

Research Article

## **To Study Customer Preferences Towards Online Banking System in Mumbai**

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### **ABSTRACT:**

The main objective of this paper is to measure the effect on Online-banking system towards customers preferences over traditional banking. The paper examines the relative strength of each criteria affecting customer preferences level. The main focus of this research paper is to conduct survey with customers, those are using online banking system.

The present study is carried out with the help of a suitable research instrument. Customers were selected and with the help of their responses, analysis is made followed by few suggestions.

Online -Banking has become one of the essential banking services that can, if properly implemented, increase customer preferences, and give banks a competitive advantage.

This study also concentrates on benefits and advantages to the customers on online banking.

**Keywords:** Online Banking, Customer awareness, Customer Preferences

### **INTRODUCTION:**

In Today scenario, more customers are switching to online banking system. Today's world is one with increasing online access to services. Online banking system is one of modern reform in banking sector. The internet banking service quality dimensions have a significant impact on the customer preferences over tradition banking system.

Internet has made this world a globalized and the same has revolutionized the banking sector in India. Conversion from the manual-based ledger system to systemized processes and the overture to internet-based facilities has given a new scenario to the banking sector.

The customers can perform the basic banking transaction by using different banking app and websites of banks. Today's banking is no longer constant to branches but it is scattered over a online system also. It provides 24/7 facilities around the world. There is no geographical limitation for online banking, transaction can be done from anywhere.

Internet banking provides different facilities to they customers to operate his account from anywhere and anytime. Internet banking provide fund transfer, online bill payments, and many more activity related to accounts transactions.

Through Online banking, a customer can access his account and conduct many transactions using his computer or mobile phone and others electronic gadgets.

### **REVIEW OF LITERATURE:**

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### 1) Yee Yen, Yuen (2011)

The studies comparison between factors affecting consumer acceptance of internet banking services between developed and developing countries.

### 2) Prema C (2011)

This study majority of the respondents have computer and internet access and they are also mostly proficient in using them. The users of internet banking, tele banking and mobile banking are in general found to be spending more hours using computers and internet than non-users of these services. The hours of computer usage, the frequency of internet usage and hours of internet browsing were found to be significantly higher among users as compared to non-users of technology enabled banking selfservice. It concludes that banks can target those customers whose usage of computers, internet and other technology products are relatively on the higher side.

### 3) Chen,Lisa (2012)

The studied that will increase our understanding in financial, accounting, management of information system, business administration and decision making related to the adoption of Internet banking in India.

### 4) Karimzadeh M (2012)

It analysed the challenges and opportunities in the Indian Banking sector. The study showed that only 28 per cent banking clients were using internet banking after evaluating the population characteristics. It found that there was no significant relationship in between age and use of cyber banking. It also depicted that there is no relation in between gender and the adoption of internet banking. It observed that qualification in terms of education and income of the respondents were playing the role in the acceptance of online banking. The study suggested that it is the need of time that financial literacy of the users should be increased through various programs which should be run by banks to increase the awareness of internet banking.

### 5) Ingle A and Pardeshi R (2012)

It was having indicate that users were influenced by factors such as quick direct access, ease of use, anytime anywhere banking, status symbol, safety and security. The influence of the factors varied from the type of users. Consumers have different levels of competency in internet banking usage. The higher the consumers felt about their competency in handling internet banking, higher was their frequency in usage of internet banking. Moderate and novice of internet banking users had relatively lesser levels of usage satisfaction.

### 6) Singh P (2013)

It was analysed the problems faced by customers while using e-banking facilities in India. It observed that most of the customers know about the e-banking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using e-banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using e-banking services.

### 7) Jeon, Kiyong (2014)

The studies observed that consumer prefer larger banks in India. Because they have to reduce their transportation cost by way of larger banks have multiple ATM centres across the country.

## **OBJECTIVE:**

- 1) To study preference of customers level of using Online Banking.
- 2) To understand the factors which influence people to use Online Banking.

- 3) To analyse the customers' perceptions awareness towards Internet banking security.
- 4) To understand the problems faced by customers while using internet banking services.
- 5) To know impact of the internet banking securities among the customers.

**PROBLEM STATEMENT:**

- ✓ This topic is selected to research the effect and impact faced by Online Banking system for maintaining satisfaction level of customer.
- ✓ To find out how Online Banking system effectively worked in this era.

