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Research Paper On

A Study On Problems Faced By Customer During E-Banking Transaction In Surat Region

By

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ABSTRACT

E-Banking is a new generation of banking facilities provided by the majority of the banks in India. It's a new trend in banking. India is still facing problems in the implementation of the E-Banking at its highest level. India is still considered as a developing nation not only in the context of its growth rate but also in terms of the development of the society, technological development, cybersecurity, and many more issues. India has to improve its thinking and ideology to get the advantages of the E-Banking. India should come out of its village-level thinking, then only the fruits of the new generations banking (E-Banking) can be reached to the end-users and the resources can be utilized in the other activities to get their maximum benefits. The study is conducted in Surat city, which is one of the top ten fastest-growing cities in India. Surat also shows its cultural and social diversity so that can be estimated about the whole of India. This study reveals loopholes in the implementation of technology.

Key Words:

Banking, Indian Banking Systems, E-Banking, Challenges of E-Banking, Opportunities of E-Banking, Technologies, Surat City.

INTRODUCTION

History of Banking:

The history of banking refers to the development of banks and banking throughout history, with banking defined by contemporary sources as an organization that provides facilities for acceptance of deposits and provision of loans.

The prototype banks were the merchants of the world, who made grain loans to farmers and traders who carried goods between cities. This began around 2000 BC in Assyria and Babylonia. Later, in ancient Greece and during the Roman Empire, lenders based in temples made loans, while accepting deposits and performing the change of money. Archaeology from this period in ancient China and India also shows evidence of money lending activity.

The development of banking spread from northern Italy throughout the Holy Roman Empire, and in the 15th and 16th century to northern Europe. This was followed by several important innovations that took place in Amsterdam during the Dutch Republic in the 17th century and London in the 18th century. During the 20th century, developments in telecommunications and computing caused major changes to banks'

Operations and let banks dramatically increase in size and geographic spread. The financial crisis of 2007–2008 caused many bank failures, including some of the world's largest banks, and provoked much debate about bank regulation.

E-Banking

E-Banking is the term that signifies and encompasses the entire sphere of technology initiatives that have taken place in the banking industry. E-Banking is a generic term making use of electronic channels through telephone, mobile phones, internet, etc. for delivery of banking services and products. The concept and scope of E-Banking are still in the transitional stage. E-Banking has broken the barriers of branch banking.

Status of E-Banking in world

While financial institutions took steps to implement E-Banking services in the mid-1990s, many consumers were hesitant to conduct monetary transactions over the web. It took widespread adoption of electronic commerce, based on trailblazing companies such as America Online, Amazon.com, and eBay, to make the idea of paying for items online widespread. By 2000, 80 percent of U.S. banks offered E-Banking. Customer use grew slowly. At Bank of America, for example, it took 10 years to acquire 2 million E-Banking customers. However, a significant cultural change took place after the Y2K scare ended. In 2001, Bank of America became the first bank to top 3 million online banking customers, more than 20 percent of its customer base. In comparison, larger national institutions, such as Citigroup claimed 2.2 million online relationships globally, while J.P. Morgan Chase estimated it had more than 750,000 online banking customers. Wells Fargo had 2.5 million online banking customers, including small businesses. Online customers proved more loyal and profitable than regular customers. In October 2001, Bank of America customers executed a record 3.1 million electronic bill payments, totaling more than \$1 billion. In 2009, a report by Gartner Group estimated that 47 percent of U.S. adults and 30 percent in the United Kingdom bank online.

Status of E-Banking in India

Internet Banking has become an integral part of the banking system in India. The concept of E-Banking is of fairly recent origin in India. Till the early 90's traditional model of banking i.e.

branch-based banking was prevalent, but after that non-branch banking services were started. The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000, which provided legal recognition to electronic transactions and other means of electronic commerce. The Reserve Bank is monitoring and reviewing the legal and other requirements of E-Banking continuously to ensure that E-Banking would develop on sound lines and E-Banking related challenges would not pose a threat to financial stability. According to the report of RBI in Jan 2016, there are 196079 ATM and 1337310 points of sale devices in India. To cope with the pressure of growing competition, Indian commercial banks have adopted several initiatives and E-Banking is one of them. The competition has been especially tough for the public sector banks, as the newly established private sector and foreign banks are leaders in the adoption of E-Banking. Indian banks offer their customers following E-Banking products and services:

- Internet Banking
- Mobile Banking
- Phone Banking
- Telebanking
- Electronic Clearing Services
- Electronic Clearing Cards
- Smart Cards
- Door Step Banking
- Electronic Fund Transfer
- Automated Teller Machines (ATMs)

To sustain in the growing competition, commercial banks in India have adopted several initiatives to improve banking services and to gain competitive advantage. The few of the initiatives taken by Indian banks for internet banking are mentioned below: Bank of India recently launched its card-less cash withdrawal service. This facility helps customers to send money to anyone using Internet banking or by using ATM, with the help of the receiver's mobile number.

