

KAP STUDY OF E-BANKING IN INDORE

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ABSTRACT

E-banking is also known as Internet banking and Electronic banking. E-banking is a type of service which is provided by different banks to their customers. E-banking helps customer to do the real-time transaction and many other services which saves their precious time and energy. Internet banking takes place among individuals, corporate and many Financial Institutions. Banks are providing better technology and easily accessible process of using E-banking to its customers.

Keywords: e-banking, online banking, customer perception

INTRODUCTION

E-banking is an electronic payment system provided by different banks which allows their customers to conduct their financial transactions through Internet banking. E-banking refers to all the kind of services which are provided by banks on the internet. E-banking services can be performed through mobile, computer laptops which have an internet connection.

As it is an online payment system you need to have an internet connection for assessing its services. There are a lot of services which are provided by banks through internet banking services like payments of all types of bills, booking tickets, fund transfer etc.

E-banking helped its customers to save their time and energy. E-banking has decreased paperwork and human interaction. People are adopting online banking services rapidly because of the security provided by banks. Advantages of using internet banking services are

- 24*7 service
- Easy to assess
- Less Time-consuming
- Less human interaction
- Records are maintained.

Statement of problem

Statement of Problem whenever the consumers need to perform any transaction, they need to go to bank branches which consume a lot of time and energy of consumers.

Online banking system provides simple and 24*7 services which help consumers to maintain their time and data regarding their every transaction. Adoption of E-banking services made easy consumers complexity towards banking services.

REVIEW OF LITERATURE

- ❖ **Kumar (2015)** has done a study on consumer awareness and usage of e-banking services. The result of his research has revealed that consumers are not continuously using E-banking services. The present study is being undertaken to analyze how the banks are using internet and mobile usage as an alternative, new channel and new department for delivering banking services.
- ❖ **Singh (2014)** in his research on customer perception of e-banking concluded E-banking as new great technology evolution. This research paper has examined the adoption and impact of E-banking on customers in a sample of various banks.
- ❖ **Elavarasi, et al. (2014)** examine that mean age of e-banking users man is compared to women. The major finding is that there is an increasing change in technology all over the world which

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leads to improving online banking services in various banks. As today's human life has become more complicated and busy, they don't have enough time to visit a bank branch for performing their banking activities and they could access it anywhere at any time if they have an internet connection.

- ❖ **Rakesh, et al. (2014)** has examined the factors that influence internet banking adoption in their paper "A Study on Factors Influencing Consumer Adoption of Internet Banking in India". It was successfully proved that internet banking gets influenced by its perceived reliability, perceived ease of use and perceived usefulness.
- ❖ **Kumbhar (2011)** in his research on "Factors Affecting the customer satisfaction in E-banking" evaluates major factors (i.e. service quality, brand perception and perceived value) affecting customers' satisfaction.
- ❖ **Ezzi (2014)** in his research "A Theoretical Model for Internet Banking: Beyond perceived Usefulness and Ease of Use" had inquired different types of electronic banking like ATM's, telephone banking, and electronic funds transfer, Internet banking. Internet banking has evolved from consumers' needs to have superior access to banking services.
- ❖ **Kandelwal (2013)** in her research paper on "E-banking: Factors of Adoption in India" argued that the last decades have witnessed of a drastic change in the economic and banking environment all over the world. More and more people are switching to electronic platforms for executing their financial transactions. The wider usage of mobiles and internet is playing the main role in creating a whole new world. Customers realize that E-banking services are anytime and anywhere available.
- ❖ **Chavan (2013)** in his research on "Internet Banking- Benefits and challenges in an Emerging Economy" argued that new technology is taking an

innovative approach in the expansion of financial services in the banking sector. Usage of mobile and internet has increased and having a different division and channel for banking services. This paper talks about the emerging economy which helps in conducting International Transactions.

- ❖ **Bahram, et al. (2013)** In their research paper "The Effect of Using Electronic Banking on Profitability of Bank" deals with E-banking survey, financial statements and questionnaire.
- ❖ **Aliyu, et al (2012)** in their research paper "An exploratory study on adoption of electronic banking: underlying consumer behaviour and critical success factors. Case of Nigeria" tells about consumer adoption of E-banking in Nigeria.

