

# **CUSTOMER PERCEPTION TOWARDS INTERNET BANKING**

**BY:**

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## STUDENT DECLARATION

This is to certify that I have completed the summer project entitled “Customer Perception towards Internet Banking” under the guidance of Mr. “Chakra Patali” in the partial fulfillment of the requirements for the degree of **Bachelor of Business Administration** at the faculty management, Pokhara University. This is my original work and thus the results embodied in this report have not been submitted in any university or institution for the award of degree.

.....

Rakesh Jagari

July, 2022

## **CERTIFICATE FROM THE SUPERVISOR**

This is to certify that the summer project entitled “Customer Perception towards Internet Banking” is an academic work done by Rakesh Jagari submitted in the partial fulfillment of the requirements for the degree of **Bachelor of Business Administration** at Faculty of Management, Pokhara University under my guidance and supervision.

To the best of my knowledge, the information presented by her in the summer project report has not been submitted earlier.

.....  
Chakra Patali

Supervisor

July, 2022

.....  
External Supervisor

July, 2022

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BBA

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## **EXECUTIVE SUMMARY**

E-banking is leading to a paradigm shift in marketing practices resulting in high performance in the banking industry. Banking customers get satisfied with the system when it provides them maximum convenience and comfort while transacting with the bank. Internet enabled electronic system facilitate the operation to fetch these result. Electronic banking (e-banking) means any user with a personal computer or handheld electronic devices and a browser can get connected to their bank's website to perform any of the virtual banking functions.

Customer perceived value is the worth that a product or service has in the mind of the consumer. The consumer's perceived value of a goods or service affects the price that he or she is willing to pay for it. Customer satisfaction is intertwined with customer perception. Base of use, speed, delivery, reliability, responsiveness and security are on the other hand, inherent feature of internet banking that gives value to customers.

The main purpose of the study is to know about the customer perception towards internet banking in accordance to the service provided to them. While analyzing the customer perception, detail review of related studies has been performed. A quantitative method is used for this research project to analyze the perception of the customer towards internet banking. Data analysis and interpretation has been done by using statistical tool and personal judgment. Primary data are collected through questionnaire. The data of 100 respondents was collected through questionnaire. Out of which 77 responses were found to be authentic and usable for the research. Later the data was analyzed by using statistical tools like Mean, Standard Deviation and Coefficient of variation. The finding of the research was evaluated on the basis of the objectives.

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Context Information**

Customer perception refers to the process by which a customer selects, organizes and interprets information/stimuli inputs to create a meaningful picture of the brand or the product/service. “Customer” basically means a person who buys or accesses the goods or services that s/he buys from any shop or businesses whereas “Satisfaction” refers to a pleasant feeling that someone gets after receiving something they wanted, or when they have done something they have wanted to do. Each individual interprets the meaning of stimulus in a manner consistent with his/her own unique biases, needs and expectations. Consumer perception theory tries to analyze and explain customer behavior. A customer’s perception of a product or service offered may differ from what the producer or marketer had intended to offer. Today’s customers have greater exposure to the minute, diverse and extensive information so, this makes it very difficult for the offering to gain the complete attention of the customer especially in situations where the customer perception is not the same as that of the offering.

With competition becoming more intense in the global economy makes it difficult for the products or services to stand out and get differentiated from other offerings in the market, even the production, logistics, sourcing accessibility to information cost is also rising. The modern customers are more of a mix. Being very sensitive to prices, the modern customer is constantly in search of more features in less price and bargains. Being very well-informed, they are even aware and conscious of their powers. This awareness increases their expectations from companies and businesses. All these factors together make it more complicated to segregate a product or service by traditional sorting by quality, pricing and functions. Companies should take steps towards making their customers remain fully

appraised about the different offerings of the company and how the offerings are likely to improve the life of the customers. The companies have to make sure that they are able to convince the customers about how their service if accessed by the customers can give more benefit than that of the competitors. This short amounts to expanding the customer perception to appreciate the finer aspects of the company's offerings.

Electronic banking (e-banking) means any user with a personal computer/ handheld electronic device and a browser can get connected to his banks website to perform any of the virtual banking functions. Moutinho et al. (1989) examined the customer's attitude towards internet banking. The study found that some consumers have positive attitude towards internet banking based on perception of cost, convenience, accessibility, ease of use, security and reliability. When the customers feel that this service is easy to use and there is no any difficulty and threat in operating it then they will have positive attitude towards the services. Service quality provides strategic competitiveness in a dynamic business environment. The studies have divergent views about the use and effectiveness of internet banking.

Wright (2002) found that internet-banking has lifted the branch network as an entry barrier to the retail banking by introducing price transparency as customers can now easily compare prices online. Price transparency also brings faster commoditization of basic services and products. The study also suggests that traditional retail banks have to develop new strategies to compete with internet-only banks. Laukkanen (2007) examined internet vs. mobile banking comparing customer perception in Finland. The results indicate that customer perception in banking actions differ between internet and mobile channels. The findings suggest that efficiency, convenience and safety are salient in determining the differences in customer.

Lee et al. (2013) revealed that nowadays portable devices such as smart phones and tablet PCs are rapidly becoming commercialized and browser markets using the internet are becoming more diverse, accessibility and compatibility of Korean internet banking for Open Web-oriented users have become critical issues. This move is highly novel and is expected to provide an opportunity to review security issues in the Korean financial industry. Mols (1999) acknowledged that the internet banking is an innovative distribution

channel that offers less waiting time and a higher spatial convenience than traditional branch banking with significantly lower cost structure than traditional delivery channels. Among the different channels of e-banking, internet banking is increasingly becoming popular because of convenience and flexibility. Under internet banking customers perform their banking activities electronically over the internet through their personal computer or laptop at a time convenient to them, without having to be restricted to regular branch operating hours.

Riquelme (2006) indicated that the majority of customers in the sample are satisfied or very satisfied with the service and online systems attributes. The study does not support previous findings that more satisfied customers tend to use more products and services or that using internet banking for a longer period is associated with higher level of satisfaction. It appears that companies that offer a wide product portfolio and relevant website content accompanied by prompt and courteous response create satisfaction online.

The banking sector is one of the vital sectors for the economy. It is important for carrying out all kinds of economic activities. Banks have a leading role in planning and implementing financial policies. Likewise, bank services also play a vital role in customer satisfaction which is primarily shaped by customer perception.

A number of factors operate to shape and sometimes distort perception. This factor resides:

- In the perceiver
- In the object or target being perceived
- In the context of the situation in which the perception is made

Several characteristics of the perceiver can affect perception. When an individual looks at a target and attempts to interpret what s/he, that interpretation is heavily influenced by personal characteristics of the perceiver influencing perception are attitude, moods, motives, self-concept, interest, cognitive structure, expectations and experience. Characteristics in the target that is being observed can affect what is perceived. Physical appearance plays a big role in our perception of others. Motion, sound, size, novelty, background and proximity of a target shape the way we see it. The perceiver will notice the target's physical features that contrast with the norm, that are intense or that are new or

unusual. The situation in which the interaction between the perceiver and the target takes place has an influence on the perceiver's impression of the target. The strength of the situational cues also affects social perception. The factors affecting the situation can be time, work setting and social setting. Some situations provide strong cues as to appropriate behavior. Study of customer perception shaped by various factors mentioned above towards internet banking has been carried out in this paper. A detailed study about how a customer perceives the services provided by the bank linking it with the satisfaction of the customer has been made and presented in the research and its findings.

## **1.2 Objectives of study**

The main purpose of the study is to know about online services and examine the perceived customers' value towards internet banking services at HBL. The specific objectives are as follows

1. To analyze the awareness of customers towards internet banking.
2. To analyze the major factors affecting customer's perception towards internet banking
3. To analyze the customer perception about internet banking services
4. To examine whether customer feels the internet banking as a valuable and useful technology in banking service or not.

## **1.3 Significance of study**

This study is of great importance specially for banking industry in Nepal. There are several studies that have been carried on internet banking in developed nation but these kinds of studies are not available in case of Nepal. Thus, the study serves as the basis for Nepalese studies. This would further help the managers to formulate strategies or policies about internet banking (IB) services which are still unavailable to the users of IB services in Nepal and also give the competitive advantage against other banks and also facilitate to compete in global market.

Business owners, accounting staff and other approved employees can access routine banking activity such as deposits, cleared checks and wired funds quickly through an online banking interface. This ease in working helps ensure the smooth processing all banking transactions on daily basis. Internet banking leads to productivity gain. Online search tools, banking actions and other programs can allow staff members to research transactions and resolve banking problems on their own, without interacting with bank employees internet banking minimizes business overhead and banking expenses banking offers visibility into banking activities, which makes it harder for under-the-table or fraudulent activities to occur Hitunen et al. (2002).

Bankers have started developing various product features and services using internet applications. The current study focuses on the perception of bank's customers regarding internet banking. It explores the major reasons which shapes the customer's perception towards internet banking services and those services which should be launched in Nepal by the banks to compete in global market.

#### **1.4 Limitations of study**

1. The survey for customers has been conducted through questionnaire. Hence, the study does not incorporate wide geographical character of the respondents.
2. The study may not be widely applicable to all the customers due to their individual differences and variation in service encounters.
3. Reliability of the conclusions of the study depends upon the accuracy of the information provided by the respondents.

#### **1.5 Review of Literature**

Review of literature deals with review of conceptual studies associated with customer perception towards internet banking. The literature review is the summary of previous research on this topic. The literature review surveys scholarly articles, books and other relevant to a particular area of research or interest. Within the review the author provides a description, summary and critical evaluation of each source, i.e. the strengths and

weaknesses. The literature review may also identify gaps and controversies in the literature and topics needing further research. This chapter deals with the review of literature related to the area of present research. The main purpose of performing the review of literature was to supplement the level of knowledge of the present researcher in the area of customer's perception towards internet banking.

**Table 1.1 Review of major studies**

| <b>Study</b>              | <b>Major Findings</b>   |
|---------------------------|---|
| Brownil (1998)            | Some consumers have positive attitude towards internet banking based on perception of cost, reability, convenience, accessibility, ease of use.   |
| Meuter et al(2000)        | The technology based banking may be attractive to customers due to its ease of use or its convenience.  |
| Bradley and Stewart(2003) | The increased efficiency that results from shifting from paper based to electronic payments will reduce the amount of transactions reduced by consumers.                                  |
| Kagan et al.(2004)        | Internet banking allows customers to perform a wide range of banking transaction electronically via banks web sites.  |
| Khan and Shshazed (2005)  | The study revealed that banks use technology to communicate instructions to receive information from financial institutions from where account is held.                                   |
| Laukkanen (2007)          | Analyzed kind of value internet banking provides to the customers. The study found that banks are better in enabled to create the actions that will enhance customer adaption of service. |

|                           |  |
|---------------------------|--|
| Ho and Ko (2007)          | Online banking service providers should focus more on existing customer and possibly sing them up even when they open traditional accounts.  |
| Nupur(2010)               | Reliability, responsiveness, and assurance have more contributions and empathy and tangibles have less contribution to provide value to e-banking customers. The e-banking system should be more flexible. |
| Malhotra and Singh (2010) | The private and foreign internet banks have performed well in offering a wider range and more advanced services of internet banking in comparison to public sector banks.                                  |

Brownli (1989) examined the customer's attitude towards internet banking. The study found that some consumers have positive attitude towards internet banking based on perception of convenience/accessibility/ease of use. When the customers feel that this device is easy to use and no any difficulty there will be the positive attitudes towards the services are aware that service quality provides strategic competitiveness in a dynamic business environment. The studies have divergent views about the use and effectiveness of internet banking.

