



An Empirical Evaluation of Fintech Startups and Indian Bank Customer's Perception of E-Banking Services

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Abstract

Purpose: The Purpose of this paper is to examine the customers' perception regarding use of e-banking services. **Design/Methodology/Approach:** Exploratory research design was used in the study. Data collection has been done through structured questionnaire and purposive sampling was used in the study. Sample size of the data was taken 100 persons who are using e-banking services. Data analysis was done through SPSS and one way ANOVA, frequency table, and dichotomy analysis were used in the study. **Findings:** It is found that the security issue problem faced by different age group persons while using e-banking services and problem faced by public and private bank customers are same while using e-banking services. The study suggests that banks should work on the security issue which is faced by every age group person and the issues regarding OTP should be considered so that more and more people can adopt the e-banking services. **Originality:** This study is one of its kind that has considered the issue related to public and private banks customers together and has revealed that the OTP and security concern is on priority while considering the e banking transactions.

Keywords: E-banking, Customers' Perception, Problem, Age, Public Bank, Private Bank

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Introduction

E-banking has become the buzz word now a days. It plays a major role in an individual's life. For the first time e-banking came in the UK and the USA in the year 1920's. Information and Communication Technology (ICT) came in India in the year 1980 with the recommendation of the Rangarajan Committee in banking industry. This amendment in India totally changed the way of the functioning of all banks and financial institutions. The Government of India enacted The Information Technology Act, 2000 with effect from October 17, 2000, which provided legal recognition of transactions through electronic means. In India, several initiatives have been taken by the Reserve Bank of India and Government of India to improve and develop the banking services. Technology has generally improved the quality of services, especially when it comes to e-banking services. The evolution of in ICT in banking sector had been done in five phases. First phase of development of the banks were related to the automation of the accounting process and the functions of the banks like calculation of interest, maintaining ledger and accounting process. Second phase of the development took place in year 1980 when the office works in the banks were automated. This phase in the automation helped in reduction of the processing time. Third phase opens the new generation private sector banks. These banks have the advantage of opening the new branches under the computerized environment. Fourth phase of the development was related to the centralized operation of the banks through which the customers use the mobile banking, internet banking, ATM and phone banking.

Fifth phase of the development was interbank connectivity. This development provides the facility of inter branch transaction with RTGS (Real Time Gross Settlement System). E-banking service is defined as an exchange of information between the customer and the provider of the service to do a face to face transaction. E-banking enables 24*7 hours service which enables business anytime and anywhere. In India increased use of internet makes more customers of using e-banking services.

Review of Literature

(Pathak and Mishra) found that customers are getting awareness about e banking or M- banking through advertisements. He has also examined that age group of 18-25 years are taking more interest in m-banking in comparison to others and banks should do more work on creating awareness about M- banking.

(Hammoud et al.) examined that customer satisfaction can be measured or considered as reliable by taking service quality as variable and there was a positive relationship between service quality of e-banking & customer satisfaction with e-banking.

(Lavuri) studied the customers' perception of public and private sector banks towards e-banking services and has concluded that there is no difference between the perception of the customers of public and private banks.

(Rajput) studied the perception of customers towards e-banking services in the Gwalior and examined that 45% of people are having positive perception and they are satisfied with the e-banking services and the people of this area are still not much aware about the e-banking services and they were feeling hesitation while using e-banking services.

(Reddy and Reddy) examined that overall level of customers satisfaction was quite satisfactory as people who are using E-banking services have provided positive responses, but there is a need to improve banking facilities more to aware the public about the usage of technology.

(Singh and Sharma) observed that e-banking has been a growing sector but customers are facing lots of problems as compared to manual banking. They further observed that customers are having lack of confidence while using e-banking services as they

are not trained properly and also they are not tech savvy moreover they are not knowledgeable enough to use e-banking properly.

(Driga and Isac) says that due to the emergence of a knowledge-based economy and society as information and communication technology advanced, banking services have undergone many changes and adopted e-banking. This results in fewer visits at branch and customers are more relying on internet and mobile banking as these are more convenient option for them.

