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## *Adoption of Internet Banking*

**Bilal Ahmad Sheikh<sup>1</sup>**

Ph.D. Research Scholar, Dept. of Business Administration  
Annamalai University – India

**Dr. P. Rajmohan<sup>2</sup>**

Assistant Professor, Dept. of Business Administration  
Annamalai University – India

*Abstract: Internet banking services are innovative financial transactions that have assumed new urgency in today's world of banking, with the passing of traditional banking to Internet banking, banking customers started adoption of Internet banking to do banking from the comfort of their home or office through different Internet payment methods offered by banking industry. The present study attempts to provide outline of adoption of Internet banking, based on the survey the data generated from 200 banking customers were analysed and the corresponding Findings and Suggestions are discussed in the work.*

*Keywords: Internet banking, banking requirement fulfillment, ATM usage, Bank branch visit.*

### I. INTRODUCTION

The term Internet banking refers to several types of services through which banking customers can do banking from their home or office through Internet or mobile phones (Roshan et al., 2012). Internet banking means providing banking products and services directly to customers through Internet (Karjaluo 2009). The more common definition of Internet banking comes from the Basel Committee report on banking supervision. According to Basal committee Internet banking means The provision of retail and small value banking products and services through Internet channels, such products and services can include deposit taking, lending, account management, the provision of financial advice, Internet bill payment. Internet banking in India emerged in mid nineties and ICICI bank was the first bank which started Internet banking in India in 1998. Following this, large number of government banks and private banks started offering internet banking service (kesharwani et al., 2007). The number of banking customers who adopted to Internet banking has also been continued to grow (Malhotra and Singh, 2007). Internet Banking including Viewing Transaction Details, Downloading of Transaction Details, electronic Fund Transfer, electronically Request for DD /Internet Account statement/ electronically request for Cheque Book Issue/ electronically request for Stop-Payment of cheque /electronically request for Stop of Payment / and electronically request for payment of Direct/ Indirect taxes.

#### **Internet Banking**

Internet banking means providing banking products and services directly to customers through Internet (Afuah 2003). The provision of retail and small value banking products and services through Internet channels, such products and services can include deposit taking, lending, account management, the provision of financial advice, Internet bill payment.

#### **Account services through Internet Banking**

User may request for opening of deposit account by selecting the account from which the amount is to be debited and giving the deposit details (Malhotra and Singh, 2007). Accounts which are 'Internet Banking enabled' may be displayed along with the current balance, total balance, unclear balance and available balance etc. Overdraft Details: Limit and drawing power for OD accounts, repayment schedule for loan accounts may be viewed through Internet Banking.

**Transaction services through Internet Banking**

User of Internet banking may view, download and print transactions for specified period of selected account. Internet banking users can request for Stop Payment for a particular Cheque or Range of Cheques in select accounts, Revoke of Stop Payment of Cheques already stopped. Internet banking users can transfer funds from one account (with requested transaction facility) to his/her another account to the extent of fund transfer limit fixed by their bank from time to time, subject to the available balance, by selecting 'from' & 'to' accounts through Internet Banking. User of Internet banking may give standing order for transfer of funds from one account to another to be executed on a predefined frequency (daily /monthly / month end). User may also amend or cancel the standing order so given. User of Internet banking can use Electronic Fund Transfer (EFT) for payment by debiting the account online and may print cyber receipt & challan also. Internet banking users can view the EMI for selected Loan Product for a given amount and loan period.

**II. REVIEW OF LITERATURE**

Bindiya et al., (2011) explores that all the banks are using information technology as a strategic vehicle to stay competitive against other players. Banking technology helps in increasing customer satisfaction, customer loyalty, improvised growth, and performance of the banks. The perception of Indian customers towards the use of technologies with respect to factors such as convenience, privacy, security, ease of use, real time accessibility, and accurate record of varied transaction that enable customer's adoption of Banking Technology. Other factors such as slow transfer speed, technical failure, frauds and unawareness among customers that make hindrance in adoption of internet banking were also explained, in this study. Further, the results of this work show that demographic variables such as gender, age, qualification and income play a positive role in adoption of banking technology.

