

Service Quality in Banking: E-Banking A Core Solution

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Abstract

The world is changing at a staggering rate and technology is considered to be the key driver for these changes around us. Slowly but steadily, the Indian customer is moving towards the internet banking. E-banking or Online banking is a generic term for the delivery of banking services and products through the electronic channels such as the telephone, the internet, the cell phone etc. It facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services considerably. E-banking is an emerging area in the banking practices. Today, E-Banking is used as a strategic tool by global banking sector to attract & retain customers. So, in this paper an attempt has been made to study the E-Banking services in India.

Keywords: E-Banking, M-Banking, EFT, E-commerce

Introduction

In modern age, banking sector constitute the fundamental basis of economic growth. Banking sector is the backbone of Indian financial system. It is the largest emerging sector of the economy. The innovation in technology and communication infrastructure in recent years

have impacted banks in a large way through the development of payment and settlement systems which are central to the major portion of the business of banks.

E-banking includes various banking activities conducted from home, business or on the road, instead of at a physical bank location. Electronic banking has capabilities ranging from paying bills to securing a loan electronically.

Electronic banking is one of the truly widespread avatars of E-commerce the world over.

Electronic banking means any user with the personal computer and a browser can get connected to his bank's website to perform any of virtual banking functions.

Electronic banking, also known as electronic fund transfer(EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash.

E-banking implies a provision of banking products & services through electronic delivery channels.

E-Banking is a combination of the two:

- Electronic technology
- Banking

E-Banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic interactive communication channels. E-Banking includes familiar & relatively mature electronically based products in developing markets, such as Telephone banking, Credit cards, ATM's, and direct deposit. In Internet Banking system the bank has a centralized database that is Web-Enabled.

Review of Literature

Gerrard and Cunningham (2003) conducted a study on the diffusion of E-Banking among consumers. The results showed that adopters of Internet banking perceive the service to be more convenient, less complex, more compatible to them and more suited to those who were PC proficient. Adopters were also found to be more financially innovative.

Picado (2004) analyzed customer satisfaction using QFD: an e-banking case investigated the customer satisfaction research using the technique of Quality function Deployment Technique Framework and it predicted that research on the service quality and customer satisfaction has become highly significant in service industries.

Awamleh (2006) study revealed that relative usefulness, perceived risk and image has significant impact on the usage of Internet Banking by users and result demonstrability

were only ones significant for nonusers of internet banking besides this, exploration of effect of age, income and income were also seen.

Laukkanan (2008) analyzed segmenting bank customers by resistance to mobile banking and highlighted about the role of self-efficacy in bank customers risk perception towards the internet banking. Further, it demonstrated that psychological barriers are even higher determinants of resistance than the usage and value, which are constructs related to ease of use and to the usefulness determining the acceptance.

Uppal and Chawla (2009) studied customer perceptions about e-banking services. The paper thus framed suitable strategies like customer education, seminars, proper meetings, proper installation of ATM machines, proper networking and infrastructure facilities etc.

Objectives of the Study:

- To study E-Banking services in India.
- To study problems area in E-Banking.
- To provide suitable suggestions for improvement in E-Banking.

Research Methodology

The study is properly based on secondary data. The data is collected from journals, research papers, publications of RBI, publications of Government of India.

E-Banking Services in India

Following are services of E-Banking available in India:

- Core Banking Solution (CBS)
- Online Banking
- Automated Teller Machine (ATM)
- Tele Banking
- Demat Accounts
- Electronic Data Interchange
- Cheque Truncation system
- Point of Sale Terminal
- Cyber Cash
- Digital Payment System
- National Electronic Fund Transfer
- Traveler's Cheques
- Mobile-Banking
- Debit Cards
- Smart Cards
- MICR
- Virtual Banking
- Platform Automation
- Consumer Credit Cards

E-Banking: The Problem Area

E-Banking is the wave of the future. As E-banking is a new emerging area in banking practices. There are many problems that the customers are facing while using E-Banking services.

The following are the problems of E-Banking in India

- Lack of knowledge about the services
- Network problems
- Delay in Fund transfer due to poor connectivity
- Misuse of ATM cards
- Difficulty in opening an Account
- Language problem
- Inaccessibility in rural areas

- Hacking problems
- Lack of ATM machines at many locations

Suggestions for the study

The following are the suggestions to improvement in E-Banking:

- **Customer meetings:** Banks should organize seminars, meetings with customers to aware regarding the use of E-Banking services, so that customers can take benefits of E-Banking services.
- **Customers training centers:** There should be customer training and education centers with the help of communication media such as posters, televisions, radio, seminars etc.
- **Language of Website:** Banks should focus on its websites. The language of website should be clear & easy to understand so that the customer can get all information from their without any hesitation. Required information should be given on main page rather than further links.
- **Service Quality:** Banks should provide all modern facilities to customers and bank should also invest large amount on the web page designing to provide up to date information. Banks should provide more services through internet banking for query as well as for transaction purpose.
- **Services to Rural Branches should be improved:** Banks should expand the core banking solutions, clearing services, facility of debit and credit to rural branches of the banks.
- **Proper Training Programmes for employees:** Bank should organize

proper training programmes for employees. Rules should be simplified & up to date infrastructures should be provided to them.

- Procedure to open an Account should be Simple and Easy.

Conclusion

The present study shows that banks are providing E-banking services, but still customers are not fully aware about these services. Customers faces many problems like lack of knowledge about of services, misuse of ATM cards, difficulty in opening an account.

The study revealed that to promote E-banking services banks must provide “24x7” services to customers and they must focus attention on websites, required information must be given on main page rather than further link, so that customers can get all information in from there. To increase the usage of e-payment modes, banks must reduce fees charged on clearing and interbank fund transfer services.

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