



## FACTORS DETERMINING INTERNET ADAPTION IN INDIAN BANKING- A STUDY

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### **Abstract**

*The adoption of Information Technology (IT) in banking has undergone several changes with the passage of time. Today, IT has become in separable segment of banking organizations all over the world.*

**Key Words:** *Information Technology, Internet, Banking.*

### **Introduction**

The impact of IT has started a new era of banking operations in India. With the application of IT in banks, the scope of conventional banking with manual operations has been reduced. The banking sector has under gone lot of changes within innovative technologies, which made banks to take many important initiatives to serve their customers better. For the last two decades, the investments in technologies for automating of existing processes have been steadily increasing. Another important advantage of having IT in banking was sharing the cost between customers and products, thus enabling the banks to have the desired impact on the overall cost base. With the help of advance technologies, it was made possible for banks to retain their customers by providing additional benefits and services. Thus, IT has enabled banks to save considerable amount of time and cost in performing their operations and also to serve their customers more efficiently and effectively. Commercial Banks in India have adopted various IT developments in to their banking operations such as Core Banking, Electronic Clearing Services, Electronic Fund Transfer, Real Time Gross Settlement, Automated Teller Machine, Telephone Banking, Internet Banking and Mobile Banking etc. The impact of the Internet has been significant in both individual's social life and in the business world. With the proliferation of Information and Communication technologies(ICT) in general and Internet technology, in particular, one of the significant industries that has reaped maximum benefits is financial services, especially banking sector. Banks and its customers have quickly understood the unique features and advantages of Internet banking in the developed countries in the late 1990s and early 2000.

### **Objectives of the Study**

1. To observe the factors that are most influential in affecting the bank customers 'intentions to adopt Internet Banking and to propose a conceptual model explaining the Internet Banking Services Adoption behaviour.
2. To suggest measures for the improvement of Internet banking services to the customers by the Banks.

### **Methodology and Materials and Findings of the Study**

The data for this study was collected from both primary and secondary sources. The secondary data were collected from books, journals, magazines, publications, websites etc. Primary data was collected in this study through survey, by means of personally administered questionnaires, from the bank customers.



The relationship between **trust** and behavioral intention to use Internet banking has been found to be significant. This indicates that customers with high trust levels had high intentions to use Internet banking services. The findings show that there is a positive relationship between **perceived security** and customer's intentions to use Internet banking services

i.e. when customers perceive Internet banking services as completely secured as they have to send sensitive information through the Internet, it would be easier for them to adopt it. It was found that the two factors i.e. awareness and reputation.

Are also found to have significant (indirect) influence on behavioral intention to use Internet banking services. The moderating effect of self-efficacy on various Internet banking beliefs was found to be positive and significant, which implies that customers' beliefs of Internet banking services would vary based on their knowledge and skills of using Internet for the purpose of performing banking transactions online, and have significant impact on their intentions to adopt this technology.

The moderating effect of personal innovativeness on various Internet banking beliefs was found to be insignificant i.e. customers' beliefs of Internet banking services and its impact on behavioral intention to adopt Internet banking would not vary based on their personal innovativeness.

### **Suggestions of the Study**

1. It is suggested that Banks should also provide videos or flash-based demos on 'how to use Internet banking services' in their websites, which could prove to be an effective driver of adoption among the prospective users.
2. It is suggested that marketers of banks in India should undertake certain measures to make Internet banking services as much as popular among their customers.
3. It is suggested that banks' customers' opinion towards Internet banking and its usage should be positive and pleasant. The web designers and technology specialists in Indian commercial banks should create and maintain Internet banking websites by considering the web quality characteristics such as easy navigation, quick loading time, comfort in having access to the features etc. In order to provide the best experience to their customers.
4. It is suggested that marketers of commercial banks in India should create Internet banking environment free from any sort of risks and uncertainties and the bank marketers should regularly provide assistance to their customers through technology based communication channels such as e-mail, mobile messages, pop-up messages in ATM setc. and also extending the support through their branch employees.
5. It is suggested that bank marketers should segment their customers based on their level of self-efficacy i.e. Readiness to use a particular technology.

### **Conclusions**

Banks should clearly communicate the ease of using the Internet banking services, their benefits and advantages over other bank channels. Banks should improve the security features of Internet banking website, as this will increase the bank customers' trust on the system, thus increasing their adoption. Many banks in India should tune their marketing communication strategies to new technological platforms such as social media websites, for communicating the benefits of the Internet banking system and also for increasing its usage rate among the diverse customer segments.



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