E-Banking - A Way Ahead for Building Competitive Strength in Banking Services

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Abstract

Banking plays a crucial role in the economic development of developing countries. Today's banking sector is considered a prime sector for economic reforms and social-economic development. Rivalry among banking is quickly rising due to the enactment of technology in the banking business. Digitalisation in banking helps banks provide faster and safer service to its customers. Moreover, banks can provide quality service with the least operating cost. In the track of using the Internet and computers in the banking system, e-banking is considered the best method that helps in fulfilling the needs of the customers. The present paper explores customer perception towards the use of electronic banking. The data was obtained from 120 respondents with the support of a structured questionnaire. All the independent variables are significantly correlated with the dependent variable. Reliability and trialability, and social influence positively impact behavioural intention to use.

Keywords: Digitalisation, Economic Development, Safe Service, Operating Cost

Introduction

The banking industry plays an essential function in the globalised age for strong financial growth. It is possible due to the massive growth in digitisation; electronic banking has core elements of current financial growth. In the path of using network and technology, e-banking is perfect for the banks to satisfy the needs of their customers. Owing to the massive rivalry between the banks, the financial institutions are offering their services creatively and effectively. Today, the e-banking programme is widely embraced due to its significant benefits for consumers and corporate organisations.

Electronic banking is characterised as the automated delivery of digital and conventional banking services. All the services are offered straight to consumers via online and digital systems through communication networks. E-banking provides unparalleled opportunities for banks to manage the developments, delivery, and promotion of financial products over the Internet. While it gives banks fresh prospects, it also entails various obstacles, such as growth of IT, blurring sector boundaries, breaching industry walls, entrance of foreign entrants, and evolving fresh industry concepts (Saatcioglu, 2001). The pace and size of the problem are now growing drastically with the proliferation of the Internet and the growth of the digital economy (Westwood, 2001). The innovation and growth of Automatic Teller Machines are an excellent example of emerging technologies, which have already pioneered banking services. The use of smartphones as a way to offer financial services to users of these gadgets is another example. E-bank acceptance and adoption are affected by a combination of competitive circumstances. In this way, it is essential to determine from a customer's point of view the factors of Internet-enabled e-banking services. A further subject on which developing nations have raised concerns inspired by distinctions of perspective is e-banking. While e-bank systems can optimise the effectiveness and competitive advantage of banks, it regrettably entails a high level of risk in implementation. Consequently, banks ought to know if they are still willing to implement e-banking and how they can strengthen themselves (Huang et al., 2004). Considering the need of

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the user to obtain electronic banking services 24 hours a day, 7 days a week, the financial implementation should make sure that the technology of the services provided has the ability to assure confidence and accessibility at all times. Increasing productivity and reducing cost will have more benefits in sustaining in the competitive market, and the way to achieve this is by investing in technological advancement (Fredriksson**,** 2003). In view of electronic banking facilities, customers easily evaluate these services and compare the benefits of services with other facilities (Santos, 2003).

In the area of e-banking services, there are numerous scopes that can be focused on, such as intention to use and adoptability. Hence, the present study considered various behavioural dimensions to know the customers' acceptance of electronic banking services. Therefore, the following objectives are framed for the study:

To determine the impact of e-banking services based on various behavioural dimensions.

To know the relationship among the dimensions and behavioural intention to use of e-banking services.

The present work intended to know how the various dimensions, such as awareness, perceived usefulness, perceived ease of use, self-efficacy, reliability and trialability, observability, and social influence, motivate customers to adopt electronic banking services.

Literature Review

Sakthivel (2008) considers "accessibility" to be the most significant variable of e-banking services for users. The minimum balance was the most essential issue for e-banking customers. Leach (2003) examined factors that impact the safety performance of a customer and proposed that organisations should make substantial security benefits by strengthening the security culture. Albrechtsen (2007) considered that the customer's approach to the protection of data was much more effective in influencing customers' knowledge and attitude. E-banking acceptance was analysed, and the significant elements affecting electronic banking implementation were customer innovativeness and individual qualities (Lassar, 2005). Folorunso (2010) identified an inverse outcome and found that the proportional gain did not

