

# Internet Banking Services Usage in Urban and Rural Areas

*A Study with reference to UT of Dadra and Nagar Haveli*

**Dr. Shruti Jha**

Assistant professor in Commerce  
Dr. APJ Abdul Kalam Govt. College  
Silvassa (UT of Dadra and Nagar Haveli)

## ABSTRACT

RBI has been instrumental in developing rural areas along with urban areas since independence. It is committed to provide overall, all-encompassing financial growth of people at large. Following its directives, various banks are actively contributing towards rural development. It has been rightly said that India lies in its villages, so including rural area residents in ambit of financial development is of utmost importance for overall development of economy and its people. Internet banking is a very important tool to reach far and away villages as well as urban areas where physical banking is not easily accessible. The motive of present study is to know the frequency of usage of internet banking for financial transactions by its urban and rural customers. The results of the research highlight the urgent need of creating financial literacy and awareness regarding internet banking among customers of banks.

*Key words: Financial growth, internet banking, financial literacy, financial transactions, rural areas.*

## INTRODUCTION

The nationalisation of banks in 1969 and then in 1980, aimed to bring every citizen of the country into the ambit of financial inclusion. That area where banking sector was unable to reach and serve was given priority for financial development. Carrying forward this aim, RBI and Govt. of India consciously emphasized on financial inclusion of all irrespective of their caste, creed, language, religion and region. As far as region is concerned, there are still many areas of the country which are waiting for the showers of financial assistance for their survival and development. To reach to these areas, ever evolving technology is of great help. The blessing of this technology is internet banking, as it can reach to those areas where physical banking has its limitations. Internet banking services can be used anywhere any time by the users. It is the ray of hope for rural dwellers where brick and mortar branches of banking are unable to reach. Banking can make its way through these internet services and that is more promising with the rise of internet users in India. Our country comprises both urban and rural dwellers and development of both areas and its people is necessary for complete development of our country.

This research paper is an effort to understand the frequency of usage of internet banking services by bank customers residing in rural and urban with special a reference to bank customers of Union Territory of Dadra and Nagar Haveli.

## LITERATURE REVIEW

A study conducted by **Tamilselvi R.** (2016) aims to find out how Information and Communication Technology in banking sector influences customers and whether it affects customer satisfaction. It found that Information technology is widely used by banks to improve efficiency and increase customer base. Also internet banking has great impact on customer satisfaction. **Dr. M. Nagamani and Ms. N. Nandhini** (2015) found that younger generation of women are more efficient in handling new technology and are more aware of e-banking in city of Coimbatore respondents and are aware of ATM/Debit card services more than any other e-banking service rendered by banks. **Isuri Dharmaratne Roche** (2014) found that Corporate Image has a direct and positive impact on internet banking customer satisfaction, in a study conducted in Sri Lankan banking sector. Study conducted by **Dr. R Sellapan and A.V. Hariharan** (2013) found the factors affecting online in Coimbatore city which shows lack of awareness regarding online banking services. Study of **D.K. Maduku** (2013) identifies factors influencing retail banking customers' attitude and adoption of Internet banking services in South Africa. It found that consumers' trust of the Internet banking system is most

important factor for their attitude, while demographic variables are less important factors towards customers' attitude. **Tavishi and Santosh Kumar** (2013) found in their study the awareness levels of customers of various bank technology possessing online banking, mobile banking, ATM, debit card, credit card and RTGS etc. Their study suggests that the banks should provide more security and create technological awareness to increase use of online banking and mobile banking. **Zhengwei Ma** (2012) in his study conducted in China, found that convenience, comfortable, empathy, privacy, security and assurance are key factors to affect customer satisfaction in the internet banking sector. **Andrew Musiime and Malinga Ramadhan** (2011) in their study conducted in Uganda, concludes that there exists significant relationship between Internet banking and customer satisfaction. It suggests that banks should provide innovative creating new products or services and marketing strategies to increase e-banking services.

## OBJECTIVES OF THE STUDY

The objective of the present research paper is to find out the frequency of usage of internet banking by the bank customers residing in rural and urban areas, in the Union Territory of Dadra and Nagar Haveli for the purpose of understanding the usage of internet banking by bank customers.

## RESEARCH AREA

The geographical area of Union Territory of Dadra and Nagar Haveli is the focal point of the present study. Its population constitutes people from all over the India, from north to south, east to west apart from its tribal residents. It represents India at minuscule level, thus results of this study can be of significance at the national level.

## HYPOTHESIS

The hypothesis tested based on the empirical data, collected from the respondents is:

$H_0$  = There is no significant difference in frequency of usage of internet banking services by bank customers residing in rural and urban area.

## METHODOLOGY

This section discusses the statistical techniques and tools used to analyze and interpret the data collected from respondents. The present study is empirical in nature, based upon primary data. For the purpose of the study, 11 village panchayats and 6 urban areas including capital Silvassa has been included in the research. A sample of 382 respondents from these villages and urban areas are drawn through well designed structured questionnaires.

## DATA ANALYSIS AND INTERPRETATION

The aim of the present research paper is to determine the frequency of usage of internet banking by the bank customer groups residing in rural and urban areas. Various statistical tools and techniques are applied on collected data with the help of SPSS software. In the study, percent analysis and independent samples T-Test are used for analysis of data.

