



Asian Journal of Management and Commerce

E-ISSN: 2708-4523

P-ISSN: 2708-4515

AJMC 2023; 4(1): 242-245

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www.allcommercejournal.com

Received: 01-03-2023

Accepted: 15-04-2023

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Factor affecting adoption of E-banking

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Abstract

The research was carried out in order to know about the most important factors in the adoption of E-banking. After reviewing different articles concerning E-banking adoption, we gathered data which shows that different articles and authors consider that there are number of factors critical in the adoption of E-banking. However, among different articles, some of the factors were cited repeatedly by different authors considering them as the most important factors regarding E-banking adoption. These factors are web usability, security, information quality, trust, service quality, convenience and privacy. On the basis of these factors, questionnaire was designed and survey was conducted to collect the primary data. In this regard, 100 responses were collected from people.

Keywords: E-banking, internet-based services, intrusion detection system, numerous virus control devices

Introduction

E-banking refers to the completion of financial transactions over the Internet using a bank's secure websites. Customers can conduct financial transactions using mobile devices and the internet with the aid of E-banking. Digital banking is often known as "online banking" or "web banking." Customers have access to their accounts at any time and from any location. Because of its ease and creative ways, digital banking draws people who previously used traditional banking. E-Banking provides internet-based services that save time, are easy to use, and have low transaction fees. It has reduced customer attrition and increased customer loyalty as a result of the self-service system. The intrusion detection system and numerous virus control devices rendered the E-banking services risk-free.

Review of literature

Keskar and Pandey (2018) [8] pick out applicable works in Internet banking among 2002 and 2016. Their findings imply that troubles consisting of cyber-security, trust, and web-layout and their outcomes on purchaser loyalty, purchaser retention, and purchaser delight have now no longer been investigated in depth. The fundamental drawback of the take a look at is that the authors didn't gift the antecedents of purchaser delight with inside the Internet banking literature.

Thus, this literature evaluate pursuits to fill this hole in our contemporary understanding approximately the antecedents predicting purchaser delight in Internet banking

There are no more long queues for those who want to get their work done as it can now be done in minutes. Given the rapid changes in the business world, banks have chosen to go online to remain competitive by taking advantage of new opportunities (Sharma, 2016) [9].

Objective of the study

The general objective of the study is to identify the factors influencing the adoption of E-banking. The specific objectives of this study were to;

- To identify the factors that encourages consumers to use E-banking.
- To explore the factors influencing the E-banking adoption
- To study the satisfaction level of commerce students towards E-banking.

Adoption of E-banking system

The internet has an ever-growing importance in the banking sector because of the advantages. It brings to both the entities and their customers. Age, education level, income and occupation are the most influential demographic factors affecting internet usage.

Typical internet banking users tend to be well educated, relatively young and are high income earners. It has been widely recognized that the demographic factors have a great impact on consumer attitudes and behaviour towards E-banking. The more people feel secure, the more they will adopt internet banking service. The factors affecting the acceptance and adoption of new innovation is the level of security or risk associated with it.

Technological advancements are very essential for people and human life. Because it helps to save time and money. Information technology is becoming expansion nowadays and people tend to use it. New technological advancements have introduced varieties of changes in the world and business era.

Current Financial Innovations in E-Banking Indian Banking Sector

Introduction of innovation in banking sector gave birth to new product design, various methods of doing online financial transaction and different electronic systems. All this gave a most popular name to today's banking system which is Innovative banking. Innovation banking mainly stresses on customer convenience and customer satisfaction. The main reason behind bringing innovation in current banking system was to provide customer with better services with help of technology and in this race of technology development internet served as the foundation stone for innovation banking. As after the introduction of internet in banking sector a drastic changes were observed like higher efficiency, control of operations, reduction in cost because of replacement of paper based and labour intensive methods by automated processes lead to higher productivity and profitability.

List various innovation that took place in E-Banking Automated Teller Machines (ATM)

ATM is known as an automated teller machine or automatic teller machine. Simple sense it is an electronic computerized telecommunications device in simple words, it is simple to use self-service solution.

Tele Banking

Telephone banking is second type of E-banking innovation as this service facilitates the banks customer to perform a range of financial transactions over the telephone, without visiting any bank branch or automated teller machine

- Obtaining account balances
- List of latest transactions
- Electronic bill payments
- Funds transfers between a customers or even in another's accounts.

Smart Card

A smart card is also known chip card, or integrated circuit card (ICC) it is a pocket sized plastic card that has embedded in form of computer chip. The microprocessor is under a contact pad on one side of the card. Think of the microprocessor as replacing the usual magnetic stripe present on a credit card or debit card. The microprocessor on the smart card is there for security. The host computer and card reader actually "talk" to the microprocessor.

Debit Card

Debit cards are also known as a bank card or check cards.

Debit cards look like credit cards or ATM (automated teller machine) cards it is a plastic payment card that can be used instead of cash when making purchases but operate like cash or a personal check. But still Debit cards are different from credit cards as credit card is a way to "pay later," but debit card is a way to "pay now." When any customer uses a debit card his/her money is quickly deducted from their account.

