



E-BANKING

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ABSTRACT

In this busy world everyone wants to get their work done in a blink of an eye and same goes with banking sector where people save their time by making transactions with only availability of internet whenever they require. Electronic banking is one of the pivotal steps adopted by banking sector in order to cope with the competitive and dynamic environment. E-banking enables 24/7 accessibility to its customers as well as it is convenient to use. It is not only beneficial to its customers but also to the bankers. Internet banking, automated teller machine, smart card, debit card, e-cheque, telephone banking etc. are various forms of e-banking. In India, the effect of technological revolution is experienced in all walks of life and e-banking has also perceived the same. E-banking has changed the whole scenario and has become the integral activity of the modern lives. The study is based on both primary and secondary data analysing the attitude of individuals towards e-banking. This paper concludes that e-banking has become the preferred mode instead of acceptable mode where more plastic cards are found than currency notes in the wallets of people.

Key Word: Internet Banking, Automated Teller Machine, E-Banking and Revolution

INTRODUCTION

Technology has become an important part of our life. Internet has turned out to be a tool of worldwide communication. Due to increasing use of internet and technologies, banking sector has also adopted the idea of electronic banking to survive in the competitive environment. The biggest advantage of e-banking is that people can transact sitting wherever they are without any geographical limitation. E-banking has provided a way to do business without putting the foot outside the door. It enables E-banking to offer various facilities that are preferred by the bank users as it has made banking easier, simpler and convenient.

Various forms of e-banking services provided by the banks are:

- **Automated Teller Machine (ATM)** – It is the first well known facility accepted by the bank users. It is an electronic machine that enables the users to access their bank accounts, make cash withdrawals and check their account balance.
- **Internet Banking** – Internet banking helps to manage various banking transactions online through PCs.
- **Mobile Banking** – Mobile banking allows its users to monitor their accounts, transfer funds to other account, bill payment etc. through mobile phones.
- **Debit Card** – It is also known as check card. Debit card allows the holder to pay or transfer money electronically from their account while making purchase.
- **Credit Card** – Credit cards allow the holder to purchase goods or services on credit through bank.
- **E-cheque** – Electronic cheque is a form of making payment through internet. It is designed to perform same function as paper cheque.
- **Electronic Fund Transfer** - Electronic fund transfer (EFT) refers to the transfer of money from one account to another account of same or other bank. It is more secure as it does not involve movement of tangible cash.
- **Other forms** – direct deposit, electronic bill payment, electronic cheque conversion, cash value stored etc. are also some of the other forms of e-banking. E-banking provides customer to manage their bank accounts in every aspects. They can monitor their account balance, withdraw cash, transfer funds, make payments and can view their transaction history without actually going to the bank. Besides they can also buy and sell securities. E-banking curtails the time and place barriers.

REVIEW OF LITERATURE

Jeevan (2000) observed that internet banking enables banks to offer low cost and high value added financial services. US web-corporation argues that finally banks are finding that a comprehensive online banking strategy is indispensable for success in increasingly competitive financial services market. Changes in technology, competition and lifestyles have changed the face of banking and banks in the present environment are looking for alternative ways to provide differentiated services.

Hasan (2002) found that online home banking has come out as a significant strategy for banks to attract and retain customers. About 75 per cent of Italian banks have adopted some form of internet banking during the period 1993-2000. The study also found that the higher likelihood of adopting active internet banking activities is by larger banks, banks with higher involvement in off-balance sheet activities, past performance and higher branch network.

Mishra (2005) in his paper explained the advantages and the security concerns about internet banking. According to him, improved customer access, offering of more services, increased customer access, increased customer loyalty and attracting new customers are the primary drivers of internet banking. But in a survey conducted by the online banking association, member institutions rated security as the most important concern of online banking.

Nyangosi et al. (2009) collected customers' opinions regarding the importance of e-banking and the

adoption levels of different e-banking technologies in India and Kenya. The study highlighted the trends of e-banking indicators in both countries. The overall result indicates that customers in both countries have developed a positive attitude and they give much importance to emergence of e-banking.