Meuter et al. (2000) examined the perception of customers regarding technology based banking. The study found that technology based banking may be attractive to customers due to its ease of use or its convenience. If the customer feel ease of use technology then they may interact easily and may be attracted to use those technology. Most systems designers and bank officers assumed that internet banking was easy to use and required no training. Evidence however showed that users of all ages had problems using internet banking services initially when no training is provided, and that older adults have problems even after training. They indicated that banks could find better ways of teaching people how to use internet banking services.



Kagan (2004) revealed that internet banking allows customers to perform a wide range of banking transactions electronically via banks web site. Internet banking was initially used mainly as an informational medium in which banks marketed their products and services on their web sites. With the development of secured transaction technologies, more banks are using internet banking as a transactional as well as an informational medium. As a result internet banking users can now perform common banking transactions such as writing Checks, paying bills, transferring funds, printing statements and checking account balances online using a computer. The study found that customers are attracted towards the internet banking and hence, banks can increase their profitability.

Khan and Shahzad (2005) investigated on adoption issue in internet banking in Pakistani firms. The purpose of that study was to explore and analyze the issue that influences the Pakistanis' firm's intention toward internet banking services adoption. Based on detailed literature review, a research model was developed. Five sub issues were selected from system trust areas in order to get better understanding of internet banking service quality and customer thought about these services. A qualitative research approach was used to get better understanding of these issues. The major finding of the study was that is a positive relationship of trust, security, reliability, risk, response, time, privacy with perceived value of internet banking.

Ho and Ko (2008) examined the effects of self-service technology on customer value and customer readiness in Taiwan. An online survey was used with a sample of 771 respondents. Structural equation models (SEM) were used to examine 11 hypotheses in the theoretical framework. SST characteristics i.e. ease of use, usefulness, costs saved, and self-control demonstrated positive effects on customer value (CV) and customer readiness (CR). The study further concludes that CR is positively related to CV. Furthermore, customers are willing to use internet banking when CV and CR are high.

Nupur (2010) carried out the study on e-banking and customer satisfaction in Bangladesh with the objective to understand the impact of variables such as reliability, responsiveness, assurance, empathy and tangibles of e-banking on customer satisfaction. The data has been collected from 2006 to 2009. The data were gathered through survey interview by a structured questionnaire with 250 customers. The study showed that these factors were the core service quality dimension for customer satisfaction in e-banking. The study concluded that responsiveness, reliability and assurance had more contribution to satisfy the customers of e-banking.

Malhotra and Singh (2010) examined the internet banking offering and its determinant. This exploratory study is an attempt to present the present status of Internet banking in India and the extent of Internet banking services offered by Internet banks. In addition, it seeks to examine the factors affecting the extent of Internet banking services. The data for this study are based on a survey of bank websites explored during July 2008. The sample consists of 82 banks operating in India at 31 March 2007. Multiple regression technique is employed to explore the determinants of the extent of internet banking services. The results show that the private and foreign internet banks have performed well in offering a wider range and more advanced services of Internet banking in comparison with public sector banks. Among the determinants affecting the extent of Internet banking services, size of the bank, experience of the bank in offering Internet banking, financing pattern and ownership of the bank are found to be significant. The primary limitation of the study is the scope and size of its sample as well as other variables (e.g. market, environmental, regulatory etc.) which may have an effect on the decision of the banks to offer a wide range of Internet banking services.

**Table 1.2: Review of Nepalese studies**

| Study                | Major Findings   |
|----------------------|--|
| Banstola(2007)       | Financial institutions are slowly moving from Brick and Mortar (physical branches) to click and Brick (E-banking)  |
| Dhungel(2011)        | The study found that majority of customers in Jorpati VDC preferred ATM service to branch banking. Younger and educated generations were found comfortable to use ATM services than older and uneducated generations |
| Khatri et al. (2012) | The study suggested that internet banking is still not popular among the customer in Nepal   |
| Khatri et al(2013)   | Limited internet services are provided by the bank and bank should focus on encouraging customer towards using the internet banking  |

Banstola (2007) conducted a study on prospects and challenges of e-banking in Nepal. The population for this study comprised all the banks (national as well as international) which are operating their business in Nepal and the persons who are directly or indirectly involved in E-banking. There were few banks providing E-banking services. Out of those, 5 banks were selected as sample for this study using a simple random sampling method. Second attempt was to identify the potential E-banking adopters and in this regard the data were collected from general customers by means of questionnaire sent through email and also via self-administration. From 4 major cities of Nepal (Pokhara-37, Kathmandu20, Butwa1-33, Biratnagar-10) a total of 100 questionnaires were collected and used in the analysis. The study found that it is very difficult to convince the customer to take banking service.

Moreover, the study found that financial security maintenance is the major challenge for banks.

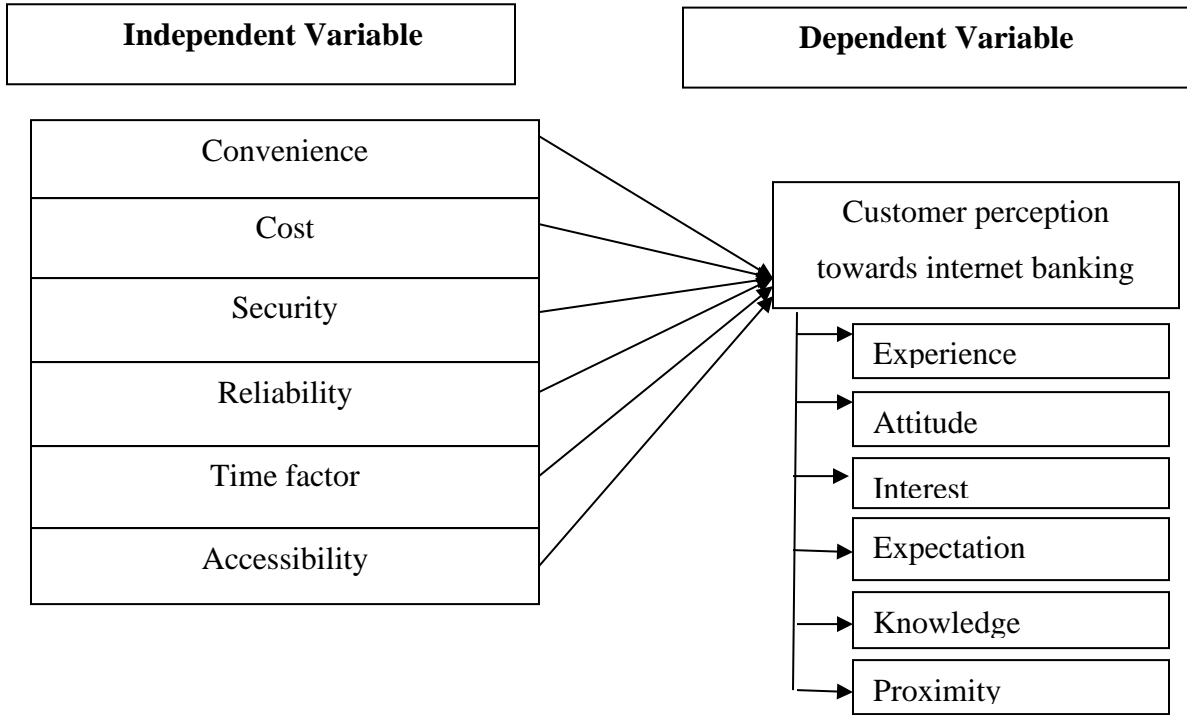
Dhungel et al. (2011) undertook a study on perception of bank customer's towards automated teller machine service quality. This study was conducted in Jorpati VDC of Kathmandu to know the level of awareness of ATM services, identify the problem prospects regarding the use of ATM. This study found that majority of the customers in Jorpati VDC preferred ATM services to branch banking. Younger and educated generations felt comfortable to use ATM service rather than older and uneducated generations. This study also found that most of the respondents faced several problems while using ATM. The main problem faced by them was trapping of card and no back up during load shedding.

Khatri et al. (2013) conducted a study with the objective to understand current status and trends of use of internet banking services and analyze the facilities and challenges. The study revealed that limited services were provided by the bank and financial institution through internet banking facilities. Besides the study highlighted the challenges faced by bank for the development and adaptation of internet banking technology. This study suggested that improvements are certainly needed in the internet banking application and environment of use.

## **1.6 Conceptual framework**

Conceptual framework is a basic conceptual structure organized around a theory. It defines the kinds of variables that are going to be used in the analysis. Conceptual framework is a type of intermediate theory that attempt to connect all aspects of inquiry with problem definition, purpose, literature review, methodology, data collection and analysis. It can act like a map that gives coherence to empirical inquiry as the conceptual framework are potentially so close to empirical inquiry, take different forms depending upon the research question or problem.

Conceptual framework is a system of concepts, assumptions, expectations, beliefs, and theories that support and informs about the study and is a key part of research design (Miles and Huberman, 1994). Overall, the literature has highlighted some key issues on customer perceived value in internet banking. Based on these, the relationship between conveniences, security, cost, security, reliability, time factor and customer perception towards internet banking constructed to form the study framework for the present study, as shown in Fig. 1.1.



**Figure1.1: Conceptual framework on customer perception towards internet banking**

This figure shows the conceptual framework of the study where customer perception towards internet banking is dependent variable and Convenience, Cost, Security, Reliability, Time factor and Accessibility are independent variables. In this conceptual framework, customer perception towards internet banking is a function of six service quality dimensions namely Convenience, Cost, Security, Reliability, Time factor and Accessibility. The framework shows relationship of customer perception towards internet banking with every quality dimensions for identifying which dimension has high impact on behavior of consumer perception in internet banking in Nepalese commercial banks.

### **1.6.1 Operational definitions**

An operational definition, also called functional definition, defines a variable, term, or object in term of specific process or set of validation tests used to determine its presence and quantity. That is, one defines something in terms of the operations that count as measuring it.

#### **A. Cost**

Cost is an amount that has to be paid or given up to get something. Cost is amount or equivalent paid or charged for something. Transaction costs may be referred to a fee that a bank, broker, underwriter or other financial intermediary charges. When deciding whether to make a purchase or use a service, transaction cost is a critical factor. Improving customer service, increasing market reach and reducing costs are now basic expectations of internet banking services. If consumers are to use new technologies, the technologies must be reasonably priced relative to other alternatives. Otherwise, the acceptance of the new technology may not be viable from the standpoint of the consumer. Internet banking model offers advantages for both banks and customers. The internet provides banks with the ability to deliver services to customers at a cost that is lower than any existing mode of delivery.

In internet banking, two types of costs are involved. First, the normal costs associated with internet access fees and connection charges. Second, the bank fees and charges (Suganthi et. Al, 2001). These two types of costs shape the perception of the customers. If the costs are affordable the customers are more inclined in using the service and perceive it to be a valuable invention of technology. If not so, they perceive internet banking to be a worthless invention of technology.

## **B. Convenience**

Convenience refers to fitness or suitability for performing an action or fulfilling a requirement. Convenient procedures, products and services are those intended to increase ease in accessibility, save resources and decrease frustration. A modern convenience is a labor saving device, service or substance which makes a task easier or more efficient than the traditional method (Williamson, 2006). Online banking is a highly profitable channel of financial institutions. It provides customer with convenience and flexibility. The

convenience provided by online banking is helping people gain greater control of their finances and contributing to changing patterns in cash withdrawal and day to day money management.

