

## BENEFITS AND POTENTIALITIES OF E- BANKING SERVICES: A STUDY TO FIND THE ACUITY OF STUDENT'S COMMUNITY

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*Electronic banking has enabled banks to improve their customer service quality by speeding up most the routine banking transaction and by providing anywhere, anytime banking. Electronic banking is about using the infrastructure of the digital age to create opportunities, both local and global. The present study is focused on the perceptions of consumers regarding the use of Internet banking services. The prime objectives of this study consist of knowing the benefits, potentialities and security aspects of e-banking services. A 5 point Likert scale questionnaire survey is applied. A total of 214 valid questionnaires were obtained from the respondents through convenience sampling technique. The survey was done only for the student's community to investigate the perceptions of the students regarding the defined objectives. The result has been obtained by weighted likert score and the percentile calculation. The findings of this study will be useful for the banking sector in assessing the impact of information technology and in formulating appropriate strategies for building customer loyalty, thereby enabling them to retain customers.*

**Key words:** Electronic Banking, Benefits of e-banking, Future of e-banking, Security, Student's Perception

### INTRODUCTION

Banking has come a long way from the time of ledger cards and other manual filing systems. Most banks today's have electronic system to handle their daily voluminous tasks of information retrieval, storage and processing.

E-banking refers to be effective deployment of IT by banks. IT investment by banks includes IT infrastructure such as hardware, software and networking (LAN WAN and

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the internet). To be an effective e-banking, these areas must be well managed. Banking is about using the infrastructure of the digital age to create opportunities, both local and global. Benefits:

- Availability of online information.
- Banks can provide information and services online

They must therefore strive to provide local and global banking services using the infrastructure of the global village. The advantages of online banking are in providing convenience and flexibility for customers. E-banking is more than just internet banking-banking also means developing new relationships with customers, regularities authorities suppliers and banking partners with digital age tools banking is essential about banks using new age methods and tools to expand into new banking markets & grows.

E-banking to be effective, an area that must be addressed is security. For any IT based services the convenience associated with e-banking increases the need for security. The core security areas must be addressed are confidentiality, integrity and availability-bank offering worldwide services, the fault-tolerance of its IT infrastructure cannot be comprised.

E-banking implies performing basic banking transaction by customers round the globally through Electronic media. E-banking is more of a science than art. E-banking is knowledge based and mostly scientific in using electronic devices of the computer revolution-banking means the conduct of banking electronically. It calls for elimination of paper based transaction and radical change in the banking operation.

Electronic banking is one of the fastest developing trends in Indian banking and is poised to take the banking sector a notch higher.

## **LITERATURE REVIEW**

Liao and Cheung (2002) established that individual expectations regarding accuracy, security, Transaction speed, user-friendliness, involvement of user and convenience are the most important features in the perceived usefulness of Internet-based banking. Pikkarainen (2004) focused on the factors that influence online banking acceptance in the light of the technology acceptance mode. The study revealed that perceived usefulness and amount of information clearly have a positive effect on the use of online banking. The finding refers to the fact that consumers use online banking for the benefit it provides in comparison to other banking delivery channels

The importance of perceived usefulness has been widely recognized in the field of electronic banking (Guriting and N dubisi, 2006, Jaruwachirathanakul and Fink, 2005; Eriksson, Kerem, and Nilsson, 148 *Journal of Management Research* 2005; Laforet and Li, 2005; Polatoglu and Ekin, 2001; Liao and Cheung, 2002). According to them usefulness is the subjective probability that the technology can improve the way a user completes a given task. Based on theories in social psychology, such as the theory of reasoned action (TRA) (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975) and the theory of planned behavior (TPB) (Ajzen, 1985), the technology acceptance model (TAM) has been validated as a powerful and parsimonious framework (Davis, 1989; Davis et al., 1989). According to the TAM, perceived usefulness is the degree to which a person believes that using a particular system would enhance his or her job performance. According to Davis, Bagozzi, and Warshaw (1992), perceived usefulness refers to consumers' perceptions regarding the outcome of the experience. Davis (1993) defined perceived usefulness as the individual's perception that using the new technology will enhance or improve her/his performance. Similarly, Mathwick, Rigdon, and Malhotra (2001) defined perceived usefulness as the extent to which a person deems a particular system to boost his or her job performance. The importance of security and privacy for the acceptance of online banking has been noted in many banking studies (Hernandez and Mazzon, 2007; Chen and Barnes, 2007; Sathye, 1999; Hamlet and Strube, 2000; Tan and Teo, 2000; Polatoglu and Ekin, 2001; Black et al., 2002; Howcroft et al., 2002). To be more precise, lack of privacy and security were found to be significant obstacles to the adoption of online banking (Chen and Barnes, 2007; Sathye, 1999). Roboff and Charles (1998) found that people have a weak understanding of online banking security risks although they are aware of the risks. Furthermore, they noted that although consumers' confidence in their bank was strong, yet their confidence in the technology was weak (Howcroft et al., 2002).

