

# “Customer Perceptions of IT in Banking Sector- A special reference to Canara Bank”

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## **ABSTRACT:**

Due to Globalization, Privatization and Liberalization the Indian Economy is a free economy. Moreover, Bank Industry underwent many changes in their operations. The growing competition and increasing customer expectation must lead increase in awareness among the bank on usage of technology in banking operation. IT is one of the restructuring strategies adopted by Indian Banking Industry. Indian banks Traditional system changes into new technology. Indian Banking System needs to enhance their operational efficiency, management excellence and risk management to operate in more dynamic, complex, and rapidly changing environment. New challenges in managing talent must be addressed, customer demand and satisfaction met in an era of growing competition. The bank constantly upgrading technology, software, website, privacy options to enable to customer actively use of Internet Banking. Bank must encourage their customer to use new technology i.e., IT facility. IT has made significant impact on banking industry; it has increased the on-line competition between the banks. The bank needs to develop the creative solution of how to use new technology and provide customer on-line service quality among the competitors. This study will help the bankers to understand the utilization of facility and evolve marketing and motivational strategies for decision making and further necessary action i.e., in regards with consumer awareness of e-banking, advertising of IT etc. for implementation of IT as an innovative management concept. In Vijayapura City there are two branches of Canara bank, both banks are working with internet banking.

**Key Words:** Globalization, Privatization, Liberalization, Technology, Management Excellence, e-Banking.

## **1. Introduction**

The Indian Economy is a free economy, due to Globalization, Privatization and Liberalization. Leading to drastic changes in the operations of banking sector. The rapid advancement in electronic distribution channels has induced tremendous changes in the financial industry in recent years, with an increasing rate of change in technology, competition among players and consumer needs. The growing competition and increasing customer expectation must lead increase in awareness among the bank on usage of technology in banking operation. The eventual movement towards online banking was done in the last 10 years due to the need of customers to perform transactions in a safe and quick manner. Online banking or Internet banking as it's often referred to allow customers to conduct financial transactions on a secure website operated by the primary branch of a bank. Easy and quick transactions are very important traits to those professionals in the freelancing world. Online banking presents both an opportunity and a challenge in terms of being able to provide the convenience, efficiency, and effectiveness of online banking to its customers. The main driver behind online banking is convenience. It is available around the clock, is extremely timesaving, and is accessible from anywhere around the world. Internet Banking (IB) involves consumers using the internet to access their bank and account, to undertake banking transactions. IB makes it possible for banks to offer consumers a variety of services 24 hours a day. IB offers various operations. Banking institutions are using their websites not only to provide classical operations such as fund transfer or account details, but also to provide stock trading in world markets, bill payments, check book request, credit card request and investment advice. Banks also use the websites as an information delivery tool, a channel for conducting transactions and a tool to improve customer relationship. IB has become increasingly prevalent, practiced by many financial institutions to reduce costs associated with having personnel serve customers physically, shorten processing periods of waiting line, increase speed, improve the flexibility of business transactions, and provide better service overall. This paper first reviews the existing literature on electronic banking and then examines customers' perceptions towards electronic banking in Canara bank, Vijayapura Branch. This paper undertakes research survey on the perception of the banking customers towards electronic banking in co-relation with different factors (Student, Below Graduate, Graduate, Postgraduate, Professional, Govt. Employee, Private sector employee, Business person, Depositor). This analysis of data helps to identify the views of different segments of customer and to suggest effective strategic planning to Canara Bank.

### 1.1 IT in India:

In the recent years there has been explosion of Internet based electronic banking applications. One of the scholars' states that "the emergence of new forms of technology has created highly competitive market conditions for bank providers. However, the changed market conditions demand for banks to better understanding of consumers' needs". The concept of electronic banking has been defined in many ways according to Karjaluo (2002) electronic banking is a construct that consists of several distribution channels. Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone, or digital television. Electronic banking also commonly known as internet banking or e-banking. Internet Banking, defined as "the delivery of banking services through the open-access computer network (the internet) directly to customers' home or private address". IT is not unlike traditional payment, inquiry, and information processing system, differing only in that it utilizes a different delivery channel. Any decision to adopt IT is normally influenced by several factors. The success in Internet banking will be achieved with tailored financial products and services that fulfill customer' wants, preferences and quality expectations. Mattila (2001) concedes that customer satisfaction is a key to success in Internet banking and banks will use different media to customize products and services to fit customers' specific needs in the future.

