

## INTERNET BANKING IN INDIA – BANK STRATEGIES AND CONSUMER CONCERNS

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### ABSTRACT

The Internet banking has attracted the attention of all banks, all securities trading firms, insurance companies, brokerage houses, lawmakers and regulators in developing country since the late 1990s. With the significant growth and rapid in electronic commerce, it is obvious that Internet (electronic) banking and payments are likely to advance. Researches show that impact of Internet banking on cost savings, increased customer satisfaction and revenue growth on Industry is tremendous and can be a potential tool for building a sound strategy. While it has been raised many public policy issues before the government agencies and banking regulators. Reliable, interestingly and systematic information on the scope of banking of Internet in Indian context is not still sufficient, what does it mean to the bankers and the consumers. Important gaps are filled by paper in knowledge about the consumer's perspective of Internet banking, trace its present project and growth the likely scenario. Here the paper presents the data, taken from a survey of Internet banking consumers and the services providers (banks) which offer Internet banking and develops a functional model for value maximizing to the consumers, which the banks may choose to adopt Internet banking strategically. In this paper identify the weaknesses of conventional banking and explores the awareness of consumer use patterns, preferences and satisfaction for Internet banking vis-à-vis conventional form of banking and highlights the factors also that may affect the bank's strategy to adopt Internet banking. It addresses also the regulatory and supervisory concerns of Internet banking.

**Keywords:** Internet Banking, Internet banking strategically, consumers

## INTRODUCTION

The main purpose of this paper is to investigate consumer behavior and explore the possibilities of mixed banking systems in connection with Internet banking with traditional banking. And to advise the banks about the importance of the value of the services of consumers, strategies are advised by the banks. In the survey conducted on the samples of two thousand consumers used in the survey, using pollution accuracy, this survey can be done in major cities of India. Interacting with the questionnaires and online banking division officers who have received information about consumers, in which Information received from customer service department and banking specialists and personal visits and cell counter of main banks, In this survey survey conducted online banking, it was seen that in which banks and which areas are getting more and more usage of online banking, and today the important place for internet banking in our lives is that We can use this service anywhere and avail the benefits of the online banking facility. Surveys about online banking in this survey were seen in which areas in which online banking is being used more and which bank is said to be the key place of internet banking in our lives today because we Use anywhere and can benefit and can benefit others

## LITERATURE REVIEW

Internet revolution is global phenomenon and going by the current growth statistics, India expects a spurt in the Internet penetration in coming years particularly in the electronic commerce. It is an obvious notion that electronic (Internet) banking and payments are likely to advance more or less in tandem with e-commerce. Researches indicate that Internet banking has a significant impact on the business models of banks, securities trading firms, brokerage houses, insurance companies etc. Internet banking has also attracted the attention of, regulators and lawmakers in the developing nations since the late 1990s.

Internet banking is a cause of concern to majority of the offline banks who should be ready for an unprecedented competition from the non-traditional banking institutions that offer banking and financial services over the Internet (Rajgopalan, 2001). Although some of the traditional banks have started offering their services on line, it is only an extension of their offline services (Devi, 2001). Internet banking has now started motivating customers to park their funds with the online banks, which has a substantially impact on the deposit base of the brick and mortar banks. The use of technology in banking has direct relationship with the profitability. *Ceteris paribus*, investment in electronic banking increase the profit margin of banks by reducing costs and increase in non-interest income, which will increases the ROA and ROE (Sinkney, 1998). Cost-effectiveness in delivery of services directly implies *comparatively* high consumer satisfaction and a consequent change in the revenue model for the banks. Adoption of the Internet mode of banking would result in increased consumer awareness, attracts the entry of global majors in the market and would lead to the emergence of open standards in the banking industry (Treasury Management, 2001). The integration of the banking services with e-commerce and emergence of e-cash would positively affect the efficiency scores of the banks (Scott, 1999)

However, Internet banking is a mixed blessing in the form of increased risk, the level of confidence reposed by the consumers and the problem of blending it with the physical system

