



## **Journal of Internet Banking and Commerce**

An open access Internet journal (<http://www.icommercecentral.com>)

Journal of Internet Banking and Commerce, April 2016, vol. 21, no. 2

# **Insights into Motivating Internet Users towards Internet Banking**

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### **Abstract**

Internet banking has evolved from helping customers meet their basic banking needs to meeting their sophisticated needs. In recent years, the number of internet banking users has been increasing exponentially. As customers get more and more educated, getting insight about internet banking has become a primary area of concern for all leading banks in India. Hence, the study is made to analyse the perception of customers specifically who are computer literate, in a semi-urban area about internet banking. Yet, in an emerging economy like India, there are a large number of bank customers who are yet to start using internet banking. This paper tries to find out the reasons behind this non-usage and what banks must do to attract these non-users to retail internet banking as studies focusing on them have been few. The findings suggest that those who are not using internet banking at present are not motivated towards the benefits of the internet banking but content with the existing system. If banks can address these issues which are identified in this study and motivate the customers, then the number of internet banking users would increase.

**Keywords: Internet Banking; Customers; The Internet; Banks**

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## INTRODUCTION

Internet Banking refers to a system allowing individual customers to perform banking activities from home or office or from other locations through the internet. The internet or online banking through traditional banks enable customers to perform all routine transactions, such as account transfers, balance inquiries, bill payments and stop-payment requests, and also apply for loan and credit card. The growing popularity of the internet has made banks use this as a channel for receiving instructions and also delivering the products and services to the customers.

### Internet in India

According to the Com Score Report, India is now world's third largest internet user after U.S. and China. The computer literacy rate is growing every year. The internet in India has become a viable source to do many things including transactions pertaining to payments. In today's fast moving world, people tend to do their financial transactions on the internet than the traditional method. As of 2014, there are 2,43,198,922 Indians who are using the internet and it is increasing approximately 3.5 crores every year on an average. The rate of growth is 168 percent since 2010 (The Internet and Mobile Association of India).

Of the millions of internet users in India, 38 percent of those who use the internet at home or at work are in the 25-34 age brackets, a percentage which was higher than any other age group. Furthermore, men dominated internet usage with 61 percent to women's 39 percent. Average daily online usage in the country is 5.1 hours among internet users. Out of 1.3 billion populations, only 213 million users were on the internet by the end of 2013 and less than 10 percent of this is buying things online. Table 1 shows evidence of increasing number of internet users in India.

**Table 1:** No. of internet user in India (As on 1<sup>st</sup> July).

	No. of users and Years				
	2010	2011	2012	2013	2014
Internet users	90,421,849	1,22,970,441	1,55,575,944	2,13,339,324	2,43,198,922
New users of the year	29,486,779	32,548,593	32,605,503	57,763,380	29,859,598
Growth rate	0%	36%	72%	136%	168%

**Source:** Internet Live Stats ([www.InternetLiveStats.com](http://www.InternetLiveStats.com)).

The number of internet users in India has reached 354 million by the end of June 2015. The latest figure indicated that India has more internet users than the population of the

United States and became the second largest country by the number of internet users after China. According to the report published by the Internet and Mobile Association of India [1], the internet users in India has grown 17 percent in the first 6 months of this year by adding 52 million new users. The fast growing internet users in India can be a very big opportunity for the banks and they should make use of this opportunity to attract more customers to adopt internet banking.

The internet which was supposed to be the effective communication media is transforming into a powerful business media [2]. The researchers indicate that the all financial institutions like banks are significantly influenced by the internet. At present Indian customers are moving towards technology slowly but steadily. Hence, it is necessary to find out the perception of customers in Vellore city who are computer literate about the usage of internet banking.

## **REVIEW OF LITERATURE**

With the development of technology, the world has become a global village and ushered in a revolution in the banking industry [3].

Zhang [4], Zheng and Yonghong [5] accepted that the internet as a medium that brought revolutionary change to the world of technology.

