

Online Banking Literacy among Rural Population in Bangalore City

*¹Dr. Vinnarasi B, ²Ireen V & ³Anyadhara Swain

¹Associate Professor, Department of commerce, Christ University, Bangalore (India)

^{2,3}M.com scholar, Department of commerce, Christ University, Bangalore (India)

ARTICLE DETAILS

Article History

Published Online: 10 January 2018

Keywords

Online Banking, Banking literacy,
Rural Bangalore

*Corresponding Author

Email: vinnarasi.b@christuniversity.in

ABSTRACT

The Internet has changed the operations of numerous organizations, and has been turning into an intense channel for business promoting and correspondence. The banking industry has also followed this trend of internet usage which gave rise to e-banking. This paper tries to under the level of penetration of internet banking among rural Bangalore; it also tries to understand the concerns and satisfaction of online banking among the rural population in Bangalore. For the previous mentioned purpose four districts in Bangalore were selected i.e. Bilekali, Chandapura, athhibele and Hoskote. A structured questionnaire was used to collect the required data from these districts from Bangalore. The respondents were classified into ages of 18-28, 29-38, 39-40 and 40 above. The data was collected based on demographic factors such as age and occupation. A Total of 150 respondents were taken into consideration, who were scattered among the above mentioned districts. The data is analyzed with appropriate statistical tools like Frequency table, cross tabulation and a Chi-square analysis was used to analyze the collected data. From the data analysed we understood that many that belong to the rural population do not understand the concept of online banking and efforts should be taken both by the bank institutions and the government to popularise this concept among rural Bangalore.

INTRODUCTION

Electronic banking is the rush without bounds. It gives huge advantages to buyers as far as the simplicity and cost of exchanges. The Internet banking is changing the banking industry and is having the significant consequences on banking affiliations. E-banking is a bland term for conveyance of managing an account administrations and items through electronic stations, for example, the telephone, the web, the mobile phone, and so on. E-Banking has been around for quite a while as programmed teller machines and phone exchanges. As of late, it has been transformed by the Internet, another conveyance channel for banking services which gives advantage to both clients and banks. Access is quick, helpful, and accessible all day and all night, whatever the customer's locations, the banks can give benefits at subsidized rates.

The idea and extent of banking is evolving. It encourages a powerful payment system and accounting framework, subsequently upgrading the speed of conveyance of banking services impressively. While e-banking has enhanced efficiency and convenience, it has likewise represented a few difficulties to the controllers and regulators. A few activities taken by the government of India, along with the Reserve Bank of India (RBI), have encouraged the development of e-banking in India. The government of India established the IT Act, 2000, which gives lawful acknowledgment to electronic exchanges and different methods for electronic business.

India is the seventh largest country by area and second most populous country in the world. Majority of the population belong to the village are. Among all the states in India, Karnataka is a state in the south western region of India. Rural banking has become integral to the Indian financial markets with a majority of Indian population still living in rural or semi-

urban areas. Government of India and the Reserve Bank of India have been continuously working to achieve complete financial inclusion i.e. timely and sufficient access to financial services and credit at an affordable cost, in the vast expanse of our country.

Banking industry is considered as a backbone of economy as every other industry needs banks to invest or move financially. E-banking trend is spreading fast in developing countries. Banks are advised to provide internet banking services to its national and international customers. It is proved as a cost effective way for banks. It has enriched relationship with customers by providing them easy to operate mechanism for banking functions. Bengaluru is divided into Bangalore rural and urban areas. Now there are two divisions, 4 talukas, 35 Hoblis cluster of villages where 1713 inhabited and 177 unhabitated villages, 9 towns and 229 gram panchayats are there. According to 2011, its population has increased to 9,588,910, with a sex-ratio of 908 females/males, the lowest in the state and its density is 4,378 people per square km. According to the 2011 census Bengaluru Rural district has a population of 987,257.

Banking literacy helps individuals become self-sufficient so that they can achieve Banking knowledge. Those who understand the subject should be able to answer several questions about investment, such as where to make an investment, how to keep money, where to deposit, and facilities given by banks to the general public, what kind of easy transactions can be made all the time. Whether it is affordable, and whether it an asset or a liability. Banking system has played an important role in growth and development of economy. It has no longer confined to metropolitans or cosmopolitans in India, but also reached even to the remote corners of the country. The banking sector is one of the leading users of IT worldwide.

