



A Study on Opportunity and Challenges of Net Banking Services in Ahmedabad

Ms. Bhavika Paunikar^{1st}
Student, MBA (Finance),
SAL institute of Management,
Ahmedabad, Gujarat (India)

Mr. Rahul Khatri^{2nd}
Student, MBA (Finance),
SAL institute of Management,
Ahmedabad, Gujarat (India)

Dr. Viral Bhatt^{3rd}
Principal,
SAL institute of Management,
Ahmedabad, Gujarat (India)

Abstract: *New Information technology has taken important place in the future development of financial services, especially banking sector transition are affected more than any other financial provider groups. Increased use of mobile services and use of internet as a new distribution channel for banking transactions and international trading requires more attention towards net banking security against transactions. In the Banking Industry, it has been in the form of online banking, which is now replacing the traditional banking practice. Online banking has a lot of benefits which add value to customers' satisfaction in terms of better quality of service offerings and at the same time enable the banks gain more competitive advantage over other competitors. This paper discusses some challenges and Opportunity of net banking services. To find out the impact of all these variables a structured questionnaire has been prepared a was conducted at Gujarat. The number of respondents was 300. The Chi-Square test was used to interpret the hypothesis the result association between Age and Occupation of net banking respondents. The T- test was used to interpret the hypothesis the result association between male and female regarding total value of technology complexity of net banking respondents.*

Keywords: *Education, Student, Occupation, Banks, Internet, Urban, Ruler, Information Technology, Customer Satisfaction.*

I. INTRODUCTION

Indian banking is the lifeline of the nation and its people. Banking has helped in developing the vital sectors of the economy and usher in a new dawn of progress on the Indian horizon. The sector has translated the hopes and aspirations of millions of people into reality. But to do so, it has had to control miles and miles of difficult terrain, suffer the indignities of foreign rule and the pangs of partition.

According to Indian Banking Companies Act - "Banking Company is one which transacts the business of banking which means the accepting for the purpose of lending or investment of deposits money from the public repayable on demand or otherwise and withdraw able by cheque, draft, order or otherwise". "Banking and Finance on the Net," edited by Mary J. Cronin, net banking was first introduced in the early 1980s in New York. Four major banks--Citibank, Chase Manhattan, Chemical and Manufacturers Hanover--offered home banking services. Chemical introduced its Pronto services for individuals and small businesses in 1983. It allowed individual and small-business clients to maintain electronic checkbook registers, see account balances, and transfer funds between checking and savings accounts. Pronto failed to attract enough customers to break even and was abandoned in 1989. Other banks had a similar experience.

A. Electronic

The electronic age has also affected the banking No response, leading to very fast electronic fund transfer. However, the development of electronic banking has also led to new areas of risk such as data security and integrity requiring new techniques of risk management. Cooperative (mutual) banks are an important part of many financial No responses. In a number of countries, they are among the largest financial institutions when considered as a group. The share of cooperative banks has been increasing in recent years; in the sample of banks in advanced economies and emerging markets analyzed in this paper, the market share of cooperative banks in terms of total banking sector assets increased from about 9 percent in mid- 1990s to about 14 percent in 2004.

B. Growth

The growth in the Indian Banking Industry has been more qualitative than quantitative and it is expected to remain the same in the coming years. The total assets of all scheduled commercial banks by end-March 2010 is estimated at Rs 40, 90,000 crores. That will comprise about 65 per cent of GDP at current market prices as compared to 67 per cent in 2002-03. Bank assets are expected to grow at an annual composite rate of 13.4 per cent during the rest of the decade as against the growth rate of 16.7 per cent that existed between 1994-95 and 2002-03. It is expected that there will be large additions to the capital base and reserves on the liability side. The Indian Banking industry, which is governed by the Banking Regulation Act of India, 1949 can be broadly classified into two major categories, non-scheduled banks and scheduled banks. Scheduled banks comprise commercial banks and the co-operative banks. In the Indian Banking Industry some of the Private Sector Banks operating are IDBI Bank, ING Vyasa



Bank, SBI Commercial and International Bank Ltd, Bank of Rajasthan Ltd. and banks from the Public Sector include Punjab National bank, Vijaya Bank, UCO Bank, Oriental Bank, Allahabad Bank among others. ANZ Grindlays Bank, ABN-AMRO Bank, American Express Bank Ltd, Citibank are some of the foreign banks operating in the Indian Banking Industry.

