



Internet banking usage : An age and gender Based study in Indore city

Dr Anushruti Neema

Asst Professor

Dr Ira Bapna

Director

Maharaja Ranjit Singh College of Professional Sciences
Indore, Madhya Pradesh, India

Abstract

Technology is affecting the life of every personage in the present age and internet banking is one of the technologies, which is best ever growing in banking practice now a days. Customers are the key contributors for the success and survival of any business and this is the same for banking sector also. So, need arises not only to satisfy the customers but also to retain them because it may lead to increased profitability and better performance of banks. Moreover, customers are shifting from traditional banking to online banking very rapidly because of various benefits such as cost and time effectiveness. Present study is aiming to explore whether internet banking usage varies between males and females.

Introduction

Technology is affecting the life of every individual both qualitatively and quantitatively in the present age. The quick expansion of information technology has imbibed into the lives of millions of people and introduced major changes in the worldwide economic and business atmosphere. Technological developments in the banking sector have speeded up communication and transactions for clients (Booz et al., 1997). Internet banking is one of the technologies which is fastest growing banking practice now a days. It is defined as the provision of information or service by a bank to its customers over the internet. It is viewed as a supplemental channel used in conjunction with other channels to provide the convenience of banking anytime from one's home or work, without having to incur some of the costs associated with a branch visit like going to the branch or waiting on lines. Online banking eliminates physical and geographic boundaries and time limitations of banking services (Yang et al., 2007). Also as compared with traditional banking labour is replaced by machine very significantly (computer networks) which is low in cost and is available easily 24/7 (Wu et al., 2006).

E-banking services first emerged in the early 1990's, when credit card, ATM, and telephone banking services were three major applications. During the last decade, database, information system and other technologies were applied into banking services at different levels. After the availability of internet facility, an e-banking services are now conducted through a secure website operated by local banks and includes online enquiry, e-payments, e-transfer etc. There are two general business models to provide online banking facilities to its customers- First one is, incumbent bank also known as 'bricks and clicks' model, applying online banking as an enhancement to its traditional banking sector and integrating branches, ATM, call centers and online service into a whole system and using e-banking as a new channel of delivering services. Whereas the another one is known as direct bank or virtual bank or internet primary bank with no branch offices but using internet, telecommunication network and wireless networking to provide banking services (Xu et.al, 2000). Thus, providing online facility by banks is increasingly becoming a need to have than a nice to have service (Ganesan et.al, 2009). In India ICICI bank was the first to initiate online banking revolution as early as 1998 under the brand name 'Infinity'. But in the current scenario, every bank in India has the internet banking facility.



Moreover, these banks are extending their presence in rural areas also to lure more customers by educating them with new advancement in information technology.

Online globalisation, increasing use of new technologies and fast competition, forced the banks to adopt new channels to gain competitive advantage, reduce cost, improve financial services, enlarge customer databases to generate customer satisfaction and commitment. Moreover, online customers are expensive to attract and difficult to retain because it is relatively easy for customers to switch their online providers providing additional benefits. Variables that influence customer commitment towards online banking include service quality, trust, perceived ease of use, perceived usefulness and satisfaction can also have a significant impact on banks profitability. Thus, it becomes important for banks to understand which variable is most important for online business, which also affects their business performance (Abrol, 2014).

Review of Literature

Till date limited efforts have been made to study the impact of online banking services in Indian banking. The existing literature has been reviewed for understanding different concepts and variables related to internet banking as well as to find out the research gap for the present study. A lot of discussion has appeared in various researches pertaining to various dimensions that affect the adoption of internet banking and in measuring its impact on customer satisfaction and business performance. Therefore, in order to concretise the research gap for the present study, the related literature has been reviewed as under:-

As already stated, online banking primarily introduced in the early 1990's, uses the computer technology to give users the ability to manage their transactions on their own more quickly and efficiently from anywhere around the world by just a click of the mouse. (Tulani et al., 2009) examined the extent of adoption and usage of internet banking by commercial banks in Zimbabwe and found people using internet banking for checking account balances, payment of bills and fund transfer. They also found perceived benefits of using internet banking as cost reduction, increased loyalty and attracting new customers. (Singhal et.al, 2008) determine utility request, security, utility transaction, ticket booking and fund transfer as the factors influencing users to adopt e-banking channel. (Quereshi et al., 2008) evaluate factors that manipulate the nature of customer's towards online banking and found almost 50% of the clients shifted from traditional banking to online banking system because of perceived usefulness, security and privacy provided by online banks. Likewise, (Azouzi, 2009) also examined the adoption of electronic banking in Tunisia and found majority of respondents (95%) having an access to internet, but only few of them using it as a primary banking channel. (Auta, 2007) empirically examines the impact of e-banking in Nigeria's economy and found customers are satisfied with e-banking system which provides convenience and flexible advantages such as easy transfer, speedy transfer, less cost and time saving benefits. (Lichenstein et.al, 2006) also provide an understanding of how and why specific factors affect the consumer decision about internet banking in an Australian context and found convenience as the main motivator for consumers to bank online. (Flavian et al., 2006) analysed how perceptions of consumers about traditional bank influence their decision to adopt the services offered by the same bank on the internet and found consumer trust in a traditional bank as well as income, age and sex of the respondents as the major factors that influence consumer decision to work with the same bank via the internet. Thus, online banking service has recently become very effective offering sophisticated tools, including account aggregation, stock quotes, rate alerts and portfolio managing programmes to help their customers manage all their assets more effectively and on time (Tan et.al, 2000).