Safena et al (2010) determines the customer's perception on internet banking adoption. The study shows that perceived usefulness, perceived ease of use, consumer awareness & perceived risk are the important determinants of online banking adoption and have strong and positive effect on customer accepting online banking system.

Surbhi Singh and Renu Arora (2011) presented a paper on a comparative study of banking services and customer satisfaction in public, private and foreign banks of Delhi and the study shows that the customers of nationalized banks were not satisfied with the behaviour of employees and infrastructure, while respondents of private and foreign banks were not satisfied with high charges, accessibility and communication.

OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

- To analyse the attitude of individuals towards the e-banking services provided by the banking sector.
- The study also aims at identifying whether the demographic variables and age of the consumers affect the use of e-banking services.
- To identify the problems while operating e-banking services provided by the banks.

RESEARCH METHODOLOGY

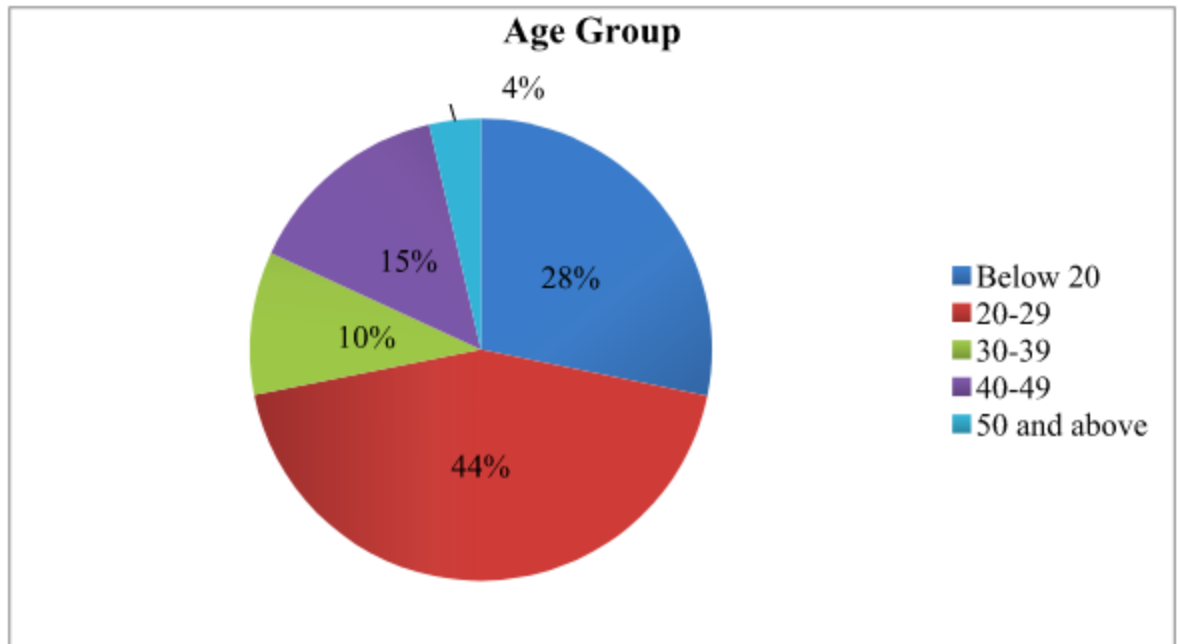
With the view of pursuing the paper in a systematic manner, following research methodology has been used. It falls under descriptive research category as detailed opinions of the individuals have been obtained. The paper is mainly based on primary data and secondary data for the analysis of different attitudes of individuals toward e-banking services. The primary data was collected by self-prepared questionnaire relating to the use of e-banking services and problems faced by them which was widely distributed among people in Google form. For the study the sample size was of 102 respondents. The secondary data was basically collected from the websites. Using the responses from questionnaire and secondary data, the research has been coded and analysed.

Limitations of the Research - The study is done on the results of handful of people i.e. the sample size is too small, hence cannot be generalised.

