

## Problems Faced By E-Banking Customers

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**ABSTRACT :** Electronic Banking incorporates a multitude of platforms such as Internet Banking, Automated Teller Services and Mobile Phone Banking to deliver banking products to the customers. The proposed study focuses on the problems faced by E-Banking customers during the use of E-Banking technologies.

**KEY WORDS:** Electronic Banking, Automatic Teller Machine, Internet Banking, Mobile Banking.

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### I. INTRODUCTION

Electronic Banking is the automated delivery of new and traditional banking products and services directly to the customer through electronic communication channels without the need for the customer to visit a brick and mortar institution. Electronic Banking incorporates systems that enable individual customers to access their accounts, transact with speed and obtain current and updated information on latest financial products and services through public or private networks. It accommodates a variety of platforms such as Internet Banking, Telephonic and Television based banking, Automated Teller Services, Mobile Phone Banking as well as Personal Computer based and Offline Banking services. Since most of these technology enabled services have become popular in our country, customers now have the opportunity to enjoy the benefits offered by advanced electronics such as Automatic Teller Machines, Mobile Phones, Personal Digital Assistants and Personal Computers and experience Electronic Banking services through privileges and features offered by advanced information technologies. Banks will have to incur capital costs for incorporating technologies to save on operating costs, but must derive maximum returns from such assets while cutting down operating expenses at the same time.

### II. TECHNOLOGY AND PROBLEMS

A ‘problem’ may be defined<sup>[8]</sup> as a perceived gap between the existing state and a desired state, or a deviation from a norm, standard, or status quo. A ‘solution’ is the means to close the gap or correct the deviation. A ‘problem’ thus may be considered as a question raised for consideration or solution<sup>[9]</sup>. Although many problems turn out to have several solutions, difficulties arise where such means are either not obvious or are not immediately available. Technology has undoubtedly proved successful in finding optimal solutions to many problems, but technology itself is not without its own problems. In some instances, technology has created problems of its own for the mankind. A technology well applied will prove beneficial to mankind. Again, technology is dynamic and keeps on advancing as observed, with our changing needs and demands<sup>[10]</sup>. The use of technology makes our lives simpler and enhances productivity. One can also observe a combination of technologies coming into action to simplify and satisfy human requirements in a most convincing manner, just like E-Banking technologies where one can see an integration of advanced electronics, internetworking technologies and mobile communications. However, several issues, general and/or technical in nature will be raised when one technology is integrated with other existing technologies<sup>[11]</sup>. There can be compatibility issues. The privacy and confidentiality which a customer was experiencing with the use of traditional methods will be threatened when he/she concedes to the use of technologies.

### III. OBJECTIVE OF THE STUDY

The proposed study focuses on the problems faced by E-Banking customers which include students. The study will also attempt to throw light on the preferred methods of banking transactions by the customers.

### IV. RESEARCH METHODOLOGY

Secondary data was derived from literature surveys conducted to analyse the current status of use of banking technologies and the problems customers experienced through online and offline search for articles, white papers and research papers published in various magazines and journals. Questionnaire in hard copy was prepared and distributed to the sample population in a professional college near Kochi. The questionnaire helped gather data from a sample size of 172 respondents on the variables presented to them. The sampling methodology adopted was convenience sampling. Areas of investigation included ATM services, Internet

Banking and Mobile Banking. Responses were then analysed using statistical tools. Parameters obtained through the responses were also weighed against hypothesis statements formulated.

