

CONSUMER PERCEPTION TOWARDS E-BANKING PRODUCTS BY BANKS IN INDIA

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Abstract: *E-banking is being used in India for some time now in the form of digital data in computers, credit and debit cards, Automated Teller Machines, Mobile Banking, net banking and internet banking. Internet or e-banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions-banking has been defined in law lexicon as banking activities accessed by using a computer, employing modems and telephones. In e-banking, 'e' stands for electronic and the banking has been defined as 'an acceptance of money from the public, for purpose of lending or investment of money, which is withdrawals by cheque, draft or otherwise' and banking by using electronic devices is e-banking. In India, people still prefer face to face banking over using the online banking process. Trends have shown that young generation is more keen on using e-banking process but not for every type of transaction with the bank. Majority of people prefer to pay bills online but when it comes to big transactions major preference is towards traditional banking. There has been a considerable growth in the use of e-banking products but at that same point of time considerable growth in fraudulent activity shakes up the confidence & reliance on technology of consumer.*

Keywords: *E-banking, ATM, Cheque*

Introduction:

The banking industry is expected to be a leading player in E-business. While the banks in developed countries are working primarily via Internet as non-branch banks, banks in the developing countries use the Internet as an information delivery tool to improve relationship with customers. In Asia, the major factor restricting growth of E-banking is security, in spite of several countries being well connected via Internet. Access to high-quality E-banking products is an issue as well. Majority of the banks in Asia are just offering basic services compared with those of developed countries. Still, E-banking seems to have a future in Asia.

E-Banking in India:

In this internet age, internet banking is the most preferred choice of banking for majority of customers. Be this customer be an individual or a body corporate. The financial products and services have become available over the Internet, which has thus become an important distribution channel for a number of banks. Banks boost technology investment spending strongly to address revenue, cost and competitiveness concerns. A study on the Internet users, conducted by

Internet and Mobile Association of India (IAMAI), found that about 23% of the online users prefer IB as the banking channel in India, second to ATM which is preferred by 53%. Out of the 6,365 Internet users sampled, 35% use online banking channels in India. This shows that a significant number of online users do not use IB, and hence there is a need to understand the reasons for not using it. Until the advent of ATMs, people were unaware and/or not directly affected by the technological revolutions happening in the banking sector. ATMs became the major revelation for customers, since it offered the facility to avoid long

queues in front of the cashiers in banks. It also provided them the flexibility of withdrawing money—anytime, anywhere. In the study by IAMAI, it was found that the people are not doing financial transactions on the banks, Internet sites in India because of reasons such as security concerns (43%), preference for face-to-face transactions (39%), lack of knowledge about transferring online (22%), lack of user friendliness (4%), or lack of the facility in the current bank (2%).

Cyber Expert Opinion:

As per word with Cyber Law Consultant, people do take the e-banking with let go attitude & casual approach that I am not vulnerable. Majority of cases are not reported to cyber cell & at the place of offence or jurisdiction. It is local police station will take help of cyber cell. In the financial year 2012-2013, India lost Rs.24,630 cr. Due to cyber crime (As per reports placed in Delhi high court). As per reports of NCRB (National Crimes Record Bureau) in August, 2014 in Pune itself 900 cases of cyber crimes were reported as per Times of India report.

Objective:

This paper looks forward,

- To address the issues related to e- banking in India.
- To understand consumer perception for using e-banking products.
- To address the concerns of consumer while using e-banking services of banks.
- To study awareness of consumers about precautions to be taken while using e-banking products.

Methodology:

While conducting research for the detailed study all the data contains secondary information already collected is mentioned at references.

