



A COMPARATIVE STUDY BETWEEN URBAN AND RURAL CONSUMERS' PREFERENCES TOWARDS INTERNET BANKING

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Article DOI: <https://doi.org/10.36713/epra31830>

DOI No: 10.36713/epra31830

ABSTRACT

This research examines urban and rural consumer preferences regarding internet banking, focusing on access, security and trust, convenience, ease of use and perceived risk. Primary data were gathered via structured questionnaires distributed to consumers in both locales, and statistical methodologies were employed to ascertain disparities in adoption patterns and attitudes.

The results indicate that urban consumers show a higher propensity to use and prefer internet banking, which is attributed to better technological infrastructure, increased digital exposure and increased trust in online financial transactions. In contrast, rural consumers show moderate adoption due to limited digital literacy, infrastructure deficiencies and security fears. For the study 878 consumers were chosen who access internet banking. The area of study were selected district of Madhya Pradesh. On the contrary, research results indicate an increasing trend of internet banking usage for rural users, based on adequate awareness campaigns and availability of support structures. By strengthening digital infrastructure in rural areas, increasing financial literacy and building trust through secure and intuitive platforms, the difference between urban and rural banks can be reduced. As a result, this study provides a more nuanced understanding of demographic variations in digital banking habits and provides practical recommendations for decision makers and financial institutions that wish to drive the adoption of internet banking services.

KEYWORDS: Internet Banking, Access, Security and Trust, Convenience, Ease of use and Perceived Risk.

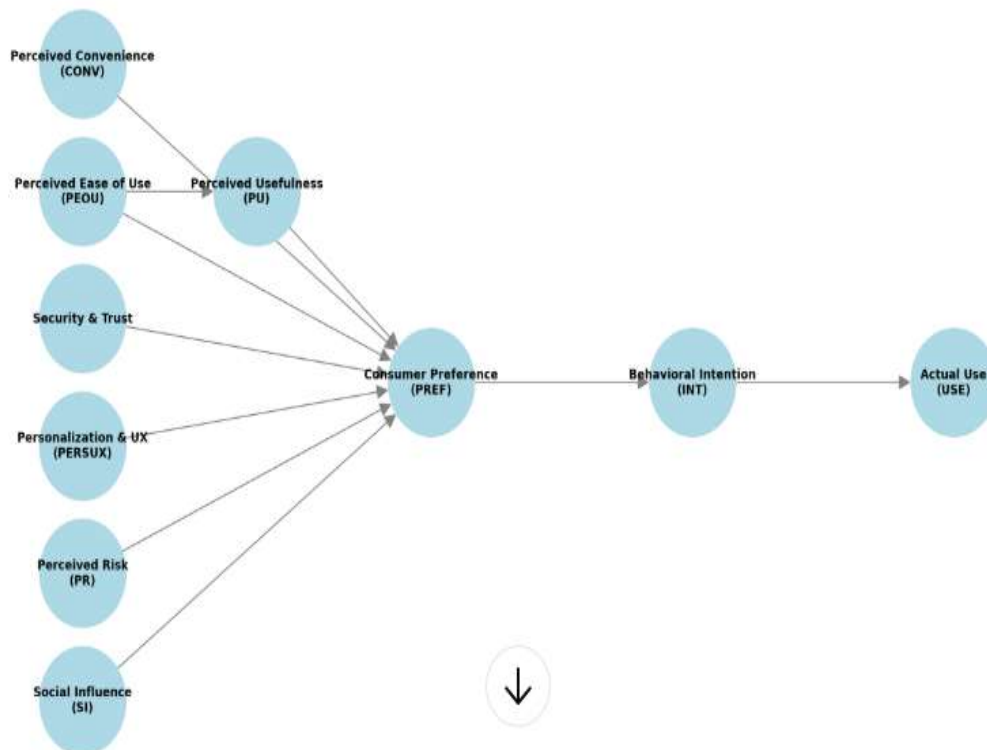
INTRODUCTION

Innovative technologies have redesigned organizational efforts to meet the customers' constant changing requirements. New products and services are constantly being designed, developed and targeted the public, and banking is no exception. The banking industry is growing rapidly and changes main operations through the efficient use of advanced information technology applications. Modern banks rely on state technology to provide better services and solutions to meet customers' needs. The Indian banking sector has also been a pioneer to use information technology. At the moment, Bank in India is experiencing both exciting opportunities and important challenges. Reforms of the financial sector have made major changes to Indian bank, including diversification of products and services, the entry of private and foreign banks, institutional reorganization, adopted modern technology and globalization of banking activities. Following nationalization in 1969 and 1980, the system expanded rapidly, and expanded services from urban centers to rural areas. Since the 1990s, gradual reforms have changed the pace, character and character of the Indian banking sector dramatically. In the digital age, Internet bank services have become increasingly popular, increasing with demand as institutions try to fulfill customer expectations. Advance in Technology has introduced innovative approaches to understand customer needs and include ways to increase service distribution. At the same time, digitization has brought new challenges to the banking sector, while it has also been placed on a normal global platform. Several studies have examined e-bank services, which focus on aspects such as access, security, authenticity, transaction speed and privacy.

