

# Impact of Internet Banking on Customer

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## Abstract

Among all technological innovations, Internet banking for customers was a concept that changed the way. Not only did it generate a great deal of interest within the industry, it was adopted at a time when the Internet as a medium was slow to take-off. Banks in India are already using new technologies to improve their standards for survival, although different banks are at different stages of technology adoption. For example branch based internet banking, ATMs, multiple delivery channels such as mobile banking, call centers.

In this paper, I have studied the impact of online banking on customers. The reason why I chose this paper was because Internet banking has gained wide acceptance internationally and seems to be fast catching up in India with more and more banks entering the fray. The Internet banking is changing the banking industry and is having the major effects on banking relationships. Net banking offered by Indian banks has been found useful by NRIs for whom it is expensive and time consuming to have physical contact for conducting their transactions through the Indian banking system. But compared to banks abroad, Indian banks offering online services still have a long way to go.

**Key words:** *Online Banking, virtual bank, FDR*

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## Introduction

Internet banking system is a system that has been developed in order to help clients with the daily day to day transactions. Internet banking system means that clients can now do banking at the leisure of their homes. Also known as online banking the system allows both transactional and non transactional features. Online banking or internet banking allows customer to conduct financial transactions on a secure website operated by the retail or virtual bank.

Online banking is the practice of making bank transactions or paying bills via the Internet. Thanks to technology, and the Internet in particular, we no longer have to leave the house. We can shop online, communicate online, and now, we can even do our banking online. Online banking allows us to make deposits, withdrawals and pay bills all with the click of a mouse. It doesn't get much more convenient than that.

So basically, Internet banking is the technology that allows banking customers to do the things they would normally do in their bank from the comfort of home with a connection to the Internet. Anything that would normally be done in the offshore

bank account, which is done on the Internet, is considered Internet banking. The term online banking was started in 80's. The term online become popular in the late 80's and referred to the use of a terminal keyboard and TV or monitor to access the banking system using the phone line. Home banking can also refer to the use of a numeric keypad to send tones down a phone line with instructions to the bank.

### **The six primary drivers of Internet Banking include:**

- 1) Improve customers access.
- 2) Facilitate the offerings of more services.
- 3) Increase customer loyalty.
- 4) Attract new customer.
- 5) Provide services offered by competitors.
- 6) Reduce customer attrition.

## GROWTH PHASE

### **Initial development:**

- A couple of years ago, almost 12 percent of 38.5 million Internet users in India were banking online.
- Throughout the country, the Internet Banking is in the nascent stage of

development (only 50 banks are offering varied kind of Internet banking services).

- In general, these Internet sites offer only the most basic services. 55% or so called 'entry level' sites, offering little more than company information and basic marketing materials. Only 8% offer 'advanced transactions' such as online funds transfer, transactions & cash management services.

#### **Present trend:**

- The figure of internet banking users in India is estimated to rise to 16 mn by 2008-end, according to a survey by IAMAI.
- Already, an estimated 4.6 million users transfer funds online, including mobile banking figures, according to IAMAI.
- This clearly indicates the rise in the number of Internet banking users and the growing popularity of the medium.
- But Foreign & Private banks are still much advanced in terms of the number of sites & their level of development.

- In the US, the number of commercial banks with transactional websites is 1,275 or 12 percent of the total number of banks. Of these, seven could be called 'virtual banks.' Ten traditional banks have established Internet branches or divisions that operate under a unique brand name. At present, in the US approximately 78 percent of all commercial banks with assets more than \$5 billion, 43 percent of banks with \$500 million to \$5 billion in assets, and 10 percent of banks under \$500 million in assets have transactional websites.

### **FUTURE SCOPE**

Internet banking usage and transactions are set to grow, and there is a combination of reasons for this. Some of them being:

- Increased transaction sets for end users;
- Optimum channel availability;
- Higher broadband penetration;
- Decreasing prices of the PC; and
- Heightened awareness from an end customer's viewpoint.

Internet banking will soon become one of the key fulcrums in ensuring that a customer is engaged with the bank and in touch with the changing environment. From the bank's point of view, Internet banking will become important since it is a window to reach out to customers, irrespective of their geographical location.

