



ORIGINAL RESEARCH PAPER

Commerce

A STUDY ON DIGITAL BANKING WITH SPECIAL REFERENCE TO E-BANKING SERVICES IN GADAG CITY

KEY WORDS: Customer perception, electronic banking, Mobile banking, Internet banking,

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ABSTRACT

This study focuses on developing a theoretical model with a practical justification with in the field of electronic banking (E-Banking). Thus, the purpose of this study is to study the customer perception about the e-banking. The survey has been conducted among the sample of 100 customers of the banks in Gadag City. The main purpose of using E-banking facilities is for getting credit and debit alert; time saving was the most important factor which influenced the adoption of E-banking facilities. Educational status, age, frequency of the visit to bank were the major factors which discriminating the user and non- user of E-banking. The customer had a positive perception regarding quickness, energy and time saving, advantages, security and dependability of E-banking facilities. Internet banking and Tele-banking are better to providing services to users in Gadag City. On the whole, a solid fact emerges out of the analysis of the primary data that e-banking has been widely perceived by the customers as useful and highly needed product innovation of the banks.

INTRODUCTION

The financial system is the lifeline of the economy and the banks are the backbone of the financial sector. They are the most dominant segment of the country's financial system. It facilitates payment mechanism and mobilizes insured deposits and they act as credit intermediaries and serve as the principal channel for transmission of monetary policy actions to the economy at large. The modern economic system cannot function efficiently and effectively without an efficient banking system. The strength of the real economy depends on a healthy banking system. The banks introduced technology in e-banking services; the following popular and technological services covered in Gadag City.

Statement of Problem

This study is an effort to investigate the level of awareness and perception among the customers using digital technological through E-Banking services in Gadag City. This research investigates the factors which influences the usage of E-Banking services. It also tells the frequency of availing the E-Banking services by the customers. This research tries to find that it is the technology that has really helped service provider like banks to provide quality service in less time.

Scope of the Study

A number of surveys are conducted in the metro cities of India like Bangalore, Chennai and Delhi but the customers of the metro cities differ with the customers of non metro cities in attitude, usage, pattern and recall etc., Therefore the present research work has been undertaken in the Gadag City between the urban, and rural area as the most people are being in use of E-Banking activities.

Objectives of the Study

The primary objective of the study is to know the digital technological and E-Banking services in Gadag City to find out the growth of the banking services.

Based on the primary objectives, the following key objectives are:

1. To analyze the customer's awareness and digital technological in E-Banking services
2. To measure the customers perception about e-banking in Gadag City.
3. To understand the problems faced by customer's while using E-Banking services

Research Methodology

The present study is descriptive and diagnostic in nature since the study describes the characteristics of E-Banking service in banking sector. The tool to be used to collect the data is pre-structured interview schedule. Since, the study is

based on pre-planned objectives and methodology to fulfill the objectives, it is descriptive in nature. Since the study has make an attempt to analyze the impact of on the service of commercial banks, customer satisfaction and customer loyalty; and the impact of satisfaction on service of commercial banks on customer loyalty, it is diagnostic in nature. Hence, the applied research design of the study is descriptive and diagnostic research design.

Sampling Unit

Individuals who are using the digital technological and E-Banking Services would form the Population for the current Study. However, only 100 people irrespective of their type of Bank Account, Customers from different age groups, gender, locations, Income levels, families and Educational backgrounds level will selected randomly as a sample of the data analysis.

Sampling Method

The sampling techniques used for this study are Convenience Random Sampling and Judgmental sampling.

Statistical Tools Used

In the present study is based on primary data are collected data will analyzed. Researcher has adopted the following tools for this study: Percentages, Chi-square test, 5 point scaling techniques and Factor analysis.

Limitations of the Study

- The responses for the study have been Gadag City of Karnataka State only. The expectations of the customers in Gadag City may vary from those of the rest of Karnataka.
- The customers of only four banks were selected for the present study to not compare service quality of the public and private sectors. The analysis of e-banking services primarily concerns retail banking services only; and services of corporate e-banking have not been analyzed.
- The secondary data based information collected for this study carries all the limitations inherent in such data.

