

SUMMARY

AND CONCLUSION

CHAPTER V

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Banking industry provides financial services to the customers such as acceptance of deposits, giving loans, providing facilities for transfer of funds, giving financial guarantees, providing foreign exchange facilities etc. All these services are information-processing services with cash operations forming the only physical process again based on information processing. E-Banking implies performing basic banking transaction by customers round the clock globally through electronic media. E-Banking enables the customers to perform the basic banking transactions by sitting at their office or at homes through Personal computer or LAPTOP. The E-Banking services are:

- Automated Teller Machines
- Plastic Card Currency
- Internet Banking
- Electronic Clearing Services
- Cheque Truncation System
- Mobile Banking
- E-Payments/E-Remittances

In India there had been limited research studies on 'E-Banking'. Manoharan (2007) and Nagesh (2007) tried to focus on ATM banking and internet banking. In the recent era of expanding information technology, the concept of E-Banking has become predominant. Hence, in this context the current study on 'An Analytical study on E-Banking Systems and their Performance in Coimbatore city' is formulated with the following objectives:

- ☞ To study E-Banking services offered by public sector banks, private sector banks and foreign banks in Coimbatore city;
- ☞ To examine the socio-economic profile of E-Banking users;
- ☞ To study the extent of awareness and the usage of E-Banking services;
- ☞ To ascertain the customer's satisfaction about various E-Banking services and
- ☞ To analyze the problems faced by the customers in using E- Banking services

The study is related to five Public sector banks (Canara Bank, Corporation Bank, Indian Overseas Bank, State Bank of India, Syndicate Bank), four Private sector banks (Tamilnadu Mercantile Bank, South Indian Bank, Industrial Credit and Investment Corporation of India (ICICI), Housing Development Finance Corporation Ltd (HDFC) and four foreign banks (Standard Chartered Bank, The Hongkong & Shanghai Banking Corporation Ltd, Citi Bank, Bank of Nova Scotia) located in Coimbatore city providing E-Banking services. The study covered 62 respondents in public sector banks, 56 respondents in private sector banks and 32 respondents in foreign banks using various E-Banking services. The required data were collected by administering an interview schedule to the respondents and the data were collected during March-April 2008. The study applied Chi-Square analysis and Discriminant analysis.

I. Socio-Economic Profile of the respondents

1. In public sector banks, majority of the respondents (25.8 percent) belonged to the age group of 45-50 years. In private sector banks, majority of the respondents (25 percent) come under the age group 25-35 years. In foreign banks, 28.1 percent of the respondents come under the age group of below 25 years.

2. The number of male respondents using E-Banking Services is more than the number of female respondents in public sector, private sector and foreign Banks.
3. In public sector, private sector and foreign banks 56-58 percent of the respondents were married.
4. Majority of the respondents both in public sector banks (87.1 percent) and in private sector banks (81.1 percent) were college educated. Majority of the respondents were professional graduates in foreign banks (53.1 percent).
5. In public sector banks, majority of the respondents (45.2 percent) are government employees. In private sector banks, majority of the respondents (28.6 percent) are other category and in foreign banks, majority of the respondents are government employees (31.3 percent).
6. In public sector banks, private sector banks and foreign banks, majority of the respondents were earning monthly income of above Rs.20, 000/-.
7. Majority of the respondents in all the three groups of banks were having savings account, current account, savings and current account, savings and term deposit account.

II. Usage and Performance of E-Banking Facilities

a) Automated Teller Machines (ATM)

1. All the respondents in public sector banks, private sector banks and foreign banks have an ATM Card. Of the total respondents, 38.7 percent in public sector banks, 41.1 percent in private sector banks and 50 percent in foreign banks use ATM Facility often.

2. Majority of the respondents in public sector banks (56.5 percent), private sector banks (55.4 percent) and foreign banks (46.9 percent) think that holding of ATM Card and PIN Number is safe. However, 43.5 percent in public sector banks, 44.6 percent in private sector banks and 53.1 percent in foreign banks think that holding the ATM Card and PIN Number is not safe due to the fear of theft, fear of others operating, fear of losing PIN Number, fear of misuse etc.

3. Of the total respondents, 30.6 percent in public sector banks, 25 percent in private sector banks and 40.6 percent in foreign banks favour both onsite and offsite ATM Facilities.

4. The reason stated by respondents for having ATM card are convenient timing, reasonable service charge, easy to carry, helps to avoid theft, facilitates withdrawal at anyplace and at anytime.

