

Vol 4 Issue 10 July 2015

ISSN No : 2249-894X

*Monthly Multidisciplinary
Research Journal*

*Review Of
Research Journal*

Chief Editors

Ashok Yakkaldevi
A R Burla College, India

Flávio de São Pedro Filho
Federal University of Rondonia, Brazil

Ecaterina Patrascu
Spiru Haret University, Bucharest

Kamani Perera
Regional Centre For Strategic Studies,
Sri Lanka

Welcome to Review Of Research

RNI MAHMUL/2011/38595

ISSN No.2249-894X

Review Of Research Journal is a multidisciplinary research journal, published monthly in English, Hindi & Marathi Language. All research papers submitted to the journal will be double - blind peer reviewed referred by members of the editorial Board readers will include investigator in universities, research institutes government and industry with research interest in the general subjects.

Advisory Board

Flávio de São Pedro Filho Federal University of Rondonia, Brazil	Delia Serbescu Spiru Haret University, Bucharest, Romania	Mabel Miao Center for China and Globalization, China
Kamani Perera Regional Centre For Strategic Studies, Sri Lanka	Xiaohua Yang University of San Francisco, San Francisco	Ruth Wolf University Walla, Israel
Ecaterina Patrascu Spiru Haret University, Bucharest	Karina Xavier Massachusetts Institute of Technology (MIT), USA	Jie Hao University of Sydney, Australia
Fabricio Moraes de Almeida Federal University of Rondonia, Brazil	May Hongmei Gao Kennesaw State University, USA	Pei-Shan Kao Andrea University of Essex, United Kingdom
Anna Maria Constantinovici AL. I. Cuza University, Romania	Marc Fetscherin Rollins College, USA	Loredana Bosca Spiru Haret University, Romania
Romona Mihaila Spiru Haret University, Romania	Liu Chen Beijing Foreign Studies University, China	Ilie Pinte Spiru Haret University, Romania
Mahdi Moharrampour Islamic Azad University buinzahra Branch, Qazvin, Iran	Nimita Khanna Director, Isara Institute of Management, New Delhi	Govind P. Shinde Bharati Vidyapeeth School of Distance Education Center, Navi Mumbai
Titus Pop PhD, Partium Christian University, Oradea, Romania	Salve R. N. Department of Sociology, Shivaji University, Kolhapur	Sonal Singh Vikram University, Ujjain
J. K. VIJAYAKUMAR King Abdullah University of Science & Technology, Saudi Arabia.	P. Malyadri Government Degree College, Tandur, A.P.	Jayashree Patil-Dake MBA Department of Badruka College Commerce and Arts Post Graduate Centre (BCCAPGC), Kachiguda, Hyderabad
George - Calin SERITAN Postdoctoral Researcher Faculty of Philosophy and Socio-Political Sciences Al. I. Cuza University, Iasi	S. D. Sindkhedkar PSGVP Mandal's Arts, Science and Commerce College, Shahada [M.S.]	Maj. Dr. S. Bakhtiar Choudhary Director, Hyderabad AP India.
REZA KAFIPOUR Shiraz University of Medical Sciences Shiraz, Iran	Anurag Misra DBS College, Kanpur	AR. SARAVANAKUMARALAGAPPA UNIVERSITY, KARAIKUDI, TN
Rajendra Shendge Director, B.C.U.D. Solapur University, Solapur	C. D. Balaji Panimalar Engineering College, Chennai	V.MAHALAKSHMI Dean, Panimalar Engineering College
	Bhavana vivek patole PhD, Elphinstone college mumbai-32	S.KANNAN Ph.D , Annamalai University
	Awadhesh Kumar Shirotriya Secretary, Play India Play (Trust), Meerut (U.P.)	Kanwar Dinesh Singh Dept.English, Government Postgraduate College , solan

More.....

IMPACT OF E-BANKING SERVICES – AN EMPIRICAL STUDY IN CHITTOOR DISTRICT, A.P.



S.Vijayulu Reddy¹ and T. Viswanadha Reddy²

1. INTRODUCTION

Technology has opened up new markets, new products, new services and efficient delivery channels for the banking industry. In the post-reforms period, Indian banking is passing through crucial stages. There is a paradigm shift in different parameters of transformation. Information Technology (IT) is a crucial parameter for transformation in structure, work-culture, functioning, HRD and business re-engineering. E-banking services are replacing traditional services and creating a new scale in transformation. The different E-channels like ATMs, Credit & Debit Cards, Tele-banking, Mobile-banking, Online-banking, Smart Cards, etc, are changing the face of the Indian banks. New private sector banks and foreign banks are attracting the customers in a different way. The potential customers and big compa-