OBJECTIVE OF STUDY

1. To know the customer's perception towards the E-banking Service.
2. To highlight the security problems of Online Banking.
3. To analyze the trend of E-banking with the help of primary data.

RESEARCH METHODOLOGY

The study has been conducted in the Indore city of Madhya Pradesh, India. 100 customers were selected by the convenient sampling method.

The selected customers were given a questionnaire containing a set of questions pertaining to 18 services of E-banking. They were asked to respond based on 5-point Likert scale method viz. for strongly agree (SA) 5 points and 1 for strongly disagree (SD).

Econometrics Tools -

For a comparative study of customers' satisfaction from E-banking services the following dummy variable regression model has been used.

$$Y_i = \beta_0 + \beta_1 D_i + U_i$$

Where

Y_i = denotes for customers' satisfaction score regarding E-banking services provided by banks.

D_i = is dummy variable

$D_i = 1$, is defined for customers' satisfaction of E-banking services who use E-banking services.

$D_i = 0$ for customers' satisfaction of who don't use E-banking services.

Mean score of customer's satisfaction regarding E-banking services provided by banks.

$$Y_i \mid D_i = 0 \mid = \beta_0$$

Mean score of customers' satisfaction regarding E-banking services of those who use E-banking services.

$$Y_i \mid D_i = 1 \mid = \beta_0 \pm \beta_1$$

+ Means: The customers' satisfaction of those who don't use E-banking services.

Mean score is higher regarding those who use E-banking services.

Means: The customers' satisfaction of those who use E-banking service Mean score is higher than of those who do not use E-banking services customers' satisfaction.

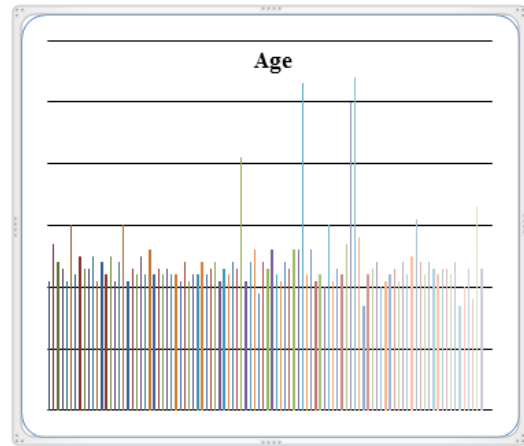
But the magnitude of the distribution

$$t = \frac{\hat{\beta}_1}{SE_{\hat{\beta}_1}}$$

If 't' calculated value is greater than the relevant table values than $\hat{\beta}_1$ is Statically significant and accordingly, the difference in customers' satisfaction may be considered as significant.

Empirics

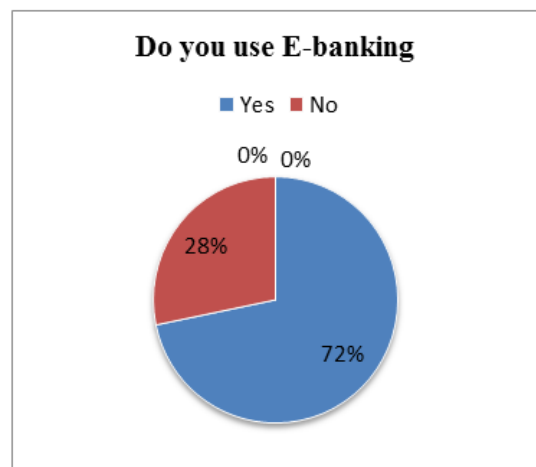
The survey is done to know about the usage and awareness of E-banking services among customers in Indore. This survey answers some questions like- How many people do use e-banking services, what are the services they provide, etc.