(Omar et al.) examined that customers do not trust on ATM machines because of fraud, robbery which are done frequently in the world. Mostly customers were also unaware about the e-banking services. It has been observed that to attract customers these factors play a major role i.e. reliability, convenience, speed, safety & security.

(Ahmad and Al-Zu'bi) states that the adoption of e-banking (accessibility, convenience, security, privacy, content, design, speed, fees and charges) had a positive effect on Jordanian Commercial Bank customers' satisfaction, loyalty, and positive WOM.

(Adapa) concludes that traditional mode of delivery of products and services by banks are outdated due to technological innovation, advent of internet, globalization and changing regulations of trade. So to cope up with their situation banks are adopting a new phenomenon called e-Banking in which delivery of banking services is channelized through Internet.

(Ali and Bharadwaj), states the factors, which have attracted consumers towards e-banking are accessibility, convenience and cost. But there are also some points where banks have to work hard to attract more customers like security and awareness of its services to the end users. If banks address these issues properly, then surely, we will see a robust growth in the number of online customers.

(Nyangosi et al.) states that e-banking, a changed scenario of banking sector provides an alternative for faster delivery of services worldwide to customers. Their study concludes that customers in both the countries have developed positive attitude towards emergence of e-banking.

(Mia et al.) states that e-banking is the latest outcome of e-business that is going on worldwide. Banking sector is now adopting the change so as to be in the race of globalisation.

(Sohail and Shanmugham) examined the current trends of e-commerce revolution that are going on in the Malaysian banking sector. Analysis further reveals that accessibility of Internet, awareness of e-banking, and customers' reluctance to change are the factors that significantly affected the usage of e-banking in Malaysia.

(Alkhazaleh and Haddad) designed a new business model for the banking industry, analyzing factors through literature, meta-synthesis, and the Delphi technique.

Objectives

1. To find out the problems faced by the different age customers during the usage of e-banking services and to suggest ways to improve the e-banking services.
2. To find out the problem faced by public sector banks and private sector banks customers while using e-banking services.

Hypothesis

1. H_{01} : There is no significant difference among the problem faced by the customers of different age groups in usage of e-banking services.
2. H_{02} : There is no significant difference between the problem faced by the customers of public sector bank and private sector bank while using e-banking services.

Research Methodology

1. **Sample Size:** A sample size of 100 was taken from Haridwar district of Uttarakhand for the sample of the study.
2. **Sampling Technique:** Purposive sampling was used in this study as the researchers collect the data from those respondents who are the customers of the private and public bank and they also use the e-banking services.
3. **Research Design:** Exploratory research design was used to find out the problems faced by the different age group customers during the usage of e-banking services and also find out the problem faced by public sector banks and private sector banks customers while using e-banking services.
4. **Data Collection:** Data collection was done through structured Questionnaire. 100 questionnaires were distributed and out of

which 91 questionnaires were get return and only 83 were considered for the study and other questionnaires were rejected.

5. **Tools for Data Analysis:** Data analysis was done through SPSS and tools were used in the study were frequency table, dichotomy analysis, and one way ANOVA.

Data Analysis and Interpretation

Table 1 Gender of the Respondents

Valid	N	Percent	Valid Percent	Cumulative Percent
Male	37	44.6	44.6	44.6
Female	46	55.4	55.4	100.0
Total	83	100.0	100.0	

Interpretation: Table 1 shows that 44.6% are male respondents and 55.4% are female respondents in the data.

Table 2 Age of the Respondents

Valid	N	Percent	Valid Percent	Cumulative Percent
Below 20	9	10.8	10.8	10.8
20-40	45	54.2	54.2	65.1
40-60	25	30.1	30.1	95.2
More than 60	4	4.8	4.8	100.0
Total	83	100.0	100.0	

Interpretation: Table 2 shows that 10.8% respondents are having age below 20 and 54.2% respondents are having age between 20-40 years and 30.1% respondents are having age between 40-60 years and 4.8% respondents are having above 60 age.