With the advancement of technology and increasing competitions, banking is in the race of becoming best in the country and any time banking being adopted by Indian banks, which are offshoots of the technology implementation by banks. The range of financial services includes the entire gamut of financial products, cheques, a/c's saving products, loans, debit cards, credit cards, insurance and health care services, payment services, remittances and money transfer and other services. Financial inclusion of rural India empowers the country, hence there is a need for using modern technology and implementing an aiding hand to the rural population in the form of online banking.

OBJECTIVE

1. To know the level of online banking literacy among rural Bangalore
2. To identify the factors affecting online banking literacy among rural population

REVIEW OF LITERATURE

A) Awareness level of online banking among rural population

(Shibin, Prajapati, & Lad, 2014) This article takes into consideration the awareness level among the farmers in the sample village, usage opinion regarding e-banking and the factors affecting the usage of online banking. The article stated that the farmers in rural India are neglected by the banks because they feel that they don't make enough profits in the rural sector. This article also tries to find the level of acceptance among the farmers in Gujarat. The entire taluka was isolated in to five zones (i.e. North, South, East, West and focal) and two towns were chosen advantageously from each zone. On the premise of add up to score of individual cases, people are partitioned into three gathering in view of the mean and standard deviation. The examination reasons that the aggregate attention to e-saving money in the Anand taluka is around 92% what's more, and total use is around 77%. The investigation demonstrates that the greater part of the ranchers, who get to e-managing an account, do through ATM/Debit card and MasterCard. The most continuous offices utilized under e-banking cash withdrawal & balance search and statement request.

(Geetha & Malarvizhi, 2008) The purpose behind this paper is to pick up a comprehension of the acknowledgment of e-banking in an Indian market where the 70 percent population live in rural areas and 30 percent population dwell in urban region of the nation (Gerrard and Cunningham, 2003). This investigation investigates acknowledgment of e-banking in India from the perspective of customers. Primary data was gathered from 200 respondents through a structured questionnaire. Descriptive statistics was utilized to explain demographic profile of respondents and Factor and Regression analyses were utilized to know the components influencing e-banking among customers in India. The finding portrays many components like security, protection and awareness affected the use of e-banking. The discovering demonstrates that if banks give them essential direction and guarantee security of their records, customers will accept e-banking.

(Bapat, 2010) The purpose of this paper is to evaluate the level of e-banking infiltration in specimen town and to find the connection between bank account and related variables, like, occupation, salary and asset holding status. The findings

demonstrate that 75.2% of the respondents have a bank account and 26.7 of the respondent's avail credit facilities. Whereas 66% of the respondents have slant to avail credit facilities for dairy and for different business exercises. Utilizing chi square examination, significant connections were built up between bank account and relevant variable, like, occupation, wage and asset holding status. While utilizing logistic regression, we find that having a bank account has a significant correlation with income. The findings give suggest to bankers to provide services in rural area. The current hole in credit offices offers complex chances to financiers for giving different credit offices. The article offers significant proposals to bankers and academicians as well as to the legislature and policy bodies for outlining and checking financial incorporation targets.

(Singhal, 2017) This paper analyzes the awareness level of individuals of rural area in India about e-banking facilities and the amount it has expanded after demonetization. The present study is directed to explore the utilization of e-banking post demonetization in India. An awareness level scale and an operation level scale about bank transaction are examined. Samples of 100 respondents were taken from both rural and urban areas. The significant differences in awareness level between the two were examined with ANNOVA test. Customers from both private and public banks were taken into considerations.

B) Factors affecting online banking literacy

(Jalil, 2014) The security of information is the most vital component for online banking users. They believe that internet accessibility and security concerns are most important elements for the purpose of using a system which is basically self-operated and there is no force of human settlement that is basically a system of online banking. The relative advantage control, compatibility with lifestyle, image, subjective norm, self-efficacy, relative advantage of security and privacy which is the most important factor, collectively influences consumers to use online banking. The users of online banking systems faced risky as they couldn't be sure about the safety system of their transaction. It came to their mind that what if any unauthorized access into their bank accounts. There were various psychological, egoistical and behavioral issues such as trust, respect and security of the internet transactions, and especially the lack of solid interest by the banking sector to make it more attractive and feasible according to the preference for human interface which appeared to obstruct the growth of the internet banking.

Bank needs to diminish a customer's fear about the safety of its online transactions by providing exactly related information on the reliability of the technology used. Online banking companies should focus on the services like safety internal operational control with a layered security system through the incorporation of improvised banking technology which constantly regulates the online transactional activities with the help of software packages currently made available to meet the situational need wherein the online financial transactions rely on browsers as the front-end software. This study made a significant step in order to investigated the direct influence on security, trust, and the website which in turn reflected a relevant relationship with the perceptions towards the online banking services.