The conceptual model for consumer preference towards internet banking is built upon the integration of key constructs that influence adoption and continued usage of digital banking services. At the core of the model lies Consumer Preference (PREF), which is shaped by multiple drivers and deterrents. Factors such as Perceived Convenience (CONV), Perceived Ease of Use (PEOU), and Perceived Usefulness (PU) act as strong enablers that enhance consumer satisfaction and preference by emphasizing the accessibility, simplicity, and benefits of internet banking. Additionally, Security and Trust play a pivotal role, as consumers' confidence in the safety of online transactions directly impacts their willingness to adopt and rely on internet banking services. Similarly, Personalization and User Experience (PERSUX) contribute significantly by offering tailored services and smooth digital interactions that foster customer loyalty. On the other hand, Perceived Risk (PR) serves as a negative driver, creating hesitation among users regarding privacy breaches, fraud,

or technical failures. Social Influence (SI), representing peer opinions and societal norms, further shapes user perceptions and choices, particularly in collectivist cultures. Together, these factors influence Behavioral Intention (INT) and ultimately Actual Use (USE) of internet banking, highlighting the interconnected relationship between psychological perceptions, technological attributes, and social dynamics in shaping consumer preference.

Fig. 1.1
Conceptual Model: Consumer Preference & Internet Banking



Source: Developed by Researcher based on Past Studies

REVIEW OF LITERATURE

Perceived Convenience (CONV) as a Key Driver

The alleged facility is considered one of the most important determinants for consumer preference to Internet banking. In today's sharp-transcending digital age, customers reduce excessive value services that save time, providing flexibility in the management of financial transactions. Internet Banking provides 24/7 accessibility, which allows customers to carry out activities such as fund transfer, bill payment and loan application without the power of branch hours or geographical boundaries. This time -saving aspect increases the alleged price of Internet bank compared to traditional bank channels (Laukkanen, 2016). The feature is also reflected in the ability to access bank services through many digital devices, such as smartphones, tablets and laptops. "Sometimes" the access system reduces the dependence on material moves and reduces the waiting time, which is common pain points in traditional banking. Studies show that the facility is positively associated with the use of customer satisfaction, adoption and digital bank platforms (Yoon and Stege, 2013; Amin, 2016). In addition, convenience is not limited to basic transactions, but extends to the integration of advanced financial services on the same platform. Customers can manage investments, apply for credit or monitor the financial portfolio without physical interaction with bank employees. This extensive service distribution not only improves customers' satisfaction, but also strengthens the loyalty of entering a bank in the daily digital routine of consumers (Akhlaq and Ahmed, 2013). Finally, the alleged feature (CONV) as a major driver acts as it transforms a bank into a spontaneous digital experience from a place -based service. Empirical evidence consistently highlights that higher levels of convenience positively influence adoption intention, usage frequency, and overall trust in internet banking (Singh & Srivastava, 2018; Martins, Oliveira, & Popović, 2014).

Perceived Ease of Use (PEOU) → Usability Antecedent

Perceived Ease of Use (PEOU) is one of the most important targeted anti-states affecting the adoption of consumers of internet banking. Inherent in the Technology Society Model (TAM) developed by Davis (1989), Peou is defined as a degree that a person believes that the use of a system will be free of effort. When it comes to internet banking, simple transaction processes are necessary to facilitate



navigation, clarity in the instructions and shape positive consumer approach. If customers think the platform is comfortable and comfortable, they are more likely to get in touch with internet banking services and see them as favorable (Venkatsh and Davis, 2000). Energy studies continuously confirm that Peou affects both the perceived utility and practical intentions of using digital banking technologies. For example, Pikranon et al. (2004) found that the simplicity of use increases the confidence and the low resistance of users for the first time at internet banking. Similarly, Yoon (2010) emphasized that ease of use not only reduces cognitive load, but also improves customer satisfaction by enabling rapid and flawless transactions. In addition, in development economies such as India, where digital literacy varies in demographics, ease of use is especially important in reducing the adoption gap between young and old consumers (Sharma and Malavia, 2014). Customers often evaluate the risk associated with online transactions, but a user -friendly design with minimal technical complications can reduce security issues and increase decision prices (Geffen, Grain and Stub, 2003). (Gefen, Karahanna, & Straub, 2003). Thus, PEOU acts as a foundational usability antecedent in determining consumer preferences, influencing not just the initial adoption but also continued usage of internet banking platforms.

