



“A Study On Challenges Of Electronic Banking In Today’s Age”

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ABSTRACT

Electronic banking, also known as e-banking, has transformed the landscape of financial services, offering convenience and accessibility to consumers worldwide. However, its widespread adoption has brought forth a myriad of challenges that financial institutions, regulators, and consumers must address. This study examines the key challenges facing electronic banking in today's age.

Keywords:

Electronic banking,

online banking,

cybersecurity,

Data privacy,

Fintech,

Mobile Banking, payments system.

1. Introduction

Online banking, also known as internet banking, virtual banking, web banking or home banking, is a system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website or mobile app. Since the early 2000s this has become the most common way that customers access their bank accounts. The online banking system will typically connect to or be part of the core banking system operated by a bank to provide customers access to banking services in addition to or in place of historic branch banking. Online banking significantly reduces the banks' operating cost by reducing reliance on a branch network and offers convenience to some customers by lessening the need to visit a branch bank as well as being able to perform banking transactions even when branches are closed.

Concept-

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2. Literature Review

Kumar (2006) another path-breaking innovation in the banking sector in recent times is the emergence of internet banking customer can access his account anywhere even from the comfort of his computer in the house with the added benefit of funds transfer facility. Internet banking is estimated to be even more cost effective for banks as compares to ATMs. Internet banking also provides the customers with value added services like payment of insurance premiums, payment of utility bills, booking of railway tickets etc.

RBI (2001) with the popularity of PCs, easy access to internet & World Wide Web banks increasingly use internet as a channel for receiving instructions and delivering their products and services to their customers. This form of banking generally referred to as internet banking, although the range of products and services offered by banks vary widely both in their content and sophistication.

Radakrishna et.al. (2007) BNM defines internet banking as banking products & services offered by banking institutions on the Internet through access devices, including personal computers & other intelligent devices

Avasthi & Sharma (2000-01) have analyzed in their study that advances in technology are set to change the face of banking business. Technology has transformed the delivery channels by banks in retail banking. It has also impacted the markets of banks. The study also explored the challenges that banking industry and its regulator face.

B. Janki (2002) analyzed that how technology is affecting the employee's productivity. There is no doubt in India; particularly public sector banks will need to use technology to improve operating efficiency and customer services. The focus on technology will increase like never before to add value to customer services, develop new products, strengthen risk management. To sum up the literature review indicates that worldwide the importance of e-banking is emphasized and use of the technology lead to increase the productivity. The emergence of internet banking has made easy access to the customers at large

A.J.Joshua, Moli P Koshy (2011), in this study majority of the respondents have computer and internet access and they are also mostly proficient in using them. The users of internet banking, tele banking and mobile banking are in general found to be spending more hours using computers and internet than non-users of these services. The hours of computer usage, the frequency of internet usage and hours of internet browsing were found to be significantly higher among users as compared to non-users of technology enabled banking self service. It concludes that banks can target those customers whose usage of computers, internet and other technology products are relatively on the higher side.

Trivedi & Patel (2013) analysed the problems faced by customers while using ebanking facilities in India. It observed that most of the customers know about the ebanking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using e-banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using ebanking services.

Gupta & Mishra (2012) examined the new emerging trends of E-banking in Indian banking industry. The study found that there are many challenges faced by banks in E-banking and there are many opportunities available with the banks. It concluded that banking sector will need to master a new business model by building management and customer services. It also suggested that banks should contribute intensive efforts to render better services to their customers.

Chavan (2013) described the benefits and challenges of Internet banking in an emerging economy. It observed that online banking is now replacing the traditional banking practice. It showed that online banking has a lot of benefits which add value to customers satisfaction in terms of better quality of service offerings

and at the same time enable the banks gain advantage over the competitors. It also discussed some challenges in an emerging economy.

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Rahman et al, (2017) with the objective to examine the current scenario, prospects and problem of online banking (Dutch-Bangla Bank Limited) in Bangladesh. Data was collected by conducting interviews. There were 11 questions in the interview and 100 interview were conducted from the registered clients of the bank. It was concluded that customers of the bank had not enough knowledge about the e-banking services.