(Kalaiarasi & Srividya, 2012) The study focuses on influencing factors proposed by technology acceptance model along with risk and user's online interest to explore the actual

usage of young online banking users in Tamil Nadu, India. The basic factors affecting are Perceived Usefulness, Perceived Ease of Use, Perceived Risk and Self Efficacy. According to TAM individual’s perceived usefulness(PU) and perceived ease of use (PE) influence their attitude and behavioral intention towards using new technologies. Perceived usefulness is the degree to which a person believes that using a particular system would enhance his or her job performance. Perceived usefulness and Perceived ease of use together is how well it influence a person’s attitude towards using a specific form of technology, attitude in turn influence the intention to use specific technology. The young mind perception towards risk shows negative influence on their actual usage of online banking services. young user’s actual usage is influenced by their negative feelings towards security and privacy dimensions of online banking transactions. This may attribute to the loss experienced by their past online transactions or lack of awareness.

(Omar, et al., 2011) This study focuses on the customer perception, preferences, problems and suggestions about online banking in Pakistan. The study found out that mostly customers prefer internet banking (IB) services rather branch banking due to reliability, safety, convenience, speed, security and cost effectiveness. In online business trust, security and safety are the most challenging issues for the banks. Apart from those in order to build and retain the customers’ trust will also become a future challenge for internet banking. Maximum customers hesitate to use internet banking services because of security and privacy issues. The results of the study indicate that perceived usefulness and perceived ease of use are strong determinants of behavioral intention to adopt online banking. There is also an indirect effect of computer self-efficacy and prior general computing experience on behavioral intention through perceived usefulness and perceived ease of use. The data showed that web site security and privacy, usefulness and reputation have a direct and relevant effect on consumer trust in the online website. The article stated that consumers trust is positively related to relationship commitment. It is observed

that trust is a key mediating factor in improvising the relationship commitment in the online banking context.

(Rawashdeh, 2014) The consumer’s perception regarding electronic mode adoption of areas like e-commerce is still rather small, although many surveys have proven that several people trying it to happen in the near future. The reasonable continued growth of online purchases through the internet will offer immense opportunities to businesses generally and to Internet Banking in particular. In this study, the terms “Internet Banking” and “online banking” have been used interchangeably. Internet Banking/online banking, is quite different from Electronic Banking (e-banking) in which further it is a higher level activity that includes both Internet Banking/online banking as well as Telephone Banking, ATM, WAP-banking and other electronic payment systems that are not operated through the internet. This paper has focused only on Internet Banking because it is being extensively used, envisioned as the most important and most popular delivery channel for banking services in the cyber age. The factor perceived web privacy as the attitude toward use predictor and intention to utilize, as in a prior study performed. The study found out a set of four items for measuring perceived web privacy. The initial outcomes indicate the ease of use, privacy and security, perceived usefulness and consumer attitude toward use are positively and significantly related to customer preference and adoption.

METHODOLOGY

The study was conducted in rural Bangalore. Four districts were selected Bilekali, Chandapura, Atthibele and Devanahalli. the respondents were classified into ages of 18-28, 29-38, 39-40 and 40-above. The data was collected based on demographic factors such as age and occupation. A Total of 150 respondents were taken into consideration, who were scattered the above mentioned districts. the data is analyzed with appropriate statistical tools. Frequency table, cross tabulation and Chi-square analyses was used to analyze the collected data.

Table showing credit card and purchase information through telephone.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY AGREE	6	3.9	4.0	4.0
	AGREE	21	13.7	13.9	17.9
	NEUTRAL	22	14.4	14.6	32.5
	DISAGREE	41	26.8	27.2	59.6
	STRONGLY DISAGREE	61	39.9	40.4	100.0
	Total	151	98.7	100.0	
Missing	System	2	1.3		
	Total	153	100.0		

From the data collected we found out that most of our respondents are strongly disagreeing to provide their credit card and purchase details through telephone. Irrespective of the age

of the respondent most of the population denied to provide any information due to the lack of security (as per their perception).

Table showing banking services offered through internet banking.

