ABSTRACT
The development and progress in information and communication technology have brought lot of changes in all facet of life. It impacted on banking sector which is now replacing the traditional banking practices. And now a day’s most of the banking happens while you are sipping coffee or taking an important call. Banking services are accessible 24x7. There are more plastic cards in your wallet than currency notes. A huge part of this change is due to advent of IT. Indian banking industry has witnessed a tremendous developments due to sweeping changes that are taking place in the information technology. Electronic banking has emerged from such an innovative development. This research paper throws light on the response to E-Banking facilities by Indian customers. As it has been more than two decades since the E-Banking concept came into existence, it becomes very much essential to study the current state of Internet banking through the Indian context. The basic aim behind this research is to check the percentage of educated and working customers using online banking in selected educational institute of Thane. It also aims at suggesting some ways for making internet banking successful in the developing country like India.

Keywords: e-Banking; Information Technology; Customer Perception

INTRODUCTION
The banking industry has been undergoing changes since mid 1990’s in the form of innovation use of information technology and development in e commerce. Banks today has become globalized, liberalized, privatized and changing and adopting new technology to tackle a competitive environment. Information technology has introduced new business paradigm. It is increasingly playing a significant role in improving the services in the banking industry. Huge progress took place in the field of technology which has reduces the world to a global village and it has brought remarkable changes in banking industry. In case of banking the development of information technology has played important role in development of more flexible payments methods, more user friendly banking services and quick banking activities.

In India, ICICI Bank was first to initiated E-banking as early as 1997. Brand name was given Infinity. Electronic banking (E-banking) is a generic term which includes internet banking, telephone banking, mobile banking, ATMs etc. In other words, it is a process of delivery of banking services and products through electronic channels such as telephone, internet, cell phone etc. The concept and scope of E-banking is still developing.

Though E-banking has improved efficiency and convenience, but on regulatory and supervisory front it has many challenges. Several initiatives taken by the Government of India as well as the Reserve Bank of India (RBI) have facilitated the development of E-banking in India. The Government of India
enacted the IT Act, 2000 with effect from October 17, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce.

The RBI has been gearing up to improving itself as a regulator and supervisor of the financial system which is technologically dominated. It issued guidelines on risks and control in computer and telecommunication system in February 1998 to all the banks. RBI advised banks to evaluate the risks inherent in the systems and keep adequate control mechanisms to address these risks. Type of risks can be classified in three groups as IT environment risks, IT operations risks and product risks. This existing regulatory framework over banks has also been extended to E-banking. It covers various issues that fall within the framework of technology, security standards and legal and regulatory issues.

**Evolution of E banking**

The evolution of the e-banking industry can be traced to the early 1970s. The Bank of Scotland offers customers the first internet banking service in UK and calls it “home link”. Connecting via a television set and telephone to send transfers and pay bills. The Stanford credit union created the first online banking websites. By 2000 80 % of US banks offered e banking, however significant culture change took place after the y2k scare ended. In 2001 bank of America became first bank to top 3 million online banking customers, more than 20 % of its customer base. In 2007 apple launches the iphone and a shift from banking via personal computer to banking via smart phone. In 2009 a report by Gartner Group estimated that 47% of U.S. adults and 30% in the U.K bank online. Now a day’s online banking became main stream. Majority of Americans ages 55 + prefer online banking over visiting bank or ATM.

Banks began to look at e-banking as a means to replace some of their traditional bank functions, for two reasons. Firstly, branches were very expensive to set up and maintain due to the large overheads associated with them. Secondly e-banking product/services like ATM and electronic fund transfer were a source of differentiation for banks that utilized them

**Internet Banking in India**

Internet banking has gained wide acceptance internationally. Indian banks are to be on threshold of major revolutions with net banking. Survey conducted by kotak securities in may 2000 indicates 9 lakhs customers using online banking and 16.7 % of internet users using online banking in 2000.

The Indian banking Industry face competition in conventional banking organization. The introduction latest technology along with the deregulation of the banking sector has attracted new players. Online banking made things much easier and saved lot of time of employee and customers. According to an article in Hindustan Times Mobile and internet banking has witnessed huge growth in usage of internet banking between 2007 to 2011. 15 % decline is observed in branch banking and 130 % increased in usage of internet banking. The growth in ATMs for all scheduled commercial banks was observed to be 37.8% 2009-10. Number of retail online transaction increased by 27.39.

Above data shows significant increase in number of users of online banking in recent year and in this regard ATMs became more popular channel as it provides facility of withdrawing money anytime and anywhere. It is easily accepted by people. The Vision Document for Payment and Settlement Systems of the RBI has, over a period of time, placed importance on the move towards electronic payments and thereby a ‘less-cash’ society. Towards this end, the Bank has been promoting and nurturing the growth of various modes of electronic payments including the prepaid payment instruments, card payments, mobile banking etc.

Though there is need to understand that people are not using internet banking due to some or other reason like security concerns, preference for face-to-face transactions, lack of knowledge about transferring online, lack of user friendliness.

