

Issues and Challenges of E- Technology Services in The Modern Commercial Banks

L. A. RAZIA FATHIMA¹, G. R. DAMODARAN²

¹ Assistant Professor, School of Commerce and International Business, Coimbatore, Tamil Nadu

² College of Science, Coimbatore, Tamil Nadu, India

Abstract -- Banking sector in India is dominating the financial system of our country. Especially commercial banks have wider market share and acting as a market leader in the financial system, hence the commercial banks have been taken for the study. The study covers five sectors of commercial banks viz. State Bank and its Associates, Other Nationalised Banks, Old Private Sector Banks, New Private Sector Banks and Foreign banks. The present study analyses the various perspectives of problems faced by customers using e-technology services of banks and to offer suggestions to tackle the e-technology service oriented problems.

Index Terms- Banking Sector, Private Banks, Nationalized banks.

I. INTRODUCTION

A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental banking services such as accepting deposits and providing loans. A banking system also referred as a system provided by the bank which offers cash management services for customers, reporting the transactions of their accounts and portfolios, throughout the day. The banking system in India should not only be hassle-free but also it should be able to meet the new challenges posed by the technology and any other external and internal factors. For the past three decades, India's banking system has several outstanding achievements to its credit. The Banks are the main participants of the financial system in India. The Banking sector offers several facilities and opportunities to their customers. All the banks safeguard the money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier's cheques. The banks also offer investment and insurance products. As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In

spite of these changes, banks continue to maintain and perform their primary role-accepting deposits and lending funds from these deposits.

II. E-TECHNOLOGY SERVICES IN BANKING

The early 80s saw the banks introduce automated ledger posting machines which was the genesis for introducing automation in banks. During the mid-1980s, banks computerized their operations on stand-alone computers for catering to the needs of the customers and at the same time improve the efficiency in the functioning of the branch. The introduction of such a system led the banks to render a particular service only at specified counters in the branch. For instance, transactions relating to savings bank account or term deposits can be put through only at specific computers. This degree of automation did not meet the expectations of the demands of the customers. However the branch functioning improved noticeably and the service. Further, banks adopted the concept of 'Single window', which meant that the branches move over to a 'client-server' environment. This led to networking within the branch and the branches were classified as 'totally automated branch' or 'partially automated branch' depending upon the extent of computerization of the various business areas of a functioning branch. A major thrust to networked part of 1990s, which were mandated by the RBI to be totally computerized and networked banks right from day one of their existence. These banks were able to offer anywhere/anytime banking and also offered multiple delivery channels in the form of ATM, internet banking, mobile banking etc. thereby weaning away the clientele from the PSBs. In the present situation, if banks need to survive in their business they have to cater to the demands of the customers who dictate to a great extent the service that bank are

required to offer. Core banking offers an ideal platform to meet the challenges in the financial industry.

E- BANKING¹ (Electronic banking) makes use of electronic currency. Check cards or debit cards, smart cards or stoned-value cards, digital cash and digital checks are the different types of electronic currency. If you use a check card to make purchases, the funds are transferred immediately from your account to the store's account. Smart cards have a specific amount of credit embedded in it. The chip in the card contains both personal and financial information. Digital checks are used with electronic bill paying services. Consumers could use personal finance software packages or use software provided by a bank. Online banking or PC banking offers a wider outreach for smaller institutions. Electronic banking offers consumers the convenience of accessing and transferring funds between their accounts, paying their bills and other purchases, twenty-four hours a day, seven days a week.

III. REVIEW OF LITERATURE

- Robbins (2010): Explored the attitude of consumers toward e-banking technologies and its relationship with different demographic characteristics in the development of strategically e-banking platforms. Several findings of the study are mentioned including the use of conventional banking products such as direct deposit, debit cards and Automated Teller Machines (ATM).
- Sabrani (2000): in his article "Universal Banking" has explained the concept of universal banking and the need for it in the present globalised environment. He has linked his analysis with asset-liquidity management, risk management, computerization etc.
- Tan and Teo (2000): suggested that banks that fail to respond to Internet banking are likely to lose customers and that the cost of offering Internet

banking services is often less than the cost of keeping branch banking.

- Viswanathan (1993): in his article observed that in banks a number of business grievances arise every day because of the volume of growth in business, number and varieties of transaction and the different types of customers who transact with banks every day. The only way to solve the problem as suggested by the author was to use banking Ombudsman as a conciliation medium to solve customer complaints.
- Walia (1992): in his article focused on the causes of falling profitability and customer services in banks. He pointed out that the manual accounting system used in banks is the main cause for the problems such as error in posting, maintaining a large number of ledgers, delayed posting in the books of accounts etc. He suggested that all banks should resort to computerization for overcoming the problem and for quick disposal of customer demands.

IV. OBJECTIVES OF THE STUDY

To analyze the various perspectives of problems faced by customers using e-technology services of banks.

V. HYPOTHESIS

There is no significant difference between mean ranks for respondents' and problems towards E-Technology service used by the customer.