Nahum Goldmann [6] used descriptive statistics to explain demographic profile of respondents in India and also factor regression analysis was used to know the trend of internet use and the factors affecting e banking in the country.

Sachin Mittal and Rajnish Jain highlighted customer satisfaction levels among young customers in banking industry. A survey indicated the gap between customer's expectations and perception with respect to Information Technology (IT) based banking services. Findings indicated that there is a need to improve the IT based services for enhancing customer satisfaction.

Joshua and Moli Koshy [7] examined various usage patterns of technology-enabled banking self-services such as ATM services, internet banking services, tele banking services and mobile banking services. Only if the users start using all kinds of services within the domain of the electronic banking then the adoption of these services would be complete and the users would then derive maximum benefit from these electronic banking channels. Also they illustrated that the more proficiency in the use of the computer and internet results in a higher adoption rate of respondents using electronic banking in India.

Durgesh Pattanayak attempts to close the research gap of relationship between Total Quality Management (TQM) and Customer satisfaction in the banking industry in the Indian context. Customer satisfaction is important for banking industry. And implementation of TQM in banking industry helps improving customer satisfaction. So

using TQM banks can be benefited by satisfying consumers.

According to Polasik and Wisniewski [8] said that individuals who have used the internet for a longer period will be more familiar with the internet environment, and are likely to open an internet banking account.

Premalatha [9] found in her study on influence of the demographic variables on internet banking that speed of internet has an influence on the usage of internet banking.

Saraswathy [10] said those with higher technology experience may have a positive perception towards internet banking in general and thus may likely to adopt internet banking in India.

Anita Lifan Zhao et al. [11] aimed to contribute to this field by looking contemporarily at the roles of trust and perceived risk on consumers' internet banking usage intention. Results showed that there is a significant relationship between trust and perceived risk and that both are crucial in explaining the internet banking usage intention. Furthermore, trust in the bank is fundamental not only in reducing risk perceptions in general but also to form trust in the banks' competence.

According to Pew Internet and American Life Project, 65 percent of internet users have bought products online and men as well as high income group find online financial transactions are safe on the Web

Arpita Khare [12] studied the applicability of online banking in India and its role in nurturing relationship with customers and giving them more value. The research was conducted on customers familiar with online banking in India, and their perceptions about online banking were studied. The findings revealed that customers are using the services but are doubtful about the financial transactions and service quality dimensions.

In 2006, a study was led by IAMAI on internet banking for evaluating the customer response towards internet services. This study offered the clear view of the perceptions and attitudes of customers towards internet banking. This study concluded that 43 percent online users have not started using internet banking services because of inappropriate security mechanisms of internet banking.

This study found that 39 percent online users have not started availing internet banking services because they prefer to use face to face online banking services. 22 percent online users have not shifted to online banking because they do not have knowledge about internet usage. 10percent online users did not show interest in online banking services because websites of banks were not users friendly, and the study found that 2 percent banks do not provide internet banking services.

This study evaluated that 68 percent did not show their intentions about using internet

banking services in future. In addition, it was found that most of the internet banking services was used by males between the age groups of 25-35 years. It was found that percentage of female customers who prefer to use internet banking were very less about 17percent [1].

Kumar and Mittal [13] said the growth in internet banking is led by five key indicators (Consumer internet banking – Arise 2011). They are namely: a) Preference by Gen Y; b) Rapid expansion and reduction in cost of broad band; c) Growing comfort with Internet banking security; d) Retail boom and e) Technological advances leading to advanced solutions and offerings.

The customers have to be educated in the use of every new technology.

Neha Dixit [14] investigated on the factors that affect the acceptance of e-banking services among adult customers in India. They indicated the level of concern regarding security and privacy issues in Indian context and found factors like security and privacy, trust, innovativeness, familiarity; awareness level will increase the acceptance of e-banking services among Indian customers. The finding showed a positive side that in spite of their security and privacy concern, adult customers are willing to adopt online banking if banks provide them necessary guidance.

