



SECURITY ISSUES REGARDING ONLINE BANKING: WITH SPECIAL REFERENCE TO FEDERAL BANK

Irshad.M.K^{1*}, Dr. R.Sathya Devi²

^{1*}Research scholar, Department of Commerce, SNG College, Chavady, Affiliated to Bharathiar University

²M.Phil research guide, Department of Master of International Business, SNG College, kk Chavady

Correspondence Author: irshadmkmmax@gmail.com

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Abstract

The emergence of internet has opened a wide variety of avenues and information to the common man, which he can access from the comfortable home settings. Along with the facilities like shopping, booking tickets etc...Internet has also become a model for banking. Online banking was introduced in the early 80's and from the time it has been introduced, many people have started availing its facilities. Now one does not have to wait in a long line at the bank or at some shopping centre or boutique. Online banking gives person facilities to view account statement, make money transfers from one account to other, and also to pay bills like electricity, phone etc...the best thing about online banking is that it is fast and available to a person in any part of the world, at any time he or she needs it. Security of a customer's financial information is very important without which online banking could not operate. Financial institutions have setup various security processes to reduce the risk of unauthorized online access to a customer's records. Federal bank is a major Indian commercial bank in the private sector, head quarters at aluva, Kochi, Kerala.

Introduction

Online banking can simply be defined as the process of entering into transactions by a particular client and the bank using modern technology. With the various capabilities of the computer and other technological development, online banking is one of the many businesses that benefited from it. Since banking plays a very important role in the economy of a nation, then there is a truly a need to maximize and improve its features to be client friendly and easy to access. There are of course the advantages and disadvantages of online banking.

To access a financial institutions' online banking facility, a customer having personal internet access must register with the institution for the service, and setup some password for customer verification. Financial institutions now routinely allocate customer numbers, whether or not customers intend to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of accounts can be linked to the one customer number. The customer will link to the customer number any of those accounts which the customer controls, which may be cheque, savings, loan, credit card and other accounts.

Security is more important. The use of a secure website has become almost universally adopted. Through single password authentication is still in use, it by itself is not considered secure enough for online banking in some countries. Most of the attacks on online banking used today are based on deceiving the user to steal login data and valid TANs. Two well known attacks are phishing and pharming.

FEDNet is the name given to the internet banking service provided by the bank. The website provides all those facilities to make internet banking available to all customers. One should register to get access of internet banking services under FEDNet. The registration details will in the site itself. Once the person registered he will be providing login ID and password which he can use to access services under FEDNet. Both personal as well as business transactions can be done through FEDNet.

Objectives

1. To study the customer satisfaction in online banking services provided by the bank
2. To analyze the perception regarding security issues online banking
3. To identify the major factors that influencing the customer's perception towards online banking.

Significant of study

Internet banking is the term used for new age banking system. Internet banking is also called as online banking and it is an outgrowth of PC banking. Internet banking uses the internet as the delivery channel by which to conduct banking activity. If without internet banking, it would be no growth of electronic businesses and financial institutions unable to perform excellent business service. There for, it is importance to make and develop internet banking inn banking system. It must be suitable technology and secure communicative networks and also making use of efficient and flexible integrated software system. Online banking service allows customers to manage their own accounts from time to time and at any places with minimum cost involved.



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With the current trend of using smart phone, internet banking with internet has growth tremendously. A lot of people are shifting to go online banking and are rapidly accepting the usefulness of this channel.

Methodology

The aim of this research is to study customers' perception towards green banking: with special reference to online banking in federal bank. The research design provides guideline for the rest of the research process. Among three types of research design descriptive research is chosen which will be more appropriate for this study. After identifying designing the research problem the next step is to look for the appropriate type and source of data. There are two types of data viz. primary data and secondary data. Structured questionnaire was used here. Finally the data gather must be assembled and interpreted. Interpretation involves the conversion of data into information. The collected data is arranged in to tables, graphs for easy understanding. The data collected through the interview are analyzed at first using percentage method. For analyzing the collected data percentage method and chi-square test are used as statistical tools.

