

Perception of rural customers toward online banking: A case study

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Abstract

The tremendous kinds of innovation in technology and hard line blend of it with information technology made a paradigm shift in the banking industry. The transformation from traditional banking to e-banking has been a dramatic change. Electronic banking is the most intensive service offered by the banks. The evolution of e-banking started from the use of automatic teller machines, direct bill payment, electronic fund transfer (EFT) and the revolutionary online banking. As a business tool, internet banking is rapidly transforming the world of commerce and banking, making banks faster and more efficient and allowing them to provide more personalized services to the use of customer.

The study is determining the customer's perception toward the online banking. The study was conducted on the perception of rural customers regarding online banking in Chikkamagaluru taluk, in Karnataka. This study an attempt is made to explore the major factors responsible for internet banking based on respondents perception in various in internet applications. It also provides a frame work of the factors which are taken to assess the internet banks perception. This study found that major findings and to give the recommendations for needful action to be taken by the authorities.

Keywords: e-banking, online banking, electronic fund transfer, perception, customer

Introduction

Online banking also known as internet banking, e-banking or virtual banking is an electronic payment system that enables customers of a bank or other financial institution to conduct financial transactions through a website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking that was the traditional way customer's access banking services. To access a financial institutions online banking facility, a customer with internet access would need to register with the institution for the service, and set up a password and other credentials for customer verification. The customer visits the financial institutions secure website, and enters the online banking facility using the customer number and credentials previously setup. Online banking services usually include viewing and downloading balances and statements, and may include the ability to initiate payments, transfers and other transactions, as well as interacting with the bank in other ways.

In India the rural banking system is clearly more inclusive of low income families than those provided by the commercial banks. Yet rural banks have for a number of years, been regarded as 'step-child' of the banking system in India. In this point of view Karnataka also facing a same condition in adopting an online banking in rural areas. So the emphasis in this context is on finding development of internet banking in rural areas. The applications of internet banking of several rural consumers in rural areas are investigated and examined focusing on some emerging trends online banking services in rural areas.

Importance of the Study

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 online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking that was the traditions way customers' access banking services. We can see the advantages on using online banking both for banks and customers, such as permanent access to the bank, lower transactions costs general cost reductions, access anywhere, no security problems etc. As well as above these advantages, India also facing a several problems of adopting an online banking services in rural areas. Such as computer literacy in India is still very low and that is a barrier in fast acceptance of online banking, missing e-banking awareness, no prior knowledge of computer and its peripherals, fear to perform bank transaction on machine, unfaith on computer machine etc. The customer service is an integral part of any organization. It is a necessary to identify the key success, factors in terms of customer satisfaction, so as to service in intense competition to increase the market share along with technology variety of banking services also evolved and delivering various banking products are carried out through the medium of high technology at a fraction of the cost to the customer. In this scenario the present study conducted to understand perception and attitudes of rural customer towards online banking and identified the several issues responsible for customer satisfaction regarding the online banking. This study also covers to know the rural customers opinion about the usefulness of

online banking and their awareness about online banking services. And also this study reveals the illiteracy and concerns of rural areas bank customers and reveals the different age group of rural customer is using online banking.

Objectives of the Study

The objectives of the present study as follows;

1. To analyze overall satisfaction of rural customers from online banking services.
2. To analyze the need for online banking for rural customers.
3. To analyze the major factors responsible for customer satisfaction as well as online banking services.
4. To give the suggestions for improvement the online banking services for rural customers.

Research Methodology

The study was conducted in rural area of Chikmagaluru taluk of Karnataka in India. Chikmagaluru district has a strong banking network in all the seven taluk. Simple random and multistage stratified random sampling technique has used. A sample of 50 rural customers in different occupations and different banks in rural area of Chikmagaluru taluk.

The present study is based in the primary data and secondary data. Primary data is collected from 50 rural customers in different banks with the help of well-structured questionnaire. Secondary data were obtained from reports, Journals, books and few websites. Data analysis is based on the simple statistical tools and techniques such as average, percentage etc. for explaining the results regarding the perception of rural customer towards the online banking.

