

Consumer Awareness towards E-Banking

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Abstract

Information technology has become a necessary tool in today's organizations. Today banks operate in a highly globalized, liberalized, privatized and a competitive environment. Indian banking industry has witnessed a tremendous development due to sweeping changes that are taking place in the information technology. Electronic banking has emerged from such an innovative development. E-Banking is the term that signifies and encompasses the entire sphere of technology initiatives that have taken place in the banking industry. E-Banking is a generic term making use of electronic channels through telephone, mobile phones, internet etc. for the delivery of banking services and products. Though e-banking constitutes an electronic alternative network of payments and benefit of services, it poses some different risks as compared to the traditional banking. These risks are more pronounced in the case of E-Banking like technological changes, Security issues, Privacy risk, Necessity of the internet, Customer care services, Technical difficulties, Security precautions. E-Banking offers a high level of convenience for managing one's finances even from one's home. However, it continues to present challenges to the financial security and personal privacy.

Key words: E-Banking, services, Customer.

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Introduction

E-Banking refers to the use of the internet as a remote delivery channel for banking services, including viewing and verifying transactions on account, checking balances, printing statements, monitoring noncredit and unpaid cheques, and many more. The service provided by banks on the internet has evolved from simple consultation of account to a full range of banking services. Compared to the traditional form of banking, the internet has the advantage of eliminating most of the network and software costs attached to other electronic banking innovations through the use of browsers. E-banking also allows customers to interact more intensively than before with the front office of the bank and at the same time allow banks to centralize back office operations and increase their efficiency. The day and night availability of such services make it very convenient for the clients of banks. After globalization of the Indian economy, the need to upgrade services to an internationally accepted level have prompted many of our banks to offer internet banking services. Now, most of the countries in the world think highly of e-banking and make it as impetus to the development of the economy. Even they think e-banking has more importance than the industrial revolution. It is getting more and more attention from all types of business houses and consumers, both at national and international level. The highly successful operations of some well known names on the internet, such as eBay, Yahoo, Dell and Amazon, the banking institutions have also adopted this net work for their business purpose.

Review of Literature

Uppal R. K (2008) described in his study on "Customer Perception of E-Banking Services of Indian Banks" that in the post LPG (Liberalisation, Privatisation and Globalisation) era and information technology era, transformation in Indian Bank is taking place with different parameters and the curve of banking services are dynamically analysed the quality of e-banking services in the changing environment. It concluded that most of the customers of e-banks are satisfied with the different e-channels and their services, but the lack of awareness is a major obstacle in the spread of e-banking services.

Swaminathan J. and Ananth A. (2010) in their study on "Customer Satisfaction on E-Banking: A Study with Special Reference to Mayiladuturai" analysed the level of customer

satisfaction on e-banking. It observed that a particular age group have only used those services effectively and their satisfaction is mainly influenced by the convenience, awareness and responsiveness. The study suggested to create awareness among others and to concentrate on the factors contributing customer satisfaction to ensure loyalty among the customers.

Dr. Jadav N.B, Mrs. Poonam R. Lohana and Mr. Rupesh Dargad (2011)⁷ in their research article on “Customer perception and attitude towards e-banking” determined the consumers perspective on the adoption of E-banking. The study revealed that electronic revolution has made it possible to provide ease and flexibility in banking operations which benefit the customers.

Statement of the Problem

This study mainly concentrates to analyze the technical risks specific to electronic banking and examine possible security measures that can be relied upon to prevent, detect and contain fraud.

Objectives

Followings are the objectives of the study

1. To understand the customer perceptions and awareness level regarding E-Banking services.
2. To study the challenges/problems faced by the customers while using E-Banking services.
3. To find the customer expectation and satisfaction relating to E-Banking services.

Hypothesis

H₀: There is no significant association between education and satisfaction level.

H₁: There is a significant association between education and satisfaction level.