Mamta Sareen and Anchal Jain [15] said India is standing in the tip of technology revolution where e-commerce is currently experiencing a period of rapid development. With the high penetration rate of internet users, internet is becoming an integral part of user's lifestyle mainly of its urban population. The changing lifestyles have increased the reliance on the internet for their shopping needs as it offers the convenience from the comfort of one's home and offers a wide range of products to choose from. The study has identified technical environment, socio-individual belief, EE and customer's ATT as an influential factor to the customer's intention to purchase online.

Rakesh and Ramya [16] studied internet banking in Indian context on teaching professionals and bankers who already find computers and internet is easy to use. They found that customers did not find that it as the crucial influencing factor towards adoption of internet banking.

Vishnoi et al. [17] investigated the factors affecting the perception of customers towards e-banking in Gwalior city in India. They found that people are aware of e-banking as they feel that it has got advantages like convenience and saves time. They also feel that factors like security and privacy, trust, familiarity and speed seems obstacle the acceptance of e-banking. They said as the banking industry is changing and internet banking is evolving, a new concept Global Internet Banking may start to blossom in India.

Our literature review reveals that to adopt internet banking, it is necessary that the customers though they have internet experience, are not showing any interest in internet banking usage. Hence there is a need for motivation towards internet banking adoption.

## **Area under Study**

The main aim of the study is to find out how customers in Vellore city perceive about the internet banking offered by the banks. This city is chosen for the study as the average literacy of the district was 70.47 percent, compared to the national average of 72.99 percent [18]. According to Indian Census of 2001, the urban workforce participation rate of Vellore is 43.64 percent.

## **Statement of the Problem**

The features of internet banking are easy to use, privacy, secured, accessibility and so on. Hence, it is important to study the perception of customers in Vellore city about the internet banking and the factors influencing their perception and what can be done to increase the adoption rate in the city. The banks have invested so much in technology and if the customers do not use the technology it will be a loss to the banks. Also, the banks have to spend on retaining their customers by providing good service quality to them.

Private sector Banks are the pioneers of technology and became the forerunners and focused on to capture the market. The present condition of internet banking is not as expected by the banks. The banks feel that they not getting expected return on investment. Though the customers are becoming more literate on computer and use technology for activities, the reasons for a lesser amount of usage of technology for banking is important to study.

Since India has varied culture and diversified in nature, it is necessary to find out how much the demographic characteristics can influence them to use internet banking and how to educate the customers towards the adoption though they are confident of technology. Demographic characteristics taken for the study are age, gender, education, occupation and income level of the customers.

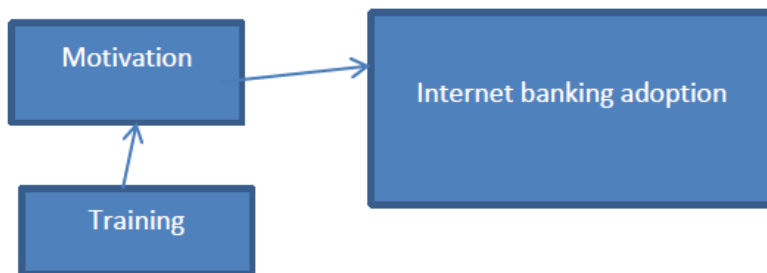
McKinsey [19] report said the penetration of the internet is steadily growing in the last few years in India, but it was reported that only seven percent of the bank customers use the internet for their banking transactions. A study of an internet experience for understanding customer perception about service quality, customer satisfaction and loyalty on traditional banking system goes a long way in figuring out how these e-services are evaluated.

## **OBJECTIVES OF THE STUDY**

To find out the number of internet banking users among internet users in Vellore City  
To understand the reasons which explain why computer literate customers are not using internet banking?

## **RESEARCH MODEL FOR THE STUDY**

Since Vellore is an industrial city, it is suggested that proper training and motivation can help the customers to use internet banking (Figure 1).