### 1.2 Canara Bank:

'Canara Bank Hindu Permanent Fund' in 1906, by late Shri Ammembal Subba Rao Pai, a philanthropist, this small seed blossomed into a limited company as 'Canara Bank Ltd.' in 1910 and became Canara Bank in 1969 after nationalisation. It provides various services to its corporate clients such as Cash Management Services, loans, IPO monitoring services, etc. NRI Banking– Besides various personal banking products it also offers remittance services, consultancy services to its NRI Clients. It also offers various products and services to priority and SME sector. The Bank has gone through the various phases of its growth trajectory over hundred years of its existence. Growth of Canara Bank was phenomenal, especially after nationalization in the year 1969, attaining the status of a national level player in terms of geographical reach and clientele segments. Eighties was characterized by business diversification for the Bank. In June 2006, the Bank completed a century of operation in the Indian banking industry. The eventful journey of the Bank has been characterized by several memorable milestones. Today, Canara Bank occupies a premier position in the comity of Indian banks. Canara Bank has established a strong presence in the country, with 2710 branches across the nation as of September 2008. The bank boasts of having the maximum number of ATM installations among all the nationalized banks summing up to more than 2000 of them at 698 centers. Also, 1351 branches of the bank provide Internet and Mobile Banking (IMB) services, while Anywhere Banking, services are being provided at 2027 of its branches. All the branches of Canara Bank are enabled with Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT) transaction facilities, insuring smooth and swift money transfer from any corner of the nation to another corner.

## 2. Research Purpose:

With the advent of the globalization, privatization and liberalization, the banking system must undergo restructuring of their operational system because of huge competition and also post Covid affect in banking sector. IT is one of the undaunted strategies of Canara Bank which has switched over from the traditional pattern of the banking operations by introducing new technology. Moreover, CB are constantly upgrading their websites, software's, safety measures, privacy options, number of schemes for the customer actively used internet banking. The bank also issues the user manual to make customer comfort in using for IT. Banks are also making a campaign, advertisement for encouraging customers use the e-banking. There is a need of understanding customer's acceptance or perceptions of IT and the reason behind utilization of internet banking facilities. This study will help the bankers to understand the reason or purpose for the utilization of facilities in this era of Digitalization. To evoke suitable marketing strategy to popularize the internet banking and bridge the gap between the expectations of the customers and the service provider accordingly.

### 2.1 Review of Literature

Bankers' and consumers' perceptions of the benefits of electronic banking have attracted the attention of many researchers, especially in recent years. Berry (1984) stressed that employees must be viewed by the management as 'internal customers. Maintenance of high level of employee satisfaction and retention is important if banks are to achieve high levels of customer satisfaction and retention. The concept of electronic banking has been defined in many ways; according to Karjaluo (2002) "electronic banking is a construct that consists of several distribution channels". Daniel (1999) defines "electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television". Electronic banking also commonly known as internet banking or e-banking. Internet Banking, defined as "the delivery of banking services through the open-access computer network (the internet) directly to customers' home or private address". In many ways, IT is not unlike traditional payment, inquiry, and information processing system, differing only in that it utilizes a different delivery channel. Any decision to adopt IT is normally influenced by several factors. Liao et al. (2008) stress that the success in Internet banking will be achieved with tailored financial products and services that fulfill customer' wants, preferences and quality expectations. Mattila (2001) concedes that customer satisfaction is a key to success in Internet banking and banks will use different media to customize products and services to fit customers' specific needs in the future. Liao et al. (2003) suggest that

*JIBC August 2010, Vol. 15, No.2 - 4* - consumer perceptions of transaction security, transaction accuracy, user friendliness, and network speed are the critical factors for success in Internet banking.

