

Barriers and Challenges faced by Consumers in e-banking Services Sector in India

Anli Suresh, N. Jannifer Rani

Madras Christian College, University of Madras, Chennai, India

anli.sgain@gmail.com, janujenkeines.jj@gamil.com

Abstract

Electronic banking is the wave of the future. It delivers huge assistances to consumers in terms of the comfort and cost of transactions. But it also gives new trials for country establishments in modifiable and overseeing the financial scheme and in scheming and applying macroeconomic policy. Online merchants and customers alike expect easy, safe and effective buying and selling processes. New technologies are making that simpler and smoother. But user demands for additional payment features and options lead growth in multiple directions. The focus of this paper is on barriers and challenges in e-banking service sector in India. This paper makes a descriptive study about barriers and challenges in e-banking and tries to identify the factor that causes the problems and challenges. Based on various literature reviews key factors which causes the barriers and challenges were analysed. A survey was done among 100 respondents in and around Chennai city. The paper concludes that major factor which has huge impact and the factors were security issues, internet connectivity issues, internet speed issues, lack of awareness about internet usage, taking too much time to speak with the Tele-banker, too much time to resolve the transaction, recharge through mobile phone and not successful, credit card not supported by service provider, takes long time for receiving OTP, card payment not supported, card not deducted by the device, incorrect amount deducted.

Key words: *Awareness, E-banking, Mobile banking, Security, Technology*

Introduction

E-banking is electronic banking where the computers and smartphones are used for payments in the higher technological world. Everyone is used to the e-banking methods which are very much time saving and also easy to access. Digitalization initiative by our Indian government is also a big boon to our economy and also has paved the way for e-banking services. E- Banking has evolved earlier but the effect of using more bank application and the payment application was only after the demonetization phase. The best way to ensure card data security is by using a payment gateway that has Peripheral Component Interconnect (PCI) Compliance. PCI is a set of regulations that all payment gateways have to follow to handle card

payments. It encrypts the data and changes it into a series of random characters and numbers before it reaches the server. It means that one won't be handling any personal or payment information thyself. The encrypted data is commonly known as a token, and it will be valid for a short period, making it challenging to crack. Getting PCI compliance on ones payment system is expensive. Online fraud and card payments related fraud are common in India, but since Covid-19 knocked the doors, the number of such cases increased exponentially. It is essential for e-commerce merchants to use a secure payment system with the least possibility of any data leak. The internet has expanded the market even for small businesses. The merchant now has the benefit of dealing with international clients, thanks to advanced payment gateways such as Paytm payment gateway. When compared the local transactions with International transactions, it can be slow and expensive.

Review of literature

Ameena Farooqui(2018) has identified major challenges in the internet banking as security risk, trust factor, customer awareness, privacy risk, strengthening the public support, availability of personnel services, implementation of global technology, Non-performing assets, competition, and handling technology.

Chethan V.P (2016) has highlighted acceptance of customer, costly technology, issues in security, legal issues, other business related restrictions, transparency in offering, adoption of proper organization structure are some of the issues in e-banking services.

Lekshmi Bhai.P.S (2018) Difficulties in implementation of global technology, Confidentiality, integrity and authentication, Customer Satisfaction, Availability of Personnel services, Competition, Handling Technology, Security Risk, Privacy risk, Privacy risk, Less Internet Penetration in Indian Context are some of the key factors which have a major impact in creating issues in the online payment and banking services.

Monisha (2017) Security risk, confidentiality risk, trust issue, customer understanding, less internet diffusion in India, poor infrastructure, operating conditions, technological illiteracy, training the employees, customer education, restricted business, cost of technology are some of the important factors that affect the e-banking services.

Saleh.M (2010) has given the few challenges regarding the e-payments like regulatory risk, legal risk, money laundering, operational risk and reputational risk. Electronic banking can offer a number of welfares for clients and new business occasions for banks, it worsens

traditional banking risks. Even though substantial work has been done in some countries in familiarizing banking and management regulations, continuous watchfulness and reviews will be important as the scope of e-banking rises.

