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A Study on Customer's Continuous Usage of Online Banking Services in Tiruchirappalli City

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ABSTRACT

Online banking system can be considered as the one of the great tool supporting many customer as well as banks and financial institutions to make banking activities through online. Every day banks need to perform many activities through online to their users which needs huge infrastructure without involving bank staffs like online banking, mobile banking ATM banking etc. The purpose of this paper is to analyse customer's continuous usage of online banking services in Tiruchirappalli city. Analysis of variance technique is employed to study the significant relationship between the personal characteristics and customer's continuous usage of online banking services.

KEY WORDS: Online banking, Mobile banking, ATM banking, Customer's continuous usage.

1. INTRODUCTION

Online banking an innovation to traditional branch banking system is now used as a channel for delivering financial services by virtually all banks in India. Online banking provides improved convenience and customer service. However it is observed that Indian banking customers are reluctant to use online banking services. Usage is an important step for acceptance of any technology but long term viability of the technology depends on continuous use rather than first time use. Further in online environment attracting the new customers may not be easy than retaining the existing online banking customers. Many factors are seen to be influencing the Continuous usage of online Banking services. Some of the few factors which is taken up for this study are Accessibility, Internet experience, frequency of usage, services usage.

REVIEW OF LITERATURE

Krauter and Faullant (2010) investigated the influence of customer's perceived trust on online banking acceptance in Austrian context. The data was collected from 381 bank customers (including adopters and non-adopters) and responses were analysed with structural equation modelling. The attitude towards internet banking was used as the dependent variable. Individuals perceived familiarity, risk and trust were used as independent variables. The results point out privacy guarantee, risk on losing personal information and money depresses the attitude of the customers.

Tan et al (2011) investigated the factors that affect the young customer's adoption of online banking in Malaysia. Using a self-administered questionnaire 231 online banking service users opinions were tested. The empirical results found that the perception of young bank customers towards security did not significantly influence online banking adoption in Malaysia. Since the

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samples taken were youngsters who were of the habit of adopting technology oriented services they would not perceive any risk associated with online banking services.

Safeena et al (2012) has examined factors influencing online banking adoption and usuage in a developing country like India where the number of customers per branch is very high compared to other developed countries. This study extended the constructs of technology acceptance model. Primary data obtained from 116 customers were analysed using regression analysis. TAM constructs along with risk has been considered as independent variables. Though the online banking system is useful, flexible and easy to use Indian customers are reluctant to adopt it due to the fear of security and privacy.

SIGNIFICANCE OF THE STUDY

Online banking is a global service which has to meet the demands and expectations of the customers living in different countries and to foster loyal customers across globe. This study would be a platform to identify the factors which influence customer's continuous usage behaviour. An understanding of these factors allows policy makers to direct efforts and resources through effective and efficient strategies to improve bank's online business in the long run which would encourage the customers to continue with particular bank. This study also helps to identify the services that are not availed by the customers which would warrant a change on policy maker's plans and investments.

2. OBJECTIVES OF THE STUDY

- To examine the factors affecting continuous usage of online banking services in Tiruchirappalli city.
- To identify the online banking customer's usage towards online banking services.

3. RESEARCH METHODOLOGY

RESEARCH DESIGN

The research design is descriptive in nature. This research explores the factor influencing continuous usage of Indian online banking services. The study provides information about existing online banking behaviour of customers. The responses of the customers are recorded as it is and analysed. Hence this study fits as a descriptive study.

SAMPLING

Online banking customers in Tiruchirappalli city are taken as population for this study. The questionnaire was distributed to 100 online banking users in Trichy city. It is one of the fastest growing cities in terms of information technology in the state of Tamilnadu.. The users who had 3 years of internet experience and have performed minimum 3 online banking transactions in the last quarter of the year were selected for this study. The respondents were asked to evaluate and comment about the questions. In general, the respondents felt the questions were clear and easy to understand.

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COLLECTION OF DATA

Data was collected from primary sources. A structured questionnaire was administered on online banking customers of Tiruchirappalli city by mailing the questionnaire online.

ANALYSIS AND INTERPRETATION

Personal Characteristics of Online Banking Customers

Characteristics		Number of respondents	Percentage
Gender	Male	67	6
	Female	33	3
Age	Less than 30	29	2
	31 – 40	40	4
	41 – 50	15	1
	51 – 60	11	1
	Above 60	05	05
Occupation	Employed	49	4
	Self employed	27	2
	Professionals	24	2
Education level	School level	21	2
	College level	28	2
	Professionals	24	2
	Others	27	2
Income level (per month)	Less than 15000	11	1
	15000 – 30000	26	2
	30000 – 45000	31	3
	45000 – 60000	15	1
	Above 60000	17	1
Opinion on Accessibility	Easy	44	4 4
	Moderate	32	3
	Difficult	24	2
Opinion on online banking experience	3-4 years	56	5
	4-5 years	17	1
	5-6 years	17	1
	More than 6 years	10	1 0
Opinion on frequency of usage	Daily	36	3
	Few times a week	20	2
	Weekly	15	1
	Few times a month	21	2

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	Seldom	08	0
Opinion on service usage	1-3 services	40	4
	3-5 services	31	3
	5-7 services	16	1
	7-9 services	11	1
	More than 10 services	02	0

The above table shows the 67% of the respondents are male. 40% of the respondents belongs to the age group of 31-40 years. 49% of the respondents are self employed. 28% of the respondents have completed their college level education. 31% of the respondents have the income level of Rs.30000-45000. 44% of the respondents felt easy access about online banking services. 56% of the respondents have 3-4 years of internet experience. 36% of the respondents are using banking services daily. 40% of the respondents have used 1-3 years of online services.