(Hawke, 2001). Internet banking has brought about a new orientation to risks like settlement risk, international technology transfer risk, crime or fraud risk, regulatory avoidance risk, taxation avoidance risk, and competition risk (Saunders, 1997). Basel II recommendation on operational risk also supports this hypothesis. In India, some banks like HDFC and ICICI have introduced payment gateways running on secure systems having firewalls against hacking (Rao, 2001). Convenience, safety and cost effectiveness are the jargons in the spectrum of online banking (Rose, 1998). Researchers on various occasions have raised many issues, which must be addressed in context of Internet banking in India. *First*, the availability of technology and infrastructure to support the new model of banking. *Second*, the need for Internet banking itself – Internet Banking or an efficient system of instantaneous banking or convenient banking. *Third*, an adequate mechanism to tackle the security risk and operational risk aspects (Sharma, 2001). *Fourth*, a proper legal framework to take care of the rights and obligation of the consumers. While most of these issues have been somewhat addressed, an important issue still remains - what existing and potential consumers feel about Internet banking and on the basis of this how an appropriate banking model can be developed in Indian context. There is a need to measure and analyze the consumer perception towards Internet banking, to find out what is wrong with traditional banks and provide a framework for the banks to strategically adopt the Internet so as to maximize value for the consumers.

## ANALYSIS AND FINDINGS

After the private banks in India the highest level of foreign banks is because every bank's attention is being made on day-to-day basis in the services of consumers and banks. Today internet banking is almost started by every bank and the consumer. They are also taking advantage of this service whether it is a consumer of urban areas or a rural area and have become aware. But it also gets lost somewhere, some misguided people cheat with the people through this service, but now all the banks are making the consumers aware because Indian banks in the private sector are relatively new to the online service. Has been ranked as the online bank since the beginning, while dancing in the form of online banks of many consumer public group banks. They believe that they will quickly change their views through advertising and other means and their perception may change. Tell us about the online service in the future that opinions will take advantage of this service and their safety is also by banks. Will be determined and both the bank and the consumer can avail the service.

## RESEARCH OBJECTIVES

1. To Study rural and urban customer is using Internet banking
2. To identify factors affecting consumer while selecting internet banking.
3. To study the awareness related the internet banking facilities provided by the banks.
4. To identify relation between demographic factor like Gender, occupation, Education, income and choice of internet banking among rural and urban consumers.

## CONSUMER BEHAVIOR AND CONCERNS: USAGE PATTERNS

The complete satisfaction of the respondents received from different measurable scale and tested for a ratio and the information received is different in the level of satisfaction and the income group uses banks and frequency. Therefore, it can say that the level of satisfaction is according to the income of the customer. The level of average satisfaction in the case of banks is very low in the public sector. This is because the late Internet service and poor infrastructure can be the cause but the level of satisfaction in the case of private banks is quite good as they provide the facilities. And on the basis of the information received from all income groups, it can be concluded that people earning Rs. 15000 to Rs. 30,000 are expected. The area is more satisfied because these people more use this internet banking facility. Low-income internet banking is used to reduce usage. According to a survey in Korea, more payers use the express internet banking service for their other work and for their essential purposes. Low-paid people will reduce the use of this service. Because they believe only in cash transactions. In our country this indicates that generally Indian consumers are satisfied with internet banking service and use this service for their needs.

## CONSUMER BEHAVIOR AND CONCERNS: SATISFACTION

The primary findings show that most people use the internet banking service for the convenience of their bank account and day-to-day transactions, from the information from the sites of different banking service providers, it has come to know that the website is just basic. Provides level services and transfer facilities such as loan and mortgage facilities are not available. Therefore, it can be said that these facilities can increase the level of experimentation more time after the products have been secured, and to make online banking more comfortable by troubleshooting the problems of Indian banks and reducing the problems of consumers. We should strive to make our trend towards online banking in India and be satisfied by using it.

People using internet banking services (56.5%) use internet banking approximately 1 to 5 times in 1 month, which is much less compared to developed countries and is equivalent to Asian countries like Japan and Korea.

Use of e-banking in about a month (31.5 %) uses around 6 -10 e banking. Internet banking is increasingly used daily and the number of people who use internet banking is increasing day by day that revolution in the field of internet. The era of the ongoing new offers is available in the market, which has led to an increase in the number of Internet operators in India today, e-banking or internet banking. The number of people doing the trick is increasing.