## V. CONTRIBUTION FROM THE STUDY

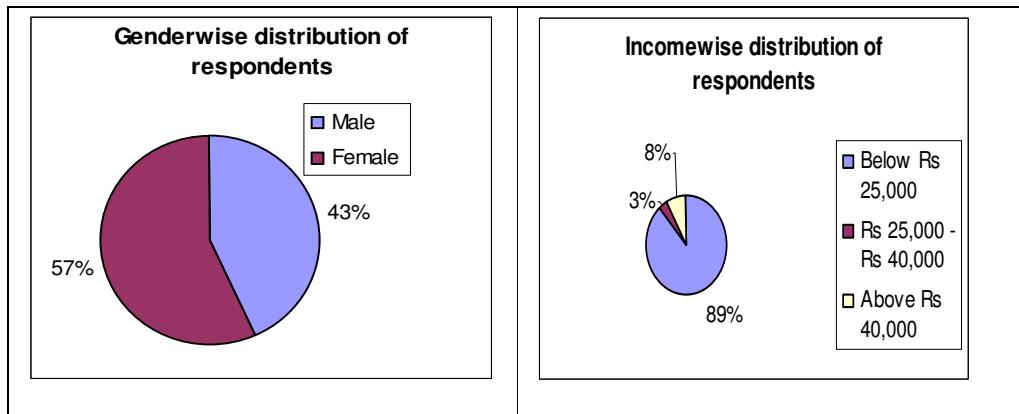
The study aimed to identify popular Electronic Banking services among customers, customer use of E-Banking technologies and the problems faced by E-Banking customers.

## VI. LITERATURE REVIEW

Secondary data are obtained from articles and research papers available both online and offline. A good number of literatures are available online in the chosen area. Sorna Priya et. al.<sup>[3]</sup> in their work have pointed out that there is no significant association between male and female with regard to the problem faced by them while using E-Banking services. The observation they made was that customers prefer ATM among E-Banking products because of its effectiveness and user friendliness. Trivedi et. al.<sup>[4]</sup> in their work have attempted to identify some of the problems faced by E-Banking customers and also quoted a few reasons for them not using E-Banking services. Dr. A Vennila<sup>[5]</sup> in her work has identified a few problems faced by customers while using banking services through E-Channels, focusing primarily on new generation private sector banks. Bulomine Regi<sup>[6]</sup> found that respondents have the fear of using technological banking due to hackers and the fear of forgetting the password. N Mari Anand<sup>[7]</sup> in his work has concluded that new generation of Electronic Banking transactions has created a bundle of opportunities as well as challenges to the existing banks, financial institutions and consumers in India as well as around the world. Besides, a good number of research papers are available both online and offline in the subject.

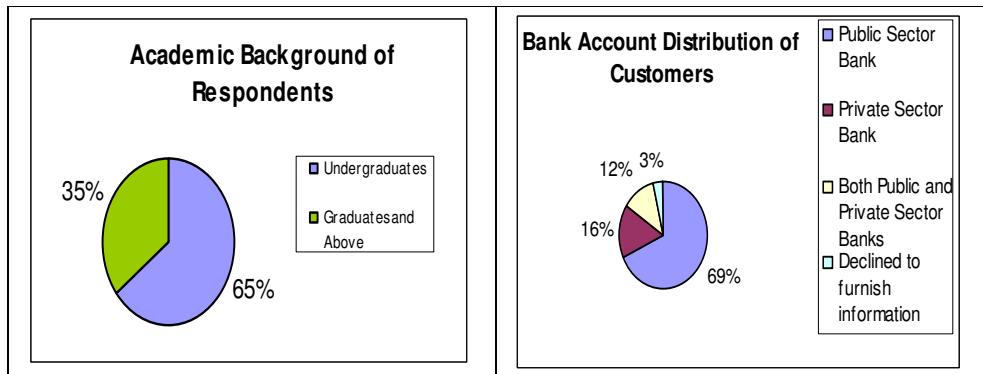
## VII. RESPONDENT DEMOGRAPHICS

As many as 172 valid responses were received which represented a population of 1230. 74 male respondents and 98 female respondents participated in the survey as shown in Figure 1. Out of 172 responses received, 152 were earning income below Rs. 25,000/- 6 were earning between Rs. 25,000/- and Rs. 40,000/- and 14 were earning income above Rs. 40,000/- as shown in Figure 1.



**Figure 1:** Gender wise and Income wise distribution of respondents

111 of the respondents were undergraduates while 61 of the respondents had qualifications of graduation and above (see Figure 2). 117 of the respondents held their bank accounts in Public Sector Banks alone including State Bank of India, their associate banks and other Public Sector Banks. 28 respondents held their accounts in Private Sector Banks alone while 21 respondents held their accounts in both Public Sector and Private Sector banks. 6 respondents declined to reveal information on their bank accounts (Figure 2).