impact constructively on the attitude of user groups. A differentiation strategy focused on customers is critical for the service companies in pushing consumer behaviour towards continuous customer support (Ma & Zhao, 2012). Additional e-service quality described protecting all components of a user's corporate interactions, which include the extent to which an electronic system makes service delivery effective and efficient (Parasuraman, 2005). Carlson and O'Cass (2010) identified that the quality of e-service impacts consumers' perceptions of sports sites for technical purposes. For context, a seven-dimensional object e-SERVQUAL has been created to determine the quality of e-service (Zeithaml, 2002). A 6-dimensional response scale for customer e-service quality of banking services was used (Al-Tarawneh, 2012). The procedures for actual system acceptance rather than intended use are systematically examined (Szajna, 1996). Perceived risk is more precise in nature; if it is uncertain in nature, it influences buying behaviour (Cox, 1967); reliability was considered for the study in order to know the online services quality (Yang 2002). Flavián, Torres and Guinalíu (2004) noted that using the Internet as an alternative platform for financial products is now becoming a competitive necessity, rather than just a strategic advantage. The dynamic nature of e-banking enables customers to make adjustments when conducting transactions and also assures the accessibility of customer support specialists within the shortest processing time possible (Dabholkar, 1994). Gilaninia and Mousavian (2009) verified that variables affect the potential of users to use e-banking services in this sector, based on the Davis approach. Outcomes indicate that different factors affect customer expectations. SERVQUAL and SERVPERF are the service quality models, which are reliable and effective approaches to measure the service quality in the banking sector (Vanpariya, 2010). Privacy and trust play a significant role in taking decisions related to the use of e-services (Mukherjee, 2007). Perceived ease of use influences the use and adoption of online banking services (Abu Shanab, 2005).

Based on literature, it can be observed that many of the studies measured few e-service dimensions to analyse the electronic banking services based on the use of banking facilities. Hence, the present study considered various e-service dimensions like awareness, perceived usefulness, ease of use, self-efficacy, reliability and trialability, observability, and social influence, for the

analysis. It is important to know how all these variables influence the use of electronic banking services. It also helps to identify the relationship between behavioural intention to use based on various dimensions.

Methodology

This study intended to analyse the variables influencing the customers to accept electronic banking services. It is empirical, dependent on primary evidence. The data were gathered with a well-structured interview schedule developed with valid questions. A survey was conducted in the city of Davanagere. The details were obtained from the customers of the State Bank of India, Canara Bank, and Corporation Bank. The overall sample size is limited to 120. For choosing bank clients, the judgmental sampling method was introduced. The data was collected during the period June 2019 to November 2019. The study considered various factors such as awareness, perceived usefulness, perceived ease of use, self-efficacy, reliability and trialability, observability, and social influence as the independent variables, and behavioural intention to use as the dependent variable. All of the scale items represented in the survey instrument utilised a five-point categorical rating scale, which included: a) 1 = strongly agree, b) 2 = disagree, c) 3 = neither agree nor disagree, d) 4 = agree, and e) 5 = strongly agree. Statistical Package for Social Sciences (SPSS) version 19 and Jeffreys's Amazing Statistical Programme were used for the analysis of data. The study used correlation and ANOVA method to analyse the collected data.

Analysis

Table 1: Respondents' Demographic Profile

	Particulars	*No. of Respondents*	*Percentage*
Gender	Male	69	57.5
	Female	51	42.5
Age (Year)	Up to 30	22	18.3
	30-40	39	32.5
	40-50	27	22.5
	Above 50	32	26.7

	Particulars	*No. of Respondents*	*Percentage*
Qualification	Up to SSLC	23	19.2
	UG	38	31.7
	PG	37	30.8
	Professional	22	18.3
Occupation	Employee	41	34.2
	Business	27	22.5
	Professional	22	18.3
	Student	20	16.7
	Others	10	8.3
Income Level (Rupees)	Up to 25,000	44	36.7
	25,000-50,000	37	30.8
	50,000-75,000	22	18.3
	Above 75,000	17	14.2

Source: Primary Data.

Table 1 shows that 57.5% of the respondents are male, and the remaining 42.5% are female. It can be seen that 18.3% of the respondents are below 30 years of age; 32.5% are between 30 and 40 years; 22.5% are between 40 and 50; and the remaining 26.7% are above 50 years of age. Based on educational qualification, it can be observed that 19.2% of the respondents have studied up to SSLC, 31.7% and 30.8% have a UG and PG qualification, respectively, and the remaining 18.3% are professionals. The table also revealed the occupation of the respondents: 34.2% are employees of the government and private sector, 22.5% own a business, 18.3% are professionals, and the remaining 16.7% are students. Around 8.3% have other occupations. Based on income level, it can be seen that 36.7% earn up to Rs. 25,000; 30.8% earn between 25,000 and 50,000; 18.3% between 50,000 and 75,000; and the remaining 14.2% earn above Rs. 75,000.