The researchers have also focused on various factors affecting adoption of internet banking (Ashtiani et.al, 2012, Tat et al., 2008) revealed trust as the most important factor influencing intention to continue using the internet banking services followed by compatibility and ease of use. (Bander et.al, 2006) also measure impact of trust on acceptance of online banking and



found trust playing an important role in increasing the usability of online banking. Internet banking is changing the whole banking industry, having effects on banking relationships and its performance. So this aspect cannot be undermined and need to be researched thoroughly. The aforesaid review of literature reveals that so far impact of internet banking on customer satisfaction together with business performance has not been studied extensively. The most of the studies have focussed on extent of adoption of internet banking (Tulani et al., 2009; Azouzi, 2009; Qureshi et al., 2008), some have studied factors affecting continued usage of internet banking (Ashtiani et.al, 2012; Eze et al., 2011). Similarly, some studies focussed on dimensions of service quality (Lee et.al, 2005), some have examined influence of trust and its antecedents on the adoption of e-banking (Wang et al., 2009; Bander et.al, 2006). In the same manner , some have focussed on measuring impact of internet banking on customer satisfaction and commitment (Ma, 2012; Singh et.al, 2011) and some on business performance (Hajri et.al, 2007; Malhotra et.al, 2007).

Objectives

- To study the difference between male and female perception about internet banking usage.

Research Design and Methodology

The various aspects of research design and methodology viz. nature and scope of the study, hypothesis formulated, data collection forms, sample design, statistical tools used etc are as under:-

Nature and Scope of the Study

The present study is both descriptive and evaluative in nature and examines the demographical differences across age and gender for internet banking usage in Indore city. This study is based on data gathered from customers using internet banking services of Indore city. The research work will provide useful insights to bankers, policy makers and researchers in framing policies that can induce customers to use internet services in banking operations with respect to difference of gender.

Hypothesis Formulation

Ho1: There exists no significant difference between male and female perception about internet usage in Indore city.

Ha1: There exists significant difference between male and female perception about internet usage in Indore city.

Collection of Data

Both primary and secondary sources, relevant for gathering requisite information pertaining to the research problem in hand, have been used in the study. First hand information has been collected through well structure questionnaire distributed to internet banking users of Indore city. Responses were recorded using five-point likert scale with choice options of strongly disagree=1 to strongly agree=5. The secondary data have been gathered from books and journals viz. Journal of Internet Banking and Commerce, Journal of Banking and Finance, International Journal of Bank Marketing, E-service Journal, Journal of Marketing, etc. sample size was of 282 respondents, both male and female users.

Statistical tool Cronbach alpha was used to check the reliability of the collected data. Independent sample t test was used to evaluate gender based differences for internet usage in Indore city. All these statistical tools were applied using SPSS 17.

Analysis and Interpretation:

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.870	.920	17



In order to check the reliability of the collected data, reliability analysis was done. The value of cronbach's alpha came out to be 0.870, which is quite well. It means overall data collected has 87% accuracy.

Group Statistics					
	V2	N	Mean	Std. Deviation	Std. Error Mean
V21	Male	179	4.04	.402	.030
	Female	102	3.90	.489	.048

Independent Samples Test											
		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper	
V21	Equal variances assumed	2.931	.088	2.564	279	.011	.139	.054	.032	.245	
	Equal variances not assumed			2.430	178.475	.016	.139	.057	.026	.251	

Independent sample 't' test was applied for analyzing Ho1. Since the hypothesis was two tailed, levene's test was applied to identify whether to consider significant value of 'equal variances' or 'not equal variances'. The significance value for levene's test was found 0.088 (greater than 0.05). It shows that value of 'equal variances assumed' for 't-test for equality of means' has to be considered. The p value was found to be 0.011 (less than 0.05). It shows that significant difference was found between the means of male and female perception about internet banking usage. A both male and female online banking user feels different about its usage.

Discussion

The objective of this research paper was to find whether there exists any difference of usage of internet banking between males and females. The results have proved that male and female has different perception regarding internet usage. Mean of male users was higher than that of female which shows that males uses more online banking facilities in comparison to females. Also, they trust internet banking more than their female counterparts and males find it more safe and easy to use when compared with females on same attributes.

