

## A Study on Factors Influencing Adoption of Internet Banking: With Reference To Vijayawada, Andhra Pradesh

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**Abstract :** *The Intention To Use Internet Banking Has Been Facing The Risk Perceived By The Customers In Using The Internet Banking Amenities. Therefore, This Study Aimed To Examine The Impact Of Risk On Intention To Use Internet Banking. It Was Investigate The Effect Of Performance Risk, Social Risk, Time Risk, Financial Risk And Security Risk On The Intention To Use Internet Banking. This Study Uses Statistical Tool SPSS 19 Version Used For Calculation Of Chi-Square Test. The Analysis Of The Data Is Based On The Sample Of 200, From The Population Of Vijayawada City And A Self Administered Questionnaire Was Conducted. The Respondents Were Randomly Selected. The Findings From The Hypothesis Tested In This Study Showed That Performance Risk, Social Risk, Time Risk, Financial Risk And Security Risk Influences Intention Towards The Use Of Internet Banking In This Study.*

**Keywords:** *Internet Banking; Social Risk; Performance Risk; Time Risk; Financial Risk; Security Risk.*

**Introduction:**

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As Banks Are Stepping Towards Internet Banking From Traditional Banking. This Study Focus On Factor Influencing Adoption Of Internet Banking Services At Vijayawada. Focusing Various Risk Like Performance Risk, Social Risk, Time Risk, Financial Risk And Security Risk. Based On The Variables To Know The Impact On Risk Perceived Factors. On The Basis Of Chi-Square Test; This Study Analyses The Influencing Factors On Adoption Of Internet Banking. With Different Statistical Tools, The Study Compares And Concludes The Effectiveness Of Internet Banking Services. Finally The Study Also Suggests Some Measures To Make Internet Banking Services More Effective In The Future.

### I. Review Of Literature:

Aderonke, Charles (2010) Internet Customers Make Use Of It Just Because Of Its Convenience And Saves Time And Suitable For All Their Transactions Desires. More So, The Network Security And The Security Of The System When It Comes To Confidentiality Are The Main Disquiets Of The Consumers And Institute Restriction To Potential Users.

Littler D, Melanthiou D (2006) Clients Assessment Of Performance Risk Is Taking Into Account Their Understanding And Reasoning Capacities In A Convinced Item Area. .Grewal D, Gotlieb J, Marmorstein H (1994) Asymmetry In Internet Banking Data And The Absence Of Individual Contact Avert The Customer From Properly Assessing The Attributes Of The Item, Lessening Certainty. Probability Of The Failing And Not Executing As It Was Considered And Promoted And Therefore Deteriorating The Preferred Benefit.

Neal CM, Qvester PG, Hawkins D (2002), Horton RL (1976) A Way Product And Services Deliver Benefits As Perceived By A Consumer Can Also Be Referred To As A Terror Of Loss That Can Also Be Incurred When A Variety, Product Or Dealer Do Not Accomplish As Projected. Performance Risk Implies Losses Sustained By Shortages Or Faulty Of Internet Banking Websites.

Kuisma T, Laukkanen T, Hiltunen M (2007) Customers Are Frequently Anxious That Collapse Of System Servers Or Termination From The Web Will Transpire While Leading Transaction Because The Circumstances Might Outcome In Unanticipated Fatalities.

R.K Uppal (2008) Stated That Factors Like Age, Income, Family Size, Education Level And Occupation Level Affect The Customers' Thinking. Customers With Middle-Income Level, And High Education, Servicemen And Businessmen Use E-Delivery Channels More And Are Aware Of The Concept 'E-Banking'. Convenient Location And Security Are The Main Factors Affecting Their E-Channel Selection Decision. Motivational Factors Are Encouraging The Customers To Prefer A Particular E-Channel Against Others. Here The Strongest Factor Is Saving Of Time And Second, Efficient Services. Cost-Effectiveness And Accurate Information Are The Other Factors Which Attract Them To Choose A Particular E-Channel.

**Research Gap:**

My Research Is To Identify The All Technical Issues, Transaction Issues, Lack Of Awareness And How Mobile Banking Encountered Online Banking Transactions & Revenue.