As the amount of products and services offered via the Internet grows rapidly consumers are increasingly more concerned about security and privacy issues. According to many studies (e.g. Hernandez & Mazzon, 2007; Westin & Maurici, 1998; Cranor et al., 1999) privacy issues have proven important barriers to the use of online services.

Yang et al. (2009) described a comparative study about the issues in the current E-banking services among the young consumers between two nations: China and USA. The attitude and usage of young consumers will be a good indicator for the Trend of e-banking service in future. Different cultures and traditions play a role in the development

of e-banking industry among different nations. This comparative study provides insightful guidelines for the development of e-banking industry worldwide.

## RESEARCH METHODOLOGY

The primary concern of this paper is to identify the perception by consumer in e-banking. This study is based on primary data, equally representing public sector and private sector banks. In all, 214 responses were received and used in the study by following convenience sampling technique.

The questionnaire is administered face-to-face to 214 students (respondents). The questionnaire (Annexure I) comprises of three sections. The first section contains questions on benefit of e-banking and some general information. The second section consists of questions assessing the future of e-banking. While the third section consists of questions that assess the factors affecting the security of e-banking services. Respondents are asked to rate the level of agreement based on the 5-point Likert scale, ranging from strongly agree to strongly disagree. The content of the questionnaire is based on the framework of the extant literature in e-banking. To assure that their perceptions are based on actual experiences, a screening question is asked to assure that the respondents have accessed e-banking services before. The questionnaire is only administered to respondents who give a confirmative answer to the screening question since a refusal to answer the survey on the part of the respondents increases the degree of error in the data collection stage.

Convenience sampling refers to the non-probability process by which a scientist gathers statistical data from the population. This form of selection is done based on the ease of gaining the statistical data. Rather than gathering a more accurate array of data from the population, the researcher simply gathers data from people nearby. A researcher might go to a nearby mall, or street corner to gather data. This form of data collection works for some areas of study, but researcher bias may result in inaccurate data. Convenience sampling is typically only justified if the researcher wants to study the characteristics of people passing by the street corner at a certain point in time, for example. It can also be used if other sampling methods are not possible. The researcher must also take caution to not use results from a convenience sample to generalize to a wider population.

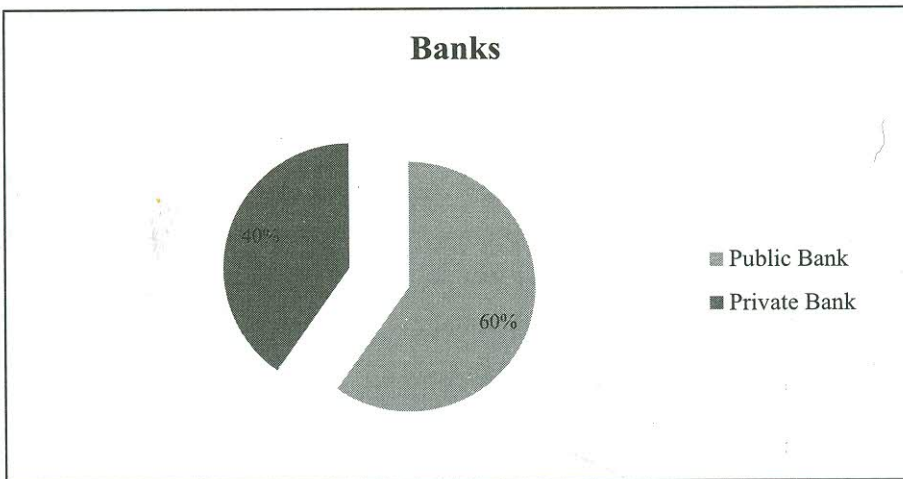
### OBJECTIVE OF THE STUDY

The followings are the objective of the present study:

