Assessing the Issues of SBI Online Banking at Chennai

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1. INTRODUCTION

Internet banking uses the internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposits. There are many advantages of online Banking. It is convenient, it isn’t bound by operational timings, there are no geographical barriers and the services can be offered at a minuscule cost. Private Banks in India were the first to implement internet banking services in the banking industry. They took the internet applications as a weapon of competitive advantage to corner the great monoliths like State Bank of India, Indian Bank etc.

Banks fulfill customers’ needs by providing satisfactory, acceptable, and reliable services. Overall satisfaction is an essential condition for the success of organizations through cultivating a long-term, mutually beneficial relationship which leads to customer loyalty. Banks consider customer loyalty a necessary condition of profitability. Establishing a mutually beneficial relationship with banking customers typically comes at a relatively high cost, but retaining these relationships generates profit over time.

There are several major challenges and issues facing the e-banking industry today. First, and perhaps most important is the security concern. Customers are certainly concerned of giving their bank account number online or paying an invoice through internet. Another challenge facing e-banking industry and the e-business in general is the quality of delivery service including both delivery speed (i.e., short advance time required in ordering) and delivery reliability (i.e., delivery of items/services on time) (Furst et al., 2000), which caused many e-business failures in the earlier dot.com era. Limited online payment options have resulted in many customers to drop out in the last stage of the purchasing process due to dissatisfaction and inconvenience. Finally, the issue of customer unfamiliarity with the internet, which is prominent among senior citizens, has recently caught some attention, because these customers believe that they are left at a disadvantageous position and become very reluctant in doing business online. Therefore, through this research, researcher would like to shed light the major issues faced by the SBI Online banking customers at Chennai.

2. Objective of the study
To explore the major issues or problems faced by the online banking customers in SBI at Chennai.

3. Review of Literature
Talwar (1999) in his report on “IT and Banking Sector”, examined the IT Revolution in banking sector which had not only provided improved service to the customer, but also reduced the operational cost. The author brought out fear of hacking, tampering of data, secrecy maintenance were certain issues which pose threats on usage of electronic banking. The challenges or issues in banking sector were manifold but still the constitution of National Payment Council by RBI and development of the integrated payment and settlement system was a step in this direction to remove the obstacles coming
in the way of using electronic banking. In the words of Nataraajan and Angur (1999), the applicability of alternative measures of service quality in the developing economy like India and accessed related issues in that context. They analyzed that technological changes were causing banks to rethink their strategies for services offered to both commercial and individual customers. Issues of online banking in Malaysia were also analyzed by Krishnan (2001), analyzed the various electronic delivery channels used by local banks to assess the consumer reaction to these delivery channels. The objective of the study was to present progressive development of e-banking, electronic delivery channels and some pertinent issues for successful implementation of E-banking. 60 per cent of the respondents had internet access at home and it presents a positive indication of PC banking in future. The author concluded that for successful implementation of e-banking, the major pre-requisites were legal and physical infrastructure because e-banking requires a lot of tangible and technological changes in banks.

