



Assessment of Factors Affecting Female Customers' Preference of E-Banking

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Abstract

Information technology has a vital role to play in the financial sector. The internal facility has emerged as a blessing to the financial sector specifically to banking industry. Banking sector has taken the pioneer step in adaptation of technology to provide newest medium for banking transactions. Bank has altered itself and providing services online. Banks have enriched its value chain with the adaptation of computers, adding ATMs as delivery mechanism and e-banking. After demonetisation took place in 2016 it was a new boom in internet banking in order to proceed toward cashless economy. The paper deals factors affecting female customers' preference of E-Banking system with special reference to Udaipur District of Rajasthan. Through non -probability sampling total 50 Female respondents were surveyed. The data collected from the primary source were analysed with the help of various statistical measures such as simple percentage analysis, averages were used. Mean weighted score was calculated to analyse the level of satisfaction from various aspects of E-banking. The data was collected during the months between June to July, 2017. According to the study, the researcher concludes that the most of the female bank customers are aware about all the banking services in Udaipur district of Rajasthan. Factors those were affecting the choice of E- banking of respondents were time saving, accuracy, ubiquity etc. further report states that the banks will have to take necessary steps to educate the customers regarding the new technology and other services offered by the banks.

Keywords: online banking, Financial sector, Banking sector, E-banking, Information Technology

Introduction

The bursting of the Internet bubble in early 2001 has generated numerous speculations that the opportunities for Internet services firms have vanished. The dot.com companies and Internet players have been struggling for survival, and most of the related businesses are still suffering losses. Practicing managers and academics have not yet reached a consensus in their debate about this new technology: whether the Internet brings about a revolutionary change in the fundamental way we do business or whether it is only an evolutionary process, offering simply a new distribution channel and communication medium (Moe and Fader, 2001). According to Brown (2001), the "New Economy" or e-commerce businesses are still at the infancy stage. Despite the crash of dot.com stock prices in March 2001, Internet usage and ecommerce have continued to grow at a fast pace.

Online banking (internet banking/e-banking or virtual banking) is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. Since its inception, E-banking has experienced strong and sustained growth. World Bank report on growing economy in e-finance pointed out that the three countries with impressive progress in information technology. These three countries are Estonia, Republic of Korea and Brazil, where creation of the world's leading electronic banking systems has been done at a remarkably low cost compared to other world-class internet banks. Both in the United States and in Europe, internet banking operations currently represent between 5 per cent and 10 per cent of the total volume of retail banking transactions. With rigid controls is giving way to deregulation, banks are gearing up their communications infrastructure to obtain a competitive



edge from E-banking. Thus it is fast becoming a reality in India. It was pointed out by many researchers that E-banking is fast becoming a strategic necessity for most commercial banks, as competition increases from private banks and private sector banks. Though de-regulation may have had an impact on the banking industry in general. The Indian infrastructure itself is in problematic state, by a lack of PC penetration (there is an estimated 2 million units for a population close to 1 billion and low telephone penetration (19.1 million in 1999). Due to this, India has got low E-banking adoption rates, low labor costs and “free” existing branches.

When the clicks-and-bricks euphoria hit in the late 1990s, many banks began to view web-based banking as a strategic imperative. The attraction of banks to online banking are fairly obvious: diminished transaction costs, easier integration of services, interactive marketing capabilities, and other benefits that boost customer lists and profit margins. Additionally, online banking services allow institutions to bundle more services into single packages, thereby luring customers and minimizing overhead. According to a report by RBI there are certain risks which are associated with online banking such as Legal risk. Cross border risks, Money laundering risk. Operational risk, Security risk, System architecture and design risk, Reputational risk, Strategic Risk and other risks.

