

## **Risks and Trust in Internet Banking: Sample Evidence from Pathanamthitta District, Kerala.**

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**Abstract:** *The marvelous kinds of innovation in technology and hard line blend of it with information technology made a paradigm shift in the banking industry. Technology itself created its world in the globe of human beings. The beginning of E- banking created a phenomenal system- Internet banking. Internet banking is a kind of systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through the Internet. The main objectives of the paper are: 1.to understand the profile of Internet banking users in Pathanamthitta District. 2 .to identify the most widely used application of Internet banking. 3. to understand the influence of gender on various dimensions of risk in the usage of Internet banking. 4. to understand the influence of gender on various dimensions of trust in the usage of Internet banking. It is found that the popular internet banking services are; balance enquiry, followed by recharging mobile phones, banking service information and payment to other account. Most of the users are in the age group of 20-30 either employed or student with a monthly income of below 40,000 with educated with an average or advanced level of computer knowledge. The Chi-square test revealed that there is no statistically significant difference between the opinion of males and females towards risk are found. There is significant difference between males and females towards trust is found.*

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### **I. Introduction**

Internet banking has made a sea change in the working of banks. Technological innovation has brought about the speedy processing and transmission of information, easy marketing of banking products, enhancement of customer access and awareness, wider networking and, regional and global links on an unprecedented scale. IT development has thus changed the product range, product development, service channels and type of banking services, as well as the packaging of such services. The IB in India way back in 1996. It is also called virtual banking or online banking. Internet banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including Internet (Prakash and Malik 2008).

### **II. Literature Review**

It is relevant to refer briefly to the previous studies and research in the related areas of the subject to find out and to fill up the research gaps, if any. Adoption, perception and usage of IB by customers are the areas examined in e-banking Literature. Weber (2003) has offered the perspective of risk perception: firstly perceived risk appears to be subjective and in its subjectivity ie.casual, people's behavior is mediated by the perceptions of risk. Secondly, risk perception like all other perception is relative. Perceived risk is defined as a consumers perceptions of the uncertainty and the possible undesirable consequences of buying a product or service (Littler or Melanthiou, 2006). LullMahamood (2007) strengthens the argument of security and privacy factor playing an important role in determining consumer adoption of IB.

Ming (2009) studied the risk factors in detail and identified that security risk, financial risk, performance risk, and time/ convenience risk have negatively affected the intention to adopt online banking in Taiwan. Kent Eriksson et.al ;(2005) considered trust in IB as an antecedent to ease of use and perceived usefulness and found that trust has a positive effect on both ease of use and usefulness. Buttner and Goritz (2008) have associated with trust. The more risky a type of transaction is perceived to be, the more trust is required in order to engage in an interaction.

### **III. Objectives of the Study**

- To understand the profile of Internet banking users in Pathanamthitta District.
- To identify the most widely used application of Internet banking.

- To understand the influence of gender on various dimensions of risk in the usage of Internet banking.
- To understand the influence of gender on various dimensions of trust in the usage of Internet banking.

#### IV. Methodology

The present study is based on the primary data collected through a structured questionnaire from the Internet banking users in Pathanamthitta district. Random sampling method was adopted for identifying 80 respondents (Table 1) from Thiruvalla, Mallappally and Ranni taluks of Pathanamthitta district. A five point Likert Scale with responses ranging from Disagree(1) to Agree (5) was used to measure the perceptions of respondents regarding the dimensions of risk and trust in the usage of Internet banking. The hypotheses are tested by using Chi-square test.

#### Hypotheses

*H01: Customers' perceptions of risk dimensions in the usage of internet banking are independent of gender.*

*H02: Customers' perceptions trust dimensions in the usage of internet banking are independent of gender.*

#### Data Analysis and Hypotheses Testing

Table 1 portrays the profile of internet banking users in Pathanamthitta district. Most of the users are in the age group of 20-30 either employed or student with a monthly income of below 40,000 with educated with an average or advanced level of computer knowledge. Prakash and Malik (2008) suggested that younger generations who are generally more computer –literate and have an affinity for the web are more likely to adopt Internet banking in India.

