

Utilisation of Online Banking System in Rural Area: Post Demonetisation**Shiji T S****Assistant Professor, M E S Asmabi College, P Vemballur****Abstract:**

A system allowing individuals to perform banking activities at home, via the internet. Some online banks are traditional banks which also offer online banking, while others are online only and have no physical presence. Online banking through traditional banks enable customers to perform all routine transactions, such account transfers, balance inquiries, bill payments, and stop-payment requests, and some even offer online loan and credit card applications. Banking activities can be classified to as transactional and non-transactional. Demonetization is the act of detaching a currency unit of its status as legal tender. Demonetization is necessary whenever there is a change of national currency. It also helps to wipe out the black money and black market activities. The rural areas in particular, which do not have formal sources of banking, also deal largely in cash. Demonetization also aims to boost the digital transactions in all area. While formal modes of payments such as debit and credit cards, net-banking and digital wallets should get a boost, this will take a long time to be felt simply because the proliferation of these products is still low among the middle classes and the poor, for whom cash is still the predominant mode of transactions.

Keywords:Online Banking, Rural People, Demonetisation, Electronic Transactions

Introduction:

On 8th November 2016, government of India announced demonetisation of 500 and 1000 rupees notes which accounted to about 80% of currency circulation in the country. The main aims of demonetisation was to eradicate black money and terrorist financing activities and to direct India towards a cashless economy.

To promote cashless economy, the government of India has launched a flagship programme, the Digital India programme, with a vision to transform India into a digitally empowered society and knowledge economy. “Faceless, Paperless, Cashless” is one of professed role of Digital India. As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are available.

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 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 which was the traditional way customers accessed banking services.

To access a financial institution's online banking facility, a teacher 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 credentials for online banking is normally not the same as for telephone or mobile banking. Financial institutions now routinely allocate customers numbers, whether or not customers have indicated an intention to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. Technically, the customer number can be linked to any account with the financial institution that the customer controls, though the financial institution may limit the range of accounts that may be accessed to, say, cheque, savings, loan, credit card and similar accounts.

On November 8th, 2016, in what can be said to be the audacious move, Prime Minister Sri. Narendra Modi announced the scrapping of 500 and 1000 rupee notes in order to combat the black money and forged currency. As anticipated, the sudden dearth of cash led to the emptiness in the business. The shift focused to more of digital, online transactions thus enhancing the payments other than cash. After demonetization, the online shopping with prepaid channels increased, the purchases made online were mainly food and groceries, online restaurant booking and food ordering etc. Today we can boast of a strong retail payments framework in the country comparable to that of any advanced country, and perhaps even better than some of them in terms of the variety and efficiency. Various types of payment instruments exist to meet the requirements of different users in different circumstances – bank accounts, cheques, debit and credit cards, prepaid payment instruments, etc.

The customer visits the financial institution's secure website, and enters the online banking facility using the customer number and credentials previously set up. The types of financial transactions which a customer may transact through online banking are determined by the financial institution, but usually includes obtaining account balances, a list of the recent transactions, electronic bill payments and funds transfers between a customer's or another's accounts. Most banks also enable a customer to download copies of bank statements, which can be printed at the customer's premises (some banks charge a fee for mailing hard copies of bank statements). Some banks also enable customers to download transactions directly into the customer's accounting software. The facility may also enable the customer to order a cheque book, statements, report loss of credit cards, stop payment on a cheque, advise change of address and other routine actions.

Online banking are convenient, speedy and saves time and cost. Another benefit of cashless economy is reduction in robbery and cash based crimes. But the real question is whether India is ready for a transformation to cashless economy. There are several challenges for transforming India into a digital economy. More than 60% of India lives in rural area and more than half don't have access to internet, mobile phones, and other gadgets which are integral part of digital payment system. More than 90% of Indian labour market is informal. Digitisation in such a situation would be difficult. Security and risk perception of people are another major concerns. Digital India suffers from the threat of thefts and hacking of digital money instruments. The ATM cards, Debit/Credit cards, Net Banking solutions and even the transaction websites of the financial institutions and banks are hacked by the mischievous people who withdraw money by making clones and changing the passwords. This has to be taken care of before proceeding on digital India mission.

To promote cashless economy, government of India has to focus on some important aspects such as cyber security, promoting awareness to people, among other aspects. The success of Government of India's flagship programme- Digital India programme depends on consumer's perception towards Digital payment.

Review of literature:

Heggade (2000), studied the bank-customer relationship in India. He analyzed responses of 11 different classes of bank customers like businessman, salaried persons, advocates etc. He analyzed customer's views on one hand and employees view on other hand. He concludes that there is low correlation among the different occupations and satisfaction from services in the PSBs.

Sullivan (2000) found that Internet banks in 10th Federal Reserve District incurred higher expenses but also generated higher fee income and conclude that the measures of profitability for internet banks are similar to the non-internet banks.