Future Research

- Although this research reveals certain aspects of customer satisfaction and customer commitment in context of internet banking in Indian context, there is lot of room for future research in order to ascertain and enrich online banking services:
- Instead of focussing on banking sector, the broader concept of online services should be taken into account such as online shopping, online ticketing etc.
- Future research ought to apply more comprehensive approach by making a comparative analysis of branch and online banking services, thereby taking into consideration the same aspects of study.
- Moreover, in future, perception of bank employees should also be taken into consideration to make study more meaningful and interesting.
- Further, comparison between existing users and persons intending to use internet banking should also be made in future study.



References

- Auto Elisha Menson (2007). *E-banking in Developing economy: Empirical evidence from Nigeria. Journal of Applied Quantitative methods*, 5(2), 212-222.
- Azouzi Dhekra (2009). *The extent of adoption of electronic banking in Tunisia. Journal of Internet Banking and Commerce*, 14(3), 8-11.
- Ashtiani Peyman Ghafori and Ali Iranmanesh (2012). *New approach to study of factors affecting adoption of electronic banking services with emphasis on the role of positive word of mouth. African Journal of Business Management*, 6(11), 4328-4335.
- Bander A. Alsajjan and Charles Dennis (2006). *The impact of trust on acceptance of online banking. European Association of Education and Research in Commercial Distribution*, 5(2), 1-19.
- Booz, Allen and Hamilton (1997). *Internet banking: A study of potential. INC, New York.*
- Eze Uchenna Cyril, Jeniffer Keru Manyeki, Ling Heng Yaw and Lee Chai Hor (2011). *Factors affecting internet banking adoption among young adults: Evidence from Malaysia. International Conference on Social Science and Humanity*, 5(1), 377-381.
- Flavian Carlos, Miquel Guinaliu and Eduardo Torres (2006). *How bricks and mortar attributes affect online banking adoption. International Journal of Bank marketing*, 24(6), 406-423.
- Ganesan, R. And Vivekanandan, K. (2009). *A secured hybrid architecture model for internet banking (e-banking). Journal of Internet Banking and Commerce*, 14(1), 1-17.
- Lee Ming Chang and Ing San Hwan (2005). *Relationship among service quality and profitability in the Taiwanese banking industry. International Journal of Management*, 22(4), 635-648.
- Lichtenstein Sharman and Kirsty Williamson (2006). *Understanding consumer adoption of internet banking: An interpretive study in the Australian Banking context. Journal of Electronic Commerce Research*, 7(2), 50-66.
- Lee Gwo- Guang and Hsiu-Fen Lin (2005). *Customer's perception of e-service quality in online shopping. International Journal of Retail and Distribution Management*, 33(2), 316-322.
- Ma Zhengwei (2012). *Factors affecting the customer satisfaction of internet banking: An Empirical study in China. Journal of Convergence Information Technology*, 7(3), 101-109.
- Malhotra Pooja and Balwinder Singh (2007). *Current state of internet banking in India and its implication for the Indian Banking industry. Eurasian Journal of Business and Economics*, 2(4), 43-62.
- Qureshi Tahir Masood, Muhammad Khaqan Zafar and Muhammad Bashir Khan (2008). *Customer acceptance of online banking in developing economics. Journal of Internet Banking and Commerce*, 13(1), 5-9.
- Singh Jaspal and Gagandeep Kour (2011). *Customer satisfaction and universal banks: An empirical study. International Journal of Commerce and Management*, 21(4), 327-348.
- Singhal Divya and V. Padhmanabhan (2008). *A study on customer perception towards internet banking: Identifying major contributing factors. The Journal of Nepalese Business Studies*, 5(1)101-111.
- Tan Margaret and Thompson S.H. Teo (2000). *Factors influences the adoption of internet banking. Journal of the Association for Information systems*. 1(5), 1-43.
- Tot Huam Hon, Khalil Md Nor, Eng Tzu Wang, Khor Jia Hney, Lim Yik Ming and Tan Li Yong (2008). *Predictors of intention to continue using internet banking services. International Journal of Business and Information*, 3(2), 233- 244.
- Tulani Dube, Chitura Tofara and Runyowa Langton (2009). *Extent of adoption and usage of internet banking by commercial banks in Zimbabwe. Journal of Internet Banking and Commerce*, 14(7), 10-14.
- Wu, J., Hsia, T. and Heny, M.S. (2006). *Core capabilities for exploiting electronic banking. Journal of Electronic Commerce Research*, 7(2), 111-123.
- Xu, X. and Zhao, Z.X. (2000). *Strategy and revelation of online banking service development in western countries. Foreign economy and Management*, 22(6), 54- 60.
- Yang, J., Whitefield, M. and Boehme, K. (2007). *New issues and challenges facing e-banking in rural areas. International Journal of Electronic Finance*, 1(3), 336-354.