Graph 1: Age range of respondent

Interpretation:

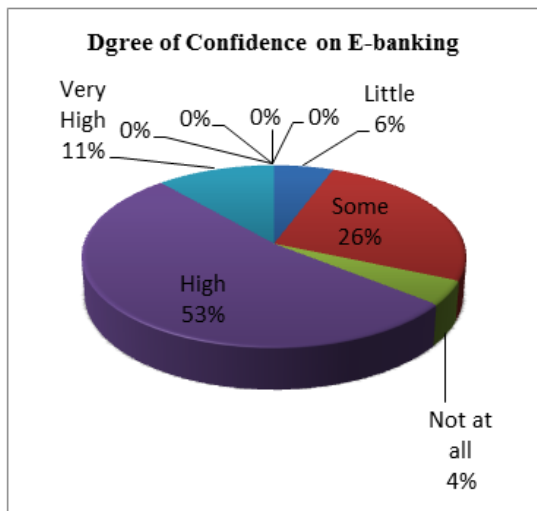
From the above data of 100 respondents, it has been observed that the service of E-banking is used by consumers are ranging between the age group of 17 to 54. The number of Maximum people who deal with E-banking is from 20 to 25 age group, means the young generation. The minimum numbers of respondents who do deal with E-banking are from 40 to above 50.



Graph 2: Uses of E-Banking

Interpretation:

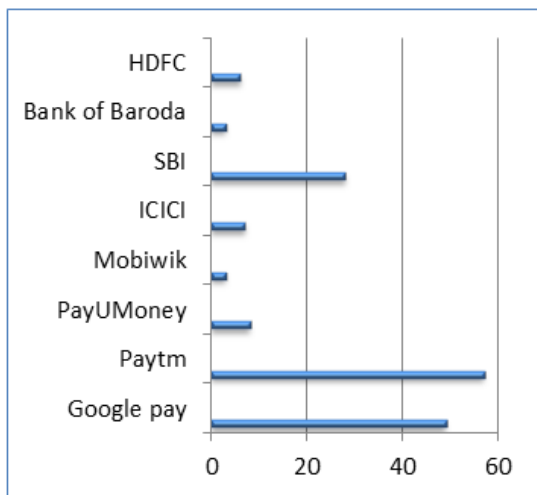
From the above pie chart, it is observed that people who use E-banking services are more than those who do not use E-banking services. It is observed that 72% of respondents use Internet Banking Services and 28% respondent does not use Internet Banking Services. People who use E-banking are more than people who don't use E-banking in Indore.



Graph 3: Degree of Confidence in E-Banking

Interpretation:

It is observed that people who use Internet Banking Services are confident about its services. A maximum number of respondents who have High Degree Confidence in Internet Banking are 53% and a minimum number of respondents who have a degree of confidence in Internet banking as not at all are 4%. Very High Degree confidence of people on internet banking is 11% and little degree confidence of people is 6%. Degree of confidence as some on the internet banking is of 26% people.

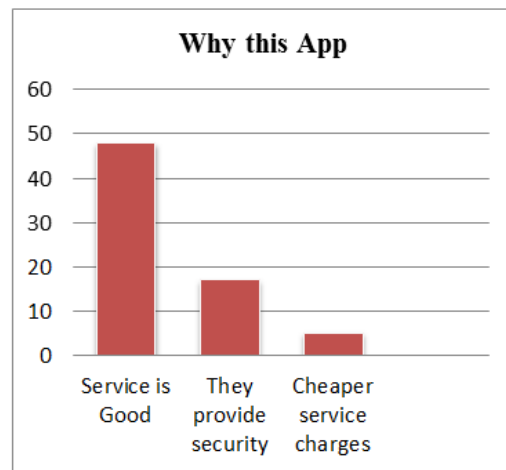


Graph 4: Use of Different E-Banking App

Interpretation:

It is observed above that people use different types of E-banking Apps which help them to perform their financial transactions easily. Here as per the data of

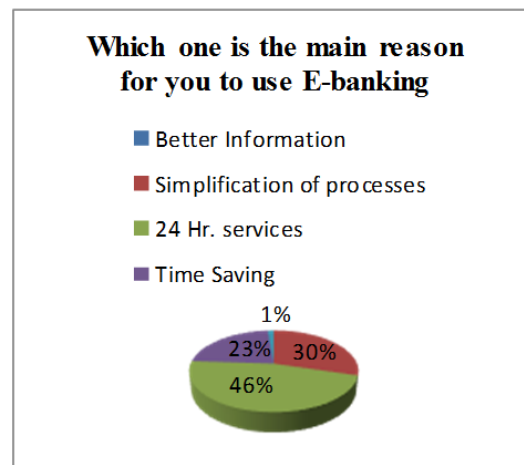
respondents, it is clear that a maximum number of people use Paytm App for performing their respective transactions. Approximately 81.4% of people use Paytm and second most used application is Google pay, approximately 70% of people use it for performing their respective financial transactions. The least used applications of E-banking are of Bank of Baroda and Mobiwik only 4.3% people use it.