Sheila Mitham (2017) has identified the problems in the online banking services in her research work. The key difficulties which include traditional banking habits, security, technical issues, transaction difficulties, and small marketing budgets are all major challenges that online banking marketers will have to consider and should make the necessary steps in order to avoid these issues in the future.

Viren Chavda (2014) in his study “E-banking opportunities and challenges: A study” highlighted the major challenges in the banking sector as acceptance of customer, costly technology, issues in security, legal issues, business related restrictions, transparency in offering, adoption of proper organization structure.

Research Gap

There were many studies relating to the challenges and opportunities with regard to the traditional banking but there were very few studies pertaining to the barriers and challenges faced by e-banking or online banking and internet banking in Indian concept. The researcher has focused the study on the challenges and issues faced by the consumers and the providers during the online transactions.

Objectives of the study

To identify the challenges and barriers in the online transactions faced by the consumers and the service providers and also to identify the frequency of online purchasing.

Hypotheses for the study

H₀₁: There is no significant relationship between Age and Connectivity.

H₀₂: There is no significant relationship between Age and Access.

H₀₃: There is no significant relationship between Age and Payments.

Research Design

Table-1 Research methodology	
Research Design	Descriptive Study
Sampling area	Chennai city
Sampling method	Simple random sampling
Sample Size	100
Research Instrument	Self-designed structured printed questionnaire with scored using a five - Point Likert scale
Collection of Data	Primary data- questionnaire; Secondary data- Journals, articles, web blogs, Reviews
Period of Study	March 2021 to April 2021
Statistical Techniques	Correlation analysis, Factor Analysis, Reliability Analysis
Statistical Tool	SPSS 20 software

Interpretation: Table 1 consists of the research plan adopted in the study and design, techniques, sample, method of data approached for the research work along with information of statistical models used to evaluate the sampling data.

Data Analysis and interpretation

Demographic analysis

Table-2 Age of the respondents		
Variables	Frequency	Percent
20-25 years	23	23.0
26-30	27	27.0
31-35	10	10.0
36-40	18	18.0
Above 40 years	22	22.0
Total	100	100.0
Source: Primary Data Analysis		

Interpretation: Table 2 shows that out of total 100 respondents in which 23% fall under the age group of 20-25 years where as 27% fall under the age group of 26-30 years, 10% of the respondents belong to 31-35 years, 18% of the respondents belong to the age group of 36-40 years and the remaining respondents are from the age group of above 40years.

Table-3 Gender of the respondents		
Variables	Frequency	Percent
Female	76	76.0
male	24	24.0
Total	100	100.0
Source: Primary Data Analysis		

Interpretation: Table 3 shows that there are 24% male respondents taken for the study and 76% of the study was done with female respondents

Table-4 Educational qualification of the respondents		
Variables	Frequency	Percent
UG	33	33.0
PG	26	26.0
Diploma	21	21.0
Doctorate	20	20.0
Total	100	100.0
Source: Primary Data Analysis		

Interpretation: Table 4 shows that Out of 100 respondents, 33% belong to under graduation, 26% is from post-graduation, and 21% belong to Diploma and the remaining respondents are Doctorates.

Table-5 Occupation of the respondents		
Variables	Frequency	Percent
Student	12	12.0
House wife	6	6.0
own business	18	18.0
Public sector	16	16.0
Private sector	48	48.0
Total	100	100.0
Source: Primary Data Analysis		

Interpretation: Table 5 shows that majority of the respondents were working in the private sector. 12% of the respondents were students, 6% of the respondents were house wife, 18% of the respondents were having own business, 16% of the respondents were working in public sector.

Variables	Frequency	Percent
25000-30000	36	36.0
31000-35000	21	21.0
36000-40000	18	18.0
Above 40000	25	25.0
Total	100	100.0
Source: Primary Data Analysis		

Interpretation: Table 6 shows that Out of 100 respondents, 36% of the respondents have monthly income of Rs.25000-Rs.30000, 21% of the respondents have Rs.31000-Rs.35000, 18% of the respondents have Rs.36000-Rs40000 and 25% of the respondents have a monthly income of above Rs.40000.