The popular services covered under E-banking include:-

1. Automated Teller Machines
Credit Cards,  
Debit Cards,  
Smart Cards,  
Electronic Funds Transfer (EFT) System,  
Cheques Truncation Payment System,  
Mobile Banking,  
Internet Banking,  
Telephone Banking, etc.

Benefits of E-Banking

The main advantages of e-banking are as follows:

1. Reduced costs in accessing and using the banking services. To encourage internet banking most banks offer minimum or no deposit accounts for online banking and lower penalties on early withdrawal of Fixed Deposits.

2. It is available all the time, i.e. 24x7. You can perform your tasks from anywhere and at any time; even in night when the bank is closed or on holidays.

3. Quick and continuous access to information- Corporations will have easier access to information as, they can check on multiple accounts at the click of a button.

4. All the banking transactions can be performed from the comfort of the home or office or from the place a customer wants to.

5. The response of the medium is very fast; therefore customers can actually wait till the last minute before concluding a fund transfer.

6. The lack of significant infrastructure and overhead costs allow direct banks to pay higher interest rates on savings and charge lower mortgage and loan rates.

7. It also acts as a great medium for the banks to endorse their products and services. The services include loans, investment options, and many others.

8. Internet banking cut down the usage of paper there by being good for the environment.

OBJECTIVES

1. Understand the various services provided by banks to customers under E-Banking.

2. Studying the psychological aspects of educated (computer literate) customers which stop them from shifting towards internet banking.

3. Suggesting ways for making E-Banking in India successful.

LITERATURE REVIEW

Jayashree Bose “E-Banking in India – A paradigm shift” (2006) by ICFAI publication. This book includes basics of internet banking history way forward and regulatory framework and current scenario in India.

Rimpi Janata & R.K Uppal “E banking in India Challenges and opportunity” (2007), New Century Publication This book mainly focuses on challenges for E banking in emerging market and discussed future of E banking in India with reference to 12 articles by scholars specializing in the area of banking. It will be useful for all those who want to understand recent technological developments in Indian banking.
Research Paper on “E Banking: The India Scenario” by Dr.Roshan Lal & Dr.Rajani Saluja. This paper analyze progress made by India banking Industry in E-banking through various parameters. Paper also highlights challenges faced by India banks in adoption of technology.

Research paper on “Internet banking in India Consumer Concerns and bank Marketing Strategies” by Sufyan habib this paper explores consumer awareness in E-banking and conventional banking. It also highlights factors affecting bank strategy in adopting Internet banking. It address regulatory framework for internet banking.

Research paper on “Internet banking Adoption in an Emerging Economy: Indian Consumer’s Perspective” Rahmath Safeena,Hema date and Abdullah Kammani. This Study determines the factors influencing the consumer’s adoption of internet banking in India and investigation of influence of perceive usefulness, perceive ease of use and perceive risk on internet banking.

Research paper on “Acceptance of E banking among Adult Customers: An Empirical Investigation in India” by Neha Dixit and Dr.Saroj K.Dutta. In this paper research is targeted only adult customer and finding is people are ready to use but they hesitate to provide personal information and they have not complete awareness about the usage of it.

Research Paper on “Internet banking –Benefits and Challenges in an Emerging Economy” by Jayashree Chavan This paper through light on concept internet banking and its benefits and focuses on challenges of e banking.

Sohail and Shanmugham (2003) studied customers’ preference for e-banking and the factors which they considered influenced its adoption. The study revealed that accessibility of Internet, awareness of e-banking, and customers’ reluctance to change are the factors that significantly affected the usage of e-banking in Malaysia. The study indicated greater promotional effort on the part of banks to create greater awareness of e-banking and its benefits which is important for the success of e-banking services patronage.

**RESEARCH METHODOLOGY**

This paper focuses on the relationship between socio-demographic characteristics like age, income, sex and beliefs & attitudes of bank customers towards E-Banking. Only educated and working customers are targeted for this research. The socio-demographic characteristics will be Independent Variables and beliefs & attitudes will be Dependent Variables.

**DATA COLLECTION**

**Primary data:** Data is collected through questionnaire in four different educational institute in Thane.50 employee are targeted from each institute.

**Secondary data:** Published data in Books, various research papers & articles from research journals.

**Sample size:** 200 customers selected by Random sampling method.

**ANALYSIS**

<table>
<thead>
<tr>
<th>Factors</th>
<th>N=200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>92</td>
</tr>
<tr>
<td>Female</td>
<td>108</td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Graduate</td>
<td>79</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>121</td>
</tr>
<tr>
<td>Income</td>
<td></td>
</tr>
<tr>
<td>Below 2 lacks</td>
<td>57</td>
</tr>
<tr>
<td>Above 2 lacks</td>
<td>143</td>
</tr>
</tbody>
</table>
Table 1. Demographic profile of customers (Contd….)

<table>
<thead>
<tr>
<th>Factors</th>
<th>N=200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>25 to 35</td>
<td>47</td>
</tr>
<tr>
<td>35 to 45</td>
<td>68</td>
</tr>
<tr>
<td>45 to 55</td>
<td>59</td>
</tr>
<tr>
<td>55 and above</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: Primary data collected through questionnaire.

