

A study on “E-Banking Usage and customer Satisfaction”

With reference to Commercial banks in Himachal Pradesh

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ABSTRACT

Due to large population as well as rising income of the population, there are a significant number of users of internet in Himachal Pradesh, which shows the possibilities of E-Banking in Himachal Pradesh. E-Banking provides the delivery of banking products and services through the electronic medium such as the internet, the cell phone, the telephone etc. The concept and its scope are still evolving. E-Banking facilitates an accounting and payment system thereby enhancing the speed of delivery of banking services considerably. Several initiatives have been taken by government of India as well as RBI (Reserve Bank of India) has facilitated the development of E-Banking in India. The Government of India enacted the IT Act, 2000, which provide the legal recognition to electronic transactions and other means of electronic commerce. The RBI issued guideline on the risk and the control in the computer and telecommunication system to all banks, advising them to evaluate the risk involved in the system and put in adequate control mechanisms to address these risks. The purpose of this paper is to know the preferences and reasons for choosing E-banking service and know about overall customer satisfaction levels by using E-banking products and services.

Keywords: RBI, Internet, IT Act, E-Banking, Mechanisms.

INTRODUCTION:

Banks are the most important component of financial system of an economy. Banks do banking business to earn profit. Banks are financial institutions doing the banking business such as accepts deposits from the public and grants loans them for the purpose of investment and consumption or when they needed. In India, there are different types of banks. Banks are classified on the basis of their functions, domicile, ownership, etc. such as commercial banks, industrial banks, and agricultural banks, exchange banks, saving banks, central banks, domestic banks, foreign banks, private banks, public sector banks, private sector banks, scheduled and non scheduled banks. In India, branch banking system has been adopted. Under which a big bank under single ownership and as a single institution operates by network of branches and branches spread all over the nation. Banking institutions are regulated, runs and supervises by Reserve bank of India. RBI is the apex institution in the field of banking system in India. A lot of developments have taken place in Indian banking system. Main developments have been taken place in the field of technology which influence the way of customer interaction with banks. Electronic services and products such as internet banking, ATMs, mobile banking, Debit and Credit cards etc. are offered along with traditional banking system. A regulatory body national payment corporation of India has been formed for promoting retail electronic payments, an objective of oversight functions warrant investigation. We can assess the e-banking development in India by comparing the period before and after the formation of NPCI.

Commercial banks and e-banking:

In India, Commercial banks are those banks which are established as per the Indian companies act 2013. First

commercial bank in India was bank of Hindustan established in 1770. Banking regulation act 1949 is the main legislation by which commercial banks are governed in India. On April, 2017 there were 148 commercial banks in India. Out of these some were scheduled and other was non-scheduled banks. The structures of commercial bank in India are:

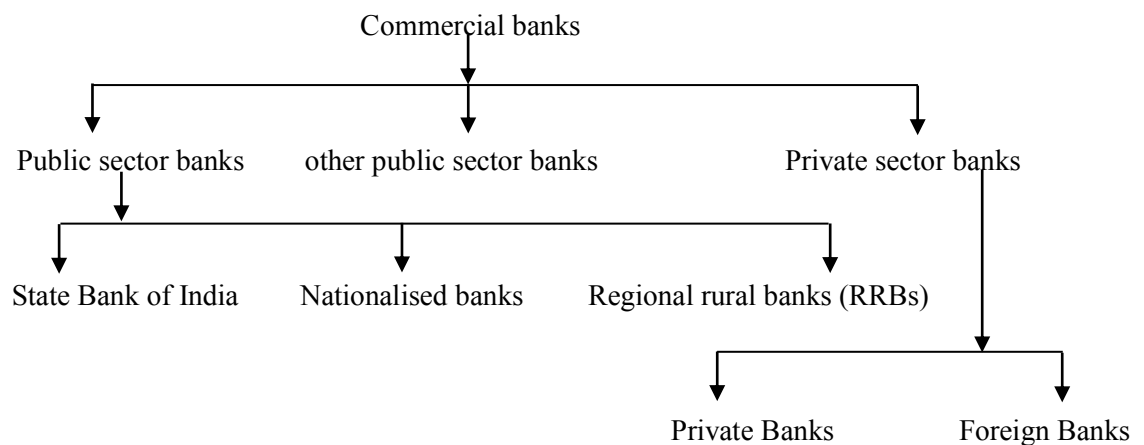
Public sector banks- there are 84 public sector banks. Out of these 1 state bank of India (after merger of 5 subsidiaries and one Bhartiya Mahila Bank) +19 nationalised bank + 64 Regional Rural Banks.