## **C. Security**

Security is defined as the freedom from danger, risk, or doubt. It involves physical safety, financial security and confidentiality. Moreover, security is defined as personal and possessions safety of the customers. In a survey conducted by the Online Banking Association, member institutions rated security as the most important issue of online banking. There is dual requirement to protect customer's privacy and protect against fraud. Digital signature is a precautionary measure to prevent malpractices and tempering the information. It is a form of enhanced authentication (Williamson, 2006)

## **D. Reliability**

Jun and cai (2001) identified one of the most important service quality dimensions of internet banking service is reliability. The online banking environment has grown tremendously over the past several years and will continue to grow as financial institutions continue to strive to allow customers to complete money transfers, pay bills and access critical information online. During the same time, online banking has been plagued by internet criminals and fraudsters attempting to steal customer information. Phishing, Pharming and other type of attacks have become well known and are widely used as a means for fraudsters to obtain information from customers and access online banking



accounts. As a result, authenticating customers logging onto their online banking service has become a crucial concern of financial institutions (Gregory D. Williamson, 2006).

### **E. Time factor**

Liu and Arnett in their study identified time factor as one of the prime factor that in internet banking service quality feature for the customers. Saving time is an important factor which influences the customer's preference to use internet banking (Beer, 2006). Banks can make the information of products and services available on their site, which is, an advantageous proposition. Prospective customers can gather all the information from the website and thus if he becomes to the branch with queries it will be very specific and will take less time of employee (Srivastav, 2006).

The banks started internet banking service initially with simple functions such as real time access to information about interest rates, checking account balance and computing loan eligibility. Then, the services are extended to online bill payment, transfer of funds between accounts and cash management services for corporate (Sadique et. Al, 2009)

### **F. Accessibility**

Accessibility can be viewed as the “ability to access” and benefit from some system or entity. Accessibility is not to be confused with usability, which is extent to which a product (such as device, service or environment) can be used by specified users to achieve specified goals with effectiveness, efficiency and satisfaction in a specified context of use. Accessibility is strongly related to universal design which is the process of creating products or services that are usable by people with the widest possible range of abilities, operating within the widest possible range of situations.

Online banking users say that convenience is the most important factor, online banking lets them access their accounts from anywhere at any time from their laptops, Pc or other handheld devices. Financial institutions have spent a great deal of time and money in developing online banking functionality to allow customers an easy and accessible way to manage their money by logging into banks website through a user name and password.

### **G. Customer's Perception towards Internet Banking**

Various factors affect the perception of an individual. Perception is the ability to see, hear or become aware of something through the senses. It is the neurophysiologic processes, including, memory, by which an organism becomes aware of and interprets external stimuli. It can simply be referred to the way in which something is regarded, understood or interpreted. Among all the factors, some factors that operate to shape and sometimes distort perception are:

- **Experience:** Experience is the practical contact with and observation of facts and events. Experience is to encounter or undergo. Successful experiences enhance and boost up the perceptive ability and lead to accuracy in perception and vice versa.
- **Attitude:** Attitude is a settled way of thinking or feeling about something. An attitude is an evaluation of an object, product, service or situation ranging from extremely negative to extremely positive. If a customer has a positive attitude towards the invention and development of technology then there is possibility that s/he might perceive i-banking as valuable invention and vice versa.
- **Interest:** Interest is the feeling of wanting to know or learn about something or someone. We perceive those things quickly for which we have a deep interest. The focus of our attention appears to be influenced by our interest. Because our individual interest differs considerably, what one person notices in a situation can differ from what others perceive.
- **Expectation:** Expectation is a strong belief that something will happen or be the case. People see what they expect to see. People who accept themselves are more

likely to be able to see favorable aspects of everything. Finally, expectations can distort your perception in that you will see what you expect to see.

- **Knowledge:** Knowledge is the facts, information and skills acquired through experience or education; the theoretical or practical understanding of a subject. It is the familiarity gained by the experience of a fact or situation. The technical knowledge of the customers who access the internet banking service is more likely to enhance as they are able to encounter various facilities provided by bank.
- **Proximity:** The things that are proximate to time or physical settings are perceived easily and quickly.

## 1.7 Research Methodology

Research methodology sets out overall plan associated with a study. It provides a basic framework on which the study is based. Research methodology is the analysis of specific topic by using proper method. In this chapter, the research design, data collection procedure and procedures concerning analysis of data are described thoroughly. This chapter puts lights on the research process and methods designed to meet the stated objectives of the study. It covers research plan and design, description of the sample, instrumentation, data collection procedure, validity and reliability of data and analysis plan.

**Research Methodology** is a way to find out the result of a given problem on a specific matter or problem that is also referred as research problem. In Methodology, researcher uses different criteria for solving/searching the given research problem. Different sources use different type of methods for solving the problem. If we think about the word “Methodology”, it is the way of searching or solving the research problem. (Institute, 2010).

This chapter focuses and deals with:

- Research approach
- Research design
- Population and Sample

- Data collection procedure
- Method of Data analysis

### **1.7.1 Research Design**

A research design is utilized to structure the research, to indicate that all the major elements of the research have been designed to work together. It is a plan which explains how, when and where data are to be collected and analyzed. The design of a study defines the study type (descriptive, correlation, semi- experimental, experimental, review, meta-analytic) and sub-type (e.g., descriptive-longitudinal case study, research problem, hypothesis, independent and dependent variables, design of experiments experimental design , and, if applicable, data collection methods and a statistical analysis plan.)

This study has employed descriptive research design to deal with the fundamental issues associated with customer perception towards internet banking. Descriptive research design attempts to obtain a complete and accurate description of a situation. Descriptive research is fact-finding and operation searching for adequate information. It is conducted to assess the opinions, behaviors or characteristic of a given population and to describe the situation and events occurring at present. The questionnaire has been design to assess the perception of respondents (bank customers) regarding their perception towards internet banking services provided by their bank.

Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection. It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution and therefore offered a better clarification.

### **1.7.2 Sources of data collection**

This section elaborates on how data are collected for this study purpose and also time name in the study. The questionnaires were distributed to know the perception of the customers regarding the use of internet banking services. Data collection was done through the respondents. Questionnaires were given to the customers using banking service. The questionnaire was divided into 3 sections where the first section includes the personal detail

of the respondent and rest of other section includes Likert scale questions to know customer perceived value in internet banking services provided by the bank. Hence these questionnaires were used as a primary source of data collection.

### **1.7.3 Population and sample:**

Population can generally be understood as group of individuals who have either personal or environmental characteristics in common. Whereas, sample is known as group of variable that represent population as a whole.

All elements, individuals, or units that meet the selection criteria for a group to be studied, and from which a representative sample is taken for detailed examinations population. The total of all populations is called a universe. Sample is a representative unit of a target population, which is to be worked upon by researcher during the study. Population for the sample was taken randomly. For the study purpose questionnaire were distributed through online to 100 people. Out of which 77 responded well.

### **1.7.4 Data collection procedure:**

For data collection there are two sources; one is primary source and another is secondary sources. The study uses both qualitative and quantitative data as well as both the sources of data are used i.e. Primary source and Secondary sources.

- **Primary data collection:**

To gain fresh insight into the customer perception towards internet banking a small sample size were taken. The random sampling procedure is used to select sample. The questionnaire method was used to collect primary information from the respondents. A structured questionnaire was prepared and administered to the concerned respondents. The respondents were requested to fill up the questionnaires based on their own set of perceptions and experience.

- **Secondary data collection:**

The secondary data for understanding the customer perception towards internet banking has been collected and reviewed from the books, journals, periodicals, magazines, newsletters, research reports as well as from the internet. These sources have been highlighted in the bibliography.

### **1.7.5 Method/Tools of data analysis:**

Statistical tools are used to analyze the collected data. Various tools can be used to analyze the collected data to draw the reliable conclusion. Following tools are used for this study:

- **Arithmetic Mean:**

Arithmetic mean is a mathematical representation of the typical value of a series of numbers, computed as the sum of all the numbers in the series divided by the count of all numbers in the series. The arithmetic mean, also called the average or average value, is the quantity obtained by summing two or more numbers or variables and then dividing by the number of numbers or variables.

Arithmetic mean of a given set of observations is their sum divided by the number of observation. In general, if  $X_1, X_2, X_3, \dots, X_n$  are the given observations, then arithmetic mean usually denoted by  $\bar{X}$  is given by,

$$\bar{X} = \frac{X_1 + X_2 + X_3 + \dots + X_n}{N} \quad \text{---}$$

Where,  $N$  = number of observation

- **Coefficient of variation:**

The coefficient of variation (CV) is the ratio of the standard deviation to the mean. The higher the coefficient of variation, the greater the level of dispersion around the mean. It is generally expressed as a percentage. Without units, it allows for comparison between distributions of values whose scales of measurement are not comparable.

When we are presented with estimated values, the CV relates the standard deviation of the estimate to the value of this estimate. The lower the value of the coefficient of variation, the more precise the estimate. It is calculated as follows:

$$\text{Coefficient of Variation} = \frac{\text{Standard Deviation}}{\text{Expected Returns}}$$

Under this study MS-Excel has also been used for creating tables, bar diagrams, pie charts, data processing.

#### **1.7.6 Research process:**

- Research : Descriptive research
- Data source: Primary data, Secondary data
- Secondary data sources: Journals, books, articles
- Research approach: Quantitative approach
- Type of Questionnaire: close ended questionnaire
- Sampling size: 77
- Sampling procedure: Random sampling
- Contact method: Online
- Statistical method: Mean , Standard Deviation, Coefficient of Variance

### **1.7.7 Instrumentation**

The instrument for data collection was via questionnaire method. The questionnaires were designed to collect the various information regarding customer perception towards internet banking. First part of questionnaire deals with the demographic information such as age, gender, occupation, etc. This part of questionnaire was used for the descriptive analysis of the respondents. Similarly second part of the questionnaire as designed to analyze the relation of various determinants of internet banking with the perception of the customer. Each statement was treasured on 5 point Likert scale where, 1= strongly disagree statement and 5 = strongly agree statement. The level of agreement or disagreements of each statement were used to measure the perception of the respondents about that statement. Similarly, the third part deals with the different factors affecting the perception of customer.

### **1.7.8 Method of analysis**

This section gives a presentation on how the empirical data are used for research purpose to study the customer perception towards internet banking. The methods of data analysis consist three sections. First includes primary data analysis which includes summary of demographic characteristics associated with general information of the respondents like gender, age, occupation, etc. along with the percentage frequency distribution of the general information of the respondents. Second section analyzes the descriptive statistics such as mean, standard deviation and coefficient of variation values of dimensions i.e. Convenience, Cost, Security, Reliability, Time factor and Accessibility have been used to describe the characteristics of sample during the period. Third part analyzes the factors determining the perception of customers.



## **CHAPTER II**

### **DATA PRESENTATION AND ANALYSIS**

This chapter provides systematic presentation and analysis of primary data. Different statistical models such as mean, standard deviation and coefficient of variation have been used for this purpose. This section is divided into two sections. The first section deals with the presentation and analysis of this primary data and presents the result of questionnaire survey. The second section covers the descriptive analysis by using Likert scale.

