

Critical Analysis of Indian E-Banking User Satisfaction

Akhilesh Sharma

School of Management Studies, Dehradun, Uttarakhand, India 248002. akhi0112@gmail.com

DOI : 10.36893.IJMIE.2018.V8I8.568-578

Abstract

The study fills in significant unresolved questions about how consumers view online banking, tracks its development, and suggests the most likely course of action. Information from a survey of users of Internet banking and the suppliers (banks) that will offer it is offered in the article. Financial organizations may choose to strategically utilize internet banking in the future now that a working model has been devised for maximizing value for the users. The study outlines the drawbacks of conventional banking, investigates customer awareness of, usage patterns for, and inclinations for Internet banking in comparison to traditional banking, and also emphasizes potential influences on the bank's policy for implementing net banking. Also, it may cover the legal issues with online banking. Since the 1990s, internet banking has caught the attention of banks, trading houses, brokerage firms, controllers, and legislators in advanced countries. It is certain that electronic (Internet) finance and transactions will advance given the rapid and large rise in e-transactions. Research indicates that Internet banking has a major effect on business cost savings, increased revenues, and improved client satisfaction and may be a useful instrument for developing a successful policy. Yet, it has guided a number of matters of public policy front public sector organizations and banking establishments. It's fascinating to note that there continues to be a dearth of organized and credible info about the accessibility of online banking in the nation, particularly in regard to what it entails for consumers and bankers.

Keywords: Online Banking, Advantages, disputes, Information Technology, Consumer Awareness, Income altitude.

Introduction

Financial institutions and customers can manage their bank accounts, carry out transactions, provide information about monetary goods and facilities thanks to internet banking features (Ashima, 2016). Today, the majority of business banks have introduced a number of online banking services, including the newest option of unlocking online savings bank accounts. It is also important that online banking services are in demand. In India, e-banking is still a relatively new idea compared to its equivalents in wealthy countries. The definition of Internet banking is the topic of the essay. The traditional banking strategy is currently being modified in accordance with evolving times, and banks are making an effort to keep up with the most recent technological advancements. Technology for communication and information (ICT) innovations over the last twenty years have fundamentally altered how banks interact with their clients. Given the quick advancement of technology, the internet has a big impact on how banking is done nowadays. It presents numerous facilities such as payments through online mode, fund transfers, trading of stocks through an online platform for various financial transactions. The banking industry is progressively utilizing the web as a delivery mechanism for online banking. Owing to the hassle-free accessibility and time-saving features of online banking, about 57% of Indian respondents who use the Online services prefer internet banking and use other banking services (Malhotra & Singh, 2010). Though customer satisfaction is multidimensional (Kaur, 2016) and has been widely studied in various contexts, the available literature is very scant about customer satisfaction in online banking, especially in India (A. Dash, 2015; M. Dash & Bhusan, 2014).

Available empirical evidence suggests that relative usefulness, perceived risk, computer efficacy and image had a significant impact on the continued usage of Internet banking (Kulkarni & Kulkarni, 2015)

In this essay, we will compare consumer behavior when using Internet banking against traditional banking and consider whether it is possible to combine these two banking systems. The article offers advice to banks on how to raise the worth of their facilities to customers. The survey was done on a sample of 2000 customers, and the relative precision technique was employed to determine the sample size (Kesharwani & Radhakrishna, 2013). The main cities in

India where the survey is being conducted use questionnaires filled out by consumers as well as in-person interactions, conversations with the front-line managers of the major gamers' internet banking segments, especially their advertising and customer service departments, and financial services experts, as well as personal calls to big banks' ATM and Juncture of Sale (POS) countertops (Mohammed, 2012). The prime presumptions in this current research are that (a) internet banking is the same as online banking and (b) both consumers' and bankers' conduct supports a normal distribution. Because that Online banking has no physical bounds, the study only looks at big cities (Pahuja & Virk, 2012). Although banking facilities are triggers the growth in the economy or "passageways towards encouraging economic growth," banks have grown to be a crucial part of the majority of countries (Reddy & Arora, 2010). The emergence of the "World wide web Economy" is a recent phenomenon that is regarded to have brought the most significant transformations to the global economy that since industrialization (N. Sharma, 2012)

Concepts and Benefit of Net Banking

Consumers can utilize internet banking to obtain a range of big and little value financial items and products through online means (R. D. Sharma & Abrol, 2016). Clients may utilize banking activities or services using online banking, also called as PC financial institutions, online banking, cyberspace financial services, internet payments, etc., anywhere at time from anywhere at their convenience (Singh & Kaur, 2013). Customers can access the available for free computer network, or Net, that used a number of electronic gadgets, such as desktop computers, cell phones with websites or desktop programmes, and smart TVs, to receive financial services straight to their homes (Sindwani & Goel, 2014). What we would probably call Internet commerce is the use of various technical tools to utilize financial services electronically.