Alikhani and Zare (2018) in which the issues and challenges of electronic banking rules are highlighted. In the research, legal challenges are examined for the development of electronic banking systems so that solution of those issues can be suggested. It was concluded that, the rules for the customer protection were incomplete in terms of electronic banking and on the same time, there was no clear judicial procedure thereof.

Phuong Nam (2014) conducted research on the implementation process of electronic banking services in Vietnam. There were two objectives in the study: 1) to uncover the reasons and stimuli for the implementation of electronic banking services; 2) to investigate the implementation process and highlight the challenges faced during the process. It was concluded that the expansion of market and the satisfaction of customers were the major motivations behind the implementation of the electronic banking; and the major challenge was the lack of knowledge (regarding the electronic banking) among customer and their unwillingness.

AmeenaFarooqui and P. Rajani (2017) conducted as research with the objective of examining progress of Indian banks in the context of internet banking. On the same time, challenges faced by Indian banks were also highlighted. The internet banking users increase from 193204330 (in 2013) to 462124989 (in 2016); which indicated that there was successful implementation of internet banking in Indian banks. Highlighted factors were; i.e. security risk, trust factor, customer awareness, privacy risk, strengthening the public support, availability of personnel services, competition, implementation of global technology etc.

Hussain et al. (2017) indicated internet accessibility in banking sector as a reason for customer reluctance to access their bank accounts online in Pakistan. Because unavailability of cyber security, customers` trust is significantly affected by the use of electronic banking. Furthermore, authors highlighted the issues of electronic i.e. technological issues, ATM link network issues, security issues, non-technical personnel.

Al-Weshah (2013) concluded that internet banking provides many available opportunities to bank improvement such as easy and quick banking services, cheap communication tools with customers, new banking products and services to bank customers, and effective control about banking system errors. On the other hand, internet banking encounters many potential challenges in bank improvement such as lack of customers' trust and safety, lack of employees' participation in banking industry improvement, and lack of relevant employees' skills and capabilities in internet applications due to lack of effective training for bank employees.

Ashoka and Vinay M.L (2016) conducted survey in Mysore District reveal that the corresponding percentage in respect of rural customer is only 60 percentage with the total sample size of 179 the percentage for E- Banking in the aggregate group counts for 80 percentage the main reason for non-patronization of E – Banking is illiteracy and fear of losing money when E – Banking is practiced .

Kumbhar, Vijay (2011)“The association between demographic characteristics and the satisfaction of

customers for internet banking was investigated “moreover, association between service quality and customer`s satisfaction was also investigated he also investigate the relationship between service quality and customers' satisfaction as well as satisfaction in internet banking service provided by the public sector bank and private sector banks. The study found out that overall satisfaction of employees, businessmen and professionals are higher in internet banking service. Also it was found that there is significant difference in the customers' perception in internet banking services provided by the public and privates sector banks.

Nath Ravi & Schrick Paul (2001), In every business, the way the business is conducted is being transformed by e-commerce. Outdated business models are replaced by the new ones. On the same time, organization are pondering over the modification of strategies of customer relationship management and business process design. Banks are not compromising on this transformation. In the present research, views of bankers are examined on the provision of banking services via website. Results of the research indicated that internet banking in its infancy age and its offered by less number of banks; total internet banking benefits are remaining to be realized by number of banks for its implementation.

Pooja Malhotra and Balwinder Singh (2009), briefly indicated the present condition of internet banking in India. This research was conducted to look for the relationship between internet banking adoption and performance of bank and the risk. It has been indicated by the research that, internet banking has the significant and negative association with the risk; from which it becomes clear that risk profile of banks is not increased by the internet banking adoption in banks

3. Research Methodology

This research conducted research using second-hand data listed in different databases of books, research papers, and related articles on the Internet on ebanking

3.1 Objective of the study

- The advantages of online banking and drawbacks of traditional banking.
- To the factors affecting the implementation of online banking.
- To find out the constraints which encourage or discourage the customers in the usage of e-banking services.
- To study and evaluate customer`s perception and expectations of e-banking.