Private sectors Banks-There are 20 private sector banks. Out of which 7are new and 13 are old private sector banks.

Foreign Banks-there is 43 foreign banks from 26 countries operating its branches in India

Other Public Sector banks – Now there is only one i.e. IDBI (Bhartiya Mahila Bank was merged with SBI). (Jain, Verma, 2016)

Chart 1: Structure of Indian banking system in India



E-Banking:

Commercial banks provide various financial services and perform the various banking function such as accepting deposits, advancing of loans, credit creation, agency, general utility services etc. When these functions and services perform through electronic medium termed as e-banking.

E-Banking provides various banking product to its customer through on electronic channel then it is collectively called to as e-banking. (Vachhani, 2016).

Popular innovative services covered under E-Banking system:

The flowing popular innovative services covered under E-banking system:-

- 1) Credit card and debit card.
- 2) Automatic Teller Machine (ATM).
- 3) Point of sales (POS).
- 4) Electronic Funds Transfer system.
- 5) Telephone banking.
- 6) Internet banking.
- 7) Mobile banking.
- 8) Bharat interface for money(BHIM)

Benefits and drawback of E-Banking:

E- Banking has become one of an accepted medium of monetary transactions in India over the few years. It provides the easy way to check his account balances, make payment on line and transfer money to another account or between accounts etc. All these mode of E-banking makes it popular among Indians who are very short of time to visit to bank branches physically.

Benefits of E-Banking:

There are plenty of benefits offered by banks to a customer who uses internet banking over the traditional banking. These are:

Convenience: This is the one of the most important benefits that outweighs any shortcoming of internet banking. Performing the different banking transactions right from the comfort of office or home at the click of a

button without even physically visit to bank branches. By the e-banking one can keep a track of accounts without visiting the bank branch. It is faster and convenient as compare to traditional form of banking. Even non transactional facilities such as updating accounts, ordering check books, enquiring about interest rates of different financial products of financial institution become much simple on the e-banking.

Better Rates: E-Banking requires less space and less employee deal with the customer who results financially beneficial to the banks as well as customer by the way of charging less interest charged on loans and giving higher interest rate on saving.

Services: Technology has made it extremely beneficial for the customer as well as the bank to access to a bank for wonderful services by simply logging in. Some of these services include fund transfer, loan calculators, open and close fixed or recurring deposits, e-commerce, link different accounts, apply for debit or credit card or check book and equity trading platforms for security trading which are available on the bank's website as a simple applications. In addition most of the banks also provide the facility of online tax filing and tax preparation.

Mobility: E-Banking has a step further in the few previous years in the form of mobile internet banking. Mobile internet banking accords unlimited mobility. Now the customer can handle banking transactions even while on the move.

There is another benefit of the concept of e- banking is that it reduce the usage of paper and travel physically on vehicle is good for the environment as well as, reduces pollution and does not add emissions.

Safe and Secure: e-banking is becoming more and more popular now a days because of safe and secure e-banking banking services, banks serves high levels of security systems to detect and protect any unauthorized activity. Now prime motive of the bank is to secure the customer's account; therefore, banks take every step to secure a customer's financial or personal information. Banks also issued guidelines time to time for customers to safely use of e-banking banking services. In the new system of banking, almost all banks cover all types of online banking fraud losses and bank never ask us about our personal banking information and also suggest not disclosed to anybody else. So we can enjoy a worry-free banking experience.

Reward Point: All most all banks give loyalty points when customer pay for a service through online banking, customer get reward points and can be used for online purchases etc. (Like; cash back) to encourage customers for use of online banking solutions. Banks also offer discounts if customer make a purchase through e commerce facility

Time saving: e-banking gives 24 hours online account access to customer. Customer can check their account balance, last transaction details, mini-statement, and status of an issued cheque etc. right from home or office. Furthermore, with this service, customer can also view their account statement and tax statement. Customer can perform all these activities without visiting physically bank branch. It is indeed a time saving service.

Miscellaneous Services: E- Banking comes with a bunch of other important features like;

- Download bank statement
- Change nominees
- Stop a cheque payment
- Link Adhaar Card
- View tax statement
- View and change account details
- Link other accounts
- Link LPG number
- Decrease or increase credit limit for debit cards or credit cards

At the top, all these facilities are available without any extra cost.

Drawbacks of Internet Banking:

However the current trend of increasing use of the online mode to make all types of transactions has some pitfalls which may prove expensive in the long run unless secured against from the beginning.

Relationships: Online transactions reduce the personal contact with the banker as results banker would not provide many financial advice and insights that are beneficial to the customer.

