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SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

The contours of banking business have been changing across the globe and the rippling effect of the same can be expressed in the Indian banking sector as well. The process of liberalization, privatization, globalization and deregulation has opened new outlooks for banks to increase their revenues by diversifying into universal banking, investment banking, bank assurance, mortgage financing, depository services, securitization and personal banking. An inevitable result of globalization is that it increases the soundness of financial system as a whole and facilitates global competition.

To survive in this competition the information and communication technology (ICT) significantly contributed to the exponential growth and profit of financial institutions worldwide. Technology is the key to moving towards providing integrated banking services to customers. Hence, Indian banks have been a late starter in the adoption of technology for automation of processes and the integrated banking services. Moreover, the banking sector reforms and the introduction of e-banking has made very structural changes in service quality, managerial decisions, operational performance, financial performance, profitability and productivity of the banks. There are various factors which have played a vital role in the Indian banking industry for the adoption of technology.

Primarily, the economic reforms introduced by the government almost seventeen years back has resulted in opening up of new outlooks for banks outside India. Later, the government relaxed rules & regulations and simplified the processes for the Foreign Institutional Investor (FII) to make an investment in the banking and various sectors. This resulted in an inflow of large funds in the economy nearby by improving the economy as a
whole and banking sector in particular. Due to this reason banks need to provide such services, which satisfy the urge of foreign investors.

Secondly, as a part of reforms, Indian banking was opened for the private sector by which old and new private sector came into limelight. They give a big boost to technology and created a platform to use it for the back side and front side operations when they started adopting it. It put a tremendous pressure on the nationalized and public sector banks.

Thirdly for the economic development of a country, infrastructure plays a dynamic role. In the last few years with the development of telecom sector, communication infrastructure and BPO’s, the entire country became a single hub for transmitting the information and the major cities got interconnected with each other, which helped in the reduction of total cost. Undoubtedly, it had directly helped to the banks; during the same period banks were serious in connecting their branches with the centralized database system and core banking solution by offering anywhere, anytime services for everyone.

Fourthly, Indian software industry has also impacted the Indian banking sector. To provide excellent services to the customers, banks do need to have Network based portals, wide area network (WAN), local area network (LAN) and the internet. All these services are provided by the software industry to Indian banking at reasonable prices and at the right time. E-banking is one of the emerging trends in the Indian banking and is playing a distinctive role in strengthening the banking sector and improving service quality. The banking sector in India has introduced e-banking in a phased manner. Later, foreign banks are the innovators in e-banking, private banks introduced it in a big way and public sector banks are in the process of transformation from traditional banking to modern banking. E-banking imposes on operations of banking in a capacity of different ways. It has enabled the
banks to handle the payments electronically and inter-bank settlement faster and in large volumes. There is an increase in customer satisfaction level, reduction in the cost of banking operations, increased productivity and as such, there is a tremendous scope for Indian banks to enlarge their core banking services which could enhance their competitiveness.

Furthermore, the new technology has hurriedly altered the traditional ways of doing banking business. Bank consumers can now view the accounts; get account statements, transfer funds, make bills payments and online purchase drafts by just making a few key knocks. Availability of ATMs, Kiosk, internet banking, mobile banking, phone banking debit / credit / plastic cards, Electronic payments (EFT, RTGS, NEFT, PoS & ECS) clearing services to a great extent evade customers going to ban branch premises and has provided a wider range of services to the customers through the core banking services.

There is a degree of variation in the services provided by the banks with the emergence of core banking services. So, it becomes necessary to study the nature, growth and extent of e-banking services and their impact on the operational performance. Nevertheless, the increasing importance of e-banking services, the research pertaining to e-banking in the Indian context has been incomplete. So, the present study is a modest attempt to ascertain the changes taking place after e-banking as well as to evaluate the bank's performance and also to know about customers’ perceptions concerning e-banking.