On the other hand E-banking has been viewed as an advanced upgrading from previous electronic delivery systems to open many new business opportunities for the banking industry. A survey revealed that at that time there was a planned \$2 billion new investment in the new electronic banking technology within the banking industry. Among surveyed banks at the time, about two third (66%) planned to invest in telephone banking technology, and the remaining one third (34%) already targeted e-banking options. Some key issues addressed in the recent literature about the e banking include: customer acceptance and satisfaction, services rendered, value added for consumers and banks, privacy concerns, profitability, operational risks, and competition from non-banking institutions. In addition to previous electronic banking delivery systems-automated teller machine (ATMs) and telephone transaction processing centres, online banking provides banks a new and more efficient electronic delivery tool. There have been several major challenges and issues faced to the e-banking growth and the e-business in general. One major obstacle addressed most is the security concern. Another issue challenged e-business (including e-banking) is the quality of delivery service-including both delivery speed (i.e., short advance time required in ordering) and delivery reliability i.e., delivery of items/services on time. Limited payment options available to online customers are also being complained. Additionally, customers (who are non-computer "genius" like most senior citizens) have been reluctant in their choice of doing business (including banking transactions) online and worried their unfamiliarity about the computer placing them in a disadvantageous position. The current paper is an attempt to with special reference to Udaipur District in Rajasthan state.

Review of Literature

The rapid advancement in electronic distribution channels has produced tremendous changes in the financial industry in recent years, with an increasing rate of change in technology, competition among players and consumer needs (Hughes, 2001). The proliferation of, and rapid advances in, technology-based systems, especially those related to the internet, are leading to fundamental changes in how companies interact with customers [(Ibrahim et al, 2006) (Bauer *et al.*, 2005)]. Internet banking has become the self service delivery channel that allows banks to provide information and offer services to their customers with more convenience via the web services technology The evolution of e-banking has fundamentally transformed the way banks traditionally conduct their businesses and the ways consumers perform their banking activities (Eriksson *et al.*, 2008). Today e-banking has experienced phenomenal growth and has become one of the main avenues for banks to deliver their products and services (Amato- McCoy, 2005).

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. 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, Gupta *et al.* (2013) document accessibility of internet, awareness of e-banking and resistance to change are found to be influencing Malaysian's use of internet banking. Another factor that promotes clients usage of internet banking is seller support (Nilsson *et al.*, 2007).



Nayak et al (2014), in the study “A study of adoption behaviour of mobile banking services by Indian consumers”, aims to analyse the factors that influence the adoption behaviour of mobile banking services by Indian consumers. Through the literature reviewed, the authors highlight that banks should create awareness about mobile banking in different media and methods, trust-security and privacy are points of concern. Similarly, perceived cost and ease of use are important factors in the adoption of mobile banking. Although an effort has been made by the authors based on theoretical inputs to explain various models that help in study of adoption behaviour of mobile banking services, the study is not supported by primary data.

According to a study by Rani and Kavitha (2014) in their findings stated e- banking is at a nascent stage though it has many advantages. Number of women using e-banking is more compared to men. Further Kumra, found that age is negatively correlated with internet usage and there is no relationship with income. Average number of technological channel usage per month for banking transaction is more by men than women. Narolia and Gupta (2015), stated that reasons like security theft, Phishing attacks kept customers away from using internet banking. But such problems can be dealt by creating awareness. Paramashivaiah and Puttaswamy (2014), on their study titled as “Internet Banking: An Empirical Study on Acceptances and Perception of Bank customers in Mysore” in findings revealed that there is a positive relationship between education and level of adoption of internet banking. Geetha and Malarvizhi (2013), Acceptance of E-Banking Among Customers, found that customer unwilling to opt for any technology related product with risk

Methodology

The study is intended to assess female customers’ level of satisfaction from e-Banking provided by banks in Udaipur district. Data for this investigation were collected from primary source. The sample chosen consisted of 50 female respondents representing the customers of E-banks. The women customer using E- banking at least from last one year. The data was collected during the months between June to July, 2017. The research report is based on primary data. The data collected from the primary source were analysed with the help of various statistical measures such as simple percentage analysis, averages were used. Mean weighted score was calculated to analyse the level of satisfaction from various aspects of E-banking.