**Need For The Study:**

Banking Industry Has Undergone Many Changes In The Recent Past. Technological Development And Competition Among Banks Have Made Commercial Banks To Think Of New Strategies To Attract More Customers And Retain The Existing Customers. With The Increased Competition Among Banks, Effectiveness Of Service Rendered And Customer Satisfaction Plays A Crucial Role In Sustainability And Profitability Of Banks. Measuring Effectiveness And Level Of Satisfaction Of Bank Customers Becomes Inevitable In The Present Scenario. Hence A Study Relating To This In Banks Is Considered Necessary.

**Research Objective:**

To Analyse The Time Risk On Internet Banking Service

To Analyse The Security Risk On Internet Banking Service

**Research Hypotheses:**

H1: Time Risk Influences Intention Towards The Use Of Online Banking.

H2: Security Risk Influences Intention To Use Online Banking.

## **II. Research Methodology:**

**Population:**

The Population For This Research Includes The Customers Of Internet Banking In Vijayawada City. Total Population On Vijayawada Is 8,51,282. Internet Banking Population Is 5,36,307(63%).

**Sample Size:**

A Sample Size Of 200 Respondents Is Taken In The Study.

**Sampling Method:**

Random Sample Technique Is Followed For The Collection Of Data From The Respondents.

**Methods Of Data Collection:**

The Present Study Focuses On Factors Influencing Adoption Of Internet Banking Services From The Perspective Of The Customers.

The Primary Data Is Collected Through Well Structured Questionnaire From The Customers In Vijayawada City. The Secondary Data Is Collected From Various Sources.

**Sources Of Data Collection:**

Primary Data Is Collected Through Structured Questionnaire.

The Data For The Study Is Collected From Various Sources Such As:

- Journals
- Online Research Databases (Such As EBSCO Host, Shodhganga Etc.)
- Various Websites
- Magazines,
- Newspapers.

**Research Design:**

Research Design In A Study Depends On The Nature Of The Research Questions Being Considered By The Researcher. As A Result Of The Nature Of The Questions Addressed In This Research, A Quantitative Research Design Is Considered Appropriate For This Study.