**Figure 1:** Research model.

## METHODOLOGY

### Research design

To study the objectives of this study, the researcher conducted a survey to collect the needed data. The method was helpful as it allowed the researcher to supervise respondents and allowed respondents to complete the survey at their convenience.

### Questionnaire

The study is done on computer literates who use and do not use internet banking. This will help to understand the perception of respondents and the satisfaction level of users of internet banking in the city. Qualitative research method was used in the study. A pilot study was done to get in depth response from the sample. Primary data was collected from the private sector bank customers in a semi-urban city i.e., Vellore city using a questionnaire. The questionnaire was divided into two sections. The first section described the nature of the study and asked respondents to list and briefly describes the reasons why they were not an internet banking user.

The second section is about demographic and their technical information which included questions like

- a) Are they aware of the internet banking facilities offered by their banks?
- b) Who finds it difficult to admit the internet as an intermediate for financial transactions?
- c) Would they like to become an internet banking user in the near future?
- d) Do they use the internet at home or at the place of work and how much of time is spent in a week on the internet?
- e) Have they done any transactions through the internet before?
- f) What are the factors influencing not to become an internet banking user in Vellore city?

Details like the respondents' gender, age, the highest level of education and average

monthly income and the level of computer skills were also included in the questionnaire. These questions are useful to find out the characteristics of the respondents who are willing to become internet banking user and who is not.

Secondary data was used to collect data from bank websites, journals, and published articles. Five point Likert scale is used to measure the opinion of different customers. The data was collected for three months from November 2015 to January 2016.

The questionnaire was used on two stages of testing. In the first stage, thirty bank customers, who were not internet banking users, were asked to read through the draft questionnaire and comment on the clarity and ability to understand the questions given there. They were asked to list their reasons for not using an internet banking services. They offered seven reasons. These respondents were also asked to indicate any problems in understanding the questions but they did not give any such and so this questionnaire was used in the full survey.

**Target population:** The first condition on selecting the respondents is that he/she should be a computer literate and private bank customer, whose bank offers internet banking services. They are taken as a sample to find out whether the internet experiences influence the usage the internet banking in the city.

**Sample size:** Private sector bank customers are the sample for the study. Survey was done on 250 customers from ICICI bank, HDFC bank, and Axis banks. These three are the popular private sector banks in the city. From these, 250 samples, responses were received from 234 only in which 34 were incomplete. Hence, 200 responses were used for analysis which includes both users and non-users of the internet banking.

A survey of 200 respondents of different age groups with different educational background Vellore city which is a semi-urban area was conducted. The data was collected from the respondents who are internet users and analysed as below. First, the number of internet banking users was identified. This study was aimed to find out what is the consumers' perception who uses the internet about internet banking.

From the selected sample of 200, it was found that 120 customers i.e., 60 percent of the sample use internet banking in Vellore City and 40 percent of internet users do not use internet banking. The banking sector invests more on technology and it was there is a gap between investment and usage of internet banking. 40 percent of the respondents accepted their level of computer skills as good, 55 as moderate and 5 percent agreed as low.

The demographic characteristics of the respondents show that about 68 percent were male users and 73 percent female are not users; 38 percent were aged below 25 do not use internet banking, 46 percent were between 26 and 35 are using internet banking more than others. The respondents who are graduates working in a private sector earning



between Rs. 30,001 and 40,000 use internet banking than other respondents. It is same as Gerrard and Cunningham as they illustrate that a higher percentage of females, lower income groups, and less well-educated people do not use internet banking.

All the respondents have internet connection in their mobiles and in personal computers. Nearly 73 percent of the respondents said that they used a personal computer at their workplace, 54 percent agreed that they own computers at their homes and 82 percent of them accepted and rated their proficiency at computers as excellent. Only 43 percent of them conducted online transactions in the last one year. It is interesting to note that 89 percent of the non-users further said that they want to become internet banking user in the future if they are properly trained.

