

A STUDY OF IMPACT OF E-BANKING ON CUSTOMERS OF AMRITSAR CITY

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ABSTRACT

Information Technology has become the heart of banking sector. Investment and reliance in e-banking innovation by its providers to offer their services makes it essential to understand how various aspects of consumer behaviour affect the innovation and respond to service quality. Within this context this paper has undergone a critical literature review of previous researchers with an objective to examine the impact of e-banking on consumer's behaviour to e-service quality. To further this, since increased adoption of internet as a delivery channel contributes a gradual reduction in overhead expenses (Marketing, IT and Staff), this paper also consists of a critical review of peer reviewed, scholarly and organizational literature regarding the impact of e-banking on banks' performance to examine if banks have successfully achieved customer's satisfaction, by providing high level of quality service through online delivery channel, besides operating cost minimization and revenue maximization.

Key words: E-Banking, Technology, Banking

Introduction

Electronic banking is that type of banking in which all the banking activities are carried through electronic means. It is also known as electronic funds transfer (EFT). It can also be said that it is simply the use of electronic means to transfer funds directly from one account to another, rather than by check or cash. Businesses rely on efficient and rapid access to banking information for cash flow reviews, auditing and daily financial transaction processing. E-banking offers ease of access, secure transactions and 24-hour banking options. From small start-up companies to more established entities, small businesses rely on e-banking to eliminate runs to the bank and to make financial decisions with updated information. In an information-driven business climate, companies who do not use e-banking are at a competitive disadvantage.

Activity Review

Business owners, accounting staff and other approved employees can access routine banking activity such as deposits, cleared checks and wired funds quickly through an online banking interface. This ease of review helps ensure the smooth processing of all banking transactions on a daily basis, rather than waiting for monthly statements. Errors or delays can be noted and resolved quicker, potentially before any business impact is felt.

Productivity

E-banking leads to productivity gains. Automating routine bill payments, minimizing the need to physically visit the bank and the ability to work as needed rather than on banking hours may decrease the time involved in performing routine banking activities. Additionally, online search tools, banking actions and other programs can allow staff members to research transactions and resolve banking problems on their own, without interacting with bank employees. In some cases, month-end reconciliations for credit card transactions and bank accounts can be automated by using e-banking files.

Lower Banking Costs

Banking relationships and costs are often based on resource requirements. Businesses that place more demands on banking employees and need more physical assistance with wire transfers, deposits, research requests and other banking activities often incur higher banking fees. Opting for e-banking minimizes business overhead and banking expenses.

Reduced Errors

Utilizing e-banking reduces banking errors. Automation of payments, wires or other consistent financial activities ensures payments are made on time and may prevent errors caused by keyboard slips or user error. Additionally, opting for electronic banking eliminates errors due to poor handwriting or mistaken information. In many cases, electronic files and daily reviews of banking data can be used to double or triple check vital accounting data, which increases the accuracy of financial statements.

Reduced Fraud

Increased scrutiny of corporate finances through audits and anti-fraud measures requires a high level of visibility for all financial transactions. Relying on e-banking provides an electronic footprint for all accounting personnel, managers and business owners who modify banking activities. E-banking offers visibility into banking activities, which makes it harder for under-the-table or fraudulent activities to occur.

Need of the study

These days overall growth of any Bank is incomplete without E-Banking. Each and every individual prefers E-services because of its convenience and ease and all the banks today are providing this facility. This study is mainly done to know the extent to which Electronic Banking has developed and to know various issues which are inhibiting its growth. An effort was also made to study customer's perception and satisfaction level through this study.

