

## REVIEW OF THE LITERATURE ON THE ELECTRONIC BANKING ADOPTION: BANKERS PERSPECTIVE

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### **ABSTRACT**

*Electronic banking is changing the scenario of banking industry. Banking is now no longer confined to the branches where one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. Banking is now anywhere banking at any time all due to internet banking. Providing electronic banking is increasingly becoming a "need to have" than a "nice to have" service. This research paper includes analysis of 150 questionnaires filled by bankers to analyse their perception towards adoption of electronic banking. It focuses on causes for the slow adoption of electronic banking as well as the constraints faced by bankers. It will also show the impact of e-banking on traditional services. Promotional measures by bankers to promote the adoption of e banking. He 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.*

**KEYWORDS:** *Electronic Banking, Bankers, Customers, Constraints, Internet Banking, India*

### **INTRODUCTION**

Information and communication technologies have changed the working of the banking industry in the last few years. The internet has sparked an IT-based revolution in the financial services sector that has radically altered the way that banking services are delivered. 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.

### **LITERATURE REVIEW**

A.J. Joshua Moli P Kosh (2011), in this study majority of the respondents has computer and internet access and they are also mostly proficient in using them. The users of internet banking, tele banking and mobile banking are in general found to be spending more hours using computers and internet than non-users of these services. The hours of computer usage, the

frequency of internet usage and hours of internet browsing were found to be significantly higher among users as compared to non-users of technology enabled banking selfservice. It concludes that banks can target those customers whose usage of computers, internet and other technology products are relatively on the higher side. Shilpi Khandelwal (2011) analysed the factors influencing the customers propensity to use electronic banking as a primary banking channel and to know the critical success factors among users of the electronic banking and concluded that the perception of the consumers could be changed by awareness program, friendly usage, less charge, proper security and the best response to the services offered. Demography played an important role in the adoption of electronic banking facilities. Ahmad Kabir and Mahmood Hussain Shah (2013) used secondary data and reviewed relevant literatures to help identify potential critical success factors of frauds prevention in electronic banking to understand factors that could be critical in strengthening fraud prevention systems in electronic banking. The findings showed that besides technology, there were other issues, such as internal controls, customer education, staff education etc., that need to be addressed. Trivedi & Patel (2013) analysed the problems faced by customers while using e-banking facilities in India. It observed that most of the customers know about the e-banking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using e-banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using e-banking services. Haq & Khan (2013) analysed the challenges and opportunities in the Indian Banking sector. The study showed that only 28 per cent banking clients were using internet banking after evaluating the population characteristics. It found that there was no significant relationship in between age and use of cyber banking. It also depicted that there is no relation in between gender and the adoption of internet banking. It observed that qualification in terms of education and income of the respondents were playing the role in the acceptance of online banking. The study suggested that it is the need of time that financial literacy of the users should be increased through various programs which should be run by banks to increase the awareness of internet banking. Vijayakumar Rajarathinam and Chandra Kumar Mangalam (2013), has indicate that users were influenced by factors such as quick direct access, ease of use, anytime anywhere banking, status symbol, safety and security. The influence of the factors varied from the type of users. Consumers have different levels of competency in internet banking usage. The higher the consumers felt about their competency in handling internet banking, higher was their frequency in usage of internet banking. Moderate and novice of internet banking users had relatively lesser levels of usage satisfaction. Machogu, Abiud Moronge and Okiko, Lynet (2015) identified the relationship between the factors influencing on the adoption of information and communications technology in Rwandan commercial banks. The statistical results indicated that cost of adoption, risk of innovation, staff training had perceived and significant influence on information and communications technology.

#### **OBJECTIVES OF THE STUDY**

- To study bankers' perspectives on adoption of e-banking services by customers.
- To study the promotional measures used by banks to promote e-banking.
- To study constraints faced by bankers in adoption of electronic banking.
- Bankers' viewpoints on promotional media used by them to promote e-banking