Indian Online Banking: Present Situation

Internet banking has developed into a vital part of the Indian financial system. E-banking is a fairly recent concept that was invented in India. Prior to the introduction of non-branch financial services in the early 1990s, conventional breakaway faction banking was the standard. Some of the credit for bringing banking services to the nation should go to ICICI Bank (Jayakumar & Narsis, 2011). Citibank and HDFC Bank debuted services for online banking in 1999. The Indian government approved the IT Act, 2000, and on October 17, 2000, it became operative. It

provided legal legitimacy for online transactions and other types of online commerce. The Reserve Bank constantly monitor and examines the legality as well as other requirements of e-banking to ensure that it develops in a secure and accountable manner. Current studies show that technologically enabled transactions offer efficiency across a range of delivery methods (Mishra, 2014). To illustrate the state of internet/electronic banking today, tables 1, 2, and 3 show a few statistics. As of December 2014, the scheduled commercial banks (SCBs) in India had deployed & issued Machine, and digital plastic cards. This information is provided in Table 1. Additionally, it shows that India's mobile banking customer base is expanding. It states that there are presently 1,76,510 ATMs, 10,58,662 POS, 21,36,000,000 credit cards, 500,000,000 debit cards, and 35.5,000,000 bank customers using mobile banking in India. The population increase of these banking channels is also shown in the table, and in the context of India, it seems excellent. Modern payment statistics are displayed in Table No. 2.

ATMs handle up to 6090,98, million computerized transactions annually. The transactions made using NEFT and RTGS during the current fiscal year 2014–15 are displayed in Table No. 3

Table 1 Various Internet/Electronic Banking Delivery Channels

Type of internet/electronic channels	No. of channels		Growth in %
	Year		
	2010 *	2014**	
No of ATM deployed (In Actual Figure)	60,153	1,76,410	193.27
No of POS deployed (In Actual Figure)	5,95,958	10,58,642	77.64
No of CREDIT CARDS issued (In Millions)	18.33	20.36	11.07
No of DEBIT CARDS issued (In Millions)	181.97	500.08	174.81
No of MOBILE BANKING Users (In Millions)	5.96	35.5	495.64

Table 2 Transactions through Internet/Electronic Banking Delivery Channels

Transaction trough	No. of Transactions (In millions)		Growth in %
	Year*		
	2011-12	2013-14	
ATM	5086.17	6090.98	19.76
POS	645.76	1128.12	74.7
CREDIT CARD	320.42	511.99	59.79
DEBIT CARD	5409.45	6707.1	23.99
MOBILE BANKING	25.55	94.6	270.25

Table 3 NEFT and RTGS Transactions

Transaction type	No. of Transactions (In millions)		Growth in %
	Year*		
	2010-11	2014-15	
NEFT	132	927.55	602.69
RTGS	49	92.75	89.29

Advantages of Online Banking: Utilizing Internet banking is advantageous for both banks and customers. The following are some advantages of using online banking:

A. Consumer advantages

Reduced waiting: It provides reduced waiting time, more comfort, and a far lower cost framework than traditional delivery methods when compared to ordinary banking (D. Sharma,

2016). In order to make banking services more accessible, it also reduces the time as well as geographic constraints and gives customers a number of benefits. According to experts, internet banking seems to be more practical in terms of use and availability (N. Sharma, 2012). It allows people to run a business online while staying in the comfort of their house or place of employment.

Consumers feel fulfilled and useful since they may check on their actions or account operations from their home, place of business, or even other locations. Other non-transactional functions, like ordering cheque books online, switching accounts, learning the return percentages of different investment options, etc., have become simpler thanks to the internet.

Self-serve choice Customers can self-serve a number of financial services through online banking, eliminating the requirement for them to depend on bank staff members as well as other night before going to bed procedures. Internet banking is the most popular type of ego banking. Customer perception of the value of identity technologies affects usage consistency (Ding, 2007).

Saving time and money: Clients no longer are required to go to a branch to get banking services, which has a number of advantages. These advantages include reduced wait times, fuel efficiency, traffic avoidance, environmental protection by reducing the use of motorized vehicles, and improved efficiency.

B. Advantages to banking organization

Increased Profitability: Using the internet helps banks increase their revenue. As comparison to banks without Internet banking, those that do are more lucrative and have superior operating efficiencies. Companies can provide online banking to clients for a big discount compared to traditional banking.

Cost-effective method: Customers have the option of using a self-service route when banking digitally. As a result, the banks are able to scale back on their workforce to a certain extent, which cuts their administrative expenses. Because online banking requires less documentation and bureaucratic assistance for transfers of money, it's not as expensive than traditional banking services. Numerous studies show how e - banking has successfully lowered operating, administrative, and fee expenses.