ABSTRACT

Technology has opened up new markets, new products, new services and efficient delivery channels for the banking industry. The different E-channels like ATMs, Credit & Debit Cards, Tele-banking, Mobile-banking, Online-banking, Smart Cards, etc, are changing the face of the Indian banks. The customers with high-income level, high education, serviceman and businessman are using e-delivery channels more and more and they are aware about the concept of E-banking. Agriculturists, customers belong to low income group and less educated are using these e-channels to limited extent due to lack of awareness and knowledge on these channels. Out of all the e-delivery channels, ATMs and Mobile banking is considered as most cost-effective as compared to other channels. The banks should disclose the full information to the customers to win their confidence like service charges, service tax, interest, penalty, if any, etc. The transaction costs should be uniform in public and private sector banks. The customers are not fully aware off the operational part of each channel and their transactional facilities. On the basis of the perceptions of the respondents, the future of E-banking is bright in the coming years.

KEYWORDS : ATM, e-channel, Net Banking, Hidden Cost, Mobile Banking.

SHORT PROFILE

Vijayulu Reddy is working as a Vice-Principal & Associate professor at Department of Commerce in Visvodaya Govt. College, Venkatagiri, SPSR Nellore (Dt), A.P.

nies are shifting their accounts from traditional banks (not fully computerized) to e-banks (fully computerized and provide different e-channels). IT is not a matter of convenience but a survival factor. Therefore, E-banking services are potent factor for transformation in this-age.

E-banking has also affected the customer's expectations as they prefer to deal with the banks offering better, efficient and innovative services. To face and survive in this cutting edge competition, the banks have to deliver better quality services to the customers because it is only a customer who can evaluate quality of services. Hence, the service quality is conformance of services to customer's specifications and expectations. The banks must know what type of services the customers expect to

¹Vice-Principal & Associate professor in Commerce, Visvodaya Govt. College, Venkatagiri, SPSR Nellore Dt.

²Research Scholar, Dept. of Econometrics, S.V.University,Tirupati.

have and then accordingly serve them the products and services that meet their expectations. Therefore, there is a need to evaluate the customer's perceptions regarding the recent E-banking services too, which will help to further improve the services if they are not satisfied with their services. In this context, this study has much significance because it will help the banks to know their customer's perception regarding their E-banking services and they can further modify and make these services more efficient.

2. OBJECTIVES

The objectives of the study are:

- ▲ To study and analyze the perceptions of bank customers using e-delivery channels.
- ▲ To analyze and determine the future of e-delivery channels.
- ▲ To suggest some remedial measures to further aware about and improve e-channels services.

3. METHODOLOGY

The present study is concerned with the Indian banking industry in general and particularly with those banks (public and private sector) that are

providing services through e-channels. The sample size of the bank customers is 50. These customers are selected at random holding saving or current account in the banks and using e-channels from last 3 to 4 years.

The data is collected through pre-tested and well-structured questionnaire in the Chittoor district of Andhra Pradesh. Weighted Average Scores (WAS) are calculated from the five point likert scale. The weights of 2 to Strongly Agree, 1 to Agree, 0 to Undecided, -1 to Disagree and -2 to Strongly Disagree.

The weights are given to ranks of the different statements. The highest weight is given to the first rank and the lowest weight is given to the lowest rank. On the basis of these weights, total score of each statement is calculated separately and then overall rank is given to each statement.

4. FINDINGS

4. i) Socio-economic status of sample customers

The economic status like age, income, family size, education and occupational levels are presented in Table 1 below.

Table 1: Socio-Economic Profile of Sample Customers

Income Range (Rs.)	No. of Responses	Education	No. of Responses	Occupation	No. of Responses
Less than 1 lakh	4(8)	Upto Inter	4(8)	Service	22(44)
1 to 2 lakhs	26(52)	Graduation	6(12)	Business	8(16)
More than 2 lakhs	20(40)	Post Graduation	32(64)	Industrialists	2(4)
		Doctorates	8(16)	Agriculturists	4(8)
				Professionals	8(16)
				Others	6(12)

Note: Figures in parenthesis show percentage.
Source: Compiled from Sample data.

Table-1 reveals that out of the total 50 respondents, 52 per cent are having income between one to two lakhs and 40 per cent are having more than two lakhs income and remaining less than one lakh annual income. Similarly, it is observed that 64 per cent of the respondents are highly educated with master degree and 16 per cent with doctorate degree. The Table-1 also shows the occupational level of the respondents, where 44 per cent respondents are

under service class, businessman and professionals are 16 per cent each and industrialists are 4 per cent.