- To see the benefit of E-banking in student community.
- To evaluate the security issues and student's perception regarding the same.
- To find the future potentiality of E-banking.

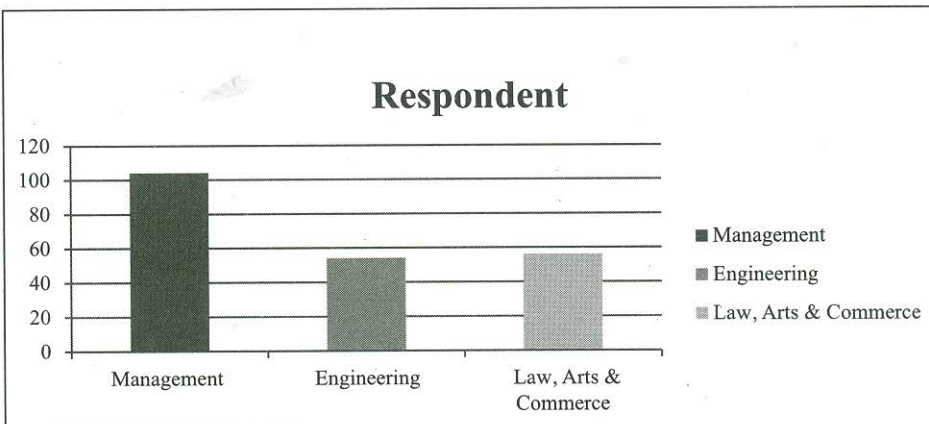
### DEMOGRAPHIC PROFILE OF RESPONDENTS

- Public Banks (128/214)
- Private Banks (86/214)



### RESPONDENT'S BRANCH

- Management - 104,
- Engineering - 54,
- Law, Arts & commerce - 56



**DATA ANALYSIS:**

<b>Benefits of e-banking</b>									
<b>S.No.</b>	<b>Particular</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Weighted Score</b>	<b>Total</b>	<b>Percentile</b>
1	E-banking is easily available	79	75	60			875	1070	81.775701
2	E-banking gives more knowledge to the customers	56	66	82	10		810	1070	75.700935
3	E-banking helps in customizing solutions to fulfill client's requirements	63	72	79			840	1070	78.504673
4	E-banking makes work easier	89	73	52			893	1070	83.457944
5	E-banking reduces paperwork	104	59	51			909	1070	84.953271
6	E-banking speeds up the delivery time	52	53	109			799	1070	74.672897
7	E-banking helps in reducing work stress	69	56	89			836	1070	78.130841
8	E-banking increases interest in work	60	95	59			857	1070	80.093458
9	E-banking increases level of motivation	75	60	79			852	1070	79.626168
10	Reduce operating and administrative cost	42	86	86			812	1070	75.88785
11	Save time	98	86	30			924	1070	86.35514
12	Improve bank's image	128	50	36			948	1070	88.598131
13	Improve competitive position	106	79	29			933	1070	87.196262
14	Information provided is accurate	99	59	56			899	1070	84.018692
15	The login and logout process is fast	130	42	42			944	1070	88.224299
<b>Future of e-banking</b>									
16	Overall efficiency is very high in e-banking compared to traditional banking	64	30	120			800	1070	74.766355
17	All customers will accept e-banking services in future	59	58	97			818	1070	76.448598
18	E-banks will help to manage transformation in the banks	46	76	89	3		807	1070	75.420561
19	E-banking will create more opportunities to compete in the global market	140	37	37			959	1070	89.626168
20	Future of e-banking is bright	169	23	22			1003	1070	93.738318
<b>Security</b>									
21	Clear & short instructions in the web	101	97	16			941	1070	87.943925
22	Using internet for transaction is safe	56	89	68			840	1070	78.504673
23	E-banking services provide strong commitment for security issues	92	67	55			893	1070	83.457944
24	Banks keep customers info confidential	113	42	59			910	1070	85.046729
25	Confidential information is safely delivered from bank to customer	42	123	49			849	1070	79.345794

