A STUDY ON CUSTOMER’S ATTITUDE TOWARDS E-BANKING IN HYDERABAD CITY, TELANGANA STATE

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ABSTRACT
The information technology has revolutionized various aspects of our life. The world at large is rapidly entering into the ‘Net age’. The growth and expansion of internet and information technology have facilitated the emergence of E-commerce. Internet has become a major part of people’s lifestyle. Many organizations and businesses have been using the internet to communicate and deliver their products and services to their customers. Banking and Finance Industry has been also using the internet as channel of distribution for their customers. The article is focused on customers’ attitudes towards E-Banking services in Hyderabad City, Telangana State. Since E-Banking services in India is still in the early stage when compared with other countries. The findings showed that the majority of respondents are satisfied with available E-banking services.

Key words: E-Banking services, E-commerce, Channel of Distribution, Net age

Introduction
Online banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred as Internet banking, e-banking, virtual banking and by other terms.

E-banking & Its implications
E-banking implies provision of banking products and services through electronic delivery channels. Electronic banking has been around for quite some time in the form of automatic teller machines (ATMs) and telephone transactions. In more recent times, it has been transformed by the internet – a new delivery channel that has facilitated banking transactions for both customers and banks. For customers, the internet offers faster access, is more convenient and available around the clock irrespective of the customer’s location.
E-Banking - Opportunities
There are not many inventions that have changed the business of banking as quickly as the e-banking revolution. All Banks in the world are reorienting their business strategies towards new opportunities offered by e-banking. E-banking has enabled banks to scale borders, change strategic behaviour and thus bring about new possibilities. E-banking has moved real banking behaviour closer to neoclassical economic theories of market functioning. Due to the absolute transparency of the market, clients (both business as well as retail) can compare the services of various banks more easily. For instance, on the internet, competitors are only one click away. If clients are not happy with the products, prices or services offered by a particular bank, they are able to change their banking partner much more easily than in the physical or real bank-client relationship. From the banks’ point of view, use of the internet has significantly reduced the physical costs of banking operations. As discussed by Turner (2001), progress in information technology has slashed the costs of processing information, while the internet has facilitated its transmission, thus facilitating change in the very essence of the banking business. Around the world, electronic banking services, whether delivered online or through other mechanisms, have spread quickly in recent years.

E-Banking & its greater Services
(A) Benefits of E-Banking towards Customers
1. **Accessibility:** Customers account can easily accessible with an E-banking account.
2. **Anytime Anywhere Banking:** E-banking provides 24 hours service to the customers for anytime, anywhere banking, which means customers can access E-banking services 7 days a week, 24 hours a day.
3. **Cash Free Shopping:** A customer can shop without any need of carrying paper money with him.
4. **ATM Withdrawal:** Customer can withdraw at any time through ATMs that are now widely available throughout the country. Besides withdrawing cash customers can also have mini banks statements, balance inquiry at these ATMs.
5. **Bill Payment:** E banking has also greatly helped in payment of utility bill. Now there is no need to stand in long queues outside banks for his/her purpose.

(B) Benefits of E-Banking towards Banking Industry:
1. **More Customers:** Better service levels and strategic marketing initiatives, banks are able to reach out to more customers than possible through traditional banking through physical location branches.
2. **Cost Savings:** Banks save a significant amount of operational capital from not having to open physical location branches in new locations. These savings are passed onto the consumer in the form of reduced or no fees for inter-bank and even intra-bank money transfers, no fees for online payment of utilities’ bills, and cash-back options on frequent use of online-applied bank credit cards.
3. **Boundary Less Services**: Banks can provide their services to customers without any geographic barrier. Adoption of information technology enabled tools helped banks in reducing operational costs, infrastructure cost, staffing etc and helped to reduce customer waiting time in branches resulting in highly satisfied customers.

**TYPES OF E-BANKING SERVICES:**
According to Leow Hock Bee (1999) E-banking can be classified as follows:

**i) Tele Banking:** This service is provided by phone. To access an account, it is required to dial a particular telephone number and there are several options of services such as:

- Checking account balance
- Funds transfer between current, savings and credit card account
- Bill payments
- Stock exchange transaction
- Receive statement via fax
- Loan payment information

**ii) P.C Banking:** The increasing awareness of the importance of literacy of computer has resulted in increasing use of personal computers through the entire world. The term PC Banking is used for banking business transacted from a customer’s P.C.