### Constraints in Adoption of e Banking as Per Bankers

- Public sector banks still have a lot of catching up to do on the adoption of electronic banking services. Banks provide wide range of services but most public sector banks in India are still lingering at this level. The banks in developed countries are working primarily via Internet as non-branch banks, banks in the developing countries use the Internet as an information delivery tool to improve relationship with customers.
- Major causes for this slow adoption of electronic banking as per bankers are
- Lack of skills in using an ATM and inaccessibility have been identified as major cause. Indian citizen is yet to get comfortable with impersonal machines such as ATMs. The uptake of ATM usage is fairly low and is concentrated in urban areas. Though even if ATMs are used by the people, it is restricted to withdrawal of money majorly.
- Personal attention is still required before the critical mass of the literate population is reached.
- Multiple branches spread across the country and lack of national bandwidth are major constraints, especially for public sector banks.
- The restrictions imposed by the banking authority still exist to some extent as it stipulates a certain deposit base and a particular number of vouchers.
- In bigger cities, a large proportion of their customers are either senior citizens or at least in the age group of fifty plus who have a natural aversion towards adopting new technology.

### RESEARCH METHODOLOGY

This study includes both primary as well as secondary data collected from 150 bankers from both public and private sector banks with the help of well-drafted and pre-tested structured questionnaire. Totally 110 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.

### Bankers Perspectives on Banking Activities of Customers

Banker's perspective in adoption of electronic banking

**Frequency Wise:** frequency of adoption of e banking by banker's persuasion or by their own. On comparison of e-banking adoption frequency 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.

### ADOPTION OF E-BANKING (FREQUENCY WISE)

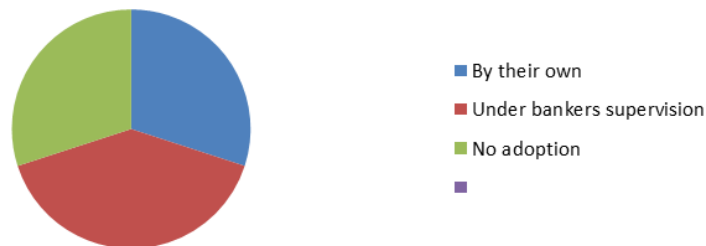


Figure: 1

**Age & Gender Wise:** Young age (20 to 35), middle age (35 to 55), senior citizen.

It is noted that different age and gender groups deals differently with the adoption of e banking. It is found that middle age group makes the greatest use around 45 percent. Upto 35 years of age that is the young people use comparatively low around 35 percent. Whereas senior citizens use e banking majorly to withdraw money from ATM`s around 20 percent. As far is gender is concerned males are found to be more active when it comes to the adoption of e banking.

### ADOPTION OF E-BANKING (AGE WISE)

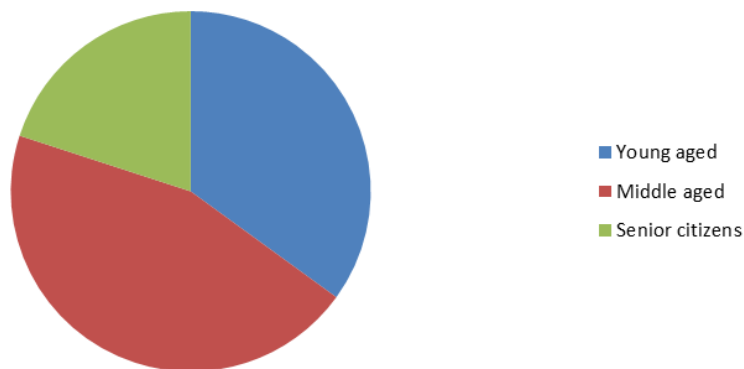


Figure: 2

**Occupation Wise:** The study reveals that professionals or business class are at the top with 35 percent. 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.

**Retention Rate:** Out 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.

As per banker's feedback around 26 percent of e banking customers are highly satisfied, 38 percent are satisfied, 31 percent customers are neutral and around 5 percent are dissatisfied.

### ADOPTION OF E BANKING (RETENTION RATE WISE)

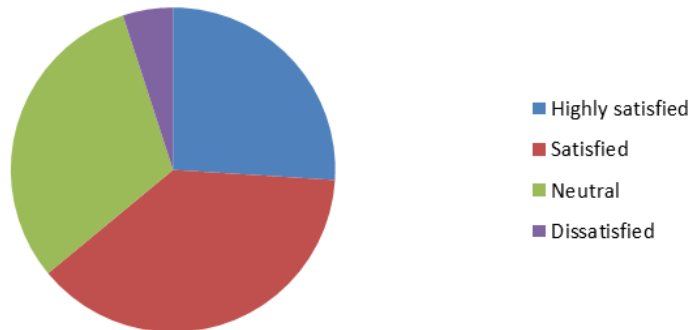


Figure: 3

**Switching over Traditional Banking to E Banking:** The study reveals the switch over rate of bank customers from traditional banking to e-banking. Out of bankers questioned, 60 percent of bankers believed that customers are increasingly switching over from traditional banking to e banking whereas 15 percent no clear opinion in the matter and 25 percent of bankers believed that switch over rate is low.

