

Problems Face by Customers while Using E-Banking Facilities in India



Engineering

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ABSTRACT

This paper reports on problems faced while using e-banking facilities in India. Competition and changes in technology and lifestyle in the past years have changed the face of banking. It's given birth to E-banking. But the Indian customer faces various problems while using e-banking facilities. So respond to the problem of e-banking facilities and customer mindset. The paper prepares in reference of the problem understanding and solving through the help of customers and banks.

INTRODUCTION:

India is still in the early stages of E-banking growth and development. Competition and changes in technology and lifestyle in the last five years have changed the face of banking. The changes that have taken place impose on banks tough standards of competition and compliance. The issue here is – 'Where does India stand in the scheme of E-banking?' E-banking is likely to bring a host of opportunities as well as unprecedented risks to the fundamental nature of banking in India.

RELATED TO E-BANKING:

E-banking has been conceptualized and defined differently by the different scholars. Some of the definitions of the E-Banking in various aspects of banking and their nature of service

According to Daniel (1999), it means the provisioning of information and services by a bank to its customers via computer, telephone or television.

Uppal (2007) takes a broader definition to include all the services provided by banks through all types of electronic delivery channels such as telephone, Internet, cell phone and so on. Hence as per this definition banking services such as Internet banking, telephone banking, mobile banking and services provided through ATMs are all brought under its purview.

Sharma (2007) gave a rather interesting definition of electronic banking when he equated it as 'providing banking service to customer at his/her office/home or at any other place or time wherever the person is - be it traveling, shopping or even in a stadium through the usage of electronic technology'.

"E-Banking is not a banking product; rather, it describes the way transactions are conducted. E-Banking may be understood as a catch-all term which covers the different ways of transacting banking business electronically. The terms- PC banking, online banking, internet banking, telephone banking or mobile banking refer to a multitude of ways in which customers can access their banks without having to be physically present at a bank branch. Nowadays, in fact banks are involved in E-Commerce in a variety of ways, including cooperation with internet service providers (ISPs), the issuing of e-money or the execution of payments etc."

(Deutsche Bundesbank, 2000). E-BANKING CHARACTERISTICS

The following are the characteristics of modern banking system i.e. E-Banking

(Deutsche Bundesbank, 2000):

- The transaction in electronic banking is no longer confined within the national borders due to their virtual nature i.e. electronic commerce based transactions.
- The secure and efficient deployment of ICT has become the crucial strategic factor for the success of electronic banking. More importantly, the banks' dependency on innovative channels and particularly on internet increases the strategic and operational risks for the banks.
- The innovative cycles for new products on the Internet are

becoming shorter and shorter due to rapid pace of technological changes. In some cases, the technology behind some products is already obsolete well before those products are ready for marketing.

- The customers to make easy access to several banks at a time, faster transactions which are not tied to specific locations and specific opening hours.
- The greater ease with which prices and products can be compared has in turn enhanced the market transparency.

Ways of using E-banking in India:

- 1 Automated Teller Machines (ATMs)
- 2 Tele banking
- 3 PC banking
- 4 Internet banking
- 5 Mobile banking

RESEARCH METHODOLOGY:

The research methodology given idea about the objective of study, sampling and related information for data analysis and interpretation

Objective of study:

1. To understand the reasons for not using e-banking facilities provided by bank in India.
2. To identify threats for customer and banking systems.
3. To understand customer behavior with e-banking facility.

Research Design:

The present study is based on primary survey in which an attempt has been made to know the adoption of e-banking technology, its relationship with demographic and psychological and psycho-graphical variables. The data has been collected by giving a structured printed questionnaire to bank customers. Before finalizing the questionnaire, a pilot survey has been conducted and on the basis of the difficulties which were faced during a pilot study, the format of the question has been modified and accordingly the questionnaire was finalized.

Data Collection:

The primary and secondary sources of data collected were adopted in this research work.

Primary Source: Data in the category were collected mainly through field survey and e-mail survey and telephonic survey. The various methods were adopted independently to reduce the incidence of bias or subjective views about the subject on investigation.

Secondary Source: Secondary data in this research work were collected through the review of related literature; the relevant literatures were obtained from books, journals, magazines, and newspapers, Internet website etc.

Design and Selection of Sample:

Sampling is the process of selecting a sufficient number of elements from the population, so that the sample and an understanding of its properties of characteristics would make it possible for us to generalize such properties or characteristics to

the population elements (Sekaran, 2003).

Target Population/ Sample Frame:

Population refers to the entire group of people, events or things of interest that researcher wishes to investigate (Sekaran, 2003). The populations of this study consist of all customers of the Bank.

Sample Size:

The study is based on data collected through 1000 customer of various bank in India.

Sampling Techniques

For the purpose of sample selection, a non-probability convenience sampling method was adopted. The contact methods used were personal contact survey, mail survey, and telephonic survey method and finally a branch intercept method was also used.

