



## A study on challenges of internet banking with reference to Chennai city

Dr. RP Ramesh<sup>1</sup>, L Paul Edison<sup>2</sup>

<sup>1</sup> Assistant Professor and Research Advisor, PG and Research Department of Commerce, Rajah Serfoji Govt College, Autonomous, Thanjavur, Tamil Nadu, India

<sup>2</sup> Ph.D. Research Scholar, Rajah Serfoji Govt College, Autonomous, Thanjavur, Tamil Nadu, India

### Abstract

Internet banking has revolutionised from homemade personal computers to handmade android phones. Online banking, also known as internet banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The paper aims to bring out the challenges faced by customers in operating through internet banking. The samples are limited to the Internet banking uses of Chennai city of Tamil Nadu state. The sample size is limited to 100 respondents using convenient sampling. Convince, Flexibility and Time Saver are some of the advantages of the internet banking. The challenges faced in internet banking are low broadband internet penetration followed by Banks' Ambivalent Commitment Levels, Fear of Online Threats/Scams, Digital and Financial Divide. It is evidently found that majority of respondents hold saving bank account and follow internet banking for their convenience with all devices. Accessibility of Internet Banking, Network Challenging Factors and Gender of the respondent determines the major challenges of Internet Banking.

**Keywords:** banking, electronic payments, convenience, flexibility, digital

### Introduction

The new era changes banking in all the aspects, introduction of internet bring banking into the hands of customer itself, it is highly convenient and easy way to carry out the transaction. Internet has revolutionised from homemade personal computers to handmade android phones. Lot more can be carried out through online banking from paying bills to executing shopping, trading in market and lot more.

Online banking, also known as internet banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website <sup>[1]</sup>. An online bank offers customers just about every service traditionally available through a local branch, including deposits, which is done online or through the mail, and online bill payment <sup>[2]</sup>.

### Advantages of e-banking

- 1. Convenience:** e-Banking is a service which is available to anyone and everyone who is a bank account holder. It allows the customers to easily access the bank's website using their username and passwords; and carry on with the transactions even if the bank is closed.
- 2. Flexibility:** e-Banking, with its flexible services like 24\*7 ATMs and mobile banking is flexible to the customers. It enables the customers to withdraw cash using their debit cards, and payment of bills.
- 3. Time Saver:** This is the greatest advantage to our generation as we are not able to spend a lot of time for anything. Time management is one of the greatest challenge in our busy lives. e- Banking enables us to carry

on banking transactions within minutes, without disturbing our routine.

### Challenges or disadvantages of E-banking

- 1. Low Broadband Internet Penetration:** PC users in smaller cities and towns still use dial-up options to connect to the Internet. Slow connectivity speeds often dampen the online banking experience for many customers who are eager to use such services.
- 2. Banks' Ambivalent Commitment Levels:** Banks ambivalent commitment levels and their reluctance to allocate huge budgets for net banking branding initiatives, as well as a lack of industry advocacy efforts, have resulted in poor acceptance levels of Internet banking by customers
- 3. Fear of Online Threats/Scams:** Ubiquitous and prevalent online threats about hackers, identity theft, stolen passwords, viruses, worms and spyware tend to make customers wary just like in any other country. These customers are also not sure about the efficacy of banks' websites and their commitment to allocate funds for reliable encryption mechanisms and robust back-end technologies and systems.
- 4. Digital and Financial Divide:** Digital divide exists between banks -- i.e., not every bank has access to the hardware and software necessary to make internet banking possible.

### Review of literature

Arun Ingle and Rajendrasingh Pardeshi (2012) <sup>[3]</sup> have highlighted the importance of banking in keeping customer

money safely done by both traditional banking and internet banking with an difference of transaction carried out. The increasing use of Internet earlier promoted producers and entrepreneurs to sell their products online. It has also become an important source of information and knowledge. Due to this, many banking and finance organizations have come up with the idea of Internet banking or online banking. In this paper we have tried to study the Nature, challenges & opportunities of Internet Banking in India.

Chauhan & Choudhary (2015) [4], have brings out the concept of internet banking as well as study the benefits of internet banking from perspective of consumers as well as banks. And discusses the challenges and opportunities associated with the internet banking in Indian context. The discussion concludes that concept of internet banking is slowly gaining acceptance in Indian scenario and efforts are being made by government agencies to make it more popular among consumers.

Devulapalli and Karthik Oruganti (2017) [5] have studied the effect of digital cash and online transactions in the current market scenario on internet banking and digital banking. E-banking comprises mainly of electronic funds transfer and usage of online banking services. Electronic banking was offered by the international banks initially since flow of digital cash was not predominant in the Indian market until the advent of demonetization. The main focus of the paper was challenges that Indian banks are facing in terms of internet banking, opportunity to increase awareness and measures adopted for safe and secure e-banking.

