

PROBLEMS AND PROSPECTS OF INTERNET BANKING IN KANYAKUMARI DISTRICT- A STUDY

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Abstract

In recent years, the Internet banking has become one of the most challengeable and risky fields of electronic banking. In fact, the advent of the Internet has revolutionized the way banking is being done. In addition, Consumers' adoption in online banking is a critical challenge facing the bank industry; while, the knowledge of the adoption is still limited and there is an essential need to investigate that. The study mainly based on both primary and secondary data. The sample size was fixed at 300. In this research, we propose to examine the problems and prospects of Internet banking in Kanyakumari District.

Keywords: Electronic banking, Internet banking, Online banking, Green banking.

Introduction

Online banking is a new phase in retail banking services. With the help of online banking several types of services through which customers can request information and carry out their banking transaction such as balance inquiry, inter account transfers, utility bills payment, request check book etc., via a telecommunication network or internet without physically any visit to the branches. In future along with physical market competition the virtual market also is going to take place. Due to this fact more and more banking companies are thinking about switching their businesses from the physical to virtual market. Today, the key success factor for the developing economies is "Information". As advancements in technology and information system are arising rapidly and different kinds of electronic banking systems are introducing by banks, where each system has a unique and systematic way that facilitate the user to interact with the bank in the easiest way.

Statement of the Problem

Banking is a customer oriented service industry where the customer is in focus and customer service is a differentiating factor. The traditional factions of banking are very limited one. Economic reforms initiated by the Government of India in the early 1990's have brought about a sea change in the operational environment of the financial sector and the functioning outlook of Indian banks. Customer expects have many services with various delivery modes which are speedy and economical. Modern World bank is fully based on computerization and connected with the internet. Internet banking provides new opportunities for banks to expand their markets and services not only in the local level but also into the world level. The internet banking revolution has made it possible to provide ease and flexibility in banking operations to the benefit of customers. The e-banking has made the customer say goodbye to limited time banking and local area operation. Due to the

enormous benefits of Internet banking most of the customers opt for Internet banking services.

This study provides an opportunity to know the role of Internet banking services in commercial banks and its customer satisfaction is analyzed. The present study also focuses on the awareness of the technology oriented services offered to their customers in the Kanyakumari district.

Objectives of the Study

1. To determine the problems faced by the banks implementing and operating Internet banking.
2. To identify the problem faced by customers in Internet banking.
3. To study reasons for the growth of internet banking.

Scope of Study

The study will be conducted in four taluks branches in Kanyakumari district. These branches will select based on the extensive use of Internet banking facilities or products and their close proximity to the researcher. The study is concerned with the importance of internet banking in the geographical area of Kanyakumari district. The study will involve bank workers such as manager, cashiers, accounts offices and customers who use the Internet banking facilities or products. The study will lay emphasis on problems and prospects of the Internet banking in Kanyakumari district.

- ❖ Area is restricted to only Kanyakumari district because of the time constraint.
- ❖ All the classes of the customers will be taken into consideration.
- ❖ This study will cover the Internet banking service sector.
- ❖ This will be a realistic source directly collected from the customers and bank employees.

Methodology

Research is defined as human activity based on intellectual application in the investigation of matter. The primary purpose for applied research is discovering, interpreting and the development of methods and systems for the advancement of human knowledge on a wide variety of scientific matters of our world and the universe. This study is descriptive in nature. It helps in breaking vague problem into smaller and precise problem and emphasizes on discovering of new ideas and insights. The

study mainly faced on primary and secondary data. The primary data is to be collected from the sample respondents in the study area. The interview schedule will be designed to gather the data keeping in view of objectives of the study. The secondary data will be collected from various journals, magazines, books, Internet, newspaper etc. to supplement the present study. The total sample size will be fixed 300.