DATA ANALYSIS AND INTERPRETATION:

1).Preference of respondents for bank

Table 1. Preference of respondents for bank

Types of Bank	Observed frequency	Percentage
PSU Bank	425	42.5
Private Bank	445	44.5
Foreign Bank	38	3.8
Co operative Bank	92	9.2
Total	1000	100

2).Awareness of E-banking services offers

Table 2. Awareness of E-banking services offers

Particulars	Category	Respondents	Percentage
Awareness of E-banking services offers	NO	106	10.6
	YES	894	89.4
Total		1000	100

3). Different E-banking services offered by bank

Table3. Different E-banking services offered by bank

E Banking services	Observed frequency
ATM	799
Debit Card	485
Internet Banking	361
Credit Card	380
Phone Banking	200
Mobile Banking	264
Total	2489

4).Type of problems face by respondents under E-banking services

H0: There is no significant difference amongst different problems identified while using e-banking services.

H1: There is significant difference amongst different problems identified while using e-banking services.

Table 4. Problem in E-banking services

Dependent Variable	in using e banking services
Grouping Variable	Problems identified
Problems identified	Count Rank Sum
Time Consuming	894 3,558,959.500
Insecure	894 3,254,656.500
ATM out of order	894 3,478,480.000

Problems identified	Count	Rank Sum
Amount debited but not withdrawn	894	3,017,557.500
Problem of check in mobile no.	894	2,989,851.000
Password together	894	3,178,534.500
Card misplaced	894	3,066,932.500
Misuses of card	894	3,034,156.500

Pair wise comparison on e-banking problems:

To do pair wise comparison of the problems identified for using e-banking services, we have used Conover-Inman Test:

H0: There is no significant difference between any pair of problems identified while using e-banking services.

H1: There is significant difference between any pair of problems identified while using e-banking services.

Conover-Inman Test for All Pair wise Comparisons:

Problems (i)	Problems (j)	Statistic	p-Value	Decision
Time Consuming	Insecure	3.592	0.000	Difference is Significant
Time Consuming	ATM out of order	0.95	0.342	Difference is Insignificant
Time Consuming	Amount debited but not withdrawn	6.391	0.000	Difference is Significant
Time Consuming	Problem of check in mobile no.	6.718	0.000	Difference is Significant
Time Consuming	Password together	4.491	0.000	Difference is Significant
Time Consuming	Card misplaced	5.808	0.000	Difference is Significant
Time Consuming	Misuses of card	6.195	0.000	Difference is Significant
Insecure	ATM out of order	2.642	0.008	Difference is Significant
Insecure	Amount debited but not withdrawn	2.799	0.005	Difference is Significant
Insecure	Problem of check in mobile no.	3.126	0.002	Difference is Significant
Insecure	Password together	0.899	0.369	Difference is Insignificant
Insecure	Card misplaced	2.216	0.027	Difference is Significant
Insecure	Misuses of card	2.603	0.009	Difference is Significant
ATM out of order	Amount debited but not withdrawn	5.441	0.000	Difference is Significant
ATM out of order	Problem of check in mobile no.	5.768	0.000	Difference is Significant
ATM out of order	Password together	3.541	0.000	Difference is Significant
ATM out of order	Card misplaced	4.858	0.000	Difference is Significant
ATM out of order	Misuses of card	5.245	0.000	Difference is Significant
Amount debited but not withdrawn	Problem of check in mobile no.	0.327	0.744	Difference is Insignificant
Amount debited but not withdrawn	Password together	1.9	0.057	Difference is Insignificant
Amount debited but not withdrawn	Card misplaced	0.583	0.560	Difference is Insignificant
Amount debited but not withdrawn	Misuses of card	0.196	0.845	Difference is Insignificant

problem of check in mobile no.	Password together	2.227	0.026	Difference is Significant
problem of check in mobile no.	Card misplaced	0.91	0.363	Difference is Insignificant
problem of check in mobile no.	Misuses of card	0.523	0.601	Difference is Insignificant
Password together	Card misplaced	1.317	0.188	Difference is Insignificant
Password together	Misuses of card	1.704	0.088	Difference is Insignificant
Card misplaced	Misuses of card	0.387	0.699	Difference is Insignificant

5).Reasons for not using the E-banking services:

Table5. Reasons for not using the E-banking services

Reasons for not using E Banking services	Respondents
No Need(satisfied with traditional banking)	51
It is difficult process	32
Fear of insecure transaction	26
No access to Internet/mobile/other	28
Lack of operation knowledge	22
Hidden Costs	25
Any other please specify	19
Total	203

Test Statistics	Reasons for not using E Banking services
Chi-Square	23.034
Df	6
Asymp. Sig.	.001

CONCLUSION:

The customers are taken from various banks i.e PSU Banks, Private Bank etc... , Most of customers know about the e-banking services offered by their bank. There is significant difference amongst different problems identified while using e-banking services. We can say that all these problems identified are not equally effecting in use of e banking services. It means that some problems affect more and some problems affect less in use of e banking services. So to identify the affect of problems we need to do pair wise comparison.

It is seen from the pair wise comparison that there is significant difference in the pairs of time consuming with each other problems identified except ATM out of order; the pair of insecure with each other problems identified except password together; each pair of ATM out of order except time consuming as well as the pair of problem of check in mobile no. and Password together. There is significant difference amongst the reasons considered for not using e-banking services. All these reasons are not equally responsible for not using e banking services.

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