**iii) Internet Banking:** Internet banking would free both bankers and customers of the need for proprietary software to carry on with their online banking transaction. Internet is now considered to be strategic weapon for Banks to satisfy the ever changing customer’s demand and innovative needs. Adequate legal framework and maximum security are the two essential factors for Internet Banking.

**Popular services covered under E-Banking:**
The popular services covered under E-banking include :-

- Automated Teller Machines,
- Credit Cards,
- Debit Cards,
- Smart Cards,
- Electronic Funds Transfer (EFT) System,
- Cheques Truncation Payment System,
- Mobile Banking,
- Internet Banking,
- Telephone Banking, etc.

**REVIEW OF LITERATURE**
Information Technology and the Communication Networking Systems have revolutionized the functioning of banks and other financial institutions all over the world. Reserve bank of India has played an important role in implementation of information technology in banking sector. Various researchers have also contributed in this regard. In addition to the work done by various scholars in the area of Information Technology and Banking organization, RBI had appointed various committees to work in this area. The reports of various committees are briefly summarized below

**1. Dr. C. Rangarajan Committee (1983):** Dr. Rangarajan committee had drawn up in 1983-84, the first blue print for computerization and mechanization in banking industry and looked into modalities of drawing up a phased plan for mechanization for the banking industry covering period 1985-89. The committee in its report in 1984 recommended introduction of computerization and mechanization at branch, regional office / zonal office and head office levels of banks. In 1988 another committee was constituted under the chairmanship of Dr. Rangarajan for making plans for computerization for the next five years from 1990-94 for the banking industry. It identified the purpose of computerization as improvement in customer
service, decision making, housekeeping and profitability. The committee observed that banking is a service industry and improved efficiency will lead to a faster rate of growth in output and help to expand employment all around. The work force in the banking industry must, therefore, look upon computerization as a means to improve customer service and must welcome it in that spirit.

2. W.S. Saraf Committee (1994): In 1994, the Governor, Reserve bank of India had appointed a committee on technology issues under the chairmanship of W. S. Saraf. The committee looked into technological issues related to the payment system and to make recommendations for widening the use of modern technology in the banking industry. The Saraf committee recommended to set up institutions for electronic funds transfer system in India. The committee also reviewed the telecommunication system like use of BANKNET and optimum utilization of SWIFT by the banks in India.

3. Shere Committee (1995): In 1995, RBI formed a committee under the chairmanship of K. S. Shere, to study all aspects relating to electronic funds transfer and propose appropriate legislation. The Shere committee had recommended framing of RBI (EFT system) regulations under section 58 of the Reserve bank of India Act 1934 (RBI Act.), amendments to the RBI act and to the bankers book evidence act, 1891 as short term measures and enacting of a few new acts such as EFT act, the computer misuse and data protection act etc. as long term measures.

4. Narasimhan Committee (1998): In order to examine the various issues related to the technology up gradation in the banking sector, the Reserve Bank of India appointed Narasimhan committee in September 1998. The committee consists of representatives from the Government, Reserve Bank of India, banks and academic institutions associated with the information technology. The committee dealt with the issues on technology up gradation and observed that the most of the technology that could be considered suitable for India in some form or the other has been introduced in some diluted form or as a pilot project, but the desired success has not been achieved because of the reasons inter-alia lack of clarity and certainty on legal issues. The committee also suggested implementation of the necessary legislative changes, keeping in the view the recommendations of Shere committee. Taking into consideration the recommendations by various committees appointed by RBI and guidelines of RBI, banks have started using IT to automate banking transactions and processes.

Suresh (2008) highlighted that recently developed e-banking technology had created unpredicted opportunities for the banks to organize their financial products, profits, service delivery and marketing. The objectives of the study were to evaluate the difference between traditional and e-banking, and to identify the core capabilities for the best use of e-banking. The author analyzed that e-banking will be an innovation if it preserved both business model and technology knowledge, and disruptive if it destroys both the model and knowledge. He also differentiated e-banking from traditional banking in five ways, namely, value proportion, market scope, cost structure, profit potential and value network. However, in order to exploit technical and business capabilities of e-banking, banks should generate more customers inside and outside India so that more revenues could be generated that lead to better future of Indian economy.

Sarangapani and Mamatha (2008a) explained the concept of e-banking and highlighted all the concerns and challenges while implementing the same. The authors emphasized that e-banking was necessary not only for improving the quality of services rendered to the customers but also for better marketing of products. The authors evaluated various e-banking modems for banking transactions like ATM, EFT, ECS, SPNS, PC banking, mobile banking and internet banking. But they mainly emphasized on virtual banking, smart cards, e-cheques and internet banking. They analyzed the websites of various banks for internet banking adoption in which private sector banks were providing maximum IB services followed by public sector banks, foreign banks and old private sector banks. The author
suggested some measures which could contribute towards greater adoption of e-services. The customers should be taken into confidence that the transactions made by them are risk free, and there is no scope of any fraud.