## LIMITATIONS

The sample taken for the study is only customers who know to use the internet as they can provide the appropriate perception on the internet banking.

The sample is drawn from private sector banks in Vellore city which is a semi-urban city.

## RESULTS AND DISCUSSION

Table 2 illustrates those characteristics of the customers who are users and non-users. It is understood there is very less motivation given to use bank customers in Vellore City to use technology especially to the educated ones.

**Table 2:** Respondents' profile of internet banking users and non-users.

Demographic variables		Internet banking users		Internet banking non-users		Total (N=200)	P value	Sig.
Age group	18-25	(N=120)	% age	(N=80)	% age		0.042	Sig
	26-35	43	35.8	30	37.5	73		
	36-45	55	45.8	20	25.0	75		
	46-55	8	6.7	15	18.8	23		
	Above 55	7	5.8	12	15.0	19		
Gender	Male	7	5.8	3	3.75	10	0.013	Sig
	Female	80	66.7	22	27.5	102		
Qualification	School	40	33.3	58	72.5	98	2.012	Not sig
	Graduates	34	28.3	14	17.5	48		
	Others	75	62.5	14	17.5	89		
Occupation	Private	11	9.2	52	65.0	63		
	Government	55	45.8	31	38.8	86		

	Business	13	10.8	38	47.5	51	0.009	Sig
Monthly Income	<20,000	52	43.3	11	13.8	63		
	20,001-30,000	9	7.5	33	41.3	42	0.021	Sig
	30,001-40,000	26	21.7	14	17.5	40		
	40,001-50,000	58	48.3	12	15.0	70		
	>50,000	23	19.2	11	13.8	34		
Duration of usage of internet	<5years	11	9.2	19	23.8	30	0.029	Sig.
	5-10years	55	45.8	26	32.5	81		
	>10years	54	45.0	35	43.8	89		
Usage of internet in a Week	<5 hours	9	7.5	12	15.0	21	0.023	Sig.
	5-15 hours	14	11.7	13	16.3	27		
	15-30 hours	40	33.3	24	30.0	64		
	>30 hours	57	47.5	31	38.8	88		
Point of access	Home	50	41.7	30	37.5	80	0.034	Sig.
	Place of work	70	58.3	50	62.5	120		
	Cyber café	0	0	0	0	0		

A chi-square test, as seen in Table 2, was used in order to identify characteristics which might distinguish the customers who use internet banking and who are not.

The research showed that there is a significant difference ( $\chi^2=0.042$ ) between different age groups. Respondents less than 35 years use internet banking more than other age groups. Gender also does not play an important role in the acceptance of internet banking. This study revealed that males are more internet banking users compared to females ( $\chi^2=0.013$ ) as pointed out by the Table 2 and high academic qualification use internet banking ( $\chi^2=2.012$ ). Similarly, this study also revealed that people of higher income group also uses internet banking more ( $\chi^2=0.021$ ).

Year on year the usage of internet is increasing by 31 percent in India according the comScore Media matrix. Accustom to internet usage is derived by previous knowledge about it and interest to pursue it. Duration and frequency of internet usage influences the adoption of internet banking as per Graphic Visualization Usability Center's (GVU) WWW User Survey. Based on the level of usage the trust on the internet will tend to increase.

The table shows that all the respondents have a good exposure to internet. Internet has emerged as one of the prime information provider and it is supported by the findings that 45 percent of the users are spending time more time on interne i.e., they access internet more frequently. They use this facility for more than ten years. The average use of the internet per week stood more than 30 hours and 48 percent of the responders are falling under this category. It is found that respondents spend fairly good time on internet.

From the internet profile of the respondents, it is clear that all of them are computer literate and most of them access from their place of work as internet facility is available.