Mohammad et al., (2012) have reported that e-banking services are being used with increasing frequency in most countries. Electronic banking enhances the development of the banking system, and it is considered as a strategic weapon for banks. Although it provides various benefits for both banks and customers, low level of customers' adoption of electronic banking services is noted in Jordan. However, electronic banking services cannot achieve expected benefits if it is not used by banking customers. A research model was developed through integrating TAM with TBP and incorporating five cultural dimensions and perceived risk to provide a comprehensive investigation the results of the study revealed that perceived usefulness and perceived ease of use has a positive and significant impact on customers' attitude toward electronic banking services. Banks should make electronic banking services more useful and usable. They could achieve this by increasing the customers' awareness of the usefulness of using electronic banking services through advertising and long-term customer services, this study used a cross-sectional design. One possible direction for future studies is to conduct a longitudinal study to see whether the variables and their relationships are consistent with time. Second: this study used Hofstede's national cultural framework.

Margaret et al.,(2000) reports that intention to adopt Internet banking services can be predicted by attitudinal and perceived behavioral control factors, but not by subjective norms. The attitudinal factors that are significant include relative advantage; compatibility with respondent's values, experience, and needs; trial ability; and risk. Although the findings of this study show that perceived complexity has a negative relationship with adoption intentions, this relationship is not significant. One possible reason is that since Internet banking in Singapore is relatively new, most Internet users have yet to try it. As a result, they are unable to effectively assess the complexity of using such systems and the influence that such complexity may have on their intentions. The results of this study have also shown that there are other factors besides attitudinal ones that can help us to better understand the adoption intentions of Internet banking. Two additional influencing factors (subjective norms and perceived behavioral control) proposed by (Ajzen, 1985). in the theory of planned behavior, were included in this study. Although subjective norms were not found to significantly influence adoption intentions, perceived behavioral control dimensions were nonetheless found to have significant influences. In particular, self-efficiency toward using Internet banking services and the

facilitating condition of perceived government support for Internet commerce, were both found to significantly affect intentions to adopt Internet banking services

Lichtenstein et al.,(2006) reports key findings from an interpretive study of Australian banking, that an understanding of how and why specific factors affect the consumer decision whether or not to bank on the Internet, in the Australian context. A theoretical framework is provided that conceptualizes and links consumer-oriented issues influencing adoption of internet banking. This study also provides a set of recommendations for Australian banks. Specifically, the findings suggest that convenience is the main motivator for consumers to bank on the internet, while there is a range of other influential factors that may be modulated by banks. This study also highlight increasing risk acceptance by consumers in regard to internet-based services and the growing importance of offering deep levels of consumer support for such services. Gender differences are also highlighted. Finally, this study suggests that banks will be better able to manage consumer experiences while moving to Internet banking if they understand that such experiences involve a process of adjustment and learning over time, and not merely the adoption of a new technology.

Ming et al., (2008) studied that online banking (Internet banking) has emerged as one of the most profitable e-commerce applications over the last decade. Although several prior research projects have focused on the factors that impact on the adoption of information technology or Internet, there is limited empirical work which simultaneously captures the success factors (positive factors) and resistance factors (negative factors) that help customers to adopt online banking. Further this study explores and integrates the various advantages of online banking to form a positive factor named perceived benefit. In addition, drawing from perceived risk theory, five specific risk facets – financial, security/privacy, performance, social and time risk – are synthesized with perceived benefit as well as integrated with the technology acceptance model (TAM) and theory of planned behavior (TPB) model to propose a theoretical model to explain customers' intention to use online banking. The results of this study indicated that the intention to use online banking is adversely affected mainly by the security/privacy risk, as well as financial risk and is positively affected mainly by perceived benefit, attitude and perceived usefulness.

