

An Analysis of the Connection Between Interest Levels and Demographic Variables Among Internet Banking Customers

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ABSTRACT

As internet banking continues to transform the banking industry, understanding the factors that influence customers' interest levels is essential for banks aiming to improve their online services and boost customer satisfaction. This study explores the connection between customers' interest levels in internet banking and demographic variables, including age, gender, income, and education level. A mixed-method approach, utilizing both quantitative surveys and qualitative interviews, was used to collect data from a diverse group of internet banking customers. The statistical analysis revealed significant correlations between interest levels and demographic variables, providing insight into the varied preferences and behaviors of different customer segments. Furthermore, qualitative findings offer deeper understanding of the motivations behind customers' interest in internet banking. The study discusses the implications of these findings for banks seeking to customize their online banking services to better meet the needs of diverse customer groups, emphasizing the importance of personalized marketing strategies and user-friendly interface design to enhance customer engagement and satisfaction in the digital banking era.

Keywords: Internet banking, IT framework, Banking system.

INTRODUCTION

During the digitization of banking operations, information and communication technologies (ICT) played a crucial role. Additionally, e-banking assists banks in gaining competitive advantage and cost leadership by reducing operational expenses, improving operational efficiency, and promoting corporate expansion. The present study has developed an optimal strategy model aimed at enhancing bank productivity, profitability, and customer satisfaction levels. With the integration of ICT, the world has become a closely interconnected community, and India is no exception. This underscores the need for advising and guiding banks—both established and emerging—on the importance of investing in IT infrastructure. The researcher proposes offering guidance to banks on the extent to which technology investment can enhance productivity, a critical consideration in today's environment that should be clearly communicated to bank managers.

The study recommends that banks strive to invest in the latest ICT assets, including connectivity, software, and hardware, to enhance the efficiency, speed, and accuracy of their services. Moreover, banks and other financial institutions are advised to ensure that all staff members receive training in computer skills, thereby improving their IT proficiency and boosting productivity. Furthermore, enhancing the knowledge and capabilities of employees will contribute to strengthening the bank's reputation. To bolster their IT workforce, financial institutions are also encouraged to recruit skilled ICT professionals. Given the intensifying competition and evolving customer

expectations worldwide, banks have had to adopt competitive strategies to maintain their edge. The advent of new technologies, globalization, and shifting client demands have necessitated adjustments to internal business processes in the banking sector. Throughout, IT advancements have consistently played a significant role in elevating service delivery standards within banks.

Today, internet banking stands as the primary attraction for the majority of bank customers worldwide. Each client increasingly finds satisfaction in our service, leveraging the ease of internet banking to conduct transactions from anywhere, be it within the nation or across the globe, all from the comfort of their homes. The appeal of internet banking lies in its swiftness, cost-effectiveness, and the assurance of complete security during fund transfers, coupled with its user-friendly interface. Individual consumers, alongside businesses, are embracing internet banking to settle various bills, encompassing utilities, telecommunications, and government dues, among others, at their convenience, irrespective of time or place. With its rapid and efficient transaction processing, online banking has evolved into a dependable and efficient alternative. While the initial rollout of internet banking posed some inconveniences for users, such as managing multiple passwords for account access and transactions, the process has since been streamlined for enhanced user-friendliness. Banks now provide customers with One Time Passwords (OTPs) for transaction authentication, ensuring a seamless experience even in the event of a forgotten password. Customers are prompted to enter the OTP sent to their registered mobile number or email to validate their identity before proceeding with the transaction.

The adoption of technology and e-banking serves various objectives, chiefly aimed at enhancing customer experience and optimizing bank operational costs. Customers emerge as the primary beneficiaries, enjoying the flexibility to conduct financial activities remotely without the need to visit a physical bank branch. From the comfort of their homes, customers can open new accounts, make transfers between accounts, and settle bills using internet banking platforms or ATM cards, thereby streamlining their financial transactions and expenses.

The mobile phone stands out as one of the most remarkable inventions of our era. Its technology has swiftly become accessible to people worldwide. The birth of mobile technology stemmed from a lucrative business opportunity, serving as a primary catalyst for innovation. Annually, countless individuals join the online community, largely owing to the proliferation of mobile technology. Previously hailed as a groundbreaking invention of the early 21st century, the Android chipset that fuels Android smart phones continues to shape the landscape. Fueling the surge in mobile internet usage are touch screens and batteries, coupled with Google's open-source Android operating system.