Working environment is the major reason for accessing the internet often. Around 58 percent access internet at work place and around 42 percent from home. Nobody use net café to browse through internet. This fact differs from the report supplied by IAMAI [1] that 37 percent access internet through cyber café followed by 30 percent from office spaces and rest is from home. Unless the customer has a high level of internet accessibility at home or at work, they are unlikely to consider using internet banking.

The study is done to find out the perception of internet users on internet banking in Vellore city who are computer literate. It is found from the above tables that 40 percent of the customers do not use internet banking because of several reasons. Hence, the reasons for non-usage by the internet users are explained in Table 3. It shows the reasons why respondents said they were not internet banking users in Vellore city.

From the literature, the content analysis identified seven factors – lack of human contact, lack of knowledge about the internet banking services, risk, not necessary, content with traditional banking, not accessible due to irregular power supply etc., and hidden charges associated with internet banking. These explain why internet users have chosen not to become internet banking users. Respondents' feedback on these seven factors is presented in Table 3. It is analysed through 5 points Likert scale and the responses for there is no need to use internet banking is strongly agreed by the respondents and content with traditional banking.

**Table 3:** Reasons for preferring traditional banking by non-users (N=80).

Reasons	Strongly agree (5)		Agree (4)		Neutral (3)		Disagree (2)		Strongly disagree (1)		Total	% age
	No.	%age	No.	%age	No.	%age	No.	%age	No.	%age		
Lacking human interaction	59	73.5	12	15.0	1	1.3	9	11.3	1	1.3	80	100
Lack of knowledge about the services	62	77.5	9	11.3	1	1.3	7	8.8	1	1.3	80	100
Risk	50	62.5	12	15.0	8	10.0	4	5.0	6	7.5	80	100
Not necessary	68	85.0	8	10.0	2	2.5	5	6.3	2	2.5	80	100
Content with	63	78.8	5	6.3	1	1.3	4	5.0	2	2.5	80	100

traditional banking system												
Inaccessible	55	68.7	15	18.8	2	2.5	4	5.0	4	5.0	80	100
Hidden charges	49	61.3	14	17.5	15	18.8	1	1.3	1	1.3	80	100
No trust in technology for financial transactions	51	63.8	11	13.75	6	7.5	3	3.8	9	11.3	80	100

**Source:** Primary data.

**Lacking human interaction:** The table shows that nearly 73.5 percent of respondents commented that there was no human interaction when using financial services over the internet. The traditional users want to have a face to face interaction with the bankers. The same point is agreed by 15 percent of the customers.

**Lack of knowledge about the services:** The reason for not using internet banking was a lack of knowledge about the internet banking services. Some respondents were unaware of what needed to be done to become an internet banking user. A smaller number of customers were not aware of what financial services could be sourced over the internet, and an even smaller number mentioned not being aware of the level of computer skills needed to operate as an internet banking customer.

**Risk:** Many respondents perceived that there are risks, especially security risks, associated with the internet usage. Privacy and the security are the main concerns.

**Not necessary:** It is the fifth factor in the list. They mentioned that not being sufficiently motivated to find out what internet banking offered and what needed to be done to become an internet banking user. The implication was that these respondents had the technical skills to find out if they wanted to do so, but they simply not bothered and felt it is not important to use the internet for banking transactions.

**Content with traditional banking system:** Many respondents found that they did not feel the need to use internet banking. Nearly 79 percent of the respondents indicated that they were very content with the traditional banking services. 6.25 percent mentioned that by becoming an internet banking user, there would be only a few benefits being received from the banks. About 5 percent of them perceived that the range of services was perceived to be limited compared to traditional banking.

**Inaccessibility:** The next reason is inaccessibility, which mainly refers to respondents being incapable of connecting with the internet bank. About 46 percent of them found that they did not own a personal computer. About 18.75 commented that always there is a slow internet connection, irregular power supply, etc. in the Vellore city.

Hidden charges: Fees charged for the internet banking is also another reason for not using the service. The customers reluctant in using the internet banking because they find there are hidden charges associated with banking transactions. Almost 61 percent banking feel that the charges are not reasonable.