## SERVICES OFFERED

- **Account Information:** The user can get the information about the operative accounts, deposit accounts, loan accounts and all accounts. A user can get the following information:
  1. Last "n" no. of transactions.
  2. Statement of account – the user can have the statement of account for any period starting from the date of migration of his branch to CBS. The user can print or save the statements.
  3. Stop payment of cheques: Upon registering the stop payment request successfully the system generates a receipt with the date and time. The user can save the transaction details for all future references to Bank like the date

and time mentioned on the receipt.

4. Status of cheques issued.
  5. Tax deduction at source details.
  6. Temporary Overdraft details.
  7. Nominee details, etc.
- **Transfer of Funds:** Under this option the user gets the facility to transfer funds between different accounts. The options available to him are as under:
    1. Transfer of Funds between self accounts.
    2. Transfer of funds from self account to any third party account within the Core banking branches of bank.
    3. Scheduled Transfer for a future date.
    4. Status of fund transfers.
    5. Status of pending as well as unapproved fund transfers.
  - **Bills:** This option is meant to facilitate payment of bills. Through this feature the Internet Banking user can do the following:
    1. Selecting payee from the list of payees registered by the Bank

for bill payments. These will include utility companies like Telephone, Electricity, Gas, mobile etc.

2. Setting up new payees personal to the user like his landlord, relatives etc.
3. Making of payments.
4. Online payments as well as scheduling of payments for a future date.
5. View pending payments as well as history of payments.

- **Requests:** A variety of request options are available to the user under this module. All the requests are to be attended end to end by the Relationship Manager of the branch.

A user can make requests for

1. Issue of cheque book - the cheque books are to be mailed to the address registered with the Bank and the courier charges to be recovered from users.
2. Issue of Demand Draft- in case of online DDs the same is to be printed at the branch and to be mailed to the address of the user registered with the Bank.

Courier charges to be recovered from the user.

3. FD account opening- in case of FDRs the same have to be printed at the branch and delivered to the user against AOF for the deposit. The AOF to include nominee details.
4. FD renewal- in case of FDR renewals the same have to be printed at the branch and delivered to the user against AOF for the deposit. The AOF to include nominee details.
5. FD breaking- these requests are off-line type in nature and need to be executed as per the instructions of the user.

- **Mails:** The user is provided with a mail option, which he can use for communicating with the Relationship Manager. The mail option enables him to

1. Compose and send mails to his RM.
2. Receive mails from the RM.
3. Create different folders for storing mails.
4. Mail alert box for receiving alert mails from the bank.

5. Storing of sent items.

- **Trade**: The trade module gives query on status and history of
  1. All the import and export LCs.
  2. All the inland and foreign bills.
  3. All the bank guarantees and forward contracts.
- **Limits**: The limit module enables the corporation to query upon the various limits sanctioned to it by the Bank. The corporate also gets the status of utilization against each of these limits both in rupee terms and in percentage terms.
- **Customization**: This option enables the user to customize the Internet Banking options as under:
  1. Changing of passwords – both login and transaction passwords.
  2. Changing of own profile by nicknaming of accounts like salary a/c, expenditure a/c etc.
  3. Changing address, phone no, primary accounts etc.

## THE GROWTH OF INTERNET BANKING AND COMMON PRODUCTS

Internet Banking is a product of e-commerce in the field of banking and financial services. In what can be described as the B2C domain for banking industry, Internet Banking offers different online services like balance enquiry, requests for cheque books, recording stop-payment instructions, balance transfer instructions, account opening and other forms of traditional banking services. Mostly, these are traditional services offered through the Internet as a new delivery channel. Banks are also offering payment services on behalf of their customers who shop at different e-shops, emails etc. Further, different banks have different levels of such services offered, starting from level-1 where only information is disseminated through the Internet to level-3 where online transactions are put through. With the integration of business information flow and higher degree of transparency, the banks and other financial services institutions have lost some of the information advantage they used to enjoy and factor in to pricing of their products. However, such institutions have the advantage of long standing relationships, goodwill and brand, which are important

sources of assurance in a virtual market. Banks are in fact, converting this goodwill into a business component in e-commerce scenario in providing settlement and other financial services. Some banks have also moved to providing digital certificates for transactions through e-markets..