## 2.2 Perception of Customers about internet banking:

Electronic banking is offering its customers with a wide range of services: Customers can interact with their banking accounts as well as make financial transactions from virtually anywhere without time restrictions. Adult customers are changing their existing pattern of use of traditional banking and switch over advanced self-service technology (Curran and Meuter, 2007). Liao and Cheung (2002) stated that willingness to use Internet banking depends on the expectations of accuracy, security, network speed, user-friendliness, user involvement, and convenience. Privacy is the single most important characteristic because of its effect on customers' perceptions. To access the private information shared between the bank and the customer (Sayer and Wolfe, 2007). It is argued that in the e-bank context, the security issue is crucial once, it involves directly the user's actives. According the S Murty wrote a paper concerning customers' preferences in E-banking, results were based on a survey of 300 respondents. Their conclusion indicates that age and educational qualifications of electronic and conventional banking have no significant impact on IT adoption.

## 2.3 Objectives of the paper:

- To find the customers expectation for their banking systems (Canara bank) when using e-banking.
- To examine customer perceptions of the using of electronic banking.
- To understand the need of the customer in utilization of Internet Banking facility in Canara bank.
- To suggest the measures to Bank to evolve a strategic tool for expanding customer base through popularizing the internet banking.
- To prepare the manual for the customer about ITbased on the survey study.

## 2.4 Methodology:

Consumers' perceptions of the benefits of electronic banking have attracted the attention of many researchers, especially in recent years. Customers must be viewed about 'internet banking' service of Canara bank. Canara bank Maintenance of high level of customer satisfaction is important. A sample of 120 internet users was selected based on random sampling technique to elicit information on the research topic. But the researchers received the response from only 95 respondents. In the present study, the survey was conducted in the period of 2022. A questionnaire schedule was administered by the researchers consisting of 12 questions. Questionnaires were administered among 120 different people to 3 branches of Canara bank implementing online banking, the researcher received response from 95 respondents. The questions were focused on the extent to which different people use the Internet Banking and purchase items using online methods. The survey instrument used in this study was a structured questionnaire for the empirical study. The questionnaire was made up using dimension which measures the acceptance of online banking among Canara bank customers.

## 2.5 LIMITATIONS AND SCOPE OF RESEARCH

This research serves as an initial step in exploring customers' views and expectations on online banking. However, it is limited by the following factors:

- The sample was distributed randomly overt people from the Canara bank customers, including less educated.
- Due to paucity of time the sample size could be comprised of only 95 respondents which may not be a good representative for the very large financial institution like Canara bank.
- This research focused to a high degree on acceptance of online banking among Canara bank customers and opinion facilities of internet banking only though there may be other factors underlying the acceptance of online banking.

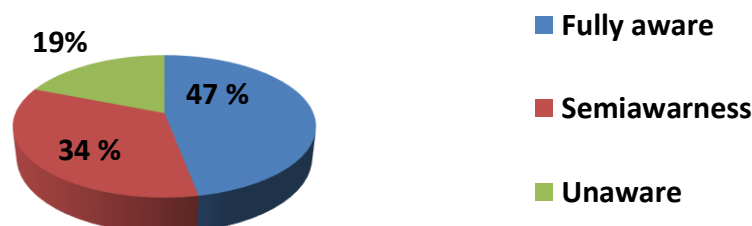
## 3. Results of the Survey:

Table No 1.

Awareness of internet banking services is as follows.

