



A STUDY ON BANKER'S PERCEPTION OF ELECTRONIC BANKING

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Abstract

Information and communication technologies have changed the working of the banking industry in the last few years. The transformation is expected to quicken their pace in the coming years. The trend towards electronic delivery of products and services is dramatically changing in the financial service industry, where the shift is partly as a result of consumer demand but also a ruthless competitive environment. The present paper is an attempt to understand the use and benefits of e-Banking from Bankers' perspectives. This paper is the outcome of an empirical study with the objective of investigating bankers' views regarding e-banking. It covers bankers' perspectives on e-banking activities of respondents, impact of e-banking and promotional measures used by banks to promote e-banking. The customers generally use e-Banking services on persuasion of bankers. The bankers are convinced that e-banking helps in improving the relationship between bankers and customers and that it will bring patent improvement in the overall performance of banks. So far as promotional avenues are concerned, print media is at the top. The sources used from secondary level of data.

Keywords - Banking, Information Technology, Banking Industries, Perception.

INTRODUCTION

Information and communication technologies have changed the working of the banking industry in the last few years. Tremendous progress in the field of information technology has reduced the world to a global village and it has caused unprecedented change in the banking industry. Huge developments in the technology of telecommunications and electronic data processing have further stimulated these changes. Automation has revolutionized financial and banking sectors globally. Apart from branch banking in the brick and mortar mode, click and order channels like internet banking, ATMs, tele-banking and mobile banking are now in vogue. Customers can view the accounts, get account statements, transfer funds, purchase drafts by just making a few key punches. Availability of ATMs and plastic cards to a large extent make it necessary for customers going to branch premises. Smart Cards with an embedded micro-processor chip have brought about revolutionary changes.

Today, e-banking is used as a strategic tool by the global banking sector to attract and retain customers. E-banking is a generic term for delivery of banking services and products through electronic channels, such as the telephone, the internet, the cell phone, etc. The concept and scope of E-banking is still evolving. It facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services considerably. It increases efficiency in the sphere of effective payment and accounting system thereby enhancing the pace of delivery of banking services considerably. It allows customers to access banking services electronically such as to pay bills, transfer funds, view accounts or to obtain any banking information and advice. E-banking also facilitates new relationships with customers, regulatory authorities, suppliers and banking partners with digital-age tools. For example, customers and bank relationships will become more personalized, resulting in new modes of transaction processing and service delivery. Now, banks are faced with a number of important issues, for example how to take full advantage of new technology, how e-banking change the ways customers relate with the service provider, etc. The banking industry has been considerably influenced by expansion of technology.

The World Bank defined inclusive development, as that equals economic growth plus sharing the benefits of growth to reduce poverty. Inclusive growth as a development strategy has been quite successful in East Asia, where economic development has benefited the poor and the non-poor. The lack of financial services has impact on economic conditions of the people and also on the economic growth of the country. Financial inclusion is the delivery of banking services to the common man at an affordable cost to the vast sections of disadvantaged and low-income groups.

REVIEW OF LITERATURE

This section presents research work done on bankers' viewpoints on e-banking.

Sathye (1997) reviewed the status of internet banking in Australia. The study found that only two of the 52 banks started internet banking services. He opined that education would be a crucial factor for expanding internet banking in Australia. If



customers are convinced about the various advantages of internet banking they will start asking for this service from their banks, and will put pressure on the banks to go ahead with internet banking.

Filotto et al. (1997) illustrated that the adoption rates of ATM were higher among young users. In addition, Barnett (1998) findings proved that younger consumers are more comfortable in using e-banking. Katz and Aspden (1997) findings explained that males were more likely to adopt e-banking than females.

Mookerji (1998) explored that internet banking is fast becoming popular in India. Nevertheless, it is still in its evolutionary stage. They expect that a large sophisticated and highly competitive internet banking market will develop in future.

Joseph et al. (1999) examined the influence of internet on the delivery of banking services. They found six primary dimensions of e-banking service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization.