The Business Transformation Program is being implemented by the Bank of Baroda which will provide its customer convenience banking on a 24 X 7 basis in India and abroad with integrated delivery channels like the Internet, Phone, Mobile, and others. Several Indian banks have implemented an Online Tax Accounting System (OLTAS) for collection of taxes on behalf of the Central Board of Direct Taxes, Government of India.

ICICI bank launched 24x7 electronic branches, which is a one-stop-shop for all banking transactions. It offers facilities such as a cheque deposit machine and an electronic kiosk through which customers can be accessed internet banking services. ICICI Bank has also introduced E-Locker for its customers. It is a virtual locker, which can be accessed through ICICI internet banking which facilitates the customer to store a soft copy of their important documents safely such as legal documents, agreements, policies and various important

certificates. ICICI bank is offering various gifts to customers to start to use internet banking for the first time.

The banks are making their presence on social media like Face book and Twitter for targeting huge customer base as well as potential customers; there will be round-the-clock tweets and comments on the bank's products and services. After launching accounts on Face book and YouTube, SBI took one more step on the social media by launching a twitter handle.

- **Challenges in E-Banking**

| |
|---|
| • Security Risk |
| • Technological knowledge |
| • The Trust Factor Availability of Personnel services |
| • Implementation of global technology |
| • Non- Performing Assets (NPA) |
| • Competition |
| • Handling Technology |
| • Customer Awareness |
| • Privacy risk |
| • Opportunities in E-Banking |
| • Untapped |
| • Rural Markets |
| • Multiple Channels |
| • Competitive Advantage |
| • Increasing Internet Users & Computer Literacy |
| • Worthy Customer |
| • Service |
| • Internet Banking |
| • Retail |

LITERATURE REVIEW

A Subbiah & S Jeyakumar (2008) Core banking is a newly developed concept adopted by banks. In the future, the smooth functioning of banks will depend on the pace of technological up-gradations. The Indian banking system is one of the largest, if not the largest, in the world today. The branch network is extensive and these branches are now spread out into the remote corners of our country. Information technology has immense potential for widespread branch banking. The benefits of core banking are reduced transaction costs, increased customer satisfaction, rapid implementation of E-Banking services, management of ever-increasing transaction volume and better security.

The customer is directly benefited by way of happy banking experience. Core banking is a new trend that has increased the speed of banking transactions. Rapid improvement in technology, faster communication facilities and availability of high computing power, net banking, and core banking has resulted in a revolution in the banking industry worldwide.

Al Nahian Riyadh, Md. Shahriar Akter, Nayeema Islam (2009)

Electronic banking offers numerous benefits to SMEs. SMEs can check account balances, transfer money, pay bills, collect receivables and ultimately reduce transaction costs and establish greater control over bank accounts. Despite the benefits of E-Banking to SMEs, there has been little research done on the factors affecting its adoption. This research aims to investigate the factors that affect SMEs' adoption of E-Banking in Bangladesh. It is well documented in the literature that despite their availability and potential benefits, SMEs in Bangladesh are slow in adopting E-Banking services. To identify factors affecting the adoption of E-Banking by SMEs, TOE framework, Technology Acceptance Model (TAM), Institutional Theory and Institutional Intervention Theory are used. Drawing upon these as background theories, an integrated conceptual framework for SMEs' E-Banking adoption is developed, which incorporates both the rationalistic goal-oriented behavior of firms and the external forces of technology adoption. Seven variables affecting E-Banking adoption by SMEs are identified. They are organizational capabilities, perceived benefits, perceived credibility, perceived regulatory support, ICT industries readiness, lack of financial institutions readiness and institutional influence. This model can be tested empirically for SMEs in Bangladesh as well as in other developing countries.

