Research Paper Commerce

A Study of Bankers' Perspective on E-Banking With Special Reference To Punjab

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ABSTRACT

E-Banking is the recent innovated service of Indian banks for their customers helping the customers to avail the banking services through electronic means and media without any geographical limitations. The curiosity of internet banking among banking customers is growing at a very high pace. As the customers are becoming more and more demanding and in order to attain customer satisfaction banks have to improve their services. The banks have to cater the needs of customers concerned with different sections and social groups. Such needs are catered with the advanced information technology techniques. The present paper will be outcome of an empirical study carried out with the objective to study the banker's perspective towards strategical implementation of e-banking in India. The study is undertaken with an objective to study the scope of e-banking in Punjab and also to study the banker's perspective towards e-banking in Punjab. This objective got accomplished by getting responses from various bankers with the help of a pre tested questionnaire. The data is collected from the bankers working in Punjab. The sample size of the study is 100. The data collected is analyzed with the help of SPSS 21. Descriptive statistical techniques are used for the data analysis. The study includes the findings and recommendations of the research. The study concludes that e-banking is considered vital by the bankers working in Punjab and to make e-banking popular among customers various innovated techniques are used by banks. This study also fills significant gaps in knowledge about banker's perspective of e-banking, current position and future scope of e-banking.

KEYWORDS E- Banking, Information Technology, Banker's Perspective, Punjab.

INTRODUCTION

The Indian banking industry has witnessed a great success after the period of 1991 as the concept of LPG (Liberalization, Privatization and Globalization) emerges. The industry is growing day by day and is one of the core segments of the Indian economy. The continuous financial and technical innovations in the banking industry have a great role to make this industry more competent, modern and customer friendly. Electronic banking which is also known as e-banking is one of the grand innovations in the banking industry. As the customers are becoming more and more demanding and in order to attain customer satisfaction banks have to improve their services. The banks have to cater the needs of customers concerned with different sections and social groups. A banker is a medium who can shape the perception of the bank in the mind of the customer as they come in first contact with customers directly and recognize what customer actually wants (Virk, N. and et al., 2012). The introduction and growth of e-banking has broken the trend of branch banking as brick and mortal banks are now malformed into click and order banks (Roshan and et al., 2012). In this research paper an effort is made to record the perceptions of bankers in Punjab towards e-banking. The study is conducted to come with the results whether they still rely on brick and mortal banking system i.e. traditional style of branch banking or they are realizing the influence of information technology on their new modeled business (Nyangosi, 2010).

REVIEW OF LITERATURE

The various empirical studies undertaken by various researchers are explained with the help of following table on the bankers' perspective on the e-banking:

	Study	Country and Sample Size	Outcomes of the Study
1.	Dr. Himani Sharma	India, 192 bankers	Indian customers are not much conscious in relation to electronic banking services but the bankers believe that e-banking helps in perfection of connection among banker and customers.
2.	Salim Al-Hajri	Oman, 15 semi Structured Interviews of bankers.	To provide electronic banking services to the customers, special care should be taken on the internet security management with the help of continuous surveillance and safeguarding of their database. Electronic banking helps in conflict management between the bank and its customers which results in improved customer satisfaction.
3.	Dr. Kanhaiya Singh et al.	India, 50 respondents	Banks are transformed into one-stop Supermarkets with the help of electronic banking services and they are capable to shift from mass Banking to Class banking by delivering value added, customized products and services.
4.	Priya Vasagadekar	India, 75 Respondents	Customers are not motivated to use e-banking services by the banks. Well established private banks have got supremacy in delivering improved e-banking services. Banks realized that internet banking is the way to survive in the market while ongoing to maintain their traditional infrastructure. Banks are doubtful about the regulatory framework for running due to the growth of cyber crimes.