Access regions without a subsidiary: By implementing more cost-effective electronic distribution techniques, online banking has expanded its geographical scope and potentially boosts its customer.

In some areas where they don't have banking offices, many banks do function in that way, providing all banking institutions exclusively online. While many financial firms use no blocking internet banking to support their existing clients and draw in fresh ones who are searching for convenience and cost savings.

Better customer relations: For the majority of banks, keeping the relationship with customers has taken on strategic importance. By making a variety of products and services simple to obtain, banks can use internet banking technologies and facilities to build and maintain positive relationships with their clients.

Keeping good relationships with customers can help businesses sell more products and services to existing customers while retaining new ones. The accessibility of online banking services has increased the potential for cross-selling and increased client satisfaction.

E-banking challenges

Security Risk: This problem has become one of the banks' top objectives. A substantial percentage of users reject e-banking choices because of doubts and security concerns. In accordance with the 2006 IMAI Survey, 43% of internet users in India don't use banking services because of security issues. It thus poses a serious challenge to advertisers and allays customer worries regarding safety, which may encourage more people to utilise online banking.

Environmental interpretation: Another major benefit of online banking is that it is environmentally benign. Internet banking reduces paper use as well as pollution by cutting down on carbon footprints and eliminating the necessity of physical travel. Utilizing e-banking services shows banks that they value sustainability, which will help them portray themselves as environmentally friendly.

A lack of confidence is, for the majority of consumers, the biggest obstacle to utilising internet banking. Customers prefer the older banking since they don't trust online security. They think that because digital shopping can be risky, fraud can occur. When using e-banking products, users have a number of inquiries, including: Did the transaction go through? Is that the number

of times I pressed the transfer button? Confidence is one of the major factors that influences customers' desire to buy from online retailers.

Customer Consciousness: Consumer knowledge of e-banking services and procedures is still at its lowest level in the Indian context. Bankers do a poor job of explaining the benefits, uses, and availability of internet banking. The lack of knowledge of new technology and its benefits is one of the main barriers to the development of electronic banking.

Danger to confidentiality: The possible risk of disclosing personal information and the worry of identity theft are among the primary explanations for why clients decide not to utilise online banking services. Almost majority of internet financial customers believe that using these services increases their danger of having their identities stolen. Consumers are worried about their confidentiality and think that banks may be violating it by employing their data for advertising as well as other unrelated reasons without receiving their consent, according to the report.

Gaining more popular support: Historically, cooperation between the both the public and private spheres has resulted in the bulk of e-finance efforts for underdeveloped nations.

If indeed the public sector is unable to carry out the projects, it is critical that cooperative efforts between both the corporate and charity sectors, in addition to intergovernmental institutions such as the World Bank, be developed to allow popular backing for e-finance-related operations.

Connect to Personnel Costs: In the modern world, financial firms must provide a wide range of services, such as social banking with funding tools, preferential update, digitisation and innovative machineries, enhanced client service, efficient management culture, internal oversight and oversight, sufficient revenue growth, good organizational culture, etc. Bankers must therefore be able to provide their clients with complete staff services.

Possibilities in E-Banking

Untapped Rural Markets: With 70% of the people living in the countryside, India offers a huge untapped market again for banking sector. In spite of the fact that finance sector are accessible in all urban areas, only a few sizable localities have banks. Our banks must access all surviving villages so because majority of Indians still reside in rural areas.

Numerous Channels: Financial institutions may provide a range of options for clients to use

their financial and other products, such as ATMs, community branches, telephone and internet transactions, video conferencing, and much more, in order to grow their clientele.

Competitive Edge: Banks have an edge over other organizations in the marketplace thanks to the benefits of e-banking. Value of financial from the use of electronic banking in a number of ways, including by reducing expenses, improving client interactions, broadening the company's geographic coverage, etc. The benefits of e-banking have allowed banks to oversee their financial affairs more efficiently.

Improving Computer Literacy & Net Use: It is crucial or a prerequisite for using internet banking that users have some familiarity with internet technology so they can quickly take use of the services. The financial sector should seize this chance to draw in more web users as a result of India's rapidly growing internet user population.

Excellent Service to Customers: A bank's finest spokesman when it comes to growing its client base is its deserving customer service. Every time a consumer interacts with the bank, there is a potential to win over more of their trust. In the wake of fluctuating demands, customer support has turned into the pillar for measuring banks' success.

Net banking: Depending on the storage of information and data mining technologies, it is apparent that internet banking will develop and that internet banking, stock trading, reinsurance, and loan services will become more convergent. Companies might have to introduce new services for online banking from what they currently offer in to satisfy the increasing demand for time, everywhere banking.