Raghvan (2006) highlighted the transformation in the banking sector due to effect of information technology, tele-communication and electronic data processing. He also attempted to visualize the perception of banks in India in the year 2020 taking into account the impact of internet banking, ATMs, EFT on the performance of banks and initiative taken in liberalization, privatization and globalization. He also evaluated the future of online and internet banking. Due to tangible and proven benefits, automation of manual processes; online and internet banking was slated to increase manifold. He also evaluated that currently an estimated 46 lakh Net Users were in online and this was estimated to touch 160 lakh by March 2008. Furthermore, he analyzed the projected indicators of banks in India in 2020 with special emphasis on internet banking, online banking and electronic banking.

**NEED/IMPORTANCE OF THE STUDY**

New technologies set off a process of change. That, in turn, poses its own set of challenges to institution as well as to consumers. IT is not yet a very comfortable choice for millions. Therefore, if we are to encourage IT proliferation, we must facilitate a change in customer mindsets and attitudes. Consumer awareness is a major challenge. It must be addressed as a whole. As automation increases and as products come with ever more technology based components, bank customer must understand upfront the pros and cons of various products. Thus, satisfaction of the banking customers as well as an area of growing interest to researchers, managers and policymakers which will through light to the role of e-banking from the perspective of the customers.

Researches in this emerging area will be helpful for providing suggestions and recommendations towards the implementation and challenges of e-banking. Further, this will also create consumer awareness and will facilitate a change in customer mindsets and attitudes.

**OBJECTIVE OF THE STUDY:**

1. To know customer attitude towards E- Banking services in Hyderabad.
2. To study the Challenges faced in E-Banking
3. To study the Benefits and Opportunities in E-Banking

**RESEARCH METHODOLOGY:**

The present paper is based on the primary as well as secondary data. **Primary data** is collected from the bank customers who are residing in Hyderabad City, Telangana State. All the banking customers may form the universe for the present study. A sample of 200 customers was randomly selected from the banking customers and questionnaires were distributed among the customers. The relevant data has been grouped and presented in Tables. Statistical tools like percentages, Chi-Square Test Analysis were used to find out the objectives of the present study. **Secondary data** has been collected from web sites of Reserve Bank of India, IBA Bulletins, other similar websites, journals and books.

**HYPOTHESIS - I:**

Ho: There will be no significant difference between gender and purpose for usage of E-banking.
H1: There will be significant difference between gender and purpose for usage of E-banking.

**HYPOTHESIS - II:**

Ho: There will be no significant difference between Occupation and usage of E-banking services.
H1: There will be significant difference between Occupation and usage of E-banking services.

**RESEARCH DESIGN:**
Research design is the plan, structure and strategy of investigations conceived to obtain answers to research questions and to control variance. The research design constitutes the blue print for the collection, measurement and analysis of data. It helps the researcher in the allocation of his limited resources by posing crucial choices. 

**Sample size:** 200 respondents were selected for this study.

**CHALLENGES IN E-BANKING:**

- **Implementation of global technology:** There is a need to have an adequate level of infrastructure and human capacity building before the developing countries can adopt global technology for their local requirements. In developing countries, many consumers either do not trust or do not access to the necessary infrastructure to be able to process e-payments.

- **Strengthening the public support:** In developing countries, in the past, most e-finance initiatives have been the result of joint efforts between the private and public sectors. If the public sector does not have the necessary resources to implement the projects it is important that joint efforts between public and private sectors along with the multilateral agencies like the World Bank, be developed to enable public support for e-finance related initiatives.

- **Confidentiality, integrity and authentication:** These three are the very important features of the banking sector and were very successfully managed all over the world before the coming of internet. Communication across an open and thus insecure channel such as the internet might not be the best base for bank-client relations as trust might partially be lost.

- **Customer Satisfaction:** In today's competitive world, satisfaction of customers is a major challenge for the banking sector because customers have alternative choices in various types of services provided by banks.

- **Availability of Personnel services:** In present times, banks are to provide several services like social banking with financial possibilities, selective upgradation, computerization and innovative mechanization, better customer services, effective managerial culture, internal supervision and control, adequate profitability, strong organization culture etc. Therefore, banks must be able to provide complete personnel service to the customers who come with expectations.