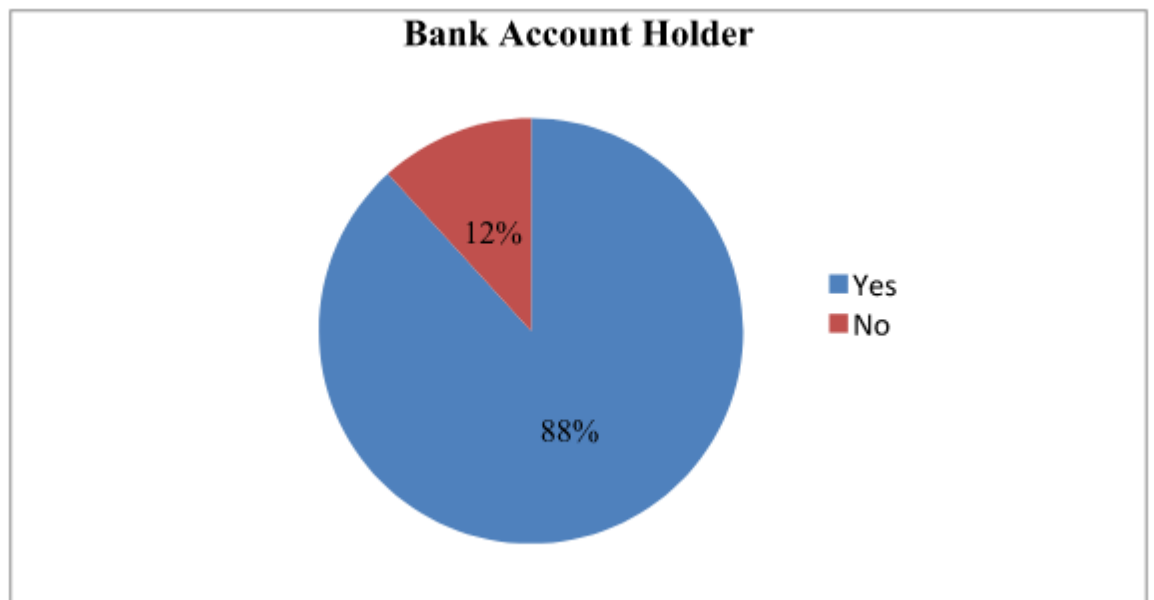
ANALYSIS & INTERPRETATION

For the analysis and interpretation various factors were considered such as age, occupation, place etc. i.e. the respondents were of different age groups from different cities with different occupations.

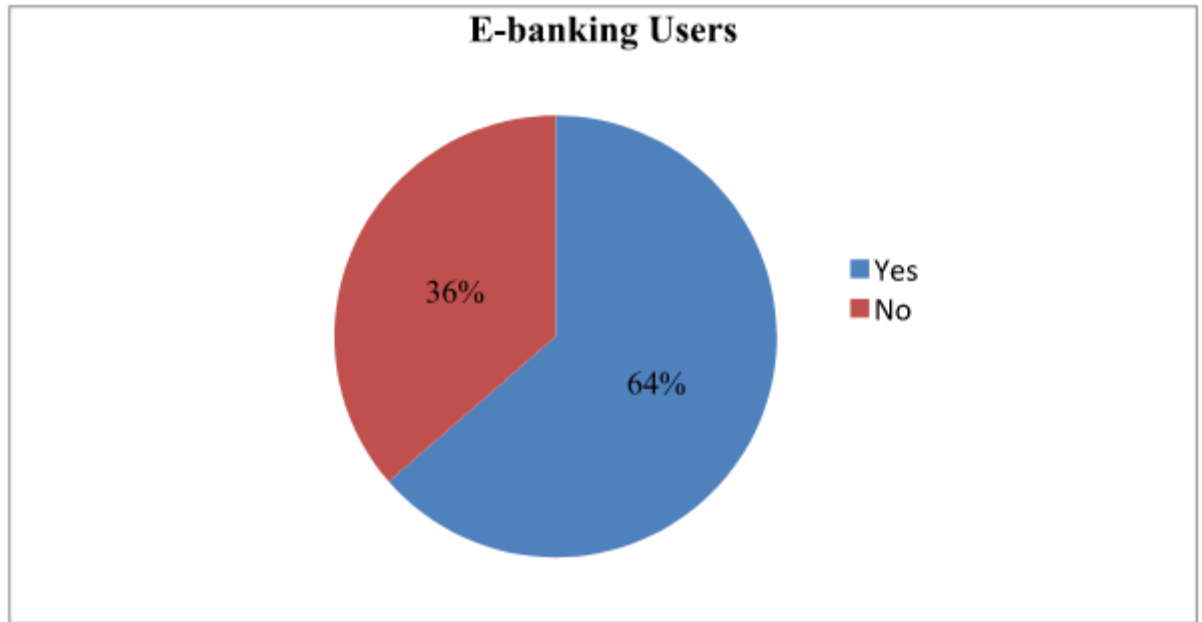
According to the survey conducted, following results were analysed:



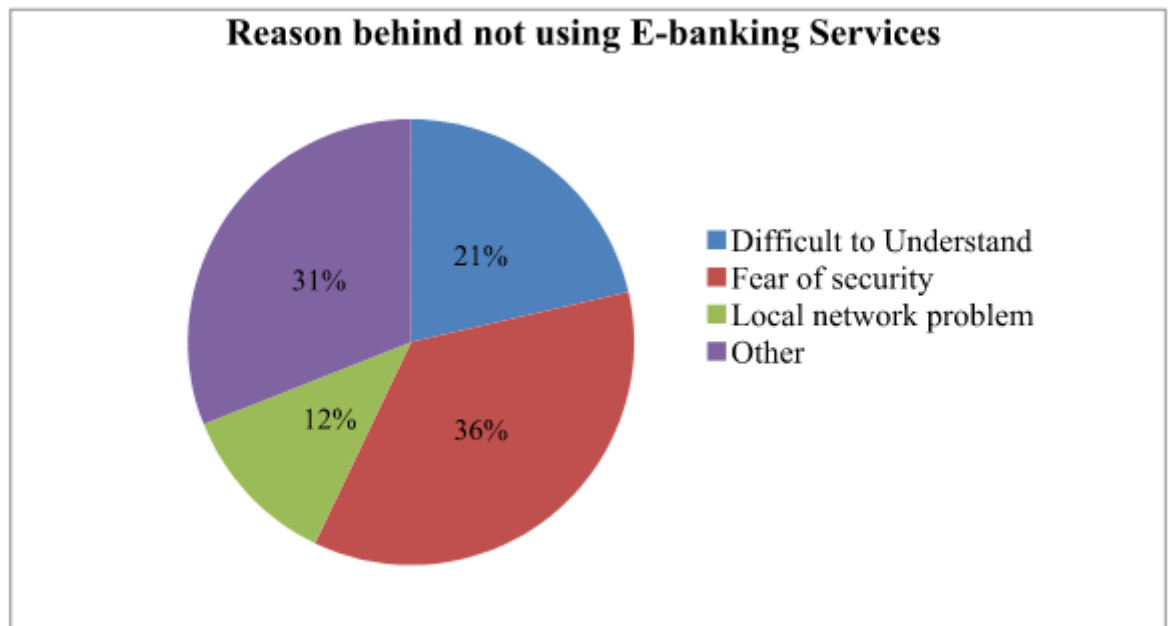
72% of the respondents fall under the age of 30 years among which most of them were students. 14% of individuals were grouped between 40 to 49 years, 10% of total population belongs to age group of 30 to 39 years and remaining 4% of the population were above 50 years.



Among the respondent to the survey, 88% of individuals were having account in banks with their name and rest 12% didn't have their account opened with any banks.