**Bankers Customers Relationship Due to E Banking Services:** Since the onset of e banking it is found that customers are more satisfied than before and adoption of e banking is increasing day by day. It helps in creating sound relations with bankers. Majority of bankers believed that bankers customers relationship have positive way. Whereas very few of them believed that adoption of e banking doesn't affect bankers and customers relationships anyhow.

### BANKERS- CUSTOMERS RELATIONSHIP DUE TO E BANKING

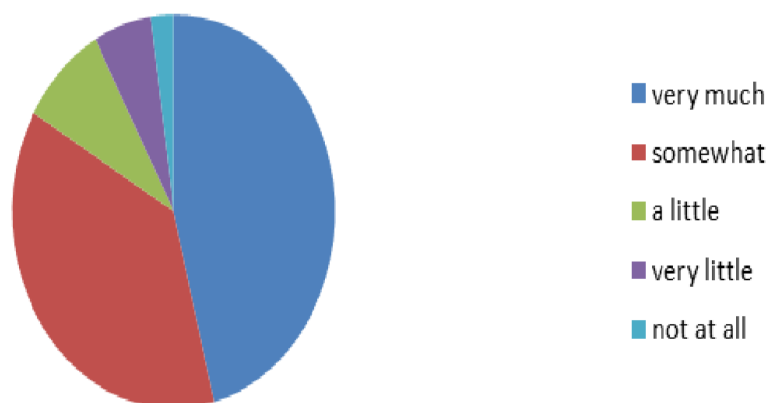


Figure: 4

**Overall Improvement in Performance of Banks:** Banking at the doorstep concept have not only satisfied customers but work load at the bank branches is also reduced which enables bankers in improving their performances. Majority of bankers believes that overall improvement has increased. A very mass says Overall improvement in performance of banks due to e-banking there is bit or no improvement due to adoption of e banking

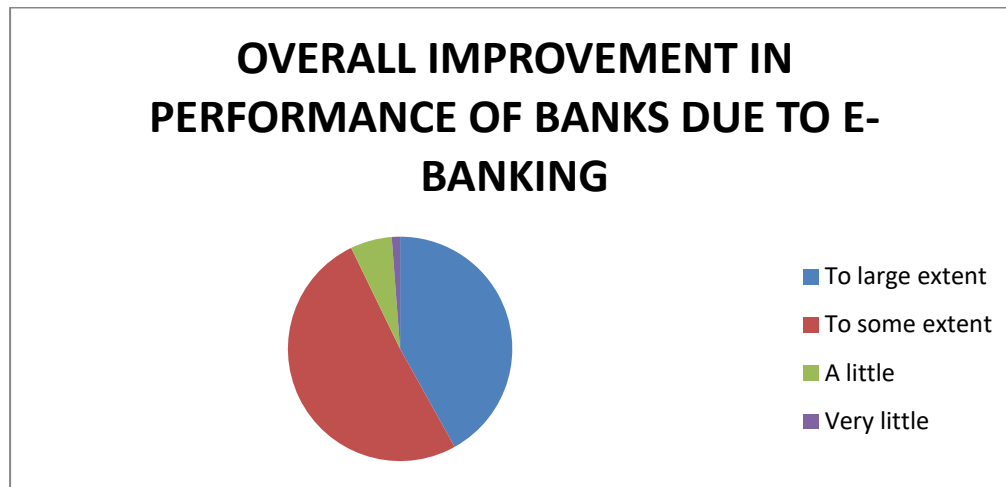


Figure: 5

#### Promotional Measures Used By Banks to Promote E- Banking

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

#### CONCLUSIONS

The study reveals that there is not much awareness in Indian customers regarding use of e banking 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 e banking 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.

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