

## SCENARIO OF E-BANKING IN TODAY'S LIFE-A Survey

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### Abstract

Competition and the constant changes in technology and lifestyles have changed the face of banking. Nowadays, banks are seeking alternative ways to provide and differentiate amongst their varied services. Customers, both corporate as well as retail, are no longer willing to queue in banks, or wait on the phone, for the most basic of services. They demand and expect to be able to transact their financial dealings where and when they wish to. With the number of computers increasing every year, the electronic delivery of banking services is becoming the ideal way for banks to meet their clients' expectations. To study the scenario of e-banking the present study has been carried out. In this study opinions of 100 customers from Ludhiana were taken. The results revealed that People are aware of e-banking, but not fully. The Customers are at ease after using e-banking, it saves the precious time of the customer. It has also been found that Customer satisfaction varies according to age, gender, occupation etc. E-banking has increased the pace of transaction and Customer perception is that e-banking has made the life easy.

**Keywords:** Customers, e-banking, life, Computers, satisfaction, expectations

### I. INTRODUCTION

Competition and the constant changes in technology and lifestyles have changed the face of banking. Nowadays, banks are seeking alternative ways to provide and differentiate amongst their varied services. Customers, both corporate as well as retail, are no longer willing to queue in banks, or wait on the phone, for the most basic of services. They demand and expect to be able to transact their financial dealings where and when they wish to. With the number of computers increasing every year, the electronic delivery of banking services is becoming the ideal way for banks to meet their clients' expectations.

Online banking or e-banking can be defined as online systems which allow customers to plug into a host of banking services from a personal computer by connecting with the bank's computer over the telephone wires. Technology continues to make online banking easier for the average consumer. Banks are using a variety of names for online banking services, such as PC banking, home banking, electronic banking or Internet banking. Regardless of the given name, these systems certainly offer specific advantages over the traditional banking methods.

E- Banking can be defined as "delivery of bank's services to a customer at his office or home using Electronic Technology." The quality, range and price of these electronic services decide a bank's competitive position in the industry.

Technology in banking has been used in four major ways:

- To handle a greatly expanded customer base

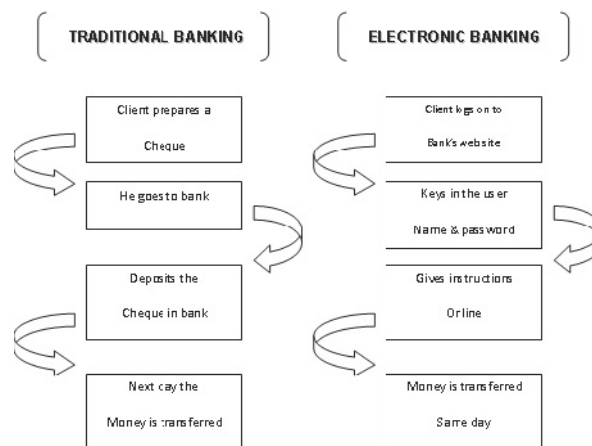
- To reduce substantially the real; cost of handling payments
- To liberate the banks from the traditional constraints on time and place
- To introduce new products and services.

### 1.1 What is electronic banking?

Electronic banking is the wave of the future. It provides enormous benefits to consumers in terms of the ease and cost of transactions. But it also poses new challenges for country authorities in regulating and supervising the financial system and in designing and implementing macroeconomic policy.

Electronic banking has been around for some time in the form of automatic teller machines and telephone transactions. More recently, it has been transformed by the Internet, a new delivery channel for banking services that benefits both customers and banks. Access is fast, convenient, and available around the clock, whatever the customer's location plus, banks can provide services more efficiently and at substantially lower costs.

Electronic banking also makes it easier for customers to compare banks' services and products, can increase competition among banks, and allows banks to penetrate new markets and thus expand their geographical reach. Some even see electronic banking as an opportunity for countries with underdeveloped financial systems to leapfrog developmental stages. Customers in such countries can access services more easily from banks abroad and through wireless communication systems, which are developing more rapidly than traditional “wired” communication network.



**Fig.1. Difference between Traditional Banking and Electronic Banking**

## **1.2 How E-Banking helps**

### **1.2.1 To Corporate**

- **Competition:** Banks feel the need to offer e-banking services today just to keep up with the competitors and to be able to retain their existing customers.
- **New Markets:** The Internet is not only a low cost approach to determine new distribution channels but also to establish a presence in new and upcoming markets.
- **Customer Service:** E-banking offers banks an opportunity to improve on their customer service by collecting and managing information pertaining to their customers and their individualistic preferences.
- **Revenue Potential:** E-banking also provides an opportunity to build on their relationships with their existing customers. For Example, bank Web portals could offer purchasing services for business travel or insurance to generate more revenue.
- **Reduce Costs:** E-banking is an opportunity for banks to reduce their overhead costs as the need for physical branches is drastically cut down. The running cost of an ordinary bank account for 50-60 per cent of their revenues, whereas the running cost of Internet banking are a mere 15-20 per cent of revenues. For example, in India, Net banking is estimated to cost just INR 2 per transaction compared to the INR 43 incurred while banking at the branch.