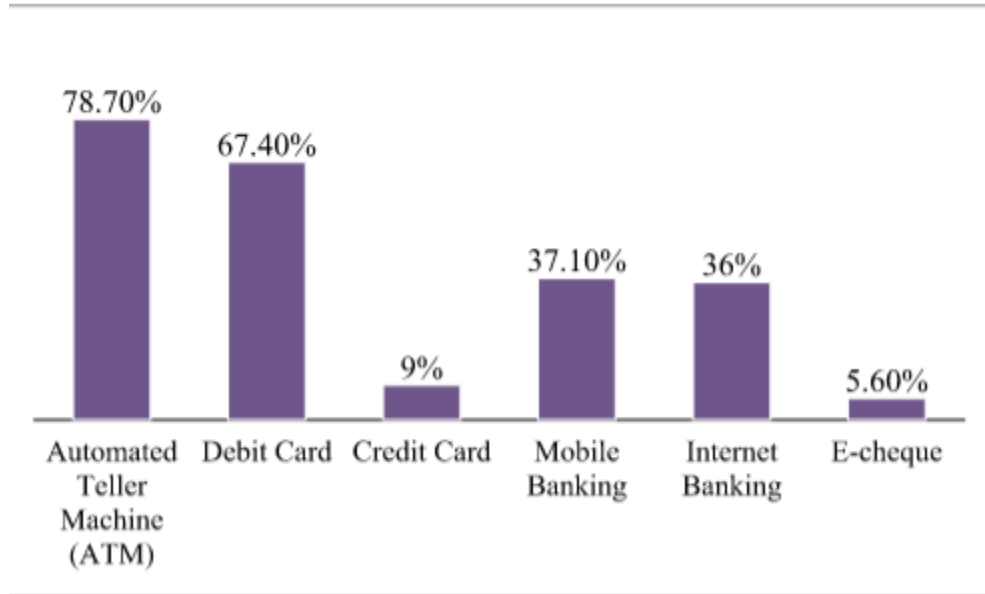
It is analysed that out of 88% bank users - 64% of them were using e-banking services provided by the banks while the other 36% didn't opt for using the services of e-banking.



Individuals who don't use services rendered by e-banking responded to the reasons of not using it. 36% of them avoid e-banking because of the fear regarding security of their personal bank account.

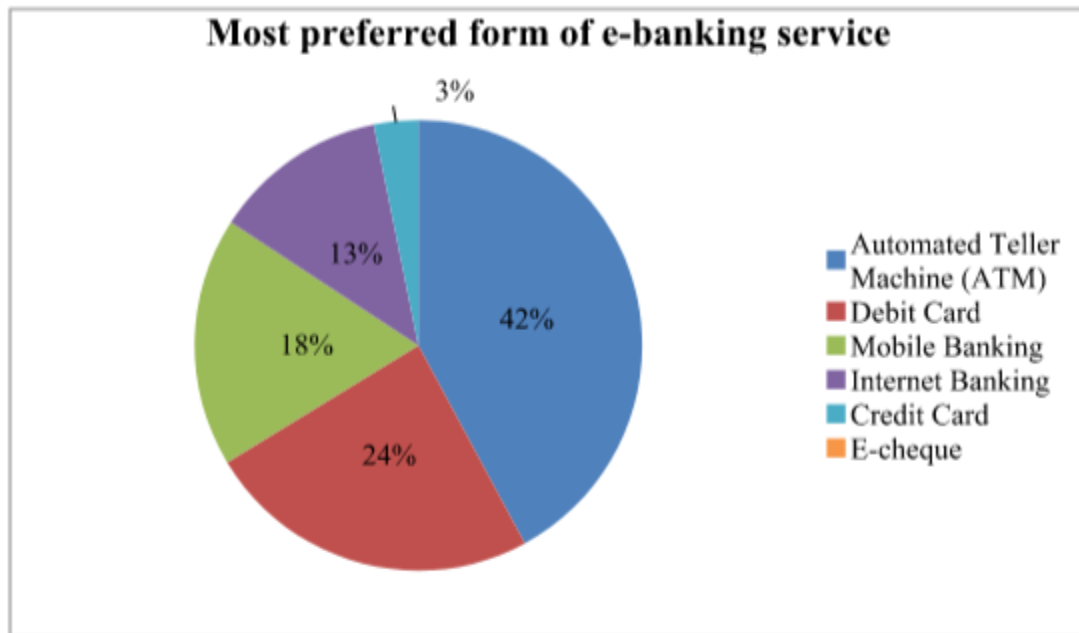
21% of people find difficulty in understanding on how to operate e-banking services. 12% of them don't use because of local network problem while 31% because of some other reasons they find while operating e-banking services.