Customers	No. of Respondents	Percentage
Fully aware	45	47
Semi awareness	32	34
Unaware	18	19
Total	95	100%

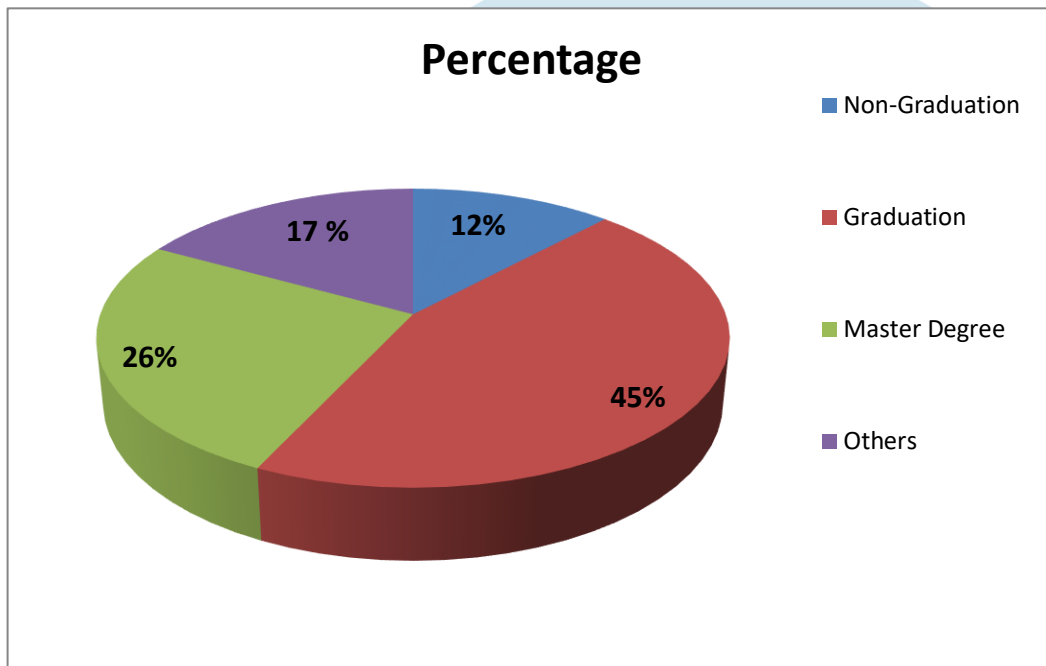
### Percentage



It is observed that 47% are fully aware of internet banking. 34% of customers have an idea about the facility available in Canara bank& only 19 % of customers did not have awareness. So that majority of customers are aware of the facility.

**Table No 2.**  
**Survey based on customer education**

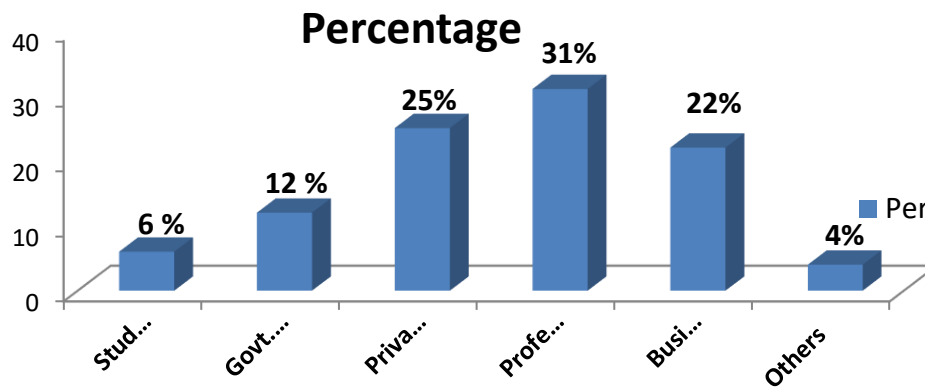
	No. of Respondents	Percentage
Non-Graduation	11	12
Graduation	43	45
Master Degree	25	26
Others	16	17
<b>Total</b>	<b>95</b>	<b>100</b>



The Survey has revealed that most of the users of IT that is 71% are Graduate & master's degrees and non-graduate users are only 12 %. Thus, most of the qualified customers have opted for e banking facility.

