

The Adoption Of Electronic Banking (E-Banking) In Odisha, India

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Abstract: In today's world the emerging technology has made an exponential growth of the Internet which has changed the pattern of almost all the organizations in performing their business. The Indian banking industry is not an exception of it. From the year 1990s privatization of banks, proliferation and emergence of so many foreign and private sector banks like ICICI, HDFC, CANARA banks etc have emerged in the Banking Industry of India. Both private and public sector Banks in India have been trying to give out their best service to their customers in terms of Banking Hall Transactions, Internet Banking, Automated Teller Machine (ATM) Banking, Mobile banking, Credit Card Transactions etc. The convenience of using ATM for banking transactions by customers of Banks in Odisha a major role to play in customer retention and satisfaction. This research paper aims to check if the current and prompt technological revolution altering the whole world has crucial impacts on the banking sector in Orissa. It is mainly based on data, collected from banking customers in different commercial banks of Odisha. Hence the findings of this research will help the banks to establish a customer oriented strategy to retain their customers in future. It mainly focuses on investigating the important factors influencing the online customers' satisfaction with the overall service quality of their concerned banks. It emphasizes on measuring the ATM standards and service quality with a research focus on the commercial banking sector in Odisha. The methodologies used for this research involved interviews with bank customers and bank managers of the case study banks and administrations of questionnaires to a number of bank customers in Odisha. To investigate in the real-time scenario we have taken the case study of some Commercial banks limited in Odisha in order to understand "why" and "how" the electronic banking could not be implemented successfully.

Key Words: Service quality, E-Banking, Customers satisfaction, ATM banking, Mobile banking, Online transaction, Credit card.

1. INTRODUCTION

When Internet has entered into our daily life, the most dimensions of our lives such as education, communication, business, etc, were overshadowed by this novel phenomenon. One of these dimensions is to handle banking affairs through the Internet (Shirali & Shahreza, 2007). Technology has brought about a complete paradigm shift in the functioning of Indian banks and delivery of their services. Gone are the days when every banking transaction required a visit to the bank. Now a day most of the transactions can be done just by sitting in the home and customers need not visit the bank branch for anything. Technology is no longer an enabler, but a business driver. The growth of the internet, mobiles and communication technology has added a different dimension to the banking services. (Pikkarainen, Karjaluto, and Pahnla 2004) define Internet banking as an 'Internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments'. According to (Richard Nyangosi & Arora, Sumanjeet Singh, 2009) banking through electronic channels has gained much popularity in recent years. This system, popularly known as 'e-banking', provides faster delivery of banking services to a wide range of customers. Information technology is becoming an important factor in the future development of financial services industry, and especially in banking industry (Nami. M. R, 2009). Due to the competition among the banks in Odisha, the banks want to provide the services which are more efficient, rapid and enhanced the banking system. Therefore, the objective of e-banking is to create such working environment where customers can easily find about the information they require for performing financial transactions.

2. LITERATURE REVIEW.

We adopted integrated and exploratory literature about current ATM Standard, trends and service quality of Banks to gain a general overview of ATMs of banking system in Odisha. According to Hagel and Hewlin (1997) the Internet banking became very attractive to customers and lots of banks because the technology is being accepted by them and they can now understand and have information about the complex products. Nowadays banks are also facing a lot of competition and need a high market share and provide better services to its customers so that they can attract the new customers and old customers do not try to leave them. Bill Gates (2008) announced that « banking is essential, banks are not ». This quotation means that the traditional bank branch is going to vanish in order to be surrogated by electronic banking which continues to attract new users. (Pikkarainen, Karjaluto, and Pahnla 2004) define Internet banking as an 'Internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments'. With the exception of cash withdrawals, Internet banking gives customers access to almost any type of banking transactions at the click of a mouse. The use of the Internet as a new alternative channel for the distribution of financial services has become a competitive necessity instead of just a way to achieve competitive advantage with the advent of globalization and fierce competition (Flavián, Torres, & Guinaliú, 2004; Gan, Clemes, Limsombunchai, & Weng, 2006). Although, banking administration has delayed to execute computer technology in banking exercises. A number of studies have concluded that IT has positive effects on bank services delivery to customers, bank productivity, cashiers work, banking transaction and banking investment. So, these have positive effects on the growth of banking system (Balachandher, 2001). In addition, delivery the high quality services is a way for the banking to improve their relationships with their customers. By the Delivering high quality services, banks can achieve customer satisfaction and through customer satisfaction banks can gain loyal customers (Grönroos, 2000). On the

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behalf of increased competition, many banks and organization did not only reduce their costs but they have also increased their products. Technology has changed the preconditions for service delivery, dramatically in recent years (Fredriksson, 2003). On the other hand the customers also have more expectations and demand when they are using e-banking services either the services are satisfactory or not. Because it is quite easier for customers to evaluate and compare the benefits of competing services (Santos, 2003). Hence a lot of studies mentioned that the location e-service delivery is a strong driver of customers perception of e service quality (Aldlaigan & Buttle, 2002.; Almossawi, 2001.; Levesque & McDougall, 1996). So as compared to ordinary banking system electronic banking is providing the competitive advantage by lowering the cost and providing best satisfaction of customer needs (Daniel, 1999; Mols, 1998). Mattila et al. (2003) pointed that young, educated and wealthy groups of customers were the most relevant customer segments for the rapid development of Internet banking market.