Graph 5: Reason for Preference an App

Interpretation:

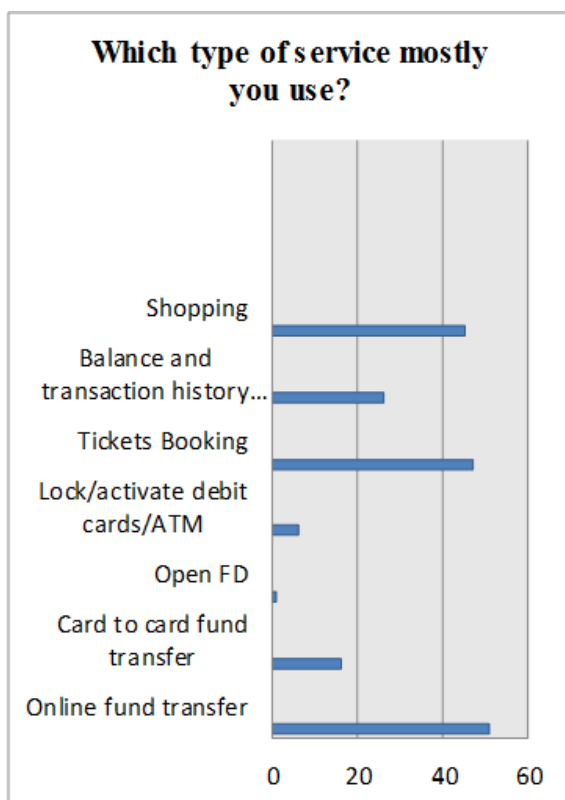
It is observed that why the respondents use their respective online banking applications and the maximum respondents said that they provide good services. 68.6% of people use their respective online banking application because of good services. 24.3% of people use their application because they provide security and 7.1% people use their application because of cheaper service charges charged by online banking services



Graph 6: Key Reasons to use e-Banking

Interpretation:

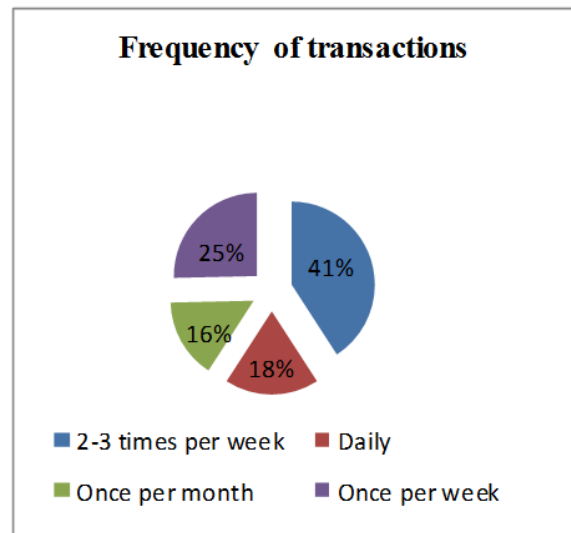
What are the benefits to respondents for using E-banking services and as per data collected the maximum number of respondent i.e., 46% of respondents said they use E-banking services because it provides 24Hr. services (any time anywhere) and a minimum number of respondents who use E-banking services i.e., 1% because it provides Better Information. 23% and 30% respondent use E-banking services because of it's Time Saving and Simple Process.



Graph 7: Types of Service used in e-Banking

Interpretation:

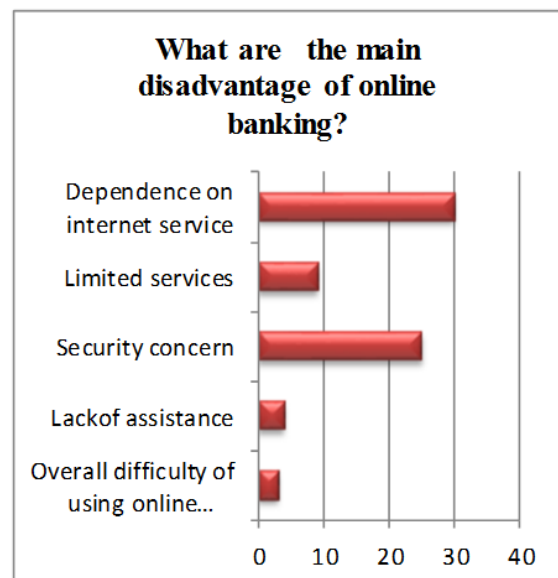
It is observed that the most used service is Online Fund Transfer which is used by 51 respondents. Similarly, 47 respondents use online service of E-banking for Tickets Booking (example: movie tickets, railway tickets, bus tickets etc.) and 45 respondents use Online service of E-banking for Shopping. 26 and 16 respondents use E-banking services for checking their balance in their accounts and use the online service for a card to card fund transfer.