## THE ENTRY OF INDIAN BANKS INTO NET BANKING

Internet banking, both as a medium of delivery of banking services and as a strategic tool for business development has gained wide acceptance internationally and is fast catching up in India with more and more banks entering the fray. India can be said to be on the threshold of a major

banking revolution with net banking having already been unveiled. At present, the total Internet users in the country are estimated at above 40 million. Only about 1% of Internet users did banking online in 1998. This increased to 16.7% in March 2000. The growth potential is, therefore, immense. Further incentives provided by banks would dissuade customers from visiting physical branches, and thus get 'hooked' to the convenience of armchair banking. The facility of accessing their accounts from anywhere in the world by using a home computer with Internet connection, is particularly fascinating to Non-Resident Indians and High Networth Individuals having multiple bank accounts.

### INTERNET USAGE AND POPULATION STATISTICS IN INDIA

Year	Users	Population	% percentage
2003	1,400,000	1,094,870,677	0.1 %
2004	2,800,000	1,094,870,677	0.3 %
2005	5,500,000	1,094,870,677	0.5 %
2006	7,000,000	1,094,870,677	0.7 %
2007	16,500,000	1,094,870,677	1.6 %
2008	22,500,000	1,094,870,677	2.1 %
2009	39,200,000	1,094,870,677	3.6 %
2010	50,600,000	1,112,225,812	4.5 %

By 2015, the online population is expected to reach 70 million. IT services are a \$1.5 billion industry in India grows at a rate of 55% per annum. Keeping in view all the above developments, Internet banking is likely to grow at a rapid pace and most banks will enter into this area soon. Rapid strides are already being made in banking technology in India and Internet banking is a manifestation of this. Costs of banking service through the Internet form a fraction of costs through conventional methods. Rough estimates assume teller cost at Re.1 per transaction, ATM transaction cost at 45 paise, phone banking at 35 paise, debit cards at 20 paise and Internet banking at 10 paise per transaction. The cost-conscious banks in the country have therefore actively considered use of the Internet as a channel for providing services. Fully computerized banks, with better management of their customer base are in a stronger position to cross-sell their products through this channel.

With the gradual adoption of Information Technology, the bank, puts up a website that provides general information on the banks, its location, services available e.g. Loan and deposit products, application

forms for downloading and e-mail option for enquiries and feedback. It is largely a marketing or advertising tool. For example, Vijaya Bank provides information on its website about its NRI and other services. Customers are required to fill in applications on the Net and can later receive loans or other products requested for at their local branch. A few banks provide the customer to inquire into his demat account (securities/shares) holding details, transaction details and status of instructions given by him. These web sites still do not allow online transactions for their customers.

Some of the banks permit customers to interact with them and transact electronically with them. Such services include request for opening of accounts, requisition for cheque books, stop payment of cheques, viewing and printing statements of accounts, movement of funds between accounts within the same bank, querying on status of requests, instructions for opening of Letters of Credit and Bank Guarantees etc. These services are being initiated by banks like ICICI Bank Ltd., HDFC Bank Ltd. Citibank, Global Trust Bank Ltd., UTI Bank Ltd., Bank of Madura Ltd., Federal



Bank Ltd. etc. Recent entrants in Internet banking are Allahabad Bank (for its corporate customers through its 'Allnet' service) and Bank of Punjab Ltd. State Bank of India has announced that it will be providing such services soon.

Some of the more aggressive players in this area such as ICICI Bank Ltd., HDFC Bank Ltd., UTI Bank Ltd., Citibank, Global Trust Bank Ltd. and Bank of Punjab Ltd. offer the facility of receipt, review and payment of bills on-line. These banks have tied up with a number of utility companies. The 'Infinity' service of ICICI Bank Ltd. .