Perceived Usefulness (PU) → Benefits/Utility

Perceived usefulness (PU) represents a degree where consumers believe that internet banking increases financial management and general banking experience. This shows practical benefits and use customers, such as time savings, cost reduction, better financial control and better decision -making (Davis, 1989). When it comes to Digital Bank, PU becomes a central determinant for adoption, as users are more likely to embrace services that provide funerals in traditional banking methods (Venkatesh and Davis, 2000). Studies show that PU consumers significantly affect satisfaction and loyalty as customers consider internet banking as not only as practical, but also as a value-controlling tool that integrates many financial services (Pikranon et al., 2004). In addition, PU has found to affect practical intentions and real use positively, and shows that consumers view internet banking as an effective and effective medium to perform financial functions (Yoon, 2010). Therefore, PU acts as an important driver to shape consumer preferences by adjusting technology with utility, efficiency and customer -focused results.

Perceived Risk (PR) → Negative Driver

Perceived risk (PR) s one of the most important obstacles that affect the consumer of the Internet Bank. It refers to the ability to harm or uncertainty that customers associate with using digital bank platforms, including financial security, privacy, the reliability and risk of the system related to transaction errors (Fedman and Pavalau, 2003). The alleged risk at high -level often discourages customers from embracing internet banking, as they may be afraid of unauthorized access, cybers fraud or abuse of personal information (Li, 2009). The studies indicate that perceived risk has a significant negative impact on customers' intentions to use the e-bank, making it a strong determinant for resistance (Martins et al., 2014). In addition, the lack of confidence in the digital system increases the alleged risk, especially among the older or low digital literary consumers who are more careful about transferring from traditional banking methods (Allawan et al., 2016). By reducing PR decision -making levels, the consumer acts as a negative driver by reducing confidence and making customers more dependent on traditional channels. To reduce this, banks must increase openness, strengthen the cyber security structure and provide insurance to reduce the risk of creating more consumer confidence in internet banking services.

Social Influence (SI) → Peers/Norms

Social influence (SI) plays an important role in the design of consumer behavior against using Internet banking. This refers to the extent that individuals see that the other - as family members, friends, colleagues or social networks - should use a special technique (Venkatesh et al., 2003). In the context of internet banking, social norms and colleagues often act as a motivator for using, especially in societies where trust in collective behavior and social networks is strong (Tan & To, 2000). Especially young generations are more likely to be influenced by peers and online communities that normalize digital banking practice (Zhou et al., 2010). Social impact has found to be an important determinant in technology adoption models such as Utaut (integrated theory of acceptance and use of technology), where it directly affects the intention of behavior through the use of e-bank (Venkatesh et al., 2012). In developing countries such as India, where digital literature intervals are still present, college guidance and societal effects often encourage users to use internet banking platforms (Gupta and Yadav, 2017) for the first time. Thus, SI acts as a positive driver by creating social pressure and standard expectations, which promotes more acceptance and spread of internet banking services.

Consumer Preference for Internet Banking (PREF) → Focal Outcome

Consumer preference for internet banking (PREF) represents the final result of various affected factors such as alleged facilities, usability, utility, risk, trust and social impact. This reflects the extent to which consumers choose internet banking on traditional channels for their financial activities (Ayo et al., 2016). Preference is shaped by both functional properties - such as access, diversity of service and security - and emotional aspects, including faith, self -confidence and social verification (Yadav and Mahara, 2019). The digital age has raised the consumer's expectations, evaluated intuitive experiences, time -saving features and individual services to customers offered by online platforms. Studies indicate that consumers who consider internet banking as practical, safe and useful are more likely to like it and participate in long -term use (Martins et al., 2014). In addition, preference is not just about adoption, but also about



continuous loyalty, as satisfied consumers show the use of repetition and less likely to switch to participants (Sahu and Pillai, 2017). It is important that consumers' preference act as a focusing result for banks, as it drives customer inventory, increases opportunities for cross-sale and strengthens competitive advantages in a crowded digital market. In emerging economies such as India, the Preference for Internet Bank increases rapidly, increasing smartphone penetration, the government's digital initiatives and increasing digital literacy (Gupta and Yadav, 2017). Understanding Pref as the cumulative effect of many drivers thus provides valuable insights for banks to design customer-focused e-bank strategies for banks.