What are the banking services offered by internet banking?	Total
--	-------

	Calculate Loan Payment Information	Download Loan Application	Download Personal Bank Transaction Activity	Check Balance Online	Apply for Consumer Loan Or Credit Card Online	Inter-Account Transfer	Online Bill Payment	Seeking Product And Rate Information	Others	Not applicable	
18-28	5	4	11	11	3	5	2	0	2	6	49
29-38	3	4	3	8	2	3	8	0	5	1	37
39-48	2	6	5	9	3	1	3	2	3	2	36
49- Onwards	4	2	4	3	1	2	2	3	4	3	28
Total	14	16	23	31	9	11	15	5	14	12	150

From the cross tabulation we can see that there is a lot of difference between age and preference. The ages between 18-28 years prefer to download personal banking transaction activities and also to check balance online. The ages between 29-38 years prefer to check balance online and make online

payment. The ages between 39-48 years prefer to check online balance. The respondents above the age 49 years prefer to calculate loan payment download personal banking transactions and other services.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.010 ^a	27	.271
Likelihood Ratio	32.341	27	.220
Linear-by-Linear Association	.955	1	.328
N of Valid Cases	150		

a. 32 cells (80.0%) have expected count less than 5. The minimum expected count is .93.

H₀ -There is a relationship between age and the banking services offered

H₁ -There is no relationship between age and the banking services offered

The Pearson Chi-square value is below 0.05 i.e. 0.271 thus H₀ is accepted. Hence there is a relationship between age and the banking services.

Table showing bank accounts for which customers interact with the bank mostly through a www. Browser.

	Do you have a bank account for which you interact with your bank mostly through a www.browser		Total
	YES	NO	
18-28	30	19	49
29-38	18	19	37
39-48	19	17	36
49- Onwards	18	11	29
Total	85	66	151

From the analysis it is understood that the respondents who are between the ages 18-28 make the highest use of online banking through a www browser. Whereas there is not much

difference in usage of online banking with reference to ages from 29-38 years,39-48 years and 49 years and above.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.937 ^a	3	.586
Likelihood Ratio	1.938	3	.585
Linear-by-Linear Association	.002	1	.961
N of Valid Cases	151		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.68.

H₀-There is a relationship between age and use of www browser
 H₁ -There is no relationship between age and use of www browser

The Pearson Chi-Square value is above 0.05 i.e. 0.586,thus H₀ is not accepted. Hence there is no relationship between age and the use of www browser.

Table showing the reasons for why the customer has not opened an internet bank account

	What are the main reasons that the customer has opened an internet bank account ?									Total
	Under age	Never heard of internet banking	Concern about security	Haven't taken time to open an account	Don't see any real value in having this type of account	Too new. I would like to see how it works, I may open an account	Not available through my bank	Others	Not applicable	
18-28	3	4	7	11	7	9	1	4	3	49
29-38	3	5	8	3	7	5	1	2	3	37
39-48	1	3	10	4	5	3	4	5	1	36
49- Onwards	0	7	4	5	6	4	2	1	0	29
Total	7	19	29	23	25	21	8	12	7	151

Between the ages of 18-28 years the major reason for not opening a bank account is that the respondents feel that they are new to internet banking and would like to see how it works and they are potential online banking customers. The respondents between the ages 29-38 and 39-48 years are concerned about

security. Hence they fear to open an online account. The respondents who are 49 and above have never heard of internet banking. Hence the question of opening an online account does not arise.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	24.703 ^a	24	.422
Likelihood Ratio	26.463	24	.330
Linear-by-Linear Association	.462	1	.497
N of Valid Cases	151		

a. 22 cells (61.1%) have expected count less than 5. The minimum expected count is 1.34.

H₀-There is a relationship between age and opening an online bank account
 H₁-There is no relationship between age and opening an online bank account

The Pearson Chi-Square value is below 0.05 i.e.0.422 ,thus H₀is accepted. Hence there is a relationship between age and opening of a bank account

RESULTS

From the analyses it is understood that age has played a prominent role in the usage of online banking in various aspects such as the willingness to open an online bank account, the competency to use internet browsers to access online banking services, various services offered by the bank and the willing to provide personal information. The people in the society who are aged are having less knowledge on online banking and about e-commerce. The youngsters in the society are dealing with more online products and are more interested in online truncations. This has happened due to busy schedule and for the cosmopolitan lifestyle. The easy access to banking has made their life easier and accessible towards e-banking.

There is a relationship between age and opening bank account. As the young age group members are more attracted towards opening bank accounts and having an easy access in all possible ways. Whereas the old aged people have less knowledge about e-banking and less accessibility towards e-banking. As they are more attached with traditional way of banking. They find traditional banking system is more approachable and easy for them to access. The complications and technically they have to understand the terms used in the banking system which turns out to be very difficult for them. As mostly Indian rural population is backward in education. The youngsters in the society have a good access towards education and making an effort to build their carrier. The want and need of this generation is more towards e-banking and

technology. The article mostly focused on e-banking and its usage among the youngsters in the society.