## REVIEW OF LITERATURE

**Bradle, Laura (2003) in his general "A Delphi study of Internet banking" has proposed that** deregulation has brought down the boundaries of the banking industry, allowing new entrants and enabling a greater degree of competition. Into this scenario arrived the Internet – another radical technological innovation with the potential to change the structure and nature of banking. Many banks have adopted the Internet as a delivery channel. This paper reports a Delphi study of the Internet momentum in banking. Informed by

diffusion of innovation theory, the study sought to discern the key issues and to explore the future of Internet banking. The results show that Internet banking is a very important issue in retail banking. However, the Internet will contribute as part of a multi-channel strategy, rather than as a stand-alone strategy. The developing functionality of Internet banking may enable some banks to achieve competitive advantage through delivering higher perceived customer value.

**O'Reilly, Philip (2003) in his general "Internet banking systems: An exploration of contemporary issues" has proposed that** since 1995, Internet banking has allowed consumers to utilize the Internet as a platform to interact with their bank. Initially, the hype surrounding Internet banking was immense. However, more realistic expectations about the value of Internet channels and changes in the financial services sector are affecting the opinions of Internet banking systems. This study examines contemporary Internet banking systems in five leading 'clicks and mortar' banks operating in the North-Eastern part of the United States. The findings reveal a move towards viewing Internet banking as an operational rather than a competitive instrument, with

consequential changes in how banks evaluate their Internet banking systems. The paper concludes by proposing some changes to expectations on how Internet banking is likely to develop.

**Dr Mishra A. K. (2004) in his general “Internet Banking in India” has proposed that** the banking industry in India is facing unprecedented competition from non-traditional banking institutions, which now offer banking and financial services over the Internet. Internet banking is a cost-effective delivery channel for financial institutions. Consumers are embracing the many benefits of Internet banking. Access to one's accounts at anytime and from any location via the World Wide Web is a convenience unknown a short time ago. The Internet and its underlying technologies will change and transform not just banking, but all aspects of finance and commerce. Internet banking gives you the power to control your finances completely. You are no longer tied down to managing your money during the hours the bank is open.

**Mattila Minna (2004) in her general “Internet banking adoption among mature customers: early majority or laggards?” has proposed that** Internet banking was the third popular mode of payment among mature customers.

Household income and education were found to have a significant effect on the adoption of the Internet as a banking channel, so that over 30 percent of wealthy and well-educated mature males make e-banking their primary mode of making payments. Perceived difficulty in using computers combined with the lack of personal service in e-banking was found to be the main barriers to Internet banking adoption among mature customers.

**Neleh (2005) in her general “Rise And Fall Of Internet Banking” has proposed that** Internet banking as the name suggests, is a form of banking that utilizes the internet and World Wide Web services. Although the ability to transact business and perform transactions with your bank online has been around as far back as 1998 the general public is not as enthusiastic as most bankers would like them to be. Even savvy technology consumers are cautious when it comes to the dollar and moving it "virtually" rather than seeing a physical paper transaction.

**Das Kamala (2006) in his general “Electronic Banking, 2006” has proposed that** examined that in today's environment of increasing globalization, electronic banking, otherwise known as, commerce or EFT, has become a daily life

activity in our computer savvy society. Notions of banking and finance have changed over the last few decades, particularly at the personal level with the increasing use of personal computers and online services. Given this current environment of global electronic banking, this paper considers whether today's electronic banking is sufficiently secure enough to deal with large cash flows for people and companies.

**Krishna R Jai (2006) in his general “Internet opens new vistas for Indian banks” has proposed that** with the Internet providing a level-playing platform for smaller banks besides technology integration that offers open access to customers through a cost-effective delivery channel, banks were compelled to go online. On the customer front, Internet banking is viewed as an effort to improve customer access, facilitate the offering of more services, increase customer loyalty, reduce customer attrition and attract new customers, apart from providing services offered by the competitors. This convergence of technologies has resulted in giving a major boost to retail banking too.