Ahmed Audu, Sany Sanuri Mohd. (2010) This paper aims at investigating the relationship between the electronic banking facilities, customers' employment sector, and customers' age group choice of banks. The results show that there is no significant relationship between electronic banking facilities and customers' choice of banks. It was however found that there is a significant relationship between customers' employment sector and customers' age-group on one hand and their choice of banks on the other hand. It was recommended that the management of Nigerian commercial banks should find the relevant factors that are considered important by customers of various age groups to appropriately segmenting the target market.

A.J. Joshua, Moli P Koshy (2011) In this study majority of the respondents have computer and internet access and they are also mostly proficient in using them. The users of internet banking, telephonE-Banking, and mobile banking are in general found to be spending more hours using computers and the internet than non-users of these services. The hours of computer usage, the frequency of internet usage and hours of internet browsing were found to be significantly higher among users as compared to non-users of technology-enabled banking self-service. It concludes that banks can target those customers whose usage of computers, the internet, and other technology products are relatively on the higher side.

Kailash M (2012) The paper compares public and private sector banks in Vijayawada city using the SERVQUAL model. The findings revealed that private sector banks have good services to customers and they retained customers by providing better facilities. The study finds out the importance of new products and services for banks for retaining customers. The studies mentioned above clearly points out to the importance of having a structured study on this where banks in different categories are compared concerning the service quality aspect

which will help them to find out their core competencies and to capitalize on them and at the same time find out the areas where they can improve.

Trivedi & Patel (2013) analyzed the problems faced by customers while using E-Banking facilities in India. It observed that most of the customers know about the E-Banking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using E-Banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using E-Banking services.

Haq & Khan (2013) analyzed the challenges and opportunities in the Indian Banking sector. The study showed that only 28 percent of banking clients were using internet banking after evaluating the population characteristics. It found that there was no significant relationship between age and use of cyberbanking. It also depicted that there is no relationship between gender and the adoption of internet banking. It observed that qualifications in terms of education and income of the respondents were playing the role in the acceptance of online banking. The study suggested that it is the need of time that financial literacy of the users should be increased through various programs that should be run by banks to increase the awareness of internet banking.

Kartikeya Bolar (2014) In their research paper "End-user Acceptance of Technology Interface In Transaction-Based Environment "This paper presents Creators and investors of technology need information about the customers' assessment of their technology interface based on the features and various quality dimensions to make strategic decisions in improving technology interfaces and compete on various quality dimensions. The research study identifies the technology interface dimensions as perceived by the end-users in a transaction based environment (viz. Internet banking) in India, using exploratory factor analysis. The influence of these dimensions on the utility of technology interface and hence the usage is examined by Structural Equation Modelling. The moderating role of user demographics and technology comfort is also tested. Managerial implications are discussed.

RESEARCH METHODOLOGY

Problem Statement:

“Problems faced by the customer during E-Banking transaction in the Surat region.”

Research Objective:

- To study the feedback of existing transaction system
- To identify the reasons for preferring E-Banking
- To find out the opinion of the respondents regarding the various problem of E-Banking
- To give valuable suggestions to improve awareness and satisfaction about E-Banking

Research Design:

The researcher has used the Descriptive Research method. As in this method, there is field-level knowledge of customers of E-Banking is required.

Data Collection Method:

The researcher has used the Primary Data Collection Method to get clear-cut information about the topic. A personal survey method has been employed.

Sample Design:**(i) Sampling Unit**

The Researcher has surveyed as per the population of Surat city.

(ii) Sampling Size

The Researcher has selected 150 respondents as a sample from various areas of the Surat region.

(iii) Sampling Technique

The Researcher has selected only 150 Respondent and the Non-Probability convenient method was suitable for it.

Tools used for Data Analysis:

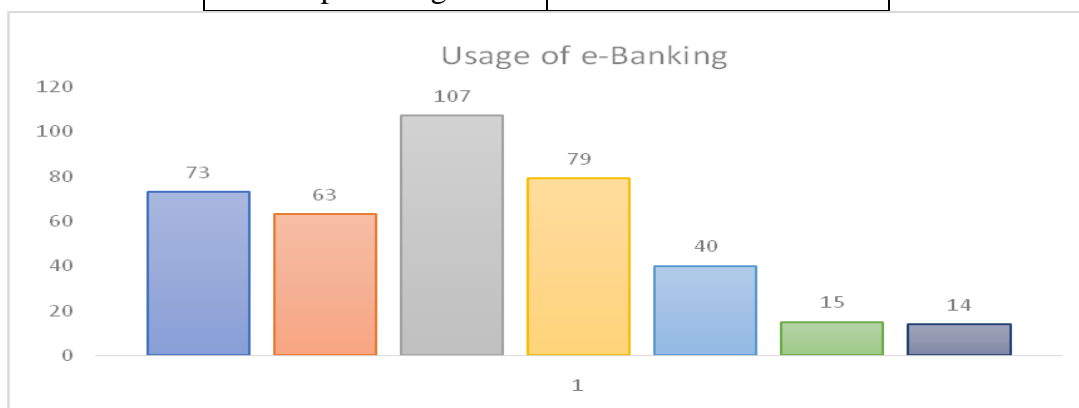
Tables and Charts are being used to analyze the data.

