



## CHALLENGES ON E-BANKING SERVICES –PERCEPTIONS OF BANK CUSTOMERS OF GREATER HYDERABAD, TELANGANA STATE

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### ABSTRACT

*The investigator analysed the challenges faced by banking employees in adoption and implementation of e-banking services. The data was collected from the customers of two banks such as SBI and ICICI with a sample of 300 from each bank using simple random sampling technique. The reliability test was conducted to know the consistency of the questions. The Cranboach Alpha shows a significance of 0.7. The descriptive statistics such as minimum, maximum, mean, standard deviation was used and ranked the opinions of customers on challenges on e-banking services. The results shows that customers are satisfied on ATM, internet banking, mobile banking and credit card complaints/ grievance settlement of customers.*

### 1. Introduction

Information Technology (IT) has become an important apparatus in the present associations. Banks today work in a profoundly globalized, changed, privatized and a serious climate. IT has presented new business worldview. It is progressively assuming a huge part in improving the administrations in the financial business. Indian financial industry has seen an enormous advancement because of major developments that are occurring in the data innovation. Web Banking alludes to a framework permitting singular clients to perform banking exercises at off-bank locales like home, office and different areas through web based got networks. Web or internet banking through conventional banks empower clients to play out every single routine exchange, for example, account moves, balance requests, charge installments and stop-installment solicitations, and some much offer online advance and Visa applications. Web banking is an online assistance that empowers the banks approved clients to get to their record data. It allows the clients to sign on to the banks site with the assistance of bank's given ID and individual ID number (PIN). The financial framework confirms the client and gives admittance to the mentioned administrations, the scope of items and administration offered by each bank on the web contrasts generally in their substance. The financial business can solve two problems at once that are with assistance of innovation. Enormous advancement occurred in the field of innovation which has decreased the world to a worldwide town and it has acquired surprising changes the financial business.

Web Banking has become a fundamental piece of banking framework in India. The idea of e-banking is of recent origin in India. Till the mid 90's customary model of banking for example branch based banking was common, however after that non-branch banking

administrations were begun. The credit of dispatching web banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with web banking services in 1999. The Government of India ordered the IT Act, 2000 with effect from October 17, 2000 which gave legal permission to electronic transactions and different methods for electronic trade. The Reserve Bank is observing and looking into the lawful and different prerequisites of e-banking money consistently to guarantee that e-banking would create on sound lines and e-banking related difficulties would not represent a danger to financial standards.

To adapt to the pressing factor of developing rivalry, Indian commercial banks have received a few activities and e-banking is one of them. The opposition has been particularly extreme for the public area banks, as the recently settled private area and unfamiliar banks are pioneers in the reception of e-banking.

**Challenges in E-Banking Services:** Once a time, the customers need to spend three to four hours to go for bank transactions now and again cost of transaction was more than that of cash deposit or withdrawal. E-banking permits customers to go through with monetary exchange on a protected website. In present days the User Friendly Technology is getting more mainstream among customers, the majority of the banks are providing e-banking services. Today, a large portion of the customers are progressively utilizing the mechanical financial offices accessible in financial area. As such, it decreases cost and saves time. From the customers keen interest towards technological banking gives an advantageous and compelling approach to oversee account that is effectively open at 24 hours every day in 7 days per week. Even though, the internet banking has certain issues like absence of information to work the innovation, set-up cost, lawful issues, absence of relationship among banker and customer, safety and protection issues.

For certain customers the User Friendly Technology truly improves on their way of life, while for other people, it is a lot of threatening and complex. Hence, in this unique circumstance, it is important to examine the views of customers' challenges towards User Friendly Technology. Before that one should know what the challenges in e-banking services are. The following are some of the e-banking challenges faced by the customers while going through online channels.

E-banking in India has created lot of fresh challenges for bank management and authorities, which originate from increased potential for cross border transactions and lack of adequate cross border supervision. Given the importance of the SMEs in India, there is a strongly felt need to mainstream this segment towards e-banking. The opportunities are concerns and challenges exerted by the banks as well as the customers' with regard to the uptake and use of E-banking.

The researcher presented some of the challenges faced by the customers while using online banking services in public and private sector banks. The possible challenges

encountered by the customers are enumerated in this paper. They are: security concern, unaware of e-banking services provided by the banks, privacy of customer's information, customers prefer traditional banking than e-banking, banks provide few e-banking services, high fees on use of e-banking services, websites are not running properly all the times, restricted access to all financial information, no regularity in providing updated technology, freezing of web pages, etc.