3. ODISHA BANKING SECTOR: A BACKGROUND.

Challenges coming from several fronts (e.g. structural, regulatory and customer-related) make the banking landscape in Orissa more competitive than ever before. Structurally, the banking system in Odisha is a universal banking system in that the banks offer a wide range of services ranging from retail banking to corporate banking and asset management. As per RBI survey there are 34 Scheduled Commercial Banks with 1410 branches and 9 Regional Rural ... Besides these, there are 316 branches of Odisha State. The state has a fairly well spread structure of banks with one branch of commercial bank for around 17 thousand persons on an average. Therefore, this research also focused on the measurement of customer satisfaction through delivery of e- service quality in the banking sector in Odisha. Stiff competition to these banks comes not only from one another but also from special niche/direct banks which carry out their transaction with customers via telephone and/or online and offer high interest rates and low service fees to customers. Bank managers we interviewed during the course of the study are keenly aware that in today's market what they firmly believe that the success in the future will rest on delivering excellent service to customers that will determine the performance of the banks for which they need higher & developed E-banking system & infrastructure. At the hands of this huge technological revolution, Odisha has invested enormous funds in order to increase the number of online channels and to establish the needed infrastructure. According to Hagel and Hewlin (1997) the Internet banking became very attractive to customers and lots of banks because the technology is being accepted by them and they can now understand and have information about the complex products. Nowadays banks are also facing a lot of competition and need a high market share and provide better services to its customers so that they can attract the new customers and old customers do not try to leave them.

4. OBJECTIVE OF THE STUDY

The main objective of this study is to find the following things:

- the younger generation is more computer savvy so they are more willing to adopt e-banking (Sadiq Sohail & Shanmugham, 2003);
- the higher the respondent is literate and particularly PC-literate, is the more likely to adopt e-banking (Brown et al. (2003) and Sadiq Sohail & Shanmugham (2003).
- to determine some important factors that influence the adoption of E-banking in Orissa.

4.1 RESEARCH METHODOLOGY

The methodology is based on a questionnaire developed in order to gather the data, which consists of two parts i.e. the first one is dealing with the demographic profile of respondents and the second one gives a clear picture of the banking attitude of each financial customer of the bank (respondent).

4.2 QUESTIONNAIRE

This took the form of printed questions given to the selected group of Banking customers or respondents of different commercial banks of Odisha to answer them. Based on the research study, questionnaires were prepared to know the current ATM and e-banking service quality, standards and trends in banking Industry of Odisha.

4.3 INTERVIEW

In some cases we interviewed the bank managers and IT Officers of different commercial banks to find out the current e-service quality, ATM standards and trends in their banks and the banking Industry in general.

4.4 LIMITATIONS OF THE STUDY

The following limitations are observed during the research on finding the impact of E-service Cost towards the Customer Satisfaction and Customer Retention process.

1. The study was limited to commercial banks within Odisha and state banks with local exposure. So the findings may not be applicable to other countries and foreign banks.
2. The information gathering was carried out through specific bank customers mainly at head office branches of the selected banks within Odisha.
3. The study is limited to the bank customers and further restricted towards the Internet Banking users in order to identify that if their expectations are mainly based on E- Banking Services in Odisha commercial banking context
4. The study is limited to the Banking industry of Orissa. So, the findings of the research cannot be applicable to other industries.

4.5 DATA COLLECTION METHOD AND SAMPLING

The sample population used for this study consists of any person having a savings account in the concerned bank. A number of banks were visited in order to maximize the number of interviewees.

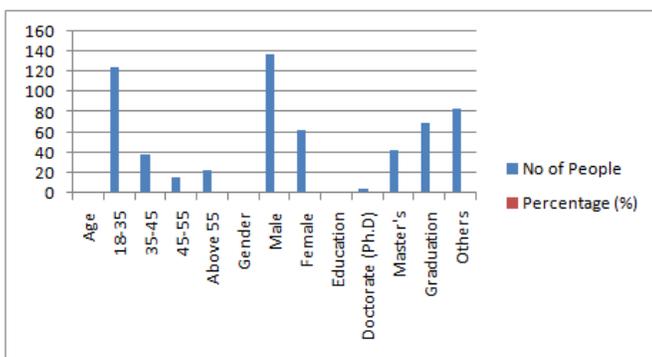
4.6 RESPONDENT DEMOGRAPHIC PROFILE

The total sample is consisting of 220 respondents. Out of 220, some people refused to take part in this research as they show a negative interest in such a topic. So, our calculation mainly based on 200 respondents. The demographic profile or the result of data analysis is described in Table 1.1 below. Maximum of the respondents belong to the age group in between 18 to 35 (62.5%) and so far as their gender distribution of the respondents is concerned 69% are male and 31% are female. The majority of respondents are belonging to the graduation degree (58%). Thus, it appears that the respondent profile is known by its youngness and its high level of education.