Limitation:

Due to the limited area of the survey, Result occur is valid for a particular region only. The researcher has covered very limited criteria for problems in using E-Banking by Banking Customers.

DATA ANALYSIS & INTERPRETATION**1. Different ways of banking transactions used by people.**

| Type of Banking | No. of Respondent |
|-------------------|-------------------|
| Branch banking | 73 |
| Internet banking | 63 |
| ATM | 107 |
| Debit/credit card | 79 |
| Phone banking | 40 |
| Telebanking | 15 |
| Doorstep banking | 14 |

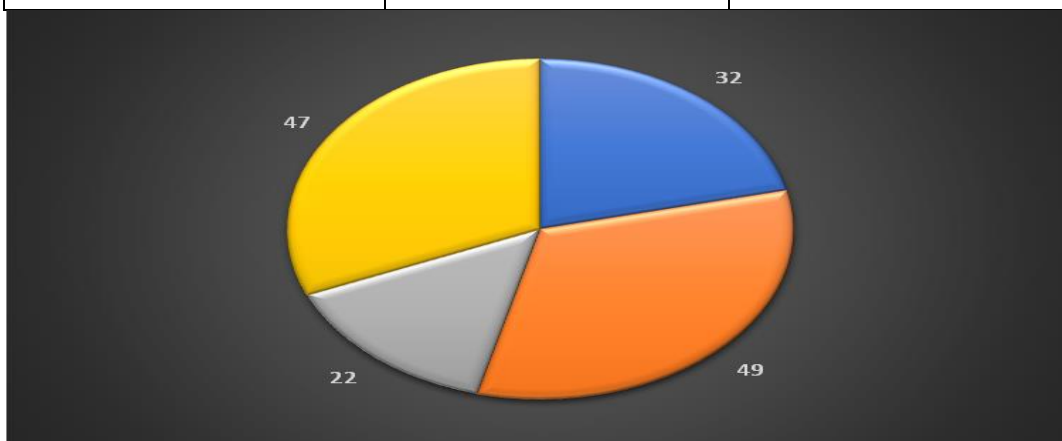


Interpretation

An above graph shows that customers of E-Banking are highest in ATM users and lowest in Doorstep Banking. If we collaborate data of ATM and Debit/credit card users then almost 62% of respondents are falling in this category.

2. Analysis of the duration of using E-Banking.

| Options | No. of Respondent | Percentage |
|--------------------|-------------------|------------|
| Last 1 Month | 32 | 21.34% |
| 1 Month to 6 Month | 49 | 32.67% |
| 6 Month to 1 Year | 22 | 14.66% |
| More than 1 Year | 47 | 31.33% |

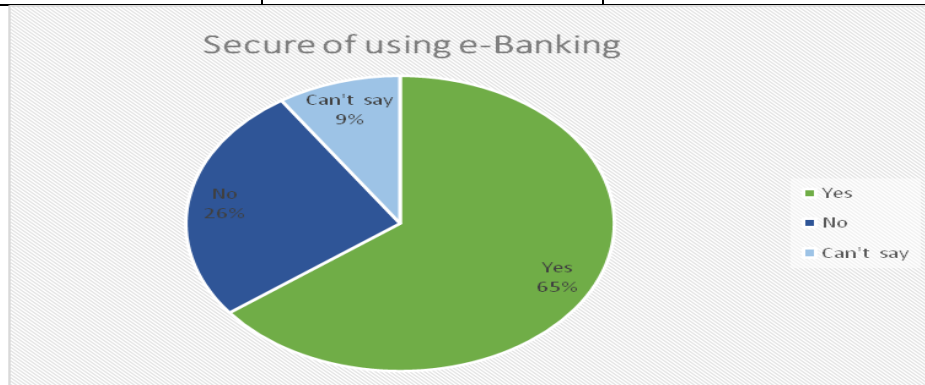


Interpretation

An above chart represents the duration of E-Banking. The majority of the respondent is using E-Banking from the last 1 year I .e.103 respondent (32+49+22). So we can say that respondents from Demonization. As respondent for more than 1-year usage is only limited to 47 respondent.