Research design : In our research, we employ both descriptive research and exploratory research design. Descriptive research, often referred to as Statistical Research, serves as a foundational element in our investigations. The primary objective of this research approach is to provide a comprehensive portrayal of the data and characteristics associated with the subject of study. Essentially, it is all about presenting a clear and quantitative account of "what is" in the context of the variables or conditions we are examining. The essence of descriptive research lies in its focus on quantification. We delve into the frequencies, averages, and various statistical calculations that enable us to elucidate the subject's features. This methodological approach helps us gather insights into the current state of the phenomena we are studying, aiming to capture a snapshot of "what exists" in a given situation.

Source of data:

Primary data: primary data is collecting by circulating the questionnaire in youngsturs and users of e-banking..

Data collection method: **Survey method used in this research** Data collection methods are the tools and techniques that researchers use to acquire information which forms the basis for their studies, investigation and analysis.

Population: The population for a researh study on perception of youngsturs and teenagers towards preferences of e-banking.

Sampling frame: sampling frame covers the area of the teenagers and youngsturs

Sampling size: the sample size for this research 92 pepole

4. Data Analysis

4.1 Demographic Profile – The demographic profile of the population surveyed reveals balancedistribution between male and female respondent.

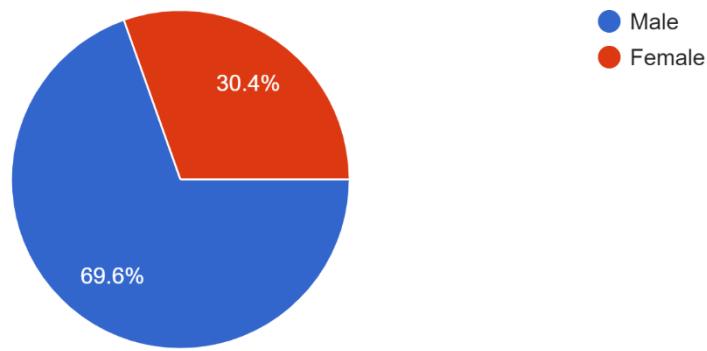
4.2 Nominal Questions-

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "	1	1.1	1.1	1.1
male	28	29.8	29.8	30.9
female	64	68.1	68.1	98.9
Gender	1	1.1	1.1	100.0
Total	94	100.0	100.0	

Gender

92 responses

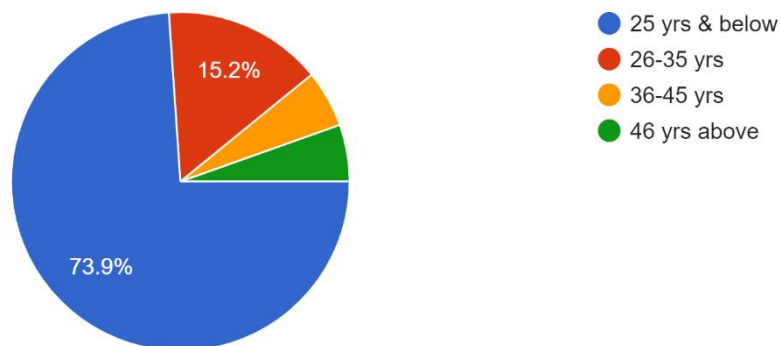


Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 25 yrs & below	68	72.3	72.3	72.3
26-35 yrs	14	14.9	14.9	87.2
36-45 yrs	5	5.3	5.3	92.6
46 yrs above	5	5.3	5.3	97.9
Age	1	1.1	1.1	98.9
How sati	1	1.1	1.1	100.0
Total	94	100.0	100.0	

