

ADOPTION OF E-BANKING AMONG CUSTOMERS: AN EMPIRICAL ANALYSIS

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Abstract

Tremendous progress in mechanization and antagonistic amalgamation of information communication technology turn out to be the main cause for renovation of customary banking into digital banking. The current growth in the mechanism has created completely renewed system approach and surroundings. With this background, present study throw lights on the socio-economic profile of the customers and to discuss the factors that determining intension to use e-banking services among the public, private and foreign sector banks in the city Coimbatore. Forty two banks were chosen in and around Coimbatore city and as of these banks, four hundred and fifty customers were selected by adoptive purposive sampling method. The present study revealed that the desire or intention to use e-banking services for easy accessibility, speed of services and operational concern.

Key words: Technology, E-banking, Intension, Innovation and Customers.

1. INTRODUCTION

The expansion of online banking or virtual banking has carried a great conversion and development into banking sector, transformed the character of personal-customer banking affiliations and supported electronic banking services to accomplish numerous banking functions that would customarily be carried out over the counter (Giannakoudi S, 1999). Growth of computerized information has rapidly transformed the face of trading through the widespread of e-trading business. As a result, the banking industry knew significant mutations, specifically concerning offering their services. Hence, banks moved from traditional services to self-services de-

livery technology. Nevertheless, recognition of this novel technology has not been equal in all corners of the world (Karjaluo et.,al 2002). Even though electronic banking may support banks to minimize costs, there are significant deliberations, such as, the extent to which bank consumers use fresh forms of banking, that is, the influence factor that induced towards using other form of banking and accept differences between different systems of banking. Electronic banking that has converted the banking industry universally has turned out to be the center issue of several literatures globally (MM Kamruzzaman et. al 2022). The swift propagation of Internet in India, the anticipated acceptance rate of net banking among online users has not been increasing consistently. Since 1997, ICICI Bank was first bank to introduce internet banking services, nowadays, most new-generation banks provide the e-banking services to their consumers in India. In fact, all major banks offer internet banking services to their consumers. Based on these views, the present study conduct a survey on determining factors that influence, intention to use e-banking services among public, private and foreign sector bank's customers in Coimbatore city.

2. OBJECTIVES OF THE STUDY TO

- Examine the demographic profile of electronic banking users.
- Inspect the influencing factors that intention of the consumers to shift to complete e-banking services.

3. HYPOTHESIS OF THE STUDY

- E-banking users are young, highly educated and wealthy.
- Customers Intention to use e-banking services was based on easy accessibility, speed of services and operational concern.

4. EARLIER STUDIES

Hacini et.al, (2012) analysed that, speedy progress of electronic and online trading has enthused the banking sector towards contribution its channels on-line. The study examined the antecedent of the customer's intention to utilize electronic banking. Whereas there has been significant investigation on the technology acceptance model (TAM) that envisages whether individuals will agree to utilize information technique, the experimental variables are developed based on an extended technology acceptance model (TAM), by include two additional variables "perceived trust" and "perceived self-efficacy". From 332 persons the data was collected in Algeria through questionnaire. The article revealed that "perceived trust" has most attractive factor on the intention to use online banking than the other variables.

Geetha & Malarvizhi (2012) examined that financial liberalization and technology revolution have allowed the developments of new and more efficient delivery and processing channels as well as more innovative products and services in banking industry. A strategic challenge facing banking institutions today is the growing and changing needs and expectations of consumers in tandem with increased education levels and growing wealth. Consumers are becoming increasingly discerning and have become more involved in their financial decisions. This study determines the factors influencing the consumer's adoption of e-banking in India and hence investigates the influence of perceived usefulness, perceived ease of use and perceived risk on use of e-banking. It is an essential part of a bank's strategy formulation process in an emerging economy like India. Survey based questionnaire design with empirical test was carried out. The results have supported the hypothesis that banks need to highlight the benefits of e-banking, make it easy to use, and enhance its security to improve consumers' trust.