3. Analysis of security while using E-Banking.

| Options | No. of Respondent | Percentage |
|-----------|-------------------|------------|
| Yes | 97 | 65% |
| No | 39 | 26% |
| Can't say | 14 | 9% |



Interpretation

The above graph on the secure use of E-Banking. Data shows that the majority of the respondent are feeling secure in using E-Banking.26% of respondents are still not feeling secure as ideal it should have none of the respondents falls in these categories.

4. Experience of any fraud in E-Banking.

| Options | No. of Respondent | Percentage |
|---------|-------------------|------------|
| Yes | 10 | 93% |
| No | 140 | 7% |

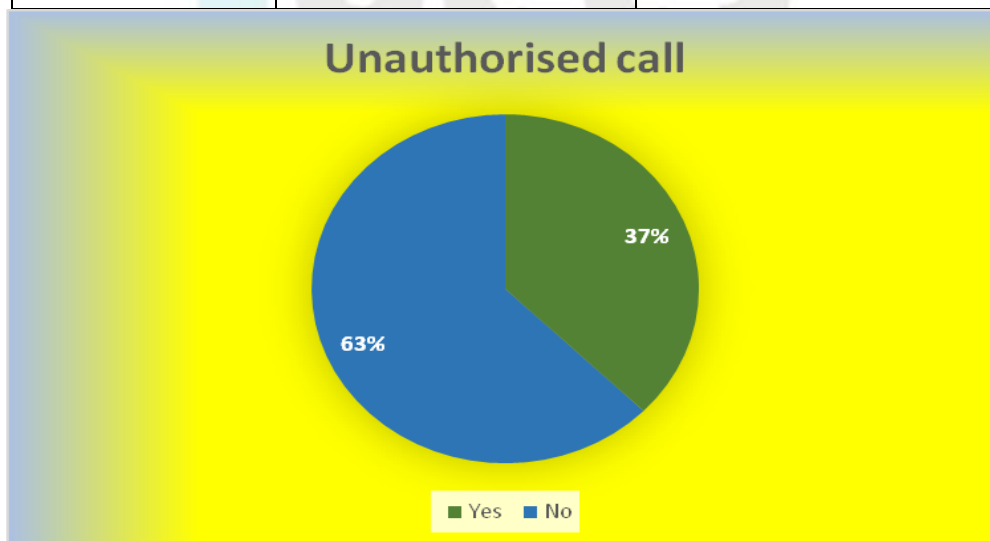


Interpretation

The above graph represents fraud experience with customer banks. Data shows that 7% of respondents experienced fraud in E-Banking transactions. Ideal it should be Zero percentage on fraud with customers or respondents.

5. Analysis of any unauthorized call for E-Banking.

| Options | No. of Respondent | Percentage |
|---------|-------------------|------------|
| Yes | 56 | 63% |
| No | 94 | 37% |

