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## *Exploring Usage Pattern of Internet Banking Services Provided By Banks in Indore District of Madhya Pradesh*

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*Abstract: Banks have found themselves at the forefront of technology for the last two decades. Banking through Internet has emerged as a strategic way to achieve higher efficiency and control. With the increasing use of internet services in India, Banks recognized the requirement of Internet banking services to enhance the Banking transaction and increase the number of banking user. The present research explores the usage pattern of Internet banking services provided by banks in Indore District of Madhya Pradesh. By having details regarding duration of usage and frequency of transactions by Internet banking users, banks can understand customer's need better and improve themselves in various aspects. Using information drawn from the survey of 1006 Internet banking users of various banks of Indore, during the month of March, 2013 to June, 2013. The results found by this research concluded that Majority of internet banking users of Indore district of Madhya Pradesh using Internet banking services maximum up to 5 times in a month and majority of the users are new users means using internet banking services for less than 3 months.*

### I. INTRODUCTION

Banking is one of the most information rigorous sectors and is a widespread area having a great deal with technology. It provides anywhere, anyway and anytime services for their customers. This efficiency in services prompted banks to make use of high class technologies to fulfil increasing expectation of customers and face tough competition.

With the increasing use of internet services in India, Banks recognized the requirement of Internet Banking services to enhance the Banking transaction and increase the number of banking user. Banking through Internet has emerged as a strategic way to achieve higher efficiency and control. Moreover, Internet Banking facilities are now provided by each bank at every part of the country.

Resembling to this background, the purpose of the present study is to examine the Internet Banking Usage Duration of users in Indore district of Madhya Pradesh and also to study Frequency of Transactions by the Internet Banking Users of Indore district of Madhya Pradesh.

This study is exactly needed to determine the usage pattern of Internet Banking in Indore District with the result of which it would be easier to determine where the banking industry has reached and how far they still have to go to make themselves wide ranging and more developed.

The conclusions stemming from above analysis can help understanding the needs of the bank's customers, detecting certain customer-segments that use the Internet Banking services differently than others, and help developing further and personalizing advanced Internet banking services.

**Internet Banking in today's Scenario:** All industries, including the banking industry, in India and all over the world keep racing to provide the latest and state of the art technology, which costs them a lot in an attempt to benefit from the first mover competitive advantage, capture larger market share and reduce operating costs. The challenging business environment in the

financial services market has also resulted in more pressure on banks to develop and utilize alternative delivery channels, with a view to attract more customers, improve customers' perceptions, increase customer satisfaction and encourage loyalty. Among the more recent delivery channels introduced is internet banking. Internet banking, which was introduced in 1980's, has come a long way since then, though it was only in the mid 1990's that internet banking caught on and emerged in the developing countries. The last few years has seen a profuse growth in internet banking transactions in India. The value of internet banking for consumers is in its immediate location-free access to banking services, which saves time; real-time information; and enhanced feelings of control. Studies estimate that internet banking in India still has a long way to go. In today's competitive Indian banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency (Sachdev et al, 2004). Customers are increasingly aware of the options on offer in relation to the rising standards of service (Krishnaveni et al, 2004). This is the reason, why bank customers are moving towards Internet Banking services.

Internet plays vital role between banks and customers to receive and deliver information, this form of banking is described as Internet banking (Reserve Bank of India, 2001).

The process in which internet and computer device are used as a medium to facilitate banking services is termed as internet banking. Internet banking is a web-based service that enables the banks authorized customers to access their account information. It permits the customers to log on to the banks website with the help of bank's issued identification and personal identification number (PIN). The banking system verifies the user and provides access to the requested services, the range of products and service offered by each bank on the internet differs widely in their content. Banks have traditionally been in the forefront of harnessing technology to improve their products, services and efficiency. Over a long time, been using electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial – up connections, private networks, public networks etc and the devices include Personal Computers. With the popularity of PCs, easy access to Internet and World Wide Web (WWW), Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. Although the range of products and services offered by different banks vary widely both in their content and sophistication. Most of the banks offer internet banking as a value-added service.

**The Major Benefits of Internet Banking:** Internet banking provides numbers of benefits to its customers, some of the benefits are: It removes the traditional geographical barriers for customers. The customer can access their account anytime and from any part of the world, Due to new innovative and convenient facility it attracts new customers who are using traditional banking system so far, It facilitate the offering of more services because this is internet based services which is time saving and customer can access and regulate his/her account himself/herself, This facility have zero fee, so no monthly payments are required to forfeit for availing this service, Free of charge bill reimbursement and refunds on ATM surcharges, Simple online submissions for personal accounts, loans and credits, Due to self access system it reduce customer attrition and Increase customer loyalty, High-tech technical advancements in the form of intrusion detection systems (IDS) to virus control equipments have made Online Banking system hazard free. However, regardless of the fact it is vital on the part of every customer to undertake few precautionary measures while transacting online.