Banking for the general public: Lenders have recently begun to use client categorization, which has considerably benefited in the customization of their product drawings. As a result, retail financing has been given top importance, particularly when it comes to funding consumer products, property investment, automobiles, and other items. Also, the risk-distribution benefits of retail borrowing have increased bank profits through higher recovery rates.

Conclusion

One could argue that the country's still-emerging Internet banking industry is controlled by foreign and Indian financial firms. Only a tiny portion of consumers use online banking. Therefore banks must employ advanced equipment and extensive technological tools to model

the many risks associated with Internet banking. Prioritizing perceptual factors consumer behavioral can be done by using the working prototype to maximize the customer's experience. To boost their Internet banking income, banks may focus on strategic consumer niches.

Experiences from other countries show that banks can't avoid the Internet banking phenomenon, but they have to modify their business plans for Indian conditions if they want to gain a competitive advantage. The research's claim that the majority of bank customers in India are aware of all accessible banking services is supported by the study's findings. These banks should also take the necessary steps to educate their customers about new technologies and other offerings that they make. In nations like India, having access to the internet is essential for internet transactions.

Banks may extend the amount of time that customers engage with bank employees, and a pleasant demeanor is also necessary. That will undoubtedly help attract new customers and keep the ones you already have. It will immediately boost the expansion of banks and financial institutions both nationally and globally. Finding out how well consumers comprehend internet banking and the different types of risk attached to it is made easier by the research study.

References

- Ashima, J. (2016). Case Study: A comparative analysis of Customers Preferences and Contentment towards E-Banking Services. *Advances in Management*, 9(6), 9–12.
- Dash, A. (2015). Quality-Based Perceptual Mapping of Leading Banks in India: An Empirical Study. *IUP Journal of Management Research*, 14(4), 61–71.
- Dash, M., & Bhusan, P. B. (2014). Determinants of Customers' Adoption of Mobile Banking: An Empirical Study by Integrating Diffusion of Innovation with Attitude. *Journal of Internet Banking and Commerce*, 19(3), 1–21.
- Jayakumar, G. S. D. S., & Narsis, I. (2011). Physical and Core Services Quality: State Bank of India. *SCMS Journal of Indian Management*, 8(4), 90–103.
- Kaur, S. (2016). Importance of customer relationship management (CRM) in the Indian banking Sector. *Imperial Journal of Interdisciplinary Research (IJIR)*, 2, 1308–1311.

- Kesharwani, A., & Radhakrishna, G. (2013). Drivers and Inhibitors of Internet Banking Adoption in India. *Journal of Internet Banking and Commerce*, 18(3), 1–18.
- Kulkarni, T., & Kulkarni, A. (2015). Factors Determining Adoption of e-Banking Services in India. *Sumedha Journal of Management*, 4(1), 154–164.
- Malhotra, P., & Singh, B. (2010). An analysis of Internet banking offerings and its determinants in India. *Internet Research*, 20(1), 87–106. <https://doi.org/10.1108/10662241011020851>
- Mishra, P. K. (2014). Exclusion to Inclusion: An Economic Paradigm for India. *FIIIB Business Review*, 3(4), 3–15.
- Mohammed, S. (2012). Critical Analysis of Banking Sector Reforms in India with Special Emphasis on Technological Advancement. *Management Dynamics*, 12(1), 20–36. <https://doi.org/10.57198/2583-4932.1128>
- Pahuja, A., & Virk, S. (2012). An Empirical Analysis of Factors Affecting the Adoption of E-Banking Services. *Journal of Commerce and Accounting Research*, 1(2), 38–45.
- Reddy, T. K., & Arora, S. (2010). Creation of Non-Performing Assets in the Banking Sector (with special reference to State Bank of India). *Productivity*, 51(1), 53–68.
- Sharma, D. (2016). Nexus between financial inclusion and economic growth. *Journal of Financial Economic Policy*, 8(1), 13–36. <https://doi.org/10.1108/JFEP-01-2015-0004>
- Sharma, N. (2012). An Empirical Study of Rural Customer's Satisfaction from E-Banking in India. *Journal of Internet Banking and Commerce*, 17(3), 1–17.
- Sharma, R. D., & Abrol, S. (2016). Status Of Online Banking – An Empirical Evidence Of State Bank Of India. *Abhigyan*, 33(4), 39–52.
- Sindwani, R., & Goel, M. (2014). Acceptance of Technology based Self Service Banking among Mature Customers. *PRIMA*, 5(1), n/a.
- Singh, J., & Kaur, P. (2013). Customers' attitude towards technology based services provided by select Indian banks. *International Journal of Commerce and Management*, 23(1), 56–68. <https://doi.org/10.1108/10569211311301439>