**Data analysis and interpretation**

**Table 1:** Personal Profile

Profile Group	Groups			
Age Group	Below 40 Years 83[83%]		Above 40 Years 17[17%]	
Gender	Male 47[47%]		Female 53[53%]	
Marital Status	Married 38[38%]		Unmarried 62[62%]	
Monthly Family Income	Up to 25,000 27[27%]	26,000 to 35,000 20[20%]	36,000 to 45,000 4[4%]	
Type of Bank A/c	Saving A/c 89[89%]		Current A/c 9[9%]	Recurring A/c 2[2%]
Reasons of Internet Banking	Speed 13[13%]	Convenience 42[42%]	User Friendly 16[16%]	Transaction Efficiency 29[29%]
Accessibility of Internet Banking	Excellent 13[13%]		Good 57 [57%]	Average 30[30%]

Table 1 shows that sizable no. of the respondent are females unmarried respondent below 40 years of age earning monthly family income up to Rs.20,000 per month, majority of respondents holds saving bank account and follow internet banking for its convenience good accessibility with all devices.

**Dominant dimension of customer satisfaction on internet banking variables**

An attempt has been made to identify the Customer

**Objectives of the study**

1. To know the personal profile of users of the internet banking.
2. To determine the latent dominant dimension of aspects of Internet Banking.
3. To know the significance of difference between/among personal profile of the respondent.
4. To know association between gender group and opinion on improvement of internet Banking.
5. To identify the influence of personal profile and challenges of internet banking factors on total customer satisfaction on internet banking.

**Statistical tools**

The collected data were tested using percentage analysis, descriptive statistics, multiple regression, t-test, ANOVA and Chi-square test.

**Questionnaires scheme**

**The questionnaires have three sections**

**Section I:** Deals with personal profile of the Online banking customers.

**Section II:** Deals with 10 aspects on Challenges in Internet banking Variables.

**Section III:** Deals with variables on customer satisfaction on internet banking.

Satisfaction on Internet banking of the respondent. To measure the same 10 aspects relating to Customer Satisfaction on Internet banking were identified based on previous research work done. In order to identify the significant and important hidden dimensions, factor analysis techniques were used.

**Table 2:** Factorisation of CSIB variables

Factor Name	Variables	Factor Loading	Mean	Std. Deviation	Communalities	MSA
Customer Support Factors	Inform customer about new and important information	0.791	3.930	0.9239	<b>0.760</b>	0.935
	Warning signals in website	0.681	3.430	1.0848	0.703	0.907
	Promptness of bank response at the time of occurrence of problem	0.621	3.690	0.9816	0.734	0.885
Reliability Factor	Deliver the service exactly as promised in advertisement	0.706	3.760	0.8890	0.714	0.824
	Provide complete help function	0.690	4.090	0.6977	0.672	0.855

	Availability o multiple language	0.548	3.840	0.8729	0.742	0.812
	Sever efficiency during transaction	0.512	4.020	0.7383	0.572	0.921
Transaction Efficiency Factor	Message about completion of transaction	0.821	4.200	0.8409	0.754	0.890
	Download the facility of A/c statement through E-mail/SMS	0.547	3.850	1.1225	0.593	0.853
	Can check the validity and details of past records every time	0.421	4.120	0.7424	0.695	0.938

KMO – MSA = 0.731 Total % of Variance Explained = 52.295, Bartlett’s Test of Sphericity Chi Square value of 148.289 with df 45 at P Value of 0.000

An attempt has been made to identify the Customer Satisfaction on Internet banking of the respondent. To measure the same 10 aspects relating to Customer Satisfaction on Internet banking were identified based on previous research work done. In order to identify the significant and important hidden dimensions, factor analysis techniques were used. The CSIB variables with their communalities value ranging from 0.524 to 0.760 and MSA value ranging from 0.572 to 0.963 have goodness of fit for factorization. KMO and MSA value of 0.731 and Chi-square value of 148.289 with df of 45 and P-Value of 0.000 reveals that factor analysis can be applied for factorization of 10 CSIB variables. Three dominant independent CSIB factor together explain 52.295% of total variance which has been extracted out of 9 CSIB variables. Out of 9 CSIB variables the most dominant factor is Customer Supportive Factor (CSF) followed by Reliability Factor (RF) and Transaction Efficiency Factor in the order of their domination.

**Table 3:** Descriptive statistics of total online customer satisfaction

Statistics	Values	Statistics	Values
Mean	38.930	Mode	41
Median	39	Range	23
Std. Deviation	4.479	Minimum	27
Skewness	-0.435	Maximum	50
Kurtosis	0.143		

The above table shows that out of total score of 50(10X5), the mean value of 38.930 is a robust measure, as std. deviation is one third of mean. The median and model values are 39 and 41 respectively. The distribution is slightly skewed for overall online customer satisfaction.