Views on Topic: The world is currently experiencing a foremost change i.e. “the Information Technology (IT) Revolution.” The foundation stone of this revolution is the innovations and developments in Computing and Telecommunication Technologies. What the steam engine did for our muscles, the modern computer is doing for our brain to manage information/data. The computer has been facilitating the Engineers, Doctors, Educationalists, Researchers, Statistical Analysts and Bankers etc. to manage their valuable data/information and do complex calculations in easy, fast and reliable manner. The effect of IT on service sector is large as compared to others. All over the world, the banking sector being a service provider has been observing a big change in its working environment, polices, organizational structure, service delivery channels and deployment of new products. E-Banking is changing the ways of doing banking business with modern technologies and techniques. It is the replacement of traditional tools such as papers and pencils with the electronic systems. The introduction of Internet in the business has further enhanced the capacity and capability of overall banking system in terms of productivity, profitability, efficiency, quality of service and cost effective delivery of numerous products/services. Information regarding money, its storage in the computers in digital form and its movement anywhere in the world without considering physical boundaries is described as digital money and this whole process is Electronic Banking.

The study of consumer preference is really necessary in the fast growing economy. As far as banking institutions are concerned, with the evolution of technological advancement will help them to reduce the cost of service will help to generate profits. As K.C. Chakrabarty (Deputy Governor of RBI, during the National Conference on Financial Fraud organized by ASSOCHAM, New Delhi, 26 July 2013.) “There are serious causes of concerns revolving around e-banking services provided by banks. A closer examination of the reported fraud cases has revealed that around 65% of the total fraud cases reported by banks were technology related frauds (covering frauds committed through /at internet banking channel, ATMs and other alternate payment channels like credit/debit/prepaid cards) while the advances portfolio accounted for a major proportion (64%) of the total amount involved in frauds. The economic cost of frauds can be huge in terms of likely disruption in the working of the markets, financial institutions, and the payment system. Besides, frauds can have a potentially debilitating effect on confidence in the banking system and may damage the integrity and stability of the economy. It can bring down banks; undermine the central bank's supervisory role and even create social unrest, discontent and political upheavals. The vulnerability of banks to fraud has been heightened by technological advancements in recent times.” It also necessary to know what consumers expect from e-banking services provided by the banks. Concerns going around use of e-banking services in the minds of the consumers need to be addressed.

Review of related literature:

Sufyan Habib (2012): Internet banking has attracted the attention of banks, securities trading firms, brokerage houses, insurance companies, regulators and lawmakers in developing nations since the late 1990s. With the rapid and significant growth in electronic commerce, it is obvious that electronic (internet) banking and payments are likely to advance. Researches show that impact of internet banking on cost savings, revenue growth and increased customer satisfaction on Industry is tremendous and can be a potential tool for building a sound strategy. However, it has raised many public policy issues before the banking regulators and government agencies. Interestingly, reliable and systematic information on the scope of internet banking in Indian context is still not sufficient, particularly what it means to the consumers and the bankers.

Internet banking in India is only at its primitive stage dominated by the Indian private and foreign banks. The use of Internet banking is confined to a few consumer segments. The risks associated with internet banking are many, which the banks have to model using sophisticated systems and extensive use of technology. The legal framework as its exists requires an updating to streamline and handle the issues associated with Internet banking. The functional model can be used to prioritize perceptual variable concerning consumer behaviour so that value to the consumer can be maximized. The banks can focus on strategic consumer groups to maximize its revenues from internet banking. The experiences of the global economies suggest that banks cannot avoid the internet banking phenomenon, but to gain a competitive advantage, they must structure their business models to suit to Indian condition.

Champa Lalwaney, Vinit Upadhyay(Editor), (2014) : “E- banking is a facility under which the customer can perform basic banking transaction s electronically, round the clock, throughout the world.” Modern banking is more information based, speedy & boundary less. To facilitate e-banking, modern bankers need to have proper knowledge in IT, its uses & application.

Modern banking is virtual banking, where a customer can do the banking activities from anywhere in the world. An important feature of virtual banking is that banks do not need to open physical branches to provide banking services to customers. Practice of e-banking has undergone a significant transformation.

Conclusion: e- banking is going to be a way banking will be done. The consumer perception will be changing towards using of online banking. Banks are also working on making e-banking more secure & consumer friendly in order to encourage more consumers using this services. It will help banks to improve their profitability by reducing the cost of providing services. Concerns of Indian consumers while using e-banking is mainly risk of fraud associated with the e-banking. At that the same time it has been seen that majority of time, casual approach of the consumer while using e-banking services makes them more risk prone. E-banking will be leading banking of modern times.

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