The primary objective is to enhance the competitiveness of businesses, specifically aiming to bolster the sustainability of the Indian economy as a whole. The government is dedicated to expanding internet accessibility, telecommunications, and proficiency in information technology. Strategies have been devised to achieve this by reducing the cost of internet access for businesses, cutting communication, management, and data transmission expenses, and ensuring the availability of essential ICT infrastructure and electricity, particularly in remote and rural areas, with a focus on serving small and medium-sized enterprises (SMEs). Information and communication technology (ICT) plays a pivotal role in organizational operations, leading to decreased input expenses, overall cost efficiencies, heightened adaptability, and noticeably improved product standards. The financial sector has notably benefited from networking and communication advancements, as banks utilize these technologies to streamline staff interactions and lower coordination costs. Additionally, technological monitoring enhances employee productivity in banks and other commercial entities. For instance, the automation of back-office tasks has reduced the need for personnel, enabling surplus staff to be redirected towards marketing, quality control, and other vital functions.

OBJECTIVES OF THE STUDY

1. To investigate how the socio-economic factors of the respondents relate to their attitudes towards the e-banking services provided by public sector banks.
2. Assessing the factors that influence customers' perceptions of e-banking services.
3. Investigate the factors that drive clients in the study area to utilize e-banking services offered by public sector banks.

REVIEW OF LITERATURE

In his article entitled "Electronic Banking in Finland Market Values, Perceptions, Intentions, and Habits," Heikki Karjaluoto.(2002) found that Internet banking services are used by well-educated and relatively wealthy segments. Online banking has been used as a simple way to take care of banking matters. The key factors driving the development of the attitude towards Internet banking is personal banking experience and previous experience of computers and technology. The most significant factor influencing the intention to participate in Internet banking was found to be the attitude towards using computers. The attitude of Internet banking users towards technology, especially computers was more positive than that of non-users. The most important obstacles to Internet banking adoption in Finland have been found to be a negative attitude towards technology, the appreciation of personal service and demographic characteristics. In his research entitled "Internet-based e-banking and customer attitudes : an empirical analysis," Ziqi Liao.,(2002) studied the attitude of 'consumers' towards the utility of internet e-retail banking. In Singapore, the survey was conducted because it's geography and well-developed infrastructure suggested comparable and small physical and telecommunication costs, thus highlighting the disparities between conventional and internet-based retail banking upon the implementation of the latter. The data showed that the most significant quality attributes underlying perceived usefulness were standards of accuracy, security, network speed, user-friendliness, user engagement and convenience. Regression showed that the willingness to use depended significantly on the first five variables, enabling estimation of interdependencies or marginal substitution rates between them. In explaining the recent slowdown in Internet e-retail banking, our findings draw attention to demand-side changes and may also be useful for growth, planning and marketing. Wong Kim Seong.,(2005) made an attempt to formulate and validate the model of trust in Internet Banking in Malaysia in his study entitled "A model of trust in internet banking-The case of Penang "In this research, The Theory of Rational Behavior (TRA) was adapted by extending the factor of trust and its antecedents as the fundamental model in formulating the trust model. A total of 163 respondents responded via a self-administered questionnaire to this survey. The findings of this study showed that confidence was a valid and relevant factor that had a positive effect on customers' attitude towards using Internet banking. TRA has been valid at and found to be relevant in Malaysia's Internet banking environment, whereby consumer attitudes have a major impact on behavioral intent, triggering the actual use of Internet banking in turn. In terms of trust antecedents, only the perceived strength of online credibility has been shown to have a positive influence on the trust of customers in Internet banking. José M. Barrutia., (2005) In her article entitled 'Internet and consumer power: the case of Spanish retail banking,' José M. Barrutia studied the effect of the Internet on the Spanish retail banking market, considering two completely integrated main constructs: consumer power and value for the consumer. A new conceptual structure, three core proposals and 11 hypotheses were identified and contrasted in the context of Spain's retail banking sector. In his article "Understanding Consumer Adoption of Internet Banking: An Interpretive Study in the Australian Banking Context, "Sharman Lichtenstein,(2006) ,

"Understanding Consumer Adoption of Internet Banking: An Interpretive Study in the Australian Banking Context," found that convenience using a multicast approach, he showed that the Internet has increased the customer satisfaction of retail banking consumers and continues to investigate the reasons for this. The findings also highlight the increasing acceptance of risks by customers with regard to Internet-based services and the value of providing such services with a deep level of customer support. There are also gender gaps illustrated. Finally, the paper indicates that as banks transition to internet banking, they would be able to handle customer interactions better if they recognize that such interactions require a process of adaptation and learning overtime, not just the introduction of new technologies.

