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AN EMPIRICAL STUDY OF E-BANKING RELATED PROBLEMS DURING COVID-19 IN PUNJAB

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ABSTRACT The banking sector is going through tough times due to abrupt changes in the life style originate by Covid-19. All banks started providing complete e-banking package because there was no choice of physical banking. With the improved performance of e-banking, the number of complaints is also increasing which is a big challenge for digital banking. The present paper is based on e-banking related problems and from empirical survey, it is observed that the number of problems against ATMs, Internet and Mobile banking have increased and the majority problems are related to high service charges, poor network problems, security and confusing Apps.

KEYWORDS : E-banking, ATMs, Internet banking, Mobile banking, Problems, Complaints and Grievance Redressal system.

INTRODUCTION

The banking sector is facing challenging era though new opportunities also emerge as the economy returns to its full strength. World Bank also projected a recovery in world economy to grow at 5.7 % in June 2021 from 4.4 % in January 2021, though it is recovering at a small pace. Similarly, Indian economy is projected to grow at 8.3 % in June 2021 from 5.4 % in January 2021, which is a symbol of smart recovery. With the emergence of new business models and innovative technology to provide easy banking especially in Covid-19, the banking sector will open up to exploit all opportunities.

During pandemic, each and every customer has shifted from physical to virtual visiting of banks for experiencing banking transactions through ATMs, Mobile/Internet banking, app based banking, etc, because Pandemic has left us with no choice other than digital world. It is recorded that there is a tremendous increase in volume and value of digital transactions especially during this time period. It is observed for RBI Bulletin 2020-21 that the volume of transactions has been increased during April 2020 and March 2021, through mobile banking has increased at the highest rate that is 3 times from 11276.04 lakhs to 32971.49 lakhs. There is 2 time hike in internet banking based transactions from 1597.63 lakhs in to 3390.83 lakhs and ATMs based transactions of cash withdrawal has also been increased from 2953.18 lakhs to 6040.02 lakhs during the said time, though these transactions through ATMs in the form of POS and Micro ATMs have been decreased. It is observed that there is a relative increase in infrastructure of digital payments.

Though there is a tremendous increase in digital transactions, simultaneously there is a sharp increase in complaints i.e. 57.5 % in 2019-20 (RTP, 2019-20) received by Ombudsman offices nation-wide during lock-down and the number of complaints pertaining to ATMS/Debit cards, Mobile & e-banking are the highest during this time period which are almost 2-3 times more as compare to previous year. The giant share of Complaints is from urban and metropolitan areas and the major root cause of majority complaints is lack of awareness. The major complaints are against PSBs followed by private sector banks mainly regarding digital payments, deposits and loans.

During such a testing time, where pandemic has affected all the aspects of economy, banking as a backbone of economy needs to provide hassle-free banking services through digital system. For that it is important to enquire about the crucial areas where there is a problem to customers so that they can be served with hassle-free services. This paper is an attempt to study the problems of customers related to e-banking services and the complaints filed by the customers and their grievance system. This paper is based on primary data collected from e-banking customers to analyze their problems and highlight the complaints of customers during Covid-19 situation, which will help the policy makers to understand the lagging areas and provide timely solution to all e-banking related problems.

Review of Literature

Ramesh and Edison (2018) studied the challenges faced by Chennai City 100 customers using internet banking. The paper concluded that convince, flexibility and time saver are some of the advantages of the internet banking while low broadband internet penetration, Banks Ambivalent commitment levels, fear of online scams, digital and finance divide are the major challenges.

Thulani D., Tofara C. and Langton R. (2009) concluded that though the majority of the commercial banks in Zimbabwe have adopted internet banking, but usage levels are relatively low mainly because of cost of implementation and security concerns.

Kumphar (2010) examined trends in e-banking related complaints in India and concluded that e-banking system failed to provide error free banking services as complaints are increasing on daily-basis. Public sector banks recorded (32%) the highest complaints followed by foreign banks (17%). The majority complaints are regarding credit cards.

