

SOURCES OF AWARENESS AND USE BY FAMILY MEMBERS: DIFFERENCES BETWEEN USERS AND NON USERS OF ONLINE BANKING.

Prisca I. Braganza

Associate Professor in Commerce,
S. S. Dempo College of Commerce and
Economics, Altinho, Panaji, Goa.

branzaprisca@gmail.com

Mob No. 9423060003

* Dr Nandakumar Mekoth

Professor,
Department of Management Studies,
Goa University, Taleigao, Goa

nmekoth@unigoa.ac.in

Mob No. 9422442577

ABSTRACT

With the developments in electronics and information technology over the last few decades, banks have been increasingly using different electronic delivery channels such as automated teller machines, online banking and mobile banking to offer various banking products and services to the customers at their convenience. Online banking is a fast growing delivery channel allowing customers to access banking facilities from anywhere and at any time.

With the data collected from 50 bank customers and 10 Bank managers, this paper aims at understanding the sources of awareness of online banking and the use of online banking by other members of the family.

The findings of the study revealed that Customers were aware of online banking through various sources, mainly through banks and media followed by word of mouth. Most of the customers using online banking and some customers not using online banking have other members of their family using online banking.

Key words: Online Banking, sources of awareness, use by family members, users of online banking, non users of online banking.

1. Introduction

Developments in the field of information technology has reduced the world to a global village. Advancement in technology has led to the rapid and tremendous changes in the world of electronic banking enabling the banks to offer different delivery channels to the customers in meeting their needs and expectations which have increased and diversified over the years. Electronic Banking Services are predominantly based on the use of automated systems, providing banking products and services through electronic delivery channels. It is the provision of banking services through the extensive use of information technology without the customers having to personally go to the bank.

Internet Banking or Online banking is a service that allows customers of a bank to access their bank account information and conduct financial transactions through the Internet on a secure website operated by the bank. In order to avail of the online banking facility, the bank customer would have to go to the bank's website and access the online banking facility using the customer ID and password.

Information technology and the communications networking systems have revolutionized the working of banks and financial entities all over the world (Uppal R.K., 2011). Electronic banking has gained wide acceptance internationally. In India also the things are changing fast. With the advent of Net-banking, Indian economy is on the threshold of a major banking revolution (Sikdar Pallab & Makkad Munish, 2013).

Online banking is a popular and convenient delivery channel which is being increasingly used by bank customers to view account details, download statements, make payments, transfer funds, buy tickets, for online shopping and to avail of various banking services from the comfort of their home or work place or while travelling. Online banking facilitates operation of the bank account by oneself from anywhere in the world and at any time. The customers can regularly monitor their account and find out the status of cheques deposited and issued. Customers can view their account, keep a track of each and every transaction and understand its effect on the account's balance. Online banking is

designed to streamline banking transactions that otherwise require considerable time and effort.

Internet Banking allows transactions online at any time and from any where thus reducing the number of physical visits to the bank (Sharma N. and Sharma G., 2011). Internet Banking is the facility provided by banks and financial institutions that enables the user to execute bank related transactions using a Personal Computer or any mobile device offering Internet connectivity but with the development of Hi-Tech asynchronous technologies and secured electronic transaction technologies. Internet banking is used both as a transactional as well as an informational medium. Internet banking is nothing more than traditional banking services delivered through an electronic communication backbone, viz, Internet. One of the distinctive features of internet banking is that by reaching out to the customers of different countries it removes the traditional geographical barriers of banking. (Singh Preeti, 2013).

Indian banking is also undergoing a paradigm shift. The applications of technology and product innovations are bringing about structural changes in the Indian Banking system. Off-site ATMs, on-line debit cards and electronic everywhere banking are transforming the traditional concept of branch banking (Uppal R.K, 2011).

Electronic banking has broken the barriers and limitations of branch banking and has provided an innovative growth to the banking operations. The concept and scope of electronic banking is going through a lot of transition day by day. Branch banking has been receiving a solid support base from electronic banking.

2. Literature Review

Some studies in online banking have tried to find the relationship between the adoption of online banking and demographic characteristics and awareness of online banking.

Singh Preeti (2013) states that many people who are not comfortable with computers and the Internet often find it difficult to use internet banking. Therefore, for beginners, Internet banking is really a time consuming process. Although Internet Banking has

been popular among young Internet-savvy people for many years, its popularity is expected to grow rapidly as Internet usage grows internationally and people discover the many advantages that it provides.

