service quality and customers satisfaction. Hence, the present study has an attempt to fill up the
research gap. The findings of the study reveals that the online customers service quality, online information system quality and banking service product quality are significantly and positively influencing the customer satisfaction.

S. Fatemeh Sakhaei (2013) This paper presents a study to investigate service quality indexes in Internet Banking. This is an applied research study of descriptive-surveying kind. The purpose of this research is to understand the impact of service quality factors of Internet Banking on customer satisfaction in Iran. To study the relation between service quality and customer satisfaction, first a hybrid model based on the previous works has been proposed. Six service quality dimensions namely reliability, efficiency, responsiveness, fulfilment, security / privacy and website design have been established based on the literature review. This study evaluated influence of service quality on customer satisfaction in Internet Banking. The study shows that the Six service quality dimensions has meaningful relationship with customer satisfaction in Internet Banking and reliability has most relation and website design has least relation to customer satisfaction.

Mohammed Sadique Khan (2009) this study aims at evaluating the service quality of internet banking (i-banking) services in India from customer’s perspective. A structured questionnaire containing 44 quality items is administered to various target groups. Seven quality dimensions, viz. reliability, accessibility, user friendliness, privacy/security, efficiency, responsiveness and fulfilment, are identified based on principal component factor analysis. Demographic analysis of data reveals that gender is hardly a bias for use and evaluation of service quality of i-banking in most of the cases across various categories of customers. A valid mathematical model is proposed to assess the overall service quality using regression analysis. The results show that customers are satisfied with quality of service on four dimensions such as reliability, accessibility, privacy/security, responsiveness and fulfilment, but least satisfied with the ‘user-friendliness’ dimension. The empirical findings not only prioritise different parameters but also provide guidelines to bankers to focus on the parameters on which they need to improve.

Joaquin Aldas-Manzano (2009) This paper analyses the role of satisfaction, trust, frequency of use and perceived risk as antecedents of consumer loyalty to banking websites. While the literature usually focuses on the direct effects of these variables, special attention is paid here to evaluate their moderating effects on the relationship between satisfaction and loyalty. The results from a sample of 254 Spanish users of Internet banking services show that while satisfaction correlates positively with loyalty, the effect is significantly less intense with high levels of perceived risk. The results are similar for trust, which correlates more positively with high levels of perceived risk, but also when Internet banking is used less frequently. Managerial implications from these results are provided.

Hermanis Rullis and Biruta Sloka (2010) in their study they are identifying customer satisfaction with internet banking quality and customers’ loyalty. Internet banking is bank’s innovative product that has positive influence on environment, i.e., it provides possibility to save paper, energy and other resources and as result to decrease carbon footprint and to provide other business with possibility for sustainable development. Internet banking quality is important factor that influence adoption of internet banking and customers’ loyalty. Research results identified that internet banking users are satisfied with internet banking reliability, internet banking
usability, internet banking quality. They have also positive attitude regarding internet banking and they are willing to recommend it. Internet banking quality cannot be considered as factor that hinders adoption of internet banking and use of internet banking as environment for marketing.

Yu-Lung Wua, Yu-Hui Taob and Pei-Chi Yang (2010) they said that Internet has played a pivotal role in transforming banking services into e-services. While several studies have examined the effective measurement of e-banking service quality, their lack of a holistic view has hindered the accumulation of past knowledge. To address this issue, this study first reviews and summarizes the methodology, service quality dimensions, suggestions and limitations of seven e-banking service quality studies conducted in seven countries. An empirical study is then conducted to derive the first robust and comprehensive measure of e-banking service quality in Taiwanese context by compensating three shortcomings of a prior Taiwanese study. To improve our understanding of e-banking service quality, a comprehensive scheme is proposed that has managerial implications. The primary contribution of this study is to present a holistic view of e-service quality for e-banking with embedded cultural factors and to provide a rigorous measurement scale development procedure applicable to areas other than e-banking.

K.T. Geetha & V.Malarvizhi(2010): in their study they said like Financial liberalization and technology revolution have allowed the developments of new and more efficient delivery and processing channels as well as more innovative products and Services in banking industry. Banking institutions are facing competition not only from each other but also from non-bank financial intermediaries as well as from alternative sources of financing. Another strategic challenge facing banking institutions today is the growing and changing needs and expectations of consumers in tandem with increased education levels and growing wealth. Consumers are becoming increasingly discerning and have become more involved in their financial decisions.

Manoranjan Dash (2014): Adoption of mobile technology as an alternate distribution channel in delivering the banking services to customer’s shows prospective in the newly developed banking model all over world. Mobile banking is a new radical innovation in the excellence of service delivery to banks. Banks are mining this technology to empower the society containing both banked and un-banked customers as well as bringing profits to mobile network operators and reducing the operational cost for the banks. customer’s attitude and social environmental factor i.e. mimetic force with Diffusion of Innovation (DOI) model by Roger’s in widening the Applicability to mobile banking in India. It explains the customers’ attitude towards mobile banking in terms of innovation attributes i.e. Relative Advantage, Compatibility, Trialbility, Observability and Institution theory i.e. mimetic pressure which leads to the formation of attitude towards adoption of mobile banking. It was found compatibility; trialbility and mimetic force are the good predictors for attitude towards adoption of mobile banking in Indian context. The knowledge based on customer adoption of mobile banking and has identified the innovation attributes and mimetic force in explaining the customers’ attitude in better understanding of the commercial likelihood of distribution channel.
II. CONCLUSION

Internet banking can be considered a miraculous development in the banking sector. The ability to carry out banking transactions through the Internet has empowered customers to execute their financial transactions within the comfort of their homes. Digital banking provides benefits to the bankers and customers also. The main thing is this system is cost-effective, as it has considerably reduced the administrative costs and paperwork related to the transactions. Besides, banks can also serve the needs of thousands of customers at the same time in case of bankers. Conventional banking has always been slow and time consuming. But, Internet banking has considerably reduced the time required to access banking transactions with, very much faster and convenient. Beyond all these the greatest advantage of Internet banking lies in the fact that customers are no longer required to wait in those long and stressful queues of the banks to request a financial transaction or statement. With the help of Internet banking, customer can access any information regarding their account and transactions, any time of the day. Therefore, customer can regularly check their account as well as keep track of their financial transactions, which can help in detecting any fraudulent transaction have been taken place. In addition to this, the national and international fund transfer, have also become faster and convenient. There are lots of advantages of Internet Banking services like; time saving, minimum efforts, cost saving, easiness and many more.

Keywords: cost, reliability, security, technology, risk.
III. REFERENCES


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