

Consumer's Perception on E-Banking Services in the Globalised ERA

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Abstract

The backbone of every country is the financial sector, comprising banks, stock exchanges and insurance organizations. It is fundamental in implementing and bringing economic reforms. Any changes in this sector will have a sweeping impact on the country. The reforms introduced in 1990s initiated a healthy competition among banks. As a result, they have started improving customer services and found technology to be an ideal tool to achieve this objective. Information Technology can help in attaining their goals. The e-banking has gone a long way in influencing the life style of the common man specially after globalization. In the light of this a study was taken in the following objectives: To study the socio-economic profile of e-banking in Coimbatore city. To estimate awareness and usage of e-banking services and uses rendered by SBI. To analyze customer satisfaction with various e-banking services. To examine the difficulties faced by the customers in using e-banking services and to offer meaningful suggestions to customers to use e-banking services. The study was based on primary data, which was collected with the help of well structured and pre-tested interview schedule.

The total sample consisted of 100 e-banking service providers in urban areas, who were using state bank's e-banking services in Coimbatore. The samples were selected by adopting purposive sampling techniques. Due to limited time, money and other limitations, the study could cover among only small number of respondents in the selected area. The study found that 52% of respondents uses debit cards and 35% uses plastic cards. This shows the greater preference over other cards. Among the respondents only 3 had awareness about mobile banking facility rendered by SBI. However, 47% stated in the affirmative with regard to the knowledge on e-banking facility. The following suggestions emerged out of the current study: The banks should give enough instructions about the websites to the customers and make them visit these sites. Banks to popularise the use of e-banking services through wide publicity of local media, television, and newspaper. Bankers should give an awareness programmes to illiterates and unemployed customers to use e-banking services. To conclude, technology, today, has become a strategic and integral part of banking, driving them to acquire and implement world-class systems that enable them to provide products and services at competitive cost with better risk management practices.

Introduction

Banking is different from moneylending but the two terms have in practice been taken to convey the same meaning. Banking has two important functions to perform, one of accepting deposits and other of lending monies and/or investment of funds.

Among the earliest banks established in India, were the banks of Bengal (1806), Bombay (1840), and Madras (1843). These banks were also known as "presidency banks". In 1860, the concept of limited liability was introduced in banking. These banks were allowed to issue notes to a limited extent, but this right was taken over by the government in 1862. In view of the limited liability, several joint stock banks were floated.

The swadeshi movement, which started in the early 1900s gave stimulus to the growth of indigenous joint stock banks. During 1900 and 1950, the Indian joint stock banks specialized in providing short-term credit, for trade in the form of cash credit and overdraft facilities. Foreign exchange business remained the monopoly of foreign banks.

The emergency of paper currency as a medium of exchange has revolutionised the banking industry. By 1600 AD, use of cheques became widespread and by mid-1900s, banks started using the telegraph technology to "wire" money from one location to another in a matter of seconds. Banking today has become more complex with different products and services which stems from reliance on automation and technological change, which has shaped it from a manual intensive industry into one highly automated and technology dependent.

In the ever-changing global scenario, banking business provided to be agile in adopting latest technology to improve its services and efficiency. Banks have interest in

delivering value-added products and services with the help of rapidly evolving electronic and Telecommunication technologies. Amidst these changes, internet banking was evolved in the mid 1990s.

E-banking in India

The backbone of every country is the financial sector, comprising of banks, stock exchanges and insurance organizations. It is instrumental in implementing and bringing about economic reforms. Any changes in this sector will have a sweeping impact on the country. The stock markets in the last decade with the introduction of electronic trading, settlement and depository; have experienced a significant contribution from technology. The cost per transaction to the investors and other intermediaries in the market has come down significantly, besides bringing total transparency in market operations as a result of the introduction of automation in stock markets.

The reforms introduction in 1990s have initiated a healthy competition among the banks. As a result, they have started improving customer services and found technology to be an ideal tool to achieve this objective. In this manner, the banking and financial service sectors being the early adopters of any new technology defined the roadmap for future technology adoption.

Banks are now focusing on three core issues:

- How to meet customer's service expectation?
- How to cut costs?
- How to manage competition?

Information Technology (IT) is central to banking. It has moved from being just a

abler to being a business driver. To help banks in attaining their goals, banks are developing new financial products and services which would help them grow without alienating customers. And any new product or service that a bank offers is intricately related to technology.

