

Indoctrination and Emerging Opportunities of E-Banking in India

Inderjit Singh

Ph.D. Research Scholar, Department of Commerce, H.P.University Shimla (India)

Abstract

India is still in the early stages of E-banking growth and development. Competition and changes in technology and lifestyle in the last 10 years have changed the face of banking. The banking and the financial system in the country is undergoing momentous change. The financial system is broad-based as well as specialised to meet the global competitiveness. E-banking is likely to bring a host of opportunities as well as unprecedented risks to the fundamental nature of Banking in India. E-banking performing their eminent role to accelerate the inspection regarding varied banking channels. It also uplifting the Innovations in the field of online and mobile platforms, video banking social integration and customer relationship management (CRM) are taking precedence to connect with the customers on a virtual level. E-banking providing a sound and safe track for the different users to using the E-banking product throughout the country. Recent technique of electronic banking facilitating the enormous growth and updated technology for achieving the phenomenal interest of their customers. It also persuading the satisfaction level of customers by using electronic banking and also safeguards their monetary risk. The reduction in cost of electronic banking operations, for increasing productivity. So the wide scope revealing by electronic banking, providing the tremendous and superlative platform for conducting electronic services. The purpose of this study is to explore the long term future trends in E-banking, banking sector of India.

Keywords: Innovations, E-banking, Opportunities, Customers, Technology.

Introduction

The banking scenario in India in the post liberalization and deregulated environment has witnessed sweeping changes. The tremendous advances in technology and the aggressive infusion of information technology had brought in a paradigm shift in banking operations. For the banks, technology has emerged as a strategic resource for achieving higher efficiency, control of operations, productivity and profitability. For customers, it is the realization of their 'Anywhere, Anytime, Anyway' banking dream. This has prompted the banks to embrace technology to meet the increasing customer expectation.

Rapid technological changes in recent years have revolutionized the way banking services and products are delivered to consumers, small businesses and corporate alike. We are all familiar with how the Internet, the Mobile-phone, Smartcards have changed our lives. These new innovations hold great promise for banking and bank operations in emerging economies. To innovative, progressive, go-ahead banks these changes, known collectively as E-banking hold great promise to change the way banking operations are carried out. On the positive side these changes present huge business opportunities for banks while on the flipside banks have dramatically modified and in some cases increased many of the traditional risks associated with banking activities.

Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer banking, Internet banking, virtual banking, online banking, home banking, remote electronic banking and mobile banking. Mobile banking and Internet or online banking is the most frequently used designations.

The concept of electronic banking has been defined in many ways. Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. Thus the term E-banking includes RTGS, NEFT, ECS, Credit cards and debit cards, Cheque truncation, ATM, Tele banking, Internet banking and Mobile banking

Innovation In E-Banking

For the past several years, bank IT budgets generally remained flat. The financial crises and ensuing fallout forced belt-tightening across the industry. In 2011, however, bank IT executives finally enjoyed some breathing room thanks to some revitalized spending power. And in 2012, bank technology budgets should continue to increase, if ever so slightly. But with the economic recovery still on shaky legs, and with regulatory scrutiny more intense than ever, banks' IT investments are likely to be focussed largely on driving efficiencies and complying with new requirements. Bank systems and technology identifies the IT trends and hot technologies that will change the game in the year ahead.

Convergence of Mobile and Online Technologies: Mobile banking started as a novelty, something only techies and first adopters felt comfortable using. But as smart phones have skyrocketed in popularity over the past few years, mobile adoption has increased along with it. Initially, many banks' mobile offerings consisted of their online banking model ported to an iPhone or Android device. While banks are embracing the mobile channel and continuing to support the old standby of online banking, they are not integrating the technologies used to build e-banking solutions. But that will begin to change in 2012. As banks continue to search for efficiencies and consolidate operations, the convergence of mobile and online technologies looks to be a prime opportunity to do so in 2012.

The rise of Business Process Management: Both to increase efficiency and insure regulatory compliance, banks need better methods of gathering and reporting data. Most banks struggle with multiple back-office systems. To address these issues in earnest, there will be a large investment in new and improved business process management tools in the year ahead, experts say.

Goodbye Email, Hello Message Centre: The abandonment of email for anything sensitive already has begun, and the shift to total reliance on message centres dedicated web portals designed for secure communication between a bank and its customers looks to be here to stay.

The tabletization of Banking and the User Experience: Tablet banking is still a young channel, but it is rife with potential. As with initial mobile forays, it may take banks some period of trial and error to determine how to build the best banking experience for a tablet environment. Customers now expect a customizable, personalized experience on their terms. The tabletization of online banking and the advent of cutting-edge mobile technologies, such as mobile remote deposit capture, speak to the evolving bank user experience.

