CHAPTER – V
PROBLEMS IN E-BANKING USERS

Introduction

Banks all over the world have been effectively deploying information technology as an innovative resource to achieve speed, efficiency, cost reduction, customer service and competitive advantage. Technology enabled products and delivery channels offer value to customers providing them with anywhere, anytime, anyway banking to customers. Even in a developing country like India the banks have realized that in order to remain competitive and provide the best services to their customers they need to have the latest technology in place. These technological changes have been pioneered in India by foreign sector and private sector banks but now it is seen that the traditional banks in the public sector are also increasingly pursuing technology. Therefore, e-banking is the wave of the future of Indian banking sector.

Growth of e-banking in India depends on many factors, such as computer knowledge, success of internet access, new online banking features, household growth of internet usage, legal and regulatory framework. E-banking can offer speedier, quicker and dependable services to the customers for which they may be relatively satisfied than that of manual system of banking. E-banking system not only generates latest viable return, it can get its better dealings with customers.

E-banking provides enormous benefits to consumers in terms of the ease and cost of transactions. But it also poses new challenges for country authorities in regulating and supervising the financial system and in designing and implementing macroeconomic policy.
This chapter highlights various issues and challenges related with e-banking and the problems of e-banking users in the study area, so that the future of e-banking can become good asset for overall growth in the globalize world.

**Issues and Challenges of E-Banking Services**

In spite of the fact that electronic banking has lot of advantages, there are some hurdles of electronic banking. The main hurdles are as follows:

**Customer Skills**

The customers should have strong computers and browsing skills for using the internet banking and conducting the transactions online. Sometimes customers with the less sufficient knowledge get confusion of how to use the electronic banking. Another reason in customers finding difficulty in using the online banking is when the page layout of bank website is change and then customers have to face confusion and have to invest more time and this cause delay in conducting the online transaction.

**Security Risks**

Security violation can be categorized as violation with serious criminal intention, violation by 'casual hackers' or flaws in systems design and/or set up leading to security violation. E-banking system users still face the security risks with unauthorized access. It is extremely important to build in non-reputability which means that the identity of both the sender and the receiver can be attested to by a trusted third party who holds the identity certificates. Security is an important issue in online banking. The major security risks are as follows:

**Fraud in Transactions**

Nowadays the fraud is common on internet and it has a lot of effect on the electronic banking in a number of ways.
Fake Bank Websites/email:

Sometimes there are emails from banks or emails from the banks managers etc in which the title of banks or used having fake email addresses and when customers tried to give personal details then all the necessary information is hacked by the people who have sent these fake emails and then they might use these emails according to their own wish.

Use of Trojan Programs

The Trojan horse programs are used by the hackers to hack the important personal information of customers. So when the customer opens the unknown and suspicious email address or website, the Trojan horse will automatically install in the computer and customers did not have any knowledge of that and when customer opens the bank website then customer becomes a victim of hackers and they hack the account and passwords.

Technological Issues

Following four technology issues needed to be resolved in the area of security, privacy, authentication and divisibility:

Security: The lack of security may result in serious damages.

Privacy: Technology can become strengthening by ensuring the secrecy of sender's personal information and by enhance the transactional security.

Authentication: Encryption may help to provide more secured transactions. The two possible ways to verify the integrity of the message are secure Hash algorithm and verification through a third party called Certification Authority.

Divisibility: Electronic money may be divisible into different units of currency, similar to real money.
Implementation Issues

The key challenges faced by the designers of e-banking systems to deliver the services are legacy system integration and delivery of the integrated service across multiple channels, each with different presentation, service management and security capabilities. The service must be tailored to the characteristics of the target device and communications channel, ensuring optimum security and service quality on each customer interaction.

Power Failure

Nowadays India is facing a lot of problems like power shortage and mostly people don’t afford generators or UPS (Uninterrupted power supply) at homes and customers are scared of conducting transactions at homes because they might loss the money when they are doing financial transactions.

ATM Theft

The robbery of money from ATM and the robbery of money when people are doing transaction by ATM machines also became common in India and in big cities; these incidents happened a number of times. Now people left with conducting transactions at the night time because they are scared of such bad incident and they can do nothing if they need urgent money.