Objectives of the study

1. To analyze the services available through E-banking
2. To study customer's perception about electronic banking
3. To study the impact on satisfaction of customers
4. To provide suggestions to make E-banking more effective

Review of literature

1. **Marks, Paul (2001)**, researched about "Future of online banking" in which he has provided two aspects of online banking. Analysis on positive and negative impacts of online banking was done by him. On one side, he analyzed that online banking is widely accepted and it has saved a lot of time whereas on the other hand it has become a costly luxury and there are still many customers who prefer dealing with a real person. But then also it has gained wide acceptance. High income group are willing to pay anything for better service availability. With the development in technology, personal touch will one day become rare and people now days are relying more and more on online banking.
2. **Aclinsen (2003)**, investigated about the wide acceptance of online banking which has lead to a rapid increase in online banking and wrote an article, "Online Banking surges ahead in Asia". Online Banking was spread up to 63% of Asia in the second half of 2001 and there was also rapid increase in customer's satisfaction. As per this article customers find online banking convenient and time saving as compared to traditional branch banking. He has also provided data of various countries signifying a rapid increase in online banking in his article. From the data he collected, he has concluded that online banking is more popular than online shopping in Asia.
3. **Dizikes, Peter (2004)**, has written an article on "Criminals target electronic banking". The main objective of his article was to tell the customers that there are various hi-tech methods with which thieves can steal the banking card information and misuse it. This article tells about the phishing and other scams which can endanger customers. Various suggestions have been provided by consumer's groups and government agencies for avoiding these scams which can provide a goog help to the customers. Tricksters use various techniques which can manipulate the customers to send there account information to them. Thus customers accounts get hacked and that's why most of the people resort using this online facility. Genuine online forms are confused with the phishing forms and it becomes difficult to distinguish between the two by most of the people. This article mainly deals with the scams and criminal attacks of online banking and how it has hampered online banking growth. In this article, views of various writers have also been provided.
4. **Gosselin, Kenneth (2005)**, investigated about the increasing use of electronic banking and wrote an article, "Banks find the value of a friendly face" from which we can know about the increasing use of online banking and consolidation of Connecticut banks. The rise of ATMs and online bill payment as per the report by the Federal Deposit Insurance Corporation has also been told. The main objective of this article was to tell the readers about the increasing trend of online banking.
5. **Srivastva , Rajesh (2007)** researched about customer's perception about internet banking and wrote an article, "Customer's perception on usage of Internet Banking" . In this article, different factors affecting usage of Internet Banking were studied but the limitation is that factors relating to non-usage were overlooked. Factors attracting customers towards Internet Banking were studied. He concluded the article article by saying that perception of customers about Internet Banking can

be altered by awareness programs, friendly usage, less charges and the best response to the services offered.

6. **Hanizarmali (2007)**, did a research on “Maybank Online Banking”. In his study Hanizarmali has explained the Maybank2u.com online banking service. He has explained all the sectors which have been eased through maybank online service such as Payment services, payroll sector, cash management, SOCSO Services, EPF Services etc. Maybank services provide a secured way of online transactions. His research article has provided a detail survey of maybank online service.
7. **Indianmn (2007)**, researched about online banking .The main focus of his research was on 18-20 year olds who are going to contribute the most in online banking because of their knowledge about computer technology.

Research methodology

A systematic and theoretical study of the methods applied, data analysis, findings and data interpretation is very important for any study. The objective of the study was to analyze the various services available through E-Banking and to study customer’s perception about E-Banking. Various suggestions to increase the productivity of E-Banking has also been provided by various customers in this study.

Objective of the Research

The whole research has been carried down keeping in view the objectives of the study. The objectives of the research were to analyze the services available through E-Banking, to study the customer’s perception of E-Banking, to study the impact on satisfaction of customers and to provide suggestions to make E-banking more effective.

Nature of data and collection of data

Both primary and secondary data was collected for the study.

PRIMARY DATA refers to the first hand information. For the collection of primary data a questionnaire was formed and a sample of 100 people was taken and they were asked to fill the questionnaire. The sample included both users and non users of E-Banking with age ranging from 18 years to 60 years. Convenience sampling technique was used in the collection of primary data. Interview of various people were also taken for this study to know about their perception towards E-Banking.

SECONDARY DATA includes data which is already available. As secondary data various articles from magazines, journal articles, research articles, books were studied and analyzed. Internet also proved to be a major source of secondary data in the study.

Sampling technique used

Convenience sampling was used for collecting the primary data. Convenience sampling is a statistical technique used for drawing representative data by selecting people because they are easily available and are willing to volunteer. A Questionnaire was formed and people were selected randomly who were willing to fill the questionnaire.

