



# A CONCEPTUAL STUDY ON THE CHANGING DEMAND OF PATTERNS OF E- BANKING

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## Abstract

E-banking is the use of electronic and telecommunication networks for delivering banking products and services to its guests. The development of information and communication technologies offers innovative openings to establish business strategies concentrated on client value-creation. This situation is especially notable in the banking assiduity. With there being fierce global competition within the banking assiduity, banks endeavor to grow and strive to increase their request share. The internet has converted the manner in which banks interact with guests. The purpose of this paper is to understand the change in the pattern from the traditional banking system to the demand for e-banking. With several inventions in terms of technology and exploration, we can say that e-banking has made life accessible for people. The range of services covered under e-banking is large, involving fund transfers, bill payments, locating ATMs, checking bank statements, easy access to client services, etc.

**Keywords:** Digital banking, customer satisfaction, e-banking service quality, traditional banking, MSMEs, influence.

## Introduction

E-banking has numerous names virtual banking, online banking, and internet banking. It simply means the use of electronic and telecommunications networks for delivering colorful banking products and services. E-banking involves consumers using the internet to pierce their bank accounts and take over banking deals. At the introductory position, internet banking can mean the setting up of a web runner by a bank to give information about its products and services. In an advanced position, it involves the provision of installations similar to penetrating accounts, transferring finances, and buying fiscal products or services online. E-banking is banking with the only difference being that all the deals take place via electronic modes. With numerous inventions in terms of technology, it's safe to say that this has made life enough accessible for people. With the help of E-banking, one can fluently do several deals at any time of the day. E-banking covers installations similar to – fund transfers, checking account statements, mileage bill payments, the

opening of a bank account, locating the nearest ATM, carrying information on fiscal products and services, applying for loans, etc using a particular computer, smartphone, laptop, or particular digital adjunct. E-banking services in simple terms refer to a banking arrangement, with which the client can perform colorful deals over the internet, which is end-to-end translated, i.e., it's fully safe and secure. E-banking promotes paperless and cashless deals. It comes with several rights, liabilities, and freights as well. The range of services covered under e-banking is internet banking - banking installation handed to the guests through which the guests can perform several financial and non-monetary deals using the internet through the bank's website or operation. Automated Teller Machine, popularly known as ATM is one of the most common and original services, handed under e-banking. It isn't just a machine with which you can withdraw cash as and when needed, but it also allows you to check your account status, transfer fund, deposit fund, changes your mobile number, and change your disbenefit Card Leg, i.e., particular Identification Number. E-banking has got several benefits such as enabling digital payments which encourages translucency, allowing 24/7 access to the bank account, sending announcements and cautions to streamline the banking deals and changes in the rules, lowering sale costs for the banks and making it accessible and easy for guests so they aren't needed to visit the bank branch every time.

## Review Of Literature

**Fadila, Sastrawinata, Badri, Anggoroseto, Ahmad, and Ankus (2016)** conducted a conceptual study on the factors affecting customer adoption of mobile banking services. The purpose of this study was to determine the effect of perceived usefulness, perceived ease of use, perceived security, and trust on customer adoption of mobile banking services. The study showed that perceived usefulness, perceived ease of use, perceived security, and trust significantly affect customer adoption of mobile banking services. They suggest that the banks should build customer trust and communicate the usefulness of mobile banking to the customer more often and banks should increase customer perception of easy to use by communicating the way to use mobile banking, making the mobile banking appearance simple and easier to use.

**Salihu and Metin (2017)** conducted a study on the impact of services, assurance, and efficiency on customer satisfaction with electronic banking services offered by the banking sector. The objective of this study was to look into the effect of product improvements, reliability, and efficiency on customer satisfaction with electronic banking services. The primary source to collect the data for their research. They observed that the product improvements as a variable, reliability, and efficiency have a positive effect on customer satisfaction but most of the customers find it difficult to trust the e-banking services because of security and safety issues. The results of this study suggest that even though customer satisfaction and efficiency are highly concerning e-banking, most people do not believe in the speed of e-banking services and find it risky.