Table 3 Educational Qualifications

Valid	N	Percent	Valid Percent	Cumulative Percent
Doctorate	10	12.0	12.0	12.0
Graduate	36	43.4	43.4	55.4
Post Graduate	36	43.4	43.4	98.8
Illiterate	1	1.2	1.2	100.0
Total	83	100.0	100.0	

Table 4 Monthly Income of the Respondents

Valid	N	Percent	Valid Percent	Cumulative Percent
Below 10000	17	20.5	20.5	20.5
10000-20000	19	22.9	22.9	43.4
20000-30000	24	28.9	28.9	72.3
More than 30000	23	27.7	27.7	100.0
Total	83	100.0	100.0	

Interpretation: In the table 4 shows that 20.5% respondents are having below 10000 income and 22.9% respondents are having income between 10000-20000 and 28.9% respondents are having income between 20000-30000 and 27.7% respondents are having income more than 30000.

Table 5 Type of Bank

Valid	N	Percent	Valid Percent	Cumulative Percent
Public	62	74.7	74.7	74.7
Private	21	25.3	25.3	100.0
Total	83	100.0	100.0	

Interpretation: Table 5 shows that 74.7% respondents are from public bank and 25.3% respondents are from private bank.

Table 6 Type of Account

Valid	N	Percent	Valid Percent	Cumulative Percent
Saving	74	89.2	89.2	89.2
Current	9	10.8	10.8	100.0
Total	83	100.0	100.0	

Interpretation: Table 6 shows that 89.2% respondents are having saving account and 10.8% customers are having current account.

Table 7 Awareness of e-Banking Services?

Valid	N	Percent	Valid Percent	Cumulative Percent
Yes	83	100.0	100.0	100.0

Interpretation: All the respondents of this data are aware about e-banking services.

Table 8 How often do you use e-Banking Service

Valid	N	Percent	Valid Percent	Cumulative Percent
Daily	14	16.9	16.9	16.9
Weekly	30	36.1	36.1	53.0
Monthly	33	39.8	39.8	92.8
Yearly	6	7.2	7.2	100.0
Total	83	100.0	100.0	

Interpretation: Table 8 shows the data which shows how often the respondents use the e-banking services. 16.9% of the respondents use e-banking services on daily basis whereas 36.1% respondents are using e-banking services on weekly basis and 39.8% respondents are using e-banking services on monthly basis and 7.2% respondents are using e-banking services on yearly basis.

Table 9 Mode of e-Banking Facility do you use

Mode of e-banking facility ^a	Responses		Percent of Cases
	N	Percent	
ATM and Debit card services	70	57.9%	84.3%
Online Banking	45	37.2%	54.2%
Telephone Banking	6	5.0%	7.2%
Total	121	100.0%	145.8%

a. Dichotomy group tabulated at value 1.

Interpretation: Table 9 data shows that 57.9% respondents use ATM and Debit Card facility and 37.2% respondents shows that they are using online banking services and 5% respondents are using telephone banking services.

Table 10 Is e-Banking Services Easy to use

Valid	N	Percent	Valid Percent	Cumulative Percent
Yes	77	92.8	92.8	92.8
No	6	7.2	7.2	100.0
Total	83	100.0	100.0	

Interpretation: Table 10 shows that 92% respondent says that e-banking services are easy to use and 7.2% respondents are said that e-banking services are not easy to use.

Table 11 Charges for using e-Banking Services

Valid	N	Percent	Valid Percent	Cumulative Percent
Low	34	41.0	41.0	41.0
Moderate	48	57.8	57.8	98.8
High	1	1.2	1.2	100.0
Total	83	100.0	100.0	

Interpretation: Table 11 shows that 41% respondents says that charges of using e-banking services are low and 57.8% respondents says moderate and 1.2% respondents says that high.