In India, multinational banks are being used after private banks, in which many things are different, according to a survey done in banks; it has been found that Internet banking is used mostly for daily transactions, the use of Internet banking is expected of women. Men do much and we can say that men dominated in this area are more than women, so banks have a good opportunity to focus on women. If the bank in India focuses on women customers, more opportunities can be increased in the field of internet banking. Today women are moving forward in every field. Once women become Internet partners in India, then they can become

good customers of banks. According to a survey, 1 to 5 times of internet banking is used by the user and it is a graduate after that postgraduates do not use Internet service more than 10 times in 1 month then professionals and post graduate people Use banking more than ordinary person.

Those receiving 15 thousand to 30000 thousand people use the Internet service, so they use the internet service to earn more money than the maximum, although the situation of India and 45 other developed countries is different, it is difficult to say that Who is more and who is less.

### **CONSUMER BEHAVIOR AND CONCERNS: PERFERENCES**

Nowadays, almost every bank consumer uses Internet banking for their account information and transactions, but there are still many consumers who consider their losses to these services and think that they should not do any fraud Through the website it has come to know that through this website basic services can be provided. Transfer services, loan service, mortgage services etc. are not available. Over time, meeting these services may also start in internet banking. May be with time to come

### **BANK STRATEGIES**

Today's era is an age of internet, the importance of internet has contributed to the area of our life, because at any time through this service, whether it is to get information of any area or any transaction medium, the internet in banking service Banking facility has become an area. Nowadays, almost every bank has started Internet banking by which consumers are using this service and the banks are also availing the benefits. Internet banking facility is beneficial and it is being used more and more. It is increasing because both consumers and banks are making profits from its use Internet Banking facility is profitable and it is being used more and more, according to the time of the next, its use is increasing and it will increase as the consumer of the bank is getting both benefits from its use. Therefore, it can say that every bank wants to make more profit by giving maximum facilities to its customers and this work is being done through internet banking, all banks are providing Internet service and getting benefits.

### **INTERNATIONAL EXPERIENCES**

In the US, a large number of transaction related businesses are developed with businesses and commercials, compared to most of the countries in the US, whereas internet banking is being used in small banks as compared to large banks. Today almost every country is increasing Internet banking. Convenient use of large and small banks in New Zealand. In Japan, banks are increasingly focusing on transactions through e-banking with their customers, foreign banks are working hard on the market in the country, but these strategies change their strategies to establish their business model in India. All banks need to make a change somewhere or anywhere. It is mandatory to change the technology to adopt

## **FINDING**

In the study main purpose of searching is that the number of people using Internet banking in India is quite small as rural users and more in the form of developed cities have internal conclusions that we can say that the dominated of private and foreign banks This is because internet banking is limited to some banking consumer segments, with the benefit of internet banking, the loss is also coming out and internet banking should this information to enable the practice to provide these difficulties that the bank how can, or doing service. To increase the revenue of the bank, the strategic consumer group can focus on its focus, but today, about focusing on banking services and the Indian business model to gain the benefit of foreign banks and foreign exchange competitions. It is necessary to think that according to Indian conditions, their facilities and plans should be created and benefitted from them.

## **SUGGESTIONS**

### **1. Empower Your Employees**

Your customer service employees are your frontline. As such the right resources are needed to provide customers with the right extraordinary customer service and banks should use the resources to serve customers and the satisfaction through appropriate resources.

### **2 Educate of Your Customers on Financial Literacy**

The concept of educating the existing and potential clients on financial literacy is not wrong, the need to pay attention to how the credit union and bank are choosing and targeting them, and new needs for the satisfaction of customers and the need for accurate solutions.

### **3 Embrace Financial Technology**

Banks and credit unions are constantly struggling to meet the demand for immediate customer service by following the strict rules of the bank, even then banks are getting better to improve their lower line and increase customer satisfaction.

### **4. Become an Advisor, Not Just a Lender, For Small Businesses**

Small businessmen are looking for a debtor only after the downturn, he is looking for a business partner, has created unique opportunities in the need of credit union and the need for customer service in banks, yet many banks and credit unions did not know how long Whether or not to move forward the traditional debt payers role, and banks should move forward with the role of their traditional lender and the new officers Ena should enable them to get more satisfaction

## 5. Segment Your Client Base and Create Personalized Customer Experiences

Consumers have a lot of options with such competition in banks, and since the recession in 2008, the confidence of the consumers has fallen significantly. By considering this, customers should consider changing their thinking about the bank, today customer service and members creating a relationship with are considered the central point of strong customer service. Satisfaction on customer service is important and it takes a lot of time and afterwards gets the benefit.

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