7.1. Findings and Suggestions of Customer Awareness Levels on Electronic Banking Services:

The research included the results of visits to kiosks, a “micro ATM”, and interactions with Business Correspondents operating in townships of Kurnool. Banking facilities provided in these areas were sound, both in terms of technology and portfolio of services offered. To
better understand consumer insights, an oral survey was conducted among the customers and employees regarding the current scenario of e-banking, knowledge about e-banking products and services and to know their awareness levels, perception towards adoption of e-banking and impact of e-banking on operational performance of bank branches.

The research showed that the customers are not much aware about e-banking services provided by bank branches among the customers of three divisions of Kurnool district. Neither the Business Correspondent nor the bank’s staff promoted the core banking services during financial literacy programs conducted in these divisions to the customers. It could be a case of conflict of interest, as increased adoption of e-banking services would reduce the importance of the Business Correspondence and RRBs, who is an important figure in the social structure of the rural and urban places. The user friendliness and advantages offered by e-banking, as compared to their nearest bank branch or the “micro ATM” evoked interest, especially among those residents involved in small businesses. Within the limited scope of the survey, the majority of the respondents expressed willingness to adopt mobile banking and ATM banking. As far as the awareness levels is concerned, Out of 26 e-banking services, only a few of the services are not aware about the e-banking services offered by banks such as Investments followed by Trading online, Demat account/holdings, Bank interest rates and linking accounts online etc., by the customers in the present study. These are the services categorized under the level of ‘super-premium’ category in the present study. Regarding the opinion about the statement ‘Aware and but not using (ABN)’ out of 26 e-banking services, though most of the respondents are aware of e-banking services but not using them such as one view account, fund transfer, bill payments, mobile/ DTH recharge, ticket booking, find location of branch / ATMs and request & intimations etc. are
moderately aware of e-banking services. These services are categorized under the ‘premium level’. Regarding the opinion about the statement ‘Aware and using (AU)’ the e-banking services, out of 380 respondents, most of the respondents are aware and using only few of e-banking services such as opening account followed by balance enquiry, cash deposit/withdrawals, account statements and receive alerts etc. These services are categorised under the ‘basic level’.

The study presents the overall scenario of awareness on financial products and services in the sample areas of three divisions of Kurnool in Andhra Pradesh. However, the majority of the sample respondents do have considerable awareness of banking financial products and services, still their levels of awareness is restricted to only few services of e-banking as termed as basic level of awareness. The study has revealed that still there is a gap in implementations of all the government development programs. It is found from the study that, majority of the respondents are aware about the e-banking products and services from the advertisements. It shows that, the role of banks in spreading the awareness about the e-banking products and services should be increased by increasing awareness campaigns and workshops etc. There is also a need to increase the role of NGOs, students, volunteers, and educational institutions to increase the awareness about e-banking services among the people not only among the customers so as to attract the people and to avail e-banking services. From the study it is also found that majority of the respondents are aware about the e-banking services but customers are preferring only ATMs/ Debit cards as e-banking service channels for availing e-banking services. It is equally important to make them aware and use other channels such as mobile, internet to increase the adoption of e-banking by the customers.
It is also found from the study that majority of the respondents expressed and supported that e-banking was adopted as it is time saving (using ATM) but expressed that the location and security problems of ATMs. These problems are to be resolved so as to attract people to use at least the most preferred e-banking channel i.e., ATM. It is further found from the study that of the problems relating to the e-banking, security problems are majorly hindering the people to adopt e-banking services. Hence, resolving the security problems needs special and priority issue before the banks and the government. Security problem are not only continues to be as financial but these are also becoming problems of personal privacy. Customers should be made aware about risks and problems and will be made aware about the precautions for availing e-banking services through secured e-banking channels. No doubt, that most of the banks are trying to make their sites secured by implementing network security software, still many cases are registered against unethical hackers and financial loss by the customers. Security problem is becoming a serious security flaw in the adoption of e-banking operations. Hence, this issue needs immediate attention by both the bankers and the government.