Survey Analysis - Table.1: Classification of Respondents on the Basis of Category of the Bank

Income Level	No. Of Respondents	Percentage
State Bank of India	25	25
Corporation Bank	25	25
Syndicate Bank	25	25
Canara Bank	25	25
Total	100	100

Source: Collected through Primary Data

Survey Analysis - Table.2: Classification of Respondents on the Basis of nature of Using Internet Banking

Particulars	No. Of Respondents	Percentage
Availed	62	62
Not availed	38	38
Total	100	100

Source: Collected through Primary Data

It is clear from the Table - 2 that out of 100 respondents, 62 percent are using internet services and the remaining 38 percent are not using internet services. It is known from the Table that majority of the respondents are using the internet services.

Factor Analysis

Table.3: Factors to Determine the Attitude Level of the Perception of E-Banking Users about the E-Banking Services.

	Scale (% variance explained)	Factor Loading	Reliability	Variables Included In The Factor
F1	Acceptability (13.3%)	0.505	67.10	Bank's technology is personalized
		0.736		Bank's Technology Recognizes Customers By Name
		0.738		Bank's Technology Provides The Precise Information That Needed
		0.524		Bank's Technology Provides The Needed Reports/Statements
F2	Safety (13.2%)	0.774	71.80	Bank's Technology Is Safe To Use
		0.762		The Risk Associated With The Bank's Technology Is Low
		0.692		Personal Information Exchanged While Using Technology Is Not Misused By The Bank
F3	Availability (13%)	0.803	76.10	Bank's Technology Provides On Line Support Through Frequently Asked Questions
		0.850		Bank's Help Desk Provides 24x7 Supports With Updated Information
		0.662		Bank Delivery Channels Are Customized / Developed To Complete Queries/Transactions Quickly
F4	User friendliness (12.8%)	0.787	68.90	Bank's Technology Is User Friendly
		0.802		Bank's Technology Is Reliable
		0.593		Bank's Technology Never Fails
F5	Accessibility (9.5%)	0.503	29.20	Bank's Technology Is Accessible Beyond Regular Business Hours
		0.619		Bank's technology gives more freedom of mobility i.e. Using the banking services while on move
		0.646		It Is More Convenient To Use Delivery Channels Than Interacting With Bank's Employees

Latest and customized technology has been perceived by the customers as most preferred factor with 67% reliability, followed by safety and security with 72% reliability. Availability, user friendliness has been perceived by the customers as 3rd and forth preferred factor with reliability of 76% and 69% respectively. The accessibility has been perceived as the 5th preferred factor with 29% reliability

which is far lower than the standard requirement of 50% as shown in Table - 3. Hence, 5th factor can be further tested by taking higher sample size. Due to the advent of technology and delivery of financial products and services through Internet, the accessibility factor has been perceived by the respondents together with Internet or with the availability factor. Internet as a channel per say has wider accessibility. Similarly user friendliness might have been perceived by the respondents together with customized technology. With the above analysis it can be derived that the latest and customized technology, safety and security, availability and user friendliness have been perceived as preferred parameters. The nationalized banks may consider these parameters, while innovative any financial products and services to be delivered through innovative delivery channels. There will be higher probability of acceptance and use of such products and services over the delivery channels.

Findings

- The preference to manual banking is little more than that of e-banking and preference towards manual banking and e-banking is largely associated with location, age, education and occupation of the bank customers.
- It is found that some bank customers have not adopted e-banking services as they do not trust the internet as a channel for banking and it is complicated to use as well as they cannot afford the Internet fee.
- It is found that Withdrawals using ATM is the service performed in the banks very much to the expectation of the bank customers. Besides this, User friendliness of e-Banking, Debit Card Facilities and Security of Transactions are the other three services performed very well by the banks to the bank customers' expectation in that order.
- The services such as Deposits using ATM and Telephone Banking performed by the banks are just good in turn indicating that these services are somewhat up to the expectation of bank customers.
- The services such as Withdrawals using ATM, Debit Card Facilities, Internet Banking, e-Transfer of Funds, User friendliness of e-Banking provided in the banks are significantly much better in Gadag City.
- The respondents from rural, semi-urban and urban areas have viewed the e-banking as convenient & easy to use and as good option next to traditional banking but they have perceived that the use of new technology like Internet Banking initially is complicated and difficult as well as it may lead to giving wrong information.
- Though the Internet Banking is a good option to traditional banking but complications and difficulties have been experienced in using new technology like Internet Banking initially as well as risk of getting wrong information through Internet Banking for bank customers of all age groups.
- The benefits from e-banking are Save time & Cost less, Provide accurate, relevant and up-to date information, Flexible and easily accessible with convenience and Assists to share the experience with bank and other customers more efficiently.