Mols (1999) acknowledged that the internet banking is an innovative distribution channel that offers less waiting time and a higher spatial convenience than traditional branch banking with significantly lower cost structure than traditional delivery channels. Internet banking reduces not only operational cost to the bank but also leads to higher levels of customer satisfaction and retention. As a result internet banking is very attractive to banks and consumers, who now have higher acceptance to new technology. (Polatoglu and Ekin, 2001, Mols, 2000, Sathye, 1999, Wisner and Corney, 2001)

Jeevan (2000) observed that the internet banking enables banks to offer low cost and high value added financial services. US web-corporation argues that finally banks are finding that a comprehensive online banking strategy is indispensable for success in the increasingly competitive financial services market. Changes in technology, competition and lifestyles have changed the face of banking and banks in the present environment are looking for alternative ways to provide differentiated services.

Hasan (2002) found that online home banking has come out as a significant strategy for banks to attract and retain customers. About 75 percent of the Italian banks have adopted some form of internet banking during the period 1993-2000. The study also found that the higher likelihood of adopting active .

Rueangthanakiet Pairot (2008) defined Customer's satisfaction as the company's ability to fulfill the business, emotional, and psychological needs of its customers. However, customers have different levels of satisfaction as they have different attitudes and experiences as perceived from the company. Customer's satisfaction is affected by the importance placed by the customers on each of the attitudes of the product/ service. Customer satisfaction measurement allows an organization to understand the key drivers that create satisfaction or dissatisfaction; and what is really driving their satisfaction during a service experience.

Nyangosi et al. (2009) collected customers' opinions regarding the importance of e-Banking and the adoption levels of different e-Banking technologies in India and Kenya. The study highlighted the trends of e-banking indicators in both countries. The overall result indicates that customers in both countries have developed a positive attitude and they give much importance to the emergence of e-banking.

From the review of literature, we found that education is one of the crucial factors for expanding e-banking. Younger consumers and males are more comfortable in using e-banking. Convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization were found to be primary dimensions of e-banking service quality. However, most of the studies are carried out in foreign countries. In light of the above findings, the present study is undertaken in Indian context to find out bankers perspectives on e-banking.

OBJECTIVES OF THE STUDY

1. To study bankers' perspectives on e-banking activities of respondents
2. Impact of e-banking on banks.
3. Promotional measures used by banks to promote e-banking.
4. Impact of e-banking on relationship between bankers and customers and on overall performance of banks.
5. Bankers' viewpoints on promotional media used by them to promote e-banking are covered in the last objective.



RESEARCH METHODOLOGY

This study includes both primary as well as secondary data collected from 220 bankers equally representing public sector banks, private sector banks in Kancheepuram district with the help of well-drafted and pre-tested structured questionnaire. Eleven public sector banks, six old private sector banks and five new private sector banks have been included in the study. Totally 190 responses were received from the branch managers and finally used in the study by following convenience sampling technique.

The secondary information has been obtained from the reports of RBI, different banks, websites, magazines, journals and newspapers to study the relevant aspects. The data was analyzed using frequency distribution.

RESULTS AND DISCUSSIONS

This section encompasses bankers' perspectives on e-banking activities of respondents, impact of e-banking and promotional measures used by banks to promote e-banking.

BANKERS' PERSPECTIVES ON E-BANKING ACTIVITIES OF CUSTOMERS

This section highlights e-banking activities of customers as perceived by bankers. It includes:

Table -1, Comparison of E-banking Adoption Frequency by Customers on Bankers' Persuasion or by Own Initiative.

Customers' Frequency	Bankers' Persuasion (Respondents)	Own Initiatives (Respondents)
Less than 20%	24 (12.63)	104(54.74)
20% to 40%	85 (44.74)	54 (28.42)
40% to 80%	65 (34.21)	22 (11.58)
80% to 100%	16 (8.42)	10 (5.26)
Total	190 (100)	190(100)

On comparison of e-banking adoption frequency by customers on persuasion of bankers or on their own it is noticed that 20 to 40 percent customers use e-banking services more frequently under the guidance of the bankers. On the other hand, 54.74 percent bankers opine that only less than 20 percent customers resort to e-banking on their own. It comes forth from the analysis that there is not enough of awareness in Indian customers regarding use of e-banking services and the guidance and persuasion by bankers help promote the use of such services amongst the customers.