It is found from the study that banks are coming up with variety of services to meet the different needs of the people, but still they are failing in their efforts to reach out to the customers properly. It is clear from the study against 26 services identified as e-banking services, customers are availing very basic e-banking services in the study. The services categorized under premium services were only known to the customers but these services are not utilized by the customers because they are not aware about all the issue pertaining to their features, benefits and risks involved in these services. It is found from the study that the services categorized under super premium services are not even heard by the customers.
Hence, it is very clear that the efforts made by the banks to reach their e-banking services to the customers is much lesser than the efforts made by them to introduce new products/services. This is to be properly addressed at all levels of organizational hierarchy of banking sector. Study also made an attempt to find the relationship between the demographical variables and the awareness levels of e-banking services among the customers. From the study it is found that there is no significant difference between the gender of the respondents and their levels of awareness on e-banking services, though male customers are more aware about the e-banking services offered by the banks than the female customers in the present study. From the study it is found that the customers above the age group of 46 years are more those who are not aware about the basic awareness levels of e-banking services. But this statement was further not supported by the F-value and found there is no significant difference between the age groups of the respondents and the awareness levels of e-banking services offered by the banks. But the study found that the people below the age group of 46 years are more attracted and enthusiastic towards availing and aware about the e-banking services. Special efforts should be made to include and attract the customers having age group of 36 to 46 and above 46 years. Similarly the study found that there are significant difference between the different occupations and awareness levels, different income groups and awareness levels and education levels and awareness levels of e-banking services by the customers in the study area.

Hence, it is found that students are better aware of e-banking services as they are the computer savvys and are experts in the adopting the new technologies like different versions of mobiles and are having the zeal of experimenting the new services offered by e-banking. Government jobholders in the study are also the respondents who are well aware about e-
banking services while private jobholders and business category respondents are not aware about awareness of e-banking services. The reasons might be as the business people and private jobholders find difficult to surf on the websites of the banks, or find no time to spare time for knowing the different features, benefits about the e-products, e-services offered by the banks. From the study it is found that the respondents having the educational qualifications of graduation and post-graduation are better of e-banking services refers that educational levels are also playing an important role in the awareness of e-banking services. Similarly the income levels of the respondents are also playing an important role in knowing the awareness about the services offered by e-banking as it is found from the study that the respondents whose earning income more than Rs. 20,000 are better known about e-banking services.

7.2. Findings and Suggestions of Customer Perception towards adoption of Electronic Banking Services:

The present study identified six dimensions based on 23 items of customers’ perception towards adoption of e-banking. The aim was to determine six dimensions of customer’s perception and their relative contribution in influencing the overall customers’ perception towards adoption of e-banking. Based on the factor analysis and their factors these statements were grouped and labeled as Perceived ease of use, Perceived Usefulness, Availability, Accessibility, Reliability and Privacy & Security.

➢ As far as ‘Perceived ease of use’ factor is concerned, e-banking, as compared to branch banking customers find ease of use in carrying out their transactions as easy to find what they need. Since the factor loading values for all the statements included under the perceived ease of use component are more than 0.5, the customers are of the
perception that e-banking has improved the navigation of the banks’s website by the customers who are not aware of computer technology properly. For providing fair, clear and timely services to customers ‘easy’ is one of the main dimension which is the motivating factor for adopting e-banking by the customers in the present study.

➢ ‘Perceived usefulness’ factor has three sub-statements. These dimensions recommended that as the websites of the banks are designed according to the needs of the customers, it ensures timely and required information to the customer and to improve the customers banking activities. Further, it helps in attracting and retaining the customers. Hence customers are adopting e-banking as the customers are of the opinion that e-banking is very useful, compared to traditional banking.

➢ As far as the ‘Availability’ factor of e-banking is concerned, it included statements of relevant information with appropriate format links, many banks at streets to serve for the client, but with long queues made the customer worry, ‘modern looking equipment’, ‘reduction in the number of queues’ and ‘more physical facilities’ to the customers. E-banking is badly needed as there are many banks on their locality and most of the customers are worry about the long queues to access the basic service. It signifies higher influence on the availability and accessibility of e-banking. Hence, customers are adopting e-banking due to the availability factor.