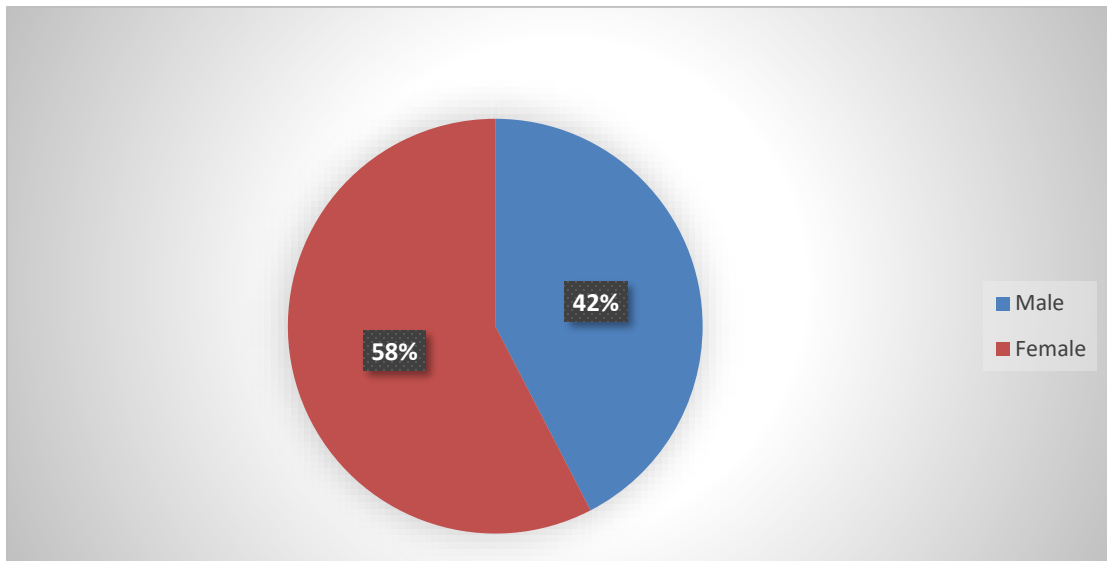
#### **2.1 Presentation and Analysis of Primary Data**

This section reports the result of questionnaire survey conducted among various users of banking services. Questionnaire survey was designed to understand the view point of respondents in understanding their perception towards internet banking. A set of questionnaire with different section was prepared in the ‘Google Forms’ and distributed online to the customers who often use the banking service. The respondents profile along with their personal characteristics and result of the survey are presented in following sections.

##### **2.1.1 Demographic Characteristics**

There were three demographic categories that the respondents were asked to complete in order to fill out the demographic profile of them. These were gender, age group, and their occupation. The distribution of collected sample based on these demographic profiles is presented as follows. The characteristics of the respondents influence the results.

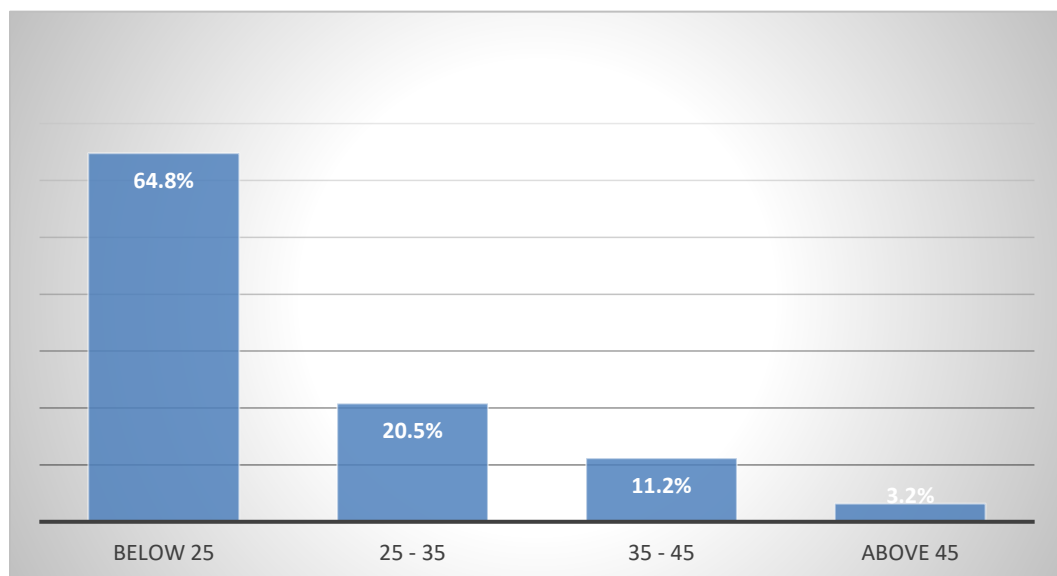
The classification of the respondents by gender wise is presented in Figure 2.1.



**Figure 2.1: Gender wise classification of respondents**

Figure 2.1 shows that the majority of the respondents (58%) are female followed by 42% of Male respondents.

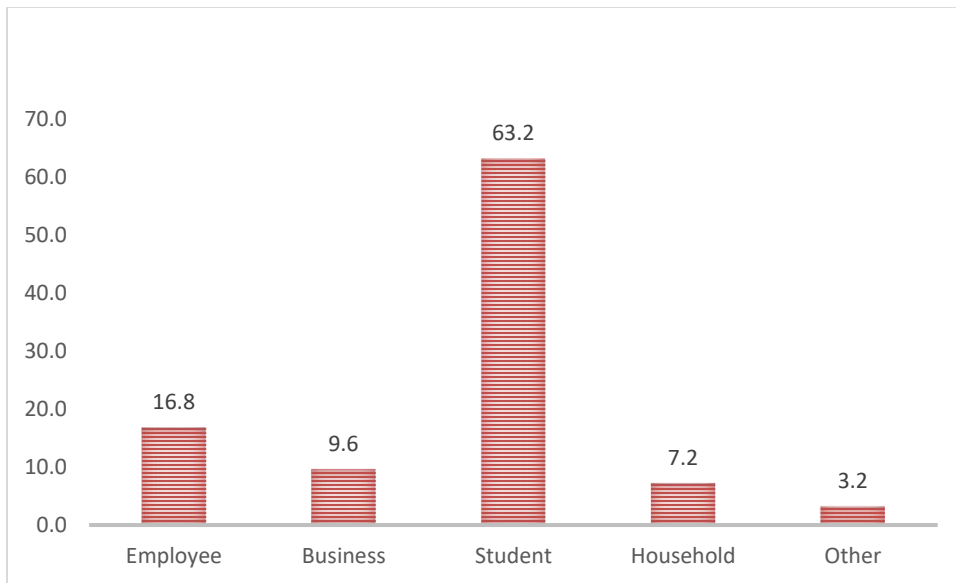
The classification of the respondents by Age group is presented in Figure 2.2.



**Figure 2.2: Age wise classification of respondents**

Figure 2.2 shows the Age group wise classification of respondents. The study shows that the majority of the respondents (64.8%) are of age below 25, followed by age group 25-35 by 20.8%. Age group of 35-45 is 11.2%. And least number of respondents are of age group above 45 i.e. 3.2%.

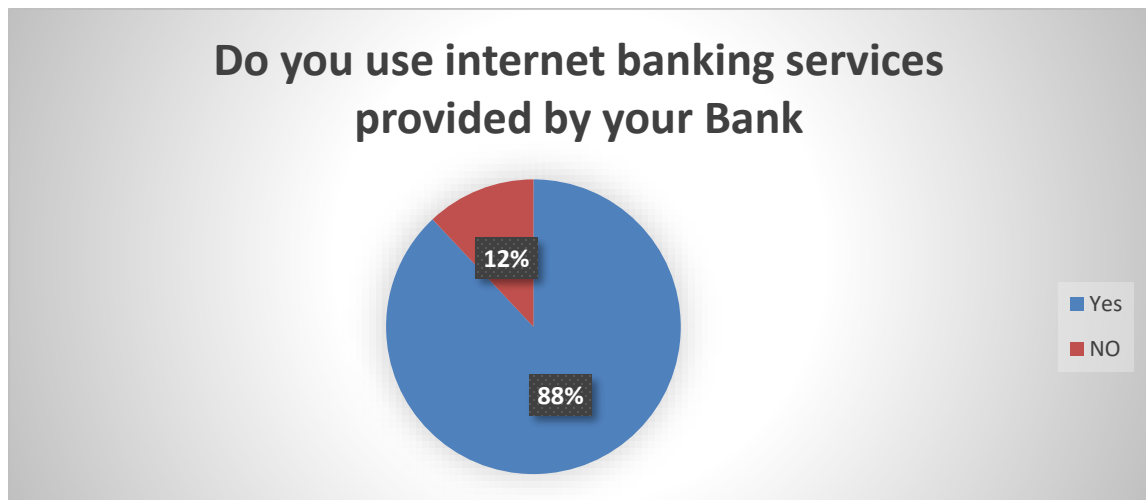
The classification of the occupation of the respondents is presented in figure



**Figure 2.3: Occupational classification of respondents**

Figure 2.3 shows that majority of the respondents (63.2%) are students, 16.8% are employee, followed by business and household 9.6% and 7.2% respectively. Least number of respondents are from other sections i.e. 3.2%.

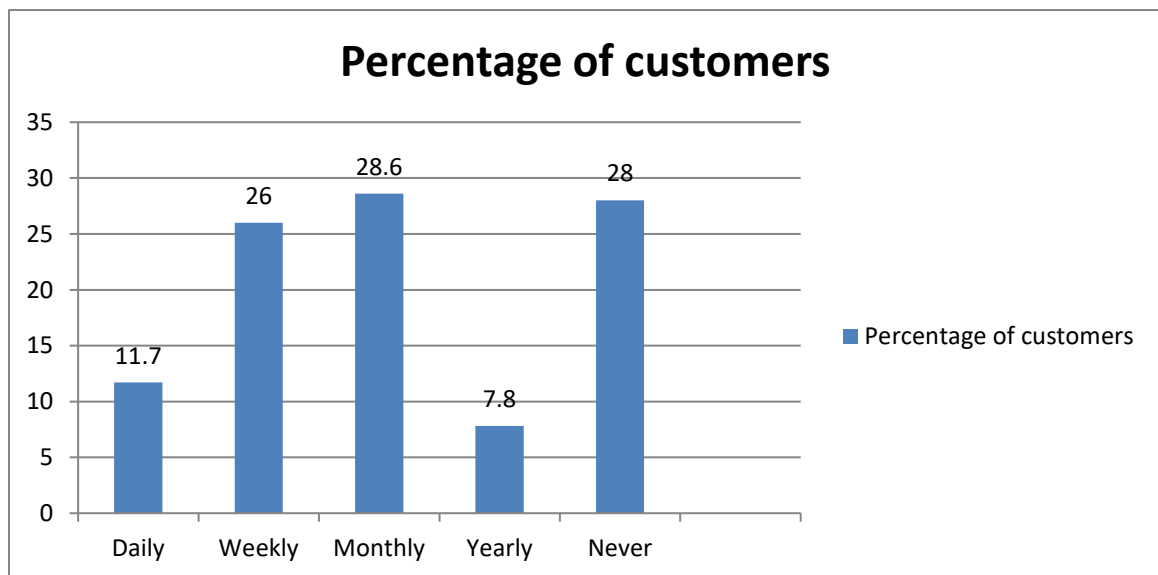
The use of internet banking services provided by their bank is presented in Figure 2.4.



**Figure 2.4: Use of internet banking**

Out of total respondents 12 percent of respondents don't use the internet bank services whereas rest others 88 percent use internet banking services.