### Demographic Variable: Residential area

Table A discloses that out of the total 382 respondents, 69 percent of total sample size is residing in rural areas whereas resident of urban area constitutes 31 percent of total. The examination of this information shows that the proportion of rural area residents who participated in the study is more than that of the urban area residents. This is clearly depicted in the following table.

**Table A**  
**Number of Respondents**

Area	Number	Percentage (%)
Urban	117	31
Rural	265	69
Total	382	100

Source: Primary Data

### Frequency of Usage of Internet banking in different residential groups

The empirical study reveals that usage of internet banking is very less in rural area as compare to urban bank customers. In case of respondents residing in urban areas, 45 percent are not using internet banking services even once in a month and this percentage of non-users is almost double at 86 percent in case of rural residents. In case of respondents residing in urban areas, 24 percent are using internet banking services three to eight times in a month and in this frequency of usage, there are only 2 percent rural respondents. None in rural area is using internet banking more than 12 times in a month while 7 percent urban respondents are using this for more than 12 times.

To understand existence of probable differences in the frequency of usage of internet banking by urban and rural bank customers, collected data was studied through testing the hypothesis. Statistical technique Independent Samples T-Test is applied on the collected data yielded Table B and C.

**Table B**

Area	N	Mean	Std. Deviation	Std. Error Mean
Urban	117	2.11	1.244	.115
Rural	265	1.18	.505	.031

Table B reveals that mean value of urban resident bank customers is 2.11, which is higher than mean value of rural resident bank customers at 1.18. This shows that bank customers dwelling in urban areas are more frequently using the internet banking services as compare to their rural counterparts.

**Table C**

#### Usage of Internet Banking and residential area

Internet Banking Services	Levene's Test for Equality of Variances		t-test for Equality of Means				
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Equal variances assumed	179.136	.000	10.395	380	.000	.930	.089
Equal variances not assumed			7.806	133.2	.000	.930	.119

As per above table, sign. value is 0.000 which is less than 0.05 (at 95 percent confidence interval). It signifies that there exists significant difference in frequency of usage of internet banking services by bank customers residing in rural and urban areas. Thus,  $H_0$  stands rejected.

### SUGGESTIONS

In this technology-oriented world, where everyone is inclined towards virtual reality, internet banking cannot be ignored. To improve the usage of internet banking services, banks should make an effort to create its awareness among its customers. Banks can direct its efforts towards providing financial literacy and making the usage booklets and internet banking services available in vernacular language to create better understanding and knowledge. Innovative, easy to understand and operate schemes for rural bank customers can be of great help. This way it will become easy and convenient to use internet banking and thus improve usage of these services.

### CONCLUSION

The results of the research signify the importance of internet banking towards achievement of aims of financial inclusion, giving a chance to people irrespective of their status of residential area, towards progress and thus contribute greatly to the development of economy.

**REFERENCES**

1. Balasubramanian S. and Jha Shruti, (2017), "Banking Progression Through Customers' Choice Criterion- A Case study of Banking Customers of UT of Dadra and Nagar Haveli ", *Researchers World, International Refereed Journal of Arts, Science and Commerce*, ISSN 2231 4172, Vol. VIII, Issue 2(7), pp 50-54.
2. Isuri Dharmaratne Roche, (2014), "An Empirical Investigation of Internet Banking Service Quality, Corporate Image and the Impact on Customer Satisfaction; with Special Reference to Sri Lankan Banking Sector", *The Journal of Internet Banking and Commerce*, Vol. 19, No.2, pp 1-18
3. Jha Shruti and Balasubramanian S., 2016, "Financial Inclusion –EnRoute for Development" 2nd International Conference on Global Business and Innovation Management-Trends and Competitiveness, ISBN 978-93-85000-55-3, pg. 175-179.
4. Maduku D.K., (2013), "Predicting retail banking customers' attitude towards Internet banking services in South Africa", *Southern African Business Review*, Volume 1, 7 Number 3, pp 76-100.
5. Musiime Andrew and Ramadhan Malinga, (2011) "Internet banking, consumer adoption and customer satisfaction", *African Journal of Marketing Management* Vol. 3(10), pp 261-269.
6. Nagamani M. and Nandhini N. (2015) "Awareness of E- Banking Services Among Educated Women" *International Journal of Research in IT & Management*, (ISSN 2231-4334), Volume 5, Issue 1, pp 41-48.
7. Sellapan R. and Hariharan A.V., (2013), "Customer Awareness on ATM & Online Banking Services Provided by Selected Private Sector Banks at Coimbatore city", *Indian Journal of Applied Research*, ISSN - 2249-555X, Volume: 3, Issue: 4, pp 66-69.
8. Tamilselvi R., (2016), "Impact of Business Process Reengineering in Banks with Reference to Corporate Clients In Coimbatore", *Ahead- International Journal of Recent Research Review*, ISSN: 2456-205X, Vol.1, Issue.1, pp 44-50.
9. Tavishi and Santosh Kumar, 2013, "An empirical Study on Technology Adoption by Indian Banks", *Global Journal of Management and Business Studies*, ISSN 2248-9878, Volume 3, Number 10, pp. 1169-1172.
10. Zhengwei Ma, (2012), "Assessing Serviceability and Reliability to Affect Customer Satisfaction of Internet Banking", *Journal of Software*, Vol. 7, No. 7, pp- 1602-1608.