Thompson et al.,(2011) explored a research framework based on the theory of planned behavior (Ajzen, 1985). and the diffusion of innovations theory (Rogers, 1983). was used to identify the attitudinal, social and perceived behavioral control factors that would influence the adoption of Internet banking. The results revealed that attitudinal and perceived behavioral control factors, rather than social influence, play a significant role in influencing the intention to adopt Internet banking. In particular, perceptions of relative advantage, compatibility, trial ability, and risk toward using the Internet were found to influence intentions to adopt Internet banking services. In addition, confidences in using such services as well as perception of government support for electronic commerce were also found to influence intentions

Kaleem and Ahmad (2007) view risk in the context of security concerns, and trust in one's bank, which indicates that perceived risk is related to reliability and system failure. Lichtenstein and Williamson (2006) indicate that security, privacy, trust and risk concerns may impact consumer internet banking adoption. They further indicate that 80% of global phishing attacks in the first quarter of 2005 targeted the financial services sector Daniel (1999) defined Internet banking services as major information services of a bank to serve its customers via the Internet. Internet banking permits consumers to carry out usual banking transactions on a computer which is equipped with Internet connection

Mukherjee and Nath (2003) defined Internet banking as a type of banking activity through which consumers can perform banking transactions such as checking account balances and making payments via telecommunication network. Encarta MSN (2007) defined Internet banking as services of banks in which the customers can pay bills and check account information by the use of the Internet. With respect to Internet banking, a common confusion exists between the terms "Internet banking" and "personal computer banking". "Internet banking" involves the use of banking services via the World Wide Web

**Objectives**

The present study is aimed at knowing the adoption of Internet banking in India.

**III. SAMPLING DETAILS**

The primary data for the present Study was collected from the Banking Customers and these customers were identified on random basis from the state of Jammu & Kashmir. The filled up questionnaire was collected successfully from 200 respondents, however from collected 200 questionnaire 193 questionnaire were valid and 7 questionnaire were incomplete and hence eliminated from the current study. Hence the sample size for the present study is 193 comprising the Banking customers. Thus, the sampling procedure adopted for the present study is stratified random sampling method. The primary data for the present study was collected between the periods Nov 2015 to Jan 2016. The data collected were coded and transferred in to Statistical package for Social Science (SPSS) for the purpose of analysis.

**IV. DATA ANALYSIS AND DISCUSSION**

Banks cited by customers	Banking requirement fulfillment	Banks cited by customers	Banking requirement fulfillment
Jammu and Kashmir Bank	43%	Axis Bank	2%
State Bank of India	31%	Ellaqahi Dehati Bank	2%
Punjab National Bank	9%	JK Grameen Bank	2%
HDFC Bank	4%	Central Bank of India	2%
co-operative Bank	3%	Indian Bank	2%

**Table 1. Banks cited by customers. Computed from primary data.**

43% of Banking requirements are being fulfilled by Jammu and Kashmir Bank and rest 57% of banking requirements are being fulfilled by other different banks as shown in table 1, so Jammu and Kashmir stands 1<sup>st</sup> while fulfilling Banking requirements of customers. 31% of banking requirements are being fulfilled by State bank of India and hence State Bank of India Stands 2<sup>nd</sup> while fulfilling Banking requirements of Customers. 9% of Banking requirements are being fulfilled by Punjab national bank, 4% by HDFC bank, 2% by co-operative Bank similarly Punjab national bank stands 3<sup>rd</sup>, HDFC bank 4<sup>th</sup>, Co-operative bank 5<sup>th</sup> while fulfilling the banking requirements of banking customers. Axis Bank fulfills 2%, Ellaqahi Dehati Bank 2%, Jk Grameen Bank 2%, Central Bank of India 2%, Indian bank 2% and hence stands in 6<sup>th</sup> position while fulfilling the Banking Requirements of customers as shown in table 1.

