

RISK AND SERVICE QUALITY OF INTERNET BANKING

(A CUSTOMER CENTRIC STUDY)

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Abstract

The evolution of internet banking has altered the nature of personal customer banking relationships and has enabled electronic channels to perform many banking functions that would traditionally be carried out over the counter. An obstacle to internet banking adoption has been lack of security and privacy over the internet. This has led many to view internet banking as a risky undertaking. Trust and risk reduction are very critical factors in electronic banking since they reduce the social complexity for the internet banking and drive to the achievement of electronic goals and without them, there is a failure of such goals and relations. This study helps to find out various risk associated with internet banking.

Keywords: Internet banking, Risk, Satisfaction level.

Introduction

Internet banking has made a sea change in the working of banks. Technological innovation has brought about the speedy processing and transmission of information, easy marketing of banking products, enhancement of customer's access and awareness, wider networking and regional and global links on an unprecedented scale. IT development has thus changed the product range, product development, service channels and type of banking services as well as the packaging of such services. The internet banking in India way back in 1996. It is also called virtual banking, online banking et An obstacle to internet banking adoption has been lack of security and privacy over the internet. This has led many to view internet banking as a risky undertaking.

Internet banking supports much kind of ecommerce services and activities. Internet banking provides many advantages to customers. Internet banking is an alternative banking channel

Review of literature

Gokilamani and Natarajan (2014)

In their study reveals the fact that commercial bank should focus on service quality. So the success of banking system always depends on product innovation and technological development.

Rakesh H M and Ramya T J

From their study on factors influencing customers adoption of internet banking in India, found various factors that motivate a customer to internet banking. Reliability, ease of use and usefulness are the important factors .For attracting more customers to internet banking ,bank should provide information regarding benefits and awareness of internet banking.

Mittal and Pachauri(2013)

From their study on promotional tools and techniques adopted for retail banking compared the public sector banks private sector banks They found that \ techniques and tools adopted by public and private sector banks are entirely different.

Statement of the problem

Internet banking is a product of e-commerce in the field of banking and financial services. Internet banking allows customers to perform their banking transactions through a banks website portal on the internet. Internet banking services have not been widely adopted by bank customers, this may be due to lack of trust, poor customer satisfaction and perceived risk towards the services .Customers have been complaining that reversing a transaction, stopping a payment after discovering a mistake are found may not be possible .

Significance of the study

The study will contribute to the existing knowledge on risk and internet banking adoption in Mallappally Taluk. The study indicates that customers security and risk concerns are the major inhibitors to the adoption of internet banking .Therefore in order to ally the apprehension of customers about the risk associated with the use of the internet banking, the providers need to educate and enlighten customers regarding the safe use of internet banking by asking them to take the required procedure.

The study investigating the extend of internet bating use, precautions taken by internet bank users for safe banking over internet, awareness and trust of customers on the security features adopted by banks to guard them against the risk of fraud.

Objectives of the Study

1. To identify various risk faced by users of internet banking.
2. To know the satisfaction level of respondents regarding various services provided by internet banking.

Hypothesis of the study

H0: There is no significant relationship between the occupation status and accessible place for using Internet Banking..

Methodology of the Study

- Nature of the Study:

The study has been both descriptive and analytical in nature.

➤ Data Collection:

- **Primary data:** primary data are collected through observation and questionnaire ,framed and collected in and around MallappallyTaluk by using convenience sampling method.
- **Secondary data:** secondary data are collected from various published records and websites.

➤ Research design:

- Sample size: 80

Tools for Analysis

For analysis of data various statistical tools are used. For its presentation, table, bar diagrams ad pie diagrams have been used. For hypothesis testing and analysis the tools that have been applied.

1. Percentage analysis
2. Chi-square test
3. Likert's Scaling Technique

Limitations of the Study

1. Some respondents were not cooperative in giving information as they viewed
2. This study is done with limited sample size and is restricted to MallappallyTaluk.

Analysis and Interpretation

Table 1. Likert's table showing the problems (risk) of internet banking

Facing problems	Point	Inadequate support from bank employees		Unable to login or operate account		Transaction details missing		The service I want is not available through IB		The option I want is not working		Occurrence of transaction errors	
		NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT
Always	5	1	5	3	15	1	5	2	10	3	15	4	20
Often	4	2	8	8	32	4	16	10	40	9	36	8	32
Sometimes	3	7	21	6	18	50	150	40	120	40	120	51	153
Rarely	2	68	136	60	120	20	40	26	52	26	40	8	16
never	1	3	3	3	3	5	5	2	2	2	2	9	9
TOTAL		80	173	80	188	80	216	80	224	80	225	80	230

Source: *primary data*

NOR: no of respondents

PDT: NOR x point

The Likert's table showing various problems while using IB. The respondents are sometimes facing the problems such as money lost without my knowledge, no access server, lack of training and guidance of use of IB, poor response from bank on complaints, inadequate support from bank employees, unable to login or operate account, transaction details missing, the server is not available, occurrence of transaction error.

