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Banking Transaction in India

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## 6. AN ANALYTICAL STUDY OF THREATS TO CONSUMERS IN ONLINE BANKING TRANSACTION IN INDIA

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### Abstract

The transfer of funds from one party to another over electronic medium is known as electronic payment. Electronic Banking is also known as E-Banking, PC Banking, Online Banking, Internet Banking, and Mobile Banking. On one hand internet banking has made the lives of people very convenient but on the other hand, internet banking is not free from risks and threats. In the present research paper, the researcher has studied the various threats to the consumer in online banking transaction in India. For testing the hypotheses, researcher has used One-Sample T Test.

**Keywords:** E-banking, Online Payments, Risk, Threats

### 1. Introduction

Online Banking is also known as internet banking, e-banking or virtual banking. It is an electronic payment system that enables customers of a bank or other financial institution to conduct a wide range of financial transactions through the financial institution's website. There are various modes of online financial transactions such as NEFT, RTGS, ECS, IMPS.

### Statement of Problem

There are various online threats to consumers.

### Objectives of the Research Paper

The objective of the present study is as follows:

To study the threats to consumers in online banking transactions in India.

### Hypothesis of the Study

The hypothesis of the present study is as follows:

#### Hypotheses (1)

**Null Hypothesis (H<sub>0</sub>):** There are not significant threats to consumers in online banking transactions in India.

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**Alternative Hypothesis (H1):** There are significant threats to consumers in online banking transactions in India.

### Significance of the Study

This study will help to know the various threats to consumers in online banking transactions in India.

### Research Methodology

The study is conducted to obtain data on threats to consumers in online banking transactions in India. In the present study, the researcher has used both methods of data collection primary methods and secondary method.

### Primary Method of Data Collection

In primary method, researcher has collected data from 71 respondents. Data was collected from the sample by using Google forms on internet. The structured questionnaire was designed for the same to collect data (responses) from the sample.

### Secondary Method of Data Collection

The secondary data for the study were based on Annual reports, Newspapers, Journals and research papers.

### Limitations of the Study

In the present research study, researcher has used convenience sampling method to select the samples from the populations. Convenience sampling is a non-probability sampling technique where respondents are selected because of their convenient accessibility and proximity to the researcher. Due to time constraint, data is collected from only 71 respondents.

### Interpretation of the Study

#### Sample Profile

In the Table No. 2.1, researcher has presented details of the respondents according to their gender wise distribution.

**Table No. 1.1: Gender wise distribution of respondents**

Gender	Frequency	Percent
Female	45	63.4
Male	26	36.6
Total	71	100

Sources: Compiled from Primary Data

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Table No. 1.1 reveals the number of respondents with respect to gender.

In the table No. 1.2, the researcher has presented details of the respondents according to their age.

Table No. 1.2: Age (Years)

Age	Frequency	Percent
15-25	24	33.8
26-35	24	33.8
36-45	15	21.1
46 -55	5	7
56-65	1	1.4
66 and Above	2	2.8
Total	71	100

Sources: Primary Data

Table No. 1.2 reveals age wise distribution of respondents.

In the Table No. 1.3, researcher has presented details of respondents about their marital status.

Table No. 1.3: Marital Status

	Frequency	Percent
Married	43	60.6
Unmarried	28	39.4
Total	71	100

Sources: Compiled from Primary Data

Table No. 1.3 reveals marital status of the respondents.

In the Table No. 1.4, researcher has presented details of the respondents about their education level.

Table No. 1.4: Qualification

Qualification	Frequency	Percent
Up-to SSC	1	1.4
HSC	1	1.4
Under Graduate	6	8.5
Graduate	4	5.6
Post Graduate	38	53.5
Professional	11	15.5
Ph.D.	10	14.1
TOTAL	71	100

Sources: Compiled from Primary Data



Table No. 1.4 reveals educational level of respondents.

In the Table No. 1.5, researcher has presented details of the respondents according to their occupation.