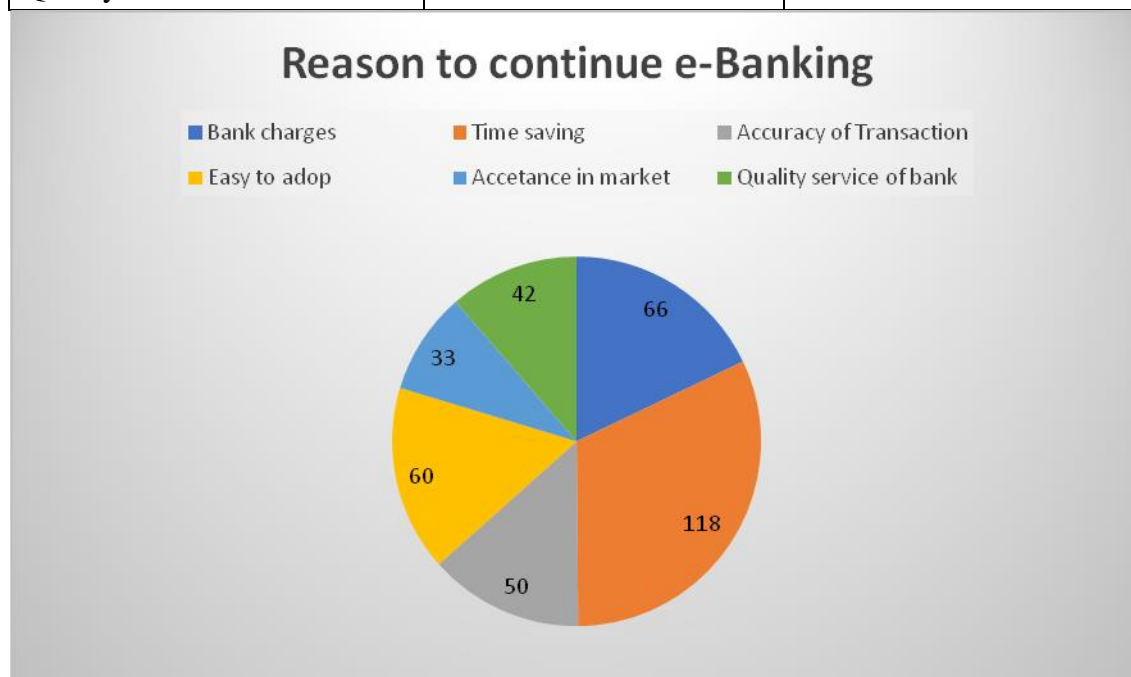


Interpretation

The above graph represents that the Unauthorised call for E-Banking is too high. Might there be chances of misuse of personal data of customers through banks?

6. Analysis of Reasons to continue for E-Banking transaction.

| Options | No. of Respondent | Percentage |
|---------------------------|-------------------|------------|
| Bank charges | 66 | 17.88% |
| Time-saving | 118 | 31.98% |
| Accuracy of Transaction | 50 | 13.56% |
| Easy to adopt | 60 | 16.26% |
| Acceptance in market | 33 | 8.94% |
| Quality service of a bank | 42 | 11.38% |

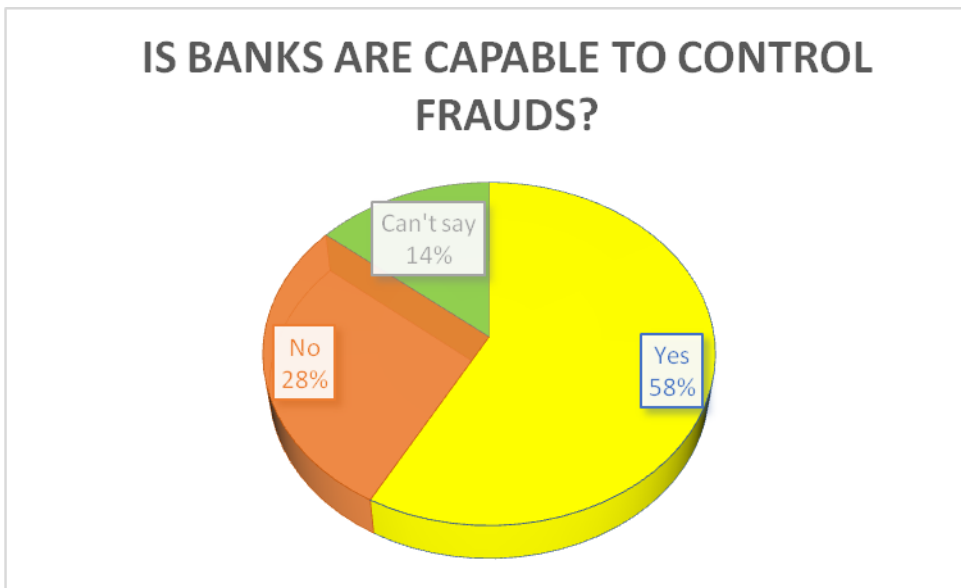


Interpretation

The above graph shows reasons to continue E-Banking for future.118 respondents will continue E-Banking as it saves time. And least number of the respondent that is 33 want to continue as acceptance in the market.50 respondents will continue for accuracy in a transaction. 60 respondents will continue as easy to adopt.42 belief in Quality of bank services are good.66 will continue as due to low bank charges on E-Banking.