**1.2.2 To Customer** Anywhere banking- no matter wherever the customer is in the world, on-line banking is just a web- site away. Balance enquiry, request for services, issuing instructions etc. from anywhere in the world are possible. Consumers can use their computers and a telephone modem to dial in from home or any site where they have access to a computer. Anytime banking- managing funds in real time and most importantly, 24 hours a day, 7 days a week.

- Convenience acts as a tremendous psychological benefit all the time.
- Cash or card free banking through PC banking. E- Banking expands the domain of access to banking services.
- Brings down cost of banking to the customer over a period of time.
- Cash withdrawal from any branch/ATM.
- On line purchase of goods and services including on line payment for the same.
- Transactions are executed and confirmed almost instantaneously.
- Also, the range of transactions available is fairly broad. Consumers can do everything from simply checking on an account balance to applying for a mortgage.

### **1.2.3 To Bank**

- Innovative, secure, addresses competition and presents the bank as technology driven in the banking sector market.
- Reduces customer visits to the branch and thereby human intervention. This impact tells upon establishment costs of the bank.
- Inter-branch reconciliation is immediate thereby reducing chances of fraud and misappropriation. On- line banking – an effective medium of promotion of various schemes of the bank, a marketing tool indeed.
- E-Banking site can act as a revenue earner through promotion activity by consumer corporate. Integrated customer data paves wave for individualized and customized services.
- E-Banking provides competitive advantage to the bank.
- E-Banking provides unlimited network to the bank and is not limited to the number of branches.
- By connecting all the branches through WAN (wide area network), anywhere banking facility can be provided.
- Helps in establishing better customer relationship and retaining and attracting customer.
- ATM can be better monitored and planned by establishing a centralized data warehousing and using latest data mining tools.
- Load of branches can be considerably reduced by establishing centralized data base and by taking over some of the accounting functions.

### **1.2.4 To Merchants, Traders etc.**

- Increase in business because of increased purchasing power of the credit card holders and ease with which purchasing can be done.
- Less need for merchants or traders to provide credit facility to their customers.
- Making e-commerce a reality and globalizing the trade.
- Development of global and loyal clientele base. Assured immediate payment / settlement.
- Avoid all the cost and risk problems involved in handling cash.
- Providing services of international standard at low transaction corporation.

### **1.2.5 To Government and Nation**

- Globalization of trade and e-commerce.

- Providing global market to the national products and services.
  - Establishment of e-commerce in India will promote exports and increase inflow of foreign exchange.
  - Promotion of e-commerce and e-banking will eliminate the risk of carrying heavy cash.
- E-banking and e-commerce will improve transparency in transaction.

## I. LITRATURE REVIEW

**Burke, R.R.** studied that Banks' external environment, including globalization and deregulations, have made the banks highly competitive. Banks find it difficult to compete on price, and need to look at other ways to retain customers. As customers become more sophisticated, it becomes banks essential to consider the use of technology to respond to their continuously changing requirements. After conducting this research, it is clearly seen that delivery channels are lacking in meeting the demands of the customer by not making them aware of e-banking and using obsolete or not too up-to-date technology. The problem statement is solved. The hypotheses are tested and show that there is a relationship between age group, occupation type and some aspects of e-banking. The responses obtained for the acceptance of the electronic age were unanimous as the banking industry strongly feels that it must adapt to the electronics age if they are to move with time and customer demands and not be left behind.

**Fornell, C.** observed that Surf the net for good e-banking destinations and you will find a number of websites that meet the hypothetical expectations of an Internet business but fall down flat when it comes to interactive design and user experience. Although publishing a cosmetically appealing site is important, it will serve no purpose if the flashy web destination is riddled with broken links and obsolete content that has not been updated for years.

**Amato-McCoy, D.** observed that achieving consumers trust regarding transaction is the key to expand e banking. Customers are more worried about the security of their password and ID. Customers give less importance to service and rules and are more concerned about transactions.

**Lichtenstein, S. et al** studied the service quality of internet banking (i- banking) services in India from customer's perspective. A structured questionnaire containing 44 quality items is administered to various target groups. Seven quality dimensions, viz. reliability, accessibility, user-friendliness, privacy/security, efficiency, responsiveness and fulfilment, are identified based on principal component factor analysis. Demographic analysis of data reveals that

gender is hardly a bias for use and evaluation of service quality of i banking - in most of the cases across various categories of customers. A valid mathematical model is proposed to assess the overall service quality using regression analysis. The results show that customers are satisfied with quality of service on four dimensions such as reliability, accessibility, privacy/security, responsiveness and fulfilment, but least satisfied with the 'user-friendliness' dimension.