5.	Minakshi Dattatray Bhosale	India, 5 Banks	E-banking results in a reduced amount of errors and excellence in work of workforce which results into increased productivity bank.
6.	Kyriakos Voutsas et al.	Germany, Austria, and Switzerland, 1200 respondents	E-banking services enable the banks to increase their customer value proposition and to face competition in the market. These banks center on establishing customer-centric, personalized, flexible, versatile, and innovative offerings across multiple customer touch points.
7.	Jen-Her Wu	Taiwan	Banks feels e-banking is a disturbing innovation for the incumbent banks. It leads to massive changes in the areas of both technological knowledge and business model. Banks are able to properly exploit e-banking only if they renew their technical and business capabilities.
8.	Ravi Nath et al.	United States,75 banks	Internet banking is a channel of strategic opportunity that helps to reduce transaction costs, increase customer service, enhance the customer base and develop cross-selling opportunities.
9.	Morufu Oladejo et al.	Nigeria, 224 Respondents	Bankers in Nigeria identify electronic banking as means for lessen inconvenience, reducing transaction costs, changing customers queuing pattern and saving customers banking time. Bankers alleged that e-banking enhances the probability of government access to public data, increases the chances of fraud and a dearth of information security.
10.	Ahmad Kaleem	Pakistan, 207 Respondents	Bankers consider convenience, reduced transaction cost and time saving to be significant benefits and chances of government access, chances of fraud and lack of information security to be essential risks connected with e-banking. Reduced HR requirements and improved service quality are not considered important benefits and legal and security issues and charging high costs for services to be important risks associated with e-banking.
11.	Mohammed Arif Shaikh	Ethopia, 74 Respondents	Bankers consider saving of time, minimizes the risk of carrying cash, and minimizes the cost of transactions, to be important benefits and needs expertise and training, legal and security issues and chance of fraud to be very serious concerns of electronic banking. The bankers do not consider reduces HR requirements and minimizes inconveniences to be important benefits and less operational reliability, high cost for services to be important risks related with electronic banking.
12.	Dr. S.K. Baral	India	The bankers are influenced that e-banking assists in improving the relationship between bankers and customers and also in the overall performance of banks. Bankers are pleased regarding the retention rate and access rate of e-banking customers and they are also happy with switch over rate of customers from traditional banking to e-banking.

OBJECTIVES OF THE STUDY

The study is undertaken with the following objectives:

- To study the scope of e-banking in Punjab.
- To study the bankers' perspective towards e-banking in Punjab.
- To analyze the challenges faced by the banks providing e-banking services in Punjab.
- To provide recommendations to improve the future of electronic banking in Punjab.

LIMITATIONS OF THE STUDY

The present study is based upon the results of survey conducted on only 100 respondents. The results of the study are subject to the limitations of sample size, regional territory, psychological, financial and emotional characteristics of surveyed population. Due to such limitations the study cannot be generalized.

RESEARCH METHODOLOGY

Data Collection

This research is based upon the primary as well as secondary study. In order to arrive at the sample size, non probability method and convenience method has been used. For the primary data collection the structured pre tested questionnaire is used to record the response of various respondents. Data is collected from 100 respondents to record the responses of bankers to study their perception towards e-banking in Punjab. All items were measured by responses on a Five-Point Likert Scale in agreement/relevance with statements, ranging from 1= Strongly agree/ Completely relevant to 5=Strongly disagree/Completely irrelevant. The sources used for secondary data collection includes research papers, articles, websites of banks, data published by RBI.

Data Analysis

The reliability of data has been tested through Cronbach Alpha, It has further been analyzed thought descriptive statistics. The techniques like frequency distribution tables, Percentages, averages, standard deviation, ANOVA, chi-square test are used. The analysis of primary data was carried out using Statistical Package for the Social Sciences (SPSS) 21.

FINDINGS AND DISCUSSIONS

Table 1: Sex of Respondents

Particulars	Frequency	Percent
Male	44	44
Female	56	56
Total	100	100.0

This research is done on total of 100 respondents and these respondents include 44 male respondents and 56 female respondents.

Table 2: Working Experience

Particulars	Frequency	Percent	Cumulative Percent
Less than 5 yrs	59	59.0	59.0
6 to10 yrs	25	25.0	84.0
11 to 15 yrs	5	5.0	89.0
16 and above years	11	11.0	100.0
Total	100	100.0	

Table 2 signifies the working experience of the bankers. 59% of respondents have less than 5 years of experience, 25% have 6 to 10 years experience, 5% have 11 to 15 years experience and 11% have more than 11 years experience. So maximum number of respondent are only having less than 5 years of experience.

Table 3: Position in the Bank or Designation

Particulars	Frequency	Percent	Cumulative Percent
Branch Manager	11	11.0	11.0
Department Head	10	10.0	21.0
Accounts officers	24	24.0	45.0
Others	55	55.0	100.0
Total	100	100.0	

11% of respondents are working as branch manager, 10% are working as departmental heads, 24% are working as accounts officer and 55% of respondents belongs to other category which include probationary officers, specialist officers etc.

Table 4: Educational Qualification

Particulars	Frequency	Percent	Cumulative Percent
High School	1	1.0	1.0
Graduate	39	39.0	40.0
Post Graduate	60	60.0	100.0
Total	100	100.0	

Table 4 depicts the educational background of respondents. 1% of respondents have passed just high school, 39% are graduates and remaining 60% of respondents are such who are having a degree of post graduation. This research has maximum post graduation qualified respondents.