**Wang, Cho, and Denton (2017)** conducted a conceptual study on the impact of personalization and compatibility with experience on e-banking. This study aimed to examine the impact of service personalization on customer reaction to e-banking services. It also examines one contingent factor which is compatibility with previous experience with e-banking and the interaction effect of personalization and technology compatibility on customer e-banking service usage. The study indicates that personalization leads to increased performance expectancy and decreased effort expectancy, which in turn leads to increasing intention to continue using e-banking services.

**Charkha and Lanjekar (2018)** conducted a study on the performance of online banking in comparison with traditional banking and its impact on traditional banking. This study aimed to understand the awareness of e-banking among college students, to know whether students use e-banking services provided by banks and whether students believe in the e-banking system. They used both primary and secondary sources to

collect the data for their research. They found out that internet banking is important for customers as it is convenient and easy to use when compared to traditional banking which is a time-consuming process. They also observed that customers consider using new technology over traditional ones as it makes banking easy and offers better and faster services. They suggested that even though e-banking has provided numerous facilities to its users, customers still worry about the security system for which banks must install supporting software systems like firewalls and increase the ability to control and manage the risks associated with e-transaction activities.

**Sandhu and Arora (2018)** conducted a study on usage based upon reasons: the case of electronic banking services in India. This study aimed to determine the factors influencing customers' usage of electronic banking services. The scholars used primary sources to collect the data required to conduct this research. They observed that e-banking usage is found to be higher among women, more educated, younger, and middle-income customers. They also found out that among the eleven perceptual variables studied, only six variables namely: information, performance, self-interest, service quality, satisfaction, and experience were found to be significantly and positively associated with e-banking usage. They suggest that even though the e-banking services provided by banks may result in higher customer satisfaction and higher efficiency, several people still find it difficult to access these services and find these services risky.

**Shankar and Jebarajakirthy (2019)** conducted a study on the influence of e-banking service quality on customer loyalty: A moderated mediation approach. The objective of this study was to empirically investigate a comprehensive moderated mediated mechanism for enhancing customer loyalty toward e-banking platforms via e-banking service quality (EBSQ) practices. The data was collected through a structured questionnaire. The study showed that of the EBSQ dimensions, reliability along with privacy and security enhanced customer loyalty to e-banking, and the initial trust in e-banking mediates the effects of EBSQ dimensions on customer loyalty except for website design. The mediation effects of initial trust varied between high and low-involved consumers.

**Gandhi and Gupta (2020)** conducted a descriptive study on e-banking vs traditional banking in India. The objective of this study was to understand the various e-banking products and to identify the challenges faced by the e-banking system. They observed that traditional banks did not grant enough facilities to their customers as compared to those obtained from online banking services. A maximum number of users are inclined towards using e-banking because of the convenience and ease to use it. They suggest that most customers will adopt e-banking because of its positive impact.

**Sandhu and Arora (2020)** conducted a conceptual study on customers' usage behavior of e-banking services: Interplay of electronic banking and traditional banking. The objective of this study was to investigate customers' usage of electronic banking services in a multi-channel context as e-banking usage is found still low, banks have scope for further propagation of technology and reaping its benefits. They observed that with the inclusion of technology, banks should not ignore the importance of employees as manual and electronic banking are found complementary to each other. They suggested that there is still a need to make electronic banking simpler and more secure as these are the major inhibitors of complete reliance on electronic media.

**Ahmed and Sur (2021)** conducted a study on the change in the use pattern of digital banking services by Indian rural MSMEs during demonetization and Covid-19 pandemic-related restrictions. The purpose of this study was to find out the factors influencing customers' adoption process of digital banking services and to find out the role of demonetization and pandemic-related restrictions in adopting DBS by rural MSMEs.