Suggestions & Recommendations

- The maximum amount of withdrawal per day through ATM may be increased to Rs. 75,000.
- More number of ATM centers may be opened especially at important places of the city and outside the city.
- All banks may increase tie up with more number of merchandise establishments without any service charges.
- The Debit Card is used only as a substitute for ATM cards. There is no awareness among the customers about the other uses like shopping and on-line shopping. The customers may be educated about these services.
- Most of the banks are maximum allowing five withdrawals between tie up banks that may be increased more. In future, all the public sector, private sector and foreign

banks may create tie up among themselves for the withdrawal of cash through ATMs without any service charges or any restrictions.

- All banks may also take necessary actions to promote all of their modern operations through proper media of advertising. Extensive and aggressive advertising is must for capturing stable position among the public.
- Regular customer satisfaction audit is to be carried out by the select commercial banks to find areas of discrepancies and try to improve the customer's perception level.
- There may be proper maintenance of the system used by the banks in order to forestall cases of complete breakdown of the system, which can result to loss of material or information that are of vital importance to the customers and the organizations concerned.
- Banks should take necessary steps to create awareness among rural people about the advantages of e-banking services available in the banks.
- The e-banking services system should be enhanced to make the online enquiry and online payment much easier to the customers. Most of the customers have not availed of the e-banking services because they do not trust the internet channel presuming it as complicated. So banks may set up a team of personnel to train the customers to get acquainted with internet channel.
- The bank customers have perceived the risk of getting wrong information from e-banking services. These illusions should be removed from the minds of the customers by bank people as these factors are the barriers for most of the customers for not adopting these services
- Though e-banking services is convenient and easy to use, customers are afraid of adopting these services because they think that using these services are difficult and complicated. So, on-site training can be provided to the bank customers who intend to use e-banking services.

CONCLUSION

Based on this study, the opinion of the sample respondents among the bank customers the various aspects of e-banking services provided by nationalized banks are evaluated using appropriate statistical techniques such as Percentages, Chi-square test, 5 point scaling techniques and Factor analysis.

It is concluded from the results of the study that the usage of ATM, Tele-banking and Internet banking are perceived as important and the use of these services is associated with socio-economic and demographic characteristics of the respondents. Though, most of the customers prefer manual banking over e-banking, the customers tend to use e-banking / internet banking and adoption of e-banking and internet banking services among the bank customers is significantly influenced by the number of times visiting the banks as well as the number of banking transactions per month.

From the evaluation of the customers' opinion with regard to the benefits and usefulness of e-banking services in addition to intention of using e-banking services in the future, it is identified that there are four major benefits, namely Save time & Cost Less, Provide accurate, relevant and up-to date information, Flexible and easily accessible with convenience and Assists to share the experience with bank and other customers more efficiently from e-banking services. It is found that flexibility and easy accessibility with convenience is the most desirable benefit followed by providing accurate, relevant and up-to date information and saving time & cost less and the perceived status of the above benefits is associated with education and family income of the respondents. From this, it is apparent that there is significant difference in the perceived level of benefits of e-banking services nationalized banks as well as between non-users and users of e-banking services.

Implications of the Research

Despite public sector banks have adopted advanced security

measures such as mobile phone short message service (SMS), security notification, security token code, one-time passwords etc., banks are not taking any effort in solving the core problem that is the customers' general distrust of the internet as a medium of exchange. This research also identified that there is still a class of bank customers who are not willing to use e-banking. Such consumers have low interest in e-banking.

Banks can chalk out effective marketing strategies for e-banking adoption by concentrating such class of customers. More efforts should be taken by banks in undertaking advertising & promotional campaigns so that greater awareness among consumers towards e-banking can be brought about. This research study is beneficial for /M.Phil/Ph.D/P.G. students who are planning to take Banking or Financial Management as their specialization subject & who wish to do their Research project/ Research work in the field of banking industry. It throws light on the present scenario regarding e-banking in Gadag City.

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