



ADOPTION OF E-BANKING IN DIGITAL ERA

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Abstract

The Indian banking industry is changing rapidly, particularly as a result of a variety of services offered to customers, notably with the ease of accessing them at the click of a mouse. Electronic banking (e-banking), also known as Internet banking, is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. The convenience of accessing bank accounts at one's place encourages usage of Internet banking. This paper deals with the adoption of e-banking services and factors influencing for the adoption of e-banking services.

Keywords: Digital Banking, E-Banking, Digital etc.

Introduction

E-Banking is increasingly becoming a "need to have" than a "nice to have" service. In today's scenario, differentiated and delightful customer experience has become more important than just providing financial services. Banking industry has to understand the unstated needs of the customer. Each and every day, new devices / technologies are providing various customer touch points. Every time customers touch a computer or a screen, they are providing an information trail and it's banks' responsibility to understand how they use this trail to move their bottom line upwards. Traditionally, banks spent most of their efforts, time and money on transaction execution, which is nothing but has become a very basic feature of their overall service. Banks now need to rethink the way customers are being valued, may be from the angle of the industries that greatly value customer experience.

Review of Literature

Hernandez and Mazzon (2006) proposed a new method to investigate adoption of new technologies and tested the method on internet banking adoption in Brazil. The study suggested that intention to use internet banking is influenced solely by people's beliefs about internet banking. **Angelakopoulos and Mihiotis (2011)** they found that demonstrate that

banks expand to e-banking services in order to remain competitive, to keep track with technological developments and to benefit from the lower cost of e-banking transactions. The major problems they face are the low response rate from customers and the implementation of security and data protection mechanisms. **Koskosas (2011)** analyzed the pros and cons of Internet banking. Although benefits of internet banking are undeniable, there are some inconveniences and concerns of which customers should be aware of. Many people have difficulty relying on the security of online transactions, fearing the very real possibility of identity theft, before opening an online account, it's better for the customer to investigate the banks' security policies and protections to ensure they meet his expectations. He concluded that whether or not to bank over Internet depends on many variables like benefits, willingness, trust, cost etc. It was also found that people signs up internet for limited services like account viewing, but it can be changed by educating the customers on Internet banking services.

Objectives of the Study

- To analyse the factors responsible for the adoption of e-banking services.

Research Methodology

Data Collection

Survey method is employed to collect the data from the respondents through structured questionnaire designed on the basis of objectives of the study. Secondary data have been collected through various Journals, books and inter-net which are restricted to the conceptual frame work of the paper only.

Sampling Design

The population is comprised of those who are living in the Coimbatore city. A convenient sampling size of 300 respondents was randomly selected.

Data Analysis

The collected data is then edited, consolidated and subjected to suitable statistical test and the data is presented in the form of tables.

Statistical Tools used

The following statistical tools are used in the study for the purpose of analysis: Simple Percentage Analysis and Rank Correlation.

Limitations of the Study

- ❖ The study has all the limitations of non-random sampling.
- ❖ This study has been confined to Coimbatore city only. So it may not be universally applicable.
- ❖ The respondent's size was limited to 300 due to time constraints.
- ❖ The study applicable to Coimbatore city only. So findings cannot be generalized to other area.
- ❖ The final result is based on the respondent's opinion. So the result may vary due to frankness in response.

Table No. 1
Demographic Profile of the Respondents

S.No.	Demographic	Category	F	%
1.	Age	18 – 20 yrs	30	10.00
		21 to 35 yrs	170	56.67
		36 to 50 yrs	55	18.33
		Above 50 yrs	45	15.00
2.	Educational Qualification	School Level	55	18.33
		College Level	34	11.33
		Professional Degree	211	70.33
3.	Occupation	Student	44	14.67
		Business	66	22.00
		Professional	190	63.33
4.	Monthly Income	upto Rs.20000	44	14.67
		Rs. 20001 – 30000	66	22.00
		Rs. 30001 – 40000	125	41.67
		Above Rs. 40000	65	21.67
5.	Account Type	Savings Account	246	82.0
		Fixed Account	54	12.0
6.	Type of Bank	Private Bank	88	29.3
		Public Bank	212	70.7
7.	Importance of E-Banking	Vital	20	6.7
		Essential	280	93.3

