

“Study of Impact of ‘E-Banking’ services on Consumers’ Retail Banking Activities in Ghaziabad”

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Abstract : E-banking seems carrying to become an important part of the Indian banking sector in the Current years. The banking services today are re-defined and re-structured with the use of Information technology. It is sure that in future banking sector will offer more sophisticated services to the customers with the continuous product and process innovations. Thus, there is a pattern shift from the seller's market to buyer's market in the banking industry and finally it affected at the bankers to change their approach from "Traditional/conventional banking to Modern or convenience banking.

Keywords: Retail Banking, E-Banking, Internet Banking, Tele Banking, Mobile Banking, ATMs, Retail banking, Gender, Consumer Psychographics (Socio, Economic, Cultural and Psychological characteristics).

Introduction:

In retail banking scenario, it is implicit that many banks are competing for the same customer segment and the combined resources being spent in terms of channel development and other efforts may exceed the profitability of the segment targeted. It has been observed that one of the challenges being faced by retail banking sectors have been in the usage of proper segmentation techniques based on the customer psychographics with respect to the banking channels. For e.g. who would be willing to use Tele/mobile banking and what may be the underlying reason to do so? In spite of introduction of internet banking why, would a customer still visit the nearest branch for his banking needs. The answers to these questions would result in understanding the mindset and lifestyle of banking consumers that would help the bank to effectively target the consumers based on their channel preference, strengthen the weak aspects of channels in demand and augment the service provided by the channels thereby retaining the customer and ultimately enhancement of profits.

Development of E-banking in India :

The financial reforms that were initiated in the early 1990s and the globalisation and liberalisation measures brought in a completely new operating environment to the banks. The bankers are now offering innovative and attractive technology-based services and products such as '*Anywhere Anytime Banking (ATMs)*', '*Mobile/Tele-Banking*', '*Internet Banking*', '*Web Banking*', etc. to their customers to cope with the competition.

Review of Literature :

Several studies, which had done, examined to understand the pattern of usage of electronic banking services by bank customers.

Balwinder Singh and Pooja Malhotra (2014) the paper presents data, drawn from a survey of commercial banks websites, on the number of commercial banks that offer Internet banking and on the products and services they offer. It investigates the profile of commercial banks that offer Internet banking, using univariate statistical analysis, relative to other commercial banks with respect to profitability, cost efficiency, and other characteristics. By the end of first quarter, 2004, differences between Internet and non-Internet banks had begun to emerge in funding, in sources of income and expenditures and in measures of performance. It was also found that the profitability and offering of Internet banking does not have any significant correlation.

Jayshree Chavan (2013) paper discusses some challenges in an emerging economy. Paper concluded that one of the benefits that banks experience when using e-banking is increased customer satisfaction. This due to that customers may access their accounts whenever, from anywhere, and they get involved more, this creating relationships with banks. Banks should provide their customers with convenience, meaning offering service through several distribution channels (ATM, Internet, physical branches) and have more functions available online.

Rajpreet Kaur Jassal et al (2013) This paper aims to explain about the reason behind the security breaches and the participation of both customers and the banks to enable the hackers or crackers to access others network. The present study aims to find various types of flaws in the security of online banking those results in loss of money of account holders and financial institutions. Security breaches are not only because of banks faults and banks

inadequate police but customers are equally responsible for it, because customer's awareness regarding security is equally important.

Roshanlal and R saluja (2012) The progress in e-banking in Indian banking industry is measured through various parameters such as Computerization of branches, Automated Teller Machines, Transactions through Retail Electronic Payment Methods etc. Statistical and mathematical tools such as simple growth rate, percentages and averages etc. are used. The paper also highlights the challenges faced by Indian banks in adoption of technology and recommendations are made to tackle these challenges. The paper concludes that in years to come e- banking will not only be acceptable mode of banking but preferred mode of banking.

Vikas Chauhan and vipinChoudhary (2015) The present paper attempts to understand the concept of internet banking as well as study the benefit of internet banking from perspective of consumers as Well as banks. Further, this paper discusses the challenges and opportunities associated with the internet banking in Indian context. The discussion Concludes that Concept of Internet banking Is slowly gaining Acceptance in Indian Scenario and Efforts are Being made by government Agencies to make It more Popular among consumers.

Research Gap / Need of the Study :

An overall appraisal of literature reveals research studies done in the field of segmentation using psychographics in the field of general buying behavior, retail, media behavior, buying behavior of financial products, E-banking usage. There has been no comprehensive psychographic-based study that encompasses the bank selection criteria, channel selection criteria and product selection criteria in India. In India there are no studies encompassing the above-mentioned criteria. India is witnessing rapid changes in technology, lifestyle of consumers, thought process of consumers, savings power etc. that would make this study a worthwhile exercise to conduct.

Customer segmentation takes place at demographic level and at psychographic level. Psychographics in essence tries to study and profile people based on their attitudes and values.