Methodology

The study was related to problems and prospects of Electronic-Banking. The study is confined to E-Banking users of Sagara taluk. To collect the data, 40 respondents were selected under simple random technique. This study is mainly based on the primary data which was collected by using a structured interview schedule and Published data collected from journals, magazines, websites, e-journals, books, etc.

Data analysis

The data collected from the sample of 40 respondents have been analysed and presented.

Table 1 - Socio Economic Profile

Classification base		Frequency	Percentage
Age	Below 20	4	10.00
	21 to 30	24	60.00
	31 to 40	5	12.50
	41 and above	7	17.50
Gender	Male	28	70.00
	Female	12	30.00
Education	SSLC	3	7.50
	PUC	4	10.00
	Graduate	14	35.00
	Post Graduate	13	32.50
	Any other	6	15.00
Marital Status	Married	11	27.50

	Single	29	72.50
Mmonthly income	Up to 10000	12	30.00
	10000-20000	10	25.00
	20000-30000	3	7.50
	30000-40000	8	20.00
	Above 40000	7	17.50

Source: Primary Data

Table 1 reveals the socio economic profile of the respondents.

Table 2 - Account Holders and type of account

Account Holder	Type of account					
	Savings account		Current account		Total	
	Frequenc y	Percentag e	Frequenc y	Percentag e	Frequenc y	Percentag e
Yes	36	90.00	4	10.00	40	100.00
No	0	0.00	0	0.00	0	0.00

Source: Primary Data

Table 2 represents the respondents whether having bank account and type of account

Table 3 - E-Banking Facilities

Facilities	Frequenc y	Percentag e
Mobile Banking	19	47.50
Online Banking	6	15.00
Credit and Debit Card	12	30.00
E-Lobby	3	7.50
Total	40	100

Source: Primary Data

Table 3 incorporates various facilities used by respondents

Table 4 - Experience in E-Banking Activities

Experience	Frequenc y	Percentag e
Less than one year	06	15.00
2-4 Year	25	62.50
4-6 Year	06	15.00
Above 6 Year	03	07.50
Total	40	100.00

Source: Primary Data

Table 4 clears that distribution of sample respondents based on how long they using E-Banking services and activities.

Table 5 - Reasons for Opting e-banking

Reasons for Opting	Weighted Points	Rank
Convenience (24 hours service, anywhere connectivity)	12	I
Curiosity	0	V
Offers	5	IV
Safe and secure	8	III
Low service charge	5	IV
Easy to track my banking transaction activity	10	II

Source: Primary data

Table 5 reveals the reasons for opting e- banking by the respondents.

Table 6 - Frequency of Use of the e-Banking

Frequency of use	Frequency	Percentage
Daily	15	37.50
Once a week	10	25.00
Once a Month	15	37.50
Total	40	100.00

Source: Primary data

Table 6 reveals the frequency of use of e- banking by the users

Table 7 - E-Banking services

Services	Weight Points	Rank
Less time of transaction	133	II
Simplified process	97	III
24*7	183	I
Cost saving	92	V
Convenience	95	IV

Source: Primary Data

Table 7 reveals the benefits of E-Banking service

Table 8 - Benefits Enjoyed from E-Banking

Benefits	Frequency	Percentage
Shopping	24	60.00
Cash Deposit	22	55.00
Cash Withdrawal	26	65.00
Payment of bills/premium	23	57.50
Booking	13	32.50
To make an A/c enquiry	15	37.50
NEFT	12	30.00
ECC(Electronic Cheque Conversion)	03	7.50

Source: Primary Data

Table 8 exhibits the various benefits used by respondents.

Table 9 - Satisfaction about E-Banking Services

Satisfaction level	Frequency	Percentage
Highly satisfied	05	12.50
Satisfied	25	62.50
Average	05	12.50
Dissatisfied	02	05.00
Highly dissatisfied	03	07.50
Total	40	100.00

Source – Primary Data

Table 9 discloses the satisfaction level regarding the usage of E-Banking.

