Executive Summary

In India, there prevailed a system of indigenous banking from very early times, though it was not similar to banking of modern times. There is evidence to show that money lending existed even during the Vedic period. With the advent of the English traders in the Seventeenth century and the establishment of trading centers by the East India Company, the position of indigenous bankers became precarious. Unable to use indigenous bankers for their trading and banking purposes, the East India Company, encouraged the establishment of agency houses-trading firms which undertook banking operations for the benefit of their constituents. Some of the important agency houses established during the period was Alexander & Co. & Fergusson & Co. These firms combined banking with other kinds of business and both were the predecessors of the early Joint Stock Banks in India. ‘The Bank of Hindustan’, a mere appendage of the former, was the earliest bank under European direction in India.

‘The Bank of Hindustan’ was the first bank in India, established in 1770. Since, 1770, the journey of Indian Banking System can be bifurcated into three distinct Phase.

- According to Indian Banking Regulation Act, 1949:

  “Banking” is defined as accepting, for the purpose of lending or investment, deposits of money from the public, repayable on demand or otherwise and withdraw able by cheque, draft, order or otherwise. [Section 5(2)]

Overview of E –Banking System:

Electronic Banking (E-Banking/e-Banking) is a modern banking system. It is the accessibility of banking services in electronic form, which were traditionally available only at bank-counters and dispersed by the humans. E-Banking is changing the ways of doing banking business with modern technologies and techniques. It is the replacement of traditional tools such as papers and pencils with the electronic systems. The introduction of Internet in the business has further enhanced the capacity and capability
of overall banking system in terms of productivity, profitability, efficiency, quality of service and cost effective delivery of numerous products/services. Information regarding money, its storage in the computers in digital form and its movement anywhere in the world without considering physical boundaries is described as digital money and this whole process as Electronic Banking.

The following are the characteristics of modern banking system i.e. E-Banking (Deutsche Bundesbank, 2000):

- The transaction in electronic banking is no longer confined within the national borders due to their virtual nature i.e. electronic commerce based transactions. This intends that the banks need to cooperate even more closely with foreign bank’s authorities than in the past.
- The innovative cycles for new products on the Internet are becoming shorter and shorter due to rapid pace of technological changes. In some cases, the technology behind some products is already obsolete well before those products are ready for marketing.

Global Scenario of E-Banking:

In Asia, the major factor restricting growth of E-banking is security, in spite of several countries being well connected via Internet. Access to high-quality E-banking products is an issue as well. Majority of the banks in Asia are just offering basic services compared with those of developed countries. Still, E-banking seems to have a future in Asia. It is considered that E-banking will succeed if the basic features, especially bill payment, are handled well. Bill payment was the most popular feature, cited by 40 percent of respondents of the survey. However, providing this service would be difficult for banks in Asia because it requires a high level of security and involves arranging transactions with a variety of players.
Experience of India on E-Banking:

India is still in the early stages of E-banking growth and development. Competition and changes in technology and lifestyle in the last five years have changed the face of banking. The changes that have taken place impose on banks tough standards of competition and compliance. The issue here is – 'Where does India stand in the scheme of E-banking.' E-banking is likely to bring a host of opportunities as well as unprecedented risks to the fundamental nature of banking in India.

The impact of E-Banking in India is not yet apparent. Many global research companies believe that E-banking adoption in India in the near future would be slow compared to other major Asian countries. Indian E-banking is still nascent, although it is fast becoming a strategic necessity for most commercial banks, as competition increases from private banks and non-banking financial institutions.

Need of Electronic Banking in Indian Banking System:

In India, the commercial banking is based on branch banking system in which several bank branches are geographically spread throughout the country or abroad and managed by their controlling (Regional/Zonal/Head) offices. There are also some special branches that deal with exports and imports activities. In India, the branches are of different kinds, small, medium, large and service branches. The location-wise distribution is rural, semi-urban, urban and metropolitan branches. The branches are the original data processing centres which handle huge volume of business transactions. The branches periodically sent various financial and other reports to the main offices like present account status, account handling types, revenue generated and credit/deposit ratio etc. The information generated at branch level is used by the controlling offices for proper monitoring of activities of the banks and overall financial health of the bank. The Regional/Zonal Offices and Head Offices are responsible to issue periodic control directions to the branches for better functioning and compliance.
Research Gap:

The review of literature also reveals that there are number of factors responsible for adoption of technology. These factors not only include the demographic factors but users’ personality related and psycho-graphic factors also.

The present doctoral research study aims at understanding these demographic factors and psychographic factors that are responsible for the adoption e-banking technology. The research methods adopted for this purpose is illustrated in the next chapter.

RESEARCH METHODOLOGY:

Research Approach: Qualitative and Quantitative

Objectives of the Study:

➢ To study the adoption and use of Internet / electronic medium for banking transactions by individuals in India.
➢ To study the consumers’ perceptions regarding the issues and challenges of e-banking
➢ To understand a profile of e-banking users and non-users in India in terms of demographics and their personality related dimensions

Types of Research Design: Exploratory and Conclusive Descriptive Cross Sectional Sample Survey Research Design

Sampling Design:

Target Population: Consumer of the bank

Sampling Design: Non probability sampling: Convenience sample method

Sample Size: Total sample size 1,000

Types of Data: Primary as well as Secondary data
Data collection methods: Face to face personal interviews methods and e-mail survey and telephonic survey

Software Used for Data Analysis: Excel-2007, SPSS-17.0

Test Performed: Preliminary Analysis, Chi-square test, kruskal-wallis test, Cross tabs, Cramer’s V, Z- Test of Proportional test, Kendall’s Tau Test

Findings:

1. 37.4% respondents are satisfied with e-banking while 37.8% respondents, who are using e-banking services are neither satisfied nor dissatisfied i.e. neutral and only 1.5% respondents are highly dissatisfied with their bank’s e-banking services.
2. Majority of respondents are aware of the methods which can be undertaken to make any kind of fraud.
3. One fourth people don’t prefer E-banking over traditional banking, round about 16% respondent believes that E-banking is non-user friendly process. On other hand 10.8% have feeling of that they are not properly aware about functionality of E-banking,12.8%are feared about insecure transaction, 13.8%have no access to internet and mobiles, 12.3% believes that E-banking have hidden cost, and 9.4%have others reasons for not using it.

Research Limitation:

Due to limited time and availability of resources, the main limitation is that this study is based on just 1000 participants. The potentiality of common methods bias by adopting single questionnaire to measure all constructs. For analysis of survey only CNS, CIJM and CNS Personality Factors were used there is possibility of surveying the possible influence caused by the sub factors of technology and readiness in future.