



A study on barriers of E - Banking services in Madurai City

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Abstract

E-banking is one of the most successful online businesses. It allows customers to access their accounts and execute their accounts and execute their orders through a simple it use website. E- Banking saves individual and companies' time and money. Information technology revolution in the Indian economy has made steady inroads into the banking institutions and has brought about a significant change in many aspects in the form of computerization of transactions and new delivery channels such Internet Banking, Mobile Banking, Tele banking, Automated teller machine (ATM), Electronic transfer fund (ETF), Electronic clerking services (ECS), Electronic Data Interchange (EDI) etc. The present study focuses the customer satisfaction towards Electronic Banking services in Madurai. The objectives of the study, are to know about the important advantages and draw backs of internet banking, to analyze the problems faced by the customers while using electronic banking services and the customer satisfaction towards internet banking service in Madurai and to provide findings and suggestions. The study covered both primary and secondary data. For the present study 50 bank customers are selected. The samples are selected using convenient sampling method. Percentage, Garrett ranking and Chi – square method is used to analyze the data.

Keywords: Banking, internet banking, importance, problems, advantages and drawbacks

Introduction

The performance of banking activities via the Internet is called as internet banking or electronic banking. Online banking is also known as "Internet banking" or "Web banking." A good online bank will offer customers just about every service traditionally available through a local branch, including accepting deposits, paying interest on savings and providing an online bill payment system. Online banking or Internet banking allows customers to conduct financial transactions on a secure website operated by their retail or virtual bank, credit union or building society.

E-banking implies performing basic banking transactions by customer's round the clock globally through Electronic Media. Modern banking is more information based, speedy and boundary less due to the impact of E-revolution modern banks have to be well versed in information technology its users and applications. Banking divisions have to be IT based, with the spread of digital economy. E-banking is more of a science than art. E-banking is knowledge based and mostly scientific in using electronic devices of the computer revolution. When most business and commercial enterprises tend to become internet banking organizations banking has to be E-banking in the new century.

Today's banking is virtual banking. Virtual banking denotes the provision of banking and other related services through the extensive use of IT without direct resource to the bank by customers. The salient features of virtual banking are the overwhelming reliance on IT and the absence of physical bank branches to deliver banking services include Automated Teller Machines (ATMs, shared ATM networks, Electronic Funds Transfer at Point of Sale (EFTPoS) smart cards, stored value cards, phone banking, home banking internet and internet banking. Thus the practice of banking has undergone a significant transformation due to the adoption of E-banking.

Objectives

The important objectives are

- To know about the concept of Internet Banking.
- To study about the advantages and disadvantages of electronic banking.
- To analyze problems faced by the customers while using e-banking services and reason for using electronic banking services.

Methodology

Sources of data

The study is confined with both primary and secondary data.

Primary Data

The primary data is collected through a well structured interview schedule. Direct interview was also conducted among 50 Bank customers from Madurai.

Secondary Data

The secondary data have been mainly collected from the books, journals, magazines, and also from the internet.

Sampling Design

In order to study the problems and prospects of internet banking services in Madurai 50 bank customers enjoying the e – banking services are randomly selected using convenient sampling method.

Statistical Tools Used

The collected data were analyzed with the help of various statistical measures such as Percentage and Garrett ranking technique.

The formula used for Garrett ranking method is

$$\text{Percent position} = \frac{100(R_{ij} - 0.5)}{N_{ij}}$$

Concept of Internet Banking

Internet banking is a term used to describe the process whereby a client executes banking transactions via

electronic means. This kind of banking eradicates the necessity of physical movement to financial positions. This type of banking uses the internet as the chief medium of delivery by which banking activities are executed. The activities clients are able to carry out are can be classified to as transactional and non-transactional.

Non-transactional activities

- Account balance viewing
- Viewing of previous bank transactions
- Bank statement downloading
- Check book ordering
- Viewing of images of paid cheques
- M banking and E banking applications downloading
- Provision of account/ bank statements

Transactional activities

- Electronic funds transfer
- Bill payments and wire transfers
- Loan application and repayments
- Buying investment products

Online banking has become an accepted norm of monetary transactions for millions in India over the past decade. The ease with which a customer can check his account, make payments online and transfer money between accounts has made this mode of banking hugely popular among Indians who are perpetually short of time to visit the bank physically. Online banking also provides a host of non-transactional features which are quite handy to the customer.

Benefits of Electronic banking

There are many benefits of electronic banking services. They are:

Convenience

This is the single most important benefits that outweigh any shortcoming of internet banking. Making transactions and payments right from the comfort of home or office at the click of a button without even having to step out is a facility none would like to forego. Keeping a track of accounts through the internet is much faster and convenient as compared to going to the bank for the same. The non-transactional facilities like ordering check books online, updating accounts, enquiring about interest rates of various financial products etc become much simpler on the internet.

