Analysis of SBI Customer’s Attitude towards E-Banking

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Abstract
Timely adoption of Electronic-banking is significant for all banks to have secure future business. Banks are facing extremely intensive competition from non-banking sector; thus they have adopted a more aggressive approach to fight competitors for financial services’ market share. As bank wants to move very nearer to the customers, increase its basic operational strategies, move towards international trade, need of quick transfer of money, which motivated researchers to introduce a new structure and era i.e. Electronic Banking. E-Banking referring to all banking transactions completing through internet applications has become a hot topic in the related literature. The Banking Industry is stepping ahead by adopting new technology and creating new milestones in this competitive World. This paper presents a study about the recent trend and development of electronic banking in State Bank of India. The research objective is to investigate various factors influencing customers’ perception and satisfaction level towards E-Banking. It further throws light on types of E-Banking services, certain emerging issues and challenges, benefits available to them and the factors influencing the decision of the customers towards the State bank of India E-Banking services. To make this study more authentic primary data is collected from the respondents of two cities of Haryana and statistical tools are used for analysis and to reach on valid conclusion.

Keywords: Banking, Electronic Banking, Internet, International Trade, Technology

INTRODUCTION

There is a sea change in the Technology World, as it is a world of innovation, which leads to set new milestones for various industries like in banking sector, earlier every bank product was distributed through just one delivery channel- ‘the branch’ but with technology advancement, our lives become more comfortable than we can imagine some day. Electronic-Banking (E-Banking) generally implies a service that allows customers to use some form of computer to access account-specific information and possibly conduct transactions from a remote location - such as at home or at the workplace. In this system the bank has a centralized database that is web-enabled. The traditional branch model of bank is now giving place to an alternative delivery channels with various forms of E-Banking. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would a borderless entity permitting anytime, anywhere and anyhow banking. The obvious advantage to the consumer is convenience--one bank recently used the advertising motto "bank naked" to emphasize the customer's freedom to conduct routine banking transactions from the comfort and security of his/her home 24X7. Today the customer are more educated than ever before, they expect more value for money and they want better services and are willing to pay for it (Kim and Kleiner,1996). The level of courtesy and assistance required by bank customers has increase dramatically as customers have upgraded their service standards.

EVOLUTION OF E-BANKING

Online services started in New York in 1981 when four of the city’s major banks (Citibank, Chase Manhattan, Chemical and Manufacturers Hanover) offered home banking services using the videotex system. It is rightly said that necessity is the mother of invention, especially in the context of India. Several initiatives have been taken by the government of India, as well as the Reserve Bank of India (RBI), have facilitated the development of E-banking in India. The government of India enacted the IT Act, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce. The RBI has been preparing to upgrade itself as a regulator and supervisor of the technologically dominated financial system. It issued guidelines on risks and control in computer and telecommunication system to all banks, advising them to evaluate the risks inherent in the systems and put in place adequate control mechanisms to address these risks.

State Bank of India (SBI) is the nation’s largest and oldest bank. Tracing its roots back some 200 years to the British East India Company (and initially established as the Bank of Calcutta in 1806), the bank operates more than 16,000 branches within India, where it also owns majority stakes in size associate banks. SBI has more 130 offices in nearly 35 other countries. SBI has been rolling out its own network of automated teller machines as well as developing anytime- anywhere banking services through internet and other technologies. The Bank is forging ahead with cutting edge technology and innovative new banking models.

By the beginning of the 20th century, India’s banking industry boasted a host of new arrivals and particularly foreign banks. The growth of the banking sector, and the development of indigenous banks, in turn create a need for a larger ‘bankers’ bank.

E-BANKING AND SBI:

Electronic-banking includes banking transactions electronically without visiting a branch or Banking without
teller/bankers. In this there is a use of computers and telecommunications to enable banking transactions to be done by telephone or computer rather than through human interaction. One can use either phone or Internet to log-on to his/her personal account, which is protected with PIN code (Personal Identification Number).

There are different ways or tools of electronic banking - Plastic Money (ATM cum debit Card & SBI credit card), Mobile Banking services, Internet banking services.

For internet banking services SBI has special portal by the name “OnlineSBI”1. The portal provides anywhere, anytime access to SBI accounts. It provide various services like Bill payment, E-Tax, Fund transfer, E-ticketing, RTGS/NEFT, Third party transfer Cheque Book/ Demand draft request, Account statement, E-Trading Account opening request, Transaction enquiry, Demat account, Global services(NRI services) etc.

