

## CONSUMER'S PERCEPTION ON E-BANKING SERVICES IN THE GLOBALIZED ERA

\*Dr.Sherly Kurien      \*\*Ms.Malarvizhi.V

Banking is different from money lending but 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 issues notes to a limited extent, but this right was taken over by the government in 1862. In view of 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 revolutionalised the banking industry. By 1600 AD use of cheques became widespread and by mid-1900's, 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 evinces interest in delivering value added products and services with the help of rapidly evolving electronic and Tele communication technologies Amidst these changes, Internet banking was evolved in the mid 1990's.

\* Reader in Economics, \*\*Lecturer in Economics,

Avinashilingam University for Women, Coimbatore -- 43.

## **E-Banking in India**

The backbone of every country is the financial sector, comprising 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 introductions 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 a manner, the banking and financial services 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 competitions?

Information Technology (IT) is central to banking. It has moved from being just a business enabler to being a business driver. Technology can help banks in attaining their objectives. To achieve their goals, banks are exploring new financial products and service options that would help them grow without losing existing customers. And any new financial product or service that a bank offers will be intrinsically related to technology.

## **Internet banking**

Another use of technology to serve corporate clients is Internet Banking. This is a new channel for delivering services to corporate clients which would remove the client cumbersome and expensive paper process. Recently (March 2002), SBI 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. Under this, computer at the bank would talk to the customer at client's office. Simply, the Interest provides a two-way electronic linkage. Banks can also use technology for moving into the phase of

centralized banking or core banking to serve the corporates better. Though foreign banks operating in India have adopted this solution for different reasons, PSBs can move in a phased manner into centralized banking solutions. While distributed banking should continue in respect of retail banking, centralized banking solutions can be adopted in respect of critical business segments. This can be done by integrating existing technology branches into a common business resorting centre. It is up to the banks to examine their special position and evolve a system.

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

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 which accelerates the use of home banking programs. 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, 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 in the globe providing various banking and financial services under single umbrella and giving complete freedom of banking anywhere anytime on 24\*365 basis.

### **ADVANTAGES OF ELETRONIC 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 that the ability to obtain accurate information quickly and easily has increased dramatically. 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 him.

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 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 to Coimbatore city limits on the grounds of easy accessibility. The total sample consisted of 100 e-banking service providers 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 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 females who were using e-banking facility. Among the total respondents 28 percent belonged to the age group of 35-45 years. While 20 percent 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 percent of the sample size had completed collegiate education. Sixteen were professionals. The study on monthly income revealed that 37 percent were getting an income in the range of Rs.5000-Rs.10,000. Thirty three percent received an income above Rs.15,000. Among the respondents 77 percent had savings 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, such as plastics cards, credit cards, debit cards, credit and debit cards. Among these, it was found that 52 percent uses debit cards and 35 percent uses plastic cards. Credit cards were used only by six members. This shows the greater 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**

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

Source: Based on primary data

While 69 percent reported easy withdrawal to be the main reason for using ATM, 24 percent reported withdrawal of money and knowledge of balance amount in a fraction

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, though the customers were able to get the details of balance amount it was at the will and pleasure of the banker to give the details. Many a time the customer had to wait for a long time. This was completely overruled and ATM is very big customer friendly facility.

The study probed the on-site and off-site services rendered by the State Bank of India and it was brought to light that while 34 percent used on-site services 14 percent made use of off-site 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 on-line 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**

S.no	Purpose of e-banking	R-1	R-2	R-3	R-4	R-5	Total Scores	Overall Ranks
1.	withdrawal	46	22	17	12	3	61.60	1
2.	Balance Enquiry	17	36	31	1	2	55.79	2
3.	Payment	26	17	32	22	3	55.00	3
4.	Statement Receipt	13	20	20	45	2	49.78	4
5.	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” (1<sup>st</sup> rank), “balance enquiry” (2<sup>nd</sup> rank), “payment” (3<sup>rd</sup> rank), “statement receipt” (4<sup>th</sup> rank), “others” (5<sup>th</sup> 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 percent position by using the formula:

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

Where,

'R' is the rank given by the respondents.

'N' is the number of items ranked from these percent 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 percent stated in the affirmative with regard to the knowledge on e-banking facility.

On-line 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 percent respondents were aware of on-line banking facility and 53 percent respondents did not know and thereby could not make use of it. Those who were aware of on-line banking came to know about it from bank officials (25%), friends and relatives (19%) neighbors (19%), media (10%) and the rest from colleagues and others.

On-line banking seems to have had great impact on the customers. While 28 percent were satisfied with the perfect performance of on-line banking nine percent reported that it is very perfect. A mere 4 percent of the respondents stated the lack of accuracy, six of them had no idea on this issue. Among the total participants 38 percent had no difficulty in the on-line banking services nine of them expressed their difficulties in this area.

Electronic Fund Transfer (EFT) facility is yet another invention in the banking sector. EFT has been defined as the series of transactions beginning with the remittance payment order to the remitting branch made for the purpose of making payment to the beneficiary. It has been introduced by RBI to help banks offering their customers, money transfer service from one account of any bank (including same banks) branch, to both inter-city and intra-city. This system of demand draft, mail transfers etc as

funds are transferred in a day or two. In the study, only 38 percent used this facility and none of them reported any difficulty in transferring fund through this facility provided by State Bank India.

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 popularize the use of e-banking services through wide publicity of local media, Television and Newspaper.
- The banks can also use internet centre to promote e-banking facilities.
- Bankers should give an awareness programmes to illiterates and unemployed customers to use e-banking services.
- To facilitate easy accessibility to Off-site ATMs.

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. Added to this, customers have become demanding and banks have to deliver customized products through multiple channels, allowing customer's access to the bank continuously without any hindrances. (There is a tremendous scope for the Indian banks to expand their e-banking services, which in turn, would draw many to use such services. There should not be any hindrances of security, reluctance to change and lack of awareness among the customers. The challenges could be overcome by adopting concerted strategies. Regulatory measures must be initiated strictly to nullify the fraudulent areas in electronic system of banking and to ensure a fair deal to the customers.

## BIBLIOGRAPHY

- ❖ Agarwal O.P (2008), “ Modern Banking of India”, Himalaya Publishing House, Mumbai, pp.2-4,7,9-11,365.
- ❖ Sharma .K.C(2007), “Modern Banking in India”, Deep and Deep Publications, NewDelhi, p 23.
- ❖ Subramani N.,Murugesan.M.,Anbalagan D and V.Ganesan(2008), “E-banking and E-commerce Emerging Issues in India”, Abhijeet Publications, NewDelhi, pp. 77,125,228.
- ❖ Verma S.B., Gupta S.K., and Sharma M.K.,(2007), “E-banking and Development of Banks”, Deep and Deep Publications, New Delhi, pp 3, 5, 45-46.
- ❖ Uppal.R.K and Rimpi Kaur(2007), “ Banking in the New Millennium: Issues, Challenges and Strategies”, Mahamaya Publishing House,NewDelhi, p.250.
- ❖ [www.rbi.com](http://www.rbi.com)
- ❖ [www.yahoo.com](http://www.yahoo.com)