Table 2. Likert's table showing the users satisfaction level.

Services	point	Check balances		View a/c statement		Funds transfer from one a/c to another		Mobile recharging		Pay direct and indirect tax	
		NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT
Very satisfied	5	45	225	30	150	20	100	30	150	13	65
Satisfied	4	23	92	42	168	22	88	27	108	30	120
Neutral	3	10	30	8	24	33	99	20	60	18	54
Dissatisfied	2	2	4	0	0	4	8	2	4	10	20
Very dissatisfied	1	0	0	0	0	1	1	1	1	9	9
Total		80	351	80	342	80	295	80	323	80	268

Services	Point	Booking for train bus and flight		Payment of utility bills		Online shopping		TDS enquiry	
		NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT
Very satisfied	5	20	100	19	95	24	120	13	65
Satisfied	4	31	124	25	100	26	104	22	88
Neutral	3	28	84	35	105	30	90	33	99
Dissatisfied	2	1	2	1	2	0	0	4	8
Very dissatisfied	1	0	0	0	0	0	0	1	1
Total		80	310	80	302	80	314	80	261

Source: *primary data*

NOR: No of respondents

PDT: NOR x point

The Likert's table showing the respondents level of satisfaction regarding various services. The respondents are very satisfied with the service of check balances, view account statement, mobile recharging. The respondents are satisfied with the services like funds transfer from one account to another, pay direct and indirect taxes, booking for bus train and flight, payment of utility bills and online shopping.

HYPOTHESIS TESTING

H0: There is no significant relationship between the occupation status and accessing place of IB.

H1: There is no significant relationship between the occupation status and accessing place of IB.

Table 3.a**Relationship between occupation statuses and accessing place of using IB.**

Occupation	Accessible place					Total
	Home	Library	Office	Cyber cafe	Friends or relatives	
Business	10	3	6	2	7	28
Students	7	1	4	2	3	17
Employees	7	1	6	2	3	19
Self employed and unemployed	6	1	4	2	3	16
Total	31	6	20	8	16	80

Source: *Primary data***Table 3.b****Result of the test**

test	Level of significance	Degree of freedom	Calculated value	Table value	Accepted /rejected
Chi-square	5%	12	2.07331	21.026	accepted

Interpretation:

Since the calculated value is less than table value null hypothesis is accepted. That is there is a no significant relationship between occupation status and accessing place for using IB.

Findings

The major findings of the study are the following;

- The age wise analysis shows that most of the respondents come under the age group of 18 to 30 years.
- The gender wise analysis reveals that 63 % of the respondents are male and remaining 37% is female.

- The occupation wise classification reveals that out of 80, 28 respondents are doing business ,19 are employees and 17 are students and 15 are self-employed and remaining are belong to unemployed category.
- Through the study it is found that 63% of the respondents prefer SBI.
- Through the study it is found that 39% of the respondents using IB at home.
- The Likert's scaling technique reveals that the respondents are sometimes facing the problems money lost without knowledge, no access to server, lack of training and guidance of use of the IB, transaction details missing, service is not available, lengthy procedure to complete transaction.
- The Likert's table reveals that respondents are very satisfied with the services like check balances, view account statement and mobile recharging. Respondents are satisfied with other services.
- The Likert's table reveals that the respondents are satisfied with the aspect of website related to design and ease of use, reliability and confidence, responsiveness of bank, fulfilment of service requirement, privacy and security of IB.

Conclusion

Internet banking has some inherent risks due to its nature. Legal system is still not very well defined across the globe, internet is prone to hackers and hence fraudulent risks are always there.

It can be concluded that literature provides a number of insights regarding the impact of trust on all transactions in the e-environment. It was found that trust has a strong influence on internet banking adoption. IB users are most likely to face various problems because banking services are availed through the medium of internet and there is face to face contact and communication between customers and banking personal. In order to identify the problems associated with the use of IB, respondents were asked to indicate the frequency of each of the problems faced by them on a five point scale. The respondents are sometimes facing the problems of money lost without knowledge, no access to server; unable to login or operate account, transaction details missing, and service is not available, occurrence of transaction errors, lengthy procedure to complete transaction. However most of the respondents are strongly agree that IB saves time and is available at any time at and anywhere. Majority of the respondents are satisfied with the services provided by the bank such as funds transfer from one account to another; pay direct and indirect taxes, online shopping, bill payment etc.

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