Table 10 - Expectations in E- Banking Development

Factors	Weight Points	Rank
Privacy	146	II
Security	177	I
Efficiency	142	III
Accessibility	138	IV
Availability	121	V
Infrastructur e	116	VI

Source: Primary Data

Table 10 represents the area in which there is a need of development is required by the customer.

Hypothesis Testing

H₀: There is no significant association between education and satisfaction level.

H₁: There is a significant association between education and satisfaction level.

Table 11 - Association between education level and level of satisfaction

Satisfaction \ Education	Highly Satisfied		Satisfied		Average		Dissatisfied		Highly Dissatisfied		Σx ²
	O	x ²	O	x ²	O	x ²	O	x ²	O	x ²	
SSLC	0	0.37	0	1.87	1	1.4	1	4.81	1	2.67	11.12
PUC	1	0.5	2	0.1	1	0.5	0	0.2	0	0.3	1.60
Graduates	3	0.89	1 0	0.18	0	1.75	1	0.13	0	1.05	4.00
Post Graduates	1	0.24	1 0	0.04	2	0.08	0	0.65	0	0.97	1.98
Any other	0	0.75	3	0.15	1	0.08	0	0.3	2	5.34	6.62
Σx ²		2.75		2.34		3.81		6.09		10.33	25.32

Source: Primary Data

Here an attempt is made to test the hypotheses by using chi-square test. This test enables research analysis to determine whether an observed pattern of frequencies corresponds to or fits in an expected pattern.

Association between education qualification and satisfaction level regarding the usage of E-Banking.

The formula used to calculate chi-square is:

Chi Square = $\sum (O_i - E_i)^2 / E_i$

O = Observed frequency

E = Expected frequency

Calculation of expected frequency = (row total) x (column total) / grand total

Degree of freedom = (R-1) (C-1)

R = Number of rows

C = Number of columns

Calculated value of chi square =26.296

Degree of freedom =16

Table value at 5% level of significance is 25.359

Since the calculated value (**26.296**) is more than the table value (**25.359**) that indicates there is an association between education and satisfaction level. Thus the null hypothesis is rejected.

Findings

- Education level indicates that, most of the respondents are Graduates
- All 40 respondents are having bank account, and majority are holding the savings account.
- Majority of the banks provide Online banking services and credit and debit card facility to their customers, and other services like mobile banking, E-lobby, EFT, pass book kiosk, E-statements etc
- 62.5 per cent of respondents are using e-banking services from past 2-4 years
- The main benefit of e-banking, according to the respondents is 24*7 availability, saves time and simplified process.
- Majority of the respondents are facing difficulties in e-banking activities in that complex to learn, lack of knowledge about e-banking, language barrier and lack of privacy and others.
- Majority of the respondents are daily using the e-banking facilities.
- Most of the respondents opt this because they feel convenient.
- Respondents said that in e-banking sector security, privacy and efficiency are significant area need to be develop
- Main purpose of using e-banking is for cash withdrawal, online shopping, payment of bill/premium, to make account enquiry etc and they are satisfied with the usage of e-banking.
- Majority of the respondents are satisfied with services.
- The study clears that respondents education impacts on their perception regarding services provided by banks.

Conclusion

The banks are facing many challenges and many opportunities are available with the banks. Many financial innovations like ATM's, credit cards, passbook kiosk, e-lobby, mobile banking, SMS banking etc. have completely changed the face of Indian banking. And not only individuals have benefited from this technological advancement because various industries have felt its great influence as well. The basic objective of this project is to analyse the problems and prospects of electronic-banking. The findings revealed that people are facing problem with respect to privacy, language barrier and lack of knowledge about e-banking services. So, banks should undertake promotional activities to educate customers about e-banking services make them aware about the e-banking benefits and also convert potential customers into E-Banking customers.

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