Various forms of E-Banking Services



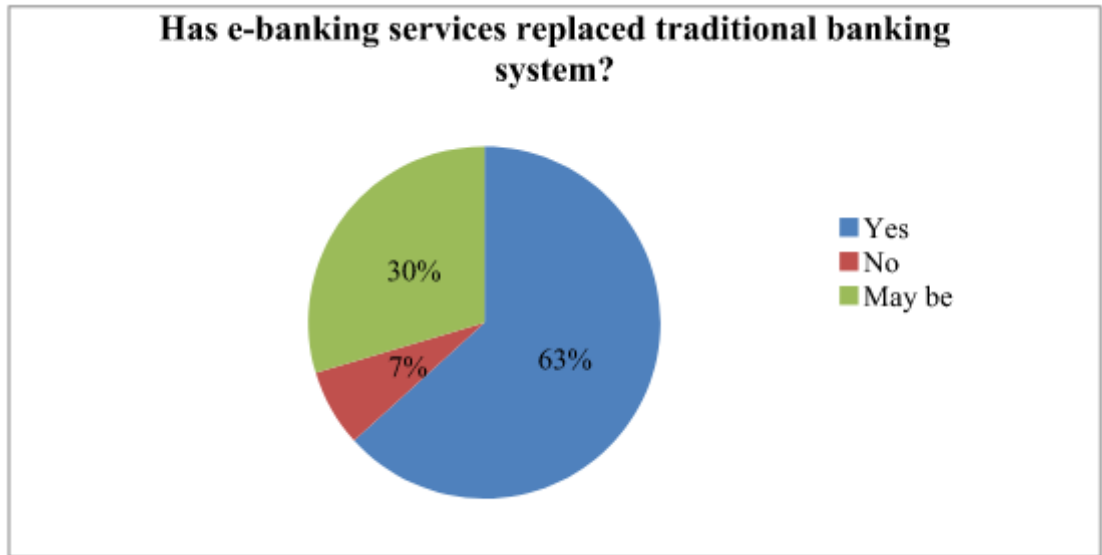
Among various forms of e-banking services automated teller machine and debit cards are more widely used by the individuals followed by mobile banking and internet banking. Credit card and e-cheque are used in very less percentage.

Most preferred form of e-banking service



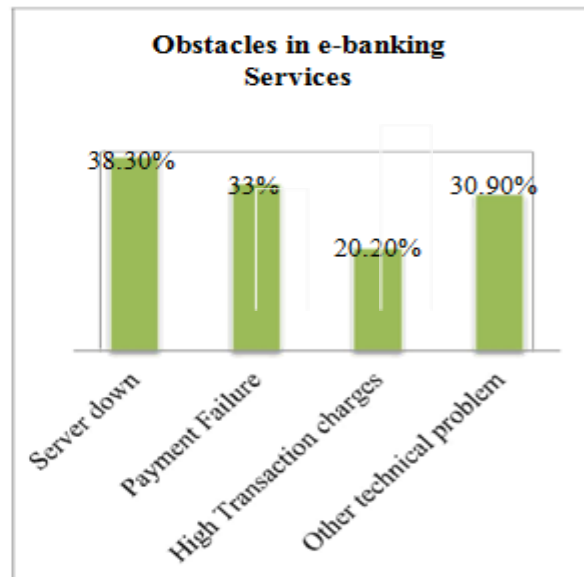
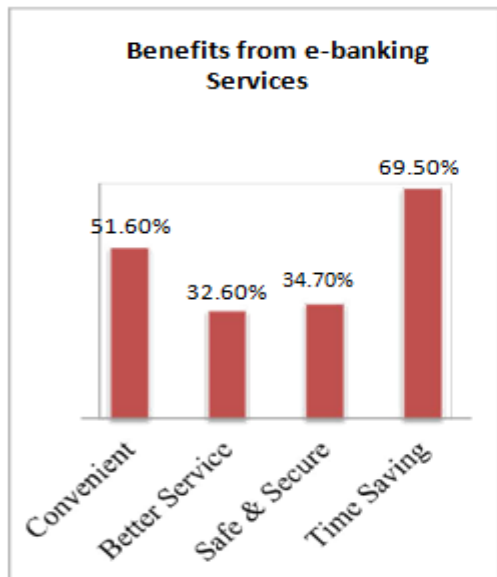
The most preferred form of e-banking services according to the survey conducted was Automated Teller Machine (ATM) with 42% of population. 24% of the population in sample size preferred debit