7. Analysis of bank’s capability to control online frauds.

| Response | No. of Respondent | Percentage |
|-----------|-------------------|------------|
| Yes | 87 | 58% |
| No | 42 | 28% |
| Can't say | 21 | 14% |

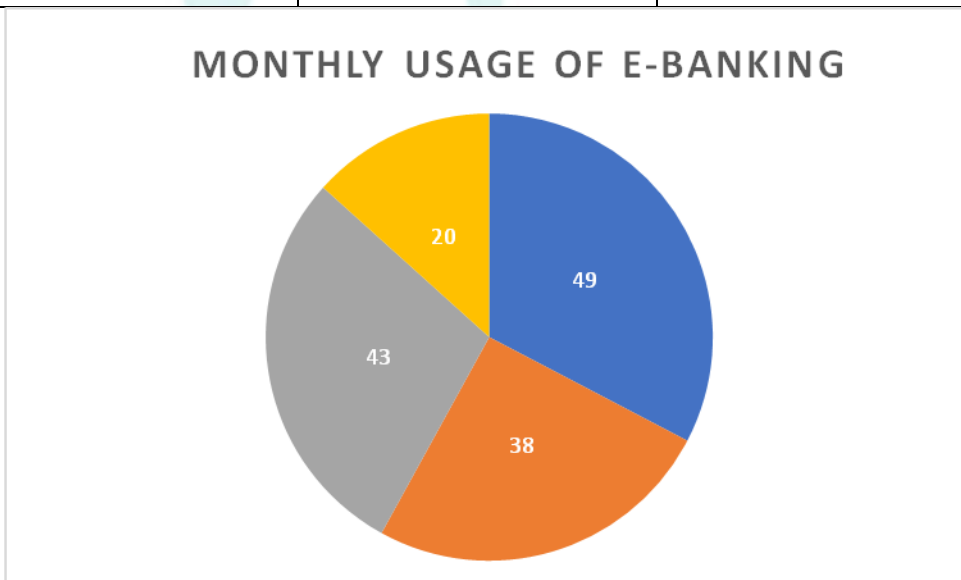


Interpretation

The above graph represents three responses of the respondent on bank capabilities on controlling frauds. The highest responses were for yes that is 58%.and the lowest for can't say that was 14% and 28% for no ability to control frauds.

8. Analysis of transaction Amount use by people via E-Banking (monthly).

| Options | No. of Respondent | Percentage |
|------------------|-------------------|------------|
| Less than 2000 | 49 | 32.66% |
| 2000 to 5000 | 38 | 25.33% |
| 5000 to 10 000 | 43 | 28.66% |
| More than 10 000 | 20 | 13.33% |



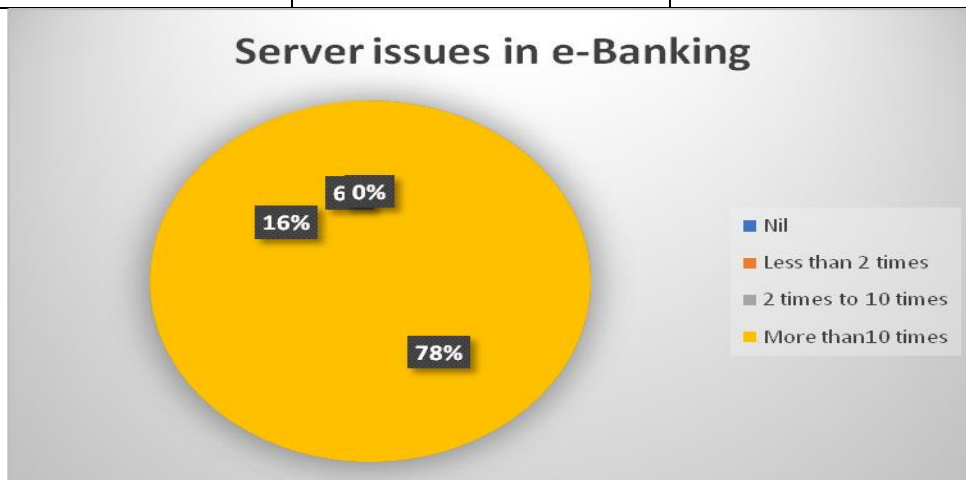
Interpretation

The above graph represents four categories of the amount of transaction (monthly) used by the respondent. The highest number of respondents fall under this category of Fewer than Rs2000

transactions that are 49 respondents. Then 38 respondents are having usage of Rs.2000 to Rs.5000, 43 respondents fall under usage of Rs. 5000 to Rs 10,000 and rest only 20 respondent deals above Rs.10,000.

