

A Demographic Study on Customer Perception towards Internet Banking Services in Kolhapur City

***Mr. Prashant G Tandale**

****Dr. S. D. Bhoite**

*Asst. Professor, Bharati Vidyapeeth University, Institute of Management, Kolhapur

**Associate Professor, CSIBER, Kolhapur

Abstract: Banks are the most important service institutions in the economy of any country. Technology in the banks is presently catching up with a high level of development around the world. Internet banking is a new phase in retail banking services. The current study focuses on the customers of banks in Kolhapur City. We attempt to explore those major reasons due to which customers prefer, and satisfied with Internet banking services and those services which should be launched by the banks to compete global market. This study examines the customer perception, preferences, problems and suggestions about online banking in Kolhapur city.

Keywords: Internet Banking (IB), Customer Satisfaction.

1. Introduction

Banks are the most important service institutions in the economy of any country. Especially, in the Indian economy it plays catalytic role in the socio-economic development since independence. Since 1991, Indian banking has witnessed a paradigm in the financial reforms. It has created and provided some new opportunities to the customer, but this is a challenge. Under the financial liberalization many foreign banks and financial institutions are coming India. They were using high-tech services to the customers. Therefore, Indian banks now have to develop technology savvy banking services with world class service standards for satisfy their worldwide customers. Since two decades, due to an increasingly competitive, saturated and dynamic business environment, retail banks in many countries have adopted customer-driven philosophies to address the rapid and changing needs of their customers. Internet banking is a new phase in retail banking services. With the help of internet banking several types of services through which customers can request information and carry out their banking transaction such as balance inquiry, inter account transfers, utility bills payment, request check book etc., via a telecommunication network or internet without physically visit the branches.

2. Objectives Of The Study

- To study the demographic profile of customers who are Internet Banking users.
- To find out the main reasons of using Internet Banking services.
- To study the effective advertising medium for Internet Banking services.

3. Research design:

3.1 Data Collection & Sampling Method:

The present study has been completed using Field Survey and Interview methods. In the survey the researcher has approached directly and indirectly to the customers of selected banks and their web sites from time to time and relevant data is solicited. For this purpose, questionnaires are designed. Empirical data is collected from the samples of Kolhapur city through Purposive Sampling method (Non Probabilistic sampling).

3.2 Sampling Size:

We have selected 114 respondents to obtain required primary data. Questionnaire is distributed to 114 User of IB. We have selected 22% of commercial banks from public and 37% of private sector banks which have a maximum level of branch automation and providing most of the alternative banking services in the Kolhapur City.

Table 1: Selected Banks

Public Sector Banks	No. of Branches in Kolhapur	Private Sector Banks	No. of Branches in Kolhapur
State Bank of India (SBI)	10	ICICI Bank (ICICI)	5
Bank of India (BOI)	5	HDFC Bank (HDFC)	2
Bank of Maharashtra (BOM)	9	Axis Bank (AXIS)	2
22 % of Public Sector Banks.		37% of Private sector banks.	

4. Data Analysis & Results

The research has been carried out on the basis of sample Survey method. The data has been collected by personally administering the questionnaire which was pilot tested. The researcher has collected the data from customers of selected banks, interviewed some of the officials of selected banks and visited web sites of selected banks to collect secondary data.

Table 2 Demographic profile of customers

Gender		Age		Education		Occupation	
Class	%	Class	%	Class	%	Class	%
Male	67.54	Below 21	1.75	High School	1.75	Service	40.35
Female	32.46	21 to 35	55.26	Certification/Diploma	13.16	Business	14.04
		36 to 50	37.72	Graduate	43.86	Pensioner	3.51
		above 50	5.26	Postgraduate	41.23	Professional	19.30
						Student	9.65
						Housewife	13.16
Total	100	Total	100	Total	100	Total	100

Table 3- Bank wise distribution of Internet Banking Users

Banks	No. of Respondents	Percentage
SBI	46	27.88
BOI	16	9.70
BOM	28	16.97
ICICI	39	23.64
HDFC	21	12.73
AXIS	15	9.09
Total	165	100.00