Table No. 1.5: Occupation wise distribution of respondents

Occupation	Frequency	Percent
Unemployed	4	5.6
Student (not working)	16	22.5
Salaried	37	52.1
Self-employed (Business)	4	5.6
Profession	10	14.1
<b>Total</b>	<b>71</b>	<b>100</b>

Source: Compiled from Primary Data

Table No. 1.5 reveals occupation wise distribution of the respondents.

In the next table researcher has presented details of the respondents according to their monthly income in (Rs).

Table No. 1.7: Monthly Income (Rs)

Income in Rs.	Frequency	Percent
None	21	29.6
Up to 15,000	6	8.5
15,001 - 25,000	3	4.2
25,001-50,000	11	15.5
50,001 - 75,000	17	23.9
75,001 and above	13	18.3
<b>Total</b>	<b>71</b>	<b>100</b>

Source: Compiled from Primary Data

Table No. 1.7 reveals monthly income of respondents per month (in Rs).

#### Analysis of Data of the Present Study

To study the various threats to consumers in online banking transactions in India, the respondents were asked to express their views on the five point threats scale. The codes for which are given below.


SA = Strongly

Agree =5

Agree =4

Neutral =3

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Disagree =2

SD = Strongly Disagree =1

The details of responses are given in the following table.

**Table No. 1.8: Threats to Consumers in Online Banking Transactions in India**

Threats to consumers in online banking transactions in India	SA		Agree		Neutral		Disagree		SD	
	F	%	F	%	F	%	F	%	F	%
In India, use of ATMs, Credit, Debit, and Smart Cards is very common in e-Banking	43	60.6	24	33.8	3	4.2			1	1.4
The use of ATMs, Smart Cards and Debit Cards are subject to risk of monetary loss.	14	19.7	28	39.4	18	25.4	10	14.1	1	1.4
Internet banking or e-banking is not safe in India	10	14.1	23	32.4	23	32.4	12	16.9	3	4.2
In India, Most of the people are afraid of the use of e-banking due to security concerns.	17	23.9	37	52.1	12	16.9	5	7		
If our smart card falls in the wrong hands or if it is stolen, our money is at risk.	28	39.4	28	39.4	9	12.7	5	7	1	1.4
If information regarding our password or the pin number of the banking transactions are leaked or hacked, hackers can gain access to our account	47	66.2	19	26.8	5	7				
It is very difficult to prove monetary frauds committed on the internet.	16	22.5	34	47.9	15	21.1	4	5.6	2	2.8
Cyber Frauds are increasing day by day in context of monetary frauds in online payment.	25	35.2	39	54.9	6	8.5	1	1.4		
The Indian Law dealing with cyber frauds is not satisfactory or effective	15	21.1	32	45.1	19	26.8	4	5.6	1	1.4
The penetration of internet and knowledge related to internet are major hurdles	18	25.4	32	45.1	16	22.5	3	4.2	2	2.8

We have to make sure that the banking session is secure, as in many instances we may encounter proxy websites.	29	40.8	34	47.9	7	9.9	1	1.4		
The security of your account depends to a great extent on the security of your computer, and the password.	27	38	34	47.9	8	11.3	2	2.8		
In many instances, a simple mistake like clicking a wrong button, may create a big problem.	24	33.8	32	45.1	11	15.5	3	4.2	1	1.4
Difficult for Technical Un-savvy people.	33	46.5	29	40.8	7	9.9	2	2.8		
Sometimes, we may encounter technical difficulties and connectivity problems while conducting the banking transactions, in such we do not get the necessary assistance on time due to the congestion in the internet and telephone network.	27	38	32	45.1	7	9.9	4	5.6	1	1.4

Source: Compiled from Primary Data

Above Table No. 1.8 shows responses of the respondents in frequency and percentage

Table No. 1.9: Descriptive Parameters Related Threats to Consumers in Online Banking Transactions in India