Table 1.1 Demographic Profile

Demographic characteristics	No. of People	Percentage (%)
Age		
18-35	125	62.5%
35-45	38	19%
45-55	15	7.5%
Above 55	22	11%
Gender		
Male	138	69%
Female	62	31%
Education		
Doctorate (Ph.D)	4	2%
Master's	42	21%
Graduation	70	35%
Others	84	42%

Fig. 1.1



4.7 RESPONDENT BANKING PROFILE

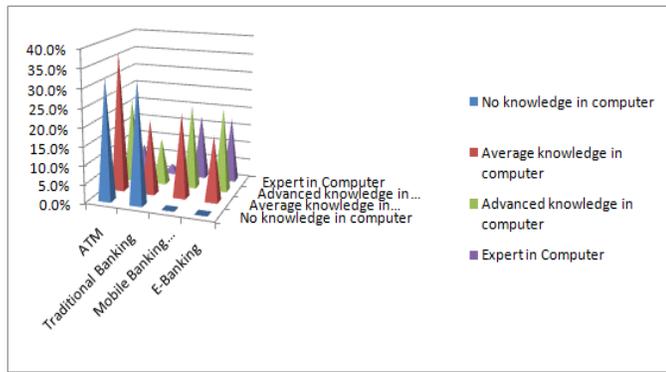
A large numbers of customers are using the modern banking facilities such as ATM, E- banking facilities etc. But still then we find some people prefer the traditional banking system which is one of the important features in the banking customers. But one thing which we find from the

study that ATM is the most popular electronic channel for banking that is used by the people may be separately or jointly with the traditional banking. About 90% of people are using it. Like the E-banking it is also one of the main attractions of the people. Though a large no of respondents (65%) are using the internet, still then, more than 50% customers prefer traditional banking rather than E- banking which we find as one of the most important characteristic of the behavior in banking customers but basically they belong to the old generation. Another notable thing we find that though ATM is the most popular form of transaction among the banking customers, it is used either separately or jointly with the traditional banking system attracting more and more customers and traditional banking is popular among the people basically among the old generation people who don't have any computer knowledge. The data shows that more and more young generation people prefer to E-banking particularly ATM rather than traditional banking branch. Among old generation there are very less people who use ATM and using E-service. Basically two important things play a dominating role in E-banking in Orissa i.e. Education level and people's knowledge about computer. These two things are having their great influence on the e-banking. Besides, education and the knowledge in computer levels seem to be the twin important concepts that influence the adoption of E-banking in Odisha. It is also clearly found from the survey that young generations are more in favor of on line banking system where as in the contrary the old generation lack some interest in it as they feel it somewhat insecure, sometimes due to the internet **hacking** . So they are the strong supporters of traditional banking with some moderate change along with first service process. But they are in favor of ATM system

Table 1.2 Computer knowledge & banking preference

Computer literate	ATM	Traditional Banking	Mobile Banking (SMS Banking)	E-Banking
No knowledge in computer	32.5%	32.5%	0%	0%
Average knowledge in computer	37.5%	20%	22.5%	17.5%
Advanced knowledge in computer	22.5%	12.5%	22.5%	22.5%
Expert in Computer	7.5%	2.5%	17.5%	17.5%

Fig 1.2



It is clear from the above table no 1.2 that the preference for modern banking system goes on increasing with the increase in education and PC familiarization. People having no knowledge in computer are happy with the traditional banking system with certain moderate changes but they give preference to ATM. People with a small or average computer knowledge partly support to modern banking system as they get afraid to the internet hacking, but slowly their number is increasing. People having good computer knowledge (advance & expert group) give their best preference to the modern banking facilities i.e mobile & E-banking system. But in all cases we found that people give their first preference to ATM. So ATMs are an issue of survival for the banks and are becoming just another part of everyday life. Traditional banking pattern can not be ignored totally as till now people are using it basically the illiterate section in the society. The no of internet banking users is increasing with the respondents' computer knowledge. So, it appears that education and PC familiarization levels as well as age are crucial variables impacting the customers' attitudes toward the adoption of e-banking.

5. CONCLUSION

Due to the growth of IT sector, banks are being able to reach their customers anywhere at any time. For example, many financial services have been already launched on face book (Bill Gates, 2008). It is found from the study that many factors like education, knowledge in computer, willingness of the people, people's convenient and awareness etc. are responsible for the successful operation of E-banking in any area. Again we find that a large no of people (especially the old generation) having no computer knowledge are till now prefer the traditional banking but along with some moderate changes and quick service delivery. A thorough study of the data shows that the young generation is more familiar with computer and internet banking. So they are more interested in using the E-banking system particularly in ATM & online transaction rather than old & traditional banking. Again the falling costs of machines and connectivity is a key factor contributing to the growth of ATM network. So, banks have also been cutting costs and gaining synergies through ATM sharing agreements amongst themselves.

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