It was also stated by Wen-Jang Jih et al (2005) that the more experienced Internet technology users were more likely to involve themselves than their less experienced counterparts in Internet banking services.

The findings of the study by Munusamy Jayaraman and De Run Ernest C. (2012) revealed that there is no relationship between gender, race, educational level and occupation and the adoption of internet banking among Malaysian consumers and that there is a negative relationship between age and income and adoption of internet banking among Malaysian consumers.

The study by Ermod Asli. Y. M (2011) showed that the usage rate is significantly related with the education levels and income level and that there is no significant relationship between the age level and gender on internet banking practices.

Mavri and Ioannou (2006) found that ‘lack of information’ and ‘difficulties of using Internet’ greatly influence Individual’s decision regarding the adoption of online banking services. They felt that due to the deficiency of information and unfamiliarity with the new banking delivery channels, people have not been using the online services.

Saibaba S. and Naryana Murthy T.(2013) stated that awareness of Internet banking services influences customers’ perception on system benefits. Banks should plan awareness campaigns especially for minimizing the risk perceptions of the customers and to increase their confidence on the system by communicating its benefits and advantages over other traditional channels.

A study by Paul Sabita (2013) revealed that factors like education, knowledge in computer, willingness of the people, people’s convenience and awareness etc. are responsible for the successful operation of Electronic banking. Also that a large no of people (especially the old generation) having no computer knowledge still prefer the traditional banking but along with some moderate changes and quick service

delivery. The young generation which is more familiar with computer and internet banking were felt to be more interested in using the Electronic banking channels particularly in ATM and online transaction rather than the old and traditional banking.

Ramnath safeena (2010) stated that consumer awareness has positive impact on the intention to adopt internet banking and that with the passage of time with growing awareness and education there will be huge acceptance of online banking. Banks need to make the consumers aware about the system and highlight the benefits of Internet banking (Safeena, Hema and Abdullah, 2011).

Lichtenstein Sharman and Williamson Kirsty (2006) felt that the factors of accessibility to the computer and internet, internet self-efficacy, system usability, the availability of sufficient support and in depth knowledge from the bank and its employees contribute significantly to consumer adoption of internet banking and that lack of awareness of the relative advantages, low levels of accessibility, lack of proficiency in the technology are some of the key reasons for non- adoption of internet banking.

3. Hypotheses

This paper tried to highlight the relationship between the sources of awareness of online banking and use of online banking by the family members on the adoption and use of online banking.

H1: There is a relationship between the sources of awareness and the use of online banking.

H2: There is a positive relationship between the use of online banking by the bank customers and the use of online banking by their family members.

4. Data collection, analysis and results:

Data were collected from 50 bank customers of which 25 respondents were users of Online Banking and 25 were non-users of Online Banking. Their responses have been

analysed and conclusions have been drawn. Interviews were also conducted with 10 Bank managers in order to have a better understanding of Online Banking from the banker's perspective.

4.1 Sample profile

The demographic profile of the bank customers interviewed with regards to the adoption of Online Banking is given in the following table.

Table 1: Demographic profile of the sample.

Respondents	Male	Female	Married	Unmarried	20-30yrs	31-40yrs	41-55yrs
Users of online banking-- (25)	10	15	20	5	6	14	5
Non-Users of online banking-- (25)	7	18	16	9	9	8	8
Total Respondents (50)	17	33	36	14	15	22	13

Most of the customers interviewed were within the age group of 31 to 40 years. The Branch Managers stated that the online banking customers are mostly youngsters and middle aged. Customers are mostly businessmen, salaried people occupying higher posts, NRI's, those in the engineering field and students. They also pointed out that customers who have exposure to the internet and computers and those involved in I.T related activities are more comfortable with online banking.

4.2 Sources of Awareness of Online Banking and usage.

2 respondents who were not using online banking were not aware of online banking. All the other 48 respondents who were aware of online banking came to know about it through the following sources.

Table 2: Sources of awareness of Online Banking and usage

Sr No.	Sources of awareness	Users of online banking	Non- Users of Online Banking	Total
1	Bank	17	9	26
2	Media	7	18	25
3	Word of mouth	6	9	15
	Total	30	36	66

Chawla Sonia and Sehgal Ritu (2012) found that Bank officials have been the most influential source of awareness regarding internet banking. Most of the customers interviewed who are using online Banking also came to know about online banking through the bank, followed by media and being informed by friends, colleagues and family members. For the respondents not using online banking, media was the most important source of awareness followed equally by being informed through the bank and word of mouth. Many respondents read about online banking and some of them came to know about online banking through publicity on different media. Some customers came to know about online banking through more than one source.

