



AN EMPIRICAL STUDY OF RURAL BANKING CUSTOMERS, A SPECIAL STUDY WITH REFERENCE TO GANGAVATHI TOWN-E-BANKING TRENDS

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ABSTRACT

In this modern era, e-Banking is used as a strategic tool by the global banking sector to attract, to help customer experience life on online banking and finally retain the customers. As the number of customers using online banking systems are becoming more desirable targets for criminals to attack, to maintain their customer's trust and confidence in the security of their online bank accounts, financial institutions must identify how attackers compromise and develop methods to protect them. The present paper is the outcome of an empirical study conducted with the objective of investigating bank customers views regarding e- banking. The survey data used in this research are collected through a questionnaire in the city of Madugri, Koppal(dist) interacting with 100 online banking customers. e-banking services other than ATM's still does not account for a significant portion of total transaction in suburban and rural India due to lack of awareness about all e-banking services provided by bank, this paper also focuses about assessing the customer's perception about e-banking in the Gangavathi Town

KEYWORDS: e- banking, global banking, telephone banking, internet banking

INTRODUCTION

Internet has revolutionized the way we live, shop and entertain and also the way we save and invest Internet banking has been arrived in india in the late 1990's[1] ICICI was the first Bank to champion its usages and introduced On line banking has become common phenomena in this business world. Along with new business internet banking to its customers in 1996. With lower internet cost and increased awareness online banking itself established in only in 1999 other banks then followed including HDFC, Citibank and Times bank [2]

Long with new business opportunities and benefits for customers from electronic banking, though comes various risks that must be addressed by bank management and the regulatory and supervise authorities as the cost of the transactions cost low and also easy

operation, cross - border transactions should be increased beyond the existing phone banking activities.[3]

This paper provides an overview of the challenges faced by the regulators and supervisors from e-banking and how they are currently being addressed by discussing the following issues : (1) Authorization : (2) cross-border supervisory issues; (3) Risk Management; (4) consumer protection and education

DEFENITATIONS

Electronic banking can me defined as the use of electronic delivery channels for banking products and services, and is a subject of electronic finance, The most important electronic channels are the internet, wireless communication networks, automatic teller machines (ATM's) and telephone banking. The internet banking is a



subject of e-banking that is primarily carried out by means of the internet. The term transactional e-banking is also used to distinguish the use of banking services from the mere provision of information.[2] [Deutsche Bundesbank, 2000]

OBJECTIVES OF THE STUDY

1. To study the Factors for barriers in usage of internet banking
2. To study the need of e-banking in this modern business world.

REVIEW OF LITERATURE

Internet banking allows banking from anywhere, anytime and is used for transactions, payments etc. over the internet through a bank, credit union or society's secure website. Internet banking a client has one-to-one transaction with the bank website. And in such a situation it is essential on the part of bank to provide high quality services over the internet. As compare to traditional banking internet banking involves non-human interactions between customers and online bank information system. Customer satisfaction, customer retention and new customer acquisition are the key factor in internet banking system [4]

The biggest advantage of internet banking is that people can expend the services sitting at home to transact business. due to which the account holder does not have to go the bank personally. The account holder can execute various services of banking through internet banking system like ordering for cheque book, online statement, debit card, credit card, balance enquiry, record of last transactions etc..Although internet banking is popular among young internet user-friendly people its popularity may grow as the usage of internet is growing at a faster trend people now discovered its usages and many advantages, internet banking can be defined as the facility provided by the banking and other financial institutions that enable the different online banking users to execute many banking transactions.[5]

A large chunk of the Indian banking industry still belongs to the public sector bank having the most extensive network of physical branches. These are followed by large private banks and lastly by multinational banks (MNC) who have the smallest physical network and therefore their online banking needs to be most developed and able to be address user needs without requiring human intervention. Traditional public sector banks have existed for many years and have serviced diverse income groups. This has resulted in their customer base being huge as well as belonging to a wider range of geographical areas. Most of the traditional customers prefers to bank

with a 'bank with a human touch. And prefer public sector banks as they form an emotional relationship with their bank personal, which is not really encouraged by private sector or multinational banks [6]

Electronic banking is offering its customers with a wide range of services: customers are able to interact with their banking accounts as well as make financial transactions from virtually anywhere without time restrictions. Adults customers are changing their existing patterns of use of traditional banking and switch over advanced self-service technology (Curran and Meuter, 2007) Liao and cheung (2002) stated that willingness to use internet banking depends on the expectations of accuracy, security, network speed, user-friendliness, user involvement, and convenience. A study between Turkey vs. UK has been found that, privacy is the single most important characteristic because of effect on customer's perceptions to access the private information shared between the bank and the customers (Sayar Wolfe,2007) it is argued that in the e-banking context, the security issue is crucial once, it involves directly the users actives (Cockburn & Wilson, 1996; Pavlou,2001). [7]

BRIEF HISTORY OF GANGAVATHI TOWN

Gangavathi is a town, municipality and Taluk in the Koppal district of the Indian state of Karnataka. It is one of the commercial hubs in the entire Hyderabad Karnataka region, it is also known as a largest city in terms of area and population when compared to any towns within Koppal district. It is often known as Rice Bowl city of Karnataka. he major sub-districts of the town of Gangavati are: Islampur,Pampanagar, Uppar Oni, Hlrejantakal, Saibaba Nagar, Ram Mandhira, Karnool Saheb Darga, Farah Jamiya Masjid, Pathan wadi, Maheboob Nagar, Gandhi Chowk, Mahaveer Circle, Indira Nagar, CBS Colony , Prem Nivas , Gandhi nagar, sayi vijayanagara and Jayanagar. Within the Gangavati Taluka are thirty-eight gram panchayats or self-governing villages

Number of Banks in Gangavathi Town:-

1. State Bank of Mysore
2. State Bank of India
3. Syndicate Bank
4. State Bank of Hyderabad
5. Canara Bank
6. Karnataka Bank Ltd.
7. Pragati Krishna Gramina Bank
8. Bank of India
9. ICICI Bank
10. HDFC Bank.

