A STUDY ON PROBLEMS AND PROSPECTS OF E-BANKING IN KANYAKUMARI DISTRICT

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Abstract

A strong banking sector is vital in every nation and can have an important consequence in supporting economic development through efficient financial services. The role of the banking sector is going with the globalization movement at the practical level. This change will comprise moving from conventional service to electronic service delivery of banking services. E-Banking scheme has paved the way of opportunity to the existing banks and financial sector. This technology allows business process re-engineering, serving borderless market, to attain zero latency leading to development in customer service levels and better risk administration because of real-time settlement.

Keywords: E-banking, Information technology, Real-time settlement, Re-engineering.

Introduction

Currently, there is rising competitiveness in the financial service market which resulted in force to expand andexploit different delivery mechanisms to stay and sustain in the market. A strong banking sector is vital in everynation and can have an important consequence in supporting economic development through efficient financialservices. The role of the banking sector is going with the globalization movement at the practical level. This changewill comprise moving from conventional service to electronic service delivery of banking services. E-Bankingscheme has paved the way of opportunity to the existing banks and financial sector. This technology allowsbusiness process re-engineering, serving borderless market, to attain zero latency leading to development incustomer service levels and better risk administration because of real-time settlement.

Definitions of E-Banking

E-banking can be defined as the use of electronic delivery channels for banking products and services, and is a subset of electronic finance (1). The most important electronic delivery channels are the Internet, wireless communication networks, automatic teller machines (ATMs), and telephone banking.

Statement of the Problem

The role of information technology to the bank sectors are getting bigger. As a result, banks are adoptingtechnologies that help them deliver banking services by the most cost effective channels and one of such channelis adoption of e-banking. E-banking services are at anstarting stage in Kanyakumari district; even though expansion of e- banking throughout thedeveloped and the developing world is rapid, Kanyakumari district banking sector remain behind in increasing the use of theservice. Surely, the banking industry is not well developed with a growing number of

international trades and increasing the demand of the customers.Today's banking sector has problems ofoffering efficient and dependable services. Therefore, this study is aimed at identifying the problems and prospects of e-banking in Kanyakumari district.

Objectives of the Study

1. To find out factors that lead to the adoption of E-baking in Kanyakumari district
2. To analyze the customers most used services of e-banking in the study area
3. To analyze the problem faced by the E-banking users in the study area.

Hypothesis

1. There is no significant difference among Mean Rank variables of problem faced by e-banking users.

Methodology

This study based on both primary data and secondary data. The primary data were collected from e-banking users in Kanyakumari district. The data pertaining to the e-banking users was collected by applying the stratified random sampling technique. 320 samples are selected for the analytical purpose. The secondary data required for the study were collected from different type's books, journals, magazines, reports from bank and internet.

Analysis and Interpretation

Factors responsible for E-banking

The table.1 lists the factors for the adoption of E-banking in Kanyakumari district.

The table.1 shows that factors responsible for e-banking

Sl.No	Particular	Mean Score	t-Value
1	Securing concerns	3.8857	1.268
2	Improvement in Productivity	2.6594	-1.254
3	Improvement in customer services	3.5341	-.628
4	Easy Transaction	4.2395	4271*
5	Increased in market share	2.3826	-.624
6	Time saving	3.6429	.861
7	Simplification of processes	2.6354	-.699
8	Convenience	3.4594	-.903
9	24-Hr service	3.8165	1.164
10	Cost saving	3.3680	8.76

*Source: Computed data, * Significant at 5 % level.*

Table 1 shows that the factors influencing the e-banking users are easy transaction,securing concerns and 24-hr service. Since the respective mean scores are 4.2395, 3.8857 and 3.8165 respectively.

Regarding the factor have influenced the e-banking users the significance difference among the respondents is identified in necessary since the respective 't' statistics are significant at 5 per cent level.

Table.2 Customer mostly used Services in E-banking

Sl.No	Services	Mean Score	Ranking
1	Balance and Transaction History Search	1.71	V
2	Online Fund Transfer	1.98	I
3	Card to Card fund Transfer	1.75	IV
4	Stop Payment	1.64	VII
5	Railway Pass/Ticket	1.65	VI
6	Shopping	1.92	II
7	Share Payment	1.87	III
8	Others	1.58	VIII

Source: Computed data

The table.2shows that the customers in Kanyakumari district mostly used, online fund transferservice with the mean score of (1.98) ranked I, shopping service with the mean score (1.92) secure second place, share payment

service with mean score (1.87) secure third place, card to card fund transfer service with the mean score (1.75) secure fourth place, balance and transaction history search service with the mean score (1.71) secure fifth

place,railway pass/ ticket services with the mean score (1.65) gets sixth place, stop payment services with men score (1.64) ranks seventh and other uses with the mean score (1.58) ranks eighth.

Factor Analysis of the problem faced by E-banking users

There are various problems faced by the E-banking users in Kanyakumari district.

The study analyzes the most significant problems of e-banking are Lack of assistance,Dependence on internet service,Limited service, Misuse amount, Transaction restricted, Use literate people only,Security issues, Bank charges for ATM services,Lack of Knowledge about e-banking and Low amount Transaction.