Risk Management

E-banking environment may have risk like:

- Vendor and Credit Risk Issues
- Security, Data Integrity, and Confidentiality
- Authentication, Identity Verification, and Authorization
- Strategic and Business Risks
- Permissibility, Compliance, and Legal Issues
- Cross Border and International Banking
Authentications and Legal Issues

Legal Issues mean that financial institutions should comply with all legal requirements relating to e-banking related with appropriate disclosures and protection of customers' data. Authentication involves confirming factors like something only the user should know, such as password or PIN, something the user possesses, such as an ATM card, smart-card, token; or something the user is, such as biometric characteristic like fingerprint or iris-pattern.

Verifying and Reputation Risk

Verifying a customer's identity is also an integral part of necessary services. Reputation risk covers ways to influence an institution's reputation like Loss of trust due to unauthorized activity on customer accounts, Disclosure or theft of confidential information to unauthorized parties, Failure to provide reliable service and inability of the institutions help desk to resolve customer problems.

The ethics of e-Business focus on areas relating to the fragility of information collected and held electronically and transferred via computer-mediated communication like privacy and accuracy of information, ownership of information and intellectual property with accessibility of information.

The banking industry also recognizes that the Internet must be secure to achieve high level of confidence with consumers and businesses. Key-components that will help to maintain high level of public-confidence in open network environment includes: Security, Authentication, Trust, Non-repudiation, Privacy and Availability, where security means to provide a level of logical and physical security corresponding with the sensitivity of the information and the individual bank's risk-tolerance.

E-banking is a very natural next step but at the same time digital nature of internet, traditional or time honored physical security is no longer relevant with any
boundaries. The successful banks will be those which gasp these new opportunities, using technology to deliver real-service excellence, and designing solutions not around their products and channels, but also around their customers.

**Problems in ATMs**

ATM cards are a large part of the modern banking world. These cards provide a safer way to use money from your personal account without using a check or carrying around large amounts of cash. However, there are also potential problems associated with ATM cards. ATM cards have become a large part of everyday banking for many people. Because of this, ATM cards present a fairly high risk for fraud. This makes it extremely important to keep an eye on customer transactions, save receipts, and notify the bank immediately if there are any fishy transactions on the account.

Keeping customer ATM card information safe is largely customer responsibility. Although most banks will refund fraudulent charges, some might charge a fee for reports made after a certain time period. It is important to check customer ATM balance at least once a week.

At some ATM machines, fake card readers or number pads have been placed over the real ATM machine. When customer slides the card through one of these machines, the information is sent to someone who reads it and can steal customer card information. It can be nearly impossible to spot these readers.

Most ATM problems will be identifiable within 24 hours. Most banks keep account updates in real time. If customers have an online account it is easy to check the balance of the card every day. Resolution of a problem takes much longer. However, most problems should be resolved in one month or less.
In India, insufficient number of ATMs, improper location of ATMs, not maintaining adequate cash with full denomination, security concern, connectivity, high fees and charges, frequent out of order of ATMs, restriction for use other cards are some of the major problems faced by the e-banking users.

To analyze the problems faced by the e-banking services user in the study area, all the possible problems were made known to the respondents. They were asked to rank the reasons in the order of their importance. The ranks given by them were quantified by using the Garrett Ranking Technique (Garrett, 1969). The formula is given below:

\[
\text{Per cent position} = \sum_{j=1}^{n} \left[ \frac{(R_{ij} - 0.5)}{N_j} \right] \times 100 \quad (1)
\]

Where,
\( R_{ij} \) = Rank given for the \( i^{th} \) item by the \( j^{th} \) individual, and
\( N_j \) = Number of items ranked by the \( j^{th} \) individual.