Tan &Teo (2000) studied the factors that influenced adoption of internet banking among customers in Singapore. Their main findings revealed that attitudinal and perceived behavioural control factors played significant role in influencing the intention to adopt internet banking

Jun and Cai (2001) identified 17 service quality dimensions of e-banking service quality. These are reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding the customer, collaboration, continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features. They also suggested that some dimensions such as responsiveness, reliability and access are critical for both traditional and internet banks.

Polatoglu & Ekin (2001) conducted an exploratory study to analyse the customer acceptance of internet banking services in a Turkish bank. Their findings suggest that customer confidence in internet banking services tends to increase when they use the services for a long time.

Furst, et.al. (2002) developed statistical models to explain why banks choose to adopt internet banking and why some choose to offer a relatively wider array of Internet banking products and services. They also investigated whether offering Internet banking affects a bank's profitability. The result revealed several significant differences in the profile of banks that offer internet banking and those that do not. They observe that internet bank rely more heavily in non-internet income and less on core deposits for funding than non internet banks do. In addition, the study revealed that Internet banks have more accounting efficiency ratio and higher return on equity than non-internet banks.

Karjaluoto et al. (2002) The findings of their research conducted amongst finish bank customers showed that prior experience with computer and technology along with attitudes towards computer , influence both attitude and behaviour towards online banking. Since it is found that prior computer experience had a strong influence on internet banking

usage. It is advised by them that banks should give training to its customers not only in the usage of internet but also in the usage of computers.

Mattila, Karjaluoto,&Pento (2002) examined responses of 3000 survey respondents and 30 in-depth interview participants to study the customer channel preference in Finland. They tried to analyse the implication of new channel delivery channels in banking and its effect on customers and banks.

Sciglimpaglia & Ely (2002) tried to study the impact of internet banking from “customer centric” perspective. They conclude that customers who don’t mind doing business through internet might leave their current bank if they find a rival offering the service.

Van Slyke, Comunale, & Belanger (2002) tried to examining the factors influencing the adoption of online shopping with special emphasis to the impact of trust. The result revealed that there is a positive impact of trust on the consumer’s intention to conduct an online shopping activity.

Joseph et al. (2003) found that reliability, accuracy, personalized and better customer services are some of the factors that are considered by the customers before opting any service delivery channel. Some researchers recognized convenience, flexibility, security concern, complexity, and responsiveness as some of the prominent determinants of e-banking modishness at global level.

Kamal & Hssan (2003) tried to access the effects of introduction of electronic banking Egypt. They try to analyze the acceptance of new channels using a model which is based Technology Acceptance Model. They concluded that TAM could be considered as a useful tool in studies related to acceptance of new channels in banking.

Objectives:

1. To compare and measure the usage of e-commerce facilities pre demonetization and post demonetization on rural area
2. To analyse the usage of online banking based on demographical variable.

Research methodology:

Descriptive research method is used for this study. 200 sample size is used for this study. samples collected from fourteen district of Kerala state. Primary and secondary data used for this study. Questionnaire is used for collecting primary data from the respondents. Secondary data were collected from website, books, journals etc.

Data analysis and interpretation:

First objective of this study is to compare and measure the usage of e-commerce facilities before demonetization and after demonetization on rural area. Chi-square test used to test its hypothesis

H1: There is no significant difference between the usage of ecommerce facilities pre and post demonetization

Table 1: Usage of E-Commerce Facilities Pre and Post Demonetization

Particulars	Pre demonetisation	Post demonetisation
Bill payment	189	156
Bank transactions	130	98
Online food ordering	156	110
Online shopping	178	120
Fund transferring	169	80
E-wallet	181	130

$$\sum(E-O)^2 = 13.4$$

E The degree of freedom is 5(6-1) at 5%signifinace level, the table value is 11.070. Computed value is 13.4 which is greater than table value. So we can reject the null hypothesis, concluded that there is a significant difference between the usage of e commerce facilities due to pre and post demonetisation.

H₀:The usage of internet banking is independent of the demographic characteristic of the participants

H₁: The usage of internet banking dependent of the demographic characteristic of the participants

Gender

The gender of the respondents has an important role in their opinion regarding various factors. The opinion of different gender is always changing. Therefore the classifications of respondents are divided into male and female.

Table 2 Respondents in different Gender

Gender	Frequency	Percent
Male	104	52.0
Female	96	48.0

(source: survey data)

From the above table, it is found that out of total respondents 52 % male and 48% females.

H₀: Usage of internet banking is independent of Gender.

H₁: Usage of internet banking is depends on Gender.

Table 3 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.714 ^a	3	<0.001
Significant			

The result of the chi-square test to test exhibited in the following table indicate that the test is significant as the p value is <0.05, so conclude that Usage of internet banking is dependent on Gender.

