

CONSUMER SHIFTED FROM TRADITIONAL BANKING TO ONLINE BANKING

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Abstract

Online banking is a notion that ushered in a new era of technological advancement and innovation. Incites a lot of curiosity across the nation. Although different banks these days' use varying forms of technology, the Indian banking sector has already incorporated a number of recent innovations meant to raise the bar in client satisfaction. Consumers' transition from brick-and-mortar to electronic financial services is the subject of my thesis. We choose it because online banking is becoming increasingly popular around the world, and we anticipate that this trend will also accelerate rapidly in India in the near future. The convenience of the Indian banking system's internet offerings has been recognized beyond India. Personal interaction through the Indian financial system is costly and time-consuming for performing their transaction.

Key words: Online Banking, Customers

Introduction

The 1980s saw the advent of the first online banks. In the late 1980s, when most people first encountered online banking, access was via terminal keyboard and television screens. Internet banking is a method that makes it easier for customers to do their regular financial transactions online. Customers can conduct banking transactions online from the comfort of their own homes thanks to online banking. Using internet banking is convenient for making payments and doing other business. Banking online is more convenient than

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physically visiting a bank because of how little time is spent there. Banking online is a need in today's modern world, but banks also need to pay attention to the advantages and disadvantages of their own financial systems. These days, most banking institutions offer a wide range of services. Whenever a customer makes a withdrawal, a deposit, or any other form of transaction. Financial institutions immediately contact the client by phone or email.

Banking definition:

In general terms, banking refers to the practice of taking money from customers for subsequent deposit into various accounts, such as savings, checking, and fixed deposit accounts. Customers can trust their money in banks because of the extensive safety measures taken by these institutions. Banks invest this money as well as use it to provide loans to customers. The scope of financial services has expanded in recent years. Insurance, bank cards, credit cards, cash machines, lockers, and stock market investing advice are all part of the package.

Internet Banking:

Online banking, virtual banking, or web banking refers to the same thing and have similar names. It's a financial institution that operates exclusively online, with no brick-and-mortar facilities. This will be achieved by not having to pay for the maintenance of physical bank locations. Many types of financial data, including market interest rates, money market data, stock market data, etc., are regularly made available through online banking. Customers of internet banks can access their accounts via any device with an internet connection and a web browser or mobile banking app. While most online banks don't provide their own automated teller machine (ATM) services, they frequently partner with other financial institutions and non-profits to offer their customers free or low-cost ATM access.

Benefits of online banking

Pay bill online

One of the most useful aspects of internet banking is the ability to pay bills instantly. You may pay bills for a wide range of businesses via the internet. Some bills must be paid on a specific date each month. With the convenience of internet banking, you may now settle your bills without leaving your house.

Easy to find records

Your online banking service should be able to offer you with a history of your transactions. Online banking sites typically display a transactional log that details previous account activity. As simple as selecting this menu item. Past financial dealings, such as bill payments, payments to individuals, deposits, and more, are all available to you.

Readily available statement of accounts

The convenience of online banking is analogous to that of a passbook. Every deal is only a click away on your computer. A printout of these dealings is simple to obtain.

Update information of your accounts

Changes to your name, address, phone number, or email address. To ensure that your information is up to date, just look at the most recent updates.

24*7 hours customer assistance check

When financial aid from a bank isn't enough to solve a situation. There's no reason to hold off until the following day. All of your issues will be solved that very day. It's possible to take advantage of these offerings at any time. Call or text us, and we'll take care of your issues right away.

Review of literature

N. jamaluddin (2013) It is determined through analysis that IT plays an important role in the financial sector. Customers are able to get financial services thanks to the widespread adoption of digital channels. Customers, aided by advancements in technology, can now gain access to any number of information services at any time of day.

Shukla and Shukla (2011) When it comes to banking services, online banking is more convenient for customers. However, in the meanwhile, banks confront a number of threats to their safety and integrity, particularly in the areas of financial security and fraud. Most financial institutions strongly advise their clients to keep their PINs, passwords, and OTPs to themselves at all times. It is recommended by financial institutions that customers often alter their ATM PINs and online banking credentials.

Mishra (2011) Financial institutions facilitate online dealings by providing relevant data. When conducting business online, it is advised that you do not respond to any emails, voicemails, or phone calls from banks and that you do not click on any links they may provide. The widespread adoption of online banking is a significant technological breakthrough.

Mittal S.R (2008) the resultant belief that "the Indian scenario" of banking is undergoing gradual but fundamental transformation. In 2015, analysts predict that there will be 70 million people using the internet. If this current trend keeps up, new heights will be reached very soon. The banking sector offers a range of services to its customers, all of which are accompanied by clear terms and conditions. Minimum amount, user-id, password, service fees, interest rate, etc. are common examples of terms and conditions.