Analysis and Interpretation

Table 1 Problems faced by implanting of Internet banking

Problems	Mean Score	Rank
Customer computer illiteracy	1.76	I
Some area low transaction	1.32	VII
Theft problem	1.61	III
Lack of Knowledge about IB	1.42	V
Less security for ATM machine	1.55	IV
Low money flow	1.39	VI
ATM machine frequently repair	1.65	II

Source: Computed data

The table.1 interpreted that the problem faced implementing internet banking in Kanyakumari district, Customer computer illiteracy with the mean score of (1.76) ranked I, ATM machine frequently repair with the mean score (1.65) contributed second place, Theft problem with mean score (1.61) contributed third place, Less security for ATM machine with the mean score (1.55) contributed fourth place, Customer Lack of Knowledge about IB contributed fifth place (mean score 1.42), low money flow (Mean score 1.39) contributed sixth place and Low money flow with the mean score (1.32) contributed seventh place.

Table 2 Problem faced by customers in Internet banking

Problems	F	%
Limited amount of money Withdrawal	96	32
Low level of security for our money	54	18
Some time louse our money	24	8
Transaction charges	24	8
Long time waiting for withdrawal	42	14

Some time no money for ATM	60	20
Total	300	100

Source: Primary data

The table 2 shows that problem faced by the internet banking users. 32 per cent of the respondents pointed out that limited amount of money withdrawal from the internet banking, 18 per cent of the respondents pointed out that low level of security for our money, because their account is misused by other persons. 8 per cent of the respondents pointed out that sometime lose our money and another 8 per cent respondents are high transaction cost charged by the banks. 14 per cent of the respondents are pointed out that they face long time waiting for withdrawal of money and remaining 20 per cent of the respondents are pointed out that some time no money for the ATM.

Table.3. Reasons for growth of internet banking

Reasons	Mean Score	Rank
Increasing money Flow	1.42	IV
Increasing Internet users	1.27	V
Increasing Business activities	1.59	III
Easy money transaction	1.72	I
Safe money from theft	1.65	II

Source: Computed data

The table 3 interpreted that the reasons for growth of internet banking in Kanyakumari district, easy money transaction with the mean score of (1.72) ranked I, Safe money from theft with the mean score (1.65) contributed second place, Increasing Business activities with mean score (1.59) contributed third place, Increasing money Flow with the mean score (1.42) contributed fourth place and Increasing Internet users with the mean score (1.27) contributed fifth place.

Findings

- ❖ The study shows that the problem faced implementing internet banking in Kanyakumari district, Customer computer illiteracy with the mean score of (1.76) ranked I, ATM machine frequently repair with the mean score (1.65) contributed second place and Low money flow with the mean score (1.32) contributed seventh place.
- ❖ The study express that problem faced by the internet banking users, 32 per cent of the

respondents pointed out that limited amount of money withdrawal from the internet banking, 18 per cent of the respondents pointed out that low level of security for our money and 20 per cent of the respondents are pointed out that some time no money for the ATM.

- ❖ The study reveals that the reasons for growth of internet banking in Kanyakumari district, easy money transaction with the mean score of (1.72) ranked I, Safe money from theft with the mean score (1.65) contributed second place and Increasing Internet users with the mean score (1.27) contributed fifth place.

Recommendations

- ❖ Give proper training to customers for using I-banking.
- ❖ Create a trust in mind of customers towards security of their accounts.
- ❖ The staff should be co-operative, friendly and must be capable of understanding the problems of the customers.
- ❖ Make their sites more users friendly. Customers should be motivated to use I-banking facilities more.
- ❖ The ATM facilities are provided by the bank in each and every rural and urban area.
- ❖ The unlimited money withdrawal facility provided by the banks.

Conclusion

Internet banking is changing the banking industry and is having the major effects on banking relationships. The net banking, thus, "now is more of a norm rather than an exception in many developed countries" due to the fact that it is the economical way of providing banking services. Banking is now no longer confined to the traditional brick and mortar branches, where one has to be at the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. There is need to scan and analyze the market and respond to the needs of customers and to generate awareness regarding advantages of internet banking. In true Internet banking, any inquiry or transaction is processed online without any reference to the branch at any time. Providing internet banking is increasingly becoming a 'need to have' than a 'nice to have' services. Thus internet banking helps both, the customer as well as the bank, to lighten the burden of today's world and to save time, money and

energy which is greatly required and appreciated.

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