Profile of the Study Area

This chapter deals with profile of the Chikmagalur taluk and socio-economic status of women agricultural labour. Chikmagalur district is one of the malnad region in Karnataka state with good natural resources endowment both in agricultural and industries. The study was conducted in chikmagalure taluk of chikmagalure district of Karnataka, in India. According to the 2011 census Chikmagalure district has a total population of 11, 37, 961 of which 5,66,622 are males and 5,71,339 are females. The total Chikmagalure district area is 7201 sq km and 34 hoblies, the 7 taluks density population per sq km 1587, sex ratio is 1008, literacy rate of 79.24 percent. 81 percent of the population resides in rural area with the remaining 19 percent being the urban population. The district is receives normal average rainfall of 1925 mm. Which are selected from the kasaba, lakya, avathi, and amble out of 7 hoblies in chikmagalure taluk. Taking 50 respondents through the simple random sampling method from chikmagalure taluk and get a result about the research by the respondent’s opinion and through the data analysis and interpretation as follows.

The study conducted in rural areas of Chikmagalur taluk, this study selected the 6 hoblies, such Vasthare, Ambale, Jagara, Aldur, Kasaba, Avathi. In this study selected the two villages from each hobli. These areas purposefully chosen because of the existence of highly rural customers

and banking activities commonly practiced in these areas. The sampling frame consisted of rural customers in banking activities in Chikmagalur taluk. A sample of 50 respondent were selected in different hoblies in Chikmagaluru taluk. This study primary data for collected by personal direct interview method using questionnaires. The data collected related to general characteristics such as name, age, sex, educational qualification, types of employment, income, and its types etc. To analyses the awareness and satisfaction level of the rural customers regarding online banking services. To identify the problems of online banking services in banks and the needful suggestions regarding the online banking services in Chikmagalur taluk. Data Analysis and Interpretation is based on the field work.

Data Analysis and Interpretation

Table 1: Socio-Economic Profile of Respondents (n- 50)

Particulars	No. of Respondents	Percentage (%)
Gender		
Male	33	66
Female	17	44
Age		
18-35 years	19	38
36-55 years	25	50
56-55 years	03	6
Above 65 years	03	6
Education		
Illiterate	02	4
Primary education	17	34
Secondary education	20	40
Graduation	08	16
Post-graduation	03	6
Marital status		
Married	36	72
Unmarried	14	28
Category		
SC	13	26
ST	01	02
OBC	36	72
Economic status		
BPL	37	74
APL	12	24
AAY	01	02

Source: Field Survey

The table no 1 shows that socio- economic features of respondents in rural area. 66 percent of respondents are male and 34 percent of respondents are female out of 50 respondents. The study reveals that majority (66%) of the respondents are male, transections with bank comparatively to female respondents. 50 percent of the respondents are belong to age, group of 36-55 years and 38 percent of the respondents are belong to age group of 18-35 years. remaining 6 percent of the respondents are belong to age group of 56 to 65 years and above 65 years respectively. The study reveals that around 88 percent of the respondents are belong to age-group of 18-55 years. 74 percent of the respondents have completed the primary and secondary education. 22 percent of the respondents have completed the graduation and post-graduation. 72

percent of the respondents are married and 72 percent of the respondents are belong to other backward community (OBC). Majority (74%) of the respondents are below the poverty line. The study reveal that socio- economic factor is also very important to determination of banking habits of the people and transactions with banks. Further they have expressed their opinion and perception of the online banking.

Table 2: Occupation of the Respondents

S. No.	Occupation	No. of Respondents	Percentage
.	Agriculturist	20	40
.	Self-employee	05	10
.	Businessmen	06	12
.	Labour	08	16
.	Government employee	01	02
.	Student	02	04
.	Others	08	16
.	Total	50	100

Source: Field Survey

The Table No. 2 shows that occupation of the respondents. Out of 50 respondents, 40 percent of respondents are Agriculturist, 16 percent of respondents are occupied the others work. Remaining 16 percent of respondents are Labours, 12 percent of respondents are Businessmen’s, 10 percent of respondents are Self-employees, 04 percent of respondents are Students and 02 percent of respondents are Government employees. The study reveals that 40 percent of the respondents main occupation is agriculture in rural area.