Internet banking

The use of technology to serve clients is internet banking. This is a channel for delivering services to corporate clients which would remove the cumbersome and time-consuming paper process. Recently (March 2000) ICICI introduced a new corporate internet banking channel for the first time in the country. This will replace the human interface between the bank and the corporate client. In this, the computer at the bank would act as a customer at client's office. Simply put, internet banking provides a two-way electronic interface. Banks can also use technology for moving into the phase of centralized banking solutions to serve the corporates better. Foreign banks operating in India have adopted this solution for different reasons, PSBs have moved in a phased manner into centralized banking solutions. While distributed banking solutions continue in respect of retail banking, centralized banking solutions can be adopted for a number of critical business segments. This can be done by integrating existing technology into a common business resorting to internet banking. It is up to the banks to examine their current position and evolve a system.

As a business tool, internet banking is transforming the world of commerce. It is making banks faster and more efficient and allowing them to provide more personalized services to the end-user the

The advantage of the internet is that it allows financial institutions to combine content from multiple sources to one computer. This capacity is now considered one of the key factors which accelerates the use of home banking programmes. Moreover, net banking is considered to be the most cost-effective channel for the banks. Although this channel is available in India for the past three to four years, it is only in the recent past that internet banking has started picking up. A major impediment in the use of this channel is the concern about the security of internet transactions.

On the retail end, banks have started offering internet banking through a large number of branches. The facilities offered include account enquiry, money transfers, fund transfers, requests, mail alerts, etc. Some banks have also linked it with railway ticketing and bill payments.

Many banks have also started offering internet banking to their corporate customers. The facility of corporate internet banking service is available to all business enterprises, accessible from anywhere on the globe, providing various banking and financial services under a single umbrella and giving complete freedom of banking anywhere anytime on 24x365 basis.

Advantages of electronic banking

One of the main reasons, electronic banking products were introduced was that the banks were losing their market share. Electronic banking has assisted the banks in retaining their customers and their market share by reducing costs in many areas, especially those associated with providing service to the customer and also to enhance their image. Most banks are trying to get customers to use electronic banking because it saves them money. If a customer comes into a branch to perform a routine task

such as checking a balance or withdrawing funds, it passes on a cost to the bank. The cost of providing these routine transactions in a traditional branch environment is far greater than providing the same service by electronic means.

Another benefit of electronic banking is the ability to obtain accurate information quickly and easily. It is beneficial for the banks as it increases their productivity and it also improves the delivery of quality service to the customer. The availability of the services can be extended to 24 hours a day. Customer can make informed decisions due to the accuracy of the information available to them.

However, the cost of implementing electronic banking products is also a deterrent for some banks. Though the costs are eventually recovered when the electronic banking product is up and running the banks must still have the initial funds available to make it happen. The internet banking has gone a long way in influencing the lifestyle of the common man specially after globalization. In the light of this, a study was undertaken in the following objectives;

- To study the socio-economic profile of e-banking users in Coimbatore city.
- To estimate awareness and usage of e-banking services and uses offered by SBI.
- To analyse customer satisfaction about various e-banking services.
- To examine the difficulties faced by the customers in using e-banking services.
- To offer meaningful suggestions to customers to use e-banking regularly.

The study was based on primary data which was collected with the help of a well structured and pre-tested interview schedule administered to e-banking users belonging to an urban area in Coimbatore city. The location of the study was confined to Coimbatore city limits on the grounds of easy accessibility. The total sample consisted of 100 e-banking service users in urban areas, who were using state bank's e-banking services in Coimbatore city. The samples were selected by adopting purposive sampling techniques. Since the study was based on primary data, there are certain inadequacies inherent in it. Due to the limited time, money and other limitations, the study could cover only small number of respondents in the selected area.

The major findings of the study are as follows

Among the 100 samples that were selected, 76 were male and 24 were female who were using e-banking facility. Among the total respondents 28 per cent belonged to the age group of 35-45 years. While 20 per cent were below the age group of 25 years there were only six who were above 55 years of age. This reveals that the younger generation is more attracted towards e-banking facility compared to the seniors. The educational status of the e-banking users revealed that 47 per cent of the sample size had completed collegiate education. Sixteen were professionals. The study on monthly income revealed that 37 per cent were getting an income in the range of Rs.5,000-Rs.10,000. Thirty-three per cent received an income above Rs.15,000. Among the respondents, 77 per cent had saving account and only five had current account.

A detailed study was made on the awareness and usage of ATM services. The State Bank of India provides different types of cards

cards, credit cards, debit cards, and ATM cards. Among these, it was found that 69 per cent uses debit cards and 35 per cent uses ATM plastic cards. Credit cards were used by 116 members. This shows the preference for debit cards over other

cards. ATM cards are used by the members very often. Except one, all the others stated the convenience of using ATM on a regular basis. Various reasons were given by the respondents for using ATM services. They are listed below in the table.