## II. LITERATURE REVIEW

Laks et al (2013) in their study explored the use of Internet-Banking services. The study analyzed usage patterns and trends by tracking certain Internet banking activities for a large sample of the bank's customers. The analysis highlights some significant usage characteristics and patterns that have evolved around the more traditional Internet banking services, such as account-status inquiries and financial transactions.

Srivastava, R.K. (2007) has focused in their study about customer's perception Internet Banking. The study observed the way customers have accepted Internet Banking and also attempted to find out the ways to improve the usage rate of Internet Banking. The research corroborated the conceptual framework stating that if skills can be upgraded there will be greater use internet banking by consumers. Inhibitory factors like trust, gender, education, culture, religion, security, and price can have minimal effect on consumer mindset towards internet banking.

Joshua and Koshy (2011) had a study in which they have explored usage patterns of electronic banking services by urban educated customers. A survey research is conducted among the customers of some of the leading banks in India who are residing in the selected metro and urban banked centres in India. The study concluded that though ATMs have been extensively adopted, the level of adoption of other electronic banking means like internet banking, tele banking and mobile banking despite their potential are yet to pick in a big way.

As far as the research on usage pattern of Internet Banking services is concerned, no literature was found in context of Indore district bank branches customers. As well as there is no suggestions for banking Industry to improve themselves on the basis of usage pattern results in Indore district of Madhya Pradesh.

### III. OBJECTIVES

In the light of above literature review, the purpose of this research is to explore usage pattern of Internet banking services provided by banks in Indore District of Madhya Pradesh.

The study is undertaken with the following objectives:

- To study duration of Usage by the Internet banking users of Indore district in Madhya Pradesh.
- To study frequency of Transactions by the Internet Banking users of Indore District in Madhya Pradesh.

### IV. METHODOLOGY

The study is based on empirical research, conducted to explore Usage pattern of Internet banking services provided by banks in Indore district of Madhya Pradesh in India. The choice of research design depends on the objectives of the research in order to be able to answer the research questions (Crotty, 1998). The research objectives are answered by using demographic statistics. The nature of study is exploratory. Quantitative approach is used to test an objective theory which is done by collecting numerical data and conclusions are drawn with the help of graphs and percentage analysis.

Bank customers of various bank branches located in Indore district was target population for this study. As it was difficult to identify sample frame i.e. total number of internet banking users in Indore district hence non-probability sampling method is used. To make sample more representative, quota sampling technique was also adopted while selection of sample in which whole population was divided in four groups based on tehsil eg. Indore tehsil, Sanwer tehsil, Mhow tehsil and Depalpur tehsil and sample were drawn from each tehsil based on snowball sampling technique. As snowball sampling is a non probabilistic sampling technique where existing study subjects recruits future subjects from among their acquaintance. A sample is taken from the target population being researched. If the sample is adequate it will have the same characteristics of the population (Zikmund, 2003). Thus the sample group appears to grow like a rolling snowball. As the sample builds up enough data is gathered to be used for research. Snow ball sampling technique is often used in hidden population, as in this study, which is difficult for researcher to access.

In general, there are two types of quantitative research methods (Creswell, 2007): survey and experiment. This study has used survey method where the data is collected by using a questionnaire to discover the opinion of a population, based on sample of the population.

The primary data has been collected by means of structured questionnaire in two ways i.e. personally and through e-mail. The final questionnaire was operationalised on a sample of 1050 internet banking users of Indore district during the month of March, 2013 to June, 2013. Out of 1050 responses, 44 invalid responses were eliminated and 1006 questionnaires were retained for final analysis.