Around 30 co-operative Banks are also present in the Gangavathi Town.

RESEARCH METHODOLOGY

Study has been carried by interviewing 100 on-line banking respondents of various departments of the Gangavathi Town based on convenience sampling. The geographical area where the study was conducted, the research samples research methods, instruments used to collect the data, methods of distributing questionnaire, and techniques of data analysis including methods implemented to maintain validity and reliability of the instruments are also explained.

PERIOD OF THE STUDY

The study was conducted for the period of 6 months from January 2016 to June 2016 with the help of a questionnaire in Gangavathi Town of koppal district of Karnataka. The researcher has visited all the above bank mentioned to understand the comfort ability and satisfaction level of the on-line banking costumers.

SCOPE OF THE STUDY

Few studies have been undertaken on the impact on-line banking in Big cities , but it appears limited study has been made on the study of on-line banking respondents in small town like Gangavathi therefore the present study has been confined to the following group. Online banking usage of various group of respondents like, Government employees, Private employees, business men, self-employed group and house wives.

SAMPLE SIZE

The sample for the study has been taken on 100 respondents of various group of on-line banking users of Gangavathi Town.

LIMITATIONS OF THE STUDY

During the study the researcher has encountered number of problems for collecting the data. Responded respondents were too busy to fill the questionnaire as they were busy too busy during their working hours time. Time factor is one of the limitations faced by the researcher in collecting data the study is focused on one particular Town though there are different towns in Koppal District the study is confined to Gangavathi Town of Koppal District only the study is restricted to only 100 on-line banking respondents

DATA COLLECTION

Data collected for the study is based on both Primary and Secondary data

Primary Data has been collected from the respondents through a structured questionnaire consisting questions on various actor barriers and also the basis of demographic factors about the respondents and their willingness to conduct online banking survey.

The secondary data has been collected from various sources like, books on online banking, research articles, journals, & internet on online- banking.

Table 1: Identified Factors for barriers in usage of Internet Banking

Factor	Name of the Factors	Number of respondents	Respondents in %
Factor 1	Cost	16	32%
Factor 2	Reliability	16	32%
Factor 3	Processing Barriers	10	20%
Factor 4	Security Issues	12	24%
Factor 5	Technological inconvenience	16	32%
Factor 6	Lack f Infrastructure	10	20%
Factor 7	Conventional Approach	6	12%
Factor 8	Risk	10	20%
Factor 9	Resistance	4	8%
	TOTAL	100	100%

Source: Primary Data (Field survey)

RESEARCH FINDINGS**From the above Table1:**

We can see that around 32% of the people hesitate to use internet banking due to cost and reliability factor, as they are not aware of the cost or charges involved in the usage of internet banking transactions.

Even processing barriers is also another factor of usage of internet banking, around 24 % of the respondents do not use internet banking due to security barriers and around 32% of the respondents feels technological barriers to use internet banking.

Around 20% of the customers also feels that there is risk involved in usage of internet banking as it involves money transactions, and 12% of the population are not comfortable in using the internet banking so they feel free to visit banking all the time and feels that personal networking with the bank also will increase with the bank.

From the Table 2:

For the study out of 100 samples 60% male and 40% female respondents were taken, among them 50% of the population are in the age group between 30-45 the

youngsters usually prefer banking on online with phone banking , 40% of the respondents were graduates and the 80% of the total populations are professionals working, and since they have lack of time to visit the bank they also prefer internet banking.

To study further according to the income level, 40% of the respondents fall below income level Of Rupees 15,000 per month. And they rest below 30 thousand and 80% of the highest respondents are above Rupees 45000, 40% of the respondents are experts in computers so they do not face any problem on internet transactions.

Around 40% of the population has no idea to operate computers and especially they are all the house wives and some of them do not have access to computers to learn and few of the respondents around 80% are beginners to computer and so they feel risk factor to operate computer for online banking transactions.

Further the study also finds that 40% of the respondents feels comfortable to visit Bank in order to deal with their banking transactions, and 80% of the population are just depend upon ATM's usage and only 40% of the population prefer online banking.

CONCLUSION

Electronic banking also has the potential to create new opportunities for criminal activities and facilitate others such as money laundering hence, Adult customers are concerned about security and privacy concerns they feels that internet banking is not that safe for their financial

transactions. The study also reveals that most likely to use the internet for online banking transactions are in the upper income groups, professionals, more than 35 years age and male. Innovativeness factors influences the youth to go for internet banking. to become familiar with online banking the banking website should be designed in such way even the computer beginners should also feel comfortable to access.

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