Graph 8: Frequency of Transactions

Interpretation:

It is observed under this question how many times a single user of Internet Banking uses its service and a maximum number of respondents use it 2-3 times per week i.e., 41% of total respondents. Only 16% of the total respondents use it once per month. 18% of the total respondents use it Daily. 25% out of total respondents use E-banking services once per week

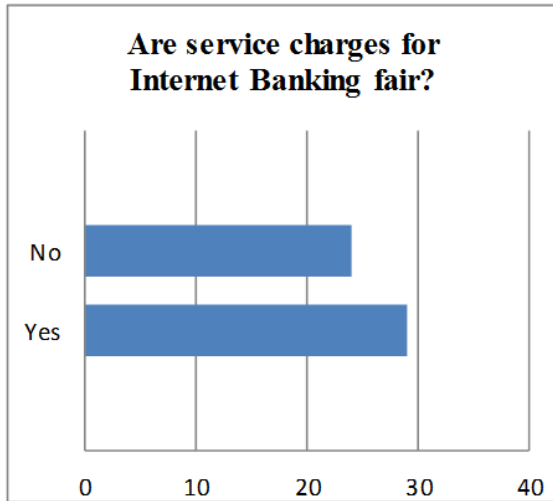


Graph 9: Disadvantages of e-Banking

Interpretation:

It is observed that why people don't use E-banking services what are the main disadvantage of Online Banking for the respondent and maximum people said that it's dependence on internet services i.e.,

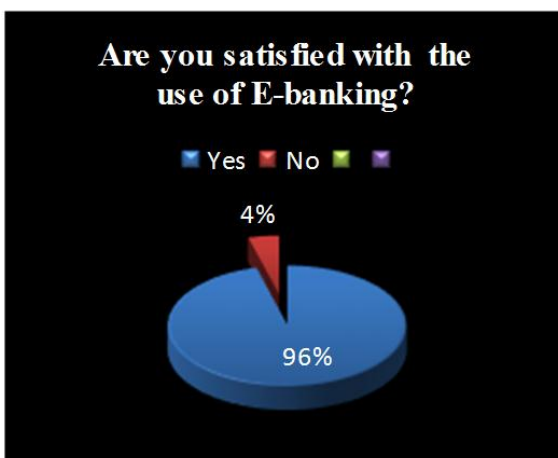
42.3% and second important disadvantage for respondents is Security Concern i.e., 35.2% of total respondents. 12.7% of the total respondents said that the main disadvantage is limited services. 4.2 % and 5.6% respondent find overall difficulty in using E-banking system and lack of assistance.



Graph 10: Fairness of Internet Banking Charges

Interpretation:

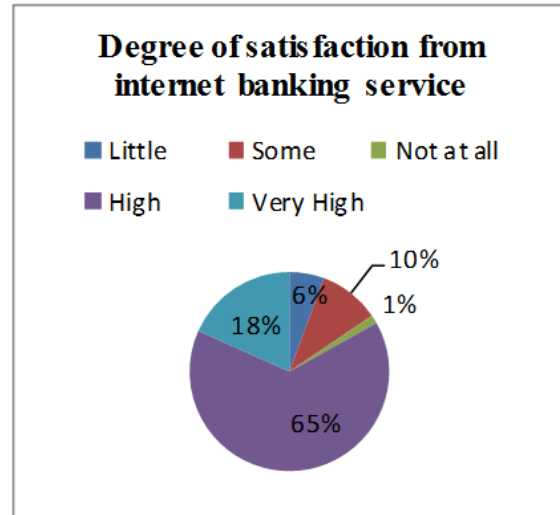
It is observed that 54.7% out of total respondents find that service charges for Internet Banking are fair and 45.3% out of total respondents find that service charges for Internet Banking are not fair. It is clear that the maximum number of respondents find the charges of services fair than those respondents who find charges of services unfair.