## V. DATA ANALYSIS AND INTERPRETATION

### 1. Duration of Internet Banking Usage by Users of Indore District in Madhya Pradesh:

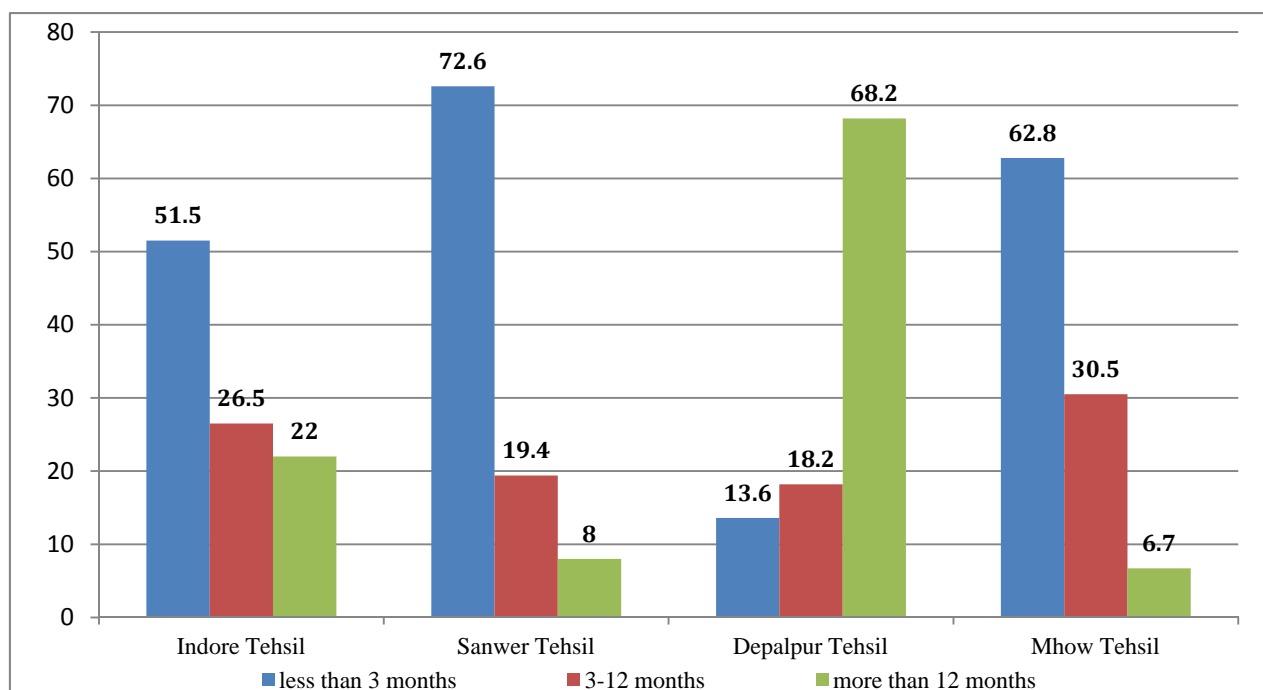
The researcher has collected information regarding time duration in which the users are using internet banking services in Indore district. The information about the duration of usage (time from which internet banking is used) is given in table 1 and chart 1 for different tehsils of Indore district.

**Table 1. Tehsil-wise Duration of Internet Banking Usage by Users of Indore district in Madhya Pradesh.**

Internet Banking Usage	Indore Tehsil (n=758)	Sanwer Tehsil (n=62)	Depalpur Tehsil (n=22)	Mhow Tehsil (n=164)	Total (n=1006)
Less than 3 months	51.5 %	72.6 %	13.6 %	62.8 %	53.81 %
3-12 months	26.5 %	19.4 %	18.2 %	30.5 %	26.53 %
More than 12 months	22 %	8 %	68.2 %	6.7 %	19.65 %

From Table 1, it is clear that 51.5% users of Indore tehsil, 72.6% users of Sanwer tehsil, 13.6% users of Depalpur tehsil and 62.8 % users of Mhow tehsil are using internet banking services from less than 3 months. 26.5% users of Indore tehsil, 19.4% users of Sanwer tehsil, 18.2% users of Depalpur tehsil and 30.5 % users of Mhow tehsil are using internet banking services from 3 to 12 months. 22% users of Indore tehsil, 8% users of Sanwer tehsil, 68.2% users of Depalpur tehsil and 6.7 % users of Mhow tehsil are using internet banking services from more than 12 months. Thus from the table 1, it is clear that the total number of users of internet banking for less than 3 months are more than the number of Internet Banking users for 3-12 month and for more 12 months. That means the number of Internet Banking users in recent three months have increased.

**Chart 1 Tehsil -wise Duration of Internet Banking Usage by Users of Indore district in Madhya Pradesh**



**Frequency of Transactions per Month by the Internet Banking Users of Indore District in Madhya Pradesh:**

Table 2 and chart 2 shows the frequency of usage of internet banking services by the users of Indore district is studied. From table 2 and chart 2, it is clear that 71.5% users of Indore tehsil, 75.8% users of Sanwer tehsil, 31.8% users of Depalpur tehsil and 83.5% users of Mhow tehsil are using internet banking services up to 5 times in a month. 17.8% users of Indore tehsil, 22.6% users of Sanwer tehsil, 45.5% users of Depalpur tehsil and 14% users of Mhow tehsil are using internet banking services between 6 to 10 times in a month. 10.7% users of Indore tehsil, 1.6% users of Sanwer tehsil, 22.7% users of Depalpur tehsil and 2.5% users of Mhow tehsil are using internet banking services more than 10 times in a month.