card most. 18% of the population preferred mobile banking followed by 13% of internet banking. The least preferable form of e-banking services were credit card with 3% and 0% of individual preferred e-cheque form of e-banking service.



According to current study, 63% of population from the sample size agreed that e-banking services has replaced the traditional banking system while 7% thought opposite of it and 30% were in between these two options who thought maybe e-banking services has replaced traditional banking system.

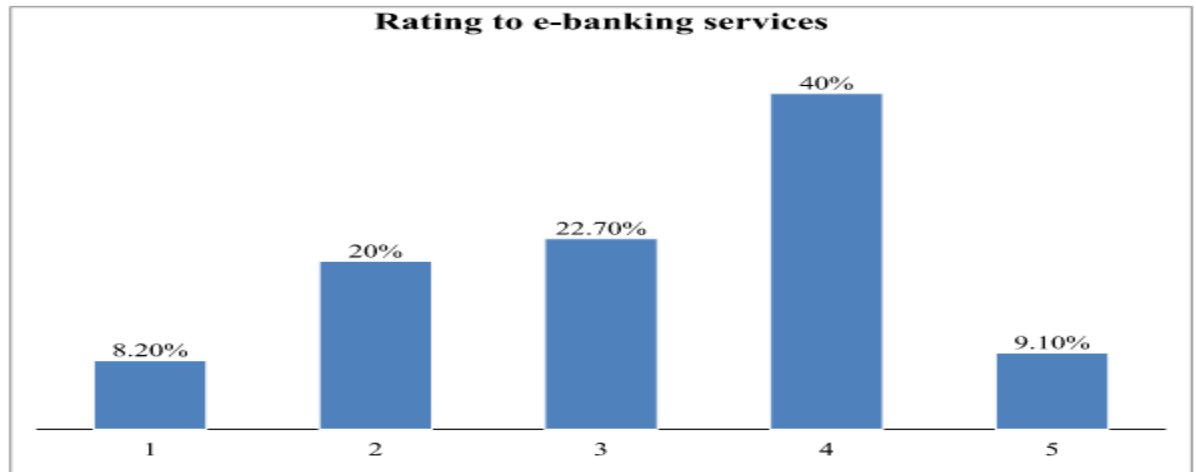
Benefits/obstacles from e-banking services



Consumers find various benefits from the services rendered by e-banking where time saving and convenience of its services was most appreciable. Better service and safe & secure transactions were

other benefits they received from e-banking terms of service.

Besides benefits, there were various obstacles that were faced while operating for e-banking services. Payment failure and server problem were frequent obstacles. Transaction cost and technical problems were the other difficulties faced in the process of using e-banking services.



In a linear scale rating of 1 to 5, 40% of the individuals rated 4 to e-banking services rendered by different banks. 3 rating was given by 22.70% of the individuals while 20% of them assigned 2 to e-banking services. 9.10% of the total population of sample size rated e-banking services 5 and 8.20% of individuals who rated 1 to e-banking in terms of service.

CONCLUSION

Various factors affected the perception and behaviour of individuals towards e-banking in terms of services it provides. The age of individuals reflected effective impact on the use of e-banking services. As per the responses in survey conducted, youth are keenly interested in e-banking services as compared to the older generation. Demographic factor also influence behaviour towards e-banking services. People residing in urban areas are more favourable with use of e-banking services whereas individuals residing in rural are not much influenced by e-banking services.

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