Complex Transactions: e-banking cannot provide face to face interactions which are essential for sorted out complex transactions. Solving some specific issues and some specific complaints requires physical visit to the bank which cannot be achieved through the e-banking. Many complex service issues is neither clear nor pin pointed through Online communication such as the notarization and signature guarantee cannot be accomplished on e-banking.

Security: This is the biggest booby trap in e-banking scheme which needs to be secured and guarded against by the common customer. Although the sophisticated encryption software is designed by banker to protect our account there is always a scope of hacking by hacker in the cyber world. Hacker attacks, malware, phishing and other unauthorized activity are common on the internet. Another area of serious concern for those who rely totally on internet banking is identity theft. To prevent identity theft, most of the banks have made it necessary to display scanned copies of cleared checks online. It is very essential to check bank's protections and security policies while opening an account in banks and commencing the usage of e- banking facilities.

E-banking is definitely a one of the significant move in the right direction as far as the convenience of the banker as well as the customer are concerned, but it must be use with adequate precaution to avoid target to unscrupulous elements on the internet.

REVIEW OF LITERATURE:

The literature available on the present study has been reviewed in this section in order to established the research gap and establishing the need of the study.

Loshin & Murphy (1999) observed that if consumer wants to set up special bank accounts, digital cash products or electronic checking may be a better option. These choices can also work anonymously. A customer can encrypt payment settlement information of their account and send it to merchant- who passes it to the consumer's bank, where it is decrypted, and the said payment is forwarded to the merchant account.

Dhananjay & Chandra (2015) have concluded their study that there is significant development in the field of electronic banking. They find that after establishment of National Payments Corporation of India has given a bonus to development of electronic banking. After the formation of NPCI, there is a significant growth in the field of electronic banking such as electronic clearing products, National Electronic Funds Transfer, Card Products and ECS (Debit). They observe significant difference when they compare the figures related to

Arora (2017) observed that electronic products for before and after the formation of NPCI.

E-Payment or digital payment or online payments are terms used to refer to all the means of electronic payments. These are used both for online transaction as well as transactions in the traditional stores. Web stores all across the world provide various payment options to its customers. Besides cash on delivery, all other transactions are electronic payments viz, Debit cards, Credit cards, payment wallets, electronic funds transfer, etc.

Basavarajappa (2015) have concluded in his article that the E-Banking concept and scope is still evolving in India. It provides an effective accounting system and effective payment system thereby increasing the speed of banking service delivery and also posed several challenges to the supervisors and regulators. The govt of India as well as RBI have taken several initiatives in respect of development of E-Banking in India.

Lal & Saluja (2012) have concluded a study on E-BANKING: THE INDIAN SCENARIO, banking services are in a nascent stage in India. No doubt Indian banks are now making sincere efforts for installation of e-delivery channels and adoption of advanced technology and but still masses are untrusting of the concept. All most all Banks are making sincere efforts in respect of popularise the e-banking products and services. Younger generation is beginning to see the benefits and convenience in use of e-banking. In the future, e-banking will not only be acceptable mode of banking but also will be preferred mode of banking.

METHODOLOGY:

The survey is conducted to study and analyze E-banking perception of bank customers, their satisfaction and to ascertain preferences for E-banking services. The secondary data was collected from magazine, books, journals, research papers and internet. The primary data was collected through semi structure questionnaires. A sample of 100 bank customers was taken from the Commercial banks of Himachal Pradesh. The state of Himachal Pradesh is administratively divided in to three zones i.e. north, south, and central zone. The data is collected keeping in view such division of zone to make the study representative. The data analyzes uses percentage method. Data was presented in the form of tables.

SOCPE AND LIMITATION:

Business is not going to halt, however with the growing population it will further increase. The advent of ICT had overcome the geographical barriers too; therefore the scope of E-banking shall also increase and may be unlimited.

As regards the scope of the study every business needs big change to cope with the transformation of business activity oriented towards increasing electronic business transactions. The commercial banks transaction shall

also increase with the increase in e-commerce activities. Therefore, re-engineering of business and such facilitating institutions is of permanent importance. Hence have the valid scope.

The study is limited to the geographical area of Himachal Pradesh and the survey conducted for the study of exploratory research. So, it does not provide conclusive evidence in this regard.

OBJECTIVES OF THE STUDY:

The main objectives of study are:-

- 1) To know the preferences and reasons for choosing E-banking service.
- 2) To know about overall customer satisfaction levels by using E-banking services.

FINDING AND DISCUSSION:

Table 1: Sex of respondent

option	Frequency	Percent	Valid Percent	Cumulative Percent
Male	121	60.5	60.5	60.5
Female	79	39.5	39.5	100.0
Total	200	100.0	100.0	

Table no-1 represents the Gender of the respondents. 60.5% of the respondents are male. 39.5% of the respondents are female. Gender deference also affects the perception of service.

