



## Role of Information technology - A study on the Customer's Perspective towards Alternative Banking Operations

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### ABSTRACT

Information Technology and the invent of computers have brought significant impact on the working of the banking sector. The lifestyles of the customers is been relooked by the society. Banking through alternate channels, especially internet banking is felt much comfortable by the customers. Banking through online is felt as a pride and the status quo of an individual is rated high. The credibility of the business men is also rated high as money transfer is made faster and easy. Thus the role of information technology in the Banking sector is expected to bring a remarkable change in the contributions of manufacturing and service industry by making a smoother and faster transfer of money between the trade and traders. The financial credentials of the Indian traders rise in the international market. A small attempt is made to understand the role of information technology on alternate banking and the customer's perspective towards the handling the banking transactions through online. A semi structured questionnaire was circulated among the users of online banking of various banks in Chennai city. The data collected was analyzed through SPSS and inferences were made.

### I. INTRODUCTION

The inventors of the Globe have set the "Second Wave" of Industrial Revolution through the invention of Steam engine and the "Third Wave" is considered as Information Revolution through the development of the Information and Communication Technology, popularly known as ICT.

Information Technology and the invent of computers have brought significant impact on the working of the banking sector. The lifestyles of the customers is been relooked by the society. Banking through alternate channels, especially internet banking is felt much comfortable by the customers. Banking through online is felt as a pride and the status quo of an individual is rated high. The credibility of the business men is also rated high as money transfer is made faster and easy. Thus the role of information technology in the Banking sector is expected to bring a remarkable change in the contributions of manufacturing and service industry by making a smoother and faster transfer of money between the trade and traders. The financial credentials of the Indian traders rise in the international market. A small attempt is made to understand the role of information technology alternate banking and the customer's perspective towards the handling the banking transactions through online.

### II. Review of Literature

Kumbhar, Vijay M.(2009), writes that information technology paves way for alternatives in banking industry. It has brought significant changes in the

way of computerization of services and new way of internet banking. Modern banking rests on the strength of information technology It not only facilitates the customer delight but also on the operational efficiency of the banks. It also helps in reduction of the operational costs of the banker and the customer.

Hsueh-Ying Wu, et. al, (2010),indicates that the role of information technology is to create a new fabric where web is transforming the entire business activity. Electronic banking has become more diversified with specialization. The customers perceive usefulness and advantage over online banking. It is also expected that the online banking would provide abundance of information and guidance of handling the finance.

Ponnurangam Kumaraguru,(2012), states that information technology paves way healthy digital economy . Right from the purchase of mobile phones, the information are stored with the help of ICT. The e services are expected to increase the value for business and enable faster development.

Tejinderpal Singh et.al,(2012), has studied the various channels through which the banking products are aligned and in particular the online portals. Content Analysis was applied to study the websites of a few banks. The study revealed that the bankers vary significantly in presenting the features in the online portal.

Atul Bamrara,et.al, (2013), states that cyber crime is becoming a challenge to the National security. There is threat to safeguard the volume of data stored. It was found that Phising, vishing, spoofing, hacking threats are the major challenge faced by the bankers.

Geeta Sharma,(2014) states that information technology, enabled bankers to operate their transaction through alternate banking. It was found that the customers prefer to make payments through internet banking operations and feel happy that it enables them with current informations in the banking sector.

Sujoy Kumar Dhar (2015), thows light on the role of information technology in financial inclusion. The author analysed the issues and challenges of electronic banking and also the strategies which facilitates the customized banking.It was revealed that the electronic banking will be successful when the whole population of India is educated on the electronic banking and when they put it in to use.

**Table 1**  
**Socio Economic profile**

**III. Scope of the Study**

Virtual banking is the concept spoken worldwide. LPG era has made the citizen to realize that change is the only thing which is constant. Bankers have also realized the need for adopting new and innovative practices not only in terms of service delivery mechanism, and also devise new products and services. Internet banking is expected to bring reduction in operation costs, entry costs, remove the barriers to the entry of several traders simultaneously. In this context it is essential to make a study on the perspectives of customers towards the choice of internet banking as an alternate banking. This may bring clarity to understand whether there is a positive note for the role of information technology on the alternate banking transactions.