Table.3 Factor Analysis of the problem faced by e-banking users

Factor	Variables	Loading
Problem faced by E-banking users	Lack of assistance	0.951
	Dependence on internet service	0.948
	Limited service	0.395
	Misuse amount	0.327
	Transaction restricted	0.957
	Use literate people only	0.935
	Security issues	0.795
	Bank charges for ATM services	0.852
	Lack of Knowledge about e-banking	0.899
	Low amount Transaction	0.939

Source: Computed data

The factor of constraints of e-banking users consists of ten variables namely, Lack of assistance,Dependence on internet service,Limited service, Misuse amount, Transaction restricted, Use literate people only,Security issues, Bank charges for ATM services,Lack of Knowledge about e-banking and Low amount Transaction. These factors have loadings of 0.951, 0.948, 0.395, 0.3.27, 0.957, 0.9.35, 0.795, 8.52, 0.899 and 0.939 respectively. These variables have high loadings on factor of problem faced by e-banking users except misuse amount and limited service.

Hypothesis

There is no significant difference among Mean Rank variables of problem faced by e-banking users.

Table.4 Friedman Test of the Constraints

Problems faced by e-banking users	MeanRank	Chi-square Value	P-Value
Lack of assistance	8.15		
Dependence on internet service	8.10		
Limited service	4.26		
Misuse amount	4.19		
Transaction restricted	8.01	942.822	0.000**
Use literate people only	7.42		
Security issues	4.63		
Bank charges for ATM services	7.57		
Lack of Knowledge about e-banking	6.31		
Low amount Transaction	6.92		

Source: Computed data

Since P value is less than 0.05, the null hypothesis is rejected at 5% level of significance with regard to the mean rank of the variables of the problem faced by e-banking users. Hence there is a significant difference among the variables of the problem faced by e-banking users.The mean rank of constraint 'Lack of Assistance' is 8.15 which is the most dominant variables under problem faced by e-banking users. The second important mean

rank is 'Dependence on Internet Service' which is8.10 and the least variables are 'Misuse Amount and Limited Service' which means rank is4.19 and 4.26 respectively. If the mean rank is higher, there is a greater problem and if the mean rank is lower, there is a lesser problem faced by e-banking users.

Findings

❖ The study concludes that the higher rate of factor that influenced the e-banking users are easy transaction, securing concerns and 24-hr service. The respective means scores are 4.2395, 3.8857 and 3.8165 respectively. Regarding the factors influencingthe e-banking users,the significant different among the respondents identified is necessary since the respective 't' statistics are significant at 5 per cent level.

❖ The study shows that the customers in Kanyakumari district mostly used services in e-banking such as online fund transferwith the mean score of 1.98 that ranked I, shopping services with the mean score 1.92 that get second place and stop payment with mean score 1.64 that ranked seventh place.

❖ The factor of constraints of e-banking users consists of ten variables namely, Lack of assistance, Dependence on internet service, Limited service, Misuse amount, Transaction restricted, Use literate people only, Security issues, Bank charges for ATM services,Lack of Knowledge about e-banking and Low amount Transaction. These variables have high loadings on factor of problem faced by e-banking users except misuse amount and limited service.

❖ The mean rank of the constraint 'Lack of Assistance' is 8.15 which is the most dominant of all variables under problems faced by e-banking users and the least variables are 'Misuse of Amount and Limited Service' the means of those is 4.19 and 4.26 respectively.

Suggestions

Recommendation to Financial Institutions

❖ The ATM facilities should be provided by the bank in each and every rural and urban area.

❖ The unlimited money withdrawal facility can be provided by the E-banking system.

❖ Steps can be taken to create a confidence in mind of customers towards security of their accounts.

❖ Overall poor quality in various services of the banks adversely affects the productivity of the banks. So, the banks need to take necessary steps to providesquality services.

❖ Banks should learn from their past mistakes and try to avoid it in future.

Recommendation to Customer

❖ Check account statements for usual and unusual activities thoroughly on a regular basis. Keep track of last transactions every time you go for next transaction.

❖ Always keep banking information confidential at a safe place. Since the data on a PC/laptop can be spied out, do not store it on personal computer.

❖ Never follow hyperlinks in e-mails or other websites to the (alleged) online banking portal of bank. Even the use of bookmarks is risky since they can be manipulated by hackers.

❖ E-banking needs technological knowledge. If customers want to use it, they should take proper training to operate computer and internet. Only sufficient knowledge can make their transaction secure from cyber threats.

Conclusion

The study concluded that, increasing competition has become a challenge for Indian banks but it also provides thoughtful opportunities to develop the banking business as per international standards. However, IT leads enhancement in all banks however e-banks are gaining the momentum. If e-banking serves with better efficiency and reduced costs with more satisfied customers and employees. The technology holds the key to future success of Indian banks. Therefore, e-banking is need of the hour, which can't be lost sight of except at the cost of elimination from the competition. The lack of penetration of computers in the country is not a stumbling block in this case but it can happen without wiring up the entire country. If we overcome these factors, we can enjoy the much superior cost structure the e-banking provides.

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