RESEARCH METHODOLOGY

Primarily, the objective of this research is to explore the various factors influencing the performance of banks amidst the increasing prevalence of e-banking. It aims to delve into the aspects perceived by both bankers and customers as significant contributors to e-banking's impact. The study is delimited, focusing solely on competitive advantage and cost leadership as foundational assumptions, which bankers identify as key drivers of bank performance. Additionally, it endeavors to comprehend customers' perspectives on e-banking and its implications for bank operations. The investigation encompasses aspects such as tangibility, responsiveness, reliability, assurance, and empathy. However, it specifically examines the effects of cost leadership and competitive advantage on organizational performance from bankers' perceptions. Furthermore, the study explores the multifaceted influences on organizational performance as perceived by banking customers. It also strives to gauge the impact of organizational performance on consumer satisfaction. The study's scope is restricted to the emotional responses evoked by e-banking and how they correlate with banks' effectiveness in enhancing consumer satisfaction. The researcher employed a combination of qualitative (exploratory) and quantitative (non-experimental survey) research methods to fulfill the study's predefined goals. To examine the factors shaping bankers' perceptions of e-banking, formal interviews were typically conducted with a diverse group of bank managers from both public and private sectors as part of the qualitative research phase. Additionally, to gain insight into customer sentiments regarding e-banking, which could enhance organizational performance and enhance customer satisfaction, the researcher engaged in discussions with bank managers and selected bank customers.

It is believed that employing a combination of qualitative and quantitative research methodologies to investigate and analyze the key factors influencing customers' perceptions of information and communication technology would be optimal, especially given the limited information available on bankers' and customers' perceptions of organizational performance and customer satisfaction in the Indian context. An exploratory study is conducted using qualitative methods to identify the factors influencing how both customers and bankers perceive e-banking within the Indian banking sector. To collect specific quantitative and qualitative data on the determinant attributes of e-banking impacting organizational performance and customer satisfaction, exploratory research is carried out through semi-structured, one-on-one interviews with ten bank managers from various private and public banks. To ensure thoroughness and clarity in the information gathered, commercial banks are contacted using information obtained from their respective websites, and prior appointments are scheduled with the bank managers at mutually convenient times. The interviews with bank managers are conducted in a semi-structured format, allowing the interviewer to record the respondents' answers without relying on a specific data collection tool.

SAMPLE DESIGN

The sample selection process is considered to adhere to a scientific sample design. In addition to delineating the population, sample units/subjects, sampling framework, and sample size, the sample design also outlines other crucial criteria. Furthermore, it provides a more detailed description of the sampling procedure.

POPULATION OF THE STUDY

The collective group of participants who meet the specified criteria constitutes the population of the research study. The study's target demographic comprises bank employees and customers residing in the six districts of West Bengal, India, who are aged at least 20 years.

