



History and Consumer Perception Towards Internet Banking in Haryana

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Abstract-- Internet banking has emerged as a significant innovation in the Indian banking sector, transforming traditional banking practices by offering convenient, fast, and cost-effective services. This study examines consumer perception towards internet banking in the state of Haryana using secondary data. The paper aims to identify key factors influencing consumer attitudes, such as perceived usefulness, ease of use, security concerns, trust, and digital literacy. A review of existing literature, government publications, and banking reports indicates that while awareness and adoption of internet banking increased steadily in Haryana, apprehensions related to security risks and lack of technological confidence continued to restrain wider acceptance, especially in rural areas. The study concludes that consumer perception is shaped by both technological and psychological factors, and recommends improved customer education, strengthened security communication, and enhanced service quality to promote internet banking adoption in Haryana.

Keywords-- Internet Banking, Consumer Perception, Service Quality, Haryana, Digital Banking

I. INTRODUCTION

The banking sector plays a vital role in the economic development of any country. With advancements in information and communication technology, banks have gradually shifted from traditional branch-based operations to technology-driven delivery channels. Internet banking, also known as online banking, allows customers to perform banking transactions through the internet without visiting bank branches. Services such as balance inquiry, fund transfer, bill payment, and online account management have significantly improved banking efficiency and convenience. In India, the adoption of internet banking gained momentum during the early 2000s and expanded further with improvements in internet infrastructure and computer literacy. Haryana, being one of the economically progressive states of India, witnessed gradual growth in internet banking, particularly in urban and semi-urban areas. However, consumer perception towards internet banking varied across demographic groups due to factors such as age, education, income, awareness, and perceived risk.

Understanding consumer perception is crucial because positive perception leads to higher adoption and usage, while negative perception acts as a barrier. This study focuses on analyzing consumer perception towards internet banking in Haryana using secondary sources, making it relevant for understanding early adoption challenges and behavioral trends.

Objectives of the Study

The objectives of the study are as follows:

- To examine the concept and evolution of internet banking in India.
- To analyze consumer perception towards internet banking in Haryana.

II. REVIEW OF LITERATURE

Malhotra and Singh (2007):- Observed that private sector banks were more proactive in adopting internet banking compared to public sector banks. The study highlighted convenience and cost reduction as major advantages perceived by customers.

Pikkarainen et al. (2004):- Found that perceived usefulness and ease of use significantly influenced customers' intention to adopt internet banking. The study emphasized that customers value time-saving features and accessibility.

Kesharwani and Singh (2012):- Identified security and privacy concerns as major barriers to internet banking adoption in India. Customers were hesitant to use online services due to fear of fraud and misuse of personal information.

Gupta and Bansal (2013):- Studied internet banking adoption in northern India and found that education level and income had a positive impact on usage, while lack of awareness and technical knowledge limited adoption in rural areas.

Sharma (2015):- Analyzed consumer attitudes in Haryana and reported that younger and salaried customers showed a more favorable perception towards internet banking compared to older customers and farmers.

The literature indicates that while internet banking adoption was increasing, consumer perception was influenced by multiple factors including trust, security, service quality, and demographic characteristics.

III. RESEARCH METHODOLOGY

The present study adopts a descriptive research design to examine consumer perception towards internet banking in Haryana. Descriptive research is appropriate for this study as it focuses on observing, analyzing, and interpreting existing facts and opinions without manipulating variables. The design enables a systematic understanding of consumer attitudes, awareness, and concerns related to internet banking during its early stages of adoption. The study is descriptive and analytical in nature and is based entirely on secondary data. It aims to analyze trends and patterns in consumer perception rather than establishing causal relationships. The secondary data approach allows the researcher to synthesize existing knowledge from multiple credible sources to draw meaningful conclusions. The geographical scope of the study is limited to the state of Haryana. Both urban and rural perspectives have been considered based on the availability of literature, acknowledging socio-economic and technological differences within the state. The collected data were analyzed using qualitative content analysis. Information was classified under major themes such as awareness, perceived usefulness, ease of use, security concerns, trust, service quality, and digital literacy. Comparative interpretation was used to understand variations in consumer perception as reported in earlier studies.

Concept of Internet Banking

Internet banking refers to the delivery of banking products and services through electronic channels using the internet. It enables customers to access their bank accounts and conduct financial transactions without visiting a physical bank branch. Through internet banking platforms, customers can perform various activities such as balance inquiry, fund transfers, bill payments, viewing account statements, and managing personal banking information at any time and from any location. The concept of internet banking emerged as a result of advancements in information and communication technology and the increasing use of computers and internet connectivity. In India, internet banking began to gain prominence in the early 2000s, primarily in urban and semi-urban areas.

Banks adopted internet banking to improve operational efficiency, reduce transaction costs, and enhance customer convenience. From the customers' perspective, internet banking offers benefits such as time savings, ease of access, and faster transaction processing. It allows users to avoid long queues at bank branches and provides round-the-clock availability of services. For banks, internet banking helps in reducing paperwork, improving service quality, and expanding customer reach without significant investment in physical infrastructure. Despite its advantages, the acceptance of internet banking depends largely on consumer perception. Factors such as ease of use, perceived usefulness, security, privacy, and trust play a crucial role in influencing customers' willingness to adopt internet banking services. In the early stages of adoption, many consumers expressed concerns regarding online security, lack of personal interaction, and technical complexity. Thus, internet banking represents a shift from traditional branch-based banking to technology-driven service delivery. Its successful implementation and adoption depend not only on technological infrastructure but also on building consumer confidence and awareness.