Table 3: Annual Income of the Respondents

S. No.	Annual Income	No. of Respondents	Percentage (%)
1.	Below Rs 50,000/-	29	58
2.	Rs. 50,001 – 1,00,000	14	28
3.	Rs. 1,00,001 – 3,00,000	05	10
4.	Rs. 3,00,001 – 4,00,000	01	02
5.	Above Rs 5,00,000	01	02
.	Total	50	100

Source: Field Survey

The table No 3 shows the annual income of the respondents. Out of 50 respondents, 58 percent of the respondents stated their annual income less than Rs 50,000. 28 percent of the respondents stated to earn annual income between Rs 50.001 to 1.00.000 10 percent of the respondents get income between Rs 1.00.000 to 3.00.000 annually 2 percent of the respondents well state their income between 3.00.000 to 4.00.000 and 2 percent of the respondents to be stated their annual income above Rs. 5.00.000. The study reveals that 58 percent of the respondents stated to earn annual income as than 45.0000 The study observed that earning of income is variation. The variation income is generally based on the nature of activity.

Table 4: Type of Bank Account of the Respondents

S. No.	Type of Account	No. of Respondents	Percentage (%)
1.	Saving Account	48	96
2.	Current Account	02	04
.	Total	50	100

Source: Field Survey

The Table No. 4 shows that type of bank account of the respondents. Out of 50 respondents, 96 percent of respondents are having saving account in bank, only 4 percent of respondents are opened the current account. The study reveals that majority (96 percent) respondents having a savings account in their banks. Because annual income is Below Rs 50,000 and there are below poverty line.

Table 5: Perception of Respondents Regarding Online Banking Services in Bank

S. No.	Available Online Banking Services	No. of Respondents	Percentage (%)
.	ATM services	36	72
.	Mobile banking services	11	22
.	To direct deposit	08	16
.	Credit & debit card services	02	04
.	RTGS	01	02
.	NEFT	02	04
.	Reference services	03	06
.	Others	03	06

Source: Field Survey

The table No. 5 shows that available online banking services in bank. Out of 50 respondents, 72 percent of respondents are used the ATM services, 22 percent of respondents stated that use mobile banking services, 16 percent of respondents agreed to deposit, 04 percent of respondents use the credit & debit card services. Remaining 04 percent of respondents used NEFT and 06 percent of respondents are used reference services and also 06 percent of respondents are used other services, only 02 percent of respondents are used RTGS services; the study reveals that majority (72 percent) of the respondents are used ATM services.

Table 6: Awareness of Online Banking of the Respondents

S. No.	Aware of Online Banking	No. of Respondents	Percentage (%)
1.	Yes	34	68
2.	No	16	32
.	Total	50	100

Source: Field Survey

The Table No. 6 show that awareness of online banking. Out of 50 respondents, 68 percent of respondent have the awareness about online banking. Reaming 32 percent of respondents are not have awareness of online banking. The study shows that majority (68 percent) of the respondents are awareness about online banking services.

Table 7: Frequency of Usage of Online Banking Facilities

S. No.	Facilities	No. of Respondents									
		Daily		Weekly		Monthly		Occasional		Never use	
		Total	%	Total	%	Total	%	Total	%	Total	%
1.	Balance inquiry	03	06	19	38	11	22	02	04	02	04
2.	Bill payment	-	-	02	04	07	14	08	16	15	30
3.	Fund transfer	01	02	01	02	02	04	14	28	16	32
4.	Credit card payment	-	-	01	02	-	-	02	04	31	62
5.	Stock and trading	-	-	-	-	01	02	01	02	31	62
6.	ECS	-	-	-	-	-	-	-	-	30	60
7.	RTGS	-	-	01	02	-	-	-	-	29	58

Source: Field Survey

The Table No.7 shows that frequency of usage of online banking facilities. Out of 50 respondents, 58 percent of respondents are used the balance inquiry for weekly, 30 percent of respondents are never used bill payment facility, 32 percent of respondents are never used the fund transfer facility, 62 percent of respondents are never used the credit card payment facility and 62 percent of

respondents are never used stock and trading, 60 percent of respondents never used ECS service and 58 percent of respondents never used RTGS facility. The study reveals that majority of the respondents never used the most of the online facilities except balance inquiry. Due to several reasons, such as lack of awareness, lack of popularization of these online facilities etc.

