

## **E-BANKING: THE ECONOMIC GROWTH THROUGH SKILL DEVELOPMENT**

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**Abstract :**Information Technology (IT) revolution has converted the world into a global village. The thinking, structure, work-culture and functioning style are changing rapidly. Information Technology has created tremendous job opportunities for the people around the globe, and has made the organisations efficient and productive. Banks are offering more and more tools, information and access to financial accounts to help customers achieve their financial goals. The present study is based on survey of perceptions of employees regarding e-banking services in central suburbs of Mumbai city. An attempt is made to determine the future of e-banks in our country. On the basis of the responses of 120 respondents, study concludes that the future of e-banks is bright but public sector banks have to modify their services and adopt e-banking system otherwise they will be out of the race in this emerging Information Technology scenario.

The present paper is divided into five parts which is as follows:

- 1.Introduction.
- 2.Objectives.
- 3.Research Methodology.
- 4.Findings.
- 5.Conclusion.

**Key words:**E-Banking , Skill Development , Information Technology (IT) .

### **INTRODUCTION**

Since the early 1980s, innovations in online banking have made it easier to people to manage their money. However, when the term “online banking” initially gained popularity in the late 1980s, it had a very different meaning than it does today. Originally, the phrase referred to the use of a terminal, keyboard and television or computer monitor to access one’s bank account using a landline telephone.

Online banking has become so widespread today that many banks only operate on the internet, effectively decreasing overhead costs to offer more competitive rates and enjoy higher profit margins .

In India most of the organisations have already deployed Information Technology (IT) to transform their processes. Indian Government is even practicing e-governance and offering single window solutions to the customers. Recent developments in Information Technology (IT) have introduced a large amount of opportunities for developments in banking industry too. Traditionally, payments were used to be made in cash, but now in the era of Information Technology, it is made through ATMs (Automated Teller Machine). Further, the e-banking efforts like Electronic Fund Transfers, Electronic Clearing Services, etc have been slowly making their appearance. Such recent developments in e-banking have introduced a large quantum of opportunities in banking industry too. But, In India, mostly of the Public Sector Banks are not using Information Technology at optimum level.

In the pre-1991 era, Indian banking system was suffering from number of internal and external factors. The financial and qualitative aspect was deteriorated. But in post-liberalisation banking sector reform era gained a momentum. Information Technology Act, 1991 further accelerated the strength of the Indian Banking System. But unfortunately, the biggest sector in Indian Banking i.e. public sector banks has

not gained as much as private sector banks. The gap is continuously increasing between the public sector banks and private sector banks and moreover, public sector banks are facing number of challenges regarding the use of e-delivery channels. Except some banks, others are unable to face the global challenges due to lack of use of advanced technology.

The present paper investigates the perceptions of e-bank employees and based on these perceptions, some suggestions are made for the survival of public sector banks and will provide an opportunity to the academicians, IT consultants, research scholars, practitioners and students to go through for further detailed studies in this area.

### **OBJECTIVES**

- 1.To know the perceptions of employees regarding the available e-banking services.
- 2.To suggest the economic policies/strategies to create awareness about e-channels.

### **RESEARCH METHODOLOGY**

The methodology adopted for this study was based on primary data collected through well-defined and well-structured questionnaires. The study is based on a sample of 120 employees working in e-channels. The survey was conducted in the second half of the year 2014 in central suburbs of Mumbai city i.e. Mulund, Bhandup, Vikhroli and Ghatkopar. A sample size of 120 bank employees has been taken due to shortage of time. The employees having experience in dealing with e-channels only were surveyed for the study.