Marital status

The marital status of the respondents has an important role in their opinion regarding various factors. The opinion of different marital status is always changing. Therefore the classifications of respondents are divided into single and married.

Table 4 Respondents in different Marital status

Marital status	Frequency	Percent
Single	104	52.0
Married	96	48.0

(source: survey data)

From the above table, it is found that out of total respondents , 52 % single and 48% married.

H₀: Usage of internet banking is independent of Marital status.

H₁: Usage of internet banking is depends on Marital status.

Table 5 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.180	3	<0.001
Significant			

The result of the chi-square test to test exhibited in the following table indicate that the test is significant as the p value is <0.05 , so we conclude that usage of internet banking is dependent on Marital status.

Age:**Table 6 Respondents in different Age**

Age	Frequency	Percent
Upto 25	72	36.0
26-35	72	36.0
36-45	28	14.0
46-55	16	8.0
Above 55	12	6.0

(source: survey data)

From the above table, it is found that out of total respondents ,36% people comes under the age 25 and 26-35. 14% people include 36-45, 8% people come under 4-55, 6% people above 55.

H₀: Usage of internet banking is independent of Age.

H₁: Usage of internet banking is depends on Age

Table 7 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.212	3	<0.001
Significant			

The result of the chi-square test to test exhibited in the following table indicate that the test is significant as the p value is <0.05 , so conclude that usage of internet banking is dependent on Age.

Education:

Table 8 Respondents in different Education

Education	Frequency	Percent
Illiterate	4	2.0
High school	24	12.0
Intermediate	12	6.0
Degree	88	44.0
Masters degree	72	36.0

(source: survey data)

From the above details, most of the respondents possessing degree graduates about 44%. 36% people possessing master degree, 12% are high school graduates, 6% people possessing intermediary and only 2% people are illiterate.

H₀: Usage of internet banking is independent of Educational level.

H₁: Usage of internet banking is depends on Educational level.

4.9 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.706	4	<0.001
Significant			

The result of the chi-square test to test exhibited in the following table indicate that the test is significant as the p value is <0.05, so conclude that Usage of internet banking is dependent on Educational level.

Occupation:

Table 4.10 Respondents in different occupation

Occupation	Frequency	Percent
Agriculturist	8	4.0
Employee	120	60.0
Business	24	12.0
Professional	28	14.0
Others	20	10.0

(source: survey data)

From the above table, it is found that out of total respondents, 60% people are employees, 14% people are professionals, 12% people doing business, 4% are agriculturist, remain people doing other works.

H₀: Usage of internet banking is independent of Occupation.

H₁: Usage of internet banking is depends on Occupation.

Table 4.11 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.772	3	<0.001
Significant			

The result of the chi-square test to test exhibited in the following table indicates that the test is significant as the p value is <0.05, so conclude that usage of internet banking is dependent on occupation.

Income:

Table 4.12 Respondents in different income

Monthly income	Frequency	Percent
Upto 10,000	28	14.0
10,000-15,000	52	26.0
15,001-20,000	48	24.0
20,001-25,000	36	18.0
25,001-30,000	16	8.0
30,001 – 35,000	12	6.0
35,001-40,000	8	4.0

(source: survey data)

From the above table, it is found that out of total respondents, 26% people get monthly income in between 10000-15000, 24% people get monthly income in between 15001-20000, 18% people get monthly income in between 20001-25000, 14% people get monthly income under 10000, 8% people get monthly income in between 25001-30000, 6% people get monthly income in between 30001-35000. 4% people get monthly income in between 35001- 40000.

H₀: Usage of internet banking is independent of Income level.

H₁: Usage of internet banking is depends on Income level.

Table 4.13 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	26.729	5	<0.001
Significant			

The result of the chi-square test to test exhibited in the following table indicate that the test is significant as the p value is <0.05, so we conclude that Usage of internet banking is dependent on Income level.

Findings:

There is a significant difference between the usage of e commerce facilities due to pre and post demonetisation. Usage of internet banking is dependent on Gender, age, marital status, income level, education level and occupation level. Information availability, efficiency, supporting factors and educating customers are leads to customer satisfaction. Poor internet connection is the main obstacle to choose online shopping by rural people.

Conclusion:

The cashless transaction system is reaching its growth day by day, as soon as the market become globalised and the growth of banking sector more and more the people moves from cash to cashless system. The cashless system is not only requirement but also a need of today society. All the online market basically depends on cashless transaction system. The cashless change is not only safer than the cash transaction but is less time consuming and not a trouble of carrying and trouble of deterioration like paper money. It can be seen that the demonetization has resulted in the paving the way of new trend in the transaction, i.e. online shopping and digital payments. Online shopping is becoming more popular day by day with the increase in the usage of World Wide Web known as www.

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