➢ Findings on perception of customer on ‘Privacy & Security’ factor is concerned, which consists of five different statements contains about crash, share, protect and safety. The customers who have been using the e-banking are of the perception and confidence that e-banking do not share their personal information and protects them from all the thefts of their passwords and very safety to use. Hence they are adopting e-banking as
they are also fully satisfied by the OTP operations. It has increased the confidence of those who are availing e-banking services.

- With regard to the ‘Reliability’ factor, the customers are of the perception and experience of accessing e-banking services punctual and accountable, even if they fail to get the money, immediately their accounts were readjusted without any hassle. Hence they are adopting the e-banking services in the study area.

- Similarly ‘Accessibility’ factor, is the major factor for adopting the e-banking services by the customers in the present study. As they are very much accessible to the ATM facilities round the clock, immediately accessibility of their basic services within sign up and feel convenient options for their transactions, and can be accessible through different channels of the e-banking, customers are adopting the e-banking in the present study.

The study also made an attempt to find out the relationship between the demographical variables of the customers and its relationship between their perceptions towards adoption of e-banking services, but found no significant relationship between the gender, age, occupations, income and education levels of the respondents and on their perception towards adoption of e-banking. Hence it is conducted that all the customers are having the same perceptions on different dimensions of factors for adopting the e-banking services in the study area.

7.3. Findings and Suggestions of Impact of Electronic banking on Operational Performance of Selected Bank Branches:

The overall operational performance of the bank branches was measured in terms of parameters referring to the increase of workload of employees, increase in core banking
solutions, decrease in personal development and relations and increase real time gross settlements. Each parameters consists of different sub statements relating to the parameter. This research study carried the response data collected from the respondent bank employees for further analysis. Weighted average scores (WAS) have been calculated for different statements to find out which key factors influenced the employees most to adopt e-banking and its impact on operational performance of bank branches. The study presents the impact of e-banking on the workload of employees as well as on their performance and competence. To know this impact both positive as well as negative statements were taken into account. A large number of employees believe that e-banking with quick working techniques, more clarity about objectives and minimum cost enhancement in their knowledge about the work which resulted in improving the output of banks. Yet, employees do agree with the increase in a number of hours and number of banking transactions. Employees have strongly agreed with reduction of the processing of transaction time after e-banking implementation. The employees further observed that it has reduced the processing time of the transactions as no manual work for entering and processing the data is required. The decision-making power of the employees has also improved to a large extent. As far as the workload of employees is concerned, it is found that e-banking has increased the number of employees and lesser the processing time. Before introducing the information technology in banks, the employees feared about losing of their employment which they expected that the people will be replaced by the machine. But interestingly, even after the adoption of e-banking by the branches. Though it resulted in reducing the processing of transaction time as agreed by all the respondents mostly, it is also increased the number of bank transactions, thereby increased the working hours, branches as well as employees. Hence it is found that e-
banking has increased the banking activities and impacting positively for increasing the financial inclusion in the district as well.

The study also revealed that core banking solution of banks from the empirical data discloses that e-banking facilitated for centralized data base system which has emerged as one of the element for increase in core banking services followed by the statement ‘it enhanced competitive position in the market’ followed by the statement, ‘improving quality of banking scenario’ and the statement of ‘various modes of products and services’. Finally, the study draws the inference that majority of employees agree that electronic banking services facilitated for introduction of new products. The reason being number of customers possess different modes of e-banking channels through ATMs, Kiosks, Cash deposit machines, point of sales (PoS), tele-banking, internet-banking, phone banking etc., to accomplish their requirement for connecting to online shopping, e-ticket booking, demat holding, interest rate updates, share trading, buying and selling of mutual fund etc. these new products were introduced. The latest information about all these products are regularly upgraded through different modes of e-banking. Customers through online fund transfer can transact with any branch of the bank. Besides this from customer service point of view, implementation of core banking services further enables the bank to be reliable on centralized data repository, which has facilitated through modern technology tools like data ware housing and data mining for business intelligence and analysis. However, e-banking has put a pressure on branches settled in highly industrial and corporate zones. Bank branches are also competing themselves in the market for their existence without compromising quality of banking services. Hence it is concluded that e-banking has positively impacting the bank branches after the implementation of e-banking and increasing
the operational performance of the bank branches too by providing quality, accurate, varied services and also making them to compete with their competitors to attract more customers to their branches.