**Likert points description:**

- 5: Strongly Agree  
 4: Agree  
 3: Somewhat Agree  
 2: Disagree  
 1: Strongly Disagree

**Analysis & Findings from Likert Scores:**

The questionnaire has divided into three major segments. Each segment has some related questions or factors. Followings are the findings of Likert Scale:

**Section-I: Benefits of E-Banking**

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
1	E-banking is easily available	79	75	60			875	1070	81.775701

**Findings:** This factor shows that around 82 percentile respondents believe that E-Banking is easily available.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
2	E-banking gives more knowledge to the customers	56	66	82	10		810	1070	75.700935

**Findings:** This statement says that around 76 percentile respondents believe that E-banking provides a more knowledge to customers.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
3	E-banking helps in customizing solutions to fulfill client's requirements	63	72	79			840	1070	78.504673

**Findings:** 78 percentile respondents perceive that E-banking full fill the client's requirement and customize the services.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
4	E-banking makes work easier	89	73	52			893	1070	83.457944

**Findings:** The factor shows that around 83 percentile respondents say that E-Banking reduces the work load and make it easier.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
5	E-banking reduces paperwork	104	59	51			909	1070	84.953271

**Findings:** 84 percentile consumers say that paper work is always reduced by the e-banking.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
6	E-banking speeds up the delivery time	52	53	109			799	1070	74.672897

**Findings:** This statement E-banking speed up the delivery time, about 74 percentile respondents is agreed.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
7	E-banking helps in reducing work stress	69	56	89			836	1070	78.130841

**Findings:** The factor shows that e-banking helps in reducing work stress. About 78 percentile respondents perceive it.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
8	E-banking increases interest in work	60	95	59			857	1070	80.093458

**Findings:** E-banking increases the work interest; the 80 percentile respondents said this and this is the reason for its increase in use these days.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
9	E-banking increases level of motivation	75	60	79			852	1070	79.626168

**Findings:** 79 percentile respondents announce that e-banking rises level of encouragement.



S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
10	Reduce operating and administrative cost	42	86	86			812	1070	75.88785

**Findings:** The factors shows that 75 percentile defendant, reduces operating and administration cost. This is the reason, why all banks now provide e-banking services to their customers.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
11	Save time	98	86	30			924	1070	86.35514

**Findings:**E-banking always save the timing as 86 percentile respondent supported this.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
12	Improve bank's image	128	50	36			948	1070	88.598131

**Findings:** E-banking advances bank's image 88 percentile perceived. Customer thinks that e-banking increases the bank's goodwill.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
13	Improve competitive position	106	79	29			933	1070	87.196262

**Findings:** The factors show that 87 percentile defendant said that it advances a bank in the competition position.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
14	Information provided is accurate	99	59	56			899	1070	84.018692

**Findings:** E-banking always provided the reliable information, 84 percentile replies this.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
15	The login and logout process is fast	130	42	42			944	1070	88.224299

**Findings:** 88 percentile replies, the login and logout procedure is fast in E-banking. Although, it also depends on the users proficiency toward computers.