Endeavors have been made to give banking services to rural area since quite a while. The government and banks have taken different activities in this manner. Notwithstanding, these measures have not possessed the capacity to truly realize the coveted changes in banking services propensities for the provincial individuals. Our overview demonstrates that 90% of the respondents have bank accounts. Opening/having a bank account is considered as the start of the association with a bank. Banks offer a bunch of services to the rural clients. There is an important relationship between age and opening a bank account. E-banking is an emerging trend in which young minds are more acquainted than aged population. So the relationship between the age and growing advanced is inverse or we can say there is an indirect relation. Irrespective of age of the respondents most of them denied to provide any information due to the lack of security (as per their perception). Most of them had no idea about the concept itself. We reached to a conclusion that people are not aware of this term, nor its introduction in the market. For operating there is a need to improving the education level. And banks should put some effort to increase the promotion about e-banking's safety transaction and its usefulness. The easy mode of transaction and electronic support system. With technology and its mass development, people are needed to be taken care of. There should be an expertise method for developing the mindsets and people willingness to adapt to new changes. The young age group members are more attracted towards opening bank accounts and having an easy access in all possible ways.

FINDINGS AND CONCLUSION

Whereas the old aged people have less knowledge about e-banking. As they are more attached with traditional way of banking. They find traditional banking system is more approachable and easy for them to access. The complication lies in technical part of accessing e-banking they have to understand the terms used in the banking system which turns out to be very difficult for them. The age factor has mattered so much that people above 49 years have no access to e-banking and about knowledge they are not aware. And coming to the young age people who are in-between 18-29 years they have less knowledge on this, as they are the new people to get into it and adapt to accept it. Basically they have to be well equipped and informed about this. It's easy but there is a need to understand the terms and usage of it. Where it should to applied and how it is supposed to be executed in the actual field. In Pearson's Chi-square test the value is below 0.05 i.e. 0.271 thus H_0 is accepted. Hence there is a relationship between age and the banking services is established. There is a link in-between age and usage of this e-banking. As the usage and acceptability of this service can be taken care of by the present generation. There need can be an increased in usage and the feedbacks of those age group are more valuable. The Pearson Chi-Square value is below 0.05, i.e. 0.422, thus H_0 is accepted. Hence there is a relationship between age and opening of a bank account. So chi square has been done in-between banking services, age group and opening an account. So all these are taken into considerations to find the results of this research papers main objectives.

REFERENCES

- [1] Bapat, D. (2010). Perceptions on Banking Service in Rural India: An Empirical Study. *International Journal of Rural Management* , 6 (2), 303-321 .
- [2] Geetha, K., & M. V. (2008). ACCEPTANCE OF E-BANKING AMONG CUSTOMERS (An Empirical Investigation in India). *Journal of Management and Science*, 2 (1).
- [3] Shibin, T., Prajapati, M. R., & Lad, Y. A. (2014). E-BANKING STATUS AMONG THE FARMERS IN RURAL AREAS OF ANAND TALUKA. *INTERNATIONAL JOURNAL OF MANAGEMENT RESEARCH*, 4 (4), 482-491.
- [4] Singhal, D. (2017). Demonetisation and E-banking in India . *International Journal of New Technology and Research (IJNTR)* , 3 (1), 20-25 .
- [5] Factors Influencing Malaysian Consumers' Intention Towards E-shopping Rahman, Muhammad Khalilur; Jalil, Md Abdul; Abdullah-Al-Mamun, Abdullah-Al-Mamun; Robel, S D. *Journal of Applied Sciences (Faisalabad)* 14.18 (0, 2014): 2119.
- [6] A Study on Factors Influencing Young User's Online Banking Channel Usage in India Kalaiarasi, H; Srividya, V. *Journal of Commerce and Accounting Research; New Delhi* 1.3 (2012): 17-22.
- [7] Customer Perception towards Online Banking Services: Empirical Evidence from Pakistan Omar, Abdullah Bin; Sultan, Naveed; Zaman, Khalid; Bibi, Nazish; Wajid, AbdulAuthor Information; et al. *Journal of Internet Banking and Commerce; Ottawa* 16.2 (Aug 2011): 1-24.
- [8] Factors affecting adoption of internet banking in Jordan: Chartered accountant's perspective Rawashdeh, Awni. *The International Journal of Bank Marketing; Bradford* 33.4 (2015): 510-529.