Merits of Convenience sampling

1. Easy availability
2. Ease in accessing
3. Quickness in accessing the data
4. Simple to use and easy to understand

Demerits of Convenience sampling

1. The selected data maynot represent the whole population
2. The respondents may provide bias answers

Data analysis and interpretation

The data so collected is analyzed with the help of various statistical tools such as simple average method, weighted average method and percentages. The use of bar graphs, pie charts, doughnuts was used to make the data clearer and easier to understand.

Limitations of the study

Though every possible effort was taken for the proper collection and analysis of data but then also the study is not free from limitations. Some of the limitations of the study are as follows-

1. Many people were reluctant in disclosing their personal information
2. Small sample of the population was taken for the study and this sample may be irrelevant for the representation of the whole universe.
3. Nearby and the local people were selected for the study and this sample may provide opposite or false results when compared with the whole universe

4. It is assumed that person interviewed is providing true, accurate and reliable information. This assumption may not be true in all the cases and some people may have provided false answers.
5. Due to time constraint, a very small sample was selected which may not have represented the whole population
6. There may have occurred some kind of personal bias while responding to the questionnaire by many respondents

Suggestions

E-Banking should be much more than just a replacement of paper based services involved in Traditional banking. Various suggestions to increase the efficiency and utility of E-Banking are as follows-

- ✓ Development of certain softwares which can help in securitization of customer's data can enhance E-Banking to a great extent as it is the main problem of E-Banking. Every customer wants its account and data to be secure. So, by providing security to their data, E-Banking can be improved.
- ✓ Standardization of services provided by different banks can be another step in the development of E-Banking. Standardization of services would prove to be an ease for customers.
- ✓ The procedure of using e-services should be simplified so that every individual can understand it. By simplifying the procedure, its utility would increase.
- ✓ There should be a quick redressal of complaints of different users. Complaints should be resolved immediately and in a way that it provides satisfaction to the complainant.
- ✓ Efforts should be made to provide an immediate solution in case any problem occurs while using any e-service
- ✓ Different campaigns and awareness programmes should be carried to educate people about E-Banking to popularize it.
- ✓ Systems should be made user friendly. Systems should be made keeping in customer's point of view so that people who have less technological knowledge can also avail the benefits of E-Banking.
- ✓ Most of the time, ATMs are found to be out of order. Proper maintenance of ATMs is very necessary.
- ✓ E-Banking should be designed in such a way that it reduces the cost of carrying various transactions.
- ✓ Necessary and required information should be provided on the main page so that users can access it easily.

Conclusion

With the development in technology, each and every sector is heading towards the adoption of technology. Banking sector is no exemption. Technological development has offered banking sector with various e-services which have eased different tasks involved in banking. E-Banking is anywhere, anytime and anyhow banking which offers us more services as compared to traditional banking. Most of the countries have adopted E-Banking. Many people across the globe are still not adopting E-Banking because of the assumptions that E-Banking is more costly and feels that it is difficult to use E-Banking.

E-Banking has a great impact on customers also. From my survey, it was concluded that respondents of the age limit 20-40 prefer using E-Banking which shows increasing preference of e-banking. ATM is the most availed e-service and absence of face to face interaction is the main factor which is inhibiting its growth. If more efforts are taken towards providing securitization of customer's account, user friendly services and proper maintenance of their accounts, then e-banking would have flourished more and gained more preference as compared to traditional banking.

E-Banking has provided us various services such as ATM, credit card, debit card, online payment of bills etc which has eased our tasks. Now with a touch of button, different tasks can be accomplished. E-Banking is convenient and saves a lot of time. But on the other side, there are issues of securitization, card replacement, transaction problems etc. which are hampering its growth. In spite of its limitations, users of E-Banking are increasing day-by-day and as per different surveys, most of the users are satisfied with the different e-services. Though, acceptance level of E-Banking is still less in India but in the coming future, it is believed that apart from accepting E-Banking, people would prefer E-Banking. With the development of security softwares and other techniques, different issues which are preventing people to adopt E-Banking are being reduced. To conclude, it can be said that in spite of different limitations, E-Banking is gaining importance in the life of every individual and it is believed that E-Banking will gain more acceptance and dominance over traditional banking.

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