Analysis of data

Analysis on facing any security problems while doing internet banking

Showing user response as yes/no

	No: of respondents	Percentage
Yes	108	65
No	58	35
Total	166	100

Source: survey data

Interpretation

The above table shows that 65% of the users are facing security problems while doing internet banking and 35% users not facing such problem

Analysis on the perception regarding security issues by user

Security issues	Always occurred	Often occurred	Sometimes occurred	Rarely occurred	Never occurred
Technical problem	40	48	10	8	2
Hacking problem	8	30	18	12	40
Banking frauds	12	20	18	16	42
Lack of proper technical knowledge	36	32	6	24	10
Loss of money	14	14	26	32	22

Source: survey data

Interpretation

It is clear from the above table that security issues like technical problems and lack of proper technical knowledge is occurring frequently and hacking problems and banking frauds are being occurred rarely.

Analysis on the services and level of satisfaction of users of internet banking

SL.NO	Services	Level of satisfaction		
		Highly satisfied	Satisfied	Dissatisfied
1	Paying bills	88	74	4
2	Transfer of funds	86	76	4
3	Online shopping	60	100	6
4	Account inquiry	86	76	4
5	Investment activity	50	68	48
6	Loan applications	34	66	66
7	Booking railway tickets	82	64	20

Source: survey data



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Interpretation

H0: the services do not have the same effect on the level of satisfaction

H1: the services do have same effect on the level of satisfaction.

The analysis of data using one way ANOVA provided calculated value as 14.39 and table value as 3.55 (at 5% level of significant with degree of freedom 2,18). Since the calculated value is greater than the table value we reject the null hypothesis and accept the alternative hypothesis. I.e., the services do have same effect on the level of satisfaction

Analysis on the user's perception towards the merits of internet banking

SL.NO	Advantages	Most important	important	neutral	Less important	Un important
1	Convenience	108	56	2	0	0
2	Security	60	78	24	4	0
3	Speedy transfer	90	64	10	2	0
4	Variety of services	54	88	16	8	0
5	Proper maintenance	64	74	18	8	2
6	inexpensive	54	68	26	10	8

Source: survey data

Interpretation

It is clear from the table that the most of the users are choosing internet banking because of its convenience to use. The advantages like security, speedy transfer and varieties of services are getting almost equal importance. And less importance is getting proper maintenance and inexpensive

Findings

1. The main secured services among internet banking is paying bill online
2. The main problem in internet banking is the security problem
3. It was observed that majority of the users are male.
4. Most of the respondents are in the age group of 20-25
5. The users having good perception regarding merits of internet banking
6. The 65% of the users facing security issues while doing internet banking
7. The most of the users depending internet banking for personal banking
8. 35% of the users are using online banking once in a month and 31% using this daily.
9. The quality of the online banking facilities provided by the federal bank is quite efficient

Suggestions

1. Providing effective education regarding internet banking will avoid most of the consumer issues.
2. Maintaining the quality of the service will make internet banking more popular.
3. Retain the internet banking users by providing better customer service
4. Keeping frequent updating of website will ensure the trust among users.
5. The bank should interact with the users to bring in more commitment towards internet banking.
6. The bank should improve female participation in internet banking usage
7. Making more secure of internet banking transaction will attract more users.

Conclusions

The research had been conducted in order to study the perception of customers regarding online banking and to evaluate their satisfaction level on the services offered by the bank. Now a day a proper and efficient online banking system only provides a better growth to the bank. The research found that the online banking services provided by the bank is well and satisfactory in nature. But the bank could bring more security measures to improve the trust among customers regarding online banking. And the bank could give proper education regarding online banking, its advantages and it's important in the present life that will promote online banking.

Most of the users are of young age group and are of satisfied more in paying bills online and making inter account transfers. The bank could focus more on increasing the number of services available online. The service quality provided by the bank and the user friendly nature of the online banking makes the bank perfect in the area of online banking.



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