No trust in technology for financial transactions: Almost 64 percent of the internet users in Vellore city expressed that they could not trust the technology for financial transactions. This means they do not have confidence in using the technology.

Of all the reasons mentioned in Table 3, 'not necessary' is the major reason for not using internet banking. The same questions were asked to the users of internet banking to find out their views. Their opinions were collected and given in Table 4 below:

This study confirms the previous studies like Black that respondents who do not use internet banking still believe that human interaction is needed for financial transactions. They find that traditional banking is safe, hidden charges, easy, secured and reliable and any problem can be addressed by the banking personnel. Though they use the internet for many reasons, are afraid of trusting technology for financial transactions.

**Table 4:** Opinion of Users of internet banking (N=120).

Reasons	Strongly agree (5)		Agree (4)		Neutral (3)		Disagree (2)		Strongly disagree (1)		Total	% Age
	No.	%age	No.	%age	No.	%age	No.	%age	No.	%age		
Lacking Human interaction	2	1.7	2	1.7	5	4.16	66	55.0	75	62.5	120	100
Lack of knowledge about the services	1	0.8	1	0.8	0	0	48	40.0	70	58.3	120	100
Risk	1	0.8	2	1.7	1	0.8	54	45	62	51.7	120	100
Not necessary	20	16.7	20	16.7	2	1.7	40	33.3	38	31.6	120	100
Content with traditional banking system	0	0	1	0.8	1	0.8	69	57.5	49	40.8	120	100
Inaccessible	0	0	0	0	0	0	87	72.5	33	27.5	120	100
Hidden charges	1	0.8	1	0.8	1	0.8	60	50.0	57	47.5	120	100

No trust in technology for financial transactions	0	0	0	0	0	0	75	62.5	45	37.5	120	100
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It is interesting to note that the users also agree that there must be motivation to use internet banking. Thus, this study confirms that motivation is needed as mentioned in the research model.

In the study, it is suggested that motivation will help the customers to adopt internet banking. Our study confirmed this that by educating the customers the non-users can be shifted from this category to user category. When this question was asked to the non-users, 82 percent of them said they are likely to use internet banking if provided with proper training.

Chi-square is used again to identify the characteristics of the customers which differentiate between those who are very willing to use internet banking in the future from those who are not willing to become a user. The demographic characteristics, responses to technology questions and willing to become an internet banking user in future are shown in Table 5.

**Table 5:** Customers willing to use internet banking in future.

Demographic/technical characteristics		Definitely will	May be	Will not	Definitely will not	P value	Sig
Age group	18-25	9	12	6	3	9.23	0.002**
	26-35	12	4	2	2		
	36-45	5	2	3	5		
	46-55	4	3	3	2		
	Above 55	1	0	0	2		
Gender	Male	11	8	2	1	10.12	0.008**
	Female	15	11	42	12		
Qualification	School	2	4	6	2	8.34	0.02*
	Graduates	5	4	2	3		
	Others	34	12	3	3		
Occupation	Private	19	3	4	5	9.14	0.03*
	Government	23	12	2	2		
	Business	5	2	2	2		
Monthly Income	< 20,000	11	12	5	5	8.34	0.02*
	20,001-30,000	7	2	3	2		
	30,001-40,000	6	2	2	2		
	40,001-50,000	5	2	2	2		

	>50,000	5	2	2	1		
Hours using internet in a week	< 5 hours	20	39	11	10	7.31	0.03*
	5-10 hours	41	12	12	15		
	>10 hours	31	15	15	19		
Aware of internet services	Yes	13	21	28	18	10.23	0.009**
	No	10	32	18	12		
Place of accessing internet	Home	35	25	15	5	11.82	0.034**
	Place of work	55	15	5	5		
	Cyber café	9	30	24	17		
Conducted online transactions	Yes	16	14	22	28	12.95	0.004**
	No	6	12	36	26		

Note: \*\*sig. at  $p < 0.001$ ; \*sig. at  $p < 0.05$ .