**Brodie, R.J. et al** studied that many of us, are possibly not aware of the online services, banks are offering these days. With just a click, all his dues would have been cleared long back. However, it's never too late to mend. Indian banks are trying to make your life easier. Not just bill payment, you can make investments, shop or buy tickets and plan a holiday at your fingertips. Today Internet banking base has been growing at an exponential pace over the last few years. Currently around 78 per cent of the bank's customer base is registered for Internet banking.

**Hernandez, J.M.** concluded that loyalty of e-banking customers is directly affected by satisfaction and trust in an online bank, which in turn are determined by Web site quality and service quality. Moderating variables such as gender, age, involvement, variety seeking behaviour and technophobia exert a significant influence on some of the proposed relationships.

## **II RESEARCH METHODOLOGY AND DATA COLLECTION**

### **3.1 Research Design**

Research design for this study is descriptive. This research is undertaken with an idea to see customer satisfaction regarding e-banking. The main aim of such a design is to ensure that the required data collected objectively, accurately and economically.

### **3.2 The Population**

The population consists of Distt. Ludhiana.

### **3.3 Sample Size**

100 samples were selected because few customers opt for e-banking

### **3.4 Data Collection**

Both Primary and Secondary data were used.

Primary Data: Data regarding the topic is collected directly by interacting with the customers by using structured questionnaire and interview method.

Secondary Data: The secondary data was collected from the existing data sources, Catalogues, internet and World Wide Web.

### 3.5 Tool

The questionnaire was developed to get the feedback from the various respondents. The length of survey questionnaire was kept optimum to avoid the psychological burden of responding for the sampled entrepreneurs.

### 3.6 Sampling

The questionnaire was initially pilot-tested by customers who use e-banking. The results of the pilot test proved to be satisfactory, since all the respondents found most of the questionnaire items understandable. Nevertheless, some wording mistakes and unwanted questions were found, which were corrected in the questionnaire's version that was finally distributed in the field research. Respondents were approached randomly. Respondents answering positively were then asked to fill in the questionnaire considering their work.

### 3.7 Data Analysis

Both descriptive and statistical analysis of the collected data will be done to study the problem.

## II. ANALYSIS AND DISCUSSION

This chapter deals with the results which came from analysis of primary and secondary data.

### 4.1 Time since using Internet:-

The various Customers have used internet from different span of times and the following chart represents the statistics about those time intervals. 74% customers are using internet from less than 3 years and 5% are using from 5-10 years.

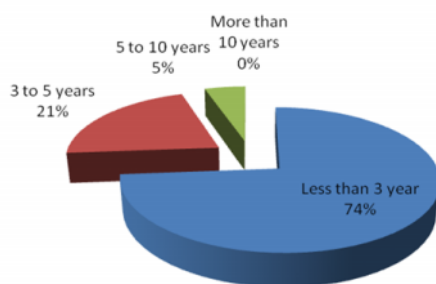
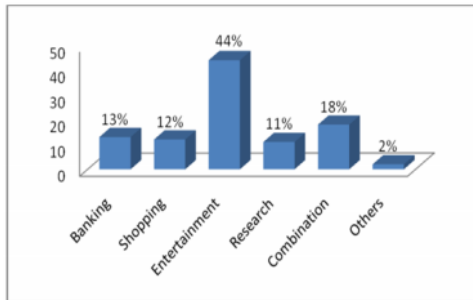


Fig.4.1 Time since using Internet

### 4.2 Purpose of using Internet:-

The various Customers have used internet for different purposes the following graph represents the statistics about those purposes. Majority of the peoples (44%) are using

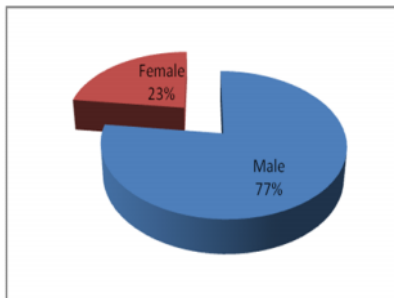
internet for entertainment,13% are use for banking 12% for shopping 11% for research and 18% for combination of all.



**Fig.4.2 Purpose of using Internet**

#### 4.3.1 Gender of respondents:-

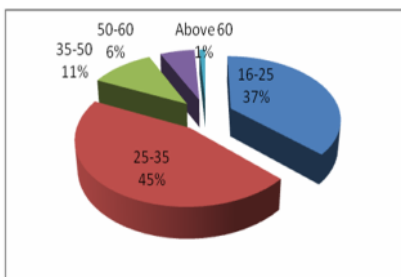
The following graph represents that the majority of respondents are male (77%) and females are 23%.