SUMMARY OF BANK

Table 5: Type of the Bank

Particulars	Frequency	Percent	Cumulative Percent
Private	48	48.0	48.0
Public	52	52.0	100.0
Total	100	100.0	

Table 6: Size of the Bank

Particulars	Frequency	Percent	Cumulative Percent
Small	2	2.0	2.0
Medium	61	61.0	63.0
Large	37	37.0	100.0
Total	100	100.0	

The respondents who become part of the study are working in public sector and private sector banks. 48% of bankers are part of public sector banks and other 52% belongs to private sector banks. 2% of these banks have small banking operations, 61% have medium bank size operations and 37% have large banking operations.

RELIABILITY ANALYSIS

Table 7: Reliability Statistics

Cronbach's Alpha	N of Items
.811	29

Reliability was examined on all items in this study and as test of reliability Cronbach's Alpha was adopted to represent internal consistency. Table 7 shows the positive reliability test with value .811 as it is greater than the value of .7. Hence it can be concluded that the items reliably measure the defined constructs.

Table 8: Is E-Banking Important?

Variables	Frequency	Percent	Cumulative Percent
Vital	44	44.0	44.0
Essential	39	39.0	83.0
Desirable	15	15.0	98.0
Cannot say exactly	2	2.0	100.0
Total	100	100.0	

Source: Primary Source

The question regarding the e-banking as a new system of delivering banking services, 44% of respondents considers e-banking vital or very important in the modern banking environment, 39% considers it essential or only important, 15% considers it desirable and only 2% have not exact response to this question.

Table 9: Descriptive Statistics of E-Banking Technologies Adopted by Banks

Variables	Responses in %	Mean	Std. Deviation
ATM Banking	99	1.0000	.00000
Telephone Banking	99	2.0505	.50252
Credit Cards	79	3.0633	.56254
Debit Cards	100	3.9700	.30000
Mobile Banking	100	4.9700	.30000
PC Banking	27	6.0000	.00000
Electronic Fund Transfer	90	7.0000	.00000
Internet Banking	100	7.9600	.31527

Source: Primary Source

ATM Banking, Telephone banking, mobile banking, debit cards and credit cards services are provided by maximum number of bankers to their customers in Punjab. Electronic fund transfer and credit cards are also prominent services provided by banks to the customers. But PC banking is least favored service from the bankers' perspective in Punjab.

Table 10: Descriptive Statistics of Channels encouraging E-Banking consciousness

Variable	Responses in %	Mean	Std. Deviation
Through Bank Officials	97	1.0000	.00000
Print Media Advertisement	67	1.9851	.12217
T.V. and Radio Advertisement	53	3.0000	.00000
Online Advertisement	51	3.9804	.14003
Through Employer	87	5.0000	.00000

Source: Primary Source

The bankers in Punjab put more emphasis on its bank officials to promote e-banking services among customers. 97% of bankers are following this strategy. The promotion of e-banking is also done through employer of bankers in case of 87% banks in Punjab. Print media advertisement is popularly followed in case of 53% respondents' banks. The promotion of e-banking is least done with the aid of online advertisement and T.V. and radio advertisement in banks of Punjab.

Table 11: Descriptive Statistics of E-Banking Services Offered Through ATM Channel

Variable	N	Mean	Std. Deviation
Withdrawal of Cash	100	1.0500	.50000
Deposit of Cash and Cheque	19	2.0000	.00000
Balance check	100	3.3500	3.03640
Requesting Cheque Book	68	3.9559	.36380
Payment of Utility Bills	35	5.0000	.00000
Check Bank Statement	99	5.9697	.30151
Order Cheque Book	67	7.0000	.00000
Transfer of Funds	88	8.0000	.00000

Source: Primary Source

Table 10 shows that most of the banks in Punjab are highly favoring cash withdrawal, balance enquiry, checking of bank statement as an e-banking service through ATM channel. Fund transfer facility is provided by large number of bankers to the customers by using ATM only. Customers can request for the issue of cheque book and order new cheque book in case of 68% and 67% bankers organization. Payment of utility bills through ATM is supported by only 35% of bankers' affiliations. The least favored e-banking service through ATM by banks is deposit of cash and cheque and is provided by mostly through private banks.