They used primary sources to collect data for their study. They found out that covid-19 had a major effect on the decision-making process of the owners towards the use of DBS for their business. The study also points out that the rural MSME owners understand the benefits of using DBS but are concerned about two important factors which are: the cost involved to incorporate it and the trust involved with the use of it, before implementing them in their business. They suggest that with the boom in e-commerce, this study can help bankers, government or academicians formulate better strategies to cater to the demands of businesses, especially rural MSMEs.

**Meher, Hawalder, Mohapatra, Spulbar, R. Birau, and Rebegea (2021)** conducted a conceptual study on the impact of digital banking on the growth of MSMEs in India. The purpose of this study was to formulate multiple regression models by considering those factors which are positively affecting the growth of micro, small and medium enterprises in India. This study suggests various favorable factors of digital banking with significant coefficients which are a level of easiness in accepting and making payments, level of easiness in managing the expenditure of business, level of time-saving and level of check on misappropriation or theft of cash are contributed towards the growth of MSMEs in India.

## Need of Study

This research will be helpful to the banks and policymakers to encourage digital banking in urban as well as rural areas by stressing the significance and the favorable factors that support the secure and timely transfer of funds as well as real-time tracking of these transactions. The study could give new insight into the extent of the contribution of digital banking towards the growth of MSMEs in rural and semi-urban areas.

## Objectives

- To study the impact of e-banking over traditional banking.
- To study the usage and convenience of e-banking.
- To study the needs of customers and ultimate customer satisfaction.
- To study the growth of micro, small and medium enterprises (MSMEs) after the implementation of digital banking.
- To study the feasibility of the digital banking system.

## Conceptual explanation

Science has made the world more dynamic and progressive. It has brought changes in frugality, politics, culture, society, and people. In the finance and banking sector, this change is considered more tremendous because the use of computers in banking assured fine delicacy and promptitude. It has made banking deals more speedy, easy, and comfortable. moment, the client doesn't have to carry a checkbook or cash, rather it's enough for him to just carry a plastic card. But the spread of electronic banking in our country is veritably limited. Generally speaking, electronic banking systems are electronic systems where the deals and connections between the bank and guests grow through electronic bias rather than paper documents. In other words, e-banking is a kind of banking in which the bank uses electronic satellite-grounded motorized bias for icing promptitude and delicacy in banking deals. E-banking makes it easy and doable for banks and their customers to:

- Deposit and withdraw money automatically;
- To transfer money electronically from one bank to another promptly;

- To operate on internal banking transactions electronically;
- To open L/C electronically and pay bills without having to go to the bank.

There are colorful services piecemeal from the ones listed that e-banking can give to their customers. These services are divided into two main types – retail electronic banking and non-commercial electronic banking. Retail electronic banking is particular banking that provides financial services to individuals and can include similar services as ATMs, credit, and disbenefit card operations, point of trade, check deals, retail automated clearinghouses, and others. Non-commercial electronic banking services are handed to large clients like banks, pots, fiscal institutions, and others. With non-commercial banking, these associations can manage their cash, perform line transfers, fulfill commercial automated clearinghouses, and others.

## Conclusion

Online banking is a convenient technology that works for both – banks and their customers. While banks can keep their customer flow at the level of pre-pandemic times, bank clients get convenient access to all the banking services without the need to visit brick-and-mortar facilities. Electronic banking is changing the way in which people carry out their banking activities. Now, having their business app with online banking functionality is already a must for banks and financial institutions and we expect that its popularity will only grow in the future.

However, there exist numerous factors that influence the intention of an individual to agree on technology. Among these factors, the most important are security and trust. E-banking offers a higher level of convenience for managing one's finances. However, it continues to present challenges to financial security and personal privacy. Many people have had their account details compromised, as a result of online banking. Thus, if one is going to use it for financial transactions, he should be aware of the risks involved. Awareness of the risks and problems enables him to take precautions for a more secure online banking experience. The e-banking system is not only popular nationally, but also internationally, where a person can transfer money from any part of the world. The e-banking system is useful for bankers as well as customers of banks.

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