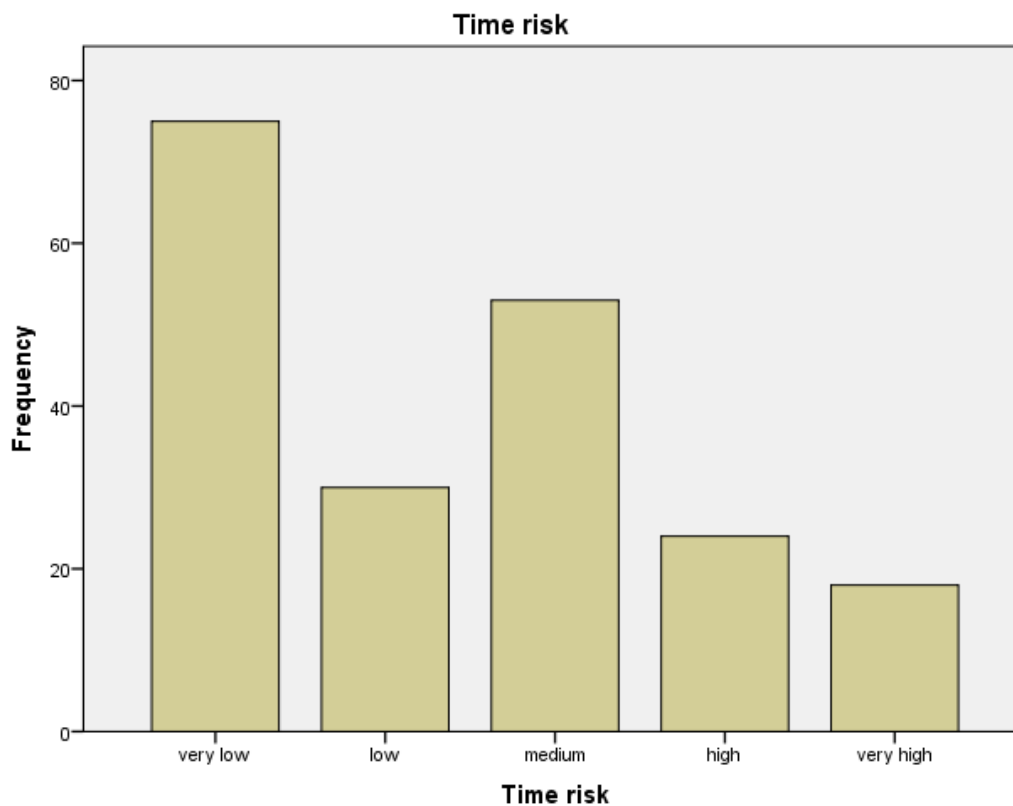
**Research Problem:**

The Application Or Use Of Technology For The Qualitative Transformation In The Process Of Banking Service Is Necessary And Quite Natural, Since The Market Is Competitive And The Customers Are Receptive. Consumerism Has Taken A New Shape. The Needs And Requirements Of The Customers Are Developing And Expanding Very Fast. In This Complex And Fast Changing Environment, The Only Sustainable Competitive Advantage For Banks Is To Give The Customer An Optimum Blend Of Technology Based Products With Complete Security Features And Traditional Services. Hence, Meeting The Competition And The Customer Requirements Are The Priorities Of Banks.

**Data Analysis**

**Table 1:** This Table Shows Relation Between Time Risk And Use Of Online Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Very Low	75	37.5	37.5	37.5
Low	30	15.0	15.0	52.5
Medium	53	26.5	26.5	79.0
High	24	12.0	12.0	91.0
Very High	18	9.0	9.0	100.0
Total	200	100.0	100.0	

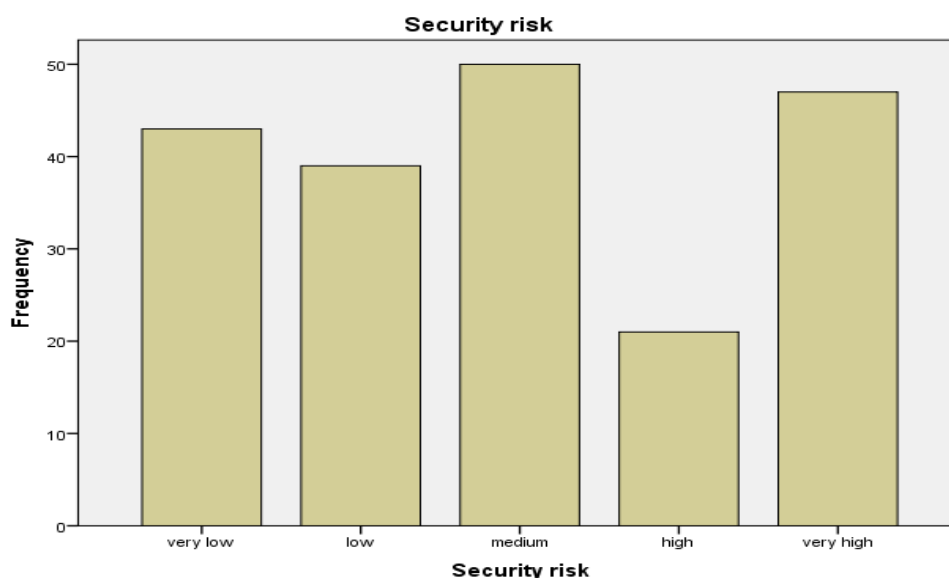


**Figure 1:** Figure Shows The Relation Between Time Risk And Use Of Online Services

Time Risk Is Clearly Indicates Very Low Level Of Risk In Internet Banking. The Result Of 200 Respondents 37.5% People Gave The Time Risk Is Very Low Level Of Risk. The Frequency Level Of Time Risk Is 75. Some People Gave Their Opinion On The Time Risk Is A Medium Level Of Risk, If You See The Above Table The 53 People Are Give Their Opinion On Internet Banking Is A Medium Level Of Risk, Out Of 200 Respondents The 53 People Give The Time Risk Is A Medium Level Of Risk. The Percentage Of Time Risk Is 26.5percent Out Off 100 Percent. Some People Said That The Time Risk Is A Low Level Of Risk. 30 People Gave Their Response To Time Risk On Internet Banking Is Low Level Of Risk .It Does Not Impact On Internet Banking. Only 18 People Gave The Response That The Time Risk Will Impact On Internet Banking. Out Of 200 Respondents Only 18 People Gave That Time Risk Is High. If You See The Above Chart High Level Of People Indicated That The Time Risk Is Very Low Level Of Risk. Some People Gave That The Response To The Time Risk Is A Medium Level Of Risk. Only Few Indicate That The Time Risk Is Very High Level Of Risk .It Will Not Impact On Internet Banking.