Cheque

An E-Cheque is one of latest innovation done in field of E-banking; it is a new payment method that facilitates those customers who do not possess credit or debit card as a back-up payment method. In e-cheque method payment is made directly from customer's bank account.

Direct deposit

Direct deposits are most commonly made by means of electronic funds transfers effected using online, mobile, and telephone banking systems but can also be effected by the physical deposit of money into the payee's bank account.

Electronic Bill Payment

Electronic bill is a type of E-banking innovation that allowing a customer of a financial institution or bank to transfer money through financial transaction or credit card account to the creditor or vendor such as a public utility, department store or an individual to be credited against a specific account.

Research methodology primary data

The research design study is exploratory in nature. Quantitative framework is used for the research. Primary data has been collected using a self-administered structured questionnaire designed specifically for the study. It was prepared to explore the important factors for adopting internet banking and challenges faced by the customers.

Sample Size

The primary data was collected with the help of structured questionnaire. The questionnaire consists of two parts. The first part of the questionnaire consists of personal details of the respondents. The second part of the study consists of dimensions related to the study. The dimensions are social influence, Internet Banking awareness, Trust, Quality of Internet connection, Computer self-efficacy, Perceived Usefulness, Perceived ease of use, Customer attitude and Intention to use E-Banking. We utilized a convenience sample of 100 from users. Factor analysis has been applied in order to explore the result. It is seen that the usage of internet banking services among young generation is on a growing stage and the number of internet banking users have increased in number.

Using Percentage Method

- According to the survey, people between the ages of 19 and 30 are much more attentive in E-banking, as shown by the percentage method.
- There are somewhat more Female responses (60%) than male replies.
- Students account for 69 percent of the responders.
- A significant majority of responders (86.5%) had E-banking.
- Frequent usage of respondents are daily usage people (60%)

- E-banking awareness is greater (95.5%).
- According to 51.4 of respondents, the majority of people in their internet are aware of E-banking.
- The biggest percentage of people (55%) who are satisfied with Google pay app.
- In rural areas, E-banking methods are primarily used for all purpose (62.2%).
- While many people would prefer to remain neutral, many others strongly agreed or agreed that E-banking have many advantages.
- The people avoid using E-banking services is poor connectivity (78.4%)

- 50% of people prefer sms text for verification and authentication in E-banking.
- While many respondents favored remaining neutral, many others strongly agreed or agreed on E-banking services is not strong as compared to offline services.
- According to the survey, 50% of respondents prefer using E-banking services is ease to use.
- More than 50% of people thinking server issues are in high in E-banking services

Data Analysis

Table 1: Chi-Square for People Using E-Banking Services and Not Using the E-Banking Services.

S. No	People use e-banking services	Observed frequency			Total	Expected frequency			P-Value
		Fraudulent	Server issues	Data transparency		Fraudulent	Server issues	Data transparency	
1	Yes	35	47	14	29	92.1	85.5	77.8	2.245
2	No	3	8	4	41	7.9	14.5	22.2	
Total		38	55	18	70	100	100	100	

Chi-square is applied people using e-banking services and some not using the e-banking services

H0: There is no significant relationship between people using e-banking services and some not using the e-banking services

H1: There is significant relationship between people using e-banking services and some not using the e-banking services

Factor	Significant value	P-Value	Hypothesis
People using E-banking services and some not using the e-banking services	0.05	2.245	Alternate Hypothesis

Interpretation

The P Value 2.245 is obtained by calculating the chi-square between people using E-banking services and some not using the e-banking services. The P Value 2.245 is greater than significant value 0.05. Hence Alternate hypothesis is accepted and there is a significant relationship between people using e-banking services and some not using the e-banking services.

Findings

The above table shows that all factors except comfort are significant in affecting the adoption of internet banking. The sum of two standard deviations is larger than difference in two means so the alternative hypothesis is accepted. Significant differences exist in factors for management student’s use of internet banking. Significant differences exist between the satisfaction levels of people towards internet Banking. Various factors providing a basket of services, speed, comfort, convenience, transparency, and easy monitoring are some in terms of which Management students show differences in satisfaction.

Suggestions and conclusion

The research was carried out in order to know about the most important factors in the adoption of E-banking. After reviewing different articles concerning E-banking adoption, we gathered data which shows that different articles and authors consider that there are number of factors critical in the adoption of E-banking. However, among different articles, some of the factors were cited repeatedly by different authors considering them as the most important factors regarding E-banking adoption. These factors are web usability, security, information quality, trust, service quality, convenience and privacy. On the basis of these factors, questionnaire was designed and survey was conducted to collect the primary data. In this regard, 100 responses were

collected from people.

From responses this study present the results of the analysis and establishes consumer attitudes towards E-banking. It identifies those factors which influence the use of E-banking and those factors which discourage the use of E-banking. These factors concern consumer demographic characteristics, consumer perceptions towards internet banking and social influences.

Mobile banking are most convenient mode of banking, which allows customers to conduct transaction from anywhere at any time using their smartphone with provided internet facilities. Youths are more effective ways to reach digitalization. They are more compatible with using smartphone with the latest technology.

Disclosure: The authors have no relevant financial interest or affiliations with any commercial interests related to the subjects discussed within this article.

Funding: The author(s) received no specific grant or financial support for the research, authorship, and/or publication of this article.

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