Stevens Case (2008) Is Online Banking Something You Do? Two primary categories of banking exist. Both a traditional storefront and an online presence allow them to serve their clientele. You can engage in "physical banking" by visiting a bank branch in person and speaking with a teller or other member of the banking staff. Online banking, sometimes known as "virtual banking,"

allows customers to conduct banking transactions from any location. However, access to the internet and a suitable piece of software are prerequisites. There is always a danger of a failure or fraud in an online financial transaction. However, "do you do internet banking?" is the deciding factor.

Hernando and Nieto M (2007) this piece on whether or not online banking has improved efficiency. There is a connection between the success of banks and the rate of web adoption. Savings in personnel, marketing, and information technology costs are just some of the benefits of shifting to online banking. The impact of the adoption only became noticeable after 15 months. Reduced costs lead to higher profits. In most cases, ROI improves after three years of investment or more. According to the data presented in this article, the internet is serving as a supplementary resource rather than a replacement for brick-and-mortar locations.

Objective of Study

- 1). To examine the relationship between internet users and online banking users.
- 2). To analysis the relationship between mobile internet users and online banking users.

Hypotheses of study

Ho1: There is no significant relationship between internet users and online banking users.

Ha1: There is significant relationship between internet users and online banking users.

Ho2: There is no significant relationship between mobile internet users and online banking Users.

Ha2: There is significant relationship between mobile internet users and online banking Users.

Research Methodology

After conducting extensive research into the relevant literature and employing statistical methods like the t-test and correlation, we have come to the following conclusions. Quantitative methods were used to compile the data for this study, which covers the years 2015-2019 using secondary sources found on the world wide web. Secondary data collecting systems, which use previously obtained data from a variety of sources, are regarded as having a high degree of validity.

Analysis and Interpretation

Table1. It is shows about internet users and online banking user

Rupees in million

Year	Internet users	Online Banking users
2015	359.39	178.60
2016	395.39	199.91
2017	431.77	218.92
2018	469.01	251.99
2019	507.11	287.19

Source: Internet

Table 2: Using Pearson correlation

Internet users (x)	Online banking users (y)	X1=x-mean	X1 square	Y1=y-mean	Y1 square	X1*Y1
259.39	168.60	-73.140	5349.45	-62.32	3883.78	4558.08
295.39	197.91	-37.14	1379.37	-33.01	1089.66	1225.99
331.77	228.92	-0.7600	0.5776	-2	4	1.52

369.01	261.99	36.480	1330.7 9	31.07	965.34	1133.4
407.11	297.19	74.580	5562.1 7	62.27	4391.71	4644
Mean= 332,53	Mean=2 30.92		Total= 13622. 36		Total=10 334.49	$\sum x_1 y_1 = 1156$ 3.08

$$\begin{aligned}
 \text{Correlation} &= \frac{\sum x_1 y_1}{\sqrt{\sum x_1^2} \sqrt{\sum y_1^2}} \\
 &= \frac{11563.08}{\sqrt{13622.36} \sqrt{10334.49}} \\
 &= \frac{11563.08}{11865.0} \\
 r &= .9745
 \end{aligned}$$

Interpretation: Table 2 shows that there is a strong positive relationship between internet users and those who bank online. There is sufficient evidence from this study to reject the null. Connectivity and financial convenience go hand in hand, as seen by the large overlap between those who use the internet and those who bank online. H_0 is thus discarded in favor of H_a .

Table 3. It shows about mobile internet users and online banking users.

Rupees in million

Year	Mobile internet users	Online banking users
2015	252.92	178.60
2016	291.81	199.91
2017	322.57	222.92
2018	368.46	263.99
2019	396.99	298.19

Source: Internet

Table 4: Using Pearson correlation

Mobile internet users(x)	Online banking users(y)	X2=x-mean	X2 square	Y2=y-mean	Y2 square	X2*y2
242.92	168.60	-76.83	5902.84	-62.32	3883.78	4788.045
281.81	197.91	-3.794	143.94	-33.01	1089.66	125.239
320.57	228.92	0.820	0.6724	-2	4	-1.640
358.46	261.99	38.710	1498.46	31.07	965.34	1202.71
394.99	297.19	75.24	5661	66.27	4391.71	4986.15
Mean=321.15	Mean=230.86		Total=13206.91		Total=10334.49	$\sum x_2 y_2 = 11100.5$

$$\begin{aligned}
 \text{Correlation} &= \sum x_2 y_2 / \sqrt{x_2 \text{ square} * y_2 \text{ square}} \\
 &= 11100.5 / \sqrt{13206.91 * 10334.49} \\
 &= 11100.5 / 11682.75 \\
 r &= 0.9502
 \end{aligned}$$

Interpretation: Table 4 shows that there is a significant positive link between people who use mobile internet and people who utilize online banking. There is sufficient evidence from this study to reject the null. It demonstrates a robust correlation between people who use mobile internet and those who utilize online banking. To sum up, we can conclude that Ha2 is more likely than Ho2, hence Ho2 is rejected and Ha2 is approved.