- **Non-Performing Assets (NPA):** Nonperforming assets are another challenge to the banking sector. Vehicle loans and unsecured loans increases N.P.A. which terms 50% of banks retail portfolio was also hit due to upward movement in interest rates, restrictions on collection practices and soaring real estate prices. So that every bank have to take care about regular repayment of loans.

- **Competition:** The nationalized banks and commercial banks have the competition from foreign and new private sector banks. Competition in banking sector brings various challenges before the banks such as product positioning, innovative ideas and channels, new market trends, cross selling ad at managerial and organizational part this system needs to be manage, assets and contain risk. Banks are restricting their administrative folio by converting manpower into machine power i.e. banks are decreasing manual powers and getting maximum work done through machine power. Skilled and specialized man power is to be utilized and result oriented targeted staff will be appointed.

**Opportunities:**

- **Untapped Rural Markets:** Contributing to 70% of the total population in India is a largely untapped market for banking sector. In all urban areas banking services entered but only few big villages have the banks entered. So that the banks must reach in remaining all villages because majority of Indian still living in rural areas.
Multiple Channels: Banks can offer so many channels to access their banking and other services such as ATM, Local branches, Telephone/mobile banking, video banking etc. to increase the banking business.

Worthy Customer Service: Worthy customer services are the best brand ambassador for any bank for growing its business. Every engagement with customer is an opportunity to develop a customer faith in the bank. While increasing competition customer services has become the backbone for judging the performance of banks.

Internet Banking: It is clear that online finance will pickup and there will be increasing convergence in terms of product offerings banking services, share trading, insurance, loans, based on the data warehousing and data mining technologies. Anytime anywhere banking will become common and will have to upscale, such up scaling could include banks launching separate internet banking services apart from traditional banking services.

Retail Lending: Recently banks have adopted customer segmentation which has helped in customizing their product folios well. Thus retail lending has become a focus area particularly in respect of financing of consumer durables, housing, automobiles etc., Retail lending has also helped in risks dispersal and in enhancing the earnings of banks with better recovery rates.

Indian Customers: The growing Indian banking sector with its strong home country linkages, seek a unique combination of Indian ethnicity and global standards that offers a valuable nice opportunities for Indian banks. The biggest opportunity for the Indian banking sector today is the Indian costumers. Demographic shifts in terms of income level and cultural shifts in terms of life style aspirations are changing the profile of the Indian customer. This is and will be a key driver of economic growth going forward. The Indian customers now seek to fulfill his lifestyle aspirations at a younger age with an optimal combination of equity and debt to finance consumption and asset creation. The consumer represents a market for a wide range of products and services he need a mortgage to finance his house, an auto loan for his car, a credit card for on-going purchases, a bank account, a long term investment plan to his children’s higher education, pension plans for his retirement, a life insurance policy the possibilities are endless and this consumer does not live just in India’s top ten cities. He represents across cities, towns and villages i.e. in rural areas. Consumer goods companies are already tapping this potential it is for the banks to make the most of the opportunity to deliver solutions to this market.

Handling Technology: Developing or acquiring the right technology, deploying it optimally and then leveraging it to the maximum extent is essential to achieve and maintain high service and efficiency standards while remaining cost effective and delivering sustainable return to shareholders. Early adopters of technology acquire significant competitive advances. Managing technology is therefore, a key challenge for the Indian banking sector.

DATA ANALYSIS AND FINDINGS:

TABLE - 1: PROFILE OF RESPONDENTS

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Categories</th>
<th>No. of Respondents</th>
<th>Ratio (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>134</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>66</td>
<td>33</td>
</tr>
<tr>
<td>Age (in years)</td>
<td>Up to 20</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>20-30</td>
<td>74</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>30-40</td>
<td>60</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>40-50</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Above 50</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Qualification</td>
<td>Up to 12th Standard</td>
<td>25</td>
<td>12.5</td>
</tr>
<tr>
<td></td>
<td>Graduation</td>
<td>90</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Post-Graduation</td>
<td>47</td>
<td>23.5</td>
</tr>
<tr>
<td></td>
<td>Professionals</td>
<td>38</td>
<td>19</td>
</tr>
<tr>
<td>Income (per month)</td>
<td>Below 20,000</td>
<td>41</td>
<td>20.5</td>
</tr>
<tr>
<td></td>
<td>20,000-40,000</td>
<td>73</td>
<td>36.5</td>
</tr>
</tbody>
</table>
Table 1 shows that the demographic profile of the respondents which consists of gender, age, level of education, occupation, Purpose of usage etc. According to the analysis of the demographic characteristics of the respondent’s, majority 37% of the respondents are between the ages of 20 to 30. 30% are between the age group of 30 and 40. Within the respondents 67% are male and remaining 33% are female. Regarding the educational level of the respondents, majority of the respondents are degree holders i.e. 45% and 19% of the respondents are Professionals. Regarding occupational status of the respondents, majorities 38% are business persons, 23.5% are private employees and 22% are government employees. The main purpose of using E - Banking is that, 36% of the respondents are for Funds Transfers, 26% are for Checking Balances, 28.5% are for making online payment and 9.5% are for other purpose like ordering cheque books etc.,