Hence, it is imperative that studies should be conducted on banking customers in India, in order to study and understand consumers better for strategic marketing purpose. This research study is an attempt to understand the psychographic factors that are responsible for the consumers for choose a particular banking channel.

Research Objectives:

The main objectives of this study are to identify and understand the attitudinal, social, and behavioral control factors that are significant in explaining intentions to adopt E-banking banking services as below :

1. To find out the Psychographic attributes that would play a role in the **banking channel selection and usage** of men and women banking customers in India. The channels considered here are *Branch banking, ATM banking, Internet banking, and Mobile/Tele-Banking*.

2. To find out the Psychographic attributes that would play a role in the Non-usage/ none adopting of E-banking in India
3. To study the Convenience provided to the customers.
4. To identify the factors of customer satisfaction in retail banks
5. To measure the level of satisfaction of retail banking customers
6. To study the Maintenance of relationship with the customers

Hypothesis :

On the basis of review of literature and detailed analysis of subject, it is indeed essential to emphasize the fact that the Indian culture is different from the countries where previous research was conducted. The following hypotheses have been formulated:

1. There is no significant association between greater the experience with using the Internet, the more likely that **E-banking** will be adopted.
2. Trust, Security and privacy has significant impact on adoption of **E-banking** among customers.
3. Innovativeness and awareness has significant impact on adoption of **E-banking** among customers.

Research Methodology:

The present research is an empirical one. The survey for the present research is conducted through primary data with the help of a questionnaire.

Sample Size: The sample taken for the study consisted of 140 respondents situated in Ghaziabad. Out of the 140 respondents 78 are male and 62 female. For data collection random sampling will be adopted on the ground of cost and time effectiveness.

Data Collection:

Since the research is exploratory in nature, the appropriate research strategy had been research survey. The present study is mainly based on the primary data had been collected with the help of structured questionnaire and interview and other relevant data had been collected from some secondary and tertiary sources. Both types of data i.e., secondary and primary data have been used in the present study. The secondary data was collected at first from the textbooks, previous research reports, newspapers, magazines and journals.

Results and Analysis

Descriptive analysis of the Respondents

Table 1: Demographic characteristics of Respondents

Variables		Frequency	Percent (%)
Gender	Male	78	55.7%
	Female	62	44.3%
Age Group	18-25 years	30	21.4%
	26-35 years	55	39.3%
	36-50 years	30	21.4%
	Above 50 years	25	17.9%
Educational Qualification	P.G.	40	21.43%
	U. G.	70	50%
	SSC/ 12 th	30	21.43%
Occupation	Service	65	46.43%
	Self employed	45	32.14%
	Business	30	21.43%
Income per month	Up to Rs. 30,000 p.m.	35	25%
	Rs. 30,000-50,000 p.m	60	42.86%
	Rs. 50,000-100,000 p.m	27	19.29%
	Above Rs. 100,000 p.m	18	12.86%

Source: Field Survey

Hypotheses 1 There is no significant association between greater the experience with using the Internet, the more likely that E-banking will be adopted.

Table 2: Use of internet * Frequency of using Internet Banking(E-banking) Cross-tabulation

			Frequency of using Internet Banking(E-banking)				Total
			Daily	Weekly	Monthly	Never	
Use of internet	Always Online	Count	11	26	7	2	46
		Expected Count	12.8	24.3	6.6	2.3	46.0
		% of Total	7.9%	18.6%	5.0%	1.4%	32.9%
	Sometime in a day	Count	19	31	11	4	65
		Expected Count	18.1	34.4	9.3	3.3	65.0
		% of Total	13.6%	22.1%	7.9%	2.9%	46.4%
	When Required	Count	8	11	1	1	21
		Expected Count	5.9	11.1	3.0	1.1	21.0
		% of Total	5.7%	7.9%	.7%	.7%	15.0%
	Never	Count	1	6	1	0	8
		Expected Count	2.2	4.2	1.1	.4	8.0
		% of Total	.7%	4.3%	.7%	.0%	5.7%
Total	Count	39	74	20	7	140	
	Expected Count	39.0	74.0	20.0	7.0	140.0	
	% of Total	27.9%	52.9%	14.3%	5.0%	100.0%	

Table 3: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.266(a)	9	.810
Likelihood Ratio	6.138	9	.726
Linear-by-Linear Association	.461	1	.497
N of Valid Cases	140		

a 8 cells (50.0%) have expected count less than 5. The minimum expected count is .40.

Interpretation :

Results are showing the association between greater the experience with using the Internet, the more likely that E-banking will be adopted. Pearson Chi-Square(X^2) value is **5.266** and the degree of freedom (**df**) is **9**. At the 5 % level of significance the table value is **16.919**. The resulted will be reported as:

Since the Chi-Square(X^2) value is **5.266 < 16.919** less than the table value, therefore, the above hypothesis H2 is correct or accepted *i.e.* There is no significant association between There is no significant association between greater the experience with using the Internet, the more likely that E-banking will be adopted.

In other words we can say that variables are independent of each other i.e. More using the Internet have no impact on adoption of E-banking.