**Table 2:** This Table Shows The Relation Between Security Risk And Use Of Online Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Low	43	21.5	21.5
	Low	39	19.5	41.0
	Medium	50	25.0	66.0
	High	21	10.5	76.5
	Very High	47	23.5	100.0
	Total	200	100.0	100.0



**Figure 2:** Figure Shows The Relation Between Security Risk And Use Of Online Services

If You Observe The Above Table The Security Risk Is Medium Level Of Risk. The Result Of The 200 Respondents 25% People Give The Result Is Security Risk Is Medium Level Of Risk. Some People Give The Results That The Security Risk Is Higher. Out Of 200 Respondents 47 People Gives That The Security Risk Is Very High Level. 23.5 Percent Respondents Will Give The Result Like That. Compare That Very Few People Give Their Opinion On Security Risk Is A High Level Of Risk, Out Of 200 Respondents' 21 Respondents Opined That, The Security Is A High Level Of Risk. If You Observed The Above Table People Indicate The Risk Of Security Is Medium Level Of Risk. Most Of People Indicate The Security Risk Is A Very Level Of Risk And It Is High Level Of Risk. The Security Risk May Not Be Impact On Internet Banking.

**Testing Of Hypotheses**

The Hypotheses Are Formed To Measure The Impact On Time Risk And The Intention Towards Internet Banking For This Chi-Square Test Is Used.

**Ho:** There Is No Significant Relationship Between Time Risk And Use Of Online Services

**H1:** There Is A Significant Relationship Between Time Risk And Use Of Online Services

Time Risk Negatively Influences Intention Towards The Use Of Internet Banking; It Was Proved By The Chi-Square Test.

**Table 3:** Use Online Services And Time Risk Cross Tabulation

		Time Risk					Total
		Very Low	Low	Medium	High	Very High	
How Often Do You Use Online Services	Daily	27	11	9	9	0	56
	Weekly	34	12	14	8	4	72
	Monthly	11	2	19	2	7	41
	Yearly	1	0	1	1	2	5
	Never	2	5	10	4	5	26
Total		75	30	53	24	18	200

If You Observe The Above Table The Time Risk On Online Banking Services. Many Of The People Was Indicates That The Time Risk Is Very Less In Yearly Once Using People. But It Come To The Daily The Time Risk Indicates On Very Low Level Of Risk. Out Of 200 Respondents 56 People Indicate That, Time Risk Is Very Low Level Of Risk On Use Of Online Services. 27 Respondents Indicate That, The Time Risk Is Very Low Level Of Risk. No People Indicate That, The Time Risk Is Very High Level Of Risk. But Most People Indicates The Time Risk Is Daily Use Of Online Service Is Low Level Of Risk. No Person Indicate The Time Risk Is No Very High Level Of Risk In Daily Use Of Online Services. Out Of 200 Respondents 72 People Indicates The Use Of Online Services. 72 Respondents Indicates The Time Risk On Use Of Online Services Is Very Low Level Of Risk.34 Respondents Indicates The Online Services Time Risks Are Very Low. 14 Respondents Indicate That, The Time Risk Is Medium On Weekly Use Of Online Services. Only 3 Respondents Indicate That, The Time Risk Is Very Low On Weekly Use Of Online Services. Coming To The Monthly Use Of Online Services Out Of 200 Respondents 41 People Was Indicates Use On Monthly Use Of Online Services.11 Respondents Are Indicate That The Time Risk Is A Very Low. Only 2 Respondents Indicate That The Time Risk Is High.