Data is analysed with the help of percentage method; ranking and weighted average score (WAS) methods. The respondents were asked to respond on a five-pointlikert scale i.e. strongly agree, agree, undecided, disagree, strongly disagree regarding various statements. Weights of 2, 1, 0, -1, -2 were assigned to these levels of scale respectively for calculating the weighted average score. On the other hand for the purpose of ranking, the following step-by-step methodology has been followed:-

- 1.Firstly, in respect of some comparative issues, the number of times a factor occupied the 1st, 2nd ...Nth ranks were computed in terms of frequency.
- 2.Weights were assigned to each rank in the descending order. For example in collaborative culture aspect, there are three factors with three ranks, weightage pattern was as follows: 1st rank – 3, 2nd rank – 2 & 3rd Rank – 1.
- 3.The sum of the above given weights, for all the ranks, were calculated which is denoted in the tables as total score.
- 4.Overall ranks were assigned on the basis of total score values for each factor calculated in the above step.

### **FINDINGS OF THE STUDY**

#### **(A)Socio-Economic Background of the Respondents**

The socio-economic background of the employees affects their perceptions deeply about every aspect. The result in the table-I (a) & (b) reveals that out of 120 respondents, 32% are under the age of 26 years, 27% are between the age of 26 to 35 years where others are above the age of 36 years. 82% are male and 58% are having master degree as well qualified. 42% are working in banks for less than 3 years where 40% are working with the banks for more than 7 years. On the other hand, majority of the respondents i.e. 55% are at manager scale and only 17% are clerk

s.

**Table I (a): Socio-Economic Background of the Respondents**

Age			Annual Income			Educational Qualification		
Range	Responses	%age	Range (Lakhs)	Responses	%age	Range	Responses	%age
Less than 26	38	32	Less than 2	16	13	High School	6	5
26 to 35	32	27	2 to 4	50	42	Bachelor Degree	44	37
36 to 45	22	18	4 and above	54	45	Master Degree	70	58
Above 45	28	23	4			Doctorate Degree	0	0

Source: Computed from Data Collected through Survey

**Table I (b): Socio-Economic Background of the Respondents**

Job Duration			Category of Job		
Range (Years)	Responses	Percentage	Category	Responses	Percentage
Less than 3	50	42	Manager	66	55
3 to 4	12	10	Executives	34	28
5 to 6	10	3	Clerk	20	17
Above 6	48	40			

(B) Main findings regarding the perceptions of the employees

**Table II: Responses Regarding the Overall Performance of E-banks**

To Large Extent	To Some Extent	A Little	Very Little	Not At All
66 (55%)	38 (31.67)	12 (10%)	2 (1.67%)	2 (1.67%)

The above Table-II reveals that 55% of the respondents opine that overall performance of the e-channel using banks has been improved to large extent and 32% said that it is improved to some extent but only 2% are against the statement. Overall, the performance of the banks due to use of e-channels have been improved.

**Table III: Responses Regarding the Use of E-channels by the customers for availing bank services**

Percentage Range	Number of Responses	Percentage
100-90	10	8.33
91-80	8	6.67
81-70	32	26.67
Less than 70	70	58.33

The above Table-III shows that 58% of the respondents observed that less than 70% customers are using e-channels in India. Only 27% opines that 70 to 80% customers are using e-channels. Hence, it can be concluded that not more than 70% of customers in India are using these e-channels mainly due to high rate of illiteracy and lack of knowledge.

Table IV: Responses about increase in number of customers accessing E-channels

To Large Extent	To Some Extent	A Little	Very Little	Not At All
34 (28.33%)	56(46.67%)	26(21.67%)	4(3.33%)	0

From the above Table-IV, it is observed that 47% of the respondents experiencing increase in the number of customers using e-channels to some extent but 28% observed this increase to large extent. The main reason for slow growth of number of customers to use e-channels is the lack of their faith as frauds are increasing day by day.

Table V: Responses regarding preference of E-channels among different age groups

Age-Groups	Number of Responses	Percentage
15 to 25 years	26	21.67
26 to 35 years	84	70
36 to 45 years	8	6.67
Above 45 years	2	1.67

The above Table-V reveals that 70% of the respondents opine that most of the users of e-channels fall in the age group of 26 – 35 years which 22% are in favour of the users of age group of 15 – 25 years. Hence, it is observed that most of the users are of young age where these channels are still not much popular among the old age persons.