**CHI-SQUARE TEST**

**Hypotheses I:**

Ho: There will be no significant difference between gender and purpose for usage of E - Banking.

H1: There will be significant difference between gender and purpose for usage of E-banking.

Table 2 shows that the calculated value is less than table value. Hence Null hypothesis is accepted. So there is no significant difference between gender and purpose for usage of e-banking.
H1: There will be significant difference between Occupation and usage of E-banking services.

**TABLE - 3: OCCUPATION-WISE AWARENESS LEVELS OF E-BANKING SERVICES**

<table>
<thead>
<tr>
<th>USAGE OF E-BANKING</th>
<th>OCCUPATIONAL STATUS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Business Persons</td>
<td>Govt. Employees</td>
</tr>
<tr>
<td>Checking Balances</td>
<td>19 (19.76)</td>
<td>10 (11.44)</td>
</tr>
<tr>
<td>Funds Transfer</td>
<td>29 (27.36)</td>
<td>21 (15.84)</td>
</tr>
<tr>
<td>Online Payments</td>
<td>17 (21.66)</td>
<td>8 (12.54)</td>
</tr>
<tr>
<td>Other Purposes</td>
<td>11 (7.22)</td>
<td>5 (12.54)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>76</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: Primary Data

Note: Figures in parenthesis are Expected Frequencies

<table>
<thead>
<tr>
<th>Calculated Value</th>
<th>Degree of Freedom</th>
<th>Level of Significance</th>
<th>Table Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.32</td>
<td>9</td>
<td>5%</td>
<td>16.919</td>
</tr>
</tbody>
</table>

Table 3 shows that the calculated value is less than table value. Hence Null hypothesis is accepted. So there is no significant difference between occupation and usage of e –banking services.

RECOMMENDATIONS/SUGGESTIONS:
1. Banks should ensure that online banking is safe and secure for financial transaction like traditional banking.
2. Banks should organize seminar and conference to educate the customer regarding uses of online banking as well as security and privacy of their accounts.
3. Some customers are hindered by lack of computer skills. They need to be educated on basic skills required to conduct online banking.
4. Banks must emphasize the convenience that online banking can provide to people, such as avoiding long queue, in order to motivate them to use it.
5. Banks must emphasize the cost saving that online can provide to the people, such as reduce transaction cost by use of online banking.

FINDINGS AND CONCLUSION
The banking industry has been a leader in the e-business world in recent years. The e-banking revolution has fundamentally changed the business of banking by scaling borders and bringing about new opportunities. In India also, it has strongly impacted the strategic business considerations for banks by significantly cutting down costs of delivery and transactions. It must be noted, however, that while e-banking provides many benefits to customers and banks, it also aggravates traditional banking risks. Compared to developed countries, developing countries face many impediments that affect the successful implementation of e-banking initiatives. One of the benefits that banks experience when using E-Banking is increased customer satisfaction. This due to that customers may access their accounts whenever, from anywhere, and they get involved more, this creating relationships with banks. Banks should provide their customers with convenience, meaning offering service through several distribution channels (ATM, Internet, physical branches) and have more functions available online. Other benefits are expanded product offerings and extended geographic reach. With all these benefits banks can obtain success on the financial market. But e-banking is a difficult business and banks face a lot of challenges.

It is concluded that most of the customers are satisfied with e-banking services provided by their banks. The E-Banking customers were interested in new technology innovation. The
majority of the customers had positive attitudes towards technology. They specifically thought that it can make life easier. They had used E-Banking mainly for fund transfer, inquiries about outstanding balance and utilities or third parties payment. They wanted to use E-Banking services due to its convenience. Finally it was concluded that customers are very much satisfied with e-banking services provided by the banks in Hyderabad city.

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