Table 12: Descriptive Statistics of Methods Promoting E-Banking Adoption

Variables	N	Mean	Std. Deviation
Make them cheaper by reducing charges and fees	54	1.0926	.68041
Incentives to E-banking users	54	2.0926	.68041
Intensive advertisement	64	3.0000	.00000
Contacting every customer personally	47	4.0000	.00000
Keep on reminding customers through written communication	16	5.0000	.00000
Demonstrating on how to use services to them	26	6.0000	.00000
Giving them guarantee of security and privacy	70	7.0000	.00000
Giving the technological knowledge to customers through seminars	24	8.0000	.00000

Table 11 shows that security and privacy assurance given to customers by the banks is the most preferred encouraging factor in the promotion of e-banking services among customers with highest response rate of 70%. Intensive advertisement is the second preferred technique with response of 64% to make e-banking services popular. Less charges and fees and providing offers to e-banking users is also a popular method with 54% response rate each for promoting e-banking adoption. Some bankers are also making efforts by contacting every customer personally so that they will adopt e-banking. Some of the private sector banks are also demonstrating on how to use e-banking services and also providing the technological knowledge to customers through seminars so that the doubts and fears can be removed from the mind of customers and they feel encouraged to use e-banking services hassle free.

RECOMMENDATIONS TO IMPROVE E-BANKING ADOPTION AMONG CUSTOMERS

As this research paper states that bank have become alert for the promotion of electronic banking among customers but to gain more and more e-banking customers the current efforts are not sufficient. They have to do something more to attain this objective. Some of the recommendations for this are as follows:

All of the banks need to realize the importance of e-banking as banks are providing e-banking services but not consciously. In the coming future the successful implementation of the e-banking services will be the only way to survive in the market. Our current research provides that now a day's public sector banks are not paying special attention to make e-banking popular among customers but to match up the competitor in future now public sector banks also need to make sincere efforts for the successful implementation of the e-banking.

Banks need to introduce new innovated customer friendly e-banking services so that customer can find more convenience in using such services.

The use of online advertisement as a channel to promote e-banking services can be used with special center of attention by the banks.

Facility of deposit of cash and cheque through e-banking services should be arranged to attract more and more customers by the banks.

Young generation customers can be easily attracted by educating them regarding the use, ease and benefit of e-banking.

The main obstacle in the implementation of the e-banking is the security related threat in the mind of the customers. So such fears and doubts can be cleared by giving assurance and guarantee of safeguarding of their personal information and also their hard earned money.

E-banking awareness programs should be arranged in the bank frequently at bank's cost so that the branch visitors can attend them and can know about the benefits of e-banking. It will be also helpful in removing the doubts in their minds.

The branches located in rural areas need to pay more special attention to make prepare the rural banking customers for the e-banking customers. It is a big challenge for the bankers. This challenge can be faced with the introduction of e-banking awareness campaigns and services in the regional language which they understand with ease and comfort.

Special customer care numbers should be used to get only information regarding e-banking and to get the solution of any query regarding e-banking.

CONCLUSION

As this study is concerned with the strategical implications of e-banking adoption from the banker point of view, the study come across with vital outcomes. The bankers consider that e-banking adoption is vital in today's business environment. Banks are offering exciting services to their customers to encourage them to avail the benefit of click and mortal banking. The study concludes that ATM Banking, telephone banking, mobile banking, debit cards and credit cards services are commonly provided by the banks followed by the emerging trend of Electronic fund transfer and credit cards. PC banking is least favored electronic banking service followed by the banks in Punjab. The promotion of e-banking services is mostly done through the bank officials and by the bank employers. Online advertisement, T.V. and radio advertisement is considered least favored for the promotion of e-banking among customers from the banker perspective. All the banks under study are providing ATM services to their customers. The ATM facility generally covers cash withdrawal, balance enquiry, checking of bank statement but now the various modern facilities like fund transfer facility, payment of utility bills etc. Now a customer can also request for the cheque book and order for the new cheque book by using ATM without visiting the branch of his bank. To get ready customers for the adoption of e-banking services, special care should be taken on the internet security management. To motivate customers for using e-banking services intensive advertisement, exciting offers etc. are provided by the banks to their customers. The modern trends to encourage customers by banks for e-banking adoption include demonstration on how to use e-banking services and also giving the technological knowledge to customers through seminars arranged at banks cost for the customers. So it can be rightly said after this research the banking customers who are still using only brick and mortal banking are persuaded to use e-banking services and for this sincere efforts are done by the bankers by making them aware regarding the convenience and benefits associated with the e-banking services. A fact also revealed in this research that the maximum target customers for this are the young generation customers followed by the old generation customers.

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