

Electronic Payment Systems: Technical and Strategic Issues

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ABSTRACT

E-banking which is also known as online banking, internet banking or virtual banking is defined as the automated delivery of new and the regular products and services of a bank directly to customers through electronic, interactive communication channels and permits the customer to conduct range of financial transactions through the financial institution's website. Customers access e-banking services through personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), kiosk, or touch tone telephone