The problems faced by the ATMs users are discussed in the Table 5.1.
### TABLE 5.1

**PROBLEMS OF ATMs USER (N = 382)**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Nature of problem</th>
<th>Mean score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Insufficient number of ATMs</td>
<td>92</td>
<td>I</td>
</tr>
<tr>
<td>02</td>
<td>Improper location of ATMs</td>
<td>85</td>
<td>III</td>
</tr>
<tr>
<td>03</td>
<td>Not maintaining adequate cash</td>
<td>76</td>
<td>V</td>
</tr>
<tr>
<td>04</td>
<td>Not maintaining denomination</td>
<td>64</td>
<td>IX</td>
</tr>
<tr>
<td>05</td>
<td>Security concern</td>
<td>68</td>
<td>VII</td>
</tr>
<tr>
<td>06</td>
<td>Poor connectivity</td>
<td>66</td>
<td>VIII</td>
</tr>
<tr>
<td>07</td>
<td>High fees and charges</td>
<td>62</td>
<td>X</td>
</tr>
<tr>
<td>08</td>
<td>Frequent out of order</td>
<td>87</td>
<td>II</td>
</tr>
<tr>
<td>09</td>
<td>Restriction for use other cards</td>
<td>72</td>
<td>VI</td>
</tr>
<tr>
<td>10</td>
<td>Long waiting time</td>
<td>79</td>
<td>IV</td>
</tr>
</tbody>
</table>

Source: Primary data

From table 5.1, it has been observed that the main problem faced by the ATMs users in the study area is the insufficient number of ATMs with a mean score of 92 followed by frequent out of order with mean score of 87. Improper location and long waiting time are the third and fourth problems. Not maintaining adequate cash restriction of using other bank cards are the fifth and sixth problem. The seventh, eighth, ninth and tenth problems are the security concern, poor connectivity, not maintaining adequate denominations of cash and high fees and charges respectively. It can be inferred from the table that all the respondents are highly dissatisfied with the number of ATMs installed by the banks. However it is noteworthy to mention that the respondents opined high fees and charges is the last problem of the ATMs users.
Problems in M-Banking

Mobile banking is simplest and cost effective way to provide banking services in India. However, at present it was not accepted by common peoples in India because of followings reasons:

1. Less IT literacy is adversely affecting on the use of mobile phone as electronic device for banking. They have just using mobile phones for communication.
2. Most of rural peoples have no idea about m-banking and how it is used. It is realized that about only 3 per cent of existing customers are using m-banking services in urban areas they have not clear idea about benefits of m-banking.
3. Continues and good quality of cellular service connectivity is not available in the rural areas.
4. Security and trust are most important aspects of any banking service, but people have much of doubts about its security and trustworthiness.
5. M-banking provides limited range of services it not provides deposit facility which is essential service for the customers. If they want to deposit their money they must go in the branch.
6. Refund service is very poor in the m-banking. If customer made some wrong transaction and he/she sent money to wrong person by mistake the bank does not refund that money immediately. Stipulated time for refund such money is defined maximum 15 days.
7. Breakdown of M-banking create inconvenience for customers. Many time it found that m-banking services are not ready to use.
8. Language used in the m-banking software is also one of the barrier, almost all software using English as common language but rural people and less literate unable to use this software due to poor knowledge about English.
9. Charges on GPRS or 3G service is not cheap to use in m-banking service. It reduces cost effectiveness of m-banking.
10. If customers are using m-banking, they would not be able to change to a different service provider and his phone number (it may be permanent customer of the particular cellular service provider).

The problems faced by the mobile banking users are shown in the Table 5.2.

**TABLE 5.2**

**PROBLEMS OF MOBILE BANKING USER (N = 301)**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Nature of problem</th>
<th>Mean score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Time consuming</td>
<td>69</td>
<td>VI</td>
</tr>
<tr>
<td>02</td>
<td>Poor connectivity</td>
<td>90</td>
<td>II</td>
</tr>
<tr>
<td>03</td>
<td>Difficult to operate</td>
<td>83</td>
<td>III</td>
</tr>
<tr>
<td>04</td>
<td>Language problem</td>
<td>95</td>
<td>I</td>
</tr>
<tr>
<td>05</td>
<td>Less IT literacy</td>
<td>82</td>
<td>IV</td>
</tr>
<tr>
<td>06</td>
<td>Limited range of services</td>
<td>80</td>
<td>V</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 5.2, shows that the problems of mobile banking users in the study area. Language problem is the major problem of e mobile banking users with a mean score of 95 followed by poor connectivity with mean score of 83. Difficult to operate the mobile banking, less IT literacy, limited range of services and time consuming are the third, fourth, fifth and sixth problems of the mobile banking users in the study area.

