



## A Study of Customer Acceptance for E-Banking

### KEYWORDS

Electronic banking, customer relationship management (CRM), Competitive advantages.

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### ABSTRACT

*In the era of Information Technology, world has become a village. In this changing environment, banking is transformed from manual business to electronic business, as we need banking not banks, a statement given by Bill Gates. E-banking facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services considerably. While E-banking has improved efficiency and convenience, it has also posed several challenges to the regulators and supervisors. Moreover, customer expectation for quality, service, and value are rising continually. Keeping this in mind, successful banks are now gearing to organize their business along the product lines or geographic business units. Today, with ever-increasing focus on customer, companies are taking a process-oriented approach to customer relationship management.*

*The study highlight the customer perceptions regarding e - banking services through a survey conducted. The major findings of this study is that customers of bank were interested in e - banking services, but at the same time they are facing many problems regarding e-banking services like inadequate knowledge, poor network, lack of infrastructure, unsuitable location, misuse of ATM cards and difficulty in opening an account etc.*

### INTRODUCTION

The Banking system of India should not only be hassle free but it should be able to meet new challenges posed by the technology and any other external and internal factors. Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution.

Finland was the first country in the world who has taken a lead in E-banking. In India, it was ICICI Bank, which initiated E-banking as early as 1997 under the brand name Infinity. Electronic banking (E-banking) is a generic term encompassing internet banking, telephone banking, mobile banking etc. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce.

CRM is a simple philosophy that places the customer at the heart of a business organization's processes, activities and culture to improve his satisfaction of service and, in turn, maximizes the profits for the organization. Hence, a greater focus on CRM is the only way to the banking sector to protect its market share and boost growth 'Survival of the fittest' is the 'mantra' of this century and banking, being a service industry, is definitely no exception to it. The concept of CRM, when seen in the context of e-business, it translates into e-CRM, which essentially deals with managing customer interactions over the web.

### Definition of e -Banking

"Banking transactions done through internet is known as e-banking"

### OBJECTIVE OF THE STUDY:

The main objective of the study is to examine the importance of e - banking in banking sector, and its impact on the Customer Satisfaction with a special reference to State Bank of India (SBI). The other specific objectives of the study are:

1. To study the satisfaction of customer in selected Banks.
2. To learn and understand the changes in customer relationship management.
3. To study different problems and operational risks involved in e - banking services.

4. To make a comparative analysis of customers' satisfaction with reference to e -banking services among the selected Banks.

### REVIEW OF LITERATURE:

#### STUDIES CONDUCTED IN INDIA: -

**R.K. Uppal and Bishnupriya Mishra (2011)** he analyzes the widening gap between desirability and availability regarding reliability, accuracy, confidentiality, flexibility, e-channels, high attention to customers, low service charges and overall satisfaction of customers in three bank groups i.e. public sector banks, Indian private sector banks and foreign banks.

**Agarwal R., Restage S. & Mehrotra A. (2009)** The major findings depict that customers are influenced in their usage of e-banking services by the kind of account they hold, their age and profession, attach highest degree of usefulness to balance enquiry service among e-banking services, consider security & trust most important in affecting their satisfaction level and

**Gupta P. K. (2008)** revealed that Internet banking has attracted the attention of banks, securities trading firms, brokerage houses, insurance companies, regulators and lawmakers in developing nations since the late 1990s. The paper identifies the weaknesses of conventional banking, explores the consumer awareness, use patterns, satisfaction and preferences for Internet banking vis-à-vis conventional form of banking, and highlights the factors that may affect the bank's strategy to adopt Internet banking.

**Anumala & Reddy (2007):** The customer relationship management (CRM) is essential and vital function of customer oriented marketing. Its functions include gathering and accumulating customer-related information in order to provide effective services. E-CRM is a combination of IT sector but also the key strategy to electronic commerce.

#### STUDIES CONDUCTED ABROAD: -

**Oliveira P. & Eric V. H. (2011)** Found that 55% of today's computerized commercial banking services were first developed and implemented by non-bank firms for their own use, and 44% of today's computerized retail banking services were first developed and implemented by individual service users rather than by commercial financial service providers.

**Kenneth B. Y., David H. W., Claire L., Randall B., (2010)** the study shows that Traditional service quality builds customer trust in the e-banking service. The size and reputation of the bank were found to provide structural assurance to the customer but not in the absence of traditional service quality.

**According to Kotler,** CRM principally revolves around marketing. It involves integrating information gathered from all the distribution channels and analyzing the data, with the help of IT, to understand customer behavior. The continuous analysis and improvements over a long period should result in enhancing customers' lifetime value with the firm.

**Features of e-Banking:**

Customer must go through a series of security steps in order to log on. Such as PIN number, password, position of random characters in a phrase, may be a random number entry from hand=held card and so on.

1. Customers can see details of their accounts online.
2. Customers can select an account and see the cash balance of each of their accounts and the available money on each account.
3. Can select account they want and transfer money between their accounts or to another person / business.
4. Can view their direct debits
5. Can set up standing orders
6. Can view historical statements by week/month for the previous six months.
7. Make one-off payments or transfers.
8. Will automatically log customer out if no action for a short period.
9. Message facility to communicate with bank about account or security issues. Customer can get response usually from bank within 24 hours.

**Advantages of e -Banking**

e-banking is a cost-effective delivery channel for financial institutions. Following are the some of advantages of e-banking.