**Table 3**  
**Survey based on Different Categories of Customers**

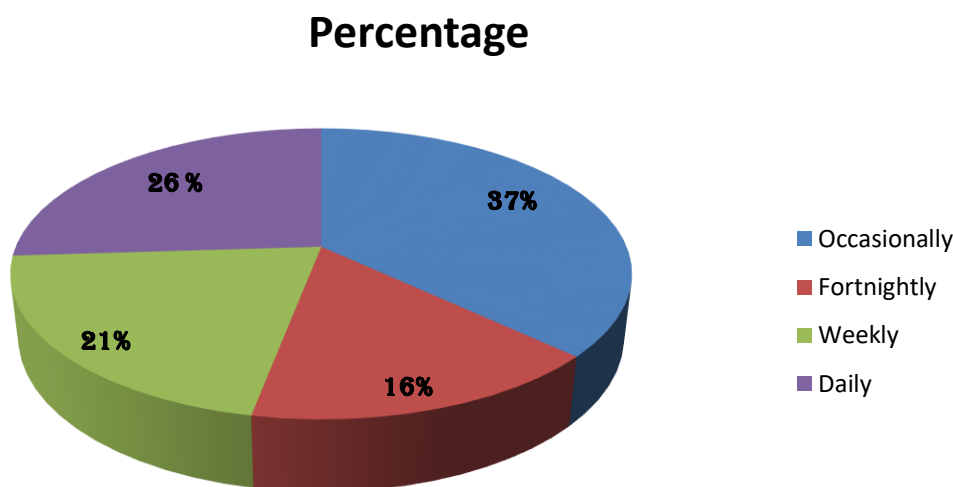
Types of Customers	No. of Respondents	Percentage
<b>Student</b>	06	6
<b>Govt. Employee</b>	11	12
<b>Private Sector Employee</b>	24	25
<b>Professional</b>	29	31
<b>Business person</b>	21	22
<b>Others</b>	04	04
<b>Total</b>	<b>95</b>	<b>100</b>



The study has revealed that 78% of the respondents i.e., private sector employee, professional & businesspersons are highly using online banking services and rest of the customers are rarely using online banking.

**Table 4:**  
**Frequency of their Access to Internet Banking**

No. of Times	No. of Respondents	Percentage
Occasionally	35	37
Fortnightly	15	16
Weekly	20	21
Daily	25	26
Total	95	100

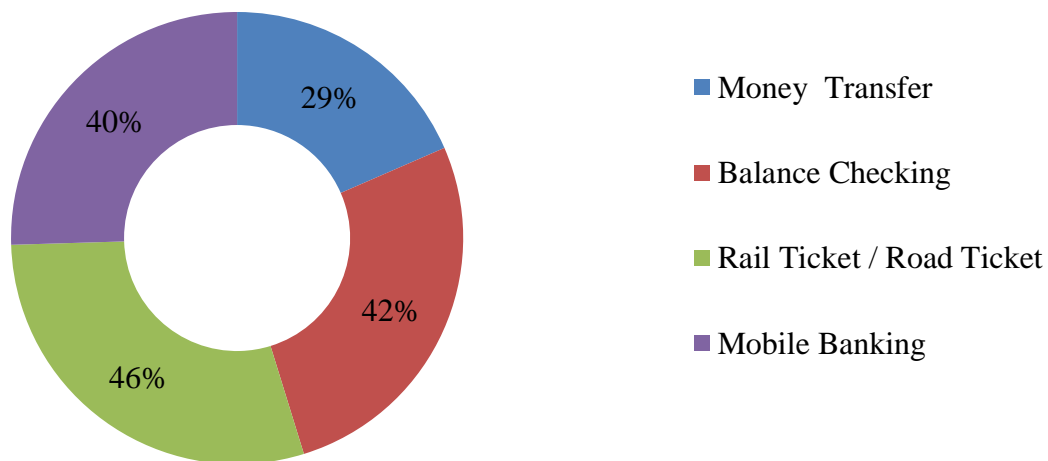


When enquired about the frequency to access to internet banking it is observed that only 26% are using the facility daily and the most 37% are using it occasionally and 16% are using it fortnightly. Thus, the frequency of usage is highly negligible.