This study also found that there is a transformation in personal development and relations after adoption of e-banking. Initially, the employees felt they should work in the increased rush environment, but on the contrary, branch counters were relieved from the long queues after the adoption of e-banking and ‘it has increased the degree of customer satisfaction’ as shown by the statement but ‘reduced the relationship between employees and customers’. Secondly, ‘it has trusted by the customers’. Further, employees have agreed that ‘training is needed for promoting core banking services’. But, the problems faced by the customers are redressed quickly. No doubt, direct interaction with the customers has reduced considerably, but due to prompt responses to their questions the relations with them have further improved. Their awareness and perception has been continuously upgraded. Therefore, we draw the inference that personal relations among the employees and with the customers have been good and service providing has also increased due to fastest way of core banking services. Employees expressed that to address the issue of e-banking problems, to maintain the healthy relationships between the customers, to explain the different features, benefits and risks involved in the adoption of e-banking, they should be intensively trained and equipped with all the infrastructure so as to reap the fruits of e-banking in their branches, it not only increases their career development but also improves their relationship with the customers. They also expressed that language for the adoption of e-banking as well.

As far as the perception of real-time gross settlement system is concerned, the facility of RTGS is essential for online real time inter-bank payment and settlements of
huge funds. RTGS has reduced the manual and paperwork operations in the same manner as it gives the immediate acknowledgement of particular transactions. Employees gave their agreement saying that funds are immediately transferred without exposing themselves to risk. Because a lag between the time at which information is made available to receiving banks and the time at which settlement takes place may have important task implications in large fund transfer systems. Moreover, Personnel also gave their agreement related to transaction by transaction settlement. It caused the electronic banking services to increase in e-banking payments and settlement with the help of IMPS, RTGS and NEFT etc. due to elimination of time, cost delay between the proving a confirmation of the transaction by sending OTP. Hence, the customers are no need to worry about the OTP. Further acknowledgement, with reduction in settlement risks and in a secured manner and settlement is made on priority basis only.

The study also made an attempt to find out the relationship between the demographic variables of the respondents and their perception on impact of e-banking on operational performance of bank branches. It is found that there is no significant difference between the gender, age group, income level, education and profession of employees and their perception on impact of e-banking on operational performance of bank branches in the study. Hence it is found that all the employees are of the same perception about the impact of e-banking on their operational performance.

The present study was done in line with the models adopted by Golany and Roll, Cook and Zho by using qualitative and quantitative data together to evaluate performance measures of bank branches. The present study used DEA analysis for analyzing the data to find out the operational efficiency of bank branches and comparing the efficiencies of bank
branches. It was found from the study that out of thirteen bank branches selected for the study only two bank branches i.e., Indian bank branches and ING Vysya bank branches were found efficient in their operational performance. These are the branches referred by the inefficient bank branches for delivering their efficiency scores. Branches those who were more referred by the branches to derive their efficiency are termed as more efficient branches. The present study found that though Indian Bank and ING Vysya Bank Branches are with 100 percent efficiency level, still Indian Bank Branches were mostly referred by all the inefficient branches than the ING Vysya Bank Branches. It is found that the banks which are termed as big and best performers like State banks and its subsidiaries and ICICI banks respectively from the public sector and private sector commercial banks of India branches find its positions as weak efficient branches in the present study. Hence it is recommended that the efficiency of these bank branches should also to be strengthened in the backward regions like Kurnool district, so as to bring this region at par with other developed regions in terms of their financial inclusion as it will not be a burden on the well-established banks in India. The study found the ways to improve the operational efficiency of inefficient bank branches, by decreasing the inputs used so as to attain the same levels of its outputs. It is also found that Andhra bank, State bank of India, Syndicate bank branches should decrease their ATMs and employees more than half of their existing number so as to attain the same levels of outputs to make them efficient branches in the study area.