Pikkarainen (2004), in his study, “Consumer Acceptance of Online Banking: An Extension of the Technology Acceptance Model”, he highlighted that electronic banking technology had created new ways of handling daily banking affairs especially via online banking channel. The authors adopted technology acceptance model to leverage the online environment. The model indicated online banking acceptance among private banking customers in Finland through a sample survey. The findings of the study indicated that perceived usefulness, information on online banking, security and privacy, quality of service, ease of use on the website were the main factors influencing online banking acceptance. The authors suggested that banks should now more concentrate on their e-banking issues so that online banking could become more popular and adaptive for customers. Boatang (2006), in his study, “Developing E-banking Capabilities in Ghanaian Banks”, he explored some of the issues that affected the key decisions of banks while adopting e-banking techniques. The decisions were related to entering e-banking, e-banking channel choice, customers and managing conflicts. The findings of the study indicated operational constraints related to customer location, the need to maintain customer satisfaction and the capabilities of the banks. The author pointed out the need for African banks to understand customer needs, corresponding service to offer, the resources and partnership required to offer it, and develop appropriate e-banking strategies that maximized value for both customer and banks. Chalam and Nageswara (2006), in their studies, “E-banking Application in Indian Banks: Emerging Issues”, they focused that as the computer touched each and every aspect of the economy, so banking sector was not an exception to it. The objective of the study was to find out change in banking sector through the techniques of e-banking. The authors evaluated several e-banking products like ATM, EFT, ECS, EDI, tele-banking, etc. E-banking had benefited to the individual through anywhere, anytime banking; to traders and merchants through immediate settlement of payment; to banks through unlimited network, online banking, attracting and retaining the customers, debit and credit card facilities; and to the nation through globalization of trade, more exports, more transparency in business, etc. The researchers concluded that emerging challenge in e-banking was due to lack of awareness among people, no cyber laws by government and low density of telephone lines and low computerization of banking activities. They recommended that banks should adopt hardware and software security measures, appoint skilled personnel and adoption of digital signature certification authority so as to tackle the major challenges in e-banking.

Recent study have shown that the main issues related to e-payment that were security issues, low interest among businessmen, and heavy reliance on traditional payment methods. They also analyzed that there were technical and cultural problems which hinder the path of e-payments Raja (2008). However, to make e-payments more effective, security threats should be reduced; and people should be realized that traditional payment methods were more time consuming than electronic payment methods. Yanget(2009a), in their study on “A comparative study on e-banking services between China and USA” compared the issues in the current e-banking services among the young consumers between two nations: China vs. USA. In the result they found that the attitude and usage of young consumers will be a good indicator for the trend of e-banking service in the future, and different cultures and traditions will play a role in the development of e-banking industry among different nations, this
comparative study provides insightful guidelines for the development of e-banking industry in both nations and worldwide. Yang (2009b), described a case study about the major issues and challenges in the development of the electronic banking (e-banking) industry of a relatively underdeveloped nation. This research shows that even in many less developed nations; the application of e-banking can help their local banks reduce operating costs and provide a better and fast service to their customers. This research also reveals that there is a huge gap between those well developed and new emerging economic powers (like the USA, European nations, and China) and those least-developed nations (like Bangladesh) in terms of development and application of e-banking services. In addition, there is a large shortage in those least-developed nations in terms of high quality IT professionals to design, develop, and operate their e-banking systems. Dixit and Datta (2010), investigated the factors which are affecting the acceptance of e-banking services among adult customers and also indicated level of concern regarding security and privacy issues in Indian context. Their finding depicted many factors like security &privacy, trust, innovativeness, familiarity, awareness level increase the acceptance of e-banking services among Indian customers. They found that in spite of their security and privacy concern, adult customers are willing to adopt online banking if banks provide him necessary guidance.

4. Research design
The present study has been conducted on the basis of primary data and is descriptive in its nature. The required primary data for the study was collected through common questionnaire for all categories of respondents. State Bank of India at Chennai district has been chosen for the purpose of study. State bank of India has multiple branches in the district. The financial literacy of people of Chennai district is conducive for the purpose of study. The banking habits of the residents of the district are quite similar to that of the people placed in the rest of the country. Anticipating moderate response rate 50% percentage of branches was proportionately taken from each region. After consultation with Experts the researcher took 700 samples for the study purpose. The sampling method used in the study was Stratified Random Sampling, where in the researcher divides the entire population into different subgroups or strata, then randomly selects the final subjects proportionally from the different strata. The stratification of the sample size as follows in table 1:

<table>
<thead>
<tr>
<th>S.N o</th>
<th>Region</th>
<th>No. of Branches and Percentage</th>
<th>Number of sample branch</th>
<th>Number of Online banking Customers</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Central Chennai</td>
<td>20</td>
<td>10</td>
<td>3,38,000</td>
<td>177</td>
</tr>
<tr>
<td>2</td>
<td>South Chennai</td>
<td>25</td>
<td>12</td>
<td>4,00,000</td>
<td>209</td>
</tr>
<tr>
<td>3</td>
<td>North Chennai</td>
<td>20</td>
<td>10</td>
<td>3,20,000</td>
<td>167</td>
</tr>
<tr>
<td>4</td>
<td>West Chennai</td>
<td>15</td>
<td>8</td>
<td>2,80,000</td>
<td>147</td>
</tr>
<tr>
<td></td>
<td>Total Branches</td>
<td>80</td>
<td>40</td>
<td>13,38,000</td>
<td>700</td>
</tr>
</tbody>
</table>

5. HENRY GARRETT RANKING ANALYSIS
To study the focus to analyses the issues in online banking, the Henry Garrett ranking method has been applied and the details of Garret points and mean is presented belo

5.1 Issues in online banking in SBI at Chennai
The study explores the important issues to be considered for Online banking in SBI at Chennai as depicted in the table 2:
**TABLE 2: ISSUES IN ONLINE BANKING- GARRET SCORES AND RANK**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Issues</th>
<th>Total Score</th>
<th>Average</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SBI provides few Online banking services and some have not yet adopted</td>
<td>35223</td>
<td>50.32</td>
<td>VI</td>
</tr>
<tr>
<td>2</td>
<td>SBI Online banking services generally do not have privacy of customer's information</td>
<td>35635</td>
<td>50.91</td>
<td>V</td>
</tr>
<tr>
<td>3</td>
<td>Security concerns is the most discouraging factor in using SBI Online banking services</td>
<td>35676</td>
<td>50.97</td>
<td>IV</td>
</tr>
<tr>
<td>4</td>
<td>Service charge / fees on using Online banking services are too high</td>
<td>35739</td>
<td>51.06</td>
<td>III</td>
</tr>
<tr>
<td>5</td>
<td>Most of the customers are not aware of Online banking features provided by SBI</td>
<td>36465</td>
<td>52.09</td>
<td>I</td>
</tr>
<tr>
<td>6</td>
<td>Most of the customers prefer traditional (Branch) banking</td>
<td>35810</td>
<td>51.16</td>
<td>II</td>
</tr>
</tbody>
</table>

*Source: Primary Data*

It could be seen from the above table that ‘Most of the customers are not aware of online banking services provided by SBI’ was ranked as a first with a score of 52.09 Garrett points. ‘Most of the customers prefer traditional (Branch) banking’ was ranked as a second with a score of 51.16 Garrett points. ‘Service charge/fees on using online banking services are too high’ was ranked as a third with a score of 51.06 Garrett points. ‘Security concerns are the most discouraging factor in using SBI online banking services’ was ranked as a fourth with a mean score of 50.97 Garrett points. ‘SBI online banking services generally do not have privacy of customer’s information’ was ranked as a fifth with a mean score of 50.91 Garrett points. ‘SBI provides few online banking services and some have not yet adopted’ was ranked as a sixth with a mean score of 50.32 Garrett points. Hence, it is concluded that the main issues in online banking are ‘Most of the customers are not aware of online banking features provided by SBI’ with an average of 52.09 Garrett points.

**6. Conclusion**

The cut throat competition and increasing expectation of customers had resulted in increased awareness on information technology among the commercial banks in India. The arrival of foreign and new private sector banks with their superior technology based services has also forced the commercial banks in India to switch over to the new technology in their day to day operations. Thus providing Internet banking is increasingly becoming a “need to have” than a “nice to have” service. analyzing the problems faced by the online banking users many customers are not aware of Online banking features provided by SBI and still most of the customers prefer traditional (Branch) banking as convenient. Many of the Banks that are piling onto the electronic banking may totally misunderstand what this medium is all about. Apparently, banks cannot succeed in exploiting electronic banking unless the right electronic banking infrastructure and development are in place to meet the demands of the users. Therefore, the key to success in electronic banking lies in knowing the customer’s needs and giving solution to their issues.

**References:**