Maitlo et.al (2015) studied a theoretical model is presented that conceptualizes and associations of different factors that influencing the acceptance of internet banking in Hyderabad. The data was collected from 302 respondents in Hyderabad. The techniques like factor analyses and regression model are applied to study the association. The outcome of the model tested without a doubt that using internet banking is induced by services like convenience, perceived risk, security perception, prior internet knowledge and information on internet banking. The study determined that socio-economic factors also force appreciably on internet banking. The study suggested the influencing factors that intention to use online banking is extremely significant to the practitioners who plan and endorse new forms of banking in the recent aggressive market. Rawal et. al (2021), Poongodi M et. al(2022), Poongodi M et. al (2021), Ramesh TR et.al (2022), Ahila A et.al (2022), Muniyappan et. al(2022) , Y. Shi et. al (2020), Guobin Chen et.al (2020), Yuanjin Xu et. al (2021), Ding Li et. al (2021) , Bin Yuan et. al (2021), Chi Z et. al (2021)

Geetha & Malarvizhi (2011) studied that financial liberalization and technology revolution have allowed the developments of new and more efficient delivery and processing channels as well as more innovative products and services in banking industry. Banking institutions are facing competition not only from each other but also from non-bank financial intermediaries as well as from alternative sources of financing. Another strategic challenge facing banking institutions today is the growing and changing needs and expectations of consumers in tandem with increased education levels and growing wealth. Consumers are becoming increasingly discern-

ing and have become more involved in their financial decisions. This paper investigates the factors which are affecting the acceptance of e-banking services among the customers and also indicates level of concern regarding security and privacy issues in Indian context. Primary data was collected from 200 respondents through a structured questionnaire. Descriptive statistics was used to explain demographic profile of respondents and Factor and Regression analyses were used to know the factors affecting e-banking services among customer in India. The finding depicts many factors like security and privacy and awareness level increased the acceptance of e-banking services among Indian customers. The finding shows that if banks provide them necessary guidance and ensure safety of their accounts, customers are willing to adopt e-banking.

5. METHODOLOGY

Universal of the study elicited from the area of the banks the researcher selected public sector banks 20, private sector banks 18 and foreign sector banks 4 to cover four zones of Coimbatore (Y. Shi et. al 2020). Altogether forty two banks were selected comprising seventy six percent of the universe. From these selected banks, four hundred and fifty customers were selected by adopting purposive sampling method. The requisite data was collected by administer a pre-tested interview schedule during the period June 2018 - November 2018. Techniques like Garrett's rating scale, and Kruskal-Wallis H test were used in this study.

6.RESULTS AND DISCUSSIONS

6.1 Demographic Profile of the Customers

Banking operations has become a process of choice and convenience; better the service, higher the customer's preference to a bank and vice-versa. Hence, an attempt was to explore the demographic profile of e-banking user's facilities as follows; among the respondents surveyed there was male domination among the e-banking users (nearly 3/4th) in Coimbatore corporation limit. The maximum preference for the e-banking was seen among population aged 20-30 years (42 percent). Majority of them were married among the users (59 percent). There was a definite preference among the educated respondents for e-banking services (Guobin Chen et. al 2020). E-banking users were generally belonging to upper echelons of the occupation cadre and users were generally consumers belonging to higher income strata.

6.2 Reasons for Intention to Shift E-Banking Services

An attempt was made to find out the factors influencing the intention of the consumers to shift to complete e-banking services. The respondents were asked to assign ranks to various

reasons/ factors according to the order of priority, which influenced their intention to shift to complete e-banking services. The ranks were then converted into scores based on Garrett's Rating Scale. The average scores calculated are given in the table 1.