**Internet Banking Problems**

The popularity of Internet banking is growing rapidly as the transactions are becoming faster and more convenient. However, there are some serious problems associated with Internet banking.
Internet banking is the latest development that has added a new dimension to banking transactions by making it more convenient, which has eliminated the long wearisome waiting-lines. But, there are some serious problems that the customers may encounter while banking through the Internet, due to which many still prefer to go directly to the banks instead of availing this facility.

For carrying out Internet banking properly, a basic knowledge of computers and the Internet is required, which limits the number of people willing to avail this facility. Many people, who are not comfortable with computers and the Internet, often find it difficult to use Internet banking. Therefore, for beginners, Internet banking is really time-consuming. In addition to this, people also find a difficulty in trusting a completely mechanized system like Internet banking, in case of financial matters. In many instances, a simple mistake, like clicking a wrong button, may create a big problem. And so, many individuals often keep wondering if they have properly executed the transaction. However, this uneasiness can be avoided by printing the transaction receipt and keeping it with oneself, until the bank statement is received.

While banking through the Internet, the customers have to be careful about the security of your Internet bank account. The security of Internet bank account depends to a great extent on the security of customers’ computer, password and pin number.

Any leakage of information regarding password or pin number and banking transactions can allow computer hackers to gain access to customers bank account, which is the most common Internet banking problem. This can lead to unauthorized and criminal transactions being conducted without the customers knowledge. By the time customer get bank statement and detect such transactions, it may be too late.
In Internet banking, customer have to make sure that the banking session is secure, as in many instances customer may encounter proxy websites. These proxy websites can easily access customer bank account, if they can crack customer’s user name, password or pin number. Due to such security problems, many people are apprehensive about Internet banking.

Sometimes, Internet banking can be time-consuming and tedious, as many websites take quite a long time to get started. Besides this, customer Internet bank account may also take considerable time to get started. Customer may also encounter technical difficulties and connectivity problems while conducting Internet banking transactions. Of course, there is a customer care department in almost every bank to look into such matters, but often customer may not be able to get the necessary assistance due to the congestion in the computer and telephone network. On the other hand, in normal banking, customer can simply converse with the bank officials to sort out any problem.

However, with the advances in technology, many banks have taken the adequate measures to ward off any problems related to the security of Internet banking.

Customers can also follow some simple precautionary measures, like not disclosing the password and pin number to anyone, changing the password at regular intervals and installing antivirus software to ensure security and safety of their Internet banking transactions. Online banking tutorials are also provided by many banks to help familiarize people with Internet banking. So, customer can avail this facility to use Internet effectively, for making day-to-day financial transactions. The problems faced by the internet banking users are shown in the Table 5.3.
### TABLE 5.3

**PROBLEMS OF INTERNET BANKING USER (N = 195)**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Nature of problem</th>
<th>Mean score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Time consuming</td>
<td>65</td>
<td>VI</td>
</tr>
<tr>
<td>02</td>
<td>Poor connectivity</td>
<td>97</td>
<td>I</td>
</tr>
<tr>
<td>03</td>
<td>Difficult to operate</td>
<td>72</td>
<td>V</td>
</tr>
<tr>
<td>04</td>
<td>Language problem</td>
<td>73</td>
<td>IV</td>
</tr>
<tr>
<td>05</td>
<td>Less IT literacy</td>
<td>78</td>
<td>II</td>
</tr>
<tr>
<td>06</td>
<td>Power failure</td>
<td>74</td>
<td>III</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 5.3, indicates the problems of the internet banking users in the study area. Poor connectivity is the major problem of the internet banking users with a mean score of 97 followed by less IT literacy with mean score of 78. Power failure, language problem, difficult to operate and time consuming are the third, fourth, fifth and sixth problems of the internet banking users in the study area. The study revealed that the insufficient number of ATMs, language problem and poor connectivity is the major problem e-banking users in the study area.