Table- 2Age-wise Preference of e-Banking Services

Age Groups	Respondents	
Young Age Men	72	(37.89)
Middle Age Men	86	(45.26)
Young Age Women	8	(4.21)
Young Age Men And Women	13	(6.84)
Middle Age Men And Young Age Women	4	(2.11)
Middle Age Men And Women	4	(2.11)
Young Age Men And Middle Age Women	3	(1.58)
Total	190	(100.0)

review of different age groups of customers availing ebanking services, exhibits that 45.26 percent bankers are of the view that middle age men (30 to 50 years of age) make the greatest use, followed by 37.89 percent of bankers, who hold that the next in order is young age men (up to 30 years). It is noteworthy that women customers use such services relatively much less frequently.



Table 3, Occupation-wise Preference of e-Banking Services

Occupations	Respondents
Service Class	20 (10.53)
Business Class	56 (29.47)
Professionals	62 (32.63)
Service Class and Business Class	14 (7.37)
Professionals	22 (11.58)
Business Class and Professionals	16 (8.42)
Total	190(100.0)

Coming to the bankers' views regarding preference in the use of e-banking services on the basis of occupations, the study reveals that professionals are at the top according to 32.63 percent bankers, 29.47 percent bankers consider business class makes the greatest use. Only 11.58 percent bankers believe that e-banking is used more by service class and professionals both. Very small percentage of respondents holds the opinion that e-banking services are used by both service and business class and business class and professionals.

Table- 4, Retention Rate of E-banking Customers

Satisfaction Level	Respondents
Highly Satisfied	32 (16.84)
Satisfied	115 (60.53)
Neutral	38 (20)
Unsatisfied	5 (2.63)
Total	190 (100.0)

On analyzing the satisfaction level with regard to retention rate of e-banking customers the study clearly suggests that of the majority of the bankers interviewed, (60.53 %) feel satisfied with the retention rate, followed by 16.84 percent who are highly satisfied. Only 2.63 percent stated that they are not satisfied, while 20 percent refrains from giving any opinion on this issue.

Table- 5, Increase in Customers Accessing E-banking Services

Extent Respondents	
To Large Extent	98 (51.58)
To Some Extent	62 (32.63)
A Little	24 (12.63)
Very Little	6 (3.16)
Total	190 (100.0)

The study shows that in the perception of most of the bankers (84.21 percent, taking to large extent and some extent categories together), the number of customers making use of e-banking services is definitely on the increase. Only a very small proportion of respondents (15.79 % bankers, taking a little and very little categories together) hold the contrary view.

Table- 6, Velocity of Bank Customers Switching from Traditional to e-Banking

Switch Over Rate	Respondents
Very High	26 (13.68)
High	86 (45.26)
Undecided	30 (15.79)
Low	38 (20)
Very Low	10 (5.27)
Total	190(100)



The study reveals switch over rate of bank customers from traditional banking to e-banking. Maximum number of sampled bankers (58.94 percent, taking very high and high categories together) is of the view that customers are increasingly switching over from traditional banking to e-banking. While, 15.79 percent of the bankers have no clear opinion in the matter, 25.27 percent of them (taking low and very low categories together) hold that the rate of switch over is quite low.

IMPACT OF E-BANKING

This section throws light on impact of e-banking on the relationship between bankers and customers and on overall performance of banks. These are described as follows:

Table -7, Impact of E-banking on Bankers-Customers Relationship

Improvement in Relations	Respondents
Very Much	86 (45.26)
Somewhat	76 (40)
A Little	13 (6.84)
Very Little	11 (5.79)
Not at all	4 (2.11)
Total	190 (100.0)

Regarding improvement in relations due to e-banking, it is obvious that responses are almost equally split between very much and somewhat categories, 45.26 percent bankers agree that bankers and customers relations have recorded very much improvement, 40 percent of respondents expressed 'somewhat improvement'. On the other hand, almost 12.63 percent of bankers are of the view that use of e-banking services has contributed 'a little or very little' to the betterment of relations between the bankers and the customers.