Kaur and Ravi (2014) observed technology invasion with increasing number of ATMs and branches though these are limited in case of rural and semi-urban areas especially of foreign sector banks. The study concluded that there is a significant difference between public, private and foreign sector banks regarding number of ATMs and in public sector banks very less IT has taken place which is a challenge as well as opportunity for them.

Singh et al (2014) concluded that majority respondents faced problems due to technical bottlenecks, lack of proper guidance and knowledge. There is significant difference between customers perceptions towards these aspects in income, education and occupation based samples but gender base sample has no significant difference.

Santhiya and Radhika (2019) identified that majority respondents are between 30-40 years age group, post graduated and married and aware about internet banking. There is significant difference between gender and problems in usage of internet banking while marital status does not have any effect on customers perception. Customers have a fear of security and lack of knowledge as major problems.

Krishnan et al (2020) analyzed that majority respondents under the age of 30-35 years. They use internet banking 1-3 times a month and shown trust as the major reason not to access internet banking though they prefer it over manual banking. The security, privacy issues and poor telecommunication infrastructure, poor knowledge are the major problems for not having trust in internet banking.

Research Gap

The current literature is evident of research on various aspects of e-banking but in India, there is not sufficient research on internet banking during Covid -19 and this gap is an insight to study the problems related to e-banking services among Indian customers during pandemic.

Objectives Of The Study

To examine the customer problems regarding e-banking services in public and private banks.

Hypothesis

The customers belong to two bank groups do not vary significantly with respect to problems regarding e-banking services.

Research Methodology

The current study is an empirical study which is conducted on primary data collected through questionnaires to analyze the customer's perception about e-banking related problems in India.

For the collection of data, the study is restricted to urban and semi-urban Punjab only because electronic system is not much developed in rural areas.

Random sampling technique is applied because people feel safe in dealing with soft copies due to Covid-19 rather hard copies so it was difficult also to approach physically to every possible customer. The survey was conducted through well-structured and pre-tested questionnaire of 100 bank customers from different socio-economic background during June-July, 2021. The bank customers are from public and private sector banks that are using e-banking channels for banking services.

The data is analyzed with the help of the SPSS 17.00.Percentage method, Weighted Average Score (WAS) and ranking method was used to produce the results. Chi-square and Mann Whitney (Z-test) are also calculated to test the hypothesis.

Data Analysis

Reliability Test: The 0.799 value of Cronbachs Alpha justifies that the items under consideration are sound enough to measure the customer perceptions regarding e-banking problems and hence can be used for further analysis.

Reliability Statistics	
Cronbachs Alpha	**No of Items**
.799	69

Source: Survey Results

The statistics of table 1 depicts that there is equal distribution of sample between public and private banks customers. Majority respondents are of 20 – 30 years of age. From income part, 18% are not having any income source while majority respondents are earning between 5-10 lakhs. In gender based sample, males are 51% and females are 49 %.

Table 1: Demographic Profile Of The Respondents

Category	Features	PSB	IPB	All Banks
Bank Type	Public	50	0	50
	Private	0	50	50
Age (Years)	20-30	20	21	41
	31-40	14	14	28
	41-50	15	11	26
	Above 50	1	4	5
Income (Lakhs)	No Income	7	11	18
	Below 1 Lakh	4	4	8
	1-5	11	13	24
	5-10	20	12	32
	Above 10	8	10	18
Gender	Male	22	29	51
	Female	28	21	49

Source: Survey Results
Note: PSB- Public Sector Banks, IPB – Indian Private Banks

It is observed from table 2 that the majority customers of both the public and private banks often face a problem of ATMs out of cash followed by non printing of statement and time consuming due to shortage in number of ATMs. High service charges and balance in account reduced without any withdrawal are also rare problems faced by the customers. Hypothesis is accepted as Chi-square and Z values are insignificant which shows that customers perceptions do no vary with the banks type though customers of all types of banks are facing same range of problems with e-channels.