RESULTS AND DISCUSSION

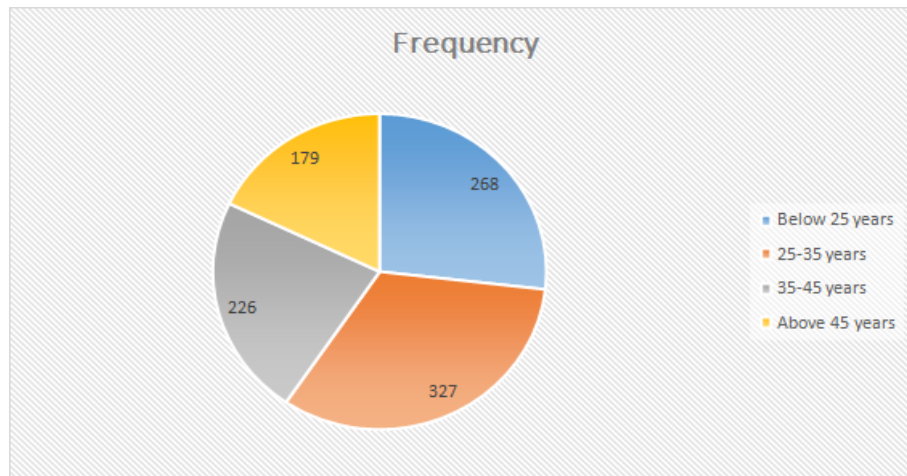
DEMOGRAPHIC PROFILE OF THE INTERNET BANKING USERS

No statistical study is deemed comprehensive without demographic analysis, which involves measuring characteristics of a particular population. In this section, the researcher aims to outline the profile of internet banking users across several districts in West Bengal. Essential demographic factors such as age, gender, education level, income, location, zone, and employment status have been considered for this analysis. The following sections will delve into a detailed examination of the demographics of online banking users.

TABLE-1: AGE-WISE DISTRIBUTION OF THE RESPONDENTS

	Frequency	Percent
Below25year	268	26.8
25-35years	327	32.7
35-45years	226	22.6
Above45years	179	17.9
Total	1000	100.0

Source: Direct Survey



As indicated in the table provided above (Table-1), individuals aged between 25 and 35 constitute 32.7% of the total respondents. The remaining respondents are categorized into three groups: those under 25 years old (26.8%), those within the 36 to 45 age range (22.6%), and those over 45 years old (17.9%). This clearly demonstrates that young adults utilize online banking extensively.

TABLE-2: GENDER-WISE DISTRIBUTION OF THE RESPONDENTS

	Frequency	Percent
Male	546	54.6
Female	454	45.4
Total	1000	100.0

Source: Direct Survey

Out of a total of 1000 respondents, the sample contains 546 (54.6%) male respondents and 454 (45.4%) female respondents, as shown in table-2 above.

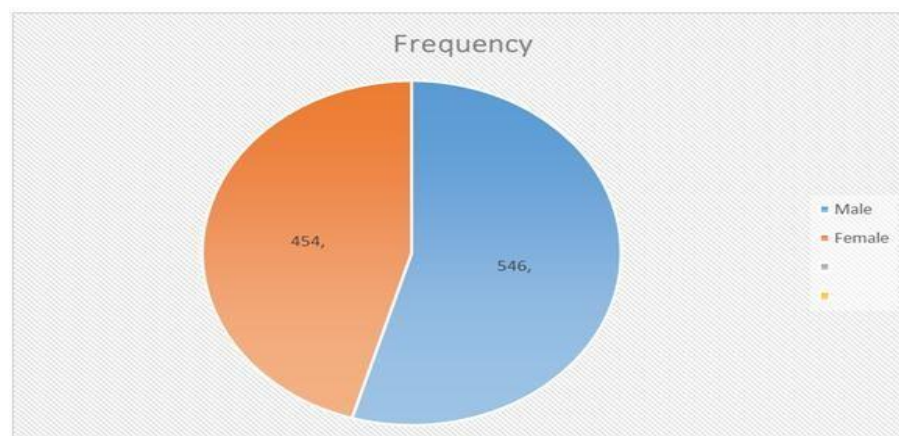
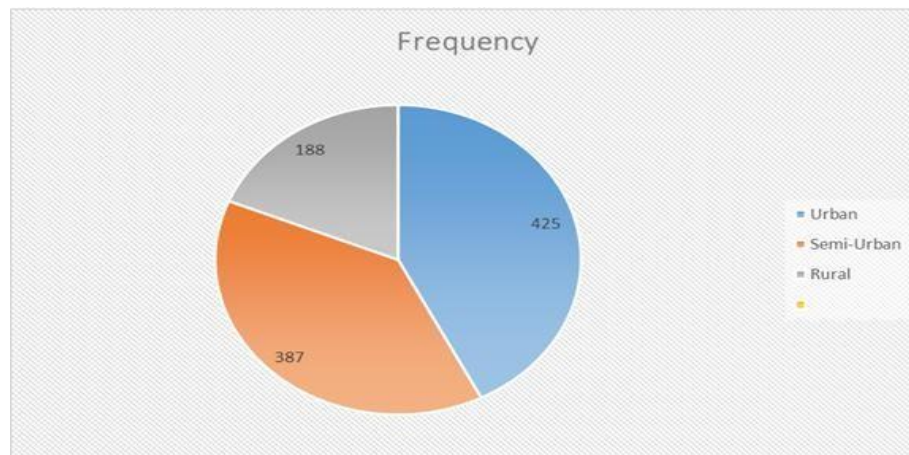