**Table 5:**  
**Usage of services provided online**

Purpose	No. of Respondents	Percentage of Respondents
Money Transfer	28	29
Balance Checking	40	42
Rail Ticket / Road Ticket	44	46
Mobile Banking	38	40

### Percentage of Respondents

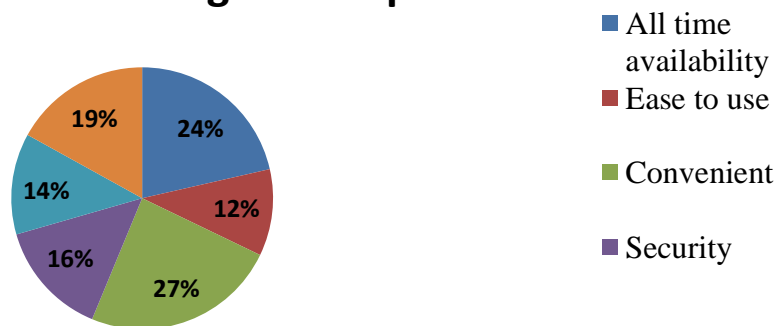


It was noticed that just half of the respondents used internet banking for making use rail ticket/road Ticket: another 42% of them used online service for making balance enquiries or viewing for statements, 40% have used for mobile banking and only 29% made a better use of internet banking such as transfer of funds.

**Table 6**  
**Purpose for Using Internet Banking**

Advantages	No. of Respondents	Percentage of Respondents
All time availability	23	24
Ease to use	11	12
Convenient	26	27
Security	15	16
Inexpensive	13	14
Time saving	18	19

### Percentage of Respondents

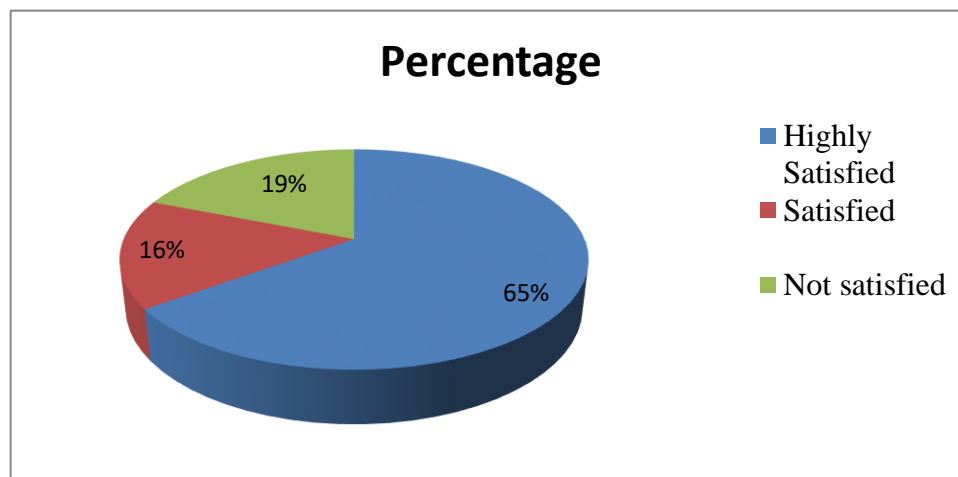


The above table depicts that most people in our survey used internet banking for the reasons of convenience (27%), all time availability (24%), time saving (19%), security (16%), inexpensive (14%) and ease to use (12%).