Hypotheses 2: Trust, Security and privacy has significant impact on adoption of **E-banking** among customers.

Table 4: Use of internet * How safe do you think using E-banking services is Cross-tabulation

			How safe do you think using E-banking services is				Total
			Extremely safe	Safe	Not Safe	Neutral	
Use of internet	Always Online	Count	18	25	1	2	46
		Expected Count	16.8	26.6	1.0	1.6	46.0
		% of Total	12.9%	17.9%	.7%	1.4%	32.9%
Sometime in a day		Count	21	41	1	2	65
		Expected Count	23.7	37.6	1.4	2.3	65.0
		% of Total	15.0%	29.3%	.7%	1.4%	46.4%
When Required		Count	9	11	1	0	21
		Expected Count	7.7	12.2	.5	.8	21.0
		% of Total	6.4%	7.9%	.7%	.0%	15.0%
Never		Count	3	4	0	1	8
		Expected Count	2.9	4.6	.2	.3	8.0
		% of Total	2.1%	2.9%	.0%	.7%	5.7%
Total		Count	51	81	3	5	140
		Expected Count	51.0	81.0	3.0	5.0	140.0
		% of Total	36.4%	57.9%	2.1%	3.6%	100.0%

Table 5: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.847(a)	9	.847
Likelihood Ratio	4.891	9	.844
Linear-by-Linear Association	.007	1	.934
N of Valid Cases	140		

a 10 cells (62.5%) have expected count less than 5. The minimum expected count is .17.

Interpretation :

Results are showing the association between Trust, Security and privacy has significant impact on adoption of **E-banking** among customers. Pearson Chi-Square(X²) value is 4.847 and the degree of freedom (df) is 9. At the 5 % level of significance the table value is 16.919.

The resulted will be reported as:

Since the Chi-Square(X²) value is 4.847 < 16.919 the table value, therefore, the above hypothesis H₂ is correct or accepted. i.e. There is no significant association between Trust, Security and privacy has significant impact on adoption of **E-banking** among customers.

In other words we can say that variables are independent of each other i.e. Trust, Security and privacy have no impact on adoption of E-banking.

Hypotheses 3 Innovativeness and awareness has significant impact on adoption of **E-banking** among customers.

Table 6: Reason for choosing E-banking services * E-banking channels Cross-tabulation

			E-banking channels					Total
			Internet Banking	ATM Banking	Mobile Banking	Debit/Credit Cards	Above all	
Reason for choosing E-banking services	Convenience	Count	4	9	3	2	13	31
		% of Total	2.9%	6.4%	2.1%	1.4%	9.3%	22.1%
	To save time	Count	9	8	1	6	12	36
		% of Total	6.4%	5.7%	.7%	4.3%	8.6%	25.7%
	24 hour access to bank account	Count	2	8	1	0	6	17
		% of Total	1.4%	5.7%	.7%	.0%	4.3%	12.1%
	Economical/ Cost saving	Count	4	3	0	1	2	10
		% of Total	2.9%	2.1%	.0%	.7%	1.4%	7.1%
	Above All	Count	9	15	2	1	19	46
		% of Total	6.4%	10.7%	1.4%	.7%	13.6%	32.9%
Total		Count	28	43	7	10	52	140
		% of Total	20.0%	30.7%	5.0%	7.1%	37.1%	100.0%

Table 7: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.361(a)	16	.363
Likelihood Ratio	17.938	16	.328
Linear-by-Linear Association	.441	1	.506
N of Valid Cases	140		

a 14 cells (56.0%) have expected count less than 5. The minimum expected count is .50.

Interpretation :

Results are showing the association between Innovativeness and awareness has significant impact on adoption of **E-banking** among customers. Pearson Chi-Square(X²) value is 17.361 and the degree of freedom (df) is 16. At the 5 % level of significance the table value is 26.296. The resulted will be reported as:

Since the Chi-Square(X²) value is $17.361 < 26.296$ the table value, therefore, the above hypothesis H₂ is correct or accepted i.e. There is no significant association between Innovativeness and awareness has significant impact on adoption of **E-banking** among customers.

In other words we can say that variables are independent of each other i.e. Innovativeness and awareness have no impact on adoption of E-banking.

Conclusion

Since relative advantage had the greatest impact on the adoption of the E-banking, banks and other financial institutions should make the technology more advanced and appropriate. They should collaborate with designers to ensure that the system is designed to be more efficient, record minimal error and employ stricter security measures. All of these will enhance the use of the E-banking as well as increase the machine's capability. This will lead to the adoption of the technology by non-adopters and greatly decongest banking halls.

In addition, banks should see to the development and design of less complex and easy to use systems that do not require a lot of mental and physical effort to accomplish transactions (easy to read, comprehensive instructions, prompt processing of transactions, enhanced interactivity etc). Banks should also allow users the opportunity to experiment the system before enforcing the technology. E-banking should also be made to meet users' immediate needs more. By so doing, non adopters could observe the benefits and decide to adopt the technology.

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