Graph 11: Satisfaction with E-Banking

Interpretation:

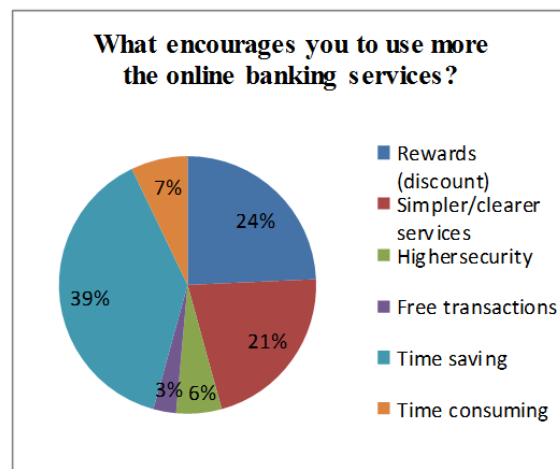
It is observed that 96% out of total respondents are satisfied with the E-banking services and only 4% out of total respondents are not satisfied with the use of E-banking. It is clear that more people are satisfied with the use of internet banking services than people who are not satisfied.



Graph 12: Degree of Satisfaction with E-Banking

Interpretation:

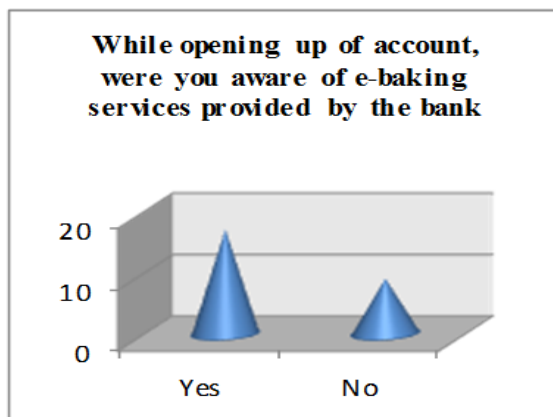
65% out of total respondents are having High degree of satisfaction with Internet banking and 18% of respondents have Very High degree of satisfaction with internet banking. 10% and 6% is having some and a little degree of satisfaction with internet banking as compare to manual banking.



Graph 13: Factors encouraging online banking usages

Interpretation:

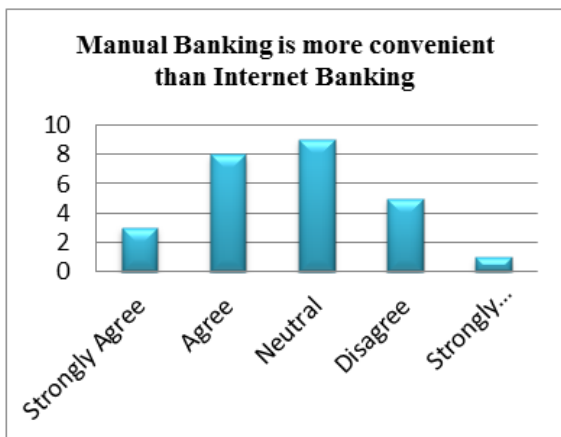
It is observed from the data that the maximum number of respondents who use E-Banking services because it is Time Saving i.e., 39% of total respondents. 24% and 21% of total respondents use online banking services because of Rewards (discounts) and Simpler/clearer services and the remaining 7%, 6% and 3% of respondents use online banking services because of less time-consuming, Higher security and Free transactions.



Graph 14: Awareness of the availability of online banking

Interpretation:

It is observed that 65.4% out of total respondents are aware of e-banking services while opening up of account and 34.6% respondents are not aware of online banking services provided by banks while opening up of the account.