C. Technology

Rapid advancement of technology has contributed to significant reduction in Transaction costs, facilitated greater diversification of portfolio and improvements in credit delivery of banks. Prudential norms, in line with international standards, have been put in place for promoting and enhancing the efficiency of banks. As technology ingrains itself in all aspects of a bank's functioning, the challenge lies in exploiting the potential for profiting from investments made in technology. A lot needs to be done on the technological front to keep in pace with the global economies, as is evident from the survey results. Technology No responses of Indian banks have been rated more advanced than Brazil and Russia but below par with China, Japan, Hong Kong, Singapore, UK and USA. We find no change on introspection of our past surveys which also highlighted the need for Indian banks to pace up in adoption of advanced technology. The existing banks have wide branch network and geographic spread, whereas the new private banks have the clout of massive capital, lean personnel component, the expertise in developing sophisticated financial products and use of state-of-the-art technology.

The Present Study also aims to understanding net banking in Gujarat, know the acceptability and analysis the level of satisfaction.

II. REVIEW OF LITERATURE

The banking sector also aims to channelize the resource to most productive and efficient project, and thus contributes to future growth.

- Trivedi & Patel (2013) Analyzed the problems faced by customers while using net banking facilities in India. It observed that most of the customers know about the net banking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using net banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using net banking services.
- Haq & Khan (2013) Analyzed the challenges and opportunities in the Indian Banking sector. The study showed that only 28 per cent banking clients were using Net banking after evaluating the population characteristics. It found that there was no significant relationship in between age and use of cyber banking. It also depicted that there is no relation in between gender and the adoption of Net banking. It observed that qualification in terms of education and income of the respondents were playing the role in the acceptance of net banking. The study suggested that it is the need of time that financial literacy of the users should be increased through various programs which should be run by banks to increase the awareness of Net banking.
- Chavan (2013) Described the benefits and challenges of Net banking in an emerging economy. It observed that net banking is now replacing the traditional banking practice. It showed that net banking has a lot of benefits which add value to customers □ satisfaction in terms of better quality of service offerings and at the same time enable the banks gain advantage over the competitors. It also discussed some challenges in an emerging economy.

III. OBJECTIVE OF STUDY

Primary Objective

- To understand the acceptance of opportunity and challenge of Net banking services in Gujarat.

Secondary Objective

- To study the demographic profile of customers such as gender, age, education, and income;
- To find acceptance of Net Banking services with respect to parameters like Technology complexity, Security & Trust, and Ease of Use, and Monetary factors.
- To identify the opportunities and challenges those affect the customers to use Net banking
- To identify the opportunities and challenges those affect the banks to launch Net banking services.
- To identify the factors influences consumers to use Net banking.

IV. METHODOLOGY

In the existing literature different types of methods has been carried out for majoring market for net banking. The structure conducts relationship between customers and banks with the help of net banking. The net banking challenge is based on market Performed as well as different service given banks. Net banking brings a number of benefits for both the provider and the customer. From the bank's perspective these are mainly related to cost savings and Net banking remain one of the cheapest and more efficient delivery channels. Other rationales for the adoption of such services are also related to competition as Net banking strategy been an interesting way to retain existing customers and attract new ones and to the numerous advantages to banks for instance, mass customization, more effective marketing and communication at lower costs amongst others. However, it should also be noted that there are still customers who fear to make use of Net banking, as they are concerned with security aspects of such a No response. Further, Net banking requires access to a computer and access to the Net which is an additional cost to the client. Moreover, customers may not be IT perceived usefulness is described as "the degree to which individuals believe that using



a particular No response would enhance their job performance”. Further, it enables the application of the model to a variety situation to determine specific factors that lead to adoption and diffusion of new technology. There is quick and continuous access to information which helps in reducing costs.

The limitation of study is with regard to the size of the sample. The size of the sample is very small to make generalizations on acceptance of Net banking. Although the surveyed customers were users of Net banking, this sample was selected based on convenience, thus limiting opportunities to generalize the findings to the wider & more diverse population. Due to time constraint, the result that we will get of acceptance of Net banking survey will be Accurate but not a representation of all users of Net banking across Ahmedabad. As per the company rules many information is not disclosed. As the top management will be busy in their daily schedule it is not possible for us to spend more time in interaction and discussion with them.