1. e- banking gives more interest rates than any other form of banking and saves lot of expenses.
2. We can carry out all banking transactions at our own convenience and do not have to depend on normal timing of banks.
3. Lot of precious time is saved because of online banking, as transactions are carried out in seconds and we can see the updates immediately.
4. Since everything is computerized, we save all the paper work and we save the trouble of maintaining physical records. There is nothing manual hence; the records are perfect and accurate.
5. Banks also provide balance alerts if our balance reduces and alerts the customer in case of due dates of our bill occurs.
6. There are no extra charges and these e- banking services are free. Previously banks used to charge heavily for all their services.
7. There is improvement in customer access, since the bank can access more customers within a short time through the internet.

**How to Start e -Banking**

Step 1: Access Internet Banking - Obtain your User ID and Passwords  
 Step 2: Create your Own Unique User ID.

Step 3: Link the Account Numbers to your User ID (if you have more than one account)

**RESEARCH METHODOLOGY:**

Data used: Primary data and Secondary data

Sample size: 250

Sampling technique: Random

Method of data collection: Structured questionnaire and personal interaction with Customers of various banks.

Data analysis technique: Percentage Method.

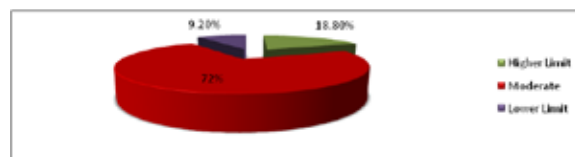
**ANALYSIS AND INTERPRETATION:**

**Table 1**  
**Customer's opinion about usefulness of e- Banking**

	Mean Score (Out of 28)	S.D.	Higher Limit	Moderate	Lower Limit
	23.37	4.91	28.28	23.37	18.46
No. of Customer	250		47	180	23
Percentage of Customers	100 %		18.8 %	72 %	9.2 %

The above table shows that the mean score of the customer's opinion about usefulness of the e- banking was 23.37. The standard deviation was 4.91.

The following is the graphical presentation of the above facts.



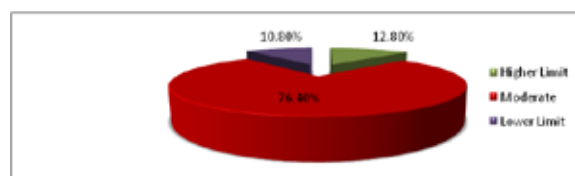
**Figure 1: Customer's Opinion about e- Banking**

Customer's opinion about the performance of bank site

	Mean Score (Out of 12)	S.D.	Higher Limit	Moderate	Lower Limit
	8.75	1.49	10.24	8.75	7.26
No. of Customer	250		32	191	27
Percentage of Customers	100 %		12.8 %	76.4 %	10.8 %

The above table shows that the mean score of the customer's opinion about the performance of bank site was 5.33. The standard deviation was 1.50.

The following is the graphical presentation of the above facts.



**Figure 2: Customer's opinion about the performance of bank site**

**Table 3**  
**Customer's trust on their bank**

	Mean Score (Out of 28)	S.D.	Higher Limit	Moderate	Lower Limit
	21.20	3.66	24.86	21.20	17.53
No. of Customer	250		31	181	38
Percentage of Customers	100 %		12.4 %	72.4 %	15.2 %

The above table shows that the mean score of the customer's trust on their bank was 21.20. The standard deviation was 3.66.

**FINDINGS, SUGGESSTIONS AND CONCLUSION**

**Findings of the Study**

- 1) The study showed that approximately 90% customers

believed that e-banking is useful for them. The findings of the study show that maximum customers have positive attitude towards e-banking.

- 2) The customers felt that e-banking is more useful than traditional banking. e-banking is much easier to operate as compared to traditional banking.
- 3) The study also revealed that some individual / groups have negative concept of e-banking, thus they discouraged the customers for adopting e-banking.
- 4) The study showed that the customers i.e. e-banking users have more than 75% trust on their banks. Customers felt that banks must provide more security to e-banking as compared to traditional banking because of a high chances of misuse of their account.
- 5) The study revealed that there is no significant difference in all the aspects of e-banking with reference to traditional banking.
- 6) All customers have more positive opinion about e-banking as compared to traditional banking
- 7) More than 80% customers took the precautionary measure while using e-banking. It means they all were aware of precautionary measures.

#### Suggestions for Bank

Almost all the customers were satisfied with the services provided by the bank like e-banking. Therefore, the bank should encourage more customers to adopt e-banking. The bank should encourage the customers for opting e-banking. The customers were having approx. 75% trusts on their bank. The bank should act such a way that customers should have 100% trusts on their bank. The bank should acquaint the customers

with new precautionary measures so they will more satisfy with the security provided by bank to the customers. The bank should conduct workshops for the customers to explain the procedure of using e-banking.

#### Suggestions for Customers

Now-a-days e-banking is available almost free of cost in many banks. Therefore, we should adopt e-banking. It helps the bank in reducing the cost of transaction. So it will help for increasing income of the banking sector. The customers should learn new precautionary measures so nobody can misuse their accounts and they should have 100% trusts on their banks for smooth functioning.

#### Conclusion:

Retaining the customers in a highly competitive volatile market is a tough task. The yearlong relationship with a major customer may be snapped overnight, with a new entrant offering a better deal under a cutthroat competitive environment. The study showed that customers have positive opinion about e-banking. Technology intensive delivery channels like Internet-banking, Tele-banking, Mobile Banking and Automated Teller Machines (ATMs), etc., have created a win-win situation by extending greater convenience and multiple options for customers while providing tremendous cost advantages to the banks. The positive impact of technology infusion is clearly visible now in almost all the areas of banking operations, especially in the retail and payment system in the country. Hence, e-CRM and e-banking is an inevitable tool of marketing that can be considered as critical responsibility of market with regard to banks in present context.

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