Table. 1: Purpose to prefer ATM services

Preferring ATM	No. of Respondents in%
Deposit and withdrawal	2
Easy withdrawal	69
Quick withdrawal and statement receipt	2
Withdrawal and balance enquiry	24
Withdrawal and statement receipt and balance enquiry	3
Total	100

Source: Based on primary data

The 69 per cent reported easy withdrawal to be the main reason for using ATM services. 24 per cent reported withdrawal of cash and knowledge of balance amount in a matter of second. Before the introduction of ATM, it took a long time for the customers to get cash and also to know the balance amount. After the inception of computers, ATM, the customers were able to get the details of balance amount, it was at the will of the banker to give the details. The time the customer had to wait for a long time. This was completely overruled and replaced by a very big customer- friendly facility.

The study probed the onsite and off site services rendered by the State Bank of India. It was brought to light that while 34 percent

used onsite services, 14 percent made use of offsite services and 52 percent used both. Further 95 percent of the samples preferred networking of all the banks for better customer service. While there are lots of advantages in using ATM cards, some lacunae were also pointed out. To mention a few, there was lack of privacy, soiled currency notes, non-functioning of the machine, shortage of amount and long queue were cited by most of the customers. The other components of e-banking are mobile banking, tele banking, and online banking, etc.

An analysis on using e-banking services by the respondents were taken up in the current study and based on their preference, ranking was given and this is indicated in the following table:

Table. 2: Purpose of e-banking services

Purpose of e-banking	R-1	R-2	R-3	R-4	R-5	Total Scores	Overall Ranks
Withdrawal	46	22	17	12	3	61.60	1
Balance Enquiry	17	36	31	1	2	55.79	2
Payment	26	17	32	22	3	55.00	3
Statement Receipt	13	20	20	45	2	49.78	4
Others	8	3	4	12	73	32.00	5

Source: Based on primary data

The table reveals that, the purpose to prefer e-banking services rendered by the State Bank of India. Among the respondents, the order of rank given was "withdrawal" (1st rank), "balance enquiry" (2nd rank), "payment" (3rd rank), "statement receipt" (4th rank), "others" (5th rank).

To determine the order of criteria of the satisfaction on purpose of e-banking facilities, the respondents were asked to rank the various criteria according to their preferences.

The ranks were marked in per cent position by using the formula:

$$\text{PER CENT POSITION} = 100(R-0.5)/N$$

Where,

'R' is the rank given by the respondents.

'N' is the number of items ranked from these per cent positions, the individual scores were determined on a scale of 100 points by using Garrett's rating scale.

Among the respondents, only three had awareness about the mobile banking facility rendered by State Bank of India. However 47 per cent stated in the affirmative with regard to the knowledge on e-banking facility.

Online banking is a recent phenomenon which has crept into the mind set of people and many are making use of this mechanism due to its multifarious advantages. Among the samples selected for the study only 47 per cent respondents were aware of online banking facility and 53 percent respondents did not know and thereby could not make use of it. Those who were aware of online banking came to know about it from bank officials (25%), friends and relatives (19%) neighbours (19%), media (10%) and the rest from colleagues and others.

Online banking seems to have had a significant impact on the customers. While 28 per cent were satisfied with the perfect performance of online banking, nine per cent reported that the service is very perfect. A mere 4 per cent of respondents stated the lack of accuracy and that they had no idea on this issue. Among the participants 38 per cent had no difficulty in using the online banking services nine per cent expressed their difficulties in this area:

Electronic Fund Transfer (EFT) is yet another invention in the banking industry. EFT has been defined as the system of transactions beginning with the receipt of a payment order to the remitting branch for the purpose of making payment to a beneficiary. It has been introduced by banks to help banks offering their customers, transfer service from one account of a branch (including same banks) branch, to another branch in the same city and intra-city. This system of demand draft transfers, etc., as funds are transferred within a day or two. In the study, only 38 per cent of respondents used this facility and none of them reported any difficulty in transferring fund through the facility provided by State Bank of India.

Suggestions

The following suggestions emerged from the current study:

- The banks should give enough information about the websites to the customers and make them visit these sites.
- Banks should popularize the use of online banking services through wide publicity through local media, television and newspapers.
- The banks can also use internet to promote e-banking facilities.
- Bankers should give awareness programs to illiterates and unemployed customers to use e-banking services.
- To facilitate easy accessibility to offices

technology, today, has become a integral part of banking, driving them to implement world-class systems that enable products and services at competitive risk management practices. Added to have become demanding and banks customized products through multiple allowing customer's access to the bank without any hindrances. There is a scope for the Indian banks to expand their services, which in turn, would draw many to services. There should not be any hindrances reluctance to change and lack of awareness customers. The challenges could be by adopting concerted strategies. Regulatory must be initiated strictly to nullify the gaps in electronic system of banking and to deal to the customers.

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