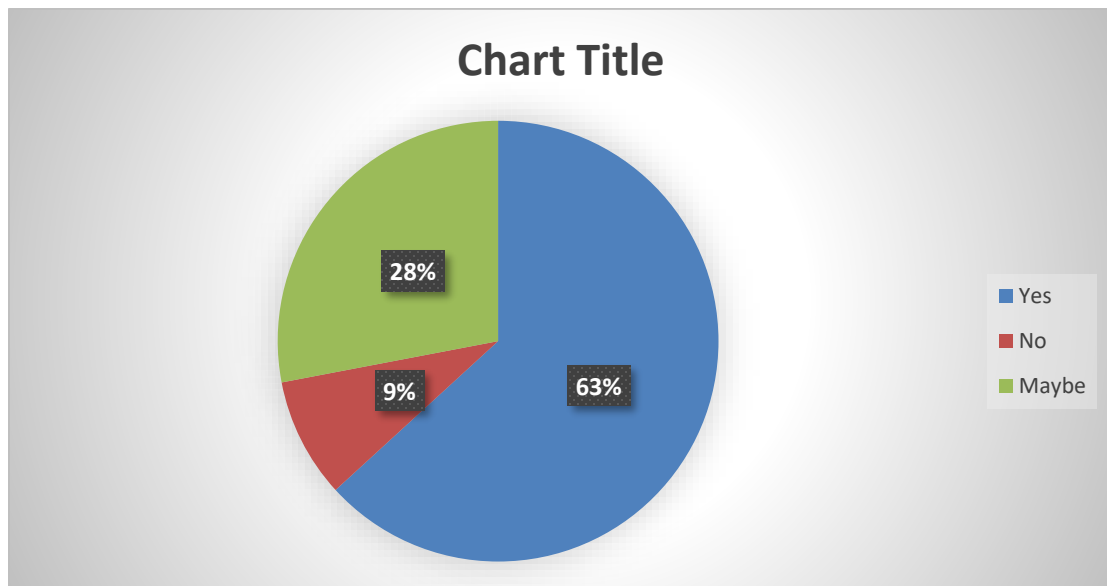
The percentage of how often customers use the internet banking is shown in the figure 2.5



**Figure 2.5 Usage of internet banking.**

Figure 2.5 shows that out of total respondents 11.7% use the internet banking service daily, 26% use it weekly, 28.6% use it monthly, 7.8% use it yearly and 28% never use it.

The percentage of customer satisfaction towards internet banking is shown in figure 2.6



**Figure 2.6: Satisfaction of using internet banking**

Out of total respondents 63% of respondents convey that they were satisfied with the internet banking services provided by their bank, 9% told they were not satisfied and 28% told they may be satisfied somehow.

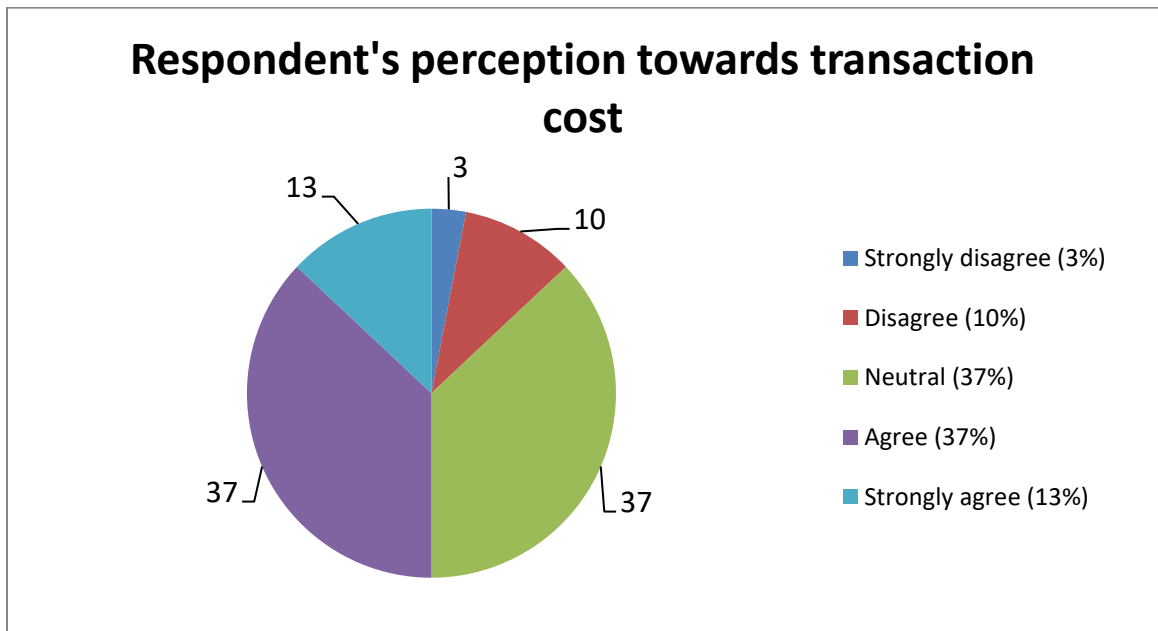
### **2.1.2 Descriptive analysis of customer's perception towards internet banking on the basis of convenience, cost, security, reliability, time factor and accessibility.**

This section provides the information regarding the customer's perception towards internet banking. Customers only get satisfied when they get quality services and with the attainment of quality service their perception towards the service also changes. The respondent customers have different perception towards internet banking. Thus, this consumer's satisfaction helps to identify the quality services attained with the satisfaction of banking users.

**Table 2.1: Respondent's perception towards transaction cost**

This table shows the frequency and total number of responses. The statement is measured in five point Likert scales: 1 as strongly disagree, 2 as disagree, 3 as neither agree nor disagree, 4 as agree and 5 as strongly agree

|  | Strongly disagree | Disagree | Neutral | Agree | Strongly Agree | N    |
|--|-------------------|----------|---------|-------|----------------|------|
| Customer perception towards transaction cost | 7                 | 21       | 77      | 77    | 26             | 208  |
|  | 3%                | 10%      | 37%     | 37%   | 13%            | 100% |



**Figure 2.7 Respondent's perception towards transaction cost**

The above table and figure presents the information about the customer perception towards transaction cost of internet banking. Out of total respondents 7 strongly disagreed, 21 disagreed, 77 are neutral, 77 agreed and remaining 26 strongly agreed to the terms. Thus the data implies that majority of the respondents perceive that the transaction cost of

internet banking is low and affordable or are neutral to the fact that it is somewhat affordable.

**Table 2.1.1: Descriptive statistics for transaction cost of internet banking**

The following table shows descriptive statistics for the perception of customers towards the transaction cost of internet banking by using the tools like mean, standard deviation (SD) and coefficient of variation (CV).

| Statement  | Mean | Standard deviation | Coefficient of variation |
|--|------|--------------------|--------------------------|
| I feel internet banking is less costly than other services (branch, ATM) | 3.43 | 0.892              | 25.98                    |
| I think the installation charges are affordable                          | 3.45 | 0.981              | 28.37                    |
| I feel the cost of transaction is low.                                   | 3.46 | 0.971              | 28.05                    |

Table shows the descriptive analysis of customer perception towards the transaction cost of internet banking. For the statement regarding the cost of internet banking with comparison to other services like branch or ATM, Mean value of the statements of customer perception towards transaction cost ranges from 3.43 to 3.46 which indicates that the transaction cost is perceived positive by the customers if they are made available in affordable costs. Among them, the most significant observation on they are satisfied is that “I feel the transaction cost is low”, which is ranked highest.

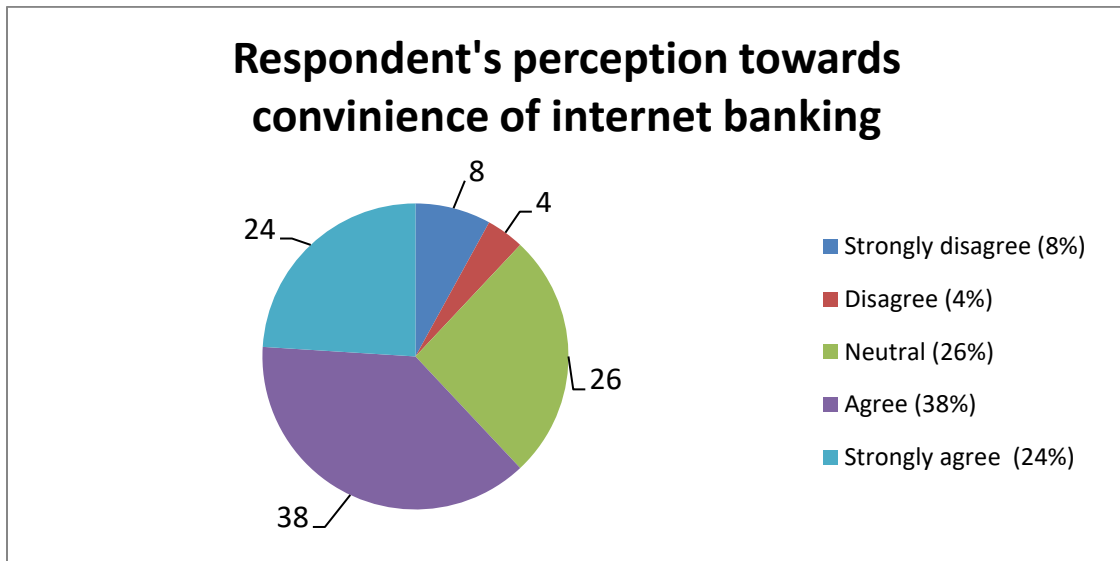
The least coefficient of variation is 25.98 of the statement "I feel internet banking is less costly than other services" which indicates customers have the most consistent perception towards the internet banking having less cost services in comparison to other services provided by bank such as branch office, ATM, etc. The customers perceive that the banks are able to facilitate them with internet banking services in low costs and similarly expect banks to provide more internet banking services in comparatively less costs in order to avoid the switching from internet banking services to other services provided by bank.

**Table 2.2: Respondent's perception towards convenience of internet banking**

This table shows the frequency and total number of responses. The statement is measured in five point Likert scales: 1 as strongly disagree, 2 as disagree, 3 as neither agree nor disagree, 4 as agree and 5 as strongly agree.

|   | Strongly disagree | Disagree | Neutral | Agree | Strongly Agree | N    |
|---|-------------------|----------|---------|-------|----------------|------|
| Customer's perception towards convenience of internet banking | 17                | 8        | 53      | 80    | 51             | 209  |
|   | 8%                | 4%       | 26%     | 38%   | 24%            | 100% |





**Figure 2.8: Respondent's perception towards convenience of internet banking**

The above table and figure presents the information about the customer perception towards convenience of internet banking. Out of total respondents 17 strongly disagreed, 8 disagreed, 53 are neutral, 80 agreed and remaining 51 strongly agreed to the terms.

Thus the data implies that majority of the respondents perceive that the internet banking service is convenient to use.

**Table 2.2.1: Descriptive statistics for convenience of internet banking**

The following table shows descriptive statistics for the perception of customers towards the convenience of internet banking by using the tools like mean, standard deviation (SD) and coefficient of variation (CV).