Types of Banking Method	Banking requirement fulfillment	Non users	Low usage	Medium usage	High usage
Automated Teller Machine (ATM)	88%	12%	28%	25%	35%
Visiting Bank Branch	79%	21%	29%	20%	30%
Internet Banking	42%	58%	12%	11%	19%

**Table 2 Banking Requirement Fulfillment. Computed from primary data**

88% of banking requirements are being fulfilled through the usage of Automated Teller Machines (ATM), 12% of Banking customers are non users of ATM services, 28% of Banking Customers use ATM services on low levels, 25% on medium levels and 35% on high levels. hence Automated Teller Machine Stands 1<sup>st</sup> while fulfilling the Banking requirements of banking Customers. 79% of Banking requirements are being Fulfilled by Visiting Bank Branch, 21% of Banking customers are not visiting Bank branch, 29% of customers are visiting Bank branch on low levels, 20% customers are visiting Bank branch on medium levels and 30% of customers are visiting bank branch on high levels. Therefore visiting Bank branch stands 2<sup>nd</sup> while Fulfilling Banking requirements of customers. 42% of Banking requirements of Banking Customers are being fulfilled by the

use of Internet banking, 58% of customers are Non users of internet Banking Services, 12% are using internet Banking on low levels, 11% of banking customers are medium users of Internet banking, 19% of Banking Customers are high users of internet banking and hence Internet Banking Stands 3<sup>rd</sup> while fulfilling the requirements of Banking, as shown in Table 2.

#### V. FINDINGS

1. In this study it is found that 43% of banking requirements are being fulfilled by Jammu and Kashmir Bank, and rest 57% of banking requirements are being fulfilled by other different banks so Jammu and Kashmir stands 1<sup>st</sup> while fulfilling Banking requirements of customers.
2. It is found that 88% of banking requirements are being fulfilled through the usage of Automated Teller Machines (ATM), hence Automated Teller Machine Stands 1<sup>st</sup> while fulfilling the Banking requirements of banking Customers.
3. In this study it is found that 79% of Banking requirements are being Fulfilled by Visiting Bank Branch, therefore visiting Bank branch stands 2<sup>nd</sup> while Fulfilling Banking requirements of customers.
4. It is found that 42% of banking requirements of banking Customers are being fulfilled by the use of Internet banking, and hence Internet Banking Stands 3<sup>rd</sup> while fulfilling the requirements of Banking.

#### VI. SUGGESTIONS

1. The frequency of adoption of Internet banking is 42% which is less than (ATM) Automated Teller Machines usage and bank branch visit. So banking industry should motivate banking customers to use Internet banking.
2. Banking industry should adopt more secure modes of Internet banking in order to safe guard the Internet banking enabled accounts, so that more and more banking customers will switch to Internet banking.
3. Banking Industry should provide demos in their web pages for banking customer regarding operating Internet banking enabled account.
4. Banking industry should provide information to banking customers regarding hackers of Internet banking enabled accounts and should disclose strategies of hackers to banking customers.
5. Bankers should launch special training for operating Internet banking enabled accounts for uneducated and low educated people.

#### VII. CONCLUSION

The Internet banking revolution has totally changed the banking system in whole world by erasing geographic boundaries and creating new opportunities. Electronic payment systems are wonders of Internet banking for banks and banking customers by significantly cutting down costs of transactions and saving time. The customers need not have to stand in a queue to make several utility payments and for equivalent physical banking procedures like depositing and transferring funds. Round the clock (24 X 7) access to the systems helps the customers to manage several banking accounts from the single point of access. The International scope of Internet banking provides new growth perspectives and Internet business is a catalyst for new technologies and new business processes. The reach of Internet banking has rapidly increased due to the Telecommunication Infrastructure development in India.

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#### AUTHOR(S) PROFILE



**Bilal Ahmad Sheikh**, Ph.D. Research Scholar, Dept. of Business Administration Annamalai University.