Factor analysis

Components	Factors	Initial	Extraction
CONNECTIVITY	Security Issues	1.000	.983
	Internet connectivity issues	1.000	.978
	Internet speed issues	1.000	.997
	Lack of awareness about internet usage	1.000	.965
	Taking too much time to speak with the Tele-banker	1.000	.986
ACCESS	Too much time to resolve the transaction	1.000	1.000
	Recharge through mobile phone and not successful	1.000	.978
	Credit card not supported by service provider	1.000	.978
	Takes long time for receiving OTP	1.000	1.000
PAYMENTS	Card payment not supported	1.000	.961
	Card not deducted by the device	1.000	.961
	Incorrect amount deducted	1.000	.757
Extraction Method: Principal Component Analysis.			

Source: Primary Data Analysis

Interpretation: Table 7 shows that three components were extracted from the component analysis.

First component labelled as **Connectivity** and has factors such as Security Issues with 98.3%, Internet connectivity issues with 97.8%, Internet speed issues with 99.7% which is a major barrier and challenge in this component, Lack of awareness about internet usage with 96.5% and Taking too much time to speak with the Tele-banker with 98.6%.

Second component labelled as **Access** and has factors such as Too much time to resolve the transaction with 100% which is a major barrier and challenge in this component, Recharge through mobile phone and not successful with 97.8%, Credit card not supported by service provider with 97.8% and Takes long time for receiving OTP with 100% which is also another major barrier and challenge in this component.

Third component labelled as **Payments** and has factors such as Card payment not supported with 96.1% and Card not deducted by the device with 96.1% are a major barrier and challenge in this component and incorrect amount deducted with 75.7%.

Component Matrix

Table-8 Rotated Component Matrix			
Factors	Component		
	1	2	3
Security Issues	.973		
Internet connectivity issues	.958		
Internet speed issues	.958		
Lack of awareness about internet usage	.954		
Taking too much time to speak with the Tele-banker	-.896		
Security Issues		.864	
Recharge through mobile phone and not successful		.762	
Credit card not supported by service provider		.699	
Takes long time for receiving OTP		-.642	
Card payment not supported			-.642
Card not deducted by the device			.625

Incorrect amount deducted			.624
Source: Primary Data Analysis			

Interpretation: Table 8 shows that the selected 12 components were rotated in the Varimax rotation. The twelve components were security issues, internet connectivity issues, Internet speed issues, Lack of awareness about internet usage, Taking too much time to speak with the Tele-banker, Too much time to resolve the transaction, Recharge through mobile phone and not successful, Credit card not supported by service provider, Takes long time for receiving OTP, Card payment not supported, Card not deducted by the device, Incorrect amount deducted. In this Security Issues and Security Issues has a positive and high impact and Card payment not supported has a negative impact towards barriers and challenges faced by Indian consumers.

Correlation analysis

Further, the three factors extracted from the factor analysis are further tested by using the correlation analysis with demographic factor Age.

Table-9 Correlations					
		Age	Connectivity	Access	Payments
Age	Pearson Correlation	1	.424**	.631**	.510**
	Sig. (2-tailed)		.000	.000	.000
Connectivity	Pearson Correlation	.424**	1	.900**	.041
	Sig. (2-tailed)	.000		.000	.684
Access	Pearson Correlation	.631**	.900**	1	-.010
	Sig. (2-tailed)	.000	.000		.920
Payments	Pearson Correlation	.510**	.041	-.010	1
	Sig. (2-tailed)	.000	.684	.920	
**. Correlation is significant at the 0.01 level (2-tailed).					
Source: Primary Data Analysis					

Interpretation: Table 9 shows the correlation analysis as follows:

H₀₁ -There is no significant relationship between Age and Connectivity: The correlation table reveals that the Pearson's coefficient value for the relationship between age and connectivity is 0.424 which shows a moderate positive correlation. The significant value for technical issues is 0.000 which is less than 0.05 and shows that there is significant relationship between age and connectivity. Thus the H₀₁ is rejected.