Behavioral Intention (INT) and Actual Use (USE) → Downstream Outcomes

In the context of the adoption of Internet banking, the intention of behavior refers to the extent to which consumers are planning or ready to use internet banking services in the future. It is a strong prophet for the use of the real system and is influenced by factors that perceived utility, usability, risk, faith and social impact (Davis, 1989; Venkatesh et al., 2003). Consumers who create a favorable intention against internet banking are more likely to integrate it into their daily economic practice (Allawan et al., 2016). Actual use (Use) Internet represents the real life of customers with bank platforms. While intention indicates inspiration, real use refers to behavior, which is important for banks that want to ensure adoption, constant loyalty and profitability. Studies confirm that the intention does not always guarantee use, as obstacles such as poor digital literacy, infrastructure problems or security problems may moderate this relationship (Martins et al., 2014). Downstream results of intentions and use are important for both consumers and banks. For consumers, an increase in use leads to more convenience, efficiency and satisfaction with financial services (Aayo et al., 2016). For banks, real use of customer engagement, cross-sales opportunities and cost efficiency are increasing by reducing the dependence on material moves (Yadav and Mahara, 2019). In addition, frequent use contributes to strong customer loyal and competitive advantage, which uses the final indicators for success in the intention of behavior and real use in bank.

Research Gap

The existing literature largely examines the individual determinants of internet banking adoption – such as perceived convenience, ease of use, utility, risk and social impact – largely within established technology acceptance frameworks such as TAM and UTAUT. There is limited integrated research that simultaneously evaluates functional, psychological and social drivers within the same analytical model, especially in the context of emerging digital economies. Furthermore, demographic differences and increasing consumer expectations in rapidly digitizing markets have still not been taken into account. Therefore, a comprehensive analytical study linking determinants, consumer preference, behavioral intention and actual use is needed to provide up-to-date and context-specific insight into online banking behaviour.

Objective: *To study the differences between urban and rural consumers' preferences towards Internet banking.*

RESEARCH METHODOLOGY

Population and Sample: The target group for the study was the rural and urban customers of internet banking services who are the respondents of this study.

Sample Size: In this study 950 approx. questionnaires were distributed and 919 questionnaires were received and out of these 878 questionnaires were found fully filled were considered.

Sampling: The study is mainly based on primary data that was collected with a structured questionnaire. The sample was selected using convenience sampling and random sampling. Primary data was collected by the researcher directly from the responder using questionnaire. To mention part primary data was collected with online mode using monkey survey tool. Part data was with personal interviews with respondent customers of internet banking services by researcher by visiting bank premises in the vicinity of cities such as; (Indore, Gwalior, Bhopal, Ujjain and Jabalpur) of Madhya Pradesh. In addition, telephonic interviews were conducted with responding customers. On SPSS 26.0, t-test was applied.

RESULTS

H₀₁: There is no significant difference between urban and rural consumers' preferences towards Internet banking.

H_{a1}: There is a significant difference between urban and rural consumers' preferences towards Internet banking.

**TABLE 1: Urban & Rural and Consumer Preferences**

Consumer Preferences	Gender	N	Mean	SD	t-value	p-value
Perceived Convenience (CONV)	Urban	479	18.2735	5.44258	3.005	0.003
	Rural	399	17.1454	5.61709		
Perceived Ease of Use (PEOU)	Urban	479	18.3925	5.12648	3.444	0.001
	Rural	399	17.1504	5.47699		
Perceived Usefulness (PU) → Benefits/Utility	Urban	479	18.4927	5.12556	2.388	0.017
	Rural	399	17.6591	5.17135		
Personalization and User Experience (PERSUX)	Urban	479	17.9248	5.03737	1.547	0.122
	Rural	399	17.4085	4.78230		
Security & Trust (S&T)	Urban	479	18.6033	4.75303	2.303	0.022
	Rural	399	17.9023	4.26131		
Perceived Risk (PR)	Urban	479	16.8267	4.89014	0.965	0.335
	Rural	399	17.1504	5.01880		
Social Influence (SI)	Urban	479	16.7140	4.72327	0.023	0.982
	Rural	399	16.7068	4.63510		
Behavioral Intention (INT) and Actual Use	Urban	479	18.1816	5.22330	1.783	0.075
	Rural	399	17.5489	5.25213		

The results indicate that urban and rural consumers differ significantly on several dimensions of Internet banking preferences, while for some factors no statistically significant difference is observed. Location (urban–rural) influences specific aspects of Internet banking preferences rather than all dimensions uniformly.