Mobile banking services are offered by SBI through its tag line: “State Bank FreedoM- Your Mobile Your bank”2. It offers mobile banking services: over application/wireless application protocol (WAP), over SMS and Unstructured supplementary service data (USSD). It is offered to have convenient, simple, secure, anytime and anywhere banking. This service is available on java enabled mobile phones (with or without GPRS) where the user is required to download the application to the mobile handset. It performed various functions like: Funds transfer (within and outside the bank), Interbank Mobile Payment Services, Enquiry services (Balance enquiry/ Mini statement), Cheque book request, Demat Enquiry Service, Bill Payment (Utility bills, credit cards, Insurance premium), Donations, Subscriptions, Mobile Top up, M Commerce (Top up of Tatasky, BigTV, SunDirect, DishTV connections and receive recharge pins for DigitalTV/Videoccon d2h, SBI life insurance premium.

SBI offers plastic money-“SBI Card- Make life simple”3 to its customers. It has various types of plastic money like Premium cards, travel & shopping cards, classic cards, exclusive cards. It include various features like Cash Access across the World, Convenience @ the Speed of Technology, E-statements, SMS Alerts, SBI Card Online, Fuel Freedom, and Easy Bill Pay Facility at Zero Charge, Flexi-pay, and Balance Transfer at Low Interest Rates, Easy Money Facility, Credit Facility, Online Railway Tickets Booking, and Global Card. These features provide various benefits like 24X7 Priority Concierge Desk, Flower & Gift Delivery, Movie Tickets, Airline Ticket Reservation Assistance, Car Rental and Limousine Referral and Reservation Assistance, Hotel Referral and Reservation Assistance

*1, 2, 3: www.statebankofindia.com

LITERATURE REVIEW

The confirmation/disconfirmation paradigm views customer satisfaction judgments as the result of the consumer’s perception of the gap between their perceptions of performance and their prior expectations (Parasuraman et al., 1994); customer satisfaction in service industries has been approached differently by equity theory, attribution theory, the conformation and disconfirmation paradigm, and satisfaction as functional perception (Parker and mathews,2001). Increased research into customer satisfaction has been influenced dramatically by the variety of measurement scales used in customer satisfaction instruments tests (Devlin et al., 1991). The biggest technological advancement since the personal computer and the primary technological force causing all corporations to rethink their business model, the internet is a system of millions of interconnected networks that spans to the earth (Wilson, 1996). Kalakota and whinstom (1997) state that “the message for marketers is clear: the purchasing climate and the products change quickly. In order to be competitive marketing executives must employ technology to develop low cost customer prospecting methods, establish close relationships with customers, and develop customer loyalty.” The rapid growth of the Web creates a tremendous opportunity for new businesses, but also requires a new way of viewing the market place for community banker, “Experts estimates that consumer use of on-line banking services will increase over 20-fold by the end of the century. Geography and the number of branches become irrelevant and community banks are able to offer the same level of service and convenience to customers as the largest banks. In the past, over 60% of existing bank customers have cited their bank selection to be based on convenience of location. For the customers of today, convenience of location includes the availability of 24-hour access via the Internet” (Wilson, 1996). Seitz and Stickel (1999) considered that financial service companies are using the Internet as a new distribution channel. The goal is: complex products may be offered in an equivalent quality with lower costs to more potential customers and there may be contacts from each place of earth at any time of day and night.

OBJECTIVES

1. To evaluate the awareness of E-banking among the customers of SBI
2. To measure the customer satisfaction in E-banking services provided by SBI
3. To Study the most preferred E-banking service offered by SBI

RESEARCH DESIGN

The study is descriptive in nature. Sample respondents are SBI account holders. The focus of the study is to find the validity and reliability of the data used.