Age

92 responses

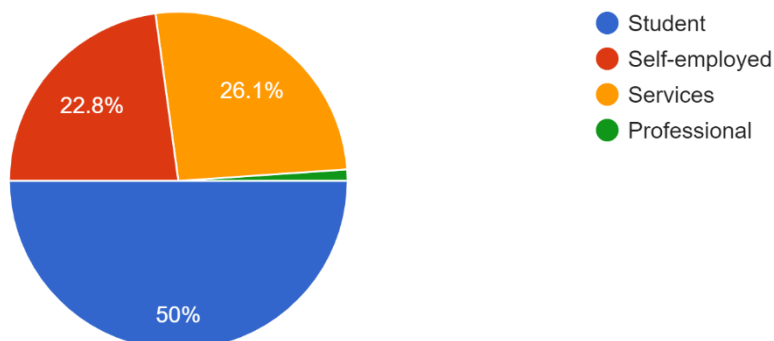


Occupation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid student	46	48.9	48.9	48.9
Self-employed	21	22.3	22.3	71.3
Services	24	25.5	25.5	96.8
Professional	1	1.1	1.1	97.9
How sati	1	1.1	1.1	98.9
Occupati	1	1.1	1.1	100.0
Total	94	100.0	100.0	

Occupation

92 responses

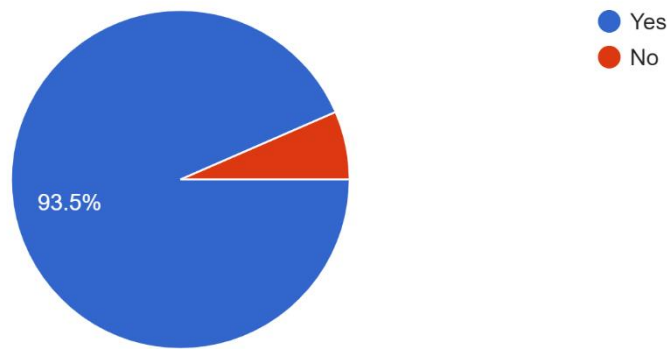


Do you currently using e-banking?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	86	91.5	91.5	91.5
No	6	6.4	6.4	97.9
Do you c	1	1.1	1.1	98.9
How woul	1	1.1	1.1	100.0
Total	94	100.0	100.0	

Do you currently using e-banking?

92 responses



Hypothesis testing:

H0: The customers are not trust in E-banking.

H1: The customers are trust in E-banking.

5. Findings

The study looked at the problems with electronic banking today. Firstly, it found that security is a big issue because hackers can still attack, even with better technology. Secondly, many people still worry about whether online banking is safe. Some groups, like older people or those with less access to technology, find it hard to use online banking. Also, following all the rules set by the government makes things more complicated and expensive for banks. Sometimes, the technology used by banks has problems, like being slow or not working well with different devices. It's important for banks to have good customer service to help people quickly. To keep people's money safe, banks need strong ways to stop fraud. Making sure everyone, including people with disabilities, can easily use online banking is also a challenge. Protecting people's private information is very important. Finally, helping more people, especially older ones or those who aren't good with technology, use online banking is important for its future.

6. Conclusion

The banking industry holds immense importance in driving India's economic growth. In recent times, there has been a surge in e-commerce, with a growing number of individuals embracing innovative technologies. While e-banking is gaining traction, particularly among technologically savvy individuals, its widespread adoption among the general populace, especially in urban areas, is progressing gradually. The Reserve Bank of India (RBI) is actively implementing measures to ensure customer safety in the e-banking realm. Research on the challenges faced by e-banking users indicates that the majority of users are males aged between 26 and 40. Many users are cognizant of the e-banking services provided by their respective banks. Security and technical issues emerge as significant apprehensions for users, underscoring the paramount importance of ensuring customer satisfaction in any sector. Each user has their unique perspectives, preferences, and concerns regarding e-banking. Nonetheless, despite these hurdles, e-banking remains an expedient and efficient alternative. It is imperative for banks to prioritize innovation to stay abreast in the swiftly evolving technological sphere, ensuring they cater to customer needs and adeptly resolve their issues

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