Graph 15: Convenience online vs Manual

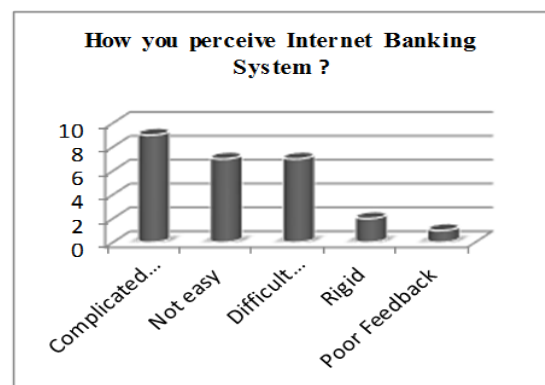
Interpretation:

It is observed that maximum respondents are in a neutral position where they are not

able to make a decision about which type of banking is more convenient manual banking or online banking total of 34.6% are neutral and 30.8% respondents totally agree with the statement.

11.5% of the total respondents strongly agree with the statement that manual banking is more convenient than online banking.

19.2% of respondents totally disagree with this statement that manual banking is more convenient than online banking and 3.8% people strongly disagree with the statement.

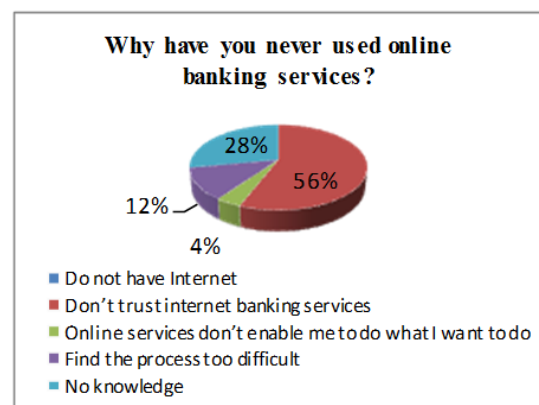


Graph 16: Internet Banking Perception

Interpretation:

It is observed that 34.6% of respondents perceive online banking as Complicated Technique and 26.9% of respondents perceive online banking as Not Easy and Difficult accessibility.

7.7% and 3.8% of respondents perceive online banking as Rigidity and Poor Feedback.



Graph 17: Reasons for non-usages of Online Banking

Interpretation:

It is observed that a maximum number of respondents i.e., 56% do not use E-banking services because they don't trust internet banking services. 28% of respondents don't have any knowledge of online banking services and 12% of respondents find the process too difficult.

4% of respondents do not use E-banking services because they found online services don't enable them to do what they want to do.

FINDINGS

- 72% of customers are using E-banking services out of total respondents.
- A maximum number of customers who use Internet Banking Services lies within the age group of 20 to 30 i.e., the youth.
- The services that mostly used are online fund transfer, ticket booking and shopping.
- The Online payments apps that mostly used are Paytm, Google pay and SBI.
- 68.6% of customers use E-banking services because the services are good as compare to others.
- 95.3% of customers are satisfied with the use of E-banking Services.

Inferences and policy implications

- Online banking services should charge a fair price.
- Online payment apps should give more offers and rewards for attracting more and more customers.
- Online banking services providers and banking regulators should focus on security. Banking regulators should monitor regularly banks and services provided by them.
- To protect customer's money from electronic theft, identity theft and other forms of fraud, it's important to implement basic precautions such as shredding account statements, having complex passwords, safeguarding PIN

and only conducting online and mobile banking through secure internet connections.

- Government and Banking Regulatory bodies should implement policies regarding online services and less use of cash. (Go cashless)
- Online banking services need to give a guarantee of keeping the KYC and other data related to customer confidential.
- Banks should provide links on their website about how to use online banking services for the education of their customers.
- For the expansion of the online banking business, regulators and banks should promote online banking with advertisements.
- Online Banking services should provide more services.
- Online banking services need to focus on more legalization for conducting any transactions through internet banking services.
- Adaption of new technology in which the Banking Industry should focus and coup with new technologies.
- Banks with the help of promotional schemes should try to convert the customers who do not use E-banking services.

CONCLUSION

The main objective of my research is to analyze the awareness of E-banking among the customers in Indore. Although findings reveal that people who are aware of e-banking services still are not using it because of different reasons. Banks should by promotion try to convert customers. Internet banking services provide a large number of services and provide a large number of benefits to customers as well as to Business organizations.

E-banking services had created a new market and opportunities for business in the banking sector. E-banking has given the new potential to the Banking Industry. It has also given ease of life to customers by

providing online banking services and saving their time.

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