Sample size: 100 (SBI account holders)
Area of Research: Ambala and Yamunanagar (Haryana)
Period of Study: 30.4.2011 to 31.5.2011
Data Collection: Primary (Questionnaire) and Secondary (Reports, Websites, Journals etc)
Sampling Technique: Questionnaire on random basis (Convenient sampling)
Tools used for the Analysis: Chi-Square test
The SPSS software package was used for analyzing the data. The Microsoft excel software package was also used to make some basic computations

HYPOTHESES OF THE STUDY

H0: There do not exist any significant difference in factors affecting the SBI Customers’ decision to opt E-banking
H0: Security concern is not a major issue while using SBI E-banking services
H0: Most of the SBI customers are not satisfied with the E-banking services

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FINDINGS
As per our analysis, following response was given by the customers of SBI:
1. All SBI Customers are aware about e-banking but 2% of SBI Customers are not using any of the e-banking services (Plastic Money, Mobile Banking, Internet banking services).
2. 98% of SBI Customers are using Plastic Money (ATM cum debit Card & SBI credit card) 41% using Mobile Banking services and 24% using Internet banking services.
3. There are many reasons for not using E-Banking by the SBI customers like lack of knowledge, inadequate legislations, but security concern is the major issue.
4. 24% of Customer prefers internet banking because of following services: e-bill, E Tax, Fund transfer, E-ticketing, RTGS/NEFT, Transaction enquiry and others.
5. Ease of use and variety of features are the main factors which influence the decision of opting SBI E-Banking services.
6. Cost reduction (68.3%) is one of the main factors which affect the preference level of SBI Customers.
7. 55% of SBI customers consider security as the major concern while using E banking.
8. 12% of SBI customers are highly satisfied, 61.44% are satisfied, 20.4% are neutral and 6.12% are dissatisfied.

SUGGESTION
1. Customers should be more aware & have sufficient knowledge while using E-banking.
2. Customers should choose a password that will not be easily decoded so that they can use secure E-banking.
3. There should be adequate legislations for safely use of E banking services.
4. Banks should provide experts to train common public for using E banking services.
5. Customers should not disclose their personal information to unknown person via email or any other means.
6. Bank need to undertake market research, adopt systems with adequate capacity and scalability, undertake proportional advertising campaigns.
7. Bank should conduct time to time survey to know the problems faced by SBI customer while using E-Banking services.
8. SBI should have highly effective and secured information system.

CONCLUSION
Banking has come a long way from the time of ledger cards & another manual filing system. SBI bank today has electronic system to handle their daily voluminous tasks of information, retrieval, storage & processing. It provides various facilities to its customers like electronic funds transfer for retail purchases, automatic teller machines (ATMs), and automatic payroll deposits and bill payments. It also provides home banking whereby a person with a personal computer can make transactions, either via a direct connection or by accessing a Web site. Electronic banking has vastly reduced the physical transfer of paper money and coinage from one place to another or even from one person to another person.
The degree of satisfaction varies from person to person. People are satisfied with the various facilities provided by the bank as it makes their lives more convenient and comfortable but on the other side security is the major concern of most of the people. SBI provide ‘demo’ on their website for new users to see what the online banking services provide. It also provide facilities of experts to aware the common men that how they can use e banking safely. But still there are various issues which prevent customers from using SBI E banking services like Security, Site changes, Trust, Inadequate laws. So SBI bank needs to make efforts to increase the satisfaction level & to attract more SBI customers for using E banking service.

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H0: There do not exists any significant difference in factors affecting the SBI Customers’ decision to opt E-banking

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<th>Observed N</th>
<th>Expected N</th>
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<tr>
<td>Ease of use</td>
<td>267</td>
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<td>12.9</td>
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<td>254</td>
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<td>Security of transactions</td>
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<td>Variety of features that are provided</td>
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Table value for 6 d.f at 5% level of significance = 12.59

As calculated value > Table value

i.e. 16.45 > 12.59

So, there is a significant difference in factors affecting the SBI Customers’ decision to opt E-banking.

**H0: Security concern is not a major issue while using E banking**

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<td>Lack of expertise</td>
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### Test Statistics

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Table value for 3 d.f at 5% level of significance = 7.814

As calculated value > Table value

i.e. 14.906 > 7.814

So, H0 is rejected.

Yes security concern is a major issue while using E banking

**H0: Most of the SBI customers are not satisfied with the E banking services**

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<td>Highly Satisfied</td>
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<td>Satisfied</td>
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<td>147.0</td>
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<td>Neutral</td>
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<td>Dissatisfied</td>
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<td>-81.0</td>
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<td>Total</td>
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Table value for 3 d.f at 5% level of significance = 7.814

As calculated value > Table value

i.e. 326.32 > 7.814

So, H0 is rejected.

Yes, Most of the SBI customers are not satisfied with the E banking services

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