



## Banking for GenNext-E-Banking

### KEYWORDS

E-Banking, Usage Level, Satisfaction, Retail Banking Clients'

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**ABSTRACT** *With the tremendous increase of Internet usage, E-banking has become one of the most revolutionized components of today's economic growth and a powerful value-added tool to attract new customers and retain the existing ones. In lieu of this, the banks have already started focusing on increasing and improving their e-banking services. This paper is an attempt to find out the factors that influence the adoption of e-banking services offered. The author has meticulously tried to map out the most preferred & least preferred e-banking service and the satisfaction level of the users.*

### Introduction

With the tremendous increase of Internet usage, E-banking has become one of the most revolutionized components of today's economic growth. E-banking is a powerful value-added tool to attract new customers and retain the existing ones. With the proliferation of internet and computer usage, the electronic delivery of e-banking service has become ideal for banks to meet customer's expectations (Poon, 2008). Besides, it helps in eliminating costly paper handling and teller interactions in the increasingly competitive banking environment. The development of e-banking has become a priority area for all banks to gain core advantage. The potential competitive advantage of e-banking lies in the areas of cost reduction and satisfaction of consumer needs. There is an increasing number of the various types of new financial distribution channels due to the innovation of extensive technology and advancement in the telecommunications sector. Banks attempt to gain competitive advantage in today's dynamic environment, which must therefore blend technology into building relationship and marketing activities (Moriarty et al., 1983).

### E-banking in India

In 2001, an RBI survey revealed that more than 20 major banks were either offering E-banking services at various levels or planned to do so in the near future. This included some of the private banks like ICICI Bank, HDFC Bank, IndusInd Bank, IDBI Bank, Citibank, Global Trust Bank, and also govt and semi-govt banks like Bank of Punjab and UTI Bank. In the same year, out of an estimated 0.9 million Internet user base, approximately 17% were reported to be banking on the Internet. The above statistics reveal that India does have a high growth potential for e-banking. The banks have already started focusing on increasing and improving their e-banking services. As a part of this, the banks have begun to collaborate with various utility companies to enable the customers to perform various functions online (Boyes and Stone, 2003). According to Harris (2000), over 50% of the banks in the US were offering e-banking services. Given this back ground the author feels that E-banking sector is on the evolving stage in India and offers a apt platform for research and further analysis.

### Review of Literature

K. T. Geetha & V. Malarvizhi (2011) found that many factors like security, privacy and awareness level increased the acceptance of e-banking services among Indian custom-

ers. Further it shows that if banks provide them necessary guidance and ensure safety of their accounts, customers are willing to adopt e-banking. The author also observed that only if the users start using all kinds of services within the ambit of the electronic banking, the adoption of these services would be complete and the users would then derive maximum benefit from these electronic banking channels. Neha Dixit & Dr. Saroj K Dutta (2010) highlights that in a country like India, there is a need for providing better and customized services to the customers which can be made possible through e-banking. The people have positive perception about online banking, so should be treated with the great value. Except for cash withdrawals, Internet Banking gives customers access to almost every type of banking transaction at the click of a mouse. E-banking service range from bill payment to making investments (Pikkarainen et al., 2004). It offers an excellent solution to the problems attributed to the inefficiency in services, thereby creating a trusting relationship between customers and bank employees (Tomiuk & Pinsoneault, 2001). Nath Ravi & Schrick Paul (2001) found that Internet banking is in its nascent stage—only a small number of banks offer web-based banking to customers and the full benefits of Internet banking are still to be realized by many banks. The present study by the author is an attempt to find out the factors that influence the adoption of e-banking services offered. The author has meticulously tried to map out the most preferred & least preferred e-banking service and the satisfaction level of the users.

### Objectives of the study

- To identify the factors that influence the adoption of e-banking.
- To determine e-banking usage level for various facilities among retail banking clients'.
- To measure the satisfaction level of the users of e-banking facility.

### Research Methodology

#### Population and Sample

The study population comprised all the banks' clients in Ahmedabad City who had at least one bank account at the time of the survey. A convenience sampling method was used to select the respondents. This method was chosen because it was difficult to obtain a sampling frame for retail banking clients. In addition, convenience sampling provides easy access to the respondents, practical, and quick

(Nachmias and Nachmias, 2008). The survey was carried during January 2014. The questionnaires were distributed to a sample of 150 respondents while they were in the bank branches at several locations in Ahmedabad.

### Findings

**Profile of Respondents:** Among the 150 responses, male respondents comprise 75%. Most respondents (44%) are in the age group of 18-25 years. The survey shows that 68% of the respondents are degree holders, 28% are employees, 21% are involved in business, and 15% are self-employed. The author feels that this is a decent mix to draw out meaningful inferences.

**Factors that influence the adoption of e-banking:** Table 1 discusses the factors influencing the adoption of e-banking. The study indicates that one of the critical factors that affects the usage of e-banking is convenience. The table below shows that majority of respondents with mean of 2.82 view e-banking as convenient. It is followed by security as a factor with mean of 2.63. One of the attributes that determines the consumer's decision on using e-banking is cost & trust. They are there with mean of 2.59 & 2.5 respectively. The author would like to highlight that though the customer still does not feel very confident on the security aspects the comfort is very high on the convenience parameter.