Table 2: Comparative Analysis Of Problems With ATMs (per cent)

Problems/ Bank Groups	**WAS**			**Median**		**Chi-square & Z**
	PSB	**IPB**	**Total**	**PSB**	**IPB**	
ATM card gets blocked	1.70	1.68	1.69	2.00	2.00	0.695 -0.58
ATM machine out of cash	2.52	2.62	2.57	3.00	3.00	3.094 -0.632
No printing of statement as machine out of order	2.34	2.38	2.36	2.00	3.00	1.567 -0.471
Balance reduced without any withdrawal	1.72	1.56	1.64	2.00	1.00	1.546 -1.236
High service charges especially for share ATMs	2.10	2.08	2.09	2.00	2.00	0.423 -0.123
Time consuming due to less number of ATMs	2.18	2.30	2.24	2.00	2.00	0.790 -0.884

Source: Survey Results
Note: * p < .05 (Significance level is 5%) \7/

Table 3: Comparative Analysis Of Problems With Internet Banking

Problems/ Bank Groups	**WAS**			**Median**		**Chi-square & Z**
	PSB	**IPB**	**All Banks**	**PSB**	**IPB**	
High service charges	2.00	2.20	2.08	2.00	2.00	1.858 -1.352
Network/connectivity problem	2.22	2.12	2.17	2.00	2.00	1.892 -1.361
Un-updated information	1.86	1.98	1.92	2.00	2.00	1.950 -0.874
Less security	1.76	1.94	1.85	2.00	2.00	4.957 -1.212
Unfavourable behaviour of staff	1.88	1.74	1.81	2.00	2.00	0.995 -0.983
Others (frauds, reduced balance, etc)	1.64	1.82	1.73	2.00	2.00	2.344 -1.226

Source: Survey Results
Note: * p < .05 (Significance level is 5%)

Table 3 depicts that network/connectivity is the major problem with internet banking followed by high service changes. Information is not updated, less security, unfavourable staff behaviour and frauds, etc are rare problems though affect negatively. Insignificant values of tests also justify accepting the hypothesis because there is no significant difference in perceptions of public and private sector customers.

The statistics of table 4 justify the acceptance of hypothesis because there is no significant value of chi-square and z-test which means all banks customers have same range of problems related to mobile banking. In comparison to ATMS and Internet banking the range of problems is lower means mobile banking related problems are rarely faced by customers while customers of other two channels often face problems. Confusing and more number of Apps is a major problem related to mobile banking followed by slow data transmission and high charges.

Table 4: Comparative Analysis Of Problems With Mobile Banking (per cent)

Problems	**WAS**			**Median**		**Chi-square & Z**
	PSB	**IPB**	**All Banks**	**PSB**	**IPB**	
High charges	1.70	1.92	1.81	2.00	2.00	5.959 -1.684
Data transmission is slow	2.00	1.98	1.99	2.00	2.00	0.58 -0.138
Complicated process to use	1.62	1.82	1.72	2.00	2.00	2.235 -1.485
More errors	1.76	1.86	1.81	2.00	2.00	0.695 -0.743
Less security	1.84	1.86	1.85	2.00	2.00	1.005 -0.211
Confusing/Poor Apps	2.02	2.04	2.03	2.00	2.00	0.374 -0.145

Source: Survey Results
Note: * p < .05 (Significance level is 5%)

CONCLUSION

It is concluded from the current study that there are some problems with e-channels which is justified from secondary data related to complaints received by bank offices recorded in Report on Trend and Progress of Banks in India. Even some studies also show that the problems are increasing day by day. So the banks are required to provide a safe and secure platform to e-banking services with lesser service charges and smart network facility to enhance the level of financial inclusion and digital working system.

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