**Hernando & Nieto M (2007) in his general “Is the Internet delivery channel changing banks' performance?” has**

**proposed that** examined the impact on the banks' performance of transactional web adoption takes time to appear. The adoption of the Internet as a delivery channel involves a gradual reduction in overhead expenses (particularly, staff, marketing and IT). This effect is statistically significant after one and a half years after adoption. The cost reduction translates into an improvement in banks' profitability, which becomes significant after one and a half years in terms of ROA and after three years in terms of ROE. The paper also concludes that the Internet is being used as a complement to, rather than a substitute for, physical branches.

**Malhotra Pooja (2007) in her general “Determinants of Internet banking adoption by banks in India” has proposed that** the larger banks, banks with younger age, private ownership and higher expenses for fixed assets, higher deposits and lower branch intensity evidence a higher probability of adoption of this new technology. Banks with lower market share also see the Internet banking technology as a means to increase the market share by attracting more and more customers through this new channel of delivery. Further, the adoption of Internet banking by other banks

increases the probability that a decision to adopt will be made.

**Akiscean (2008) in his general “It is Banking” has proposed that** there lies a vast difference between our past and present banking sectors. In the past the banks used to work manually, but with the rising times and ever increasing needs and demands of the people, new technologies have evolved that promise better qualitative assurance to the people. Technology acts as a competitive weapon for delivering services to customers and distributors, contributing to the customer’s experience. Also the growth of wireless connectivity will enable banks to develop creative offerings. Moreover, banks can extend their reach to untapped territories and potential business growth areas.

**Bansal Arjun (2008) in her general “Should I use online banking?” has proposed that** Basically, online banking is really useful in many ways but at the same time, the risk is sometimes quite high. So, do some research about your bank. You must know the level of security they offer for online banking. Ask your friends about their experience with the particular bank. And consider looking for other’s review online.

**Stevens Case (2008) in his general “Do You Use Online Banking?” has**

**proposed that** basically, there are two types of online banks. Numerous brick and mortar banks are now offering their services via the Internet. A virtual bank is the other type of online banking. They simply do not have a location. Advantages of online banking are that you can view your transactions whenever you want, do some online banking regardless of where you are, provided you have Internet access and download the data to your bookkeeping software. It goes without saying that you have to be very careful and follow all security issues while banking online. But by main point is: do YOU do online banking?

**Kapoor, Kunal (2008) in his general “Internet Banking” has proposed that** online banking is rapidly becoming more and more popular as consumers recognize the advantages online banking has to offer. Internet Banks do the same things that traditional banks do. They hold onto our money and lend it out to others respectively. They manage loans and help us keep track of our finances. And for those that have a hard time keeping track of paper statements, Internet banking is a life saver.

**Kekre Priya (2008) in her general “Internet banking on ambition growth path” has proposed that** the '90s saw the banking industry embrace technology

massively, led in particular by the private and multi-national banks. Among all technological innovations, Internet banking for retail customers was a concept that changed the way banking had been perceived over the past decades. Not only did it generate a great deal of interest within the industry, it was adopted at a time when the Internet as a medium was slow to take-off.

**MITTAL S.R (2008) in his general “The Indian Scenario” has proposed that** India can be said to be on the threshold of a major banking revolution with net banking having already been unveiled. By 2015, the online population is expected to reach 70 million. Keeping in view all the above developments, Internet banking is likely to grow at a rapid pace and most banks will enter into this area soon. Banks providing Internet banking services have entered into agreements with their customers setting out the terms and conditions of the services. The terms and conditions include information on the access through user-id and secret password, minimum balance and charges, service, liability of the user and the bank etc.

## RESEARCH METHODOLOGY

### MEANING:

Research methodology, in a way, is a systematic representation of either a research or any other problem. It is a written game plan for conducting the step taken by the researcher in studying the research problem along with a logical background. It is a procedure that is followed to solve a particular problem.

It tends to describe the methodology for the solution of the problem that has been taken for the purpose of the study. It focuses on the technique used for the collection, classification and tabulation of the data. It throws light on the research problem, the objective of the study and its limitations. Therefore, in order to solve a problem, it is necessary to design a research methodology for the problem as it may differ from to the problem.