Consumer Perception towards Internet Banking in Haryana

Awareness and Usage: -awareness of internet banking in Haryana was relatively high in urban areas such as Gurugram, Faridabad, and Panipat. However, awareness levels were comparatively lower in rural districts due to limited internet access and digital literacy.

Perceived Usefulness: - Consumers perceived internet banking as a useful tool for saving time and avoiding long queues at bank branches. Salaried employees and businesspersons considered it an efficient alternative to traditional banking.

Ease of Use: -Ease of use played a significant role in shaping perception. Users with basic computer knowledge found internet banking convenient, whereas others perceived it as complex and difficult to operate.

Security and Trust: -Security concerns emerged as the most critical factor affecting perception. Fear of hacking, password theft, and online fraud discouraged many customers from fully adopting internet banking.

Service Quality: -Service quality, including website performance, transaction accuracy, and customer support, influenced satisfaction levels. Delays in problem resolution negatively affected consumer confidence.

Challenges Faced by Consumers

Despite the growing availability of internet banking services, consumers faced several challenges that affected their perception and adoption, particularly during the early stages of implementation. One of the major challenges was the lack of digital literacy. Many consumers, especially in rural areas of Haryana, had limited knowledge of computers and internet usage, making it difficult for them to use online banking platforms confidently. Security and privacy concerns were another significant challenge. Consumers feared online fraud, hacking, identity theft, and misuse of personal and financial information. The absence of adequate awareness about security measures such as passwords, encryption, and authentication increased hesitation among users. Poor internet connectivity and inadequate technological infrastructure also posed obstacles, particularly in rural and semi-urban regions. Slow internet speed, frequent network disruptions, and limited access to computers restricted the effective use of internet banking services.

The complexity of banking websites and applications further discouraged users. Complicated procedures, technical errors, and lack of user-friendly interfaces created difficulties, especially for first-time users and elderly customers. Another challenge was the lack of personal interaction and customer support. Many consumers were accustomed to face-to-face banking and found the absence of direct human assistance uncomfortable. Inadequate guidance from bank staff regarding internet banking usage further weakened consumer confidence. Additionally, language barriers limited adoption, as most internet banking platforms were available only in English, creating difficulties for users more comfortable with regional languages. These challenges collectively influenced consumer perception and slowed the widespread adoption of internet banking, highlighting the need for better awareness, improved security communication, user-friendly design, and enhanced customer support.

IV. FINDINGS OF THE STUDY

Based on the analysis of secondary data related to consumer perception towards internet banking in Haryana, the following findings are derived:

- ❖ The overall perception of consumers towards internet banking in Haryana was moderately positive, particularly among urban and semi-urban users.

- ❖ Awareness and usage of internet banking services were higher among educated, salaried, and younger consumers, while adoption remained limited among elderly and rural populations.
- ❖ Perceived usefulness, such as time savings, convenience, and ease of accessing banking services, emerged as a major factor encouraging consumers to use internet banking.
- ❖ Security and privacy concerns were identified as the most significant barriers affecting consumer confidence and willingness to adopt internet banking services.
- ❖ Consumers with basic computer knowledge found internet banking easier to use and showed higher satisfaction levels compared to those with limited technological skills.
- ❖ Service quality, including website reliability, transaction accuracy, and responsiveness of customer support, significantly influenced consumer perception.
- ❖ Public sector banks were perceived as less proactive in promoting internet banking services compared to private sector banks during the study period.
- ❖ Lack of digital literacy and inadequate guidance from bank staff negatively affected the adoption of internet banking, especially in rural areas of Haryana.
- ❖ Language limitations and complex online procedures further reduced user confidence and restricted wider acceptance.

Overall, consumer perception was shaped by a combination of technological, psychological, and demographic factors, indicating that mere availability of internet banking services did not ensure their effective usage.

V. SUGGESTIONS

Based on the findings of the study, the following suggestions are proposed to improve consumer perception and adoption of internet banking in Haryana:

- ❖ Banks should conduct awareness and training programmes to educate customers about the benefits and usage of internet banking, especially in rural and semi-urban areas.
- ❖ Digital literacy initiatives should be strengthened through customer workshops, demonstrations at bank branches, and collaboration with educational institutions to enhance consumers' confidence in using internet banking services.

- ❖ Banks should focus on strengthening security measures and clearly communicate these safeguards to customers in order to reduce fear related to online fraud and data misuse.
- ❖ Internet banking platforms should be made more user-friendly, with simplified procedures, easy navigation, and clear instructions suitable for first-time and elderly users.
- ❖ Availability of regional language options should be increased to overcome language barriers and improve accessibility for non-English-speaking consumers.
- ❖ Bank staff should be properly trained to guide and assist customers in using internet banking services and resolving technical issues promptly.
- ❖ Public sector banks should adopt more proactive strategies to promote internet banking, similar to private sector banks, to enhance customer engagement and trust.
- ❖ Improvement in internet infrastructure, particularly in rural areas, is necessary to ensure uninterrupted access to online banking services.
- ❖ Banks should establish effective grievance redressal mechanisms to address customer complaints quickly and transparently, thereby improving service quality and customer satisfaction.
- ❖ Continuous monitoring of consumer feedback should be undertaken to make necessary improvements in internet banking services based on user expectations

VI. CONCLUSION

Internet banking represents a significant shift in the Indian banking system. The study reveals that consumer perception towards internet banking in Haryana was influenced by perceived usefulness, ease of use, and security concerns. While adoption was higher among educated and urban consumers, rural populations remained hesitant due to lack of awareness and trust. For sustainable growth of internet banking, banks must focus on building customer confidence, improving service quality, and enhancing digital literacy. Understanding early consumer perception provides valuable insights for strengthening future digital banking initiatives.

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