VI. RESEARCH METHODOLOGY

The present study analyses the various perspectives of problems faced by customers using e-technology services of banks. Hence, it is descriptive in nature. Apart from this, the study has its own objectives with pre-planned methodology. Thus, it is a descriptive research work based on questionnaire method with pre-defined objectives. The survey was conducted

among the customers of commercial banks functioning in Coimbatore city. In order to get an insight into the various services provided by the commercial banks, discussions were held with the managers and staff of the leading commercial banks. To get an idea about the technology-based services of the banks, and to acquire knowledge about the facilities offered through Internet Banking, websites of various commercial banks had also been visited.

A sample of 600 account holders was selected on the basis of Convenience sampling technique. The sample distribution among the five sectors of banks is as follows:

S.No.	Banking Sector	No. of Respondents	Percentage
1	SBI & its Associates	120	20.0
2	Other Nationalised Banks	120	20.0
3	Old Private Sector Banks	120	20.0
4	New Private Sector Banks	120	20.0
5	Foreign Banks	120	20.0
TOTAL		600	100.0

VII. RESULTS AND DISCUSSIONS

- Friedman Rank Test:

Table 5.77: Problems Faced while Using E-Technology Services – Overall

S.No.	Problems	Std. Deviation	Mean Rank	Rank
1.	Low Aesthetics in Website Layout	5.08	5.89	1
2.	Insufficient number of CDMs	4.90	6.07	2
3.	Delay in Handling Grievances	4.76	6.86	3
4.	Non-Availability of Regional Language	4.99	6.91	4
5.	Non-Availability of Currency	5.34	7.00	5
6.	Lack of Training	5.54	7.04	6
7.	Too Many Steps in Process	0.71	7.11	7
8.	Time-Consuming	0.92	7.60	8
9.	Hidden Charges	0.99	7.76	9
10.	Non-Working of ATM	0.88	8.37	10
11.	Poor Network	0.98	8.71	11
12.	Server Down	1.10	9.48	12
13.	Insufficient ATM Facilities	1.10	9.87	13
14.	Lack of Updation	1.08	14.65	14
15.	Security Issues	1.21	14.81	15
16.	Inadequate Knowledge to Customer	1.07	15.38	16

17.	Reduced Personal Touch	0.96	15.43	17
18.	Obsolete Technology	0.92	15.53	18
19.	Server Not Working	1.01	15.54	19
No. of Respondents				600
Calculated Chi – Square value				5287.315
df				18
p-value				0.000**
S/NS				S

Source: Primary Data

**p<0.01,*p<0.05 S - Significant

The above table reveals the problems faced by the respondents while using e-technology services. “Low Aesthetics in Website Layout” was ranked first by the selected sample respondents with the mean value of 5.89. “Insufficient number of CDMs” was ranked second with the mean value of 6.07. “Delay in Handling Grievances” occupied third position and “Non-Availability of Regional Language” occupied fourth position with the mean rank of 6.86 and 6.91 respectively. “Non-Availability of Currency” was ranked fifth with the mean value of 7.00. “Lack of Training” occupied sixth position with the mean value of 7.04. “Too Many Steps in Process” and “Time-Consuming” occupied seventh and eighth positions with the mean value of 7.11 and 7.60 respectively. “Hidden Charges” and “Non-Working of ATM” occupied ninth and tenth positions with the mean value of 7.76 and 8.37 respectively. “Poor Network” was ranked eleventh with the mean value of 8.71. “Server Down”, “Insufficient ATM Facilities” and “Lack of Updation” occupied twelfth, thirteenth and fourteenth rank with the mean value of 9.48, 9.87 and 14.65 respectively. “Security Issues” occupies fifteenth value with the mean value of 14.81. “Inadequate Knowledge to Customer”, “Reduced Personal Touch” and “Obsolete Technology” occupied sixteenth, seventeenth and eighteenth positions with the mean value of 15.38, 15.43 and 15.53 respectively. “Server Not Working” occupied last position with the mean value of 15.54. It is evident that most of the respondents gave top priority to “Low Aesthetics in Website Layout” as the problem faced by the respondents.

H₀: There is no significant difference between mean ranks for respondents’ overall problems towards e-technology service.

H₁: There is a significant difference between mean ranks for respondents’ overall problems towards e-technology service.

This table lists the result of the Friedman test. For these rankings, the chi-square value is 5287.315. Degree of freedom is equal to the number of values minus 1. As 19 spending options are ranked, there are 18 degrees of freedom. It is clear from the above table that significance level is 0.000 at 1% level of significance. Hence the null hypothesis is rejected. At least one of the variables differs from the others.

VIII. CONCLUSION

The banks should disclose the full information regarding service charges, service tax, interest, penalty etc. to the customers to gain their confidence. The employees of banks should be given training to match their skill with requirements of changing environment. They should at least make them aware of all the schemes provided by the banks. It is suggested that the bank officials should maintain a good rapport with the customers; this will develop a better social banking environment.

The bank customers have perceived the risk of getting wrong information from e-banking / internet banking services. These illusions should be removed from the minds of the customers by bank people as these factors are the barriers for most of the customers for not adopting these services. Though e-banking / internet

banking is convenient and easy to use, customers are afraid of adopting these services because they think that using these “services are difficult and complicated”. So, on-site training can be provided to the bank customers who intend to use e-banking / internet banking services.

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