Table 5. It is shows about internet users and online banking user

Rupees in million

Year	Internet users	Online Banking users
2015	359.39	178.60
2016	395.39	199.91
2017	431.77	218.92
2018	469.01	251.99
2019	507.11	287.19

Source: Internet

Table 6: Using t- distribution test

Year	Internet user	Online banking users	x-mean	X square	y-mean	Y square
2015	259.39	168.60	-73.140	5349.45	-62.32	3883.78
2016	295.39	197.91	-37.14	1379.37	-33.01	1089.66
2017	331.77	228.92	-0.7600	0.5776	-2	4
2018	369.01	261.99	36.480	1330.79	31.07	965.34
2019	407.11	297.19	74.580	5562.17	62.27	4391.71
	Mean=332,53	Mean=230.92		Total=13622.36		Total=10334.49

Ho1: There is no relationship between internet users and online banking users

Ha1: There is a relationship between internet users and online banking users

$$t = \frac{\text{mean } x - \text{mean } y}{\frac{\sqrt{n_1 * n_2 / (n_1 + n_2)}}{\text{Standard deviation}}}$$

$$t = 332.53 - 230.92 / 54.72 \sqrt{5 * 5 / 5 + 5}$$

$$t = 2.936$$

$$\text{Degree of freedom} = n_1 + n_2 - 2 = 5 + 5 - 2 = 8$$

Interpretation: T-test results are shown in table 6. T-test results were analyzed and a distribution was determined. The t-value of 2.936 is larger than the value from the table. There was a statistically significant correlation between internet users and those who used online banking. Consequently, we accept the alternative hypothesis (Ha1) and reject the null (Ho1).

Table 7: It is shows about mobile internet users and online banking users.

Rupees in million

Year	Mobile internet users	Online banking users
2015	242.92	168.60
2016	281.81	197.91
2017	320.57	228.92
2018	358.46	261.99
2019	394.99	297.19

Source: Internet

Table 8: Using t- distribution test

Year	Mobile internet users	Online banking users	X-mean	X square	Y-mean	Y square
2015	242.92	168.60	-76.83	5902.84	-62.32	3883.78
2016	281.81	197.91	-3.794	143.94	-33.01	1089.66
2017	320.57	228.92	0.820	0.6724	-2	4
2018	358.46	261.99	38.710	1498.46	31.07	965.34
2019	394.99	297.19	75.24	5661	66.27	4391.71

	Mean= 321.15	Mean= 230.86		Total=13206.91		Total= 10334.49
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Ho2: There is no relationship between mobile internet users and online banking users

Ha2: There is a relationship between mobile internet users and online banking users

$$t = \frac{\text{mean x} - \text{mean y}}{\text{Standard deviation}} \sqrt{n_1 * n_2 / n_1 + n_2}$$

$$t = 321.15 - 230.86 / 54.56 \sqrt{5 * 5 / 5 + 5}$$

$$t = 2.4998$$

$$\text{Degree of freedom} = n_1 + n_2 - 2 = 5 + 5 - 2 = 8$$

Interpretation: T-test results are shown in table 8. T-test results were analyzed and a distribution was determined. The t-value of 2.4998 is higher than the number in the table. It was demonstrated beyond any reasonable doubt that a close correlation exists between internet users and those who make use of online banking services. That being the case, we must accept the alternative hypothesis (Ha2) and reject the null (Ho2).

Limitation of study

In that research study the certain limitations which are mention below-

1. The study has certain time limit, money limit, individual limits.
2. The study is only limited to the online banking system of the India.
3. The data is cover only to the secondary data.
4. The prediction is taken place with the help of using research methods and techniques.

Finding

1. Online banking increase as fast as the population of country increase.
2. 70% to 80% population of country use online banking services.
3. It's also show that mostly mobile user uses online banking services.
4. Banking sector also play the important role in online banking services.
5. Mostly customer shifted from traditional banking to online banking.

Conclusion

When it comes to regular business and meeting consumer needs, nothing beats the convenience and accessibility of internet banking. At the same time, banks should pay attention to both its strengths and weaknesses. Customers prefer online banking services because they are more convenient, save them time, and help them save money. Only a few of bank customers are concerned that their financial data may be at risk when using internet banking. Because of the potential for fraud, the transaction could not be completed. Customers are hesitant to switch to internet banking unless they are assured of receiving excellent service should any problems arise. At the same time, banks are expanding and bettering a number of their offerings for customers. Whether via text, email, or telephone, all customer complaints will be addressed promptly and resolved. Financial institutions also offer call-back services that can be reached in a matter of minutes. Mobile banking is becoming increasingly popular. The number of people who have access to the internet will, therefore, rise. Banks take precautions to ensure their online banking customers have a positive experience. Instantaneous solutions will be provided for any issues encountered when utilizing web services available online. There is no other way to keep people informed about online banking services than this.

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