Table -8, Impact of E-banking on Overall Performance of Banks

Extent of Improvement	Respondents
To Large Extent	80 (42.11)
To Some Extent	100 (52.63)
A Little	6 (3.15)
Very Little	4 (2.11)
Total	190 (100.0)

The study reveals that majority (52.63 %) clearly believe that e-banking services have brought about some improvement in the overall performance of banks, followed by 42.11 percent who are of the view that working has improved a lot, whereas, only 5.26 percent (taking a little and very little categories together) bankers hold the view that almost no improvement in the overall performance of banks has taken place.

PROMOTIONAL MEASURES USED BY BANKS TO PROMOTE E-BANKING

Here bankers' point of views are gathered with regard to promotional measures used by banks to promote e-banking viz. print, internet, SMS, outdoor advertisement, television and radio. Responses regarding extent of knowledge provided by banks to customers for using e-banking services are also collected and analyzed.

Table -9, Choice of Promotional Media

Extent			SMS on	Outdoor	Television
	Print Media	Internet	Mobile	Advertisement	and Radio
	Respondents	Respondents	Respondents	Respondents	Respondents
To Large Extent	144	23	4	41	35



	(75.79)	(12.11)	(2.10)	(21.58)	(18.42)
To Some Extent	29	43	13	63	70
	(15.26)	(22.63)	(6.84)	(33.16)	(36.84)
A Little	7	24	9	26	16
	(3.68)	(12.63)	(4.74)	(13.68)	(8.42)
Very Little	6	63	14	36	31
	(3.17)	(33.16)	(7.37)	(18.95)	(16.32)
Not At All	4	37	150	24	38
	(2.10)	(19.47)	(78.95)	(12.63)	(20)
Total	190	190	190	190	190
	(100)	(100)	(100)	(100)	(100)

The study reveals that of the different sources used by banks to promote e-banking like print media, internet, SMS on mobile, outdoor advertisements and television and radio a majority(75.79 %) of the bankers responded that print media is used by the banks to a large extent for the purpose. Regarding internet, highest percentage (33.16 %) of the bankers said that internet is used very little. Regarding the use of SMS, 78.95 percent of bankers reported that it is not at all used. Outdoor advertisements are also used to some extent. In the opinion of 36.84 percent bankers, television and radio are also used by the banks to some extent. It signifies that banks mostly rely on print media to promote e-banking services.

Table- 10,Banks Providing Knowledge to Customers for Using E-banking Services

Extent	Respondents
To Large Extent	80 (42.11)
To Some Extent	100 (52.63)
A Little	5 (2.63)
Very Little	5 (2.63)
Total	190 (100.0)

It was noted from the study that 52.63 percent of respondents said that banks do provide knowledge but only to some extent, followed by 42.11 percent who believed that sufficient guidance is supplied by the banks in this field. That the banks extend a little or very little knowledge is expressed by a small percentage (5.26 %) of the respondents.

CONCLUSION

The study reveals that there is not much awareness in Indian customers regarding use of ebanking services but, the guidance and persuasion by bankers does promote the use of such services amongst the customers. Age wise ,there is greater incidence of ebanking usage among the middle age men and women customers use such services much less frequently. Occupation-wise, the professionals, followed by business class, make more use of e-banking services. Bankers are satisfied regarding the retention rate and access rate of e-banking customers and they are also satisfied with switch over rate of customers from traditional banking to e-banking. The study also indicates that e-banking helps in improving the relationship between bankers and customers as well as it enhances the overall performance of banks. About different promotional measures adopted by banks to promote e-banking, the study discloses that banks mostly resort to the use of print media followed by internet, SMS on mobile, outdoor advertisements and television. Majority of the bankers believe that banks are wanting in providing sufficient guidance to customers for using e-banking services. In order to make e-Banking more popular, banks must separate their customers based on demographic priority (i.e., age, gender, occupation etc.) and customize e-Banking services as per their needs and requirements. Banks should supplement print media with other modes like hoardings, SMS, e-mail etc. to



stimulate e-banking usage and create greater awareness. Given the increased competition pressures to cut expenses, banks need to attract and retain their customers by creating, maintaining and highlighting such attractive features of e-Banking.

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