Better Rates

The banks stand to gain significantly by the use of internet banking as it implies lesser physical effort from their end. The need to acquire larger spaces for offices and employ more staff to deal with the customers is significantly reduced making it financially beneficial to the banks. This means that a portion of savings accrued can be passed on to the customers in terms of higher rates on deposits and lower rates on loans. To encourage internet banking most banks, offer minimum or no deposit accounts for online banking and lower penalties on early withdrawal of Fixed Deposits.

Services

Technology has made it extremely convenient for the bank as well as the customer to access to a host of wonderful services by simply logging in. These services include financial planning capabilities, functional budgeting and

forecasting tools, loan calculators, investment analysis tools and equity trading platforms which are available as simple applications on the bank's website.

Mobility

Internet banking has a step further in the last few years in the form of mobile internet banking which accords unlimited mobility to the customer who can now handle financial transactions even while on the move.

Transfer services

Online banking allows automatic funding of accounts from long established bank accounts via electronic funds transfers.

Ease of monitoring

A client can monitor his/her spending via a virtual wallet through certain banks and applications and enable payments.

Ease of transaction

The speed of transaction is faster relative to use of ATM's or customary banking.

Another important benefit of the concept of internet banking is that it is good for the environment as it cuts down the usage of paper, reduces pollution as people do not have to travel physically and also does not add emissions.

Drawbacks of Internet banking

Relationships

Online transactions take a toll on the relationship with the banker which the traditional visit to the branch office used to foster. Personal relationship with the staff at the banks comes handy when requesting for faster loan approval or a special service which may not be available to the public. The manager has many discretionary powers such as waiving of penal interest or service fees which were often taken advantage of by better acquaintance with the staff. Additionally personal contact also meant that the banker would provide essential financial advice and insights which are beneficial to the customer.

Complex Transactions

There are many complex transactions which cannot be sorted out unless there is a face to face discussion with the manager that is not possible through internet banking. Solving specific issues and complaints requires physical visit to the bank and cannot be achieved through the internet. Online communication is neither clear nor pin pointed to help resolve many complex service issues. Certain services such as the notarization and bank signature guarantee cannot be accomplished online.

Analysis of Data

Age – wise classification of the respondents

Age of a person leads a person as an experienced person. Hence it is considered as an important factor for the study. The following table reveals that the age-wise classification of the respondents.

Table 1: Age-wise classification of respondents

Sl. No.	Age	No. of Respondents	Percentage
1	Below 25	9	18
2	26 – 45	34	68
3	Above 45	7	14
	Total	50	100

Source: Primary Data

The table 4.1 shows that 9 (18 percent) of the respondents comes under the age group of below 25 years. 34 (68 percent) of the respondents comes under the age group of 26 to 45 years and the remaining 7 (14 percent) of them comes under the age group of above 45 years.

Gender- wise classification of respondents

The gender is an important factor which considered to study the problems faced by the customers while using internet banking. The following table shows the gender-wise classification of the sample respondents.

Table 2: Gender- wise classification of respondents

Sl. No.	Gender	No. of Respondents	Percentage
1	Male	38	76
2	Female	12	24
	Total	50	100

Source: Primary Data

The above table shows that 38 (76 percent) of the respondents are male and the remaining 12 (24 percent) respondents are female.

Classification of respondents on the basis of Marital Status

The marital status is an important factor which considered for analyzing the consumer satisfaction. The below table 3 shows the classification of the respondents on the basis of marital status.

Table 3: Classification of respondents on the basis of Marital Status

Sl. No.	Marital status	No. of Respondents	Percentage
1	Married	34	68
2	Unmarried	16	32
	Total	50	100

Source: Primary Data

It is inferred from the able table that 34 (68 percent) of the respondents are married and the remaining 16 (32 percent) respondents are unmarried.

Education - wise classification of the respondents

Education is an important factor which decides the occupation of a person. The following table 4 shows that the classification of respondents on the basis of education.

Table 4: Education - wise classification of the respondents

Sl. No.	Educational qualification	No. of respondents	Percentage
1	Up to HSC	7	14
2	UG	12	24
3	PG	9	18
4	Others	22	44
	Total	50	100

Source: Primary data

It is inferred from the above table, that 7 (14 percent) of the respondents having the qualification Up to HSC, 12(24 percent) of them having the qualification of UG, 9(18 percent) of the respondents having the educational qualification of PG and the remaining 22 (44 percent) of them having the qualification of other categories such as technical degree, diploma etc.