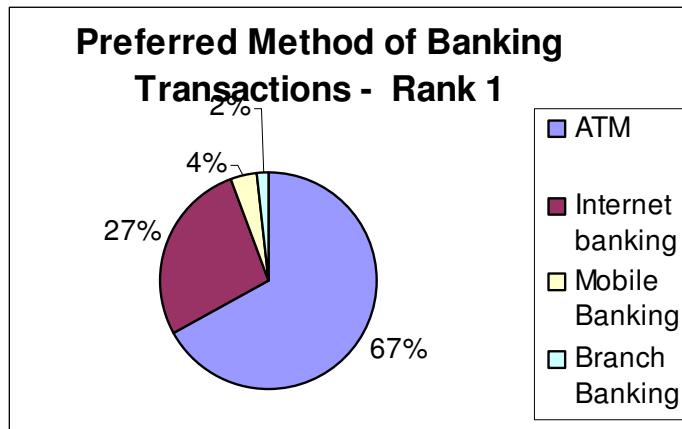
**Figure 2:** Academic Background and Distribution of Bank Accounts of Respondents

### VIII. RESULTS

The respondents were asked to rank their preferred method of banking transactions among Automatic Teller Machine, Internet Banking, Mobile Banking and Branch Banking. Out of 172 respondents, 115 (ie; 66.86%) consider ATM as their most preferred method of banking transactions. 47 (ie; 27.33%) of the respondents consider Internet Banking as the most preferred method of banking transactions, 7 (ie; 4.07%) respondents consider Mobile Banking as their most preferred method of banking transactions while 3 (ie; 1.74%) of the respondents consider Branch Banking as the most preferred method of banking transactions. 34 respondents consider ATM as their next preferred method of banking transactions, 65 respondents consider Internet Banking as their next preferred method of banking transactions, 44 respondents consider Mobile Banking as their next preferred method of banking transactions while 29 respondents consider Branch Banking as their next preferred method of banking transactions. Respondent rankings (Table 1) give a clear indication of the preference and popularity of ATM (Figure 3) and Internet Banking over the other counterpart for E-Banking services among banking customers.

Rank	ATM	Internet Banking	Mobile Banking	Branch Banking
1	115	47	7	3
2	34	65	44	29
3	20	56	57	39
4	3	4	64	101

**Table 1:** Respondent Distribution of Preferred Method of Banking Transactions



**Figure 3 :** Respondent's most preferred method (Rank 1) of banking transactions

Technology has undoubtedly proved beneficial to the mankind. E-Banking Technologies however, are not without problems as respondents point out through survey results. Responses reveal that E-Banking customers face a few general, administrative and technical problems during the use of E-Banking services. Minimum balance requirements and associated deductions imposed by many banks do not amuse E-Banking customers as pointed out by the mean value. Besides, respondents feel that communications from the banks on changes in service charge structures and procedures are not intimated in time. Many customers do not face

difficulty in remembering PIN/Passwords. Customers do perceive some problems with ATM services such as unexpected service failure of ATMs as well as inconveniences related to withdrawals in limited denominations, amount restriction per withdrawal and the fee levied on card usage in other machines, as the mean values indicate. Customers identify slow internet connection and server busy response as some of the major problems associated with Internet Banking services. Many customers feel that demo and assistance provided through internet banking services are insufficient for beginners. The small size of the key board and limited size of display of their mobile phones do not inhibit customer use of Mobile Banking services, as respondents indicate. Mobile Banking customers however consider intermittent and distractive connection as provided by the service providers, drain of battery of their mobile device and restriction in services as well as transaction amount as some of the major problems associated with mobile banking services, as indicated by the mean values.