Table 12 Frequently used Financial Transaction

Financial transaction do you use	Response		Percent of Cases
	N	Percent	
Online Shopping	50	31.8	60.2
Bills payment	56	35.7%	67.5%
Funds transfer	34	21.7%	41.0%
RTGS	15	9.6%	18.1%
If any other, specify	2	1.3%	2.4%
Total	157	100.0%	189.2%

Table 13 e-Banking Fulfillment

Valid	N	Percent	Valid Percent	Cumulative Percent
Yes	69	83.1	83.1	83.1
No	14	16.9	16.9	100.0
Total	83	100.0	100.0	

Interpretation Table 13 shows that 83.1% of respondents say that e-banking services are fulfilling their banking needs.

Table 14 Problems Faced by Users

Problem faced by users	Responses		Percent of Cases
	N	Percent	
Connectivity issue	54	38.0%	65.0%
Time consuming	12	8.5%	14.5%
High banking charges	5	3.5%	6.0%
Possibility of fraud	22	15.5%	26.5%
Security issue	38	26.8%	45.8%
Website crash	9	6.3%	10.8%
If any other specify	2	1.4%	2.4%
Total	142	100.0%	171.1%

a. Dichotomy group tabulated at value 1.

Interpretation: Table 14 shows that 38% respondents said that they are facing connectivity issue while using e-banking services and 8.5% respondents are said that e-banking service is time consuming and 3.5% respondents said that e-banking charges are very high and 15.5% respondents are said that possibility of fraud are there while using e-banking services and 26.8% respondents are said that security is a issue while using e-banking service and 6.3% respondents said that they are facing website crashing issue and 1.4% respondents are said that they are having other than the above issue in which OTP is the major issue.

H_{01} : There is no significant difference among the problem faced by the customers of different age group in e-banking.

Table 15 ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Connectivity issue					
Between Groups	.277	3	.092	.393	.758
Within Groups	18.590	79	.235		
Total	18.867	82			
Time consuming					
Between Groups	.431	3	.144	1.153	.333
Within Groups	9.834	79	.124		
Total	10.265	82			
High banking charges					
Between Groups	.272	3	.091	1.619	.192
Within Groups	4.427	79	.056		
Total	4.699	82			
Possibility of fraud					
Between Groups	1.035	3	.345	1.802	.154
Within Groups	15.133	79	.192		
Total	16.169	82			

Security issue					
Between Groups	2.696	3	.899	3.964	.011
Within Groups	17.907	79	.227		
Total	20.602	82			
Website crash					
Between Groups	.051	3	.017	.168	.918
Within Groups	7.973	79	.101		
Total	8.024	82			

Interpretation: From Table 15 it is showed that the security issue faced by the different age group persons as the significance value is less than 0.05 which shows that there a significant difference between the problem faced by different age group persons while using e-banking services.

H₀₂: There is no significant difference between the problem faced by the customers of public sector bank and private sector bank while using e-banking services.

Table 16 ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Connectivity issue					
Between Groups	.452	1	.452	1.988	.162
Within Groups	18.416	81	.227		
Total	18.867	82			
Time consuming					
Between Groups	.246	1	.246	1.988	.162
Within Groups	10.019	81	.124		
Total	10.265	82			
High banking charges					
Between Groups	.004	1	.004	.077	.782
Within Groups	4.694	81	.058		
Total	4.699	82			

Possibility of fraud					
Between Groups	.156	1	.156	.791	.376
Within Groups	16.012	81	.198		
Total	16.169	82			
Security issue					
Between Groups	.363	1	.363	1.452	.232
Within Groups	20.240	81	.250		
Total	20.602	82			
Website crash					
Between Groups	.104	1	.104	1.063	.306
Within Groups	7.920	81	.098		
Total	8.024	82			

Interpretation: Table 16 shows that there is no significant difference between the problems faced by public and private bank customers while using e-banking services. Data shows all the values of the significance greater than 0.05.

Conclusion

This paper has focused on the problem faced by the customers while using e-banking services. The study finds the problem faced by the different age group persons and different bank users. It is observed that the customers of different age group face the security issue and it is also seen that there is no difference has been seen in the problem faced by the customers of the private bank and public banks. Some respondents said that there is an issue of OTP while using e-banking service. The bank should work on the security issue which is faced by every age group persons and the issues regarding OPT is also been considered so that more and more people can adopt the e-banking services.

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