**Fig.4.3.1 Gender of respondents**

#### 4.3.2 Age range of respondents:-

The following graph represents that the majority of respondents are of age range 25-35 (i.e. 45%) and lower range is above 60.

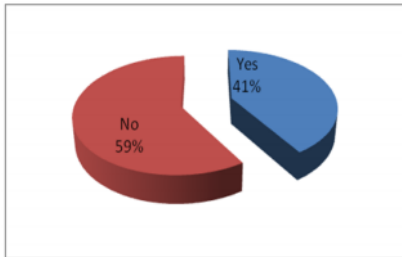


**Fig. 4.3.2 Age range of respondents**



#### 4.4 Awareness about e-banking:-

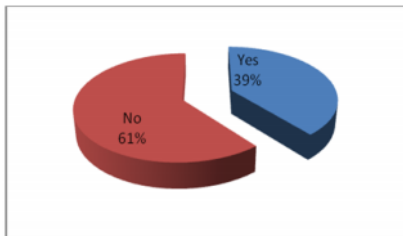
The following graph represents that the majority of respondents are not aware about e-banking (59%) on the other hand 41% respondents know about e-banking.



**Fig.4.4 Awareness about e-banking**

#### 4.5 Use of e-banking:-

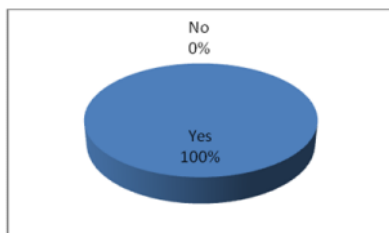
The following graph represents that 61 % respondents are using e-banking but 39 % are not use.



**Fig.4.5 Use of e-banking**

#### 4.6 E-banking saves time:-

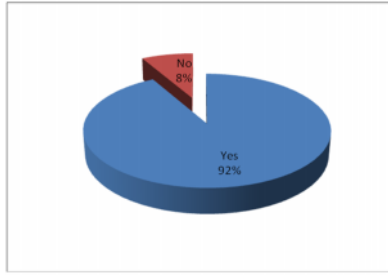
The following graph represents that 100% respondent said e-banking saves the time.



**Fig.4.6 E-banking saves time**

#### 4.7 E-banking has increased the pace of transactions:-

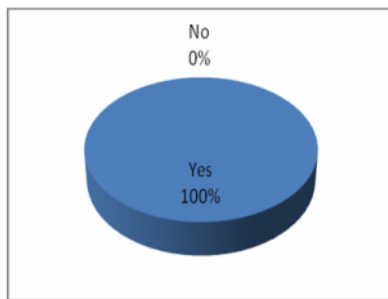
The following graph represents that 92% respondent said e-banking saves the time while other 8% said no.



**Fig.4.7 E-banking has increased the pace of transactions**

#### **4.8 E-banking has makes your life easy:-**

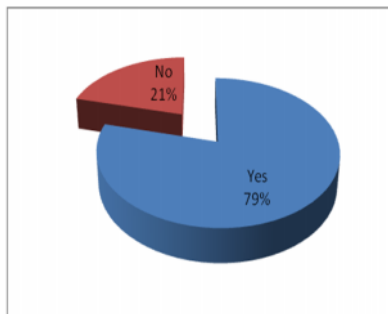
The following graph represents that 100% respondent said e-banking made the life very easy.



**Fig.4.8 E-banking has makes your life easy**

#### **4.9 Use of ATM (Automatic Teller Machine) machines:-**

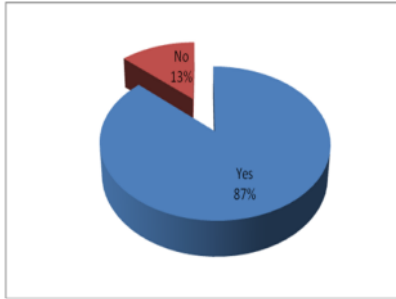
The following graph represents that 79% respondent said they are using ATM while other 21% said no.



**Fig.4.9 Use of ATM**

#### **4.10 Satisfaction from E-banking facilities from their banks:-**

The following graph represents that 87% respondent said they are satisfied from their banks regarding e-banking facilities while other 13% said not satisfied.



**Fig.4.10 Satisfaction from E-banking facilities from their banks**

### III. CONCLUSIONS

From the present study following conclusions have been observed:

- People are aware of e banking , but not fully
- Customers are at ease after using e-banking
- It saves the precious time of the customer, which they can utilize somewhere else.
- Customer satisfaction varies according to age, gender, occupation etc.
- It has increased the pace of transaction
- Customer perception is that it has made the life of customer easy.

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