Table 2: Profession of respondent

option	Frequency	Percent	Valid Percent	Cumulative Percent
Govt. employee	94	47.0	47.0	47.0
Private Employee	33	16.5	16.5	63.5
Business	6	3.0	3.0	66.5
Self employed	36	18.0	18.0	84.5
Student	15	7.5	7.5	92.0
House wife	7	3.5	3.5	95.5
Others	9	4.5	4.5	100.0
Total	200	100.0	100.0	

Table-2 shows the profession of the respondents which affects their perception. The table reveals that out of 200 customers 47% respondents was govt. employee 16.5 % were private employee respondents. 3% respondents were business background. 18 % respondents were self employed, 7.5 % were students. 3.5 were house wives, 4.5 % respondents were other such as small investor skill and unskilled labours etc.

Table 3: Age of respondent

Option	Frequency	Percent	Valid Percent	Cumulative Percent
10-20 years	7	3.5	3.5	3.5
21-30 years	60	30.0	30.0	33.5
31-40 years	79	39.5	39.5	73.0
Above 40 years	54	27.0	27.0	100.0
Total	200	100.0	100.0	

The result in table no- 3 reveals that out of 200 customers. 3.5 % of the respondents belong to the age group of 10- 20 years. 30 % of the respondents belong to the age group of 21-30 years. 39% of respondents lie between the age group of 31 – 40 years. And 27% categories of above belong to the age group of above 40 years.

Table 4: Annual Income when start online banking

Option	Frequency	Percent	Valid Percent	Cumulative Percent
Upto Rs. 1,00,000	58	29.0	29.0	29.0
Rs. 1,00,001 to 5,00,000	67	33.5	33.5	62.5
Rs. 5,00,001 to above	75	37.5	37.5	100.0
Total	200	100.0	100.0	

Table no-4 represents the Annual Income of respondents when start online banking. 29% of the respondents having the income level of up to 100000 per year. 33.5% respondents belong to the category of Rs.100001 to 500000 incomes per year. 37.5% of the respondents belong to Rs.500001 to above income per year when they started online banking.

Table 5: Nature of Bank Account

option	Frequency	Percentage	Valid Percent	Cumulative Percent
Savings account	149	74.5	74.5	74.5
Salary Account	37	18.5	18.5	93.0
Current account	9	4.5	4.5	97.5
c.c. limit	5	2.5	2.5	100.0
Total	200	100.0	100.0	

Table no-5 represents the relationship of the customer with the bank. 75.5% of the respondents maintains saving Account. 18.5% of respondents maintain salary account. 4.5 of them holds current account. Remaining 2.5 have C.C limit.

Table 6: Knowledge about E- banking

option	Frequency	Percentage	Valid Percent	Cumulative Percent
From banks	72	36.0	36.0	36.0
From friends and relatives	42	21.0	21.0	57.0
Both (a) and (b)	86	43.0	43.0	100.0
Total	200	100.0	100.0	

Table-6 represents how customers know about electronics banking. 43% customer respondents know electronics banking from banks, friends and relatives.72% customer respondents knows from banks and 42% respondents knows electronics banking from friends and relatives.

Table 7: Length of usage

Option	Frequency	Percentage	Valid Percent	Cumulative Percent
Less than 1 year	94	47.0	47.0	47.0
Less than 5 years	85	42.5	42.5	89.5
Less than10 years	18	9.0	9.0	98.5
Above 10 years	3	1.5	1.5	100.0
Total	200	100.0	100.0	

Table no-7 shows length of usage of E- banking services among customers. It was found that 94% of the respondents were using e- banking services less than 1year times period. 42.5% of the respondents were using less than 5 years time period. 18% of the respondents were using less than 10 years time period. 18% of them use more than 10 years times period. Length of Usage of E-banking services reveals the awareness about the customers towards the E – banking services.

Table 8: Frequency of using e-banking

Option	Frequency	Percentage	Valid Percent	Cumulative Percent
Daily	30	15.0	15.0	15.0
Weekly	82	41.0	41.0	56.0
Monthly	49	24.5	24.5	80.5
Occasionally	39	19.5	19.5	100.0
Total	200	100.0	100.0	

Table no-8 shows usage of E- banking services among customers. It was found that 41% of the respondents use E- banking services weekly during the year. 24.5% of the respondents use monthly. 19.5% of them use occasionally during the year and 15% of the respondents use E-banking daily. Usage of telephone banking services reveals the awareness about the customers towards the E – banking services

Table 9: Attributes of the commercial banks value the most

Option	Frequency	Percent	Valid Percent	Cumulative Percent
Quality of service	95	47.5	47.5	47.5
Technology used	38	19.0	19.0	66.5
Trust	67	33.5	33.5	100.0
Total	200	100.0	100.0	

Table no-9 represents the attributes of banks upon which respondents rely on for E-banking.47.5% of the respondents deal with banks because of the quality of services of the banks. 33.5% of respondents like the attributes of technology used by commercial banks.19% of the respondents have trust with the bank.