Results and Discussion

Table 1 is eliciting the data related to demographic characteristics of the respondents, through which it is clear that 8 per cent of the respondents belong to up to 25 years, 50 per cent of the respondents belong to between 25-35 years and 16 per cent of the respondents were in the age group of 35-45 years and the mean age group is 33.41 years. Thirty four per cent of the respondent’s occupational status of respondents was government employee and 26 per cent were private sector employee, 20 per cent were involved in some kind of business and rest 20 per cent were student. Out of 50 female E-banking customer 6 per cents of the respondent’s educational qualification was school level and 20 per cent of the respondent’s educational qualification was college level and 58 per cent of the respondent’s educational qualification is professionals and 16 per cent of the respondent’s educational qualification is diploma whereas no one of them were illiterate. 10 per cent of the respondents reported that their family’s monthly income was upto 30, 000 rs, 26 per cent inferred that the family’s monthly income was between 30-40 thousand rs, 38 per cent respondents were belonging to family monthly income 40-50 thousand rs. Rest 26 per cent were having monthly family income of above 50 thousands rs. From the survey the table reveals that 62 per cent of the respondents were married and rest were unmarried. More than half (54%) of the respondent inferred that they prefer public sector bank and rest (46%) were having first choice of private sector bank.

Table: 1 General profile of respondents

n= 50

S. No.	Characteristics	Category	Frequency (percentage)
1.	Age (Years)	Up to 25 years	4 (8)
		25-35	25 (50)
		35-45	16 (32)
		45-55	5 (10)
		Above 55	0



2.	Occupation	Student	10 (20)
		Govt Employee	17 (34)
		Private Employee	13 (26)
		Business	10 (20)
3.	Educational Qualification	Illiterate	0
		School level	3 (6)
		College level	10 (20)
		Professional	29 (58)
		Diploma	8 (16)
4.	Family Monthly Income (Rs)	Upto 30,000	5 (10)
		30,000- 40,000	13 (26)
		40,000- 50,000	19 (38)
		Above 50,000	13 (26)
6.	Marital Status	Unmarried	19 (38)
		Married	31 (62)
7.	Preferred bank	Public sector bank	27 (54)
		Private sector bank	23 (46)

Customers' motivation is basically affected by many factors. The researcher has portrait various level of agreement with respect to different factors in Fig 1 female respondents' preference regarding E- banking. Majority of respondents (64%) strongly agreed that they find online banking time saver and this makes them use this. According to 50 per cent of the respondents e- banking ensures more accuracy than the manually doing it, which again has great role. Majority of (68%) respondents were strongly agreed that ubiquity is an important factor in this context. Accordingly, 80 percent women respondents E- banking ensures transparency and 70 percent were falling for the speed with which the actions are performed in E- banking. However very few of them accepted that they do E- banking for the sake of social status.

Table 2: Factors affecting preferences of E- banking

n=50

S. No.	Factors	Strongly Agree	Slightly Agree	Neither	Slightly Disagree	Strongly Disagree
1	Time saving	32 (64)	18 (36)	-	-	-
2	Accuracy	25 (50)	10 (20)	8 (16)	7 (14)	-
3	Ubiquity	34 (68)	10 (20)	6 (12)	-	-
4	Easy and convenient access	20 (40)	17 (34)	13 (26)	-	-
5	Cost saving	19 (38)	12 (24)	19 (38)	-	-
6	Transparency	40 (80)	6 (12)	4 (8)	-	-
7	Social status	9 (18)	7 (14)	13 (26)	8 (16)	13 (26)
8	Confidentiality	17 (34)	8 (16)	19 (38)	2 (4)	4 (8)
9	Security	26 (52)	14 (28)	6 (12)	3 (6)	1 (2)
10	Speed	35 (70)	13 (26)	2 (4)	-	-
11	Control over funds	9 (18)	8 (16)	10 (20)	13 (26)	10 (20)
12	Time out feature	15 (30)	19 (38)	16 (32)	-	-