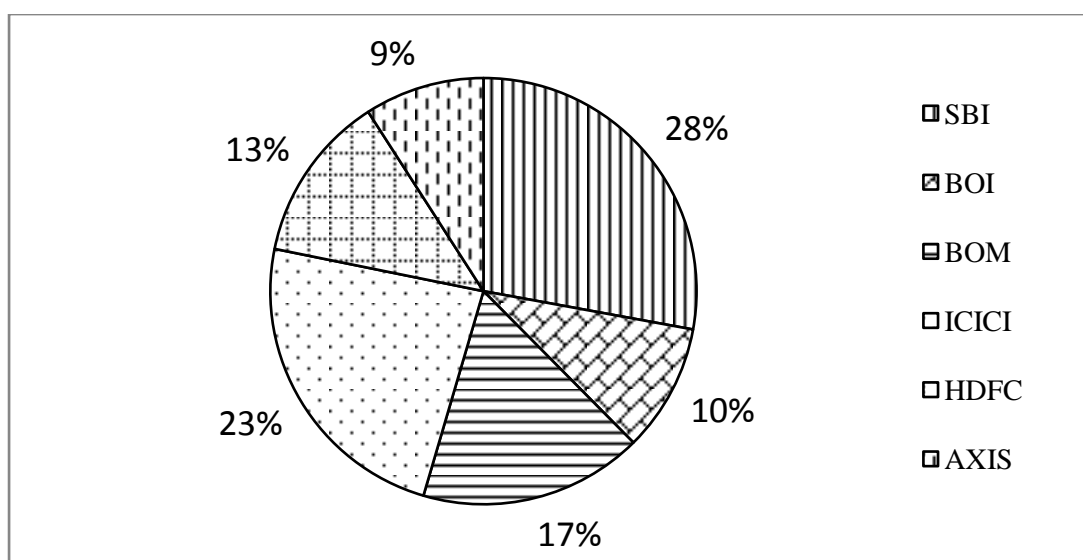


Fig. 1 Bank wise distribution of Internet Banking Users

Table 4- Advertisement Medium for Internet Banking

Advertising Medium	No. of Respondents	Percentage
Bank Officials	66	42.58
Print Media	3	1.94
Television	23	14.84
FM Radio	4	2.58
Friends/Relatives	54	34.84
Online Adds	5	3.23
Total	155	100.00

Table 5- Reasons of Using Internet Banking services by Customers

Sr. No	Reasons for using Internet banking	Responses	No. of Respondents	Percentage
1	Convenience	Strongly Disagree	1	0.88
		Disagree	0	0.00
		Neutral	0	0.00
		Agree	65	57.52
		Strongly Agree	47	41.59
		TOTAL	113	100
2	Safe	Strongly Disagree	0	0.00
		Disagree	4	3.51
		Neutral	10	8.77
		Agree	64	56.14
		Strongly Agree	36	31.58
		TOTAL	114	100
3	Fast Transaction	Strongly Disagree	0	0.00
		Disagree	6	5.31
		Neutral	20	17.70
		Agree	53	46.90
		Strongly Agree	34	30.09
		TOTAL	113	100
4	Easy Maintenance of Transactions	Strongly Disagree	0	0.00
		Disagree	4	3.60
		Neutral	41	36.94
		Agree	40	36.04
		Strongly Agree	26	23.42
		TOTAL	111	100
5	Less Service Charges	Strongly Disagree	0	0.00
		Disagree	19	17.12
		Neutral	16	14.41
		Agree	49	44.14
		Strongly Agree	27	24.32
		TOTAL	111	100
6	Meet Customer requirements even bank has closed	Strongly Disagree	0	0.00
		Disagree	0	0.00
		Neutral	3	2.63
		Agree	66	57.89
		Strongly Agree	45	39.47
		TOTAL	114	100

5. Findings

- The empirical evidences of this study reveal that gender, age, education and occupation of the customer plays significant role in adapting Internet Banking services.

- State Bank of India and ICICI Bank are having largest customer base in Public sector and Private sector banks respectively
- Bank officials, friends and relatives found to be the effective medium of advertising IB services.
- The present study reveals that majority of customers perceived that Internet Banking is Convenient, Safe, Fast, Time Saving, Meet Customer requirements even bank has closed.

6. Suggestions

On the basis on above findings, informal discussion with customers, interviews with bank officials and observations the researcher would like to give following suggestions.

- Most customers are still unaware from IB services. So banks should take reasonable steps, for example, advertising campaign, seminars etc in order to get aware the society from the uses and benefits of IB services.
- Most customers don't know how to use IB. So proper training must be given to the customers so that they can enjoy the benefits of using IB.
- In some cases least educated people did not have appropriate knowledge about use of technology based service. Banks should providing appropriate information about its use and information available in the help menu /browsers/ user manuals so that they can understand the procedure of online banking services.
- Bank should reduce charges on EFT some of the banks are charging EFT charges near about charges of D.D.

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