No doubt, most of the customers believe banks should find new ways of reducing costs while increasing the quality of their customer service. Banks should have to identify three cost reduction strategies that can also make bank operating models more scalable while dramatically improving customer service: Self-service channel usage may be improved by
giving customers more power and responsibility for carrying out their own banking activities. However, banks should remember that moving a process to a self-service channel without adequate planning risks inadvertently increase the cost. Inviting customers to bank through online mode obviously increases the number of transactions carried out by the banks. If banks do not automate these process, eventually banks need more people to handle the increased number of transactions. Usually, if a customer creates a standing order online, with Straight through Processing (STP) the whole process is automated from starting to finish without any human input. Banks should identify their STP and should try to increase them. Banks really should find new ways for reducing costs, coping with complex and disintegrated value chain and addressing new data requirements, while at the same time delivering excellent customer services. Therefore, a new approach is needed for designing innovative operating models to address all these challenges. Rethinking delivery models and channel usage will require new skills, training, not only the bank staff but also to the customers.

7.4. Conclusion of the Study:

Introduction of information technology and adoption of e-banking increased the pressure on the banking sector. Customers have become ever more demanding and less forgiving, regulators’ risk management expectations are more onerous than ever before, investment in new technology, it has become not only the challenge but also an opportunity before the banks. To overcome the different challenges thrown by e-banking and to avail the opportunities, employees of the banks should be trained properly. Banks are coming up with new products and services yet they are failing to introduce properly to the customers.
Moreover customers should not be forced to avail e-banking services rather need should be created among the customers for availing e-banking services.

The responsibility not only lies with the banks and its staff to increase the awareness about e-banking, its products and services, government, NGOs and educational institutions should come forward to promote the use of e-banking channels wherever such models do not compulsory require high literacy levels. Banks should make use of e-banking for promoting financial inclusion though its expertise as well as availing the resources of MFIs and NGOs. It is becoming apparently that addressing financial inclusion requires a holistic approach on the part of banks in creating awareness about e-banking products, services, education and advise on money management, debt counselling, savings and affordable credit through e-banking. The banks should have to evolve specific strategies to expand the outreach of their e-services in order to promote financial inclusion in the areas of backward regions like Kurnool District.

Introduction of e-banking had shown changes in the operational performance of branches by way of increasing services, accuracy and timeliness besides satisfying their customers. The main motive for the banks to switch towards electronic means is to increase their clientage, to serve the customers with best of the services, to facilitate them and to boost customers’ loyalty. Customers who are aware of the e-banking services and eventually could expose their perception around the e-banking services through the selected factors followed by moving to the customer’s adoption of e-banking services. If customers unaware about e-banking services may not able to expose their perception about the e-banking services. The model in the study explains that if the customers not be able to adoption of the e-banking services they may move to become switching customers. If the customers adopt e-
banking it influences bank’s operational as well as financial performance reputation followed by the impact on bank’s growth and ultimately to economic growth. As customers seek all the amenities, fast banking, and a good environment, e-banking generates more and more competition day by day which increases the efficiency of banks through electronic means and ambiance.

The study conclude that once the need is created among the customers for availing e-banking services automatically it leads to their awareness about the services and products, thereby move the customers to adopt e-banking which further increases the operational performance of banks and ultimately lead to the bank growth, financial inclusion and economic growth.

7.5. Scope for Further Study:

The present study provides scope for further studies to consider Number of Credit card transactions, Number of Debit card transactions, Internet transactions, Mobile banking transactions and Tele banking transactions as proxies for e-banking and to find its impact on operational and financial performance of branches. The present research focused to find out the impact of e-banking on operational performance of bank branches by considering customers, employees of public and private sector bank branches. There is further scope for research in this area by including foreign bank branches and its customers as they are the early adopters of e-banking.