9. Analysis of problems faced by people when using E-Banking (server issues) in one month.

| Options | No. of Respondent | Percentage |
|---------------------|-------------------|------------|
| Nil | 121 | 78% |
| Less than 2 times | 24 | 16% |
| 2 times to 10 times | 9 | 6% |
| More than10 times | 0 | -- |

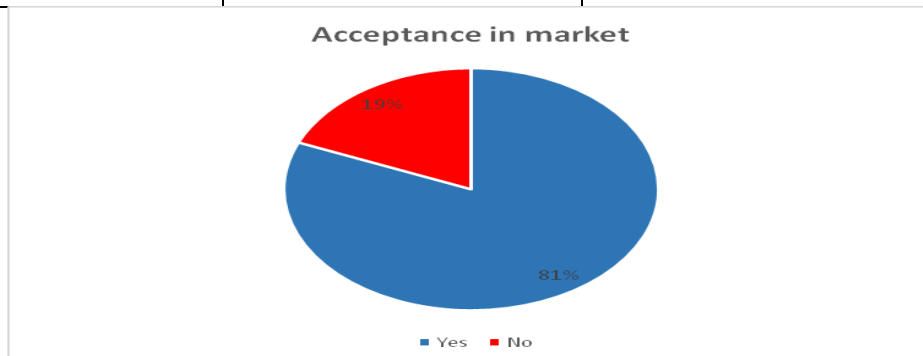


Interpretation

The above graph represents the problem faced by customers while using E-Banking based on issues related to (server). The highest level of the respondent is not facing server problems that are 78% .16% of respondents are facing problems due to server issues Less than 2 times. And 6% of respondents facing problems 2 times to 10 times. None of the customers faces problems more than 10 times.

10. Analysis of Acceptance of E-Banking.

| Options | No. of Respondent | Percentage |
|---------|-------------------|------------|
| Yes | 122 | 81% |
| No | 28 | 19% |



Interpretation

The above graph represents the Acceptance of E-Banking in the market. The graph represents that 81% of respondents believe that E-Banking is accepted everywhere. And rest 19% of respondents believe that e-Banking is not accepted everywhere.

FINDINGS

E-Banking a Modern way of banking

As the above graphs show that day by day the majority of customers are using E-Banking rather than Branch banking. Few respondents are not visiting the branch for banking. As the day by day Smartphone selling is increased so people are also becoming smart. No respondent does not have an ATM card.

Day by day increase in the usage of E-Banking

As E-Banking in this modern world saves your time as well as your money, the work which was done at a branch that was economically occurring cost as we need to travel to branch and time consumption as there was queue then time is wasted. This the reason for day by day increase in usage rate in E-Banking. It is part of the modern lifestyle. Although day by day verities of banking services are provided there is not secure feeling in using E-Banking. Although almost 93% of the respondent does not have any fraud experience 7% of fraud is higher in comparison to the ideal percentage. So should try to spend more to educate its customers.

Leakage of personal data

There is leakage of personal data through the bank's uncap abilities. But, Further, as it has accuracy in the transaction of using bank applications, and very easy to adopt for the individual. As during demonetization widely accepted by the market and customers were not facing these problems. Although few private banks provide good quality services to enhance customer satisfaction.

The occurrence of Online Frauds

As the percentage of fraud in my survey is less but belief is much more than actual frauds. There is only 7% of respondents were having actual fraud. But 28% of respondents don't believe in bank capabilities to control online frauds and 14% are not confident about bank capabilities to control these frauds.

Many respondents face problem-related to servers. Server issues should be completely solved as the E-Banking system is depending on Server. This might be the reason not continuing for E-Banking and the whole market is not accepting it as a way of Transaction. When there is 100% acceptance of E-Banking in the market then banking service is fully utilized.

CONCLUSION

There are many challenges in E-Banking. There is increasing usage as well as the good quality of services provided by banks. E-Banking saves time and costs to visit the branch of the bank. So it will continue to increase in the number of users. There were few improvements required in E-Banking through banks. Solve server related issues, the security of account holder's

details. Banks should have their capacity to control fraud to increase the satisfaction of their customers.

Bank application is a very secure and safe way of doing transactions as whole work is done on banks server no other online intermediary. This can be also the reason of less visit of Branch as mostly all activity includes such as fund transfer, new Debit, credit card request, opening fixed deposit a/c, Mutual funds, new a/c open, Bill pay, Recharge, Applying Loans, Cheque Book Request, and few others. So almost 90% of work is covered. And E-Banking is also useful in 24 hours working.

So everyone thinks it is automatic and based on good internet. So banks should use good internet and keep it smooth working. Banks should provide a Specified certificate of authentication in local shops for more depend.

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