TABLE-3: LOCALITY-WISE DISTRIBUTION OF THE RESPONDENTS

	Frequency	Percent
Urban	425	42.5
Semi-urban	387	38.7
Rural	188	18.8
Total	1000	100.0



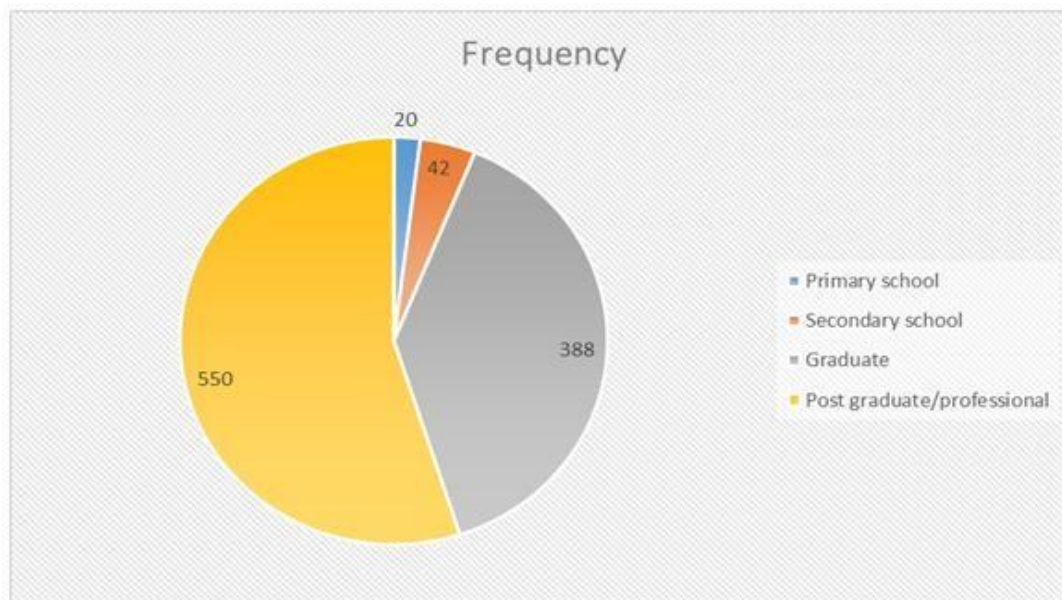
Source: Direct Survey

Table-3 displayed above depicts the distribution of respondents within the sample area. It is evident that the majority of sample respondents (42.5%) originated from urban areas, followed by semi-urban areas (38.7%) and rural areas (18.8%).

TABLE-4: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

	Frequency	Percent
Primary School	20	2.0
Secondary School	42	4.2
Graduate	388	38.8
Post Graduate/Professional	550	55.0
Total	1000	100.0

Source: Direct Survey



The educational backgrounds of the respondents are illustrated in the table-4 provided above. It is evident that the majority of respondents are post graduates or professionals, constituting 55% of the sample, whereas individuals with graduation degrees represent the 2nd largest portion, accounting for 38.8%. Only a small percentage of respondents, 6.2%, come from primary and secondary education levels.

CONCLUSION

These banks embraced inclusivity, welcoming individuals from all cultural backgrounds. They evolved into People's Banks, allowing anyone to walk in and open an account. Individuals were encouraged to save through a variety of attractive deposit schemes. Consequently, both the number of accounts and customers has steadily risen. The proliferation of bank branches has been remarkable, with branches opening across the nation. Many young people now find employment in the financial sector as a result of this growth. With this expansion, bank deposits have surged significantly, enabling banks to extend credit facilities to a wider audience. Apart from the agricultural sector, banks developed various support schemes for other economic sectors, including small and medium-sized enterprises and service units. These loans were termed Priority Sector Loans.

Banks have evolved into engines driving financial development, implementing various innovative initiatives to reach all segments of society with opportunities for both credit and deposit services. The financial landscape in India has been transformed with the advent of progress and liberalization. Nearly all banks now utilize cutting-edge technology for their banking operations, which has significantly enhanced their efficiency and become a crucial strategic asset for many of them. Modern technology is being leveraged by banks to improve operational efficiency, streamline processes, develop products, and boost revenue. Customers can now access banking services "Anytime, Anywhere, and Anyhow" through banks. By doing so, banks can better understand and enhance customer satisfaction levels across various states nationwide.

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