Table 10: Reason behind opting/choosing online banking services

Option	Frequency	Percent	Valid Percent	Cumulative Percent
convenience	129	64.5	64.5	64.5
Safe and secure	41	20.5	20.5	85.0
Low service charges	11	5.5	5.5	90.5
Easy to maintain my banking transaction service	19	9.5	9.5	100.0
Total	200	100.0	100.0	

Table-10 shows the reason behind opting/choosing online banking. 64% of the respondents prefer for convenience. 20% of them look for safe and secure transaction. 5.5% of the respondents look for low service charge. 9.5% of the respondents attracted towards on line banking for easy to maintain their transactions.

Table 11: Online mode of payment used regularly

Option	Frequency	Percent	Valid Percent	Cumulative Percent
Digital Wallet	24	12.0	12.0	12.0
Swapping	73	36.5	36.5	48.5
Official website of bank for customer	89	44.5	44.5	93.0
Ordinary mobile phone	8	4.0	4.0	97.0
Using Aadhar number	6	3.0	3.0	100.0
Total	200	100.0	100.0	

Table no-11 depicts online mode of payment used regularly by the commercial bank customers. 44.5% respondents preferred Official website of bank for customer for online payments. 36.5% respondents preferred swapping of debit and credit cards for payments. 12% used digital wallet, 4% used ordinary mobile phone (using *99#) and 3% used aadhar number which is linked with account number of customer for on line payments.

Table 12: Satisfaction with online banking

Option	Frequency	Percent	Valid Percent	Cumulative Percent
Extremely Satisfied	60	30.0	30.0	30.0
Satisfied	120	60.0	60.0	90.0
Natural	20	10.0	10.0	100.0
Total	200	100.0	100.0	

Table -12 represents the Satisfaction of customer with online banking. 30% respondents extremely satisfied. 60% of respondents satisfied with online banking and 10% respondents natural about Satisfaction with online banking.

Table 13: Up to what extent is Cyber crime one of the major issues in online banking?

Option	Frequency	Percent	Valid Percent	Cumulative Percent
Very High	54	27.0	27.0	27.0
High	51	25.5	25.5	52.5

Option	Frequency	Percent	Valid Percent	Cumulative Percent
Average	74	37.0	37.0	89.5
Low	5	2.5	2.5	92.0
Nil	16	8.0	8.0	100.0
Total	200	100.0	100.0	

The above table-13 shows that Up to what extent is Cyber crime one of the major issues in online banking? Majority of the respondents i.e. 37% opined that cyber crime is an average issue. 27% respondents opined that cyber crime is very high issue. 37% respondents opined that cyber crime is high issue. 2.5% respondents opined that cyber crime is low issue and 8% respondents neutral about opinion cyber crime one of the major issues in online banking.

Table 14: Online Banking issue (problem) can be tackled

option	N	Mean
Education to customer	200	1.750
Net Neutrality	200	2.495
Sufficient changes needed in I.T. Act	200	2.585
Special intelligent bureau	200	3.135
Any other	200	4.840
Valid N (list wise)	200	

The above table -14 represents how online issue (problem) can be tackled and employee responses on these issue. As per rank given 1st, 2nd, 3rd, 4th ,5th on the basis of priority (ascending order) to different salutation such as Education to customer, Net Neutrality, Sufficient changes needed in I.T. Act, Special intelligent bureau, Any other respectively. From the table it can be said that majority of the employee respondents respond for rank 1st as education to customer followed by rank 2nd equal for net neutrality and Sufficient changes needed in I.T. Act and responded 3rd rank for Special intelligent bureau.4th for Any other.

CONCLUSSION:

The fast development of internet and telecommunications enable the development of electronic commerce at global level has created a new type of economy, known as “Digital Economy”. It observed during the study that majority of customers (respondents) were using E-Banking less than one year and used once in a week. They preferred E-Banking for connivance, safe, and secure transaction. Thereby majority of customer used official website of bank for online payments and were satisfied with E-Banking. They also opined that cyber crime is an average issue and would be tackled by providing customer education in this regard.

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