**SCOPE:**

- The study is limited towards those customers who have experienced such online banking system through Banking app.
- To understand the behavior of customers regarding usage of Online Banking apps, socio-economic characteristics of the customers were studied.
- They are the important variables as they decide the consumption pattern and customer behavior regarding banking apps.
- Generally, it is believed that, as the income, age and education of the customer varies impact the usage pattern of banking app.

**LIMITATIONS:**

1. Time spend on the study is limited and thus is a major constraint.
2. Area of research is limited to the two places where the sample is collected and therefore cannot be taken as a universal sample is thus also a major constraint.
3. This research reflects opinion of individual's behavior, So the impact of online Banking system, only where by findings and suggestion given on the basis of this research cannot be applied to the entire population.

**RESEARCH QUESTION:**

- Does online banking system have the impact on customer preferences and satisfaction level.
- Does online banking system have better services as compare to traditional banking system.
- Does online banking system have a positive impact on they customer.

**RESEARCH METHODOLOGY:**

i. **Research design:**

The research conducted was descriptive and analytical, so a Survey method was used. A Survey was conducted through a structured questionnaire tested for reliability and data was collected throughout Mumbai and Suburb Mumbai.

ii. **Primary data:**

Primary data was collected randomly through the structured questionnaire in Suburbs Mumbai and Mumbai, by using simple random sampling.

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iii. **Sample size:**

The study was limited to those participants who willingly elected to complete the instruments in their entirety. There was a total of 220 respondents.

The sample to which the questionnaire was administered was based on random sampling techniques. The sample distribution was given in Table 1. Socio-Demographic profile

Parameters	Classification	Sample (N)	Percentage (%)
Gender	Male	130	59
	Female	90	41
	Total	220	100
Age (in years)	18 – 20	18	8.18
	21-25	55	25
	26-30	66	30
	31 and 35	37	16.81
	36 and 40	25	11.36
	40 and above	19	8.64
	Total	220	100
Occupation	Students	19	8.63
	Employed	93	42.27
	Self Employed	44	20
	Housewife	35	15.91
	Retired	29	13.81
	Total	220	100
Income Group (In Rupees)	20,000 – 30,000	88	40
	31,000 – 40,000	72	32.72
	41,000 - 50,000	25	11.37
	51,000 – 60,000	20	9.09
	60,000 and above	15	6.82
	Total	220	100
Types of Account	Saving A/c	131	59.54
	Current A/c	44	20
	Recurring A/c	45	20.45
	Total	220	100

Table 1. Source: Primary data

iv. **Sample design:**

The researcher relied upon simple random sampling technique, considering the research methodology and research type as per guidelines. A caution was exercised during the study that the respondents who did not show inclination to be a part of the study were not covered.

v. **Area of research:**

Suburb Mumbai & Mumbai.

vi. **Secondary data:**

The secondary information or data was collected from newspapers, research articles, magazine and websites.

vii. **Research instruments**

A summated closed end questionnaire was used with different viewpoints of respondents. In this questionnaire, all the questions were positively framed to study the impact of independent variables like age, gender and profession on the dependent variable.

viii. **Statistical analysis**

Efficient and effective data analysis is the result of effective data preparation. This was found to be very crucial between the completion of the field work and the statistical processing of the collected data. Data preparation involved transferring the questionnaire into an electronic format which allowed and facilitated subsequent data processing. On the basis of data sheet, tables and graphs were prepared for the analysis.

**HYPOTHESIS:**

- 1) H0 = There is no correlation between income group, gender and consumer preference for Online banking system.  
H1= There is correlation between income group, gender and consumer preference for Online banking system.
  
- 2) H0 = There is no significant relationship between age group and factors affecting usage online banking system.  
  
H1: There is no significant relationship between age group and factors affecting usage online banking system.
  
- 3) H0 = There is no correlation between reliability and responsiveness among the customer.  
  
H1 = There is no correlation between reliability and responsiveness among the customer.

**DATA ANALYSIS:**

**1. There is no correlation between income group, gender and consumer preference for Online banking system.**

Do you use Online banking?			
	Parameters	Sample (N)	Percentage (%)
Valid	Frequently	133	60.45
	Sometimes	77	35
	Never	10	4.55
	Total	220	100
Do you satisfy with the Online services provided by your bank?			
Valid	Strongly Agree	67	30.45
	Agree	73	33.18
	Neutral	40	18.18
	Disagree	23	10.45
	Strongly Disagree	17	7.74

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	Total	220	100
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Table 2: Source: Primary Survey

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Income Group	220	463	2.104545	1.482171		
Gender	220	310	1.409091	0.242839		
Do you use Online banking?	220	287	1.304545	0.304089		
ANOVA						
Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	83.2030303	2	41.60152	61.50736	3.27	3.009434
Within Groups	444.372727	657	0.676366			
Total	527.575758	659				

Table 3: Source: Primary Survey

**Conclusion:**

- There is no correlation between income group, gender and consumer preference for Online banking system.
- The above stated hypothesis is rejected.