Perceived Convenience (CONV) A statistically significant difference is observed between urban and rural consumers ($t = 3.005$, $p = 0.003$). Urban respondents report a higher mean score than rural respondents, indicating that urban consumers perceive Internet banking as more convenient, likely due to better digital infrastructure and greater exposure to online services.

Perceived Ease of Use (PEOU) The difference between urban and rural consumers is significant ($t = 3.444$, $p = 0.001$). Urban consumers show stronger perceptions of ease of use, suggesting greater digital literacy and familiarity with Internet banking platforms compared to rural users.

Perceived Usefulness (PU – Benefits/Utility) A significant difference is also found for perceived usefulness ($t = 2.388$, $p = 0.017$). Urban consumers perceive higher benefits and utility from Internet banking than rural consumers, reflecting differences in usage intensity and access to diverse internet banking services.

Personalization and User Experience (PERSUX) The result ($t = 1.547$, $p = 0.122$) indicates no significant difference between urban and rural consumers. This suggests that personalization features and overall user experience are perceived similarly across both groups.

Security and Trust (S&T) A statistically significant difference is observed ($t = 2.303$, $p = 0.022$). Urban consumers exhibit higher trust and confidence in Internet banking security compared to rural consumers, possibly due to greater awareness of digital security measures and prior usage experience.

Perceived Risk (PR) The difference in perceived risk is not statistically significant ($t = 0.965$, $p = 0.335$). This implies that urban and rural consumers share similar concerns regarding risk, such as fraud or data security, when using Internet banking.

Social Influence (SI) No significant difference is found between the two groups ($t = 0.023$, $p = 0.982$). Social factors influencing Internet banking adoption appear to be uniform across urban and rural consumers.

Behavioral Intention and Actual Use (INT) The result ($t = 1.783$, $p = 0.075$) is not statistically significant at the 5% level. Although urban consumers report slightly higher intention and usage, the difference is not strong enough to be statistically confirmed. The findings indicate that urban–rural differences significantly influence perceptions of convenience, ease of use, usefulness, and security & trust in Internet banking. However, personalization, perceived risk, social influence, and behavioral intention do not differ significantly between the two groups. Overall, the hypothesis is partially supported, highlighting the need for banks to focus on improving digital awareness, ease of use, and trust among rural consumers to bridge the adoption gap.



CONCLUSION

The study concludes that urban-rural location plays a selective but meaningful role in shaping consumers' preferences for internet banking. Perceptions of convenience, usefulness, ease of use, security and trust vary significantly, with urban consumers reporting consistently high ratings. Due to diversity in digital infrastructure, technology exposure and financial literacy, online banking services are more valuable and trusted for urban users. Additionally, the lack of significant variation in behavioral intention, perceived risk, personalization, and social influence suggests that some psychological and social aspects of internet banking adoption become more similar across geographic locations. It appears that both urban and rural consumers share similar concerns about risk and are influenced by comparable social norms, indicating a gradual convergence in attitudes towards digital banking. The results show that to bridge the digital divide between city and country, focused efforts are needed to increase awareness, use and trust in rural areas. The perception gap can be bridged and more inclusive use of internet banking can be encouraged by promoting digital infrastructure and education.

SUGGESTIONS

Based on these findings, banks should prioritize strengthening digital inclusion strategies to reduce the differences in internet banking preferences between urban and rural areas. Improving digital infrastructure in rural areas and providing reliable internet access are crucial for increasing how convenient and useful these services are perceived to be. To increase understanding and build trust in internet banking, financial institutions should offer specific digital literacy and awareness programs in rural areas. Streamlining application interfaces and providing support in multiple languages can significantly improve internet banking's accessibility, particularly for those new to it or less comfortable with technology. Banks should intensify communication on cyber security measures to increase trust and reduce hesitation among rural consumers. Cooperation between banks, government agencies and community organizations can promote digital financial education and encourage the safe use of internet banking. These measures will help to create a more inclusive and balanced digital banking ecosystem.

Future Research Scope

Future research could improve this study by including a larger and more geographically diverse sample. This would allow for a better understanding of how internet banking preferences differ across regions. Longitudinal studies can be used to examine how consumer perceptions change over time, especially as digital infrastructure and financial technology continue to develop. Moreover, researchers can explore how new technologies, like mobile banking apps, AI-driven customer support, and biometric security, affect consumer trust and how they use these services. Moreover, qualitative methods, such as interviews and case studies, can provide a deeper understanding of the psychological and cultural factors that influence the adoption of digital banking. Comparative studies across different countries or social classes will help us better understand the global and local trends in online banking behavior.

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