**IV. Statement of Problem**

The advent of electronic banking has paved way for utility for alternate banking. Demonetization in India has brought the need for approaching banking transaction through internet. In reality, many of the online banking transaction is popular among the customers. For example ATM operations have become the choice of withdrawal of money by all customers whether educated or not and whether they are from rural or urban India. Information technology has created a healthy atmosphere for variety of choices to do online banking. The utility and need for the online banking is also created by the Government and the Bankers. But the customers are the end users and hence there is a need for a study on how the customers look upon these services of bankers? What are their expectations?

**V Research Methodology**

The study is conducted with the primary data. Semi structure questionnaire was framed and circulated among the customers of various banks in the Chennai city. They were asked to give responses to their utility of online banking transactions. Random Sampling method was adopted to collect the data. The data was analyzed through SPSS. Inferences were made based on the results obtained from Chi square.

**VI Objectives of the Study**

**Primary Objective:** The study aims at understanding the effectiveness of the information technology in the form of alternate banking services based on the perspective with which the customers look upon it and get benefited.

**Secondary Objectives:**

To know the profile of customers who prefer alternate banking. To understand the nature of banking operations dealt by the customers To analyze the knowledge of the customers on alternate banking.

**H01** There is no significant association between the Monthly Income of customers on the level of awareness on alternate banking.

**H02** There is no significant association between the kinds of account and the level of awareness on alternate banking.

**Analysis and Interpretations**

Educational Qualification/Occupation and Income of the Respondents	
Educational Status	Percentage
Diploma	6
UG	52
PG	27
Professional courses	11
Other	4
Occupational Status of the Respondents	
Self-employed	13
Public sector	7
Private sector	37
Others	43
Annual Income of the Respondents	
Below Rs.2, 50,000	51
Rs. 2, 50,001-5, 00,000	25
More than Rs.5,00,000	24

From the Table 1 it is understood that the customers who prefers alternate banking are educated and they are mostly engaged in employment. It is noticed that 52% of the respondents have completed their under graduation. As regards their employment status 37% and 7% of them are employed in the Private sector and Public sector respectively. 43% have chosen either professional or entrepreneurial operations as their major source of income. This clearly indicates that the customers have constant and regular source of income. Since 51% of the respondents earn Rs.2.5Lakhs as their Annual Income, it may be understood that they belong to the segment of Indian Middle Class. From the profile of the customers we may observe that they have high potential for savings.

**Table 2**  
**Type of Banks in which customer's bank**

Nature of Bank	Percentage
Public sector	45
Private sector	55

From the Table 2, it is observed that 55% of the respondents are the customers of the Private Sector banks where as the customers of the Public sector bank is 45%. It shows that the Sector of banks is not a barrier for the customers to prefer alternate banking.

**Table 3**  
**Nature of Accounts held by the customers**

Nature of Account held	Percentage
Savings Account	79
Current Account	20
Fixed Deposit	1

From the Table 3 we observe that 79% of the customers have Savings A/C, while 20% of them have Current A/C. 1% of them have invested their money in the Fixed Deposits. It is quite obvious that the middle class prefer to have savings account.

**Table 4**  
**Level of Awareness on Alternate Banking Services**

Alternate Banking Services	N	Min	Max	Mean	S.D
Online Banking Facilities	100	1	3	2.78	.440
Mobile Application of Banks(Mobile App)	100	1	3	2.58	.622
Special facilities provided by each Bank on e banking	100	1	3	2.48	.594
Security Measures offered by Banks on e banking	100	1	3	2.46	.610
Demat Accounts	100	1	3	2.24	.818
Forex services through e banking	100	1	3	2.01	.859

Source:Primary Data

From the Table 4, it is observed that the mean value (2.78) is highest for the awareness on the online banking facilities followed by Mobile applications (2.58), Special facilities (2.48) and the awareness on security measures offered by banks on e banking services at (2.46). The level of awareness is less with regard to the Demat accounts and Forex services whose mean value is 2.24 and 2.01 respectively.

