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An Evaluation of Effectiveness of E-banking in India

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Abstract-This paper investigates the factors which are affecting the acceptance of e-banking services among the customers and also indicates level of concern regarding security and privacy issues in Indian context. The finding depicts many factors like security & privacy, trust, innovativeness, familiarity, awareness level increase the acceptance of e –banking services among Indian customers. The finding shows that in spite of their security and privacy concern, mature customers are willing to adopt online banking if banks provide him necessary guidance.

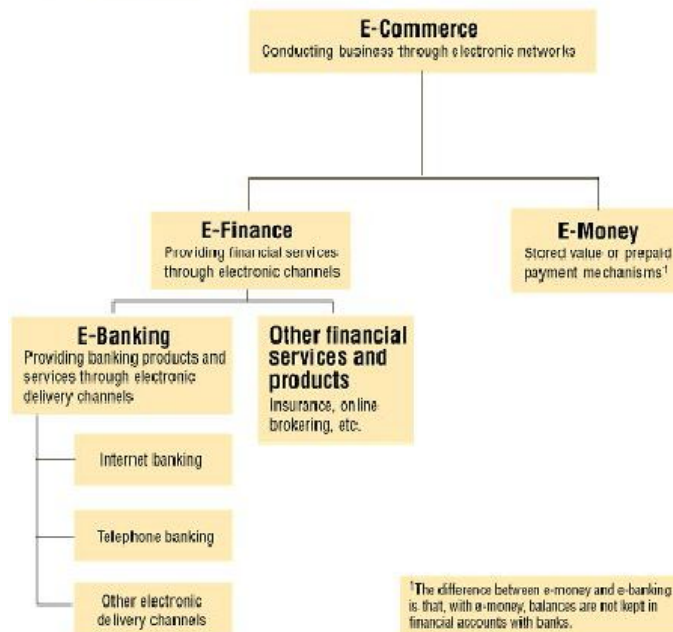
Keywords- Security, Privacy, Awareness, Customers, E-banking

II INTRODUCTION

In the world of banking, the development of information technology has an enormous effect on development of more flexible payments methods and more-user friendly banking services. Internet banking involves, consumer using the Internet to access their bank account and to undertake banking transactions. At the basic level, Internet banking can mean the setting up of a web page by a bank to give information about its products and services. At an advanced level, it involves provision of facilities such as accessing accounts, transferring funds, and buying financial products or services online.

The recent years there has been explosion of Internet based electronic banking applications states that the emergence of new forms of technology has created highly competitive market conditions for bank providers. However, the changed market conditions demand for banks to better understanding of consumers' needs.

What is electronic banking?



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II. LITERATURE REVIEW

Centeno (2004) argues that speed, the convenience of remote access, 7/24 availability and price incentives are the main motivation factors for the consumers to use internet banking.

Durkin, et. al. (2008) notes that the simplicity of the products offered via internet banking facilitates the adoption of internet banking by consumers.

Calisir and Gumussoy (2008) compare the consumer perception of internet banking and other banking channels and report that internet banking, ATM and phone banking substitute each other.

Maenpaa et.al. (2008) examine the consumer perceptions of internet banking in Finland and their findings indicate that familiarity has a moderating role in the perception.

Guerrero, et.al. (2007) examine the usage of internet banking by Europeans and their results indicate that ownership of diverse financial products and services, attitude towards finances and trust in the internet as a banking channel influence clients' usage of internet banking. Confirming other papers.

White and Nteli (2004) found that UK consumers ranked the security of bank's website as the most important attribute of internet banking service quality.

Sohail and Shaikh, (2007) states that the emergence of new forms of technology has created highly competitive market conditions for bank providers. However, the changed market conditions demand for banks to better understanding of consumers' needs.

Daniel (1999) studied electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. Electronic banking also commonly known as internet banking or e-banking. Internet Banking, defined as "the delivery of banking services through the open-access computer network (the internet) directly to customers' home or private address".

(Lau, 1997) has experienced phenomenal growth in recent years. In 2006, Pew Internet and American Life Project reported that nearly half of internet users in the United States – 63 million adults – bank online.

Liao et al. (2008) stress that the success in Internet banking will be achieved with tailored financial products and services that fulfill customer' wants, preferences and quality expectations.

Mattila (2001) concedes that customer satisfaction is a key to success in Internet banking and banks will use different media to customize products and services to fit customers' specific needs in the future.

Liao et al. (2003) suggest that consumer perceptions of transaction security, transaction accuracy, user friendliness, and network speed are the critical factors for success in Internet banking.

Curran and Meuter (2007) stated that willingness to use Internet banking depends on the expectations of accuracy, security, network speed, user-friendliness, user involvement, and convenience.

Sayar and Wolfe (2007) It is argued that in the e-bank context, the security issue is crucial once, it involves directly the user's activities.

Hill (2004) conducted a study concerned with identifying the characteristics of online banking users. She mentioned that it is commonly assumed that demographics do influence the acceptance of electronic self-service tools, such as online banking. The results of the study were that people who use such services are young, trendy and high earning. They actively seek out online banking tools, and they want to conduct all

Howcroft et. al., (2002) the principal characteristics that inhibit online banking adoption are security and privacy. An interview held on web security and showed four screen shots of a browser connecting to a website and asked participants to state if the connection was secure or not secure and to affirm the motivating factor for their appraisal. It was discovered that about 72 participants cannot tell if a connection is secure.