We review and analyze different future trend studies for finding the most pertinent trends from E-banking services viewpoints. The convenience sample of future trend studies consists of future spanning studies made from several different viewpoints to form a holistic view on future trends in banking area. The goal has been to avoid the inevitable bias toward banking, if only "Banking Services"

Floh and Treiblmaier (2006) investigate the importance of antecedents of online loyalty such as trust, quality of the web site, quality of the service

and overall satisfaction. Rather than investigating which factors drive customers to use online banking instead of offline banking, it addresses the problem of how to keep customers online and loyal to a specific supplier.

Kamakodi (2008) an Executive Director of India's oldest private sector bank 'City Union Bank Limited', Kumbakonam, Tamil Nadu, in an article highlighted that banks like ICICI in India used technology as a 'competitive advantage' and successfully became the largest private sector bank in India within five years of commencing operations. ATMs, cell phone banking, anywhere anytime banking and internet banking are the most popular services, which have come to the market, and all banks are competing with ICICI bank to offer these services.

Haque et. al. (2009) in their research paper dealt with the perception of Malaysian online customers on internet banking. This study shows that only protected transaction, have significant impact on consumers' perception about e-banking security, followed by service quality and regulatory frame work issues.

Lal & Saluja (2012) E-banking is in a nascent stage. No doubt Indian banks are making sincere efforts for the adoption of advanced technology and installation of e-delivery channels but still masses are very of the concept. Banks are making sincere efforts to popularize the e-banking services and products. Younger generation is beginning to see the convenience and benefits in e-banking. In 7 years to come, e-banking will not only be acceptable mode of banking but will preferred mode of banking.

Objectives of the Study

1. To explore the long term future trends of E-banking Banking in India.
2. To study the level of awareness among the users of E-banking services.
3. To inspecting the current frequency of different users of E-banking throughout country.
4. To identify the security satisfaction of different E-banking channels provided to customers.
5. To analyse the problems faced by customers to adopting E-banking services and recommend suggestions for the promotion of banking industry.

Research Methodology

The study employs primary data as well as secondary data. The secondary data was collected from Books, Journals, Internet, magazines, newspaper reports, Reports of Internet Banking in India. Primary data was collected through questionnaires. The sample for the present study includes the customers who have availed of Internet banking services from different banks operating in public and private sectors of Himachal Pradesh. The process of selecting the sample is multi-stage in nature. At the first stage five representative banks have been selected out of the total banks operating in the state both in public and private sectors. At the second stage, two districts i.e. Shimla and Solan have been selected with the help of convenient sampling. At the third stage 10 branches, 5 from the public sector and 5 from the private sector, 100 samples of respondents have been selected from Shimla and Solan districts. While selecting the sample an utmost care has been taken to ensure that the respondents of different age, religion, educational background and family income, etc. are included. Consistent with the objectives of the study, different techniques like simple percentage methods, Mean, and Standard Deviation have been used to analyze the data. In case of certain hypothesis, an advanced statistical technique such as Chi square test has been used. Interpretation of data is based on rigorous exercises aiming at the achievement of study objectives.

Data Analysis And Discussion:

Awareness of E-Banking Services: Likewise, an effort has been made to study the Awareness of banking channels as a whole, of certain banks under study on the basis of certain selected attributes. It is evident from table -1 that 100 percent respondents are aware about ATM whereas 88 percent are aware about Internet banking. The table reveals that 37 percent of the respondents admitted that they are aware about Debit/Credit Card while 63 percent expressed their views adversely.

Table 1: Awareness of E-Banking Services

Services	Yes	No	Total
ATM	100	0	100
Debit/Credit Card	37	63	100
Internet Banking	88	12	100
Mobile Banking	43	57	100

Source: Various Questionnaires from Respondents

It is also noted that 43 percent respondents have knowledge of Mobile Banking whereas 57 percent respondents are unaware about the Mobile banking.

Frequency of Use of Banking Channels: It is observed from table 2 that mean value of views with regard to the use of ATM is 4.69. It is higher than the mean standard score 3 in five point scale table. The variation in mean score is 0.59. This shows that the opinion of the respondents over the frequency of use of ATM is ranging between high to very high. The Chi-square test shows that null hypothesis is rejected at 5 percent level of significance. It is observed that the respondents use Debit/Credit Card is moderate. Further, while analyzing the views of the respondents regarding the use of Internet banking, it is evident that the respondents use Internet banking. The mean value 3.04 supports the above analysis. The Standard deviation is 0.724 and Chi-square is 113.2. Thus, it can be concluded that people use Internet banking very frequently. It is observed that the frequency of the use of Mobile banking is average. The mean value 2.18 and Standard deviation is 0.957. The calculated value of Chi-square is significant at 5 percent level of significance, which shows the opinion of the respondents is not equally distributed.