<b>Sl. No</b>	<b>Parameter</b>	<b>Particulars</b>	<b>Mean</b>	<b>Standard Deviation</b>
1	General Issues	Limited services offered through E-Banking	2.948	1.027
		Difficulty in remembering PIN / Passwords	2.89	1.079
		Lengthy, Complex Transactional procedures	2.942	0.978
		Minimum balance requirements / associated deductions	3.314	1.023
		No timely communication on changes in service charge structures, procedures	3.233	0.987
2	Problems in ATM Transactions	Withdrawal only in limited denominations	3.5	1.231
		Card cannot be used at all ATMs	3	1.238
		Loss of ATM card and money	3.169	1.06
		Unexpected service failure of ATMs	3.622	1.198
		Long queues and cramped space at ATM Counters	3.366	1.103
		Amount restriction per withdrawal	3.558	1.099
		Complex procedures for redressal of wrong debits	3.203	0.961
		Wrong debit in account due to machine problem	3.221	0.990
		Fee levied on card usage in other machines	3.541	1.126
		Machines do not offer quick response	2.884	1.133
3	Problems in Internet Banking	Slow internet connection and server busy response	3.506	1.152
		Higher Operating costs	2.878	1.027
		Complicated instructions and missing links	3.07	0.995
		Demo and assistance are insufficient for beginners	3.25	0.986
		Restricted delivery of services especially during off time	3.227	0.943
4	Problems in Mobile Banking	Small key board and limited size of display	2.971	1.182
		Higher transaction and communication costs	3.105	0.937
		Restricted services and transaction amount	3.256	1.005
		Mobile connection is intermittent and distractive	3.343	0.982
		Drain of battery during transaction	3.32	1.08

**Table 2:** Statistical Parameters - Problems faced by E-Banking Customers

## **IX. HYPOTHESIS TESTING**

One Tailed Hypothesis were conducted for a level of significance  $\alpha = 0.05$  for the formulated set of null and alternate hypotheses. The value of  $|Z_\alpha|$  for the level of significance of 0.05 was found to be equal to 1.645 from standard statistical tables. The value of  $Z_{\bar{x}}$  was computed using the standard expressions. The value of finite population multiplier was found to be 0.8609 for convenience sampling. The computed value of  $Z_{\bar{x}}$  was compared with  $Z_\alpha$  to determine whether null hypothesis can be accepted or not. Out of 6 null hypothesis statements formulated, 5 were accepted and 1 was rejected after hypothesis testing. A general observation is that E-Banking customers face significant problems while using E-Banking services, probably for reasons mentioned

in Table 2. Respondents do feel an increase in speed of banking services since the arrival of E-Banking Technologies. They do not feel any change in personal attention of bank employees since the arrival of E-Banking technologies.

Null Hypothesis $H_0$	Statement	Accepted	Rejected
$H_{01}$	There is significant difference in the personal attention of Bank employees since the arrival of E-Banking Technologies		X
$H_{02}$	There is significant difference in the speed of Banking services since the arrival of E-Banking Technologies	X	
$H_{03}$	E-Banking customers face significant general and administrative problems during the use of E-Banking services.	X	
$H_{04}$	E-Banking customers face significant problems during the use of ATM services.	X	
$H_{05}$	E-Banking customers face significant problems during internet banking transactions.	X	
$H_{06}$	E-Banking customers face significant problems during mobile banking transactions.	X	
Total #	6	5	1

**Table 3:** Summary of Null Hypothesis Statements

## X. LIMITATIONS OF THE STUDY

Due to convenience sampling methodology adopted, the entire population of banking customers was not reflected in the study. The study focused mainly on customers within a locality including students in one environment. This can have impact on the representation in the results of the survey. The study however, can be extended to accommodate all categories of customers in all areas. A follow up study may also be planned in future to compare the new results with those obtained from the study. Generalisation of the findings to the whole population can then be made with more accuracy and acceptability.

## XI. CONCLUSIONS AND RECOMMENDATIONS

Core banking solutions permit banks to extend full benefits of ATM services, Mobile and Internet Banking solutions to all their customers. Core banking solutions offer a package of benefits to the customers on a round the clock basis from a single centralized location through all possible delivery channels. A centralized approach of such sort has made ‘single – window solution’ for all financial services a possibility. Results of the survey do indicate customer inclination towards the use of ATM services when compared to other technology counterparts. But this phenomenon may not continue indefinitely. The dynamic nature of technology and time may lead to change in customer preferences. Again, customers will be forced to review their preferences with changes in policies and regulations of the ruling elite. The impact of demonetisation on market and economy may be transitory, but there exist every opportunity for Mobile and Internet Banking transactions to flourish in our country along with new technologies to come. Use of mobile payment app is being heavily promoted and publicized through mass media. But cashless economy does not necessarily mean cashless ATMs. Banks must accommodate the happenings and tune themselves to the situation. The issue of cash crunch at ATM counters will have to be resolved through appropriate measures to retain the confidence and loyalty of customers.

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