Influence of Personal Profile and challenges of internet banking factors on total customer satisfaction on internet banking.

**Table 4:** Personal Profile and Challenges of Internet Banking Factors on Total Customer Satisfaction on Internet Banking

	Unstandardized Coefficients		Standardized Coefficients	t	Sig. value
	B	Std. Error	Beta		
(Constant)	24.293	4.464		5.442	0.000
Accessibility of internet Banking	2.320	0.773	0.369	3.000	0.004
Network challenging Factor	0.637	0.180	0.479	3.537	0.001
Gender	-2.852	1.200	-0.326	-2.378	0.022
R= 0.571	R <sup>2</sup> =0.325		Adjusted R <sup>2</sup> = 0.482	F Value =7.560	

Table 4 shows that OLS model has a goodness of fit for Multiple Regression Analysis. Personal profile and Challenges of Internet Banking variables have significant influence on overall Customer Satisfaction on Internet Banking (CSIB), [F= 7.560; P<0.001]. The Multiple Correlation Coefficients of 0.571 indicating that 32.5% of variance of the respondents are accounted by them. Accessibility of Internet Banking and Network Challenging Factors have a significant and positive impact on Customer satisfaction on Internet Banking while Gender have significant and negative impact on overall CSIB. It was evidently found that customer with younger age have higher satisfaction compare to older age.

**Major findings**

1. Sizable no. of the respondent were female unmarried respondents with below 40 years of age earning monthly family income upto Rs.20,000 per month, majority of respondent holds saving bank account and follow internet banking for its convenient accessibility with all devices.
2. The CSIB variables with their communalities value ranging from 0.524 to 0.760 and MSA value ranging from 0.572 to 0.963 have goodness of fit for factorization. KMO and MSA values of 0.731 and Chi-square value of 148.289 with df of 45 and P-Value of 0.000 reveals that factor analysis can be applied for factorization of 10 CSIB

variable. Three dominant independent CSIB factor together explain 52.295% of total variance which has been extracted out of 9 CSIB variables. Out of 9 CSIB variables the most dominant factor is Customer Supportive Factor (CSF) followed by Reliability Factor (RF) and Transaction Efficiency Factor in the order of their domination.

3. Out of the total score of 50(10X5), the mean value of 38.930 is a robust measure, as std. deviation is one third of the mean. The median and model values are 39 and 41 respectively. The distribution is slightly skewed for overall online customer satisfaction.
4. The OLS model has a goodness of fit for Multiple Regression Analysis. Personal profile and Challenges of Internet Banking variables have significance influence on overall Customer Satisfaction on Internet Banking (CSIB), [F=7.560; P<0.001]. The Multiple Correlation Coefficients of 0.571 indicating that 32.5% of variance of the respondents are accounted by them. Accessibility of Internet Banking and Network Challenging Factors have a significant and positive impact on Customer satisfaction on Internet Banking while Gender have significant and negative impact on overall CSIB. It was evidently found that customer with younger age have higher satisfaction compared to older age.

## Conclusion

Online banking, also known as internet banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The paper aims to bring out the challenges faced by customer in operating through internet banking. The samples are limited to the Internet Banking uses of Chennai city of Tamil Nadu state. The sample size is limited to 100 respondents using convenient sampling. Convince, Flexibility and Time Saver are some of the advantage of the internet banking. The challenges faced in internet banking are low broadband Internet penetration followed by Banks' Ambivalent Commitment Levels, Fear of Online Threats/Scams, Digital and Financial Divide. It is evidently found that majority of respondent holds saving bank account and follow internet banking for its convenient good accessibility with all devices. Accessibility of Internet Banking, Network Challenging Factors and Gender of the respondent determines the major challenges of Internet Banking.

## References

1. [https://en.wikipedia.org/wiki/Online\\_banking](https://en.wikipedia.org/wiki/Online_banking)
2. OnlineBanking <https://www.investopedia.com/terms/o/onlinbanking.asp#ixzz5O7eRimnC>.
3. Internet Banking in India: Challenges and Opportunities, IBMRD's Journal of Management and Research. 2012; 1:13-18. ISSN: 2277-7830.
4. Chauhan, Choudhary. Internet Banking Challenges and Opportunities in Indian Context, Apeejay - Journal of Management Sciences and Technology. 2015; 2(3):9-40. (ISSN -2347-5005).
5. Devulapalli Karthik Oruganti. Challenges and Opportunities of e-Banking in India, IOSR Journal of Business and Management (IOSR-JBM). 2319-7668, 56-61. e-ISSN: 2278-487X, p-ISSN,