The research conducted 200 educated and working customers from educational institute. 6% are male and 54% are female. 39% are graduate and 61% are post graduate. 28% customers has income below 2lacks and 72% customers has income above 2lacks. 23.5% are in 25 to 35 age group 34% are in 35 to 45 age group, 29.5% are in 45 to 55 age group and only 13% customers are more than 55 age group.

Table 2. Number of users and non users of services of E banking

<table>
<thead>
<tr>
<th>Services of E banking</th>
<th>Users</th>
<th>Non users</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATM</td>
<td>200</td>
<td>0</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>122</td>
<td>78</td>
</tr>
<tr>
<td>EFT</td>
<td>69</td>
<td>131</td>
</tr>
<tr>
<td>Mobile banking</td>
<td>108</td>
<td>92</td>
</tr>
<tr>
<td>Check truncation payment system</td>
<td>0</td>
<td>200</td>
</tr>
<tr>
<td>Bill Payment</td>
<td>124</td>
<td>76</td>
</tr>
<tr>
<td>Investment Purchase</td>
<td>23</td>
<td>177</td>
</tr>
<tr>
<td>RTGS</td>
<td>14</td>
<td>186</td>
</tr>
</tbody>
</table>

Source: Primary data collected through questionnaire.

Above table shows users and non users of services of E banking. Only 62% customers are users of at least one service of internet banking and 38% customers are non users of online banking. All customers use ATMs for transaction. Not a single customer is using check truncation system which helps to transfer a physical check into substitute electronic form for paying to bank. There is good response for mobile banking and bill payment among the customers. Very few customers are using online banking for investment purchase and RTGS.

Table 3. Main obstacles for adopting E banking scale ranging from 1(unimportant) to 5 (most important)

<table>
<thead>
<tr>
<th>Obstacles</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>No guidance for operation</td>
<td>12</td>
<td>17</td>
<td>16</td>
<td>37</td>
<td>42</td>
</tr>
<tr>
<td>No access to internet</td>
<td>37</td>
<td>29</td>
<td>29</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>It is expensive</td>
<td>38</td>
<td>32</td>
<td>24</td>
<td>17</td>
<td>13</td>
</tr>
<tr>
<td>Low security</td>
<td>8</td>
<td>18</td>
<td>24</td>
<td>26</td>
<td>48</td>
</tr>
<tr>
<td>Risk of fraud</td>
<td>8</td>
<td>16</td>
<td>21</td>
<td>33</td>
<td>46</td>
</tr>
<tr>
<td>Personal visit preferred</td>
<td>17</td>
<td>19</td>
<td>27</td>
<td>31</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Primary data collected through questionnaire.

Above table indicates data related to 32% (124) customers which are non users of online banking. Main obstacles which restrain the bank customers from using internet banking are security in transaction. Risk of fraud, or mal functioning, digital signature hacking of account etc. Some customers are willing to do the online transaction but they have not proper guidance on usage of online banking account, and have fear of mistakes. Majority of customers can spare money they don’t feel internet banking is expensive. And they can access to internet easily. (As targeted group of people are
working in institute.) % of people preferred personal visit due to better service quality at manual banking. Personal relationship with the staff at the banks comes handy when requesting for faster loan approval or a special service which may not be available to the public. The manager has many discretionary powers such as waiving of penal interest or service fees which were often taken advantage of by better acquaintance with the staff. Additionally personal contact also meant that the banker would provide essential financial advice and insights which are beneficial to the customer.

**FINDINGS AND CONCLUSION**

It has been found that all customers are aware of basic services internet banking. 20% customers are not aware of all facilities of E–banking.

All Customers are mostly using ATMS for cash withdrawal. 31% of customers are using credit cards.

62% customers are using bill payment system and 54% customers are using mobile banking. These are two facilities which are commonly used by customers.

38% customers hesitate to use online banking due to low security.

Risk of fraud is main important cause which restrain 37% of customers to use internet banking.

App. 30 % customer stated Access to internet and cost of online banking has very less effect on non usage of it.

34% customers feel no proper guidance for managing online banking account is main barrier.

24% customers most likely to prefer personal visit to bank for certain transactions.

It is also observe that despite being educated, there are customers who find online banking is Unsafe.

It has been seen that banks are not taking much initiative to introduce its customers to use of online banking.

**RECOMMENDATIONS**

Bank should ensure that online banking is safe and secure for financial transaction like traditional banking.

Security and privacy are two elements in the perceived risk.

without proper knowledge and guidance ,individuals are not interested to usouls e and taste the system. So bank shpuld organize Seminar and conference to educate the customer regarding usage.

Bank must emphasize the convenience that online banking can provide to people.

Bank should reduce transaction cost for online transactions to attract customers.

Customers should be alert and watchful on online bank account to avoid mischief and fraud.

**FUTURE STUDY**

There is much scope in future study in this topic. As research has been done by taking into account limited data and particular area. Research can be done in wide area by selecting different bank sample. Comparative study can be done on private and public sector or cooperative banks. There is much scope in comparative study of mentality of customers in urban and semi urban region.

**REFERENCES**