Table 8: Satisfaction Level of Respondents on Online Banking Services

S. No.	Features	No. of Respondents									
		Excellent		Good		Neutral		Poor		N/A	
		Total	%	Total	%	Total	%	Total	%	Total	%
1.	Bill payment	06	12	26	52	03	06	NA	NA	01	02
2.	E – alerts	06	12	20	40	05	10	NA	NA	03	06
3.	Wire transfer	02	04	04	08	19	38	02	04	06	12
4.	Stop payment	02	04	01	02	16	32	02	04	10	20
5.	Balance inquiry	11	22	16	32	06	12	NA		02	04
6.	Check image retrieval	NA		03	06	14	28	01	02	10	20
7.	Ordering cash	NA		05	10	11	22	03	06	07	14
8.	Retrieving bank statement	NA		01	02	09	18	04	08	13	26

Source: Field Survey

The Table No. 8 shows that satisfaction level of respondents on online banking services. Out of 50 respondents, 52 percent of respondents have opinion good for bill payment service, 40 percent of respondents have the opinion good for E-alerts, 38 percent of respondents have the opinion neutral about wire transfer and also 32 percent of respondents have the opinion neutral on stop payment service, 32 percent of respondents have good opinion about balance inquiry

service, 28 percent of respondents have the neutral opinion about check image retrieval service, 22 percent of respondents have the neutral opinion on ordering cash service and 26 percent of respondents express their satisfaction level about retrieving bank account for not allowed. The study reveals that majority of the respondents express their satisfaction level about online banking services neutral and not available in their banks.

Table 9: Problems of Online Banking Services

S. No.	Problems	No. of Respondents		Percentage (%)	
		Yes	No	Yes	No
1.	Not safe	34	16	68	32
2.	Fear attached with the personal information may get revealed	41	09	82	18
3.	Wait in long queues	26	24	52	48
4.	Lack of awareness	40	10	80	20
5.	No proper guidance	43	07	86	14
6.	Hidden costs	36	14	72	28
7.	No proper networking	28	22	56	44
8.	Risk of cyber crimes	40	10	80	20
9.	Limited services offered	28	22	56	44
10.	Machine out of order	37	13	74	26
11.	Improper behaviour of employees	28	22	56	44

Source: Field Survey

The Table No. 9 shows that problems of online banking services faced by the respondents. Out of 50 respondents,

86% of respondents are facing the lack of proper guidance, 82% of respondents are fear attached with the

personal information may get revealed, 80% of respondents have lack of awareness. Remaining 80% of respondents agree the problem of risk of cyber-crime, 74% of respondents are agree machine out of order, 72% of respondents are facing hidden costs, and 78% of

respondents felt not safe, 56% of respondents felt no proper networking, also same respondents marked limited service offered and also improper behaviour of employees, 52% of respondents are facing the problem of wait in long queues.

Table 10: Suggestions for Improving the Online Banking Services

S. No.	Suggestions	No. of Respondents		Percentage (%)	
		Yes	No	Yes	No
1.	Development of proper infrastructure facility	45	05	90	10
2.	Popularization of banking products	32	18	64	36
3.	Improving the safety and security	39	11	78	22
4.	Controlling of frauds	45	05	90	10
5.	Creation of awareness	40	10	80	20
6.	Establishments of customer care centre	35	15	70	30
7.	Improvements of communication system	32	18	64	36
8.	To provide guidance for customers	42	08	84	16
9.	Others	33	17	66	34

Source: Field Survey.

The Table No. 10 shows that suggestions for improving the online banking services, out of 50 respondents, 90 percent of respondents are suggest to development of proper infrastructure facility and also 90% of respondents are suggest to controlling frauds, 84 percent of respondents are to suggest to provide guidance for customers, and 80 percent of respondents are suggest to creation of awareness. 78 percent respondents to suggest the improving the safety and security and 70 percent of respondents are to suggest the establishment of customer care center. 66 percent of respondents are suggesting other solutions for improving the online banking services. Finally 64 percent of respondents are to suggest the popularization of banking products. The study reveals that majority of the respondents to suggest the development of proper infrastructure facility and controlling frauds.