A. MEASURES

The net banking services were used to assess challenges and opportunity. The services has 17 items and responses were scored on 5 point like scale (5 = highly agree to 1 = highly disagree)

V. RESULTS & DISCLOSER

a. Table 1: Demographic characteristics of respondents

33% Female are using Net banking services and 66.7% Male are using Net banking services. 94% respondents who belongs to age group of 26-35 years are frequently using Net Banking services.134% of respondents who belongs up to post-graduation level education are using Net Banking.98% respondents who earn above Rs. 20,000-40,000 are using Net Banking Service. \

b. Table 2: occupation characteristics of respondents

Results and Disclosers92% respondents who belongs to Students are mostly using Net Banking Service.60% Gov.Services are 2nd no of users who using Net Banking Services.

c. Table 3: showing the feel about net banking as new number respondents

We interpret that 298% people are using Net Banking Services

d. Table 4: showing the E- banking services that respondent use

We interpret that 60% customers are use ATM card, 50% customers are using Debit card, and 49% customers are using Credit cards.

e. Table 5: showing the time period of online services that respondent use

We conclude that 120% customers are using net banking services between 1-2 years.

f. Table 6: Showing the Reasons for choosing net banking services that respondent use

We conclude that 101% customers are using net banking services for saving time.

g. Table 7: showing the result test of AVONA of Occupation regarding summited of Security & Trust

The Spss output reveals that significance level of test is less than 0.05; this means the variance for 2 groups are not same. Referring the row of equal variance not assumed. We reject null hypothesis that there is no significant difference association amongst the various Occupation regarding of Security & Trust.

h. Table 8: showing the result test of AVONA of Income group regarding summited value of Economic Benefits

The Spss output reveals that significance level of test is less than 0.05; this means the variance for 2 groups are not same. Referring the row of equal variance not assumed. We accept alternative hypothesis that there is significant difference amongst the various Income group regarding summited value of Economic Benefits.

i. Table 9: showing the result test of AVONA of Age group regarding user friendly costumers in net banking

The Spss output reveals that significance level of test is more than 0.05; this means the variance for 2 groups are not same. Referring the row of equal variance not assumed. We accept null hypothesis that There is no significant difference amongst the various age group regarding user friendly Costumers in net banking

j. Table 10: showing the result of T-TEST to Male & Female regarding Summated value of Technology Complexity

The Spss output reveals that significance level of levene’s test is less than 0.05, this means the variance for 2 groups are not same. Referring the row of equal variance not assumed. We reject null hypothesis that there is no significant difference in mean internet acceptability scores of male & female.

k. Table 11: showing the result of T-TEST to Male & Female regarding overall scenario of net banking

The Spss output reveals that significance level of test is less than 0.05, this means the variance for 2 groups are not same. Referring the row of equal variance not assumed. We accept alternative hypothesis that there is significant association between Male & Female regarding overall scenario of net banking.

l. Table 12: showing the result CHI-SQUARE Age & Occupation

The Spss output reveals that significance level the survey of 300 it came to the conclusion that the H0 is rejected as there is no significant difference between the age and occupation and there is acceptance of the H1 hypothesis where there is a significant association between age and the occupation.

VI. CONCLUSION

Internet banking is an emerging phenomenon; key individual factors driving and inhibiting its acceptance and continuous usage have not been considerably researched. Indian banks are making sincere efforts for the adoption of advanced technology and installation of e-delivery channels but still masses are wary of the concept. Banks are making sincere efforts to popularize the e-banking services and products. Younger generation is beginning to see the convenience and benefits if e-banking. In years to come, e-banking will not only be acceptable mode of banking but will be preferred mode of banking. The internet challenges and opportunities of respondents vary with age, gender, education etc. It is clearly in the interest of banks to encourage their customer base to use online banking. Current designs of online banking systems do not address users' needs and expectations of online banking. True benefits will be seen when banks use this technology to offload customer service costs and increase sales by maximizing self-service. As 21st century banking users entrust the care of one of their most important assets to cyber space, a seamless, stress free and successful experience is essential. Design with users' success as focus, content understandable by 'anybody', supported with demos and help to reduce intimidation, will justify investment in online through increased usage by satisfied customers. In response, Banks need to standardize their Internet Banking services to make the service as simple as possible for consumers to use. At the same time, they need to develop more effective websites that offer clear and precise instructions, so as to provide adequate support for users of their services. Internet banking has to be made secure & user friendly to encourage maximum acceptance.