8.	No.of years of E-Banking Usage	Less than 1 yr	114	38
		1 – 2 yrs	40	13.3
		2 – 3 yrs	78	26
		3 – 4 yrs	68	22.7
9.	E-Banking Services	ATM/Debit Cards	101	33.67
		Telephone Banking	0	0.00
		Credit Cards	34	11.33
		Mobile Banking	54	18.00
		PC Banking	37	12.33
		Electronic Fund	44	14.67
		Internet Banking	30	10.00
10.	Source of Knowledge about E-banking	Through bank officials	162	54.0
		Advertisement in print	20	6.7
		Television and Radio	20	6.7
		Online Advertisement	98	32.7
		Through their employers	0	0

Source: Primary Data

Table No. 2

Important Factor to Adopt E-Banking

Factors	Rank I	Rank II	Rank III	Rank IV	Rank V	Rank VI
E-Banking services are generally faster than traditional banking	0	0	178	37	55	18
E-Banking services have no time limit since I can use them at any time of the day.	49	0	86	123	18	0
There is high degree of convenience in accessing E-banking services.	0	117	0	67	18	55
E-banking channels are easier to use than traditional channels.	233	110	36	73	92	37
E-banking services are generally cheaper than traditional banking at the branch	18	73	0	0	117	0

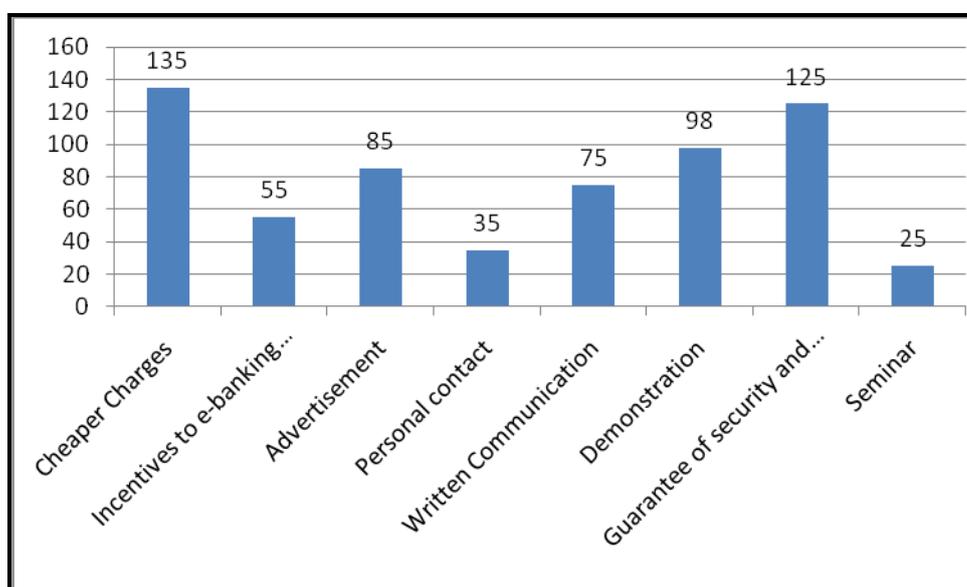
Using E-banking service is more prestigious than queuing at the bank halls.	0	0	0	0	0	190
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Source: Primary Data

The table reveals that among the important factors to adopt e-banking services, the factor ‘E-banking channels are easier to use than traditional channels’ obtain first rank, the factor ‘There is high degree of convenience in accessing E-banking services.’ acquired second rank, the third and fourth rank was obtained by the factors ‘E-Banking services are generally faster than traditional banking’ and ‘E-Banking services have no time limit since I can use them at any time of the day’ respectively. The last two positions were obtained by the factors ‘E-banking services are generally cheaper than traditional banking at the branch’ and ‘Using E-banking service is more prestigious than queuing at the bank halls’. Thus majority of the respondents gave first rank to the factor **“E-banking channels are easier to use than traditional channels”**.

Chart - 1 – Multiple Response

Methods to Encourage E-Banking Usage among Customers



The above chart depicts that majority of the customers feel that by levying cheaper charges for e-banking services the customers will be more attracted towards the usage services. Secondly Guarantee of Security and Privacy will also motivate customers.

Conclusion



In today's competitive era, banks need to have a strategy backed by management and organization and supported by skilled committed personnel. Under the competitive environment, the focus is on profitability and trim balance sheets. The forces of deregulation, technology and growing customer sophistication are broadly likely to have an impact in India. Due to this forcing competition banks need to popularise the e- banking services to greater extend. Among the various factors encouraging the customers for adoption of e-banking services "E-banking channels are easier to use than traditional channels" has topped and obtained First rank. By way of providing Cheaper Charges to e-banking services and providing Guarantee of Security and Privacy, more customers may be motivated to use e-banking services. Hence the other aspects regarding the improvement of e-banking has to be concentrated by the banks as well as the customers need to upgrade to the latest technological developments.

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