**Interpretation:**

According to the survey, it was analysis that most of the consumers are friendly users.60.45% of the customers are using frequently online banking system. Almost the users are aware about online system used by bank for easy and fast transactions. It is also observed 4.55% of the user never used online banking system. Most of the respondent are aware and frequent user of the online banking.

- H0 = There is no significant relationship between age group and factors affecting usage online banking system.**

What are the main reasons that you are using online banking system?			
	Parameters	Sample (N)	Percentage (%)
Valid	Easy to use	29	13.18
	Access 24/7 service	75	34.09
	Immediate transfers	57	25.90
	Privacy	05	2.27
	Saves time	20	9.09
	Secure and safety	34	15.45
	Total	220	100
What types of transaction do you use for online banking system?			

Valid	Online Transfers	63	28.63
	Deposits fund	55	25
	Balance Enquiry	35	15.90
	Bill payment	47	21.36
	Investments	15	6.81
	Others	05	2.27
	Total	220	100

Table 4: Source: Primary Survey

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Age (in years)	220	713	3.24	1.927		
Reasons that you are using online banking system	220	674	3.06	2.653		
Types of transaction do you use for online banking system	220	571	2.59	1.93		
ANOVA						
Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	48.9303	2	24.461	11.27	0.000015	3.009
Within Groups	1426.336	657	2.17			
Total	1475.267	659				

Table 5: Source: Primary Survey

**Conclusion:**

- H0 = There is no significant relationship between age group and factors affecting usage online banking system.
- The above stated hypothesis is accepted.

**Interpretation:**

According to the analysis, it was observed that there is no correlation between the age group and reasons for using online banking system.34.09% customer access online banking system because it can be access for 24/7 anytime from anywhere. According to the survey it was also analysis 25.90% of the customer prefer to use online because fund easily transfer from anywhere.9.09% of the respondent agree that online banking system saves a time as compare to tradition method of banking system.

**3. H0 = There is no correlation between reliability and responsiveness among the customer.**

Do you prefer using online banking instead of visiting branch for making transactions?			
Valid	Parameters	Sample (N)	Percentage (%)
	Always	116	52.72

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	Sometimes	79	35.90
	Never	25	11.38
	Total	220	100
<b>Responsiveness of Online banking</b>			
Valid	Facilities	25	11.36
	Technology	53	24.09
	Quick service	71	32.27
	Confidential	23	10.45
	Helpline	33	15
	Other's service	15	6.18
	Total	220	100

Table 6: Source: Primary Survey

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Reliability	220	349	1.586	0.471		
Responsiveness	220	691	3.140	2.002		
ANOVA						
Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	265.8273	1	265.82	214.8234	7.29	3.862
Within Groups	541.9909	438	1.2374			
Total	807.8182	439				

Table 7: Source: Primary Survey

### Conclusion:

H<sub>0</sub> = There is no correlation between reliability and responsiveness among the customer.

- The above stated hypothesis is rejected.

### Interpretation:

According to the survey there is a co-relation between the reliability and responsiveness. 32.27% of the respondent, they use online banking system for quick service. 10.45% respondent say, transactions have security and safety has its is confidential. It is also secured by the OTP and password. Facilities provide by the online banking system is good as per the respondent. 15% of the respondent say, helpline is also provided by the bank for this system.

### RECOMMENDATIONS / SUGGESTIONS:

1. Now a days, online banking has a positive impact on customer due to its efficiency to use.
2. Its also save a time and make transactions quick and easier according to customers need and preferences.



3. Online banking also reduced of visiting to branches.
4. Overall, it also improves the efficiency of all services of banks.
5. Its also reduces cost to customers.

**CONCLUSION:**

It is also summarizing that, there are great impact and efficiency on the user's part. The online banking system build strong impact on the customers has its easy and secure to use. Most of the technology has more impact of the customers. Update technology has been great impact for strong connectivity among the banks and his customers. This research has been outcomes of reliability and responsiveness on part of the customers. The banks also adopted technology to update his customers. The major part of the study focuses on online banking system and service provided by the banks to they customers.

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