DIFFERENCES IN PERSONAL CHARACTERISTICS AND ITS IMPLICATIONS ON CONTINUOUS USAGE

Ho: There is no significant difference in intention to continuously use online banking services among online banking customers with personal characters of respondents. The following Table describes the results in terms of online banking customer's personal characteristics, F values, P values and their significances on intention to continue online banking services.

RELATIONSHIP BETWEEN PERSONAL CHARACTERISTICS AND CONTINUOUS USAGE

Personal Factors	Source of Variation	Sum of Squares	Mean sum of squares	F values	P values	Significant/Not Significant
Gender	Between Groups	6.23	6.23	0.469	0.494	NS
	Within Groups	58.457	13.279			
	Total	64.688				
Age (years)	Between Groups	73.543	38.386	5.359	0.000	S
	Within Groups	54.145	6.762			
	Total	127.688				
Occupation	Between Groups	15.361	61.18	4.69	0.010	S
	Within Groups	102.327	13.046			
	Total	117.688				
	Between	25.986	25.329	1.922	0.125	

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Education	Groups					
	Within Groups	102.701	13.181			NS
	Total	128.688				
Income per month (Rs)	Between Groups	26.479	26.62	2.026	0.09	
	Within Groups	582.209	13.141			NS
	Total	608.688				
Internet Experience	Between Groups	100.741	102.247	8.078	0.000	
	Within Groups	1061.947	12.657			S
	Total	1161.688				
Frequency of banking	Between Groups	50.237	68.059	5.332	0.000	
	Within Groups	616.45	12.765			S
	Total	666.688				
Internet Banking access	Between Groups	9.593	9.864	0.742	0.527	NS
	Within Groups	589.095	13.286			
	Total	588.688				
Number of Internet Banking Services Used	Between Groups	69.501	32.375	2.473	0.044	
	Within Groups	859.187	13.089			S
	Total	928.688				

Note: S =Significant at 5% level (p value ≤ 0.05); NS = Not significant at 5% level (p value ≥0.05

FINDINGS

The major findings of this study are as follows

- Most of the respondents (67%) are Male.
- Majority of the respondents(40%) belongs to the age group of 31-40 years.
- Majority (49%) of the respondents are self employed.
- The majority of 28% of the respondents have completed their college level education.
- Most of the respondents 31%) have the income level of Rs.30000-45000.

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- A maximum of 44% of the respondents felt easy access about online banking services.
- A major portion of 56% of the respondents has 3-4 years of internet experience.
- 36% of the respondents are using banking services daily.
- 40% of the respondents have used 1-3 years of online services.
- 10. The results of ANOVA shows that There is no significant difference in continuous use of online banking services among online banking customers towards gender, education, income of respondents.
- 11. The results of ANOVA shows that There is significant difference in continuous use of online banking services among online banking customers towards age and occupation of the respondents.

SUGGESTIONS

The main suggestion for continuous usage of online banking services are listed below:

- the complexity in terms of difficulty in operating and learning online banking, problems in opening and maintaining online banking account and confusion with online banking website reduce customer's intention to continue online banking services. so banks should create a simple & digital customer experience for their usage.
- user friendly website of the banks makes the banking process simple and easy for learning. therefore banks have to design user friendly website by surveying the opinions of the existing customers. banks have to look beyond only providing good online services to build strong, enduring relationships foster loyal customers.
- internet banking transactions involves no face to face contact hence there is lot of opportunity for irritations, frustrations in case of encountering problem in the process of performing transactions and improvement of service usage. when mistakes occurs more than once in a online banking system the feeling of uncertainty and irritations raises and will negatively impact customer's intention to continue with online banking channel. hence banks have to be conscious while resolving customer's problems.
- a higher level of flexibility in the design of the online banking website allows the customers to make changes during their transaction. since tt helps the customer to use online services frequently.

4. CONCLUSION

. The continuance of online banking services of customers differs across various socio demographic sections of customers such as age, occupation, education, internet experience and the number of online banking services availed. Young educated professional who have experience in using the internet and those having banking needs are found to continue online banking services. The customer's service awareness are high but they have availed only limited number of services in Indian context. In addition to that, customer's continuous usage behaviour depends on their perceived attitude towards advantages of online banking over other channels. In addition online banking customer's intention to continuously use the services is influenced by fear of security for their financial transaction and privacy. Hence the banks have to create trust towards their service by transparent privacy policies and integrated security system. Continuous usage of online banking services is positively influenced by customer's capabilities, support facilities, and electronic service quality features. Therefore banks can take a cue from the findings and employ them to retain the existing online banking customers and motivate continuous usage.

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