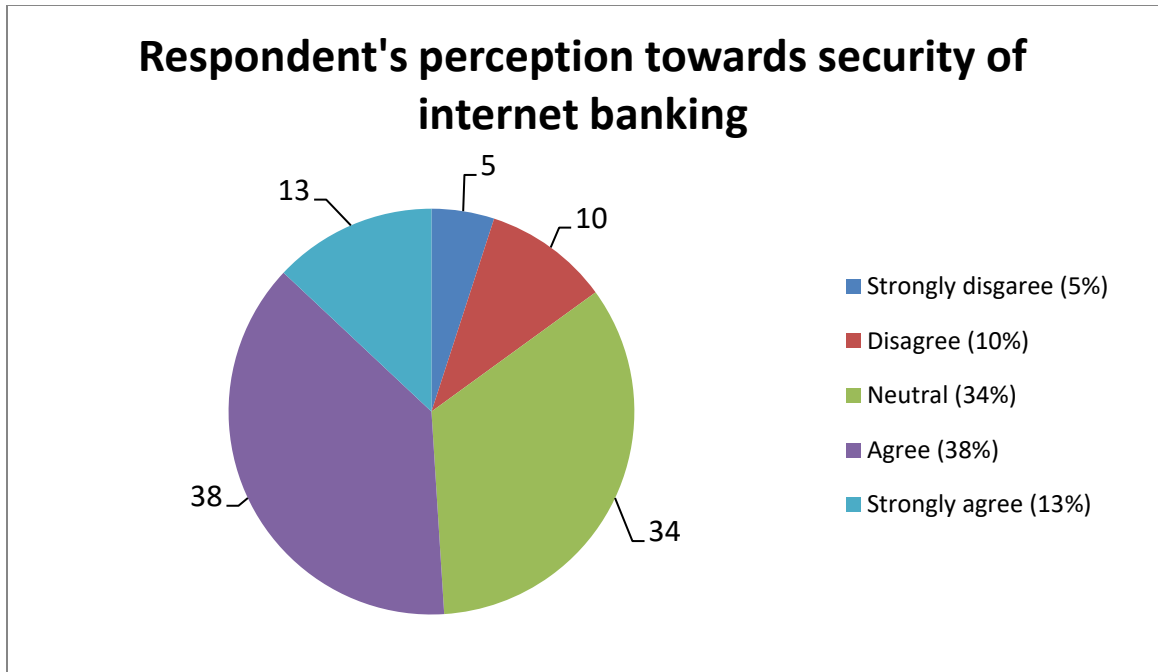
| Statement  | Mean | Standard deviation | Coefficient of variation |
|--|------|--------------------|--------------------------|
| I feel internet banking is convenient as it eliminates the risk of carrying cash | 3.64 | 1.25               | 34.42                    |
| I think internet banking is convenient way of operating banking transactions.    | 3.81 | 0.93               | 24.39                    |
| I think it is easy to operate as it provides adequate information for operation  | 3.55 | 1.61               | 32.70                    |

Table shows the descriptive analysis of customer perception towards the convenience of internet banking. For the statement regarding the convenience of internet banking, mean value of the statements of customer perception towards convenience ranges from 3.55 to 3.81 which indicates that customers are more inclined to have a good perception towards internet banking as it provides them with convenient services. Among them, the most significant observation on they are satisfied is that “I think internet banking is convenient way of operating banking transactions”, which is ranked highest. The least coefficient of variation is 24.39 to the statement "I think internet banking is convenient way of operating banking transactions." which indicates customers have consistent perception that the internet banking services are able to provide them a convenient way of operating banking transactions which are more user friendly.

**Table 2.3: Respondent's perception toward security of internet banking.**

This table shows the frequency and total number of responses. The statement is measured in five point Likert scales: 1 as strongly disagree, 2 as disagree, 3 as neither agree nor disagree, 4 as agree and 5 as strongly agree.

|  | Strongly disagree | Disagree | Neutral | Agree | Strongly Agree | N    |
|--|-------------------|----------|---------|-------|----------------|------|
| Customer perception towards security of internet banking | 10                | 21       | 71      | 80    | 26             | 208  |
|  | 5%                | 10%      | 34%     | 38%   | 13%            | 100% |



**Figure 2.9: Respondent's perception towards security of internet banking**

The above table and figure presents the information about the customer perception towards security of internet banking. Out of total respondents 10 strongly disagreed, 21 disagreed, 71 are neutral, 80 agreed and remaining 26 strongly agreed to the terms. Thus the data implies that majority of the respondents perceive that the internet banking is secure enough to use and there is less chances of disclosure of their personal and confidential data.

**Table 2.3.1: Descriptive statistics for customer perception towards security of internet banking**

The following table shows descriptive statistics for the perception of customers towards the transaction cost of internet banking by using the tools like mean, standard deviation (SD) and coefficient of variation (CV).

| Statement  | Mean | Standard deviation | Coefficient of variation |
|--|------|--------------------|--------------------------|
| I feel the transaction process is safe as the transaction takes place in secured VPN; as stated by the bank. | 3.37 | 1.03               | 30.56                    |
| I feel it is secure and there is data privacy.   | 3.44 | 0.98               | 28.58                    |
| As it provides password facility, I feel the personal information is kept confidential.                      | 3.49 | 0.95               | 27.41                    |

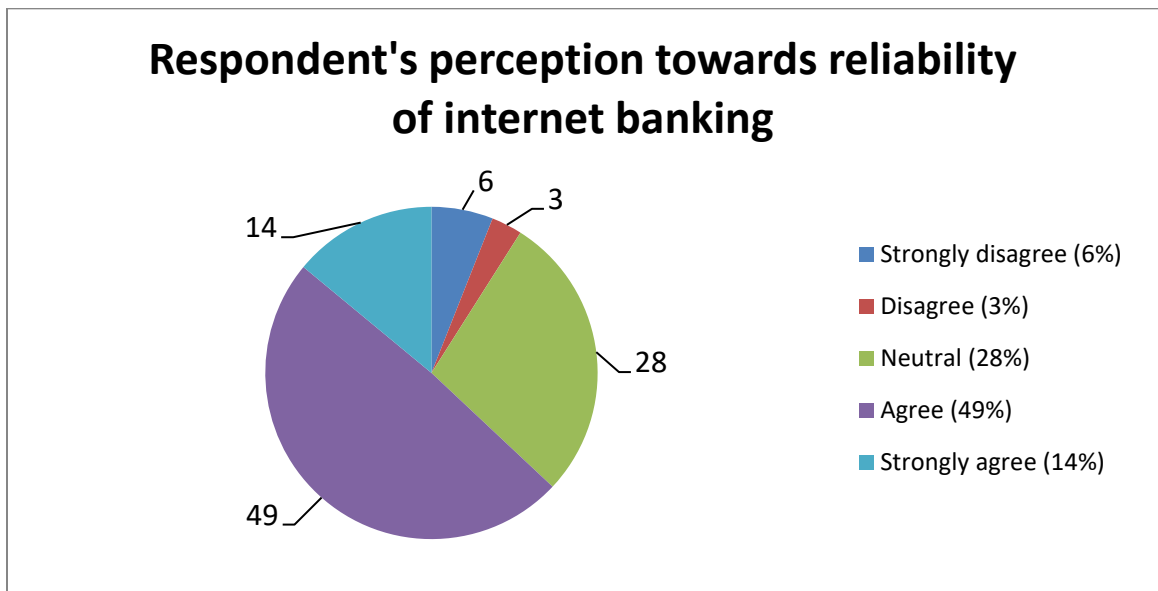
Table shows the descriptive analysis of customer perception towards security of internet banking. For the statement regarding the security of internet banking, mean value of the statements of customer perception ranges from 3.37 to 3.49 which indicates that customers agree that the security provided by banks to keep their information confidential also shapes a positive perception. Among them, the most significant observation on they are satisfied is that “As it provides password facility, I feel the personal information is kept confidential”, which is ranked highest.

The least coefficient of variation is 27.41 to the statement "As it provides password facility, I feel the personal information is kept confidential" which indicates that customers have consistent perception that as internet banking provides them with password facility and also suggest them to change it timely, their personal information cannot be easily accessed by any outside party unless done so intentionally by the customers. This facility of internet banking has been able to provide a sign of secure data transaction to the customers where they are not hesitant to operate any service of the internet banking by sharing any relevant personal data.

**Table 2.4: Respondent's perception towards reliability of internet banking**

This table shows the frequency and total number of responses. The statement is measured in five point Likert scales: 1 as strongly disagree, 2 as disagree, 3 as neither agree nor disagree, 4 as agree and 5 as strongly agree.

|   | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | N    |
|---|-------------------|----------|---------|-------|----------------|------|
| Customer perception towards reliability of internet banking | 8                 | 5        | 39      | 69    | 19             | 140  |
|   | 6%                | 3%       | 28%     | 49%   | 14%            | 100% |



**Figure 2.10: Respondent's perception towards reliability of internet banking**

The above table and figure presents the information about the customer perception towards reliability of internet banking. Out of total respondents 8 strongly disagreed, 5 disagreed, 39 are neutral, 69 agreed and remaining 19 strongly agreed to the terms. Thus the data implies that majority of the respondents perceive that the internet banking is reliable enough to use.

**Table 2.4.1: Descriptive statistics for customer perception towards reliability of internet banking**

The following table shows descriptive statistics for the perception of customers towards the transaction cost of internet banking by using the tools like mean, standard deviation (SD) and coefficient of variation (CV).

| Statement   | Mean | Standard deviation | Coefficient of variation |
|---|------|--------------------|--------------------------|
| I feel internet banking service is reliable method for performing the banking transactions. | 3.58 | 1.02               | 28.47                    |
| It provides evidence of the transaction hence I feel it is reliable.                        | 3.64 | 0.89               | 24.56                    |

Table shows the descriptive analysis of customer perception towards reliability of internet banking. For the statement regarding the reliability of internet banking, mean value of the statements of customer perception ranges from 3.58 to 3.64 which indicates that customers agree that the internet banking is a reliable service provided by banks. Among them, the most significant observation on they are satisfied is that “It provides evidence of the transaction hence I feel it is reliable”, which is ranked highest.

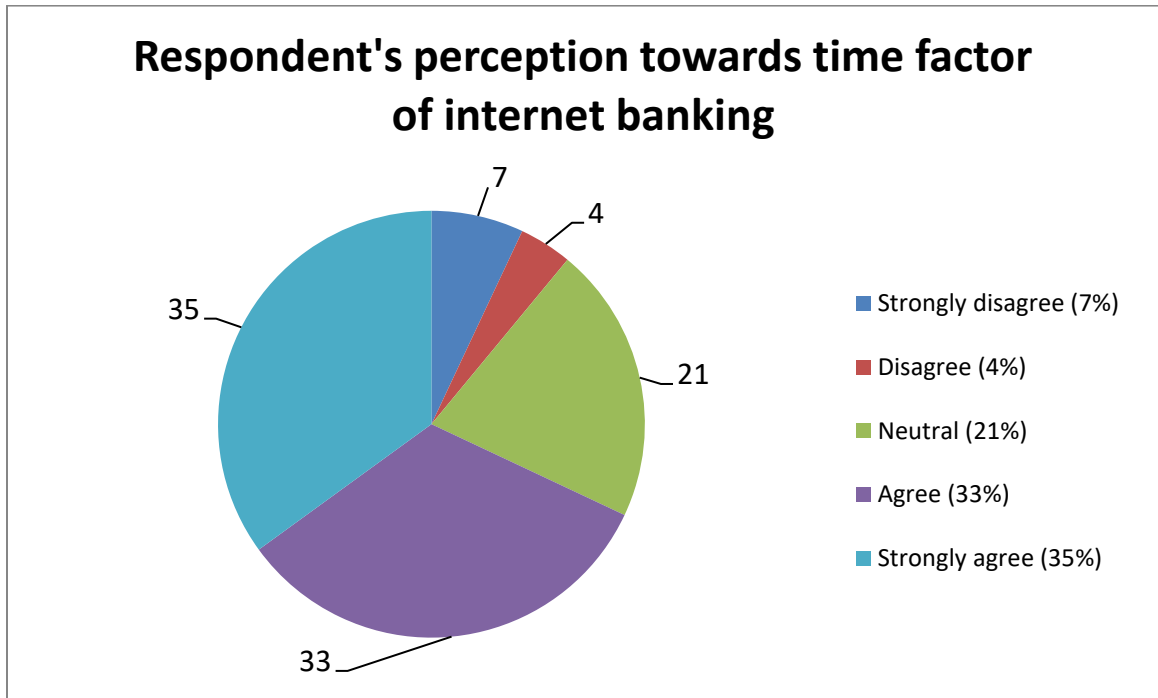
The least coefficient of variation is 24.56 of the statement "It provides evidence of the transaction hence I feel it is reliable." which indicates that customers have more consistent perception towards the fact that internet banking provides an electronic evidence of the transactions which is more reliable and easy to save rather than paper evidence. There are chances of losing the paper evidence or misplacing the paper documents however electronic evidence can be saved in their google account or iclouds for a long period of time which is hence more reliable.