H₀₂ -There is no significant relationship between Age and Access: The correlation table reveals that the Pearson's coefficient value for the relationship between Age and Access is 0.631 which shows a moderate positive correlation. The significant value for technical issues is 0.000 which is less than 0.05 and shows that there is significant relationship between age and connectivity. Thus the H₀₂ is rejected.

H₀₃ -There is no significant relationship between Age and Payments: The correlation table reveals that the Pearson's coefficient value for the relationship between Age and Payments is 0.510 which shows a moderate positive correlation. The significant value for technical issues is 0.000 which is less than 0.05 and shows that there is significant relationship between age and connectivity. Thus the H₀₃ is rejected.

Findings

Demographic profile: Majority of the respondents were from the age group of 26-30 years who are female respondents studied Under Graduation and working in the private sector and are having their monthly earning as 25000-30000.

Factor Analysis: Three components were extracted from the factor analysis namely Connectivity, Access and Payments. The component Connectivity has a higher score for security issues; Access has a higher score for too much time to resolve the transaction and payments has a higher score for card payment not supported. The higher score in each component shows the more of influencing towards it.

Correlation Analysis: Further, the three factors extracted from the factor analysis are further tested by using the correlation analysis with Age. There is significant relationship between age and connectivity, access and payments.

Conclusion

E- Banking is one of the most crucial expansions for the banking business in its long history. However, in spite of the several welfares that e-banking provides to customers, there are also a number of major worries and tasks for marketers in the online banking sector. In the previous few years, the Indian banking sector has entirely changed. The banks are fronting many trials and many occasions are available with the banks. Many monetary inventions like ATMs, credit cards, Real Time Gross Settlement (RTGS), debit cards, mobile banking has totally changed the face of Indian banking. But still there is a need to have more advanced resolutions so that the tasks can be solved and occasions can be availed efficiently by the Indian banks.

Suggestions

Although the whole thing is just ‘a click’ or ‘a scan’ away sounds great, but when it comes with a host of problems and technical issues. Persons who are new to a digital payment system can end up shifting money to a wrong account. Or as happens sometimes, transactions simply fail. The recent supervisory agenda includes aspects that move toward enhanced safety in online payments but offers possible areas of developments. This paper strongly endorse that controllers set a suitable measurable consequence to be met in terms of online scam rate level in contradiction of which to measure the actual performance. This will be useful in checking closely the real performance.

Scope for Future Research

Further study can be made on other aspects faced by the Indian consumers other than the barriers and challenges in e-banking Services Sector in India. The research can be extended to the psychological factors influencing e-banking services. The current pandemic scenario and the fear influence of consumers can be analyzed.

References

1. Ameena Farooqui. —E-Banking Issues & Challenges. | IOSR Journal of Business and Management (IOSR-JBM), vol. 19, no. 5, 2017, pp. 31–39.
2. Chethan V.P (2016) challenges of e-banking.
3. Lekshmi P.S E-banking in India problems and prospects International Journal of Current Engineering and Scientific Research (IJCESR) ISSN (Print): 2393-8374, (Online): 2394-0697, Pg. 77-81 Volume-5, Issue-1, 2018.
4. Monisha (2018) Electronic banking in India: innovation challenges opportunities NCITEM- Vol 5 Issue 11 ISSN: 2278-0181 24th April 2018 IJERT.
5. Saleh.M Challenges in E-banking Revolution Finance and development a quarterly journal of IMF September 2010 vol 39 number III.
6. Sheila, Mitham (2017) Issues and challenges in the Indian Banking sector extracted from Inbound Fintech, 13th August 2017.
7. Viren Chavda (2014) E-banking opportunities and challenges: A study International Multidisciplinary Research Journal December 2015 volume 1 Issue 5 ISSN 2349-7637.

We declare that the submitted paper is original research work, which has not been Published or submitted for publication.