Table VI: Responses regarding switch over rate of bank customers from traditional banking to E-banking

Range	Number of Responses	Percentage
0 – 10	12	10
11 – 20	20	16.67
21 – 30	12	10
31 – 40	24	20
41 – 50	16	13.33
51 – 60	24	20
Above 60	12	10

Table-VI shows that 20% of the respondents opines that customers are shifting from traditional banks to e-banks at the rate in between 30 to 60%, whereas 10% observed the shifting at more than 60% rate. Overall, customer's switch over rate is below 50%, but still its alarming factor for the public sector banks to start e-services to maintain their market share.

Table VII: Responses regarding acceptance of E-channels in India (approx.)

Range	Number of Respondents	Percentage
0 – 10	12	10
11 – 20	22	18.33
21 – 30	12	10
31 – 40	14	11.67
41 – 50	28	23.33
51 – 60	20	16.67
Above 60	12	10

Table-VII exhibits that according to 23% of the respondents, rate of people accepting e-channels in India is 41-50% whereas 18% are in favour of rate between 11-20% but only 10% said the rate is above 60%. Hence, we may conclude that still not 50% of the people in India have accepted e-channels for dealing with banks.

**Table VIII: Responses for suggestions to retain old and attract new customers**

Factors	R-1	R-2	R-3	R-4	R-5	R-6	R-7	Total Score	Overall Rank
(i) Customers with longest bank relations should be awarded	34	14	12	26	20	6	8	566	2
(ii) Distribute free gifts	6	10	14	4	10	26	50	320	7
(iii) Make competitive strategies	20	30	10	6	16	22	16	502	3.5
(iv) Offer shares of the bank at lesser cost to old customers	10	12	12	10	18	36	22	390	6
(v) Provide loans at slightly lesser rate as compared to going on rates of interest	8	16	22	30	24	10	10	484	5
(vi) Provide services according to their requirements	30	30	18	20	10	8	4	610	1
(vii) Their suggestions should be considered	14	10	30	24	22	12	8	502	3.5

Form the above Table-VIII, it is observed that majority of the respondents awarded the strategy of provide customer services according to their requirements with first rank so is the most important and effective whereas the strategies such as award the customers with the longest relations with the bank, make competitive strategies are in succession.

**Table IX: Responses for strategies to motivate the customers to use more E-channels**

Statements	SA	A	UD	D	SDA	WAS
(i) More advertisement	52	62	2	4	0	1.35
(ii) More knowledge to customers regarding their use and how to operate	66	42	12	0	0	1.45
(iii) Eliminate the fear of insecurity	60	42	10	8	0	1.28
(iv) Eliminate the frauds	32	58	22	8	0	0.95
(v) Make the cost of services affordable	48	58	12	2	0	1.27
(vi) Launch attractive scheme	44	62	8	4	2	1.18
(vii) Easy availability with lesser formalities of e-channels	50	58	10	2	0	1.30
(viii) Provide e-channel services according to customer needs	50	60	8	2	0	1.31
(ix) Remove technical deficiencies	44	60	16	0	0	1.23
(x) Introduce more ATMs at convenient locations	64	46	10	0	0	1.45

Table-IX analyses some strategies to motivate the customers to use more e-channels. All the strategies such as eliminate fear of insecurity, introduce more ATMs at convenient locations, make the customers aware about use of e-channels etc are observed as significant as there Weighted Average Score (WAS) is above 1.

## CONCLUSION

The paper has tried to explain important factors that determine the future of e-banking services of the banks. As most of the employees are satisfied with the electronic ways of working even some problems are there they have to face. They opines that future of e-banking is bright and it will definitely help the banks to perform best in the global market if they try to utilise the IT to their best optimum. Today, almost all the banks are providing almost similar services, what differentiate others, is the way in which the services are delivered and the responsiveness of service provider. Hence, it becomes pertinent for the public sector banks those are not using technology, to opt technological advances to perform efficiently and to survive in the emerging competitive market scenario.

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