**Objectives:** The main objective of the present study is to analyse the challenges faced by banking employees in adoption and implementation of e-banking services.

**Hypotheses:** There is no significant difference in the challenges faced by bank employees in adoption and implementation of e-banking services.

**Scope of the study:** The study is restricted to know the challenges in adoption of technology and e-banking service quality of select banks in public and private sector banks. The study is limited to the greater Hyderabad of Telangana State in India.

## 2. Literature Review

Saviour Lusaya and Bornwell Kalumba (2018)<sup>1</sup> concluded that making information available would increase the number of customers using e-banking. The researcher therefore recommended that Banks embark on information dissemination on the use of e-banking, benefits and cost of e-banking and that though security did not significantly affect e-banking usage, the bank should guarantee security of the accounts. Kundu, S. and Datta, S. K. (2015)<sup>2</sup> found that there is a significant relationship among e-service quality, trust and customer satisfaction. Internet banking service quality has vast impact on trust. They also found that in case of internet banking privacy and fulfillment are the main factors of service quality which have influence on trust. In addition, banks should be more alarmed about the privacy of individual transaction of the customers. Sultan Singh and Deepak Kumar Sharma (2014)<sup>3</sup> found that customers faced difficulties due to lack of knowledge, lack of proper training, outdated technology, technical bottlenecks, frustration in getting work done electronically, reduced personal efficiency and strain due to internet banking as compared to visits in banks personally and suggested that banks should develop advanced applications or softwares which are user friendly and compatible with every electronic gadget and easy to

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<sup>1</sup> Saviour Lusaya and Bornwell Kalumba (2018), "The Challenges of Adopting the Use of E-Banking to the Customers: The Case of Kasama District Banking Customers", Scholar Journal of Applied Sciences and Research, Vol.1(2), pp.26-31.

<sup>2</sup> Kundu, S. and Datta, S. K. (2015), "Impact of trust on the relationship of e-service quality and customer satisfaction". Euro-Med Journal of Business, Vol.10(1), pp.21-46

<sup>3</sup> Sultan Singh and Deepak Kumar Sharma (2014), "Analysis of Problems Faced by Customers during Use of Internet Banking", International Journal of 360o Management Review, Vol. 02, Iss: 01, pp.1-11.

learn by the customers. Haq and Khan (2013)<sup>4</sup> examined Indian Banking sector problems and prospects. The study found that after analyzing the characteristics of the population only twenty-eight per cent of banking customers used internet banking. There was no major association between age and cyber banking use, it found. It noticed that qualification plays the role in accepting online banking in terms of education and the respondents' profits. The survey indicated that it is time needed that users' financial knowledge must be improved through various plans that banks should run to raise online banking awareness. According to Lee (2009)<sup>5</sup>, the perceived risks in terms of security or privacy risk is the greatest obstacle to E-banking adoption. The other additional cons of e-banking include risks and complexity.

### 3. Methodology

The study is mainly based on primary and secondary sources of data. The data is based on the perceptions and challenges on E-banking services provided by SBI and ICICI bank customers. Questionnaire method was used to collect the data from 600 respondents of two banks applying likert scale five-point scale. The sample consists of 300 customers from both the banks. The reliability value is greater than 0.7, hence there is consistency and validity in the respondents perceptions. The important statistical tools are used for the analysis of results are frequency, percentages, means, standard deviation.

### 4. Data Analysis and Interpretation

Table 1 describes the minimum, maximum, mean and standard deviations of challenges, such as frequency of complaints, level of problems resolved, reliability of e-banking services, levels of satisfaction on complaint/grievances settlement and overall satisfaction faced by the customers regarding e-banking services.

**Table 1: Challenges on E-banking Services**

	N	Min.	Max.	Mean	S.D.	Rank
<b>1. Frequency of complaints</b>						
(a) ATM	600	1	5	2.80	0.995	1
(b) Internet Banking	600	1	5	2.70	0.929	2
(c) Mobile Banking	600	1	5	2.41	1.108	3
(d) Credit Cards	600	1	5	2.36	1.134	4
Total:				10.67	4.166	
Average:				2.66	1.041	

<sup>4</sup> Shamsul Haq and Bilal Mustafa Khan (2013), "E-Banking Challenges and Opportunities in the Indian Banking Sector", Innovative Journal of Business And Management, Vol.2(4), pp.56-59.