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Akinci et al. (2004) find that the selection of an internet banking service provider is effected by security, reliability and privacy. Security, which involves protecting users from the risk of fraud and financial loss, has been another important issue in safe use of the internet when conducting financial transactions in Saudi Arabia.

III. RESEARCH METHODOLOGY

Both primary and secondary data has been used. To analyze the effectiveness of e-banking, two banks ICICI and OBC Banks were selected Haryana. Primary data has been collected by carrying out a survey of 120 respondents who were holding accounts with any one of these banks. The satisfaction level of the customers will indicate the effectiveness of the internet banking practices by the banks. Convenient sampling technique has been used to select customers. To analyze data, the simple average methods have been used. The eight parameters have been used to test the hypothesis: - Availability of desired information, Security & Privacy, Trust, Innovativeness, Familiarity, Awareness, User friendly Website, and Utility Bill Payment Facility.

HYPOTHESES

H_{01} : There is no significance difference in the availability of desired information on website by different banks.
 H_0 : There is no significance difference between trust, security & privacy, Innovativeness, familiarity, awareness, User friendly website, and utility user friendly facility.

IV. DATA ANALYSIS AND INTERPRETATION

The demographic profile of the respondents on the basis of occupation, education, gender and age group is given in table-1.

Table-1: The Demographic Profile of the Respondents

Variable	Characteristics	Frequency	Percentage
Occupation	Businessmen	24	20
	Servicemen	36	30
	Customers	48	40
	Academician	12	10
Education	Higher Secondary	12	10
	Senor Secondary	24	20
	Graduation	48	40
	Post Graduation	24	20
	Doctorate	12	10
Age Groups	< 25 years	48	40
	25-35 years	30	25
	35-45 ears	18	15
	>45 years	24	20
Gender	Male	72	60
	Female	48	40

Source: Field Data

Comparative Analysis of Perception on Internet Banking Facilities

Table-2 Comparative Analysis of Perception on E-banking about ICICI bank and SBI bank
 (Abbreviation used: Ex: Excellent, G: Good, St: Satisfactory, P: Poor, N: Not used)

Parameters	ICICI (%)						SBI (%)					
	Ex	G	St	P	N	Total	Ex	G	St	P	N	Total
Availability of desired information	70	25	5	-	-	100	55	10	15	10	10	100
Security & Privacy	60	25	10	1	4	100	60	20	11	9	-	100

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Trust	50	30	20	-	-	100	60	15	10	15	-	100
Innovativeness	63	17	10	2	8	100	58	17	8	7	10	100
Familiarity	52	30	13	5	-	100	33	20	15	12	20	100
Awareness	69	11	20	-	-	100	39	19	10	12	20	100
User friendly Website	56	30	14	-	-	100	32	23	10	13	22	100
Utility Bill Payment Facility	74	16	10	-	-	100	25	20	20	10	20	100
Average	62	23	13	1	2	100	38	18	12	11	12	100

Source: Field Data

Table 2 shows that there are 2 percent average respondents of ICICI bank that are not using E-banking services while around 12 percent average respondents of SBI bank are not using e-banking services. Around 62 percent average respondents assume that e-banking services provided by ICICI are excellent while 38 percent average respondents of SBI bank feel that e-banking services are excellent. 23 percent average respondents believe that e-banking services given by ICICI are good. On the other hand, 18 percent average respondents assume that e-banking services provided by SBI bank are good. 13 percent average respondents assume that e-banking services given by ICICI are satisfactory while 12 percent average respondents believe that e-banking services provided by SBI are satisfactory. There are only one percent average respondents who feel that e-banking services provided by ICICI are poor while in case of SBI bank this number is 12.

Internet Banking Facilities: Comparative Analysis

Table 3: Comparative Analysis of E-banking Facilities of ICICI bank and OBC bank

Parameters	ICICI	SBI	Comparison (Ex + G + St)
Availability of desired information	100	80	20
Security & Privacy	95	91	4
Trust	100	91	9
Innovativeness	90	83	7
Familiarity	95	68	27
Awareness	100	68	32
User friendly Website	100	65	35
Utility Bill Payment Facility	100	65	35
Mean or Average	97	76	21

Source: Field Data

Table-3 shows that there is a considerable average difference of 21% percent in favor of ICICI bank (private bank) in case of 'Characteristics ICICI bank and SBI bank' where it is significantly better that SBI (Public Sector Bank). There are 97 percent average respondents who accept customer satisfaction level towards e-banking services provided by ICICI is highly satisfactory while 76 percent average respondents assume highly satisfactory e-banking services provided by SBI banks.

V. FINDINGS, CONCLUSION AND RECOMMENDATIONS

FINDINGS

- It has been found that customer satisfaction level towards e-banking services in ICICI bank is more than SBI bank.
- The numbers of respondents who are not using e-banking services are more in SBI banks as compared to SBI bank.
- The number of respondents who assume e-banking services at poor level is more in SBI as compared to ICICI.
- ICICI bank is at better position about all parameters as compared to SBI bank.

CONCLUSION AND RECOMMENDATIONS

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It has been concluded that private sector banks have higher customer's satisfaction level as compared to public sector banks. In our country, there is need for providing better and customized services to the customers. Public sector banks must be concerned about the attitudes of customers with regard to acceptance of online banking. The importance of security and privacy for the acceptance of internet banking has been noted in many earlier studies and it was found that people have weak understanding of internet banking, although they are aware about risk. The present study shows that customers are more reluctant to join new technologies or methods that might contain little risk. Hence, banks should design the website to address security and trust issues.

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