In order to test the relationship between the sources of awareness and usage of online banking, chi-square statistic was calculated from table 2. The value of chi-square was found to be 6.731 which is significant at 5% level of significance for 2 degree of freedom. Hence it may be concluded that bank is the major source of information for the users of online banking while media is the major source of information for the non users of online banking.

The bank Managers stated that their customers are informed about online banking in various ways such as:

- i. The New account holders are informed at the time of opening the Account.

- ii. Also when existing customers walk in at the branch, the office staff interact with the customers and introduce to them online banking.
- iii. Through banners at bank premises and pamphlets and matter displayed on the notice board.
- iv. Banks also send SMS and emails regarding Online Banking.
- v. Message regarding online banking is given at the back of the Account statements and on ATM Flash screen,
- vi. Publicity is given on the Website and also through other media.

It was also revealed that inspite of the awareness created by the banks at the branch office and through various media, few of the bank customers specially the old account holders were still not aware of online banking and its functioning.

4.3 Family members using Online Banking.

Table 3: Use of Online Banking by the family members

Respondents	Family members using Online Banking		Total
	Yes	No	
Users of online banking	19	6	25
Non-Users of online banking	8	17	25
Total Respondents	27	23	50

19 out of 25 respondents using online banking also had other members of their family using online banking, out of which 14 respondents had their spouses actively using online banking whereas the other 5 respondents had their siblings and their in-laws using online banking.

Out of the 25 non-users users of online banking 17 respondents did not have any other member of their family using online banking whereas the other 8 respondents had other members of their family using online banking, out of which 5 of them had their spouses actively using online banking and the other 3 respondent had their children and siblings using online banking.

In order to test the relationship between the use of online banking by the respondent and the use of online banking by the family members, chi-square statistic was calculated from table 3. The calculated value of chi-square is 8.063 which is significant at 5% level of significance for 1 degree of freedom. Hence it can be concluded that there is a positive relationship between the use of online banking by the respondent and the use of online banking by his or her family members. In other words if a bank customer is using online banking it is more likely that other members of his or her family too use online banking.

5. Conclusion

Information Technology has introduced new business paradigm and has become a necessary tool in today's organizations. It is increasingly playing a significant role in improving the services in the banking industry. Online banking is a prominent channel used by banks in providing various products and services to the customers. The use of Online banking by the customers is influenced by various factors such as demographics, awareness, perceived benefits and perceived risks of Online banking and the use of online banking by other members of the family. Online banking is mostly used by bank customers who are young and middle aged and have adequate knowledge regarding the use of the computer and internet.

The Customers interviewed were aware of online banking through various sources such as publicity through media, reading about it in the books, being informed about it by the bank officials and by friends, colleagues and family members. However banks were the major source of awareness of online banking for most of the bank customers using the service. They were being informed, guided and motivated by the bank officials. But majority of the non users of online banking came to know about online banking through

the media. The new account holders are informed by the bank staff at the time of opening the account. However a few bank customers, mostly the old account holders are still not aware of online banking and its scope. Banks still need to create wider publicity about the various services available through online banking. Banks should also be more involved in advising and cautioning the customers about the service so that the bank customers can use online banking in a better way and with confidence .

The study also revealed that those customers using online banking are more likely to have their family members also using online Banking. Most of the respondents using online banking and a few respondents not using online banking had other members of their family using online banking.

In recent times online banking is becoming popular and increasing number of customers have been adopting the online banking service. With increasing awareness of online banking through various sources and more customers being expected to perform their banking jobs through the online banking channel, banks have to play an active role in popularizing and guiding the customers to use the online channel.

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Prisca Braganza is an Associate Professor in Commerce at S. S. Dempo College of Commerce and Economics, Panaji, Goa. She is also a research scholar at the Department of Management Studies, Goa University, India. Her current research interest is in Customer behavior, E-banking and Technology Innovation.

Professor Nandakumar Mekoth is currently Professor and Dean at the Faculty of Management Studies at Goa University, India. He holds a doctorate of the University of Calicut, India and has completed Faculty Development Program of Indian Institute of Management Ahmedabad. He has 27 years of post graduate teaching experience and research experience at Goa University. He has guided several Ph.D students and M.Phil students successfully and is currently guiding several doctoral students at the Department of Management Studies; Goa University. His teaching area is Marketing with research interest in Services Marketing and Consumer Behavior.