The results show that females and the less-well educated are less likely to become internet banking users. Of the technology questions, it is seen that those who have never bought anything over the internet are more likely to continue to use their banking services in traditional ways. Of all the factors presented in Table 5, those who mentioned 'lack of knowledge about the service' are less likely to become internet bank users.

## DISCUSSION OF THE MODEL

From the analysis, it is implicit that the model holds well in the present situation of Vellore city. Though the respondents are computer literate, they also need proper motivation to do banking transactions through technology.

## CONCLUSION

The study has identified various factors which explain why customers do not use internet banking. The two most important reasons are apathy and content with traditional banking. Other factors are lack of human contact, inaccessible, risk, hidden charges and a lack of knowledge. The most important one is not necessary i.e., not motivated to use internet banking. This is agreed by both users and non-users.

The findings suggest that marketing campaigns which aim to encourage consumers to become internet bank users are likely to attract more males, the higher income groups, the better educated, those who have already used the internet to buy services and/or goods and those who are knowledgeable about internet banking. The study shows that the perception of the customers can be changed by providing training, charging less fees and proper security.

The sample taken for the study is internet users who know how to use the internet, have

an access to internet and customers of banks who provide internet banking facilities. For these customers who have all the facilities at their disposal, technology is not a problem. Hence, what is needed is the motivation to use by educational programs defining the advantages of internet banking, giving suitable training and assuring of security [20].

Marketing campaigns which target non-users who are males, the higher income groups and the better educated can be successful in increasing the number of internet bank users. Such campaigns are also more likely to succeed with customers who have already procured services or goods over the internet and with those customers who are knowledgeable about internet banking. It seems that banks need to do more to elucidate the features of internet banking to their customers. Even though they use traditional banking, they can be turned into latent users as agreed by them.

## **MANAGERIAL IMPLICATIONS**

The bank managers are normally keen to take full advantage of the usage of internet banking among the customers because the cost associated with providing services over the internet is much lower than providing the same service through the branches. Banks would prefer customers to use internet banking as often as possible due to the reduced costs.

Some respondents mentioned that in internet banking there is a lack of face to face communication. To accommodate this group, banks have to consider in introducing a more personal feel to the service. Banks may also emphasize that it is easy for their internet banking customers to interact with staff over the telephone for any enquiries or speak about their banking difficulties. In addition, banks could encourage them to contact by e-mail, promising them to provide personalized responses to any banking-related questions or concerns and the personalized e-mail response would be given within a stated time frame of receipt.

The research model offers bank managers a framework for deciding what to convert non-users to internet banking users. One of the most important reasons is that customers are worried about the risks and security associated with internet banking. To overcome this, the banks have to advertise the efforts taken by them and explain how to protect their passwords. This may reduce the fear in the minds of non-users.

Some respondents find that traditional banks give more information about the various services offered by them than the internet banking and also not possible to source all the services over the internet. These consumers may be assuming that users would have to conduct all their banking business only over the internet.

The most mentioned reason is the lack of knowledge i.e., they do not how to become an internet banking user, what services are offered and they do not have adequate skills which are required. Banks might have to be more pro-active by suggesting out what



customers need to do to become an internet banking user by providing information about the available range of services and explaining the requisite skills, supplying the relevant details through channels like notices, hangouts, and notice boards etc., other than the internet.

'Not necessary', was found to be very significant in explaining non-usage of internet banking. Bank marketers could consider overcoming this by using sales promotion techniques, such as offering new users more incentives etc.

A reasonable proportion of respondents mentioned inaccessibility is another reason for non-usage because the ownership and internet connectivity are the problems in Vellore city. Banks need to decide if they want to target the customers who access through computers or through mobiles. If the managers like to, they can explain various other methods of connecting to an internet bank without the necessity of owning a computer or have an internet connection (such as using a WAP phone).

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