Table 2: Frequency of using the Different Banking Channels

Banking Channels	Nature of Responses					Total	\bar{x}	S.D.	χ^2	P. Value
	Very High	High	Moderate	Low	Not at All					
ATM	73	23	1	2	1	100	4.69	0.598	140.40	<0.05
Debit/Credit Card	2	9	29	31	29	100	2.16	0.972	113.76	<0.05
Internet Banking	22	20	40	16	2	100	3.04	0.724	113.2	<0.05
Mobile Banking	11	20	30	29	10	100	2.18	0.957	49.60	<0.05

Source: Various Questionnaires from Respondents

Opinion Regarding the Security Satisfaction about Different E-Banking Channels: It can be seen from table 3 that, rating scale given to respondents regarding the security satisfaction of different E-banking channels. It is observed that the mean value of the views with regard to security satisfaction of ATM is 4.48. It is higher than the mean standard score 3 in five point scale. The variation in mean score is 0.674. This shows that the opinion of the respondents over this issue is ranging between somewhat secure to extremely secure. The mean score of responses relating to Debit/Credit Card is slightly lower than the average standard score. The variation in opinion is recorded at 1.25. The calculated value of Chi-square is significant

at 5 percent level of significance, which shows that respondents feel somewhat secure and some insecure.

Further, while analyzing the views of the respondents regarding the security satisfaction for Internet banking, it is evident that majority of respondents are the opinion that they are satisfied with the security of Internet banking. The mean value 3.74 and standard deviation is 0.597 supports the above analysis. It is observed that the respondents feel some insecurity with Mobile banking. The mean value 2.76 and standard deviation is 1.268 supports the above opinion. The calculated value of Chi-square is quite higher than the table value at 5 percent level of significance. It can be concluded that security is **not up to the mark** in Mobile banking.

Table 3: Rating Scale given to Respondents regarding the Security Satisfaction of Different E-Banking Channels

Rating Scale	ATM	Debit/Credit Card	Internet Banking	Mobile Banking
Extremely Secure	54	5	14	4
Somewhat Secure	41	37	62	33
Some insecure	2	28	20	26
Not Secure at all	2	5	2	9
Cannot Rate	1	25	2	28
Total	100	100	100	100
Mean	4.48	2.76	3.74	2.76
Standard Deviation (S.D.)	0.674	1.256	0.597	1.268
Chi-Square (χ^2)	138.40 d.f. 4	51.00 d.f. 4	138.72 d.f. 3	32.30 d.f. 4

Source: Various Questionnaires from Respondents

To sum up the above analysis, it can be concluded that majority of the respondents are of the opinion that they are satisfied with the security of ATM and Internet banking, but they feel insecure in Debit/Credit Card and Mobile banking.

Problems Faced by Customers to Adopting E-banking Services: As it is evident from the table 4 that the main problem faced by the respondents while using E-banking channel is lack of knowledge, lack of equipment, handling of machine, equipment and server problem. The mean value is higher than the mean standard score 3 in five point scale table. The variation in mean score also support the analysis. This shows that the opinion of the respondents regarding the problems of E-banking channel is ranging between two great extent and somewhat extent. The calculated value of Chi-square is more than the table value at 5 percent level of significance,

thus null hypothesis is rejected. It reveals that there is a significant difference between the opinions of the respondents regarding the problem faced by customers to adopting E-banking services.

Table 4: Problems Faced by Customers to Adopting E-banking Services

Problems	Nature of Responses					Total	\bar{x}	S.D.	z^2	P. Value
	TGE	TME	TSE	Don't know	Not at all					
lack of knowledge	29	24	37	4	6	100	3.66	0.911	41.90	<0.05
Lack of Equipment	6	26	57	10	1	100	3.26	0.760	103.1	<0.05
Handling of Machine & equipment	7	42	43	5	3	100	3.45	0.821	84.80	<0.05
Server Problem	47	44	3	4	2	100	4.30	0.870	108.7	<0.05

Source: Various Questionnaires from Respondents

Note: TGE- To Great Extent, TME- To Moderate Extent, TSE- To Some Extent.

Conclusion

E-banking is a major invention that has changed the business of banking. World over banks are reorienting their strategies towards new opportunities offered by e-banking. The recent trend shows that most 'brick and mortar' banks are shifting from a 'product-centric' model as they develop their new e-banking capabilities. PC banking, mobile banking, ATM, electronic funds transfer, account to account transfer, paying bills online, online statements and credit cards are the services provided by banks. Customers are very comfortable and willing to use e-banking channels. At the same time, some customer utilized the branch counter. It implies that 'human contact is necessary' in accumulation to e-channels. It shows a challenge to banks as well as security issues need to be strong to build faith among customers. The normal Indian's growing demand for personalized, speedy and cost-effective services is approaching banks to innovate further. Significant innovation and investment is under way that could lead to very rapid expansion in fully electronic business to business and consumer to business payments in the near term. Therefore, it is suggested that proper mechanisms are required to be set-up in the banks, so that people use these banking channels frequently. It will certainly be helpful to boost E-Banking activities.

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Pratibha
Spandan