<sup>5</sup> Lee MC (2009), "Factors influencing the adoption of internet banking: an integration of TAM and TPB with perceived risk and perceived benefit". Electronic Commerce Research and Applications. Vol.8, pp.130-141.

<b>2. Problems Resolved</b>						
(e) ATM	600	1	5	2.94	0.711	2
(f) Internet Banking	600	1	5	2.96	0.618	1
(g) Mobile Banking	600	1	5	2.66	0.890	3
(h) Credit Cards	600	1	5	2.55	0.939	4
Total:				11.11	3.158	
Average:				2.77	0.789	
<b>3. Reliability on E-Banking Services</b>						
(a) ATM	600	1	5	2.49	0.517	1
(b) Internet Banking	600	1	5	2.49	0.526	1
(c) Mobile Banking	600	1	5	2.01	0.551	2
(d) Credit Cards	600	1	5	1.99	0.540	3
Total:				8.98	2.134	
Average:				2.24	0.533	
<b>4. Level of Satisfaction on Complaint/Grievances Settlement</b>						
(a) ATM	600	1	5	3.96	0.631	2
(b) Internet Banking	600	1	5	4.04	0.518	1
(c) Mobile Banking	600	1	5	3.44	0.821	3
(d) Credit Cards	600	1	5	3.22	0.882	4
Total:				14.66	2.852	
Average:				3.66	0.713	
<b>5. Overall Satisfaction</b>						
(a) ATM	600	1	5	4.35	0.719	2
(b) Internet Banking	600	1	5	4.42	0.560	1
(c) Mobile Banking	600	1	5	3.77	0.706	3
(d) Credit Cards	600	1	5	3.64	0.736	4
Total:				16.18	2.721	
Average:				4.04	0.680	

Source: Field data

With regard to e-banking service complaints, the customers frequently complaint on ATM services and its mean is 2.80 and ranked it 1, with mean complaint rating (2.70) the internet banking placed at second rank, mobile banking placed in third rank with 2.41 as its mean, the credit card mean complaint rating is 2.36 and the customers placed it in 4<sup>th</sup> rank. According to customers opinions the internet banking problems is resolved and placed it in first rank and the mean value is 2.96, the ATM problems are placed in 2<sup>nd</sup> place with 2.94 mean value, mobile banking problems placed in third rank and its mean value is 2.66 and the least preference is credit card with a mean value of 2.55 and placed it in fourth rank. The customers reliability on both e-banking services such ATM and internet banking they placed it in first rank with 2.49 as a mean value. With 2.01 mean value the mobile banking is placed it in 2 rank and credit card is placed in third rank with 1.99 mean value. The customers, with regard to level of satisfaction on complaint/grievances settlement, placed the internet bank in first place with mean value 4.04. The ATM services placed in 2<sup>nd</sup> rank and the value is 3.96. The mobile banking and credit cards placed in 3<sup>rd</sup> and 4<sup>th</sup> place with 3.44 and 3.22 as their mean value. On overall satisfaction, the customers placed the internet banking in first rank with 4.42 mean and the ATM services mean value is 4.35 and 2<sup>nd</sup> place. The overall satisfaction of mobile banking is in third rank and credit card rank is 4<sup>th</sup> with 3.77 and 3.64 as their mean scores.

## 5. Findings and Conclusions

The possible challenges encountered by the customers are enumerated in this chapter. The security concerns are the most discouraging factor in using e-banking services. Many customers are not aware of e-banking services provided by the banks. It is implicit that majority of the customers disagreed about privacy of customers' information. They prefer e-banking services not traditional banking services. The customers are not accepted regarding most banks provides few e-banking services and some have not yet adopted the e-banking services. The customers' opinions' shows that the banks are not charging any high fee on the use of e-banking services. According to customers opinion, it is understood that the bank's site running properly all the times. It is understood from the study that the bank's site has not restricted access to the financial information. The banks are providing updated technology regularly for e-banking services. The web pages do not freeze the information after put in all information by the customers. The security concern is the most discouraging factor to customers' reasons on adoption of e-banking services.

In this study, it is observed that the customers have complaint against ATM services and internet banking services 'sometimes', on mobile banking and complaints against credit cards are 'rarely'. The customers expressed that the ATM problems, internet problems are solved at branch office, mobile banking problems and credit card problems are solved at regional office. The customers' reliability on e-banking services (ATM) and internet banking is tremendous, whereas the customers' opinion on mobile banking and credit card is reliable. The observations of the present study illustrates that most of the customers are satisfied on





ATM, internet banking, mobile banking and credit card complaints/ grievance settlement of customers.

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