

A Relative Study on Risk towards Internet Banking Adoption

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ABSTRACT: With reference to the Indian economy, the banking sector plays a very crucial role by acting as a changing agent contributing to the socio-economic development of the country. Internet banking involves consumers using the Internet to access their bank account and to undertake banking transactions. In spite of the great benefits of the online banking, it is extremely essential that banks regard the risks associated with it. Privacy has long been defined as the right of a person to be left alone and to be able to have control over the flow and disclosure of information about him or her. In the current scenario, each and every bank is making an attempt to provide new products and services to its customers. Banking Industry views Internet banking as new and improved way of conducting banking transactions in a secure way. Internet banking provides customers the advantage of anywhere, anytime banking and also provides bankers with the facility of paperless banking

KEY WORDS: internet banking, risk, transmission, adoption, service channels, e-commerce services, service quality, privacy, e-bank fraud

I. INTRODUCTION

Internet banking has made a sea change in the working of banks. Technological innovation has brought about the speedy processing and transmission of information, easy marketing of banking products, enhancement of customer's access and awareness wider networking and regional and global links on an unprecedented scale. IT development has thus changed the product range product development, service channels and type of banking services as well as the packaging of such services. The internet banking in India way back in 1996. It is also called virtual banking online banking. Internet banking includes the system that enables financial institution customers individual or

business access account transact business or obtain information on financial products and services on public or private network including internet.

Many commercial banks have valued the importance of electronic banking in improving the profitability and the overall efficiency of their business. The evolution of internet banking has altered the nature of personal customer banking relationships and has enabled electronic channels to perform many banking functions that would traditionally be carried out over the counter.

Attitude has affected trust and risk towards internet banking adoption. An obstacle to internet banking adoption has been lack of security and privacy over the internet. This has led many to view internet banking as a risky undertaking. Trust and risk reduction are very critical factors in electronic banking since they reduce the social complexity for the internet banking and drive to the achievement of electronic goals and without them, there is a failure of such goals and relations

Internet banking supports much kind of e-commerce services and activities. Internet banking provides many advantages to customers. Internet banking is an alternative banking channel. It offers a change from the traditional way of standing the waiting area in front of a bank's counter during office hours to an automatic way through online network connection anywhere, at any time or and the world.

Statement of the problem

Internet banking is a product of e-commerce in the field of banking and financial services. Internet banking allows customers to perform their banking transaction through a bank's website portal on the internet.

Internet banking services have not been widely adopted by bank customers this may be due to lack of trust, poor customer satisfaction, and perceived risk towards the services customers have

been complaining that reversing a transaction stopping a payment after discovering a mistake or are fund may not be possible .customers have also reported that these is no real need for mobile internet based banking services because it is associated with e-bank fraud were only a username and password stand between your money and fraudster.

Significance of the study

The study will contribute to the existing knowledge on risk and internet banking adoption in MallappallyTaluk. The study indicates that customers security and risk concerns are the major inhibitors to the adoption of internet banking .therefore in order to ally the apprehension of customers about the risk associated with the use of the internet banking, the providers need to educate and enlighten customs regarding the safe use of internet banking by asking them to take the required procedure.

The study investigating the extend of internet baking use precautions taken by internet bank uses for safe banking over internet awareness and trust of customers on the security features adopted by banks to guard them against the risk of fraud. The service quality dimension and their effect on customer satisfaction problems encountered by internet banking users during service delivery etc. have not been carried out in Kerala especially in MallappallyTaluk.

This study thus aims to fill the gap in the literature. Hence the present study is quite relevant and timely from the point of view of both academic and banking industry.

Objectives of the Study

1. To identify various risk faced by users of internet banking.
2. To know the satisfaction level of respondents regarding various services provided by internet banking.

Scope of the study

The study concentrated on costumer attitude towards internet banking and IB adoption. The study was carried out in MallappallyTaluk.

Methodology of the Study

- Nature of the Study:

The study has been both descriptive and analytical in nature.

- Data Collection:

- **Primary data:** primary data are collected through observation and questionnaire was

framed and collected in and around MallappallyTaluk by using convenience sampling method.

- **Secondary data:** secondary data are collected from various published records and websites.
- Research design:
- Sample size: 80

Hypothesis of the study

H0: There is no significant relationship between the occupation status and accessible place for using Internet Banking.

Period of the study

The present study was completed for the period of 3months.

Tools for Analysis

For analysis of data various statistical tools are used. For its presentation, table, bar diagrams ad pie diagrams have been used. For hypothesis testing and analysis the tools that have been applied.

1. Percentage analysis
2. Chi-square test
3. Likert's Scaling Technique

Limitations of the Study

1. Some respondents were not cooperative in giving information as they viewed
2. This study is done with limited sample size and is restricted to MallappallyTaluk.