VII. TABLES

Table 1 Demographic characteristic of respondents

Demographic factor	Classification	No. Of response	Percent (%)
Age (In Years)	16-25	101	33.7
	26-35	94	31.3
	36-46	67	22.3
	46-56	27	9.0
	above 56	11	3.7
Gender	Male	200	66.7
	Female	100	33.3
Education	up to 12th std	26	8.7
	up to Graduation	92	30.7
	up to post-graduation	134	44.7
	Professional	33	11.0
	post master course	15	5.0
Income	up to 20'000	86	28.7
	20,000-40,0000	98	32.7
	40,000-60,000	65	21.7
	60,000-80,000	35	11.7
	80,000-1,00,000	16	5.2

Table 2 occupation characteristics of respondents

Occupation	Frequency	Percent
Private services	54	18.0
Gov. Services	60	20.0
Entrepreneurs	35	11.7
House wife	32	10.7
Students	92	30.7
Retired	19	6.3
Farmers	2	.7
Other	6	2.0

Table 3 showing the feel about net banking as new number respondents

Response	Frequency	Percent
Vital	92	30.7
Essential	117	39.0
Desirable	39	13.0
Cannot say exactly	19	6.3

Table 4 showing the E- banking services that respondent use

Services	Frequency	Percent
ATM	60	20.0
Telephone banking	23	7.7
Credit card	49	16.3
Debit card	50	16.7
Mobile banking	25	8.3
P.c. Banking	21	7.0
EFTs	22	7.3
Net banking	17	5.7

Table 5 showing the time period of online services that respondent use

Using	Frequency	Percent
Less than 1 year	66	22.0
1-2 year	120	40.0
2-3 year	62	20.7
Above 3 year	19	6.3

Table 6 showing the Reasons for choosing net banking services that respondent use

Reason for uses	Frequency	Percent
Convenience	26	8.7
Save time	101	33.7
24 hours access to account	77	25.7
Ease of use	30	10.0
Reliabilities	31	10.3

Table 7 showing the disadvantages of net banking that respondent use

Disadvantages	Frequency	Percent
Overall difficulty of using Net banking No response	14	4.7
Security	75	25.0
Limited services	74	24.7
Unreliable	28	9.3
No disadvantages	74	24.7

Table 8 showing the result test of AVONA of Occupation regarding summited of Security & Trust

ANOVA					
Occupation of respondents					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	105.972	20	5.299	1.684	.036
Within Groups	767.628	244	3.146		
Total	873.600	264			

Table 9 showing the result test of AVONA of Income group regarding summited value of Economic Benefits

ANOVA					
monthly family income of respondents					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	29.301	12	2.442	1.742	.059
Within Groups	353.204	252	1.402		
Total	382.506	264			

Table 10 showing the result test of ANOVA of Age group regarding user friendly costumers in net banking

ANOVA					
age of respondents					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	76.881	14	5.491	5.433	.000
Within Groups	252.704	250	1.011		
Total	329.585	264			

Table 11 showing the result of T-TEST to Male & Female regarding Summated value of Technology Complexity

		Independent Samples Test									
		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	95% Confidence Interval of the Difference		
										Lower	Upper
Summated_Technology	Equal variances assumed	3.491	.063	-1.222	263	.223	-.68366	.55968	-1.78568	.41836	
	Equal variances not assumed			-1.304	195.110	.194	-.68366	.52416	-1.71741	.35009	

Table 12 showing the result of T-TEST to Male & Female regarding overall scenario of net banking

		Independent Samples Test									
		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	95% Confidence Interval of the Difference		
										Lower	Upper
Summated_AL	Equal variances assumed	.724	.395	-.939	263	.348	-1.69118	1.80041	-5.23622	1.85387	
	Equal variances not assumed			-.989	188.182	.324	-1.69118	1.70980	-5.06401	1.68166	

Table 13 showing the result CHI-SQUARE Age & Occupation

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	349.359a	28	.000
Likelihood Ratio	284.299	28	.000
Linear-by-Linear Association	6.781	1	.009
N of Valid Cases	300		

a. 21 cells (52.5%) have expected count less than 5. The minimum expected count is .07.

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