**Table 2.5: Respondent’s perception towards time factor of internet banking**

This table shows the frequency and total number of responses. The statement is measured in five point Likert scales: 1 as strongly disagree, 2 as disagree, 3 as neither agree nor disagree, 4 as agree and 5 as strongly agree.

|   | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | N    |
|---|-------------------|----------|---------|-------|----------------|------|
| Customer perception towards time factor of internet banking | 9                 | 6        | 28      | 45    | 48             | 136  |
|   | 7%                | 4%       | 21%     | 33%   | 35%            | 100% |





**Figure 2.11: Respondent's perception towards time factor of internet banking**

The above table and figure presents the information about the customer perception towards time factor of internet banking. Out of total respondents 9 strongly disagreed, 6 disagreed, 28 are neutral, 45 agreed and remaining 48 strongly agreed to the terms. Thus the data implies that majority of the respondents strongly perceive that by using internet banking they can save their time and make the most out of it.

**Table 2.5.1: Descriptive statistics for customer perception towards time factor of internet banking**

The following table shows descriptive statistics for the perception of customers towards the transaction cost of internet banking by using the tools like mean, standard deviation (SD) and coefficient of variation (CV).

| Statement  | Mean | Standard deviation | Coefficient of variation |
|--|------|--------------------|--------------------------|
| I feel using internet banking saves time as it does not require travelling to the bank's premises. | 3.91 | 1.09               | 28.10                    |
| I feel the transaction rate is faster than manual.   | 3.80 | 1.18               | 31.20                    |

Table shows the descriptive analysis of customer perception towards time factor of internet banking. For the statement regarding the time factor of internet banking, mean value of the statements of customer perception ranges from 3.80 to 3.91 which indicates that customers agree to the fact that by using internet banking services they are able to save their time and invest their valuable time in some other jobs. Among them, the most significant observation on they are satisfied is that "I feel using internet banking saves time as it does not require travelling to the bank's premises", which is ranked highest.

The least coefficient of variation is 28.10 of the statement "I feel using internet banking saves time as it does not require travelling to the bank's premises." which indicates that customers have more consistent perception towards the feasibility of time. Internet banking services does not require the physical presence of the customers in the bank premises can be easily operated from their convenient places which saves their time and effort that they had to spend in travelling to the banks.

**Table 2.6: Respondent's perception towards accessibility of internet banking**

This table shows the frequency and total number of responses. The statement is measured in five point Likert scales: 1 as strongly disagree, 2 as disagree, 3 as neither agree nor disagree, 4 as agree and 5 as strongly agree.

|  | Strongly<br>Disagree | Disagree | Neutral | Agree | Strongly<br>Agree | N    |
|--|----------------------|----------|---------|-------|-------------------|------|
| Customer perception<br>towards accessibility<br>of internet banking. | 7                    | 15       | 35      | 52    | 28                | 137  |
|  | 5%                   | 11%      | 26%     | 38%   | 20%               | 100% |

**Figure 2.12: Respondent's perception towards accessibility of internet banking**

The above table and figure presents the information about the customer perception towards accessibility of internet banking. Out of total respondents 7 strongly disagreed, 15 disagreed, 35 are neutral, 52 agreed and remaining 28 strongly agreed to the terms. Thus the data implies that majority of the respondents perceive that internet banking is easy to access as it can be accessed from anywhere at any time in accordance to our convenience.

**Table 2.6.1: Descriptive statistics for customer perception towards accessibility of internet banking**

The following table shows descriptive statistics for the perception of customers towards the transaction cost of internet banking by using the tools like mean, standard deviation (SD) and coefficient of variation (CV).

| Statement   | Mean | Standard deviation | Coefficient of variation |
|---|------|--------------------|--------------------------|
| I think it is accessible from anywhere at any time. | 3.52 | 1.01               | 28.63                    |
| I think internet banking serves 24 hrs a day.       | 3.62 | 1.15               | 31.89                    |

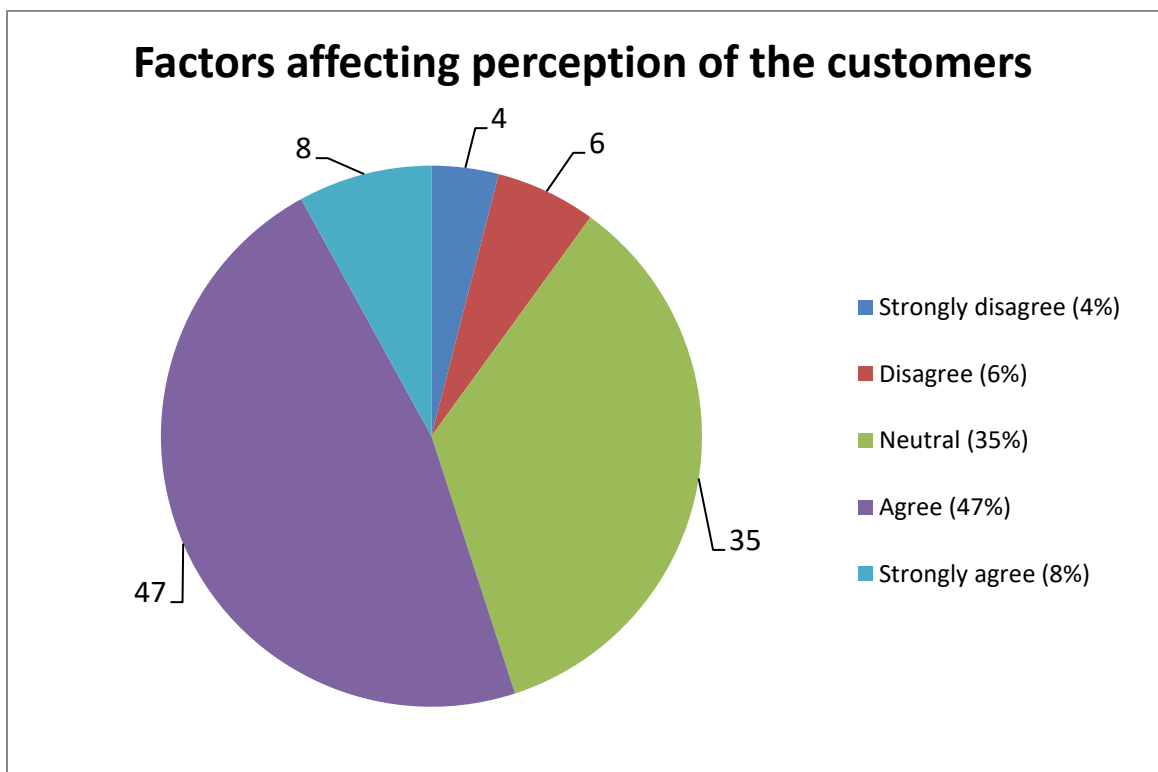
Table shows the descriptive analysis of customer perception towards accessibility of internet banking. For the statement regarding the accessibility of internet banking, mean value of the statements of customer perception ranges from 3.52 to 3.62 which indicates that customers perceive that internet banking service is a valuable invention of technology as it can be accessed from anywhere at any time as per the convenience of them. Among them, the most significant observation on they are satisfied is that “I think internet banking serves 24 hrs a day”, which is ranked highest.

The least coefficient of variation is 28.63 of the statement "I think it is accessible from anywhere at any time." which indicates that customers have consistent perception towards the fact that the internet banking services can be easily accessible from any place at any time as per the convenience of the customers from their Pc, tablets or mobile handheld devices.

**Table 2.7: Factors affecting perception of the customers**

This table shows the frequency and total number of responses. The statement is measured in five point Likert scales: 1 as strongly disagree, 2 as disagree, 3 as neither agree nor disagree, 4 as agree and 5 as strongly agree.

|  | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | N    |
|--|-------------------|----------|---------|-------|----------------|------|
| Factors affecting perception of the customers. | 17                | 25       | 141     | 189   | 34             | 406  |
|  | 4%                | 6%       | 35%     | 47%   | 8%             | 100% |



**Figure 2.13: Factors affecting perception of the customers**

The above table and figure presents the information about the customer perception towards accessibility of internet banking. Out of total respondents 17 strongly disagreed, 25 disagreed, 141 are neutral, 189 agreed and remaining 34 strongly agreed to the terms.

**Table 2.7.1 Factors affecting perception of customers**

| Statement  | Mean | Standard deviation | Coefficient of variation |
|--|------|--------------------|--------------------------|
| My attitude towards the services provided through internet banking is always positive.   | 3.47 | 0.86               | 24.76                    |
| As I have not faced any bad experiences, I feel internet banking is safe and reliable.   | 3.45 | 0.88               | 25.51                    |
| I am interested in acknowledging new services that internet banking is willing to offer. | 3.64 | 0.90               | 24.77                    |
| The internet banking services provided by bank has met my expectations.                  | 3.37 | 0.96               | 28.57                    |
| The layout and the content management of the internet banking service is user friendly.  | 3.45 | 0.79               | 22.97                    |
| I feel my technical knowledge has enhanced with the continuous use of internet banking.  | 3.5  | 0.90               | 25.77                    |

Table shows the descriptive analysis of factors affecting customer perception towards internet banking. For the statement regarding the factors affecting the perception of customers towards internet banking, mean value of the statements of the factor ranges from

3.37 to 3.64 which indicates that various factors such as attitude, interest, experience, proximity, expectation, etc. affects their perceptual vision towards internet banking here, being it a positive perception. Among them, the most significant observation on they are satisfied is that “I am interested in acknowledging new services that internet banking is willing to offer.”, which is ranked highest.

The least coefficient of variation is 22.97 of the statement “The layout and the content management of the internet banking service is user friendly.” which indicates that the layout and the content management of the different features offered by the internet banking services is the prime factor to shape the consistent perception of the customers towards internet banking. However the coefficient of variation of the statement, “My attitude towards the services provided through internet banking is always positive.” Is 24.76 which shows that they do have somewhat consistency in their behavior being positive towards the services provided by internet banking.

**Table 2.8 Coefficient of variation of all dependent variables**

| Statement   | Coefficient of variation |
|---|--------------------------|
| Customer’s perception towards the transaction cost of internet banking. | 27.50%                   |
| Customer’s perception towards convenience of internet banking.          | 30.75%                   |
| Customer’s perception towards the security of internet banking.         | 28.89%                   |
| Customer’s perception towards the reliability of internet banking.      | 26.57%                   |
| Customer’s perception towards the time factor of internet banking.      | 29.60%                   |
| Customer’s perception towards the accessibility of internet banking.    | 30.35%                   |

The above table shows the coefficient of variation of the independent variables of customer perception towards internet banking i.e. transaction cost, convenience, security, reliability, time factor and accessibility. The analysis shows that the least coefficient of variation is 26.57% of the variable reliability which indicates that customers have consistent perception towards the reliability of internet banking. Reliability proves to be one of the most important factors that is able to shape a consistent perception of the customers towards the internet banking. The more reliable service, the more consistent their perception is towards the internet banking.