**Table 7**  
**Satisfaction regarding the online service provided**

Factors	No. of Respondents	Percentage
Highly Satisfied	62	65
Satisfied	15	16
Not satisfied	18	19
Total	95	100

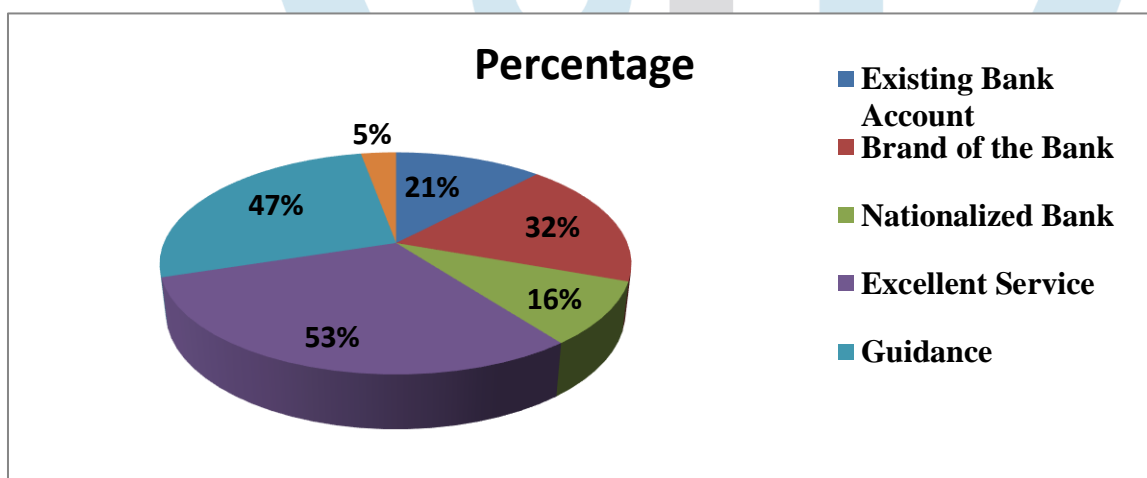




The above table infers that majority of the respondents are highly satisfied because of good online services provided by the bank. Only 19% of the respondents are not satisfied due to server or other technical problems of the online.

**Table 8**  
**Choosing Internet Banking At Canara bank**

	No. of Respondents	Percentage
Existing Bank Account	20	21
Brand of the Bank	30	32
Nationalized Bank	15	16
Excellent Service	50	53
Guidance	45	47
Other	05	5



The researcher tried to get the multiple responses from the respondents for choosing internet banking at Canara bank only. It is interesting to note that all the respondents of internet banking have viewed that it is because of the excellent service and the guidance from bank officials. Only 21% of users expressed that they have the existing account and converted the existing account into internet bank usage.

### 3.1 Findings:

Internet Banking is one of the new concepts of adoption of internet banks in Indian banking system. This survey shows that Canara bank is generally caring for new customers, new technology & new innovations. The Canara bank is treating new advancement as an advantage rather than a risk. Canara Bank is trying to attract new customer for online banking. It provides service through the Canara bank websites [www.canarabank.com](http://www.canarabank.com). The bank has systematically developed the web page and ease to use and quick to respond to the customers.

Vijayapura is one of the developing districts in the Karnataka state there is limited industries and business etc., that's why online banking users are limited. This survey shows that overall businessman, professional and private sectors are only the most user of the online banking. Government sectors and students are less users of the online banking. Most of the customers in Vijayapura district are using online banking for the purpose of rail/road tickets.

The researcher had a general discussion with the bank manager and other official's relating the major issues of internet banking.

### 3.2 Conclusion & Suggestions:

Thanks to the rapid developments in information technologies, the internet, which is intensively used in all fields, is also used extensively in the field of banking. Customers can access their accounts through internet banking wherever they are and make banking transactions. Enabling customers to make their transactions on a 24-hour-basis and always keep their portfolios under control, internet banking also reduces costs of transactions of banks and lightens their workload. In a country like India, there is need for providing better and customized services to the customers. Banks must be concerned the attitudes of customers about acceptance of online banking. It shows that customers are reluctant to adopt new technologies or methods that might contain little risk. It's also important to note that some customers are interested in online banking; Canara bank must attract student and government employees for better utilization of the online banking service. From the survey it can be inferred that the customers have a skeptical view regarding the security and privacy provided by the bank for online transaction therefore the banks have to improve their image of their service regarding this aspect and create trust among them.

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