Major Findings

- The study found that 88% of respondents belong to under the age 18-55 years, because this age group respondent has more family responsibilities. (66%) of the male respondents having the bank account compare to female respondents. 74 % of the respondents have completed Primary and secondary education and (72%) of the respondents are married
- The study reveals that 72% of the respondents are belongs to under the OBC category. 40% of the respondents are agriculturist. Because in rural areas, agriculture is the main occupation and (74%) of the respondent are below poverty line. Because low family income, poverty and most of them are labour and agriculturist in my study.
- The study found that 58% of the respondents are belongs to under the below 50,000/- income. Because their main occupation is agriculture.
- The study found that majority (94%) of the respondents having saving account in their bank. Because they all have saving habits and this type of account very convenience to them.
- The study explores that 68% of the respondents are aware about online banking. Because, they get the

information on online banking facility through the media.

- The study found that 26% of the respondents not using online banking; the possible reason is lack of awareness. Because their level of education is low.
- The study found that nearly 61% of the respondents are never used the online banking facilities such stock and trading, credit card payment and ECS, RTGS etc. because lack of popularization of these online facilities.
- The study found that majority of the respondents are have good opinion about bill payment, balance inquiry and E-alerts, compare to other online banking services, such as wire transfer, stop payment, check image retrieval, ordering cash, retrieving bank statement etc. Because lack of awareness.
- The study found that majority (86%) of the respondents is facing the problem of no proper guidance in online banking service.
- The studies found that majority of the respondents suggest the development of proper infrastructure facility and controlling of frauds to improving the online banking services.
- The majority of the customer are satisfied with the online banking services.
- The majority of the customers should encouraged to avail such services in future.
- The sample of the rural customers is quite positive opinion toward introduction of online banking services.

Suggestions and Recommendation

- An investigation in to the attitudes, opinions of rural customers’ towards introduction of online banking should be conducted by the banks before introducing online banking on mass basis. Customer should be mentally prepared to adopt IT based banking practices. This calls for systematic orientation and customer education and online banking should be introduced with proper safety and security measures.
- The government taken the incentives programmes for customers regarding the safe online banking. And

customers should be encouraged to avail online banking services by providing necessary technical and information support.

- Banks can maintain adequate number of customers support, officers' information and support should be extended to the rural customers' in local language.
- The bank authority should launch campaign to educate and create awareness to rural consumers. Instead of merely displaying the information in the branches through posters and banners, media could use intensively for this purpose in local language.
- The bank has to initiative necessary measures to increase the awareness level through awareness programs in the rural areas and the bank has to concentrate more on promotional measures through agents, bank's services, advertisements and merchant establishments are the sources of information and awareness provides for bank customers.
- The approach the rural customer to use more online banking features in their banking activities. The bank want to increase the use of online banking services in rural area, they first want to make educate the rural consumers and created the awareness to them and The bank provides the proper guidance for using online banking and they provide security and controlling frauds in online banking.
- The bank provides the all type of online banking facilities in their rural area's branches. The bank should introduce transparent fee structure on the use of online banking services in order to maximize accessibility, frequency of services and to reduce the doubts of the customers and to creating customer awareness regarding all services the bank should directly communicate with farmers, small businessmen, self-help groups, students and other small town population in the rural are to clarify all the doubts including create awareness.

Conclusion

Online banking in simple terms means, it does not involve any physical exchange of money, but it's all done electronically, from one account to another, using the internet. Online banking is just like normal banking, with one big exception. You don't have to go to the bank for transactions. Instead, you can access your account any time and from any part of the world, and do so when we have the time, and not when the bank is open. The study found that many respondents are not aware what does mean online banking. In rural area bank customers facing a various problems when they used online banking, such as lack of awareness, no proper guidance, fear attached with the personal information may get revealed and risk cyber-crimes etc. I suggest the remedial measure to solve these problems, such as development of proper infrastructure facility, popularization of banking products, improving the safety and security, establishment of customer care center etc. Online banking has great facility for customers, but many people are lack of aware who are residing in rural areas. But if banks are providing training for these people, they are very much interested in using e-banking facility. So, banks spend fund and time for their customers, so both customers and

banks would be benefited than the financial inclusive growth would be high in rural India.

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