**Table 4:Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-Sided)
Pearson Chi-Square	47.756 <sup>a</sup>	16	.000
Likelihood Ratio	53.294	16	.000
Linear-By-Linear Association	22.052	1	.000
N Of Valid Cases	200		

Chi-Square Test Shows An Evidence Of Significant Effect Of Time Risk Is (<0.05) On Intention To Use Of Internet Banking, Which Was Accepted In This Study. If You Observe In The Above Chi-Square Table, Pearson Chi-Square Is 0.00 It Is Less Than <0.05.Thats Why The Time Risk Is Negatively Impact On Intention To Adoption Of Internet Banking. If Any Case The Pearson Chi-Square Is Above 0.05 Then That Time The Null Hypothesis Is Accepted And Alternative Hypothesis Is Rejected. But In This Case The Result Of Chi-Square Test Is <0.005 That The Reason, The Null Hypothesis Is Rejected And Alternative Hypothesis Is Accepted. The Ho Is Rejected And H1can Be Accepted. Based On The Result The Time Risk Is Negatively Influence The Intention Toward Internet Banking. If You See The Above Table Pearson Chi-Square Value Is 47.756 And Then The Level Of Significant Is <0.05. That Give The Evidence To The Time Risk Is Negatively Influence Toward The Intension On Internet Banking.

The Hypothesis Is A Firmed To Measure The Impact On Security Risk And The Intention Towards Internet Banking For This Chi-Square Test Is Used.

**H0:** There Is No Significant Relationship Of Security Risk And Use Online Service

**H2:** There Is A Significant Relationship Of Security Risk And Use Of Online Services

Security Risk Negatively Influences Intention Towards The Use Of Internet Banking; It Was Proved By The Chi-Square Test

**Table 5: Use Online Services And Security Risk**

		Security Risk					Total
		Very Low	Low	Medium	High	Very High	
How Often Do You Use Online Services	Daily	21	17	9	3	6	56
	Weekly	17	18	22	3	12	72
	Monthly	5	3	13	8	12	41
	Yearly	0	0	3	1	1	5
	Never	0	1	3	6	16	26
Total		43	39	50	21	47	200

If You Observe The Above Table The Security Risk On Online Banking Services. Many Of The People Was Indicates That The Security Risk Is High Level In Yearly Once Using People. But It Comes To The Daily The Security Risk Indicates On Very Low Level Of Risk. Out Of 200 Respondents 56 People Indicate That Security Risk Is Low Level Of Risk On Use Of Online Services.21 People Indicates That The Security Risk Is Medium Level Of Risk. Only 6 People Indicate That The Security Risk Is Very High Level Of Risk. But Most People Indicates The Security Risk Is Daily Use Of Online Service Is Very Low Level Of Risk. Out Of 200 Respondents 72 People Indicates The Use Of Online Services In Weekly. In That 72 People Indicate The

Security Risk On Use Of Online Services Is Medium Level Of Risk.17 People Indicates The Online Services Security Risks Is Very Low Level Of Risk. 22 People Indicate That The Security Risk Is Medium Level Of Risk On Weekly Use Of Online Services. Only 3 People Indicate That The Security Risk Is Very High Level Of Risk On Weekly Use Of Online Services. Coming To The Monthly Use Of Online Services Out Of 200 Respondents 41 People Was Indicates Use On Monthly Use Of Online Services.14 People Are Indicate That The Security Risk Is A Medium Level Of Risk. Only 8 People Indicate That The Security Risk Is High Level Of Risk.

**Table 6:Chi-Square Test**

	Value	Df	Asymp. Sig. (2-Sided)
Pearson Chi-Square	68.366 <sup>a</sup>	16	.000
Likelihood Ratio	72.563	16	.000
Linear-By-Linear Association	49.327	1	.000
N Of Valid Cases	200		

Chi-Square Test Shows An Evidence Of Significant Effect Of Security Risk Is (<0.05) On Intention To Use Of Internet Banking, Which Was Accepted In This Study. If You Observe In The Above Chi-Square Table, Pearson Chi-Square Is 0.00 It Is Less Than <0.05.Thats Why The Time Risk Is Negatively Impact On Intention To Adoption Of Internet Banking. If Any Case The Pearson Chi-Square Is Above 0.05 Then That Time The Null Hypothesis Is Accepted And Alternative Hypothesis Is Rejected. But In This Case The Result Of Chi-Square Test Is <0.05 That The Reason, The Null Hypothesis Is Rejected And Alternative Hypothesis Is Accepted. The Ho Is Rejected And H2 Is Accepted. Based On The Result The Time Risk Is Negatively Influence The Intention Toward Internet Banking. If You See The Above Table Pearson Chi-Square Value Is 68.366 And Then The Level Of Significant Is <0.05. That Give The Evidence To The Security Risk Is Negatively Influence Toward The Intension On Internet Banking.