## **2.2 Major Findings and Discussions**

Findings are the principal outcomes of a research project; what the project suggested, revealed or indicated. This usually refers to the totality of outcomes, rather than the conclusions or recommendations drawn from them. The major findings that the researcher concluded from the collection and analysis of data such as, analysis of demographic profile of respondents, descriptive analysis are mentioned:

- Among 77 respondents, 58 Percent were female and 42 percent were male respondents. The majority of the respondents were female which indicates that more number of women are 7
- Out of total respondents majority of respondents 64.8 percent belongs to age group below 25 and the least number of respondent's i.e. 3.2 Percentage belongs to 45 and above.
- 63.2 percent were students among 77 respondents, followed by 16.8 by employee, 9.6 percent followed by business likewise 7.2 percent by household and 3.2 percent others.
- Out of 77 respondents 88% uses internet banking services and 12% doesn't use this services



- Among all the respondents, 28.6% use it monthly, 26% use it weekly, 11.7% use it daily, 7.8% use it yearly whereas, 28% never use it.
- Among the respondents 63 percent of respondents were satisfied with internet banking services 9 percent were not satisfied and 28 percent were somehow satisfied.
- The less the cost, the more affordable it is to the customers directly resulting in positive perception. Customers agreed to the statement that internet banking cost was low and affordable.
- Convenience has positive relationship with customer perception i.e. higher the convenience level higher there will be positive perception of the customers.
- The result indicates that security component is positively related to customer's perception towards internet banking. It means an increase in security leads positive perception towards internet banking services.
- Customers are always in search of reliable service and they agreed that they were provided with reliable internet banking services. Reliability and customer's perception also have positive relationship among each other. The increase in reliability results in the favorable perception of the customers.
- Time is the most valuable asset in everybody's life hence customers are in constant search fast and instant services. So, the internet banking is not expected to be time consuming by the customers. As the services become less time consuming the more customers are persuaded to use it and perceive it as a beneficial service.
- Services that do not require any specific physical environment is perceived to be valuable invention of technology as it provides comfort to them. Here, internet banking is also accessible from anywhere at anytime which is liked by the customer.

The findings on the basis of objectives are:

- As per the research, majority of customers were found to be aware about the use and service provided by internet banking. Out of 100 respondents 77 of them were known to the services and used internet banking in their daily life.

- The major factors that affected the perception of customer's towards internet banking were proximity and attitude as per the study. Customer's perception is primarily affected by how the contents were managed in the web page or app and how the instructions were provided, whether it is of any help to the customers or not is merely observed by the customers.

Similarly, the attitude of the customer also varied their perceptual thinking. If the customers strongly believe that the traditional method of banking is more useful and convenient then it is very difficult to change their perception.

- From the overall study it can be observe that the customers have favorable as well as positive perception towards internet banking. In average majority of the respondent's perceived the internet banking as affordable, convenient, safe to use, accessible, time saving and reliable service.
- According to the research, customers feel that the internet banking is a valuable and useful technology in banking service as majority of customers were using it. The customers were also curious in acknowledging in some more advances in the service.

## **CHAPTER III**

### **SUMMARY, CONCLUSION AND ACTION IMPLICATION**

This chapter deals with the summary of the highlight the major findings of the study. In addition, the major conclusions are discussed in another section of this chapter. Likewise, recommendations regarding the study are also presented in separate section of this chapter.

#### **3.1 Summary**

Internet banking system is the latest generation of electronic banking transaction that has got immense potential to open up new avenue to the existing banks and financial institutions. Today all commercial banks are offering internet banking service which is not only enhancing customer satisfaction, but also expanding the banking business. Due to increasing competition, it is essential for banks to know about and upgrade the internet banking service quality. It must be noted that internet banking service is using greatly to ease for checking accounts; make online payment which ultimately helps to reduce time spent carrying out banking transaction in comparison to traditional banking system.

Additionally, growing number of customers are increasingly aware of the options offered in relation to rising standards of services. Their awareness has added challenges to the existing financial institutions for customer satisfaction and retention.

The main purpose of the study is to examine the customers' perception towards internet banking. The specific objectives of the study were:

1. To examine whether customer feels the internet banking as a valuable and useful technology in banking service or not.
2. To analyze the customer perception about internet banking services
3. To analyze the major factors affecting customer's perception towards internet banking.
4. To analyze the awareness of customers towards internet banking.

The literature review on customer perception and dimension of internet banking services in terms of convenience, cost, reliability, time factor, accessibility and security reveals that there is positive and significant relationship between customer perception and dimensions of internet banking services. There have not been many studies about internet banking and customer perception in the context of Nepal. There are number of studies taken which provides a review of major empirical studies associated with the customer's perception towards internet banking. On review of major studies, the authors have referred to various foreign studies on this topic, to enhance the theoretical background, and models used.

In this study conceptual framework has been drawn where Convenience, Cost, Security, Reliability, Time factor and Accessibility are taken as independent variable and customer perception is taken as dependent variable. In this study of conceptual framework we examine whether there is positive or negative relationship of each independent variable with dependent one and we have found that there is positive relationship with every independent variable. The second chapter includes data analysis of respondents' profile. The analysis of customers purchasing intention with each independent variable has been conducted and means, standard deviation and coefficient of variation has been found for the cases. The last chapter deals with summary, conclusions and recommendation.

### **3.2 Conclusion**

Internet banking is a convenient way to do banking from the comfort of your home or office. Customer perception is the way a customer feels or interprets any product or service. Every individual have differences in perception about any service, product of facility however according to the basis of the research, majority of the respondents perceive that internet banking is a valuable invention of technology. If the internet banking service provided by banks is satisfactory then customers perceive it to be beneficent. This phenomenon works conversely as well. If the banking services are not satisfactory than customers will not perceive it to be beneficent which will concurrently lead to failure of internet banking as well as the banks on meeting its objectives and goals.

Various questions related to banking services on the ground of internet banking were asked to customers. On framing the answers given by the respondents and on analyzing the data along with the use of various mathematical tools, it was found that the customers actually perceived internet banking to be a valuable and useful invention of technology. The factor that primarily affects the perception of customers towards internet banking was proximity and attitude. The management of content of the service and the way it was presented to the customers affected their perception as well. Some customers may not be well educated in using in internet and the services provided to them hence they must be provided with user friendly instructions and contents should be easy to navigate. However the attitude also matters in perception as if a customer is not willing to accept any inventions of technology as useful then no matter how convenient service is provided to them they can never accept it and vice versa.

The major conclusion of the study is that the more affordable the cost, the more number of customers perceive internet to be useful to them. The higher the convenience, the more positive will be the perception of customers towards internet banking. Similarly, increase in security also leads to increase in customer's positive perception towards internet banking. The more reliable and accessible the internet banking is, the more inclined the customers are towards the internet banking. Time is most valuable to everyone as, hence

the internet banking services should not be time consuming and should rather help the customers to save their time so that, they can invest their time in some other jobs.

### **3.3 Action Implication**

Implication refers to possible future effects or results. Customer perception towards internet banking is found to be positive and majority of customers feel that it is a valuable and useful invention of technology. However, this result may or may not be constant in coming days. As we know technological factor is dynamic and there occurs changes in technology overnight. Despite that the possible implications of the research finding are:

- This report can provide customers about the grounds on which their perception resides and they can evaluate their own perception as well if they are unsure about their perception towards internet banking.
- Companies can be able to understand the perception of the customers towards internet banking and accordingly make variations in their service.
- Companies can have knowledge about what factors significantly affect the customer perception and can give those factors more attention as well as enhancement.
- This study is also intended to be useful contribution in understanding the level of customer's perception of service quality of internet banking.
- This research is intended to be useful for further research studies where researchers may be willing to understand the customer perception towards internet banking.
- The above research can serve as a literature review to other researchers who intend to do research on similar topic.

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## APPENDIX

### Survey Questionnaire

Dear respondents,

I am BBA student at Amity College currently enrolled in Bachelors in Business Administration (BBA). I humbly request you to spend some minutes to fill up this questionnaire. This survey aims to study the consumer's perception towards internet banking. This research is purely academic and any information given will be used for that purpose only. I pledge the confidentiality of the information given.

Thank you for your cooperation

Sincerely

Rakesh Jagari

BBA

#### Responded profile

##### Gender:

| Male | Female | Other |
|------|--------|-------|
|      |        |       |

##### Age Group

| Below 25 years | 25-35 years | 35-45 yrs | 45 and above |
|----------------|-------------|-----------|--------------|
|                |             |           |              |

**Occupation**

| Employee | Business | Student | Household | Other, Specify |
|----------|----------|---------|-----------|----------------|
|          |          |         |           |                |

1. Do you use internet banking system provided by bank?

a. Yes

b. No

2. How often do you use internet banking?

- Daily
- Weekly
- Monthly
- Yearly
- Never

3. Are you satisfied with your bank's internet banking service?

- Yes
- No

4. Please read each statement and the put a tick mark in the box, which best indicates how strongly you agree on the statement [1-Strongly Disagree, 2.-Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree]

| <b>A</b> | <b>Transaction Cost</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|----------|--|----------|----------|----------|----------|----------|
| 1        | I feel internet banking is less costly than other services (branch, ATM) |          |          |          |          |          |
| 2        | I think installation charges are affordable.                             |          |          |          |          |          |
| 3        | I feel the cost of carrying out the transaction is low.                  |          |          |          |          |          |

| <b>B</b> | <b>Convenience</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|----------|---|----------|----------|----------|----------|----------|
| 1        | I feel internet banking is convenient as it eliminates the risk of carrying cash. |          |          |          |          |          |
| 2        | I think internet banking is convenient way of operating banking transactions.     |          |          |          |          |          |
| 3        | I think it is easy to operate as it provides adequate information.                |          |          |          |          |          |

| <b>C</b> | <b>Security</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|----------|---|----------|----------|----------|----------|----------|
| 1        | I feel the transaction process is safe as the transaction takes place in secured VPNs; as stated by bank. |          |          |          |          |          |
| 2        | I feel it is secure and there is data privacy.  |          |          |          |          |          |
| 3        | As it provides password facility, I feel the personal information is kept confidential.                   |          |          |          |          |          |

| <b>D</b> | <b>Reliability</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|----------|---|----------|----------|----------|----------|----------|
| 1        | I feel internet banking service is reliable method for performing the banking transactions. |          |          |          |          |          |
| 2        | It provides evidence of the transaction hence I feel it is reliable.                        |          |          |          |          |          |

| <b>E</b> | <b>Time Factor</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|----------|--|----------|----------|----------|----------|----------|
| 1        | I feel using internet banking saves time as it does not require travelling to the bank's premises. |          |          |          |          |          |
| 2        | I feel the transaction rate is faster than manual.   |          |          |          |          |          |

| <b>F</b> | <b>Accessibility</b>                                | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|----------|---|----------|----------|----------|----------|----------|
| 1        | I think it is accessible from anywhere at any time. |          |          |          |          |          |
| 2        | I think internet banking serves 24 hrs a day.       |          |          |          |          |          |

| Consumer Perception  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| My attitude towards the services provided through internet banking is always positive.   |   |   |   |   |   |
| As I have not faced any bad experiences, I feel internet banking is safe and reliable.   |   |   |   |   |   |
| I am interested in acknowledging new services that internet banking is willing to offer. |   |   |   |   |   |
| The internet banking services provided by bank has met my expectations.                  |   |   |   |   |   |
| The layout and content management of the internet banking service is user friendly.      |   |   |   |   |   |
| I feel my technical knowledge has enhanced with the continuous use of internet banking.  |   |   |   |   |   |