Consumer Attitude and Internet Banking Adoption – Theoretical Overview

The Technology Acceptance Model (TAM), suggests that a prospective users overall feelings or attitudes toward using a given technology-based system or procedure represent major determinants as to whether or not he/she will ultimately use the system (Davis, 1993).Lockett and Litter (1997) presented a study of the adoption of direct banking services in the UK using a model of the perceived innovation attributes and the personal characteristics of adopters and non-adopters. Their results indicated that the most important perceived positive attribute of internet banking was its 24-hour-a-day availability, whereas complexity and risk of service were the two negative attributes. The main disadvantages associated with internet banking, however, included its complexity and the security risks involved in using it.

The study also revealed that adopters of new technology generally earned higher incomes, worked longer hours, moved house more frequently

and also possessed more favourable attitudes towards change than non-adopters. Daniel (1998) analysed the adoption of computer banking through in-depth 31 interviews with the bank personnel responsible for its implementation and development. Convenience or time saving potential of online and mobile banking more than older consumers. Younger consumers also regarded the lack of face-to-face contact as less important than older consumers. These authors further found the educational levels of respondents did not affect the use of telephone or online banking. However, Karjaluoto (2002) found a typical user of online banking in Finnish market highly educated, relatively young and wealthy person with good knowledge of computers and, especially, the internet. The results of their study proposed that, demographic factors have an impact on online banking behaviour. He further found that attitude towards online banking and actual behaviors were both influenced by prior experience of computers and technology as well as attitudes towards computers. The new technology acceptance, points out that unless the specific need of a consumer is fulfilled, consumers may not be prepared to change from present familiar ways of operating, (Sathye, 1999).

Relationship between Perceived Risk and Internet Banking Adoption

Performance risk is concerned with how well the product will perform relative to expectations. Consumers' evaluation of performance risk is based on their knowledge and cognitive abilities in a certain product domain (Littler and Melanthiou, 2006). Asymmetry in online banking information and the lack of personal contact prevent the consumer from correctly evaluating the characteristics of the product, decreasing confidence (Ba, 2001). One of the problems with financial services is that customers are unable to try out them before adoption. Some banks have responded to this need by developing websites which allow potential users to try out internet banking services (Gerrard and Cunningham, 2003). The opportunity to conduct a

trial may confirm how easy it is to use internet banking and provides the necessary confidence to consumers with high perceived performance risk.

Social risk and internet banking adoption.

Social risk is concerned with the possibility of attracting unfavourable attention and response from purchasing a particular product. The social status of the consumer who uses online banking services may be affected because of the positive or negative perceptions of internet banking services by family, acquaintances or peers (Littler and Melanthiou, 2006). Consumers' attitudes to the different methods of purchasing depend on their characteristics, those who most value social relationships being the most reluctant to develop a positive attitude to internet banking. The lack of human interaction can also be a barrier to the use of technology based services.

Transaction risk and internet banking adoption.

This is the current and prospective risk to earnings and capital arising from fraud, error, negligence and the inability to maintain expected service levels Rogers (1983). A high level of transaction risk may exist with Internet banking products, because of the need to have sophisticated internal controls and constant availability. Most Internet banking platforms are based on new platforms which use complex interfaces to link with legacy systems, thereby increasing risk of transaction errors. There is also a need to ensure data integrity and nonrepudiation of transactions. Third-party providers also increase transaction risks, since the organization does not have full control over a third party. Without seamless process and system connections between the bank and the third party, there is a higher risk of transaction errors Agarwal and Prasad (1998). The human factor constitutes one of the biggest Transactional risks that banks face. The reasons that can lead an employee, deliberately or not, to cause such damage are the lack of skills, insufficient training and fraud.

II. ANALYSIS AND INTERPRETATION

Table 1. Likert's table showing the problems (risk) of internet banking

Facing problems	Point	Inadequate support from bank employees		Unable to login or operate account		Transaction details missing		The service I want is not available through IB		The option I want is not working		Occurrence of transaction errors	
		NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT
Always	5	1	5	3	15	1	5	2	10	3	15	4	20
Often	4	2	8	8	32	4	16	10	40	9	36	8	32
Sometimes	3	7	21	6	18	50	150	40	120	40	120	51	153
Rarely	2	68	136	60	120	20	40	26	52	26	40	8	16
never	1	3	3	3	3	5	5	2	2	2	2	9	9
TOTAL		80	173	80	188	80	216	80	224	80	225	80	230

Source: primary data

NOR: no of respondents

PDT: NOR x point

The Likert's table showing various problems while using IB The respondents are sometimes facing the problems such as money lost without my knowledge, no access server, lack of training and guidance of use of IB, poor response

from bank on complaints, inadequate support from bank employees, unable to login or operate account, transaction details missing, the server is not available, occurrence of transaction error.

Table 2. Likert's table showing the users satisfaction level.