### OBJECTIVES OF THE STUDY:

- To know the awareness and usage patterns of internet banking among consumers.
- To examine the main causes for non-usage among non-consumers.

- To analyze the role of technology in increasing the convenience of customers.
- To analyze the changes occurring in the Indian banking sector.

### **SCOPE:**

For this study, I have considered relations between the different variables like income class, age groups and banking habits of people. The research also includes the cost and time resources involved in traditional and online banking. The research will help in estimating the acceptance levels of internet banking, which has become a very important aspect of the banking sector today.

For the purpose of the research, i.e. for data collection, I have covered Ropar, and Mohali. The reason as to why I have chosen these cities is that today these are among the fastest developing cities of India. This city has the highest per capita income in this India, thus indicating the high standard of living of its people. The literacy rate is also high and a major chunk of the population of these cities has access to the internet. Moreover, these cities host branches of almost all banks in India.

### **NEED OF THE STUDY:**

As banking is the most progressive industry in recent years, therefore it has its own significance. In recent years, growth and turnaround in the banking sector has been amazing and exceptional due to online technology exploited by the banking sector. Almost 50% of the clients shifted from traditional banking to the online banking system. The basic purpose of this research is to evaluate the customer acceptance of online banking.

### **LIMITATIONS OF THE STUDY**

Although sincere efforts have been made to collect authentic and reliable information from the respondents even then the report is subject to certain limitations, which are as follows.

1. Time was the major limitation, which may have affected the inferences drawn in the study.
2. Some of the respondents were reluctant to share the information with the researcher.
3. All the results and conclusion have been drawn to the basic of information provided by respondents, so it may lack authenticity.

4. Some of the respondents being visited were preoccupied with their routine, so sometimes it proved to be very difficult to obtain information from them. Due to unfamiliarity with certain areas few of the respondents could have been missed out.
5. It is really difficult to examine the perception of investors as it changes with time.
6. The geographical scope of the study was limited to the city Ropar and Mohali which may not represent the whole sector. The size of the sample is 40, which is, of course, small in comparison to population of internet banking users.
7. There can be many interpretations and explanation to the data collected.

### DATA COLLECTION:

The data has been collected from both primary and secondary sources.

- Primary: **structured questionnaires** designed specifically for the purpose.

A primary data source is something that originates from first-hand knowledge of the person referenced in the data or from a first-hand witness.

- Secondary: books, journals, publications and internet.

A secondary data source is research based on the work of others; texts that interpret or comment upon primary sources.

### SAMPLING:

A sample is a subset of a population. Usually, the size of the sample is much less than the size of the population. The primary goal of much research is to use information collected from a sample to try to characterize a certain population. As such, it should be considered as to how representative the sample is of the population.

- Sample size for the study= 40
- Sampling technique: Convenience Sampling
- Areas covered: Ropar, Mohali

Convenience sampling is a type of non probability sampling, which involves the sample being drawn from that part of the population which is close to hand.

This method is used to make the research procedure faster by obtaining a large number of accomplished questionnaires rapidly and efficiently.

## FINDINGS:

- The study comprised of a sample of 40 respondents, out of which majority, i.e. 50% belonged to the 30-40 age group.
- 87% of the respondents were male, rest female.
- As regards occupational distribution, the majority belonged to govt. services.
- On the basis of income, major respondent belonged to the income slab of Rs. 2 to 5 lakhs.
- 70% of the sample had basic knowledge of computers, 23% had professional knowledge.

**The study revealed some important findings that satisfied the objectives of the research.**

- Out of the sample, only 55% were users of online banking.
- Linking the users with the level of computer literacy it can be interpreted that all respondents having no knowledge of computers

are non users of online banking. Out of those having professional knowledge, around 55% use online banking. This reveals that there is an impact of computer literacy on usage. On the other side, tests determined that there is no impact of age on the number of users.