### Section-II: Future of e-banking

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
16	Overall efficiency is very high in e-banking compared to traditional banking	64	30	120			800	1070	74.766355

**Findings:** The factor that overall efficiency is very high in e-banking compared to traditional banking responded by 74 percentile defendants.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
17	All customers will accept e-banking services in future	59	58	97			818	1070	76.448598

**Findings:** for brightest future in e-banking it will be acceptable, 76 percentile thought this.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
18	E-banks will help to manage transformation in the banks	46	76	89	3		807	1070	75.420561

**Findings:** E-banking will help to manage change in the banks; the 75 percentile respondents said this.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
19	E-banking will create more opportunities to compete in the global market	140	37	37			959	1070	89.626168

**Findings:** 89 percentile respondents announce that e-banking will create more openings to contest in the global market.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
20	Future of e-banking is bright	169	23	22			1003	1070	93.738318

**Findings:** forthcoming of E-banking is bright; the 80 percentile respondents said this.

### Section-III: Security

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
21	Clear & short instructions in the web	101	97	16			941	1070	87.943925

**Findings:** The factors show that 88 percentile defendant said that e-banking gives clear and exact information on bank's web site

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
22	Using internet for transaction is safe	56	89	68			840	1070	78.504673

**Findings:** 78 percentile reply that the use of internet for transaction is safe.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
23	E-banking services provide strong commitment for security issues	92	67	55			893	1070	83.457944

**Findings:** This statement E-banking service provides strong pledge for security issues about 74 percentile respondents said this

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
24	Banks keep customers info confidential	113	42	59			910	1070	85.046729

**Findings:** The factors show that 85 percentile defendant said that banks keep client's info safe & secure.

S.No.	Particular	5	4	3	2	1	Weighted Score	Total	Percentile
25	Confidential information is safely delivered from bank to customer	42	123	49			849	1070	79.345794

**Findings:** 79 percentile replies, the e-banking provide private information is safety transported from banks to customer.

## LIMITATION

The followings are some limitation of present study:

1. Only students as respondents were considered so the result does not reflect the general perception of all customers.
2. Time was also a constraint as the study was done in a limited provided time.
3. There may have some response biasness of respondents because some of them were in hurry while data collection.
4. Questionnaire distributed to respondents for data collection did not returned back in full extent.

## CONCLUSION

Banks operating on electronic banking offer much improved, efficient and faster service delivery to their customers thus having much competitive advantage within the banking industry. It is probably due to this competitive advantage that a bank has over its competitors in the banking industry which accounts for almost all banks in the country have now introduced e-banking system in their operations.

All three section of this study show a very positive response of the customers. For the section I: Benefits of e-banking the average percentile score is 82 for all the factors, which shows that almost everybody is getting benefited by the e banking services of Indian banks. Users also think that the future of e-banking is bright as the average percentile score of section II: Future of e-banking is again 82. To a surprise the security aspects has also received a positive node as the average of section III: security has also received 83 average percentile for all its factors.

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## ANNEXURE I

This questionnaire is to investigate the customer (student) satisfaction from in E-banking

Questionnaire						
Demographic- Bank Type: Public ( ) Private ( ) Student Branch :( )						
(Please mark an ('v') for your answers)		Degree of Agreement				
Section I: Benefits of e-banking:		Strongly Agree (5)	Agree (4)	Somewhat Agree (3)	Disagree (2)	Strongly Disagree (1)
1.	E-banking is easily available					
2.	E-banking gives more knowledge to the customers					
3.	E-banking helps in customizing solutions to fulfill client's requirements					
4.	E-banking makes work casier					
5.	E-banking reduces paperwork					
6.	E-banking speeds up the delivery time					
7.	E-banking helps in reducing work stress					
8.	E-banking increases interest in work					
9.	E-banking increases level of motivation					
10.	Reduce operating and administrative cost.					
11.	Save time.					
12.	Improve bank's image.					
13.	Improve competitive position.					
14.	Information provided is accurate.					
15.	The login and logout process is fast					
Section II: Future of e-banking						
16.	Overall efficiency is very high in e-banking compared to traditional banking					
17.	All customers will accept e-banking services in future					
18.	E-banks will help to manage transformation in the banks					
19.	E-banking will create more opportunities to compete in the global market					
20.	Future of e-banking is bright					
Section III: Security						
21.	Clear & short instructions in the web.					
22.	Using internet for transaction is safe.					
23.	E-banking services provide strong commitment for security issues.					
24.	Banks keep customers info confidential					
25.	Confidential information is safely delivered from bank to customer.					