Services	point	Check balances		View a/c statement		Funds transfer from one a/c to another		Mobile recharging		Pay direct and indirect tax	
		NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT
Very	5	45	225	30	150	20	100	30	150	13	65

satisfied											
Satisfied	4	23	92	42	168	22	88	27	108	30	120
Neutral	3	10	30	8	24	33	99	20	60	18	54
Dissatisfied	2	2	4	0	0	4	8	2	4	10	20
Very dissatisfied	1	0	0	0	0	1	1	1	1	9	9
Total		80	351	80	342	80	295	80	323	80	268

Services	Point	Booking for train bus and flight		Payment of utility bills		Online shopping		TDS enquiry	
		NOR	PDT	NOR	PDT	NOR	PDT	NOR	PDT
Very satisfied	5	20	100	19	95	24	120	13	65
Satisfied	4	31	124	25	100	26	104	22	88
Neutral	3	28	84	35	105	30	90	33	99
Dissatisfied	2	1	2	1	2	0	0	4	8
Very dissatisfied	1	0	0	0	0	0	0	1	1
Total		80	310	80	302	80	314	80	261

Source: primary data

NOR: No of respondents

PDT: NOR x point

The Likert's table showing the respondents level of satisfaction regarding various services. The respondents are very satisfied with the service of check balances, view account statement, mobile recharging. The respondents are satisfied with the services like funds transfer from

one account to another, pay direct and indirect taxes, booking for bus train and flight, payment of utility bills and online shopping.

HYPOTHESIS TESTING

H0: There is no significant relationship between the occupation status and accessing place of using IB.

H1: There is no significant relationship between the occupation status and accessing place of using IB.

Table 3.a
Relationship between occupation statuses and accessing place of using IB.

Occupation	Accessible place					Total
	Home	Library	Office	Cyber cafe	Friends or relatives	
Business	10	3	6	2	7	28
Students	7	1	4	2	3	17
Employees	7	1	6	2	3	19
Self employed and unemployed	6	1	4	2	3	16
Total	31	6	20	8	16	80

Source: Primary data

Table 3.b

Result of the test

test	Level of significance	Degree of freedom	Calculated value	Table value	Accepted /rejected
Chi-square	5%	12	2.07331	21.026	accepted

Interpretation:

Since the calculated value is less than table value null hypothesis is accepted. That is there is a no significant relationship between occupation status and accessing place for using IB.

III. FINDINGS

The major findings of the study are the following;

- The age wise analysis shows that most of the respondents come under the age group of 18 to 30 years.
- The gender wise analysis reveals that 63 % of the respondents are male and remaining 37% is female.
- The occupation wise classification reveals that out of 80, 28 respondents are doing business ,19 are employees and 17 are students and 15 are self-employed and remaining are belongs to unemployed.
- Through the study it is found that 63% of the respondents using SBI.
- Through the study it is found that 39% of the respondents using IB at home.
- The Likert's scaling technique reveals that the respondents are sometimes facing the problems money lost without knowledge, no access to server, lack of training and guidance of use of the IB, transaction details missing, service is not available, lengthy procedure to complete transaction.
- The Likert's table reveals that respondents are very satisfied with the services like check balances, view account statement and mobile recharging. Respondents are satisfied with other services.
- The Likert's table reveals that the respondents are satisfied with the aspect of website related to design and ease of use, reliability and confidence, responsiveness of bank, fulfilment of service requirement, privacy and security of IB.

IV. CONCLUSION

Internet banking has some inherent risks due to its nature. Legal system is still not very well defined across the globe, internet is prone to hackers and hence fraudulent risks are always there.

It can be concluded that literature provides a number of insights regarding the impact of trust on all transactions in the e-environment. It was observed from the literature review that there is an important positive relationship between trust and internet banking adoption. It was found that trust has a strong influence on internet banking adoption. IB users are most likely to face various problems because banking services are availed through the medium of internet and there is face to face contact and communication between customers and

banking personal. In order to identify the problems associated with the use of IB, respondents were asked to indicate the frequency of each of the problems faced by them on a five point scale. The respondents are sometimes facing the problems of money lost without my knowledge, no access to server; unable to login or operate account, transaction details missing, and service is not available, occurrence of transaction errors, lengthy procedure to complete transaction. However most of the respondents are strongly agree that IB saves time and is available at any time at and anywhere.

Customer satisfaction is a collective outcome of perception evaluation and psychological reactions to the consumption experience with a product or service. The findings that customer support problems and web based problems have significant negative effect on customer satisfaction hinder customer satisfaction in the use of IB. majority of the respondents are satisfied with the services provided by the bank such as funds transfer from one account to another; pay direct and indirect taxes, online shopping, bill payment etc.

Providing internet banking is increasingly becoming a **"need to have"** than a **"nice to have service"**

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