**The Major Findings From The Analysis Are:**

1. It Is Observed That Internet Banking Services Became More Popular From 5-10 Years.
2. The Major Reasons That Many Of The Customers Switch To Internet Banking Is To Save The Time
3. The Most Significant Contribution Of Internet Banking Is Convenience. So The Most Important Factor That Drives People Towards Internet Banking Is Convenience And Efficiency.
4. The Customers Are Most Aware Of Internet Banking And More Than 60% Of The Customers Are Aware.
5. The Internet Banking Facility That Customers Use More Frequently Is Bill Payments.
6. The Most Effective Tool For Promotion Of Internet Banking As Felt By More Than Half Of The Customers Is For Checking The Banks Statements
7. The Most Effective Tool For Promotion Of Internet Banking As Felt By More Than Half Of The Customers Is For Checking The Transfer Of Money
8. Bank Customers In Terms Of Overall Satisfaction With Internet Banking Service.
9. There Is A Significant Difference Between The Observed And Expected Frequency Level Of Using Internet Banking Facilities By Banks.
10. There Is A Significant Difference Between The Observed And The Expected Tool For The Promotion Of Internet Banking Which Is Most Effective In The Banking Population.
11. There Is A Significant Difference Between The Expected And The Observed Popularity Level Of Internet Banking Among The Customers In Banking Industries.
12. It Is Observed That There Is A Significant Difference In Customer’s Satisfaction Using Internet Banking Services In Banks Provided.

**III. Suggestions**

1. It Is Suggested That The Some Banks Can Improve Their Customer’s Level Of Satisfaction Through The Implementation Of The Well Established Software And Effective Organizational Set Up.
2. Bankers Should Provide User-Friendly Of Internet Banking Services To Improve Their Performance And Achieve 100% Customer Satisfaction.
3. By Refocusing Investment On Improving The Sites Basic Functionality, The Banks Can Solve The Problems Like Security Risk, Performance Risk, Time Risk And The Complaints Of Their Customers.
4. Security For Banking Transactions Is A Threat To Online Banking, So Perfect Network Security Software Should Be Created And To Avoid Hacking And Theft Of Confidential Information Regarding The Banking Transactions Of The Customers.
5. Costs On Online Banking System Should Be Reduced And Should Be To The Reached To The Common Man.

6. To Increase The Customer's Level Of Satisfaction Towards The Internet Banking, The Banks Must Make Effective Changes In Their Technological Set Up To Ensure Safety And Avoid Problems Related To Transfer Of Cash
7. Banks Should Be Installed At Locations Where Conveyance Is Available And At Comfortable Places.
8. Care Should Be Taken That Internet Banking Should Work Properly And Should Be Kept In Condition. Further, Proper Care Should Be Taken For The Server Should Not Get Down And Avoid Transaction Time Of Customers.
9. To Increase The Customers' Level Of Satisfaction, It Is Suggested That The Banks Must Ensure And Adopt A Properly Designed And Well-Operated Automated Call Centers To Eliminate Errors In Call Handling, Problems With The Website And Problems With The Net Works Caused Through Internet Banking To Their Customers.
10. Awareness Programs About Internet Banking Must Be Conducted Especially By In Remote Area People
11. Customers Should Be Imparted Proper Information And Training On Utilizing The Services Of Internet Banking.
12. The Government Must Take Steps To Monitor And Curtail Internet Banking Frauds.

#### **IV. Conclusion**

For The Banking Sector, Internet Marks The Transition From The Brick-And-Mortar Stage To The Branchless Stage. Information Technology Has Helped Overcome The Constraints Of Time, Space, And Information Access In Internet Banking. Internet Banking Is Changing The Face Of Banking Industry, With Major Impact On Banking Relationships.

Overall Performance Of Banking Industry Internet Banking. The Level Of Customer Satisfaction Is High. The Results Of The Study Can Be Used To Improve The Quality Dimension Of Internet Banking Services In Banks.

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