Table 2: Scale Reliability Statistics

	McDonald's ω	*Cronbach's α*
Scale	0.881	0.837

Table 2 shows the reliability statistics of the variables considered for the study. It can be stated that both McDonald's and Cronbach's alpha values are more than 0.8. This indicates that both test results are optimal; hence, it can be considered for further study.

Table 3: Pearson's Correlations of Variables Considered for the Study

Sr. No.	Variable	BIU	AW	PU	PEU	SE	RT	OT	SI
1.	BIU	1.000							
2.	AW	0.345***	1.000						
3.	PU	0.501***	0.380***	1.000					
4.	PEU	0.453***	0.476***	0.502***	1.000				
5.	SE	0.597***	0.486***	0.664***	0.578***	1.000			
6.	RT	0.594***	0.443***	0.544***	0.571***	0.688***	1.000		
7.	OT	0.556***	0.518***	0.536***	0.572***	0.528***	0.529***	1.000	
8.	SI	0.313***	0.016	0.105	0.279**	0.231*	0.177	0.293**	1.000

*$p < .05$, **$p < .01$, ***$p < .001$.

Table 3 shows that all the variables are well correlated with a behavioural intention to use, and it can be observed that awareness (0.345), perceived usefulness (0.501), perceived ease of use (0.453), self-efficacy (0.597), reliability and trialability (0.594), observability (0.556), and social influence (0.313) are positively correlated at .001% level of significance. It can be stated that all the influence is positive towards adoption of e-banking and it shows that all the variables are significant and correlated with behavioural intention to use.

Table 4: Model Summary

Model	R	R²	Adjusted R²	RMSE
H_1	0.708	0.502	0.471	2.457

Table 4 shows that 70.8% (R = 0.708) of R and 50.2% (R^2 = 0.502) of R square is observed in the model summary.

Table 5: ANOVA

Model		Sum of Squares	df	Mean Square	F	p
H_1	Regression	681.43	7	97.347	16.120	< .001
	Residual	676.36	112	6.039		
	Total	1357.79	119			

Table 5 shows that the analysis of variance of regression shows the F-value as 16.120, and p-value is significant at .001% level of significance.

Table 6 shows that reliability and trialability (b = 0.269, p = 0.007), observability (b = 0.201, p = 0.031), and social influence (b = 0.203, p = 0.015) positively impact behavioural intention to use. Hence, it can be stated that use of electronic banking positively influences customer perception.

Table 6: Coefficients of Various Variables

Model		Unstandardised	Standard Error	Standardised	f	p
H_1	(Intercept)	2.728	2.019		1.351	0.179
	A.W.	−0.011	0.120	−0.008	−0.093	0.926
	PU	0.221	0.127	0.186	1.738	0.085
	PEU	−0.086	0.127	−0.064	−0.677	0.500
	SE	0.166	0.108	0.175	1.533	0.128
	R.T.	0.301	0.110	0.269	2.746	0.007
	OT	0.282	0.136	0.201	2.067	0.031
	SI	0.143	0.058	0.203	2.462	0.015

Equation Framed based on Coefficient

BIU = 2.728 – 0.011 (awareness) + 0.221 (perceived usefulness) – 0.086 (perceived ease of use) + 0.166 (self-efficacy) + 0.301 (reliability and trialability) + 0.282 (observability) + 0.143 (social influence).

Conclusion

The platforms of various e-bank delivery systems enable banks to extend their businesses beyond the branch boundaries, and even beyond the traditional market boundaries. Advanced e-banking solutions will provide cardholders a range of facilities and minimise branch-based transaction needs. This study offers valuable information to bank management on the various factors affecting customers' attitude towards adopting e-banking. Based on the results, it can be observed that all the variables are highly significant and correlated with behavioural intention to use. It can be seen that reliability, trialability, and social influence are influencing elements that can be observed in coefficient variable factors. Although most users prefer physical banking over e-banking, users tend to use e-banking/online banking services. It is because the acceptance among bank customers of e-banking and online banking services is greatly affected by often visiting the banks for a few transactions every month. Much of the services achieved in both public and private banks through Internet banking are beyond the customers' expectations. Similarly, several facilities provided by banks in both the public and private sectors are more than adequate for customers.

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