5. The problems faced by the respondents in operating the ATM machine are lack of privacy, lack of safety, non-functioning of machine etc. For better functioning of ATM services, the respondents wanted opening of more ATM centres, training the card holders to use the ATM card and increasing the amount of withdrawals.

6. Majority of the respondents in public sector banks, private sector banks and foreign banks have suggested opening of more ATM Centres.

b) AnyWhere Banking (AWB)

1. Eighty two percent of the respondents use the Anywhere banking facility in public sector banks and all the respondents in private sector banks and foreign banks use this facility. It is noted that the funds transfer are made faster electronically than by sending through cheque/DD.

c) Online Tax Accounting System (OLTAS)

1. In public sector banks, 75.8 percent of respondents use OLTAS Facility while all the respondents in foreign banks and 57.1 percent of respondents in private sector banks use the OLTAS facility.

d) Mobile Banking

1. In public sector banks, 92 percent of the respondents use the mobile banking facility and all the respondents in private sector banks and foreign banks use the mobile banking facility. The respondents use mobile banking for payment of bills, cheque book request and checking the balance. The seen advantage in mobile banking is saving in cost.

e) Internet Banking

1. Of the total respondents, 51.6 percent in public sector banks, 55.4 percent in private sector banks and 68.7 percent in foreign banks were using internet banking facility. They use internet banking for transferring funds from one account to another account, order demand drafts, obtain account balance and send E-mail to bank for any queries.

Association between the level of education and the use of internet banking service

In public sector banks there was no association between the educational level and the use of internet banking since the calculated Chi-Square (.4347) was less than $X^2_{0.05} = 3.56$. Similarly, in private sector banks there was no association between the educational level and the use of internet banking since the calculated Chi-Square value (.0697) was less than that of the table value.

Identification of the determinants of the use of E-Banking services

The estimated Fishers discriminant function is as follows:

$$Y = .568 X1 + .688 X2 + -.337 X3 + .026 X4 + .327 X5 + .096 X6$$

From the discriminant function, the relative contribution of individual variable and the total distance had been calculated. The discriminant power for age (X1) was 51.53 percent, sex (X2) was 16.14 percent, marital status (X3) was 3.16 percent, education (X4) was 24.40 percent, occupation (X5) was 3.56 percent and income (X6) was 1.18 percent.

CONCLUSION

The new millennium has exposed the entire banking system to new challenges of competition and struggle for survival. The rapid use of technology and the spread of information technology have brought in a paradigm shift in banking services. Almost all the banks in India have resorted to information technology enabled service delivery to fulfil the increasing expectations of their customers. E-Banking services have revolutionized the functioning of the entire banking section.

The success of E-Banking depends on a bank's ability to get customers to switch to online banking. Managing an excellent customer relationship decides the future of the business. Customer focusing is not being viewed as just a business strategy but has become a corporate mission. The significance of E-Channels are perceived as the most powerful tools for enhancing the quality of banking services and consequently improving the performance of banks.

RECOMMENDATIONS

- i) Banks should make it mandatory that the facilities of E-Banking should be used by all customers upto a specified amount. Eg. Withdrawal of cash upto Rs.20, 000 through ATMs only, interest payments and dividends should be credited through Electronic Clearing Service (ECS) only, payment of all taxes/telephone bills should be through Electronic Clearing Service (ECS) only.
- ii) Banks to undertake road shows for explaining various E-Banking services E.g. Automated Teller Machine (ATM), Internet banking, Mobile Banking etc.
- iii) Banks to popularize the use of various E-Banking services by giving wide publicity in local media/TV
- iv) Banks to provide handouts to their customers explaining the advantages of various E- Banking facilities offered
- v) Facilities for E- Banking should be offered to public free of charge as possible
- vi) Bank staff to be trained to market various facilities of E- Banking with special reference to ATM, Internet banking, Plastic cards, Online Tax Accounting System, Real Time Gross Settlement. Banks can induct young employees who can adopt latest technology.

Above all it is necessary for the banks to get confidence of customers in the E-Channels offered and strive for introducing low cost and cost effective E-Channels.

SCOPE FOR FUTURE RESEARCH

- 1) A comparative study on the use of E-Banking system in coimbatore and other cities of tamilnadu can be formulated and
- 2) A study on the impact of E-Banking services on employment in various banks can also be undertaken