TABLE 1: REASONS FOR SHIFTING E-CHANNELS

Reasons	Public Banks		Private Banks		Foreign Banks	
	cores	rank	cores	rank	cores	rank
Provide smoother and free flow of information	3.87		5.64	2	3.36	
Speed up delivery line	1.61		9.34	0	0.09	
Financial transaction is easier to manage	4.86		2.79		1.64	
Help to reduce errors	1.76		0.81		1.27	
Help in checking trends	1.38		1.47		5.73	
Help in customizing solutions to fulfill client requirements	5.86	2	9.35		6.55	0
Greater security is ensured	7.03	1	1.42		4.09	
To provide help well-timed & improved clarification due to correctness, closeness and affluence of details	3.97	3	9.49		9.18	2
Privacy is ensured	8.03	0	3.55	3	3.27	1
Make work easier	9.42		1.84		3	3
Provides services with reasonable charges	9.39		1.35		0.55	

Provide better quality product/services	0.59		7.6	1	5.36	
Provide innovative products/services	9.65		3.44		9.55	

For customers in public sector banks, the most important factors which influenced their intention to shift to complete e-banking services were 'financial transaction is easier to manage', 'provide free and smooth flow of information' and 'speed up delivery line' the scores assigned for these factors were 54.86, 53.87 and 51.61 points respectively. This was followed by 'help to reduce errors', 'help in checking trends' and 'provide better quality products', the score being 51.76, 51.38 and 50.59 respectively. The factors which had the lowest priority are 'help in customizing solution to fulfil customer needs' and 'To provide help well-timed & improved clarification due to correctness, closeness and affluence of details', with a score of 45.82 and 43.97 points respectively.

For customers in private sector banks, the factors motivating their intention to shift to e-banking services were 'provide innovative products and services', and 'financial transaction is easier to manage', the scores assigned being 53.44 and 52.79 points respectively. 'Make work easier', 'help in checking trends', 'greater security is ensured' and 'provide services with reasonable charges' had almost equal weights in influencing the intention to shift, the scores assigned being 51.84, 51.42 and 51.35 points respectively. The factors which were of least significance were 'provide better quality products/services', and 'provide smoother and free flow of information', the scores being 45.64 and 43.55 points respectively.

For foreign bank customers the major reasons influencing their intention to shift were 'financial transaction is easier to manage', 'help in checking trends' and 'provide better quality products/services', the scores assigned being 61.64, 55.73 and 55.36 points respectively, with the last two factors having more or less equal weights. This was followed by 'greater security is ensured', 'provide smoother flow of information' and 'help to reduce errors', the scores being 54.09, 53.36 and 51.73 respectively. The factors which were of least priority were 'To provide help well-timed & improved clarification due to correctness, closeness and affluence of details' and 'make work easier', the scores being 39.18 and 33 points respectively.

To test whether the ranks assigned for the factors influencing the intention to shift differed significantly, Kruskal-Wallis test was used. The null hypothesis verified was

H_a: There were significant differences in the ranks assigned for different factors influencing the intention to shift by the customers belonging to different bank groups

In table.2 the calculated H values are given.

TABLE 2: KRUSKAL-WALLIS TESTVALUES ON INTENTION TO SHIFT TO E-BANKING

Variable	H . value	Degrees of freedom	$\chi^2_{0.05}$	Inference
Reasons for shifting to complete e-banking	.175	2	.99	Accept H ₀

The H value calculated being less than the theoretical value ($\chi^2_{0.05} = 5.99$) implies that there was no significant difference in the scores assigned by the customers in different bank groups in their intention to shift completely too e-banking services. To sum up, the desire or intention to shift to complete e-banking services was based on easy accessibility, speed of services and operational concern. Security was not significant factor for customers in public sector banks (who assigned 10th rank), it was of significant in private sector banks (5th rank) and foreign banks (4th rank). Hence if the banking system comes up with user-friendly, more efficient and faster services, it will be able to draw more clients to electronic banking channels.

7. CONCLUSION

During the process of implementing advanced technology in banking sectors particularly related automation of different processes and banking services. As the technology which is implemented across the world, Indian financial institution is also the edge of criterion which shifts because of the recent changes. The study revealed that, customer's desire or purpose of using e-banking channels was set up on easy accessibility; speed up services & operational concern. Security was not significant factor for customers in public sector banks; it was of significant in private sector banks and foreign banks. Hence if the banking system comes up with user-friendly, more efficient and faster services, it will be able to catch more consumers to electronic banking channels.

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