**Test of Hypothesis**

The P value (0.009) obtained from the chi square test is significant at 5% level. The null hypothesis is rejected and there is a significant association between the income groups and the level of awareness on alternate banking services. Further it is also observed that 11% of the respondents of the income group who earn above 5 lakhs have high level of awareness on the alternate banking services. While 8% and 7% of the income group within 5 lakhs also feel the same. In general it is observed that, the more the earning capacity is the higher the level of awareness on the alternate banking services.

**H02** There is no significant association between the Kinds of account and the level of awareness on alternate banking.

**Table 5**

**Income and Level of Awareness on alternate banking services**

Monthly Income (in Rs)	Level of awareness on Alternate Banking Services			Total	Chi-square Value	P value
	Low	Moderate	High			
Below 2.5 lakhs	23 (45.09%) [63.9%]	21 (41.17%) [52.6%]	7 (13.72%) [23.1%]	51	17.184	0.009*
2.5 lakhs –5 lakhs	10 (40.0%) [27.8%]	7 (28.0%) [18.4%]	8 (32.0%) [30.8%]	25		
Above 5 Lakhs	3 (12.5%) [8.3%]	10 (47.67%) [26.3%]	11 (45.83%) [42.30%]	24		
Total	36	38	26	100		

Source: Primary Data

Note: 1. The value

within ( ) refers to Row Percentage ] refers to Column

2. The value within [ Percentage

3. \* Denotes significant at 5% level

**Table 6**  
**Types of Account and Level of awareness on Alternate Banking services**

Types of Account	Level of awareness on Alternate banking services			Chi-Square Value	P Value
	Low	Medium	High		
Savings A/c	20 (25.3%) [55.6%]	33 (41.8%) [86.8%]	26 (32.9%) [100.0%]	20.569	<0.001**
Current A/c	15 (75.0%) [41.7%]	5 (25.0%) [13.2%]	0 (0.0%) [0.0%]		
Fixed Deposit	1 (100.0%) [2.8%]	0 (0.0%) [0.0%]	0 (0.0%) [0.0%]		
Total	36 (36.0%) [100.0%]	38 (38.0%) [100.0%]	26 (26.0%) [100.0%]		

Source Primary Data

Note: 1. The value ( ) refers to Row within ( ) Percentage

] refers to Column

2. The value within [ Percentage

3. \*\* Denotes significant at 1% level

Table 6 indicates that the P value (<0.001) is significant at 1% and hence the null hypothesis is rejected and it is understood that there is a significant association between the types of account on the level of awareness on the alternate banking operations. The level of awareness is very high for the Savings account holders. While the current account holders and the fixed deposit holders do not have much awareness on the alternate banking.

**VII Conclusion**

The study reveals that there is a greater impact of Information Technology on the alternate banking operations. The profile of the respondents shows that most of them are undergraduates, engaged in employment and who earn constant and regular income. This enables them save a moderate amount. It is also seen that these customers are categorized under middle class. The common phenomenon of the middle class is basically domestic savings. The majority of 79% of them have savings account. The mean value on the level of awareness on the alternate banking facilities indicates that it is very high for these customers. This shows that the objective of implementing virtual banking in India may come true. It is also observed that there is a significant association between the income groups and types of account of the customers and the level of awareness on the alternate banking operations.

Information Technology has facilitated the concept of ‘any time banking’. This paper clearly states that the primary duty of the Bankers and Government is to make awareness on the customers about the alternate banking so that they start availing the facilities of the online banking services. The

phase in which information technology is developing is evidenced by the customers appreciation on the utility of the services offered by Banking sector.

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