**Table 1 Percentage, Mean of Factors influencing usage of E-Banking**

Factors	Percentage of Agreement				Mean <sup>a</sup>
	4	3	2	1	
Convenience	14	57	26	3	2.82
Costs	13	43	34	10	2.59
Trust	9	42	39	10	2.5
Security	10	52	29	9	2.63

**Note<sup>a</sup>:** The means are determined by using 4-point Likert scale rating from strongly agree (4) to strongly disagree (1)

**E-Banking Usage Level for various facilities:** Table 2 shows usage level of various e-banking facilities. Interestingly, the author observes that the respondents use 'online ticket booking' the maximum as highlighted through highest ranking with a mean of 3.95. It is followed by 'bill payment' with a mean of 3.86 and 'online shopping' with mean of 3.48. It is observed that in all the three cases respondents prefer online facility rather than wasting their time and energy in long queues at the cash counter. 'Fund transfer', 'Account Balance Inquiry' & 'Viewing Transactions' are ranked next with mean of 3.45, 3.41 & 3.28 respectively. The survey aptly brings out that the customer finds it easy to transfer funds, check balance & view transactions through e-banking rather than going to the bank personally. Firstly, it allows the convenience of doing the transactions from either office or home and secondly it can be done at odd hours or even at late hours. The lowest ranking is given to 'Investment, Purchase/Sale' & 'Ordering Chequebook' with mean of 2.83 & 2.67 respectively. The author feels that 1. The physical feel of the product not being there might be a deterrent and 2. It shows that the respondents are not very comfortable with this e-banking

aspects, at least as of date for such operations.

**Table 2 Percentage, Mean of E-banking usage level for various facilities**

E-Banking Facilities	Percentage of Usage Level					Mean <sup>a</sup>
	Most-ly	Fre-quent-ly	Some-times	Rarely	Never	
Bill Payment	30	41	19	5	5	3.86
Fund Transfer	17	38	25	13	7	3.45
Account Balance Inquiry	11	36	41	7	5	3.41
Viewing Transactions	8	36	39	9	9	3.28
Investment, Purchase/Sale	16	24	15	17	28	2.83
Order Cheque Book	5	23	29	20	23	2.67
Online Shopping	20	39	20	11	10	3.48
Online Ticket Booking	44	28	14	7	7	3.95

**Note<sup>a</sup>:** The means are determined by using 5-point Likert scale rating from mostly (5) to never (1)

**Satisfaction level of users of E-Banking:** The respondent's satisfaction on various parameters has been analysed in Table 3. Very obviously, it has emerged that the most important parameter of satisfaction of e-banking is its 24X7 connectivity with a mean of 3.79. It is followed by overall service, accessibility & user friendliness with the same mean of 3.67. Navigation of bank's e-banking website & technology update with mean of 3.41 is the next in the rank of satisfaction. Although Security is the most critical factor, it still emerges ranked last with the lowest mean of 2.84. The author would like draw attention to the fact that the feeling of insecurity is still very high amongst the users and the banks should take definite steps to alleviate the same.

**Table 3 Percentage, Mean of Satisfaction level of users of E-Banking**

Parameters	Percentage of Satisfaction Level					Mean <sup>a</sup>
	High-ly Satis-fied	Satis-fied	Neu-tral	Not Satis-fied	Not Much Satis-fied	
Overall Service	6	63	25	3	3	3.66
Accessibility	6	66	18	9	1	3.67
User Friendly	7	59	28	5	1	3.67
Navigation of bank's e-banking website	2	49	40	7	2	3.42
Technology update	2	55	28	12	3	3.41
24X7 connectivity	16	62	13	3	6	3.79
Charges	4	29	50	14	3	3.17
Security	3	12	53	30	2	2.84

**Note<sup>a</sup>:** The means are determined by using 5-point Likert scale rating from highly satisfied (5) to not much satisfied (1)

### Discussion

All these factors, which significantly affect the adoption of e-banking in Ahmedabad and across India as well, will certainly be of concern to both bankers and policy makers. The author opines that most respondents agree that e-banking is a convenient way of transactions and it has successfully offered high quality services at lower costs as the most important challenge facing businesses in the 2000s. E-banking is also beneficial to its users due to the fast, easy and reliable services. For instance, checking bank balances online allows instant access to account information, convenient loan repayments and allows standing instructions or auto-debiting payments. Hence, bankers should focus more on innovation for e-banking services for their strategic advantages. To do this, bank managements have to consider users' perspectives in terms of satisfaction level and potential development, which are fundamental to the demand for e-banking services. Consumers' demand is affecting the innovation of e-banking products and services.

The author would also like to state that if the banks wish to survive in the online home banking age, the retail banks will have to earn consumer loyalty through product features and excellence of services, rather than allowing loyalty to stem from customer's inertia. Also the security con-

cerns of the customers need to be addressed. Consumer preferences present a major challenge due to the variation of preferences amongst different consumer groups. Therefore, financial institutions have to satisfy an enormous range of multifarious customers and constantly improve their services to preserve market share in the Internet. Given the fact that consumers are very concerned about the trust and security issues, financial institutions should use SSL technology to encrypt all its financial transactions, which can help to safeguard personal data from hackers. Also, similar to the conventional branch banking, as stated in the Banking and Financial Institution Act (Amendment) 1996, banks should prohibit publicizing customers' personal information even for online transactions. The author strongly feels that all these relevant information should be made public and transparent.

### Conclusion

For the banking sector, Internet marks the transition from the brick-and-mortar stage to the branchless stage. Information technology has helped overcome the constraints of time, space, and information access in world trade and commerce. E-banking is changing the face of banking industry, with major impact on banking relationships and is definitely banking redefined for the GenNext...

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