**Table 2: Tehsil-wise Frequency of Internet Banking Services Used by Users of Indore District in Madhya Pradesh.**

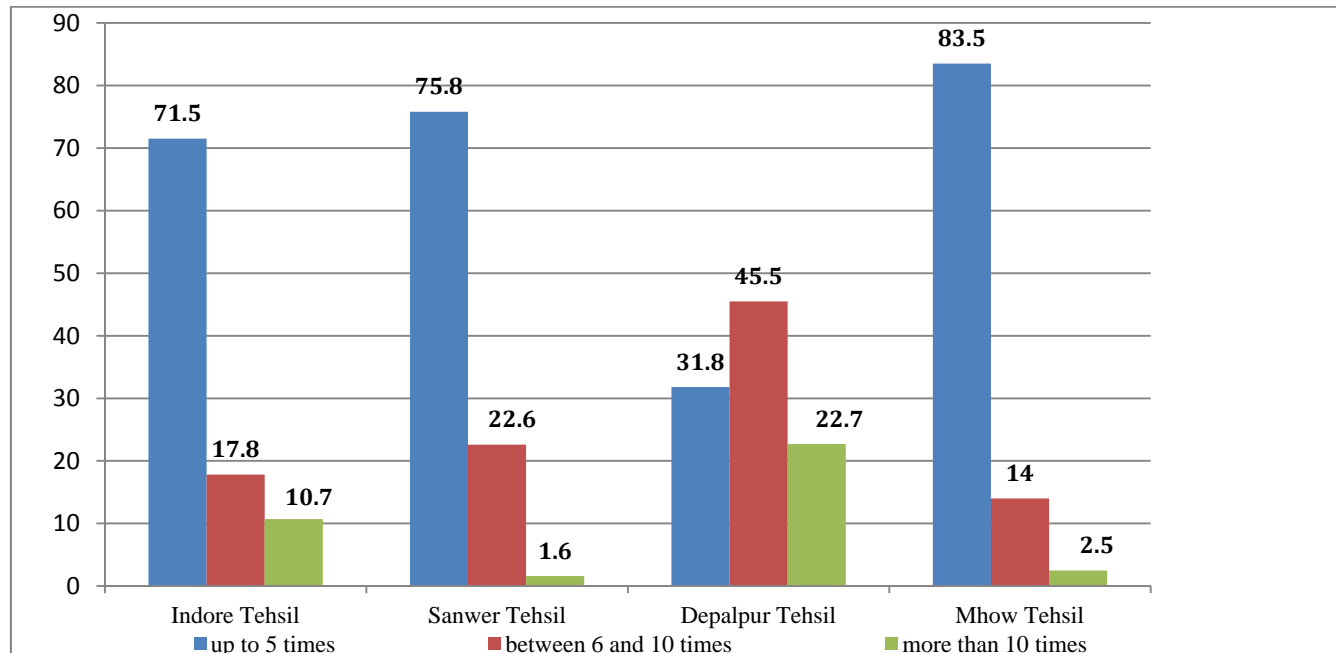
Frequency (in month)	Indore Tehsil (n=758)	Sanwer Tehsil (n=62)	Depalpur Tehsil (n=22)	Mhow Tehsil (n=164)	Total Users (n=1006)
up to 5 times	71.5 %	75.8 %	31.8 %	83.5 %	72.85 %
between 6 - 10 times	17.8 %	22.6 %	45.5 %	14 %	18.08 %
more than 10 times	10.7 %	1.6 %	22.7 %	2.5 %	9.06 %

10.7% users of Indore tehsil, 1.6% users of Sanwer tehsil, 22.7% users of Depalpur tehsil and 2.5% users of Mhow tehsil are using internet banking services more than 10 times in a month.

Thus, it is observed that majority of users of Indore tehsil, Sanwer tehsil and Mhow tehsil are using internet banking services maximum up to 5 times in a month. Whereas majority of users of Depalpur tehsil are using internet banking services between 6 to 10 times in a month. And by viewing the total of this analysis it is clear that majority of users are using Internet banking services maximum up to 5 times in a month.

So, it is recommended that all the banks should understand this scenario and put efforts towards increasing number of transactions.

**Chart 2 Tehsil-wise Frequency of Internet Banking Services Used by Users of Indore District in Madhya Pradesh**



## VI. CONCLUSION

The bank's managers need to understand their customers better. An in-depth investigation of usage pattern of Internet Banking Services provided by banks in Indore District of Madhya Pradesh may help classifying and segmenting the bank's customers, and understand their needs better.

It was observed that the majority of the users of Indore tehsil, Sanwer tehsil and Mhow tehsil are using internet banking services from less than 12 months. Whereas majority of users of Depalpur tehsil are using internet banking from more than 12 months.

It is also observed that majority of users of Indore tehsil; Sanwer tehsil and Mhow tehsil are using internet banking services maximum up to 5 times in a month. Whereas majority of users of Depalpur tehsil are using internet banking services between 6 to 10 times in a month.

The results found by this research concluded that Majority of internet banking users of Indore district of Madhya Pradesh are using Internet banking services maximum up to 5 times in a month and majority of the users are new users means using internet banking services for less than 3 months.

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