Threats to consumers in online banking transactions in India	Mean	M	M	Std.	Ske	Ku
		e	o	Devi	wne	rtos
		di	d	atio	ss	is
		a	e	n		
		n				
In India, use of ATMs, Credit, Debit, and Smart Cards is very common in e-Banking	4.52	5	5	0.71	-2.13	7.26
The use of ATMs, Smart Cards and Debit Cards are subject to risk of monetary loss.	3.62	4	4	1.01	-0.38	-.54
Internet banking or e-banking is not safe in India	3.35	3	3	1.06	-0.23	-.51
In India, Most of the people are afraid of the use of e-banking due to security concerns.	3.93	4	4	0.83	-0.63	.11

If our smart card falls in the wrong hands or if it is stolen, our money is at risk,	4.08	4	4	0.97	-1.05	.73
If information regarding our password or the pin number of the banking transactions are leaked or hacked, hackers can gain access to our account	4.59	5	5	0.62	-1.27	.56
It is very difficult to prove monetary frauds committed on the internet.	3.82	4	4	0.95	-0.87	.9
Cyber Frauds are increasing day by day in context of monetary frauds in online payment.	4.24	4	4	0.66	-0.61	.68
The Indian Law dealing with cyber frauds is not satisfactory or effective	3.79	4	4	0.89	-0.56	.32
The penetration of internet and knowledge related to internet are major hurdles	3.86	4	4	0.95	-0.86	.93
We have to make sure that the banking session is secure, as in many instances we may encounter proxy websites.	4.28	4	4	0.70	-0.71	.35
The security of your account depends to a great extent on the security of your computer, and the password.	4.21	4	4	0.75	-0.78	.5
In many instances, a simple mistake like clicking a wrong button, may create a big problem.	4.06	4	4	0.89	-0.98	1.12
Difficult for Technical Un-savvy people	4.31	4	5	0.77	-0.99	.70
Sometimes, we may encounter technical difficulties and connectivity problems while conducting the banking transactions.	4.13	4	4	0.91	-1.20	1.52

Source: Compiled from Primary Data

Above table no. 1.9 shows descriptive parameters such as Mean, Median and Mode related to threats to consumers in online banking transactions in India. From the above table, it can be concluded that the Mean of threats in online banking transaction is closed to 4. Median and mode of threats to consumers in online banking transactions in India is also closed to 4.

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**Hypotheses Testing of the Study**

For testing above hypotheses, researcher has used One-Sample T Test.

**Table No. 1.10: One-Sample T Test**

One-Sample Test						
Test Value = 3						
Threats to consumer	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
	12.261	14	.000	1.05267	.8685	1.2368

Source: Compiled from Primary Data

**Observation**

From above table no. 1.10, it is observed that  $t(14) = 12.261, P=0.000$ .

**Interpretation**

P-value is 0.000 which is less than 0.05. Therefore, we reject null hypothesis and accept alternative hypothesis.

**1. Findings of the Study**

Null hypothesis has been rejected and alternative hypothesis has been accepted.

**2. Conclusions**

There are various threats to consumer in online banking transaction in India as follow:

1. If our smart card falls in the wrong hands or if it is stolen, our money is at risk.
2. If information regarding our password or the pin number of the banking transactions are leaked or hacked, hackers can gain access to our account,
3. It is very difficult to prove monetary frauds committed on the internet
4. The Indian Law dealing with cyber frauds is not satisfactory or effective,
5. A simple mistake like clicking a wrong button, may create a big problem etc.

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3. Suggestions

Following are few suggestions for secure online banking transaction

- Always type URL
- Use the secure connection
- Create Strong and Unique Passwords
- Avoid Online banking on public computers
- Remember to log out

4. References

1. [https://en.wikipedia.org/wiki/Online\\_banking](https://en.wikipedia.org/wiki/Online_banking)
2. [http://cashlessindia.gov.in/internet\\_banking.html](http://cashlessindia.gov.in/internet_banking.html)

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