- As regards usage patterns of consumers, around 37% use it very frequently.
- More Majorities of the users i.e. 42% are using investment services. This is followed by credit based services, 25%. 20% of respondents avail Primary C. A services, while only 13% avail of insurance service. This is followed by credit based service transaction details being most commonly used. 18% of respondents avail investment services such as Demat accounts, while only 12% avail of insurance service.
- Among students, 48% use the service of mobile recharge which is the maximum among all groups. In the business sector, the major share again is that purchases of commodities and payment of bills; 30% and 40% respectively.



Agriculturists and pensioners do not avail any of the additional services.

- Around 82% users are aware of the various charges levied by their banks for using this facility while 18% are not and these non aware users comprise mainly of students.
- 50% users strongly agree and 20% agree that computer literacy is a prerequisite for internet banking. Around 37% agree with the statement that internet banking is faster than traditional banking and this is also influenced by the occupation of respondents. Around 33% believe that internet banking is convenient.

## RECOMMENDATIONS

1. Although the government has made considerable progress in initiating a trust environment, the adoption of trust technology is still a daunting factor for many users.
2. What needs to be developed is a simple way of integrating trust into online banking services. “The compelling

restraint for the user is the fear of security breaches.

3. As long as the perceived notion that the Internet is not a safe place to conduct financial transactions prevails, large scale adoption will be challenging.” In addition, the low penetration of PCs and access to the Internet are crucial issues which act as roadblocks in the adoption of Internet banking.

We have some of our limitations, which need to be reviewed and necessary strategy are to sort out to make the facility more popular and more reachable among the general masses.

While Internet banking is a potent and powerful delivery channel, it has failed to make a significant impact due to a variety of reasons. Internet banking has failed to take off due to a combination of psychological, technological and socioeconomic factors.

There are three clear reasons why Internet banking has not taken off in India:

1. Slowness in adoption of the Internet by the 50+ age group,

2. Lack of a strong trust environment prevents the rapid move of corporate into adopting the Internet,
3. Lack of a critical mass of early adopters of security and trust technology among bankers operating in India to drive the transition from bricks and mortar to internet banking.

**Some limitations are given below:**

- Higher rural population
- Late adoption of technology from India.
- Lack of long term planning by Banks.
- Lack of awareness among potential users.
- Optimum utilization of technology in hand.

**Strategy formulation by the public sector banks are:**

- Long-term planning in technology up gradation.
- Security concern in e-channels.
- Optimum utilization of technology in hand.
- Technology friendly approach of executives.

- Training needs on account of emerging technologies in Banking sector.
- Customer satisfaction in this age of e-delivery channels.

## CONCLUSION

It is clear that although there is much publicity, Internet banking has not latched on to consumers as fast as expected. As a typical consumer product, internet banking must possess the qualities of ease of use backed by excellent customer support. The crux of the problem here lies in system integration. It is more a technology issue than anything else. Many banks have trouble fully integrating their Internet banking platform with the rest of their operations. The internet banking piece to the information technology infrastructure is usually an add on which is tacked on to existing technology systems that are dedicated to the separate business line, leading to a disjointed experience for a customer who navigates from a deposit account to credit cards to a mortgage. When the mortgage Web page looks entirely different from a checking account Web page, the customer gets confused and turned

off by the experience. A standard interface needs to be present for the website to be easy to navigate. Such seamless integration, however does not come without expense. It is clear that the cost of setting up a fantastic, but the successful internet banking system is tremendous, but banks need to see the bigger picture, they need to regard this expenditure as strategic in that they are strengthening their customer relationships rather than cutting costs. The other attraction for the would-be internet consumer is strong customer service support. Banks need to make sure their sites offer help either through e-mail or phone number and some banks even have a call back service where a live operator will call you back within ten minutes. As the customer experiences the Web site, he should have access to facilities

that allows him to send e-mail or a phone number. As more and more users begin to use the internet, as more countries open up and as the technology makes wireless web access easier, the potential customer base seems infinite, but we can only get their buy in with radical improvements and changes in the way we do business. As the consumer becomes more mobile and experienced, their needs change to demand greater access to services. In order to ensure continuous growth in the online banking population banks must think ahead of the consumer by anticipating what their needs web and providing the mechanics to satisfy those needs. This is the only way that they can keep the consumer interested about internet banking services.

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