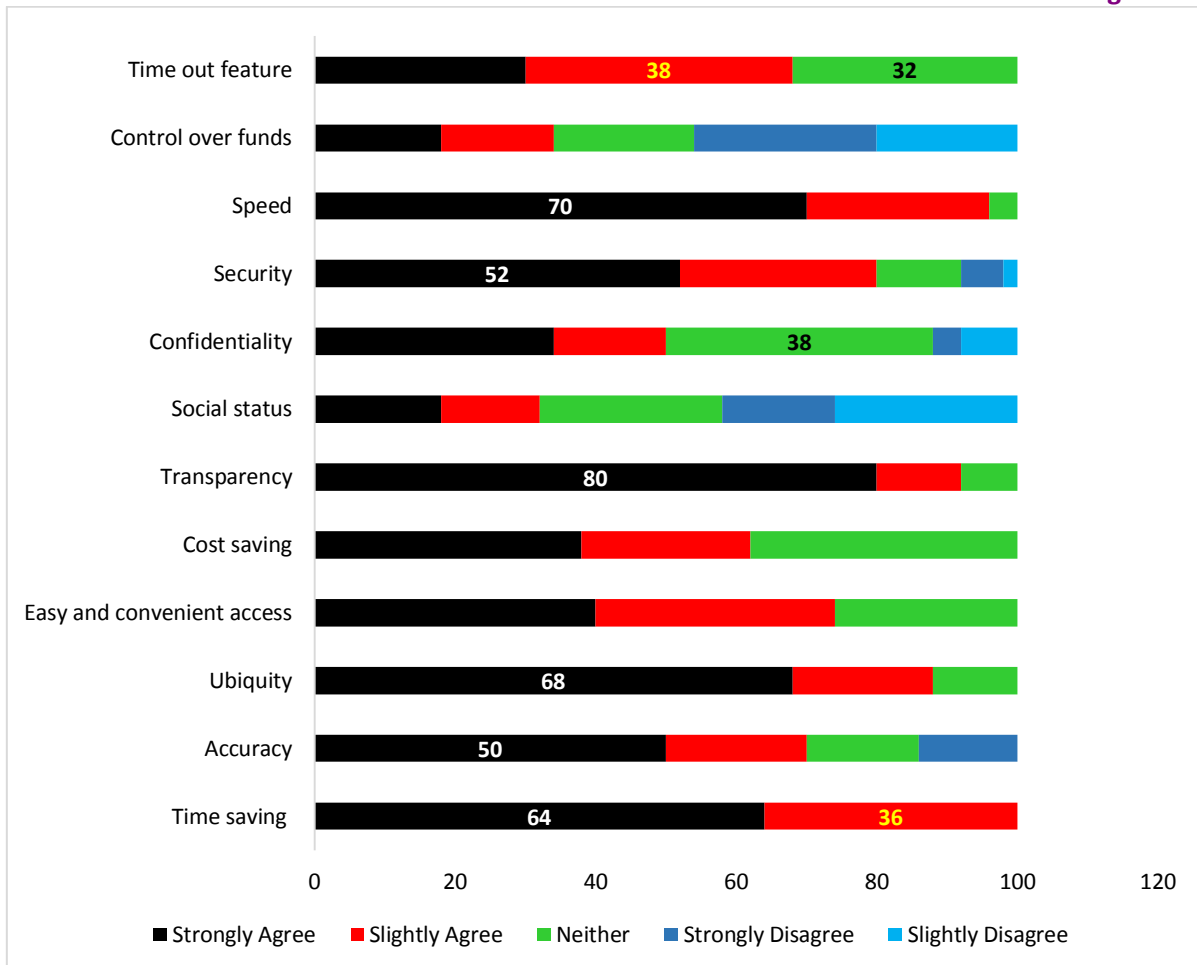


Figure 1: Factors affecting preferences of E- banking

According to the study, the researcher concludes that the most of the bank customers were aware about all the banking services in Udaipur District of Rajasthan. The banks further have to take necessary steps to educate the customers regarding the new technology and other services offered by the banks. Banks may extend customer meeting time with bank officials and also friendly approach is necessary. Definitely it will help to retain the existing customers and to attract new customers. It will automatically improve the banking service and development of banks in India and also in abroad. The research report is useful to know the consumer awareness of e-banking system and level of satisfaction derived in e-banking system.

Conclusion

The study concluded that In India, E-banking is in a nascent stage. No doubt Indian banks are making sincere efforts for the adoption of advanced technology and installation of e-delivery channels but still masses are wary of the concept. Banks are making sincere efforts to popularise the e-banking services and products. The study was specifically about female customer as in these years women are found to be more involved in internet banking and availing the opportunity of growth in all arena. Banks need to gain more trust from the customers and improve the process in order to make it more smooth and reliable for all.



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