

E-BANKING : Customers Perception in India

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Abstract - Now a days banks are more focusing on customer securities, so that they can attract large volume of customers. As a result banks are becoming more and more technology oriented. With the advent of e-commerce, e-banking was introduced. This was giving not only clarity in documentation and better accessibility but also the proper utilization of manpower. This way customers time and money is saved effectively. However there is a group of customers who are reluctant to adopt e-banking because of perceived risk (PR). This paper is exploring how PR can be reduced so that customer willingness to adopt e-banking can be enhanced.

Keywords – e-banking, PR, e-commerce.

I. INTRODUCTION

Technological change (TC) is a term that is used to describe the overall process of [invention](#), [innovation](#) and [diffusion](#) of [technology](#) or [processes](#). The term is synonymous with technological development, technological achievement, and technological progress. In essence TC is the invention of a technology (or a process), the continuous process of improving a technology (in which it often becomes cheaper) and its diffusion throughout industry or society. In short, technological change is based on both better and more technology.

http://en.wikipedia.org/wiki/Technological_change

Electronic banking, also known as e-banking, virtual banking and online banking, is a service that allows customers to access their bank information, conduct financial transactions, make deposits, withdrawals and pay bills through the Internet without having to physically visit their bank. It provides the convenience of accessing

banking facilities from the comfort of their home or office.

http://www.ehow.com/about_6717015_electronic-banking-definition.html.

II. TAM MODEL IN E-BANKING

<http://www.sciencedirect.com/science/article/pii/S0378720604000382>

'The technology acceptance model (TAM) has been applied in different contexts to investigate a wide range of information technologies (IT), and a cumulative tradition has already been developed in this stream of research. 'Technology acceptance model(Davis et. al;1989) pertains to acceptance of technology in the workplace. According to this model if perceived usefulness (PU) and perceived ease of use (PEOU) are high then a new technology is easily adopted. However though both PU & PEOU are high in e- banking, yet customer reluctance exists.

III. KNOWLEDGE AREA GAPS

Customer time and money can be saved effectively with e- banking. Yet there is reluctance in utilization of this new technology. Technology acceptance model(Davis et. al;1989) pertains to acceptance of technology in the workplace. According to this model if perceived usefulness (PU) and perceived ease of use (PEOU) are high then a new technology is easily adopted. However though both are high in e- banking, yet customer reluctance exists.

IV. RESEARCH QUESTIONS

1. A research is required to know how much population really appreciates the introduction of any new technology for the success of its purpose.
2. It would be important to know about which group of knowledgeable customers are not ready to adopt e-banking.
3. It would be important to know what are the factors responsible for reluctance in utilization of e-banking.
4. It would be important to know the characteristics to which these decision making factors are related and how are they related.

V. OBJECTIVES

To understand the causes for reluctance of customers to accept E-Banking especially the role of perceived risk.(PR) and to explore how perceived risk(PR) can be reduced so as to enhance consumer willingness to adopt e-banking.

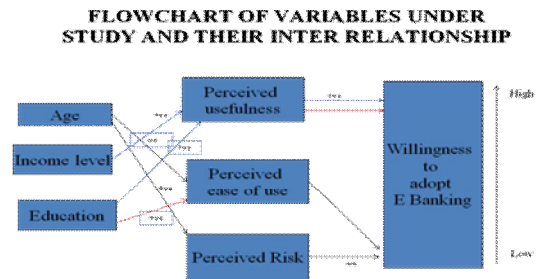
VI. THEORETICAL FRAMEWORK

The research proposes to extend technology acceptance model to consumer acceptance of E-banking by adding a third factor to it, that is, perceived risk (PR). Perceived risk is the consumer's perception of uncertainty and potential adverse consequences of purchase or use of a product or service. The model proposes that PU, PEOU and PR will all influence customer willingness to adopt E-banking. Further, as the risks are higher PR will play a greater role in acceptance of E-Banking than PU and PEOU.

VII. HYPOTHESIS

Higher the age, lower will be PEOU and hence lower will be willingness to adopt e-banking
 Higher the income level, higher will be PU and hence greater will be customer willingness to adopt e-banking.
 Higher the PR, lower will be customer willingness to adopt e-banking
 PR will have a greater influence than PU & PEOU on customer willingness to adopt e-banking
 Higher the level of education, higher will be the PEOU and therefore will be the higher willingness to adopt E-banking.
 Approaches aimed at lowering PR will result in greater willingness to adopt e-banking.

VIII. FLOWCHART OF VARIABLES UNDER STUDY AND THEIR INTER RELATIONSHIP



IX. KEY CONCEPTS

Unit of analysis: Bank customers are analysed on the basis of different dimensions of different category of customers. There are following different types of dimensions.

- Perceived Use of technology. (PU)
- Perceived Ease Of Use (PEOU)
- Perceived risk (PR)

The above dimensions are related to the following categories of bank customers.

- Age
- Level of education
- Income

TOOLS

- Questionnaire – Demographic Data
- Items measuring PU, PEOU & PR.

Willingness to adopt e-banking

X. CONCLUSIONS

Approaches aimed at lowering PR will result in greater willingness to adopt e-banking. PR Could Be reduced once the income level of Indian bank customer is increased annually with the inflation rate. At the same time awareness about the technology should have been developed like the way mobile customers started using mobile phones no matter whether basic or advance mobile phone. Customers should understand the security and safety of their physical money while using e-banking. Still there are Indian banks not offering e-banking, let all the Indian banks should offer e-banking system so that all the customers get opportunity to use E-banking .Customers does not accept the change in a day or month but once the option is available to all the customers, they will start using e-banking.

XI. REFERENCES

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