Table 1 : Profile of Respondents			
Respondents' Characteristics	Number of Respondents N=80	Percentage	
<b>Gender</b>	Male	40	50
	Female	40	50
<b>Taluk</b>	Thiruvalla	27	33.75
	Mallappally	27	33.75
	Ranni	26	32.5
<b>Age</b>	Below 20	5	6.25
	20-30	55	68.75
	30-40	11	13.75
	Above 40	9	11.25
<b>Occupation</b>	Student	32	40
	Business man	10	12.5
	Employee	32	40
	Self-employed	6	7.5
<b>Monthly Income</b>	Below 20,000	42	52.5
	20,000-40,000	30	37.5
	40,000-60,000	6	7.5
	Above 60,000	2	2.5
<b>Education</b>	Under Graduate	5	6.25
	Graduate	33	41.25
	Post Graduate		
	Doctorate	40	50
<b>Level of Knowledge to operate a computer</b>		2	2.5
	Basic	11	13.75
	Average	49	61.25
	Advanced	20	25

Source: Primary Data

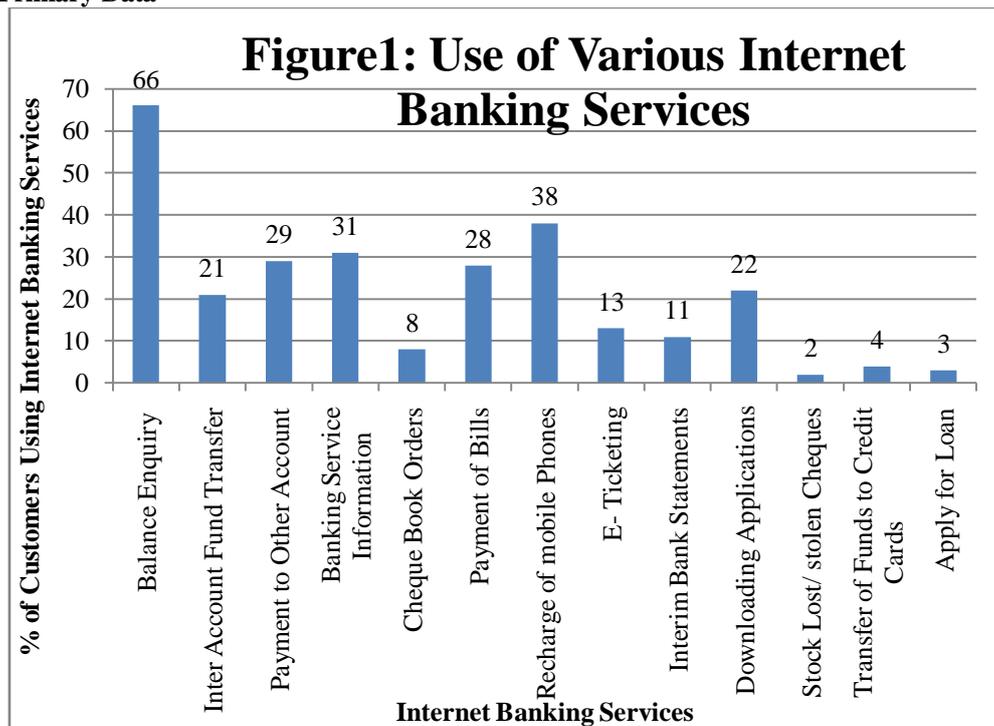


Figure 1 shows that the popular Internet banking services among the customers is balance enquiry, followed by recharging mobile phones, banking service information and payment to other account.

**Hypotheses Testing**

*H01: Customers’ perceptions of risk dimensions in the usage of internet banking are independent of gender.*

**Table 2: Chi-square Test; Customers’ risk perception and Gender**

Sl.No	Association	Table Value @5% level of significance	Calculated Value of Chi-square	d.f	Results
1.	Risk Perception and Gender	9.488	4.68	4	There is no association

In the case of perception of risk, no statistically significant difference between the opinion of males and females is found i.e. since the calculated value is less than the table value, the researcher accept the null hypothesis.

*H02: Customers’ perceptions trust dimensions in the usage of internet banking are independent of gender.*

**Table 3: Chi-square Test; Customers’ Trust perception and Gender**

Sl.No	Association	Table Value @5% Level Of Significance	Calculated Value Of Chi-Square	D.F	Results
1.	Trust Perception And Gender	9.488	38.6	4	There Is Association

In the case of perception of trust, there is significant difference between males and females is found.i.e. Since the calculated value is more than the table value, the researcher rejects the null hypothesis.

**V. Conclusion**

Based on the survey results and analysis, it is found that the popular internet banking services are: balance enquiry, followed by recharging mobile phones, banking service information and payment to other account. Most of the users are in the age group of 20-30 either employed or student with a monthly income of below 40,000 with educated with an average or advanced level of computer knowledge. There is no statistically significant difference between the opinion of males and females towards risk are found. There is significant difference between males and females towards trust is found. The managerial implication of this study are for bank managers to take appropriate measures to educate users of internet banking to allay their apprehensions about the risk and trust associated with the use of Internet banking.

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