Classification of the respondents on the basis of occupation

The occupation is an important factor which decides the income of an individual. Table 5 clearly shows the classification of the respondents on the basis of occupation.

Table 5: Classification of the respondents on the basis of occupation

Sl. No.	Occupation	No. of respondents	Percentage
1	Self employment	9	18
2	Private employee	19	38
3	Govt. Employee	5	10
4	Others	17	34
	Total	50	100

Source: Primary Data

The above table reveals that 9(18 percent) of the respondents are self employed, 19 (38 percent) of the respondents are private employees, 5(10 percent) of the respondents are Government employees and the remaining 17(34 percent) of the respondents comes under other categories such as home maker, students etc.

Medium through which the respondents came to know about E-banking

The respondents get the information related to the internet banking through many modes. The below table 6 shows the classification on the basis of the medium through which the respondents came to know about the internet banking.

Table 6: Medium through which the respondents came to know about E-banking

Sl. No.	Medium	No. of respondents	Percentage
1	Personal visit	11	22
2	Information from staffs	6	12
3	Advertisement	29	58
4	Friends / relatives	4	8
	Total	50	100

Source: Primary Data

From the table 6 we came to know that 11(22 percent) of them get information related to the internet banking through personal visit to the banks, 6(12 percent) of them by the staffs, 29 (58 percent) through advertisements and the remaining 4(8 percent) of them getting information through their friends and relatives.

Reason for selecting internet banking services

The below table indicates the classification of the respondents on the basis of the reason for selecting internet banking services. The ranks assigned by the respondents are converted into scores using Garrett ranking technique.

Ranking Table

Sl. No.	Reasons	Garrett mean score	Rank
1	Convenience	48.32	IV
2	Services Quality	45.42	V
3	Trust with bank	52.12	III
4	Security	53.02	II
5	Nearness	43.46	VI
6	Time saving	57.54	I

Source: Primary Data

It is inferred from the above table that time saving scores 57.54 and holds the first rank in the reason for selecting internet banking, security scores 53.02 and trust with the bank scores 52.12 and holds second and third rank respectively in the reason for selecting internet banking.

Problems in using internet banking

There are many problems faced by the respondents while using internet banking. The ranks assigned by the respondents are converted into scores using Garrett ranking technique.

Ranking Table

Sl. No.	Problems	Garrett mean score	Rank
1	Network problem	34.71	II
2	Time consuming	32.84	VII
3	Insecurity	34.20	III
4	Relationship with banks	33.09	IV
5	Lack of operational Knowledge	34.94	I
6	No access to internet	33.51	VI
7	Complex transactions	33.78	V

Source: Computed Data

It is inferred from the table that the lack of operational knowledge scores 34.94 and holds the first rank, network problem scores 34.71 and holds the second rank and insecurity scores 34.20 and holds the third rank respectively in the problems faced by the respondents while using internet banking.

Findings

The important findings are given below as follows:

- Majority 34(68 Percent) of the respondents comes under the age group 26 – 45 years.
- Most 38(76 Percent) of the respondents are Male.
- 34(68 percent) of the respondents are married.
- 22(44 Percent) of the respondents having the educational qualification comes under other category such as technical degree, diploma etc.
- Most 19(38 Percent) of the respondents are private employees.
- 24(48 Percent) of the respondents get information related to the bank through media.
- The time saving scores 57.54 and holds the first rank in the reason for selecting internet banking, security scores 53.02 and trust with the bank scores 52.12 and holds second and third rank respectively in the reason for selecting internet banking.
- The lack of operational knowledge scores 34.94 and holds the first rank, network problem scores 34.71 and holds the second rank and insecurity scores 34.20 and holds the third rank respectively in the problems faced by the respondents while using internet banking.

Suggestions

The important suggestions for the further development of internet banking given by the respondents and by the researcher is given below as follows.

1. Many people did not have adequate knowledge about the internet banking services provided in their bank. So the banking officials must take steps to make reach the facilities available in the banks through Medias or advertisements.
2. There are many ways to misusing the internet banking services and to make fraud in another ones account. So the banking companies and the government must take remedial measures to give security to their customers.
3. The banking companies must extend their services to both the rural and urban areas under the banks and hence it is useful to the customers in both the rural and urban areas.
4. The banking companies must move to least exposed rural areas and must come forward to take steps to reach the people
5. The banks also arrange awareness programmes and it must come forward to educate the people to carry out the banking transactions through internet.

Conclusion

E- banking is definitely a significant move in the right direction as far as the convenience of the customer as well as the banker are concerned but it must be applied with adequate precaution to avoid falling prey to unscrupulous elements poaching the internet.

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