Overall, it is observed that the customers with high-income level, high education, serviceman and businessman are using e-delivery channels more and more and they are aware about the concept of E-banking. Agriculturists, customers belong to low income group and less educated are using these e-channels to limited extent due to lack of awareness and knowledge on these channels.

4. ii) Preferences for E-channels

Customers are using different e-banking channels like ATM, Net-banking, Mobile-banking, Tele-banking and different kinds of Debit/Credit cards

for their regular banking activities. The preferences given by the customers are ranked and total score obtained is presented in Table 2.

Table 2: Responses regarding Preferences for E-Channels

E-Channel	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	Total Score	Overall Rank
ATM	34	10	2	2	-	-	2	318	1
Credit Cards	4	16	12	6	2	8	2	224	2
Debit Cards	-	12	16	2	8	8	4	204	4
Mobile Banking	2	6	8	12	16	4	2	196	5
Online-Banking	10	2	10	14	8	4	2	222	3
Smart Card	-	-	-	2	6	12	30	80	7
Tele-Banking	-	4	2	12	10	14	8	148	6

Source: Compiled from Sample data.

It is evident from the Table 2 that out of 50 respondents, most of them prefer ATMs as compared to other channels. ATMs got first rank in preference of e-channels by the respondents where second most preferred e-channel is Credit Cards and then Online-banking but Smart Cards and Tele-banking are least preferred among the respondents. The basic reason for the popularity of e-channels like ATMs are these are conveniently situated, easy to access and operate and also the branches are overcrowded many times. It is observed that on line banking is also occupied 3rd rank due to cheaper and comfortable e-channel.

Mobile banking and online banking will dominant other e-channels in the coming years.

4. iii) Cost effectiveness of E-Channels

The costs on different e-channels like service charges, transaction costs and some hidden costs are chargeable to customers by public as well as private sector banks. The perceptions on these costs are collected from the sample customers and analyzed in Table-3. The weights are given on the basis of Most reasonable(2), Reasonable(1), Undecided(0), Un reasonable(-1) and Most unreasonable(-2).

Table 3: Responses regarding Cost effectiveness of E-Channels

E-Channel	Most Reasonable	Reasonable	Un- Decided	Un- Reasonable	Most Un- Reasonable	WAS
ATM	26	20	4	-	-	1.44
Credit Cards	12	18	8	10	2	0.56
Debit Cards	10	16	18	6	-	0.60
Mobile Banking	12	16	18	4	-	0.72
Online-Banking	10	14	14	12	-	0.44
Smart Card	6	6	24	8	6	0.44
Tele-Banking	10	8	22	4	6	0.24

Source: Compiled from Sample data.

Table 3 shows that whether the service charges of e-channels are reasonable or not and which e-channel is most cost-effective. Majority of the respondents are in favour of ATMs that means ATMs are most cost-effective and secondly they are in favour of Mobile banking that also provide services at reasonable cost. Here important to note is that most of the respondents are not aware of these charges, therefore, these results are on the basis of the views of just those respondents having knowledge about

these charges. Hence, out of all the e-delivery channels, ATMs and Mobile banking is considered as most cost-effective as compared to other channels, whereas Debit & Credit Cards are also cost effective as these come after ATMs and Mobile banking.

4. iv) Problems in using E-channels

The various problems come across in using e-channels by the sample customers like inadequate and lack of knowledge, insufficient number of ATMs and unsuitable location of ATMs, poor Network in Net-Banking etc, are presented in Table-4.

Table 4: Responses regarding Problems in using E-Channels

Problems	R- 1	R- 2	R- 3	R- 4	R- 5	R- 6	R- 7	R- 8	Total Score	Overall Rank
Inadequate Knowledge	12	20	2	4	4	4	4	-	304	2
Lack of knowledge	18	10	4	6	6	6	-	-	310	1
Lack of infrastructure	4	-	14	10	14	4	4	-	242	4
Unsuitable location of ATMs	-	8	8	14	8	6	2	4	232	6
Insufficient No. of ATMs	16	2	4	10	8	6	4	-	274	3
Poor Network	-	8	14	6	4	16	-	2	236	5
Time consuming	-	-	4	-	2	4	36	4	120	7
No problem at all	-	2	-	-	4	4	-	40	82	8

Note: R indicates Rank.

Source: Compiled from Sample data.

Table 4 exhibits that the problems faced by the respondents while using e-channels. Here, it is examined that lack of knowledge regarding use of e-channels and inadequate knowledge about e-channels are the most dominating problems faced by the majority of the respondents where problem of insufficient number of ATMs and lack of infrastructure

are also major ones faced by the respondents.

4.v) Responses on different aspects of E-channels

Perceptions of customers on different aspects of E-channels like privacy, transparency, confusion, quality, necessity, hidden costs, on-line shopping etc., are collected and presented in Table-5.

Table 5: Responses regarding different aspects of E-Channels

Statements	SA	A	UD	DA	SDA	WAS
Do not ensure privacy	4	24	4	14	4	0.20
Ensure more transparency	6	30	6	6	2	0.64
Creating more confusion	10	8	10	14	8	-0.04
Bright future in global era	34	12	2	2	-	1.56
Improve the quality of customer service	26	24	-	-	-	1.52
Essential in the globally competitive world	38	10	2	-	-	1.72
Online purchase of goods and services easier	24	22	2	2	-	1.36
Charge more hidden costs	2	28	14	4	2	0.48

Note: SA= Strongly Agree, A= Agree, UD= Un Decided, DA= Dis Agree, SDA= Strongly Dis Agree.
Source: Compiled from Sample data.

Table 5 shows that respondents are strongly agreed with some aspects of e-channels as the Weighted Average Score (WAS) is more than 1 that are E-channels have bright future, these improve quality of customer service, these are necessary in the competition and global era, make online purchase/sale of goods/services easy, but with other aspects like privacy, etc., either they are disagree or cannot decide. It is important to note that they are strongly disagreed that E-channels are creating more confusion. Hence, it can be concluded that E-channels are very essential in future and helps in managing banking business efficiently.

5. SUGGESTIONS

On the basis of the findings of the study, some of the suggestions to make E-banking services more effective, this will further accelerate the process of transformation in banks.

Convenient accessibility

The banks should make the availability of ATMs and accessibility of other e-channels convenient and make these channels more secure. The ATMs should be properly safeguarded by providing security and they should be properly loaded with cash in time without any 'out of order' sign boards. More number of ATMs should be fixed immediately in the existing locations in addition to more new ATMs in new locations to avoid long 'Q's in ATMs. The number of deposit ATMs should be increased and properly attended.

Transparency

The banks should disclose the full information to the customers to win their confidence like service charges, service tax, interest, penalty, if any, etc. The transaction costs should be uniform in public and private sector banks.

Rural and Semi-urban sector

In India more than 60 per cent of the population is residing in the rural areas. Therefore, it is the need of the hour to capture this market through e-delivery channels. Hence, banks should make e-

delivery channels popular in rural and semi-urban areas too with some practical and effective strategies.

Quick Service

It is noticed that the new generation private sector banks like ICICI, HDFC and others are providing e-channels like ATM Card, Net-banking, Cheque book etc, on the same day of Account opening without any demand from the customers where as public sector banks are not providing all these e-channels on the same day and without demand. It is suggested to provide all the e-channels on the Account opening day itself without any demand from customers by all the banks in India to improve the percentage of e-banking users to compete with the global banks.

6. CONCLUSION

The customers prefer e-channels which are cheaper and time consuming. The customers are not fully aware off the operational part of each channel and their transactional facilities. On the basis of the perceptions of the respondents, the future of E-banking is bright in the coming years. The banks should maintain transparency in the charges levied on each transaction to gain more confidence of the customers in future.

REFERENCES

- 1.Nanda B.R, Indian Banking Industry and Information Technology, Surendra Publications, New Delhi, 2010.
- 2.Abha Singh, e-banking, ABD Publishers, Jaipur, 2012.
- 3.Uppal R.K, E-banking in India – Challenges and Opportunities, New Century Publications, New Delhi, 2007.
- 4.Sharma B.M, Core Banking, YKing Books, Jaipur, 2013.



S.Vijayulu Reddy

Vice-Principal & Associate professor in
Commerce, Visvodaya Govt. College,
Venkatagiri, SPSR Nellore Dt.

Publish Research Article

International Level Multidisciplinary Research Journal For All Subjects

Dear Sir/Mam,

We invite unpublished Research Paper, Summary of Research Project, Theses, Books and Books Review for publication, you will be pleased to know that our journals are

Associated and Indexed, India

- ★ Directory Of Research Journal Indexing
- ★ International Scientific Journal Consortium Scientific
- ★ OPEN J-GATE

Associated and Indexed, USA

- DOAJ
- EBSCO
- Crossref DOI
- Index Copernicus
- Publication Index
- Academic Journal Database
- Contemporary Research Index
- Academic Paper Database
- Digital Journals Database
- Current Index to Scholarly Journals
- Elite Scientific Journal Archive
- Directory Of Academic Resources
- Scholar Journal Index
- Recent Science Index
- Scientific Resources Database

Review Of Research Journal
258/34 Raviwar Peth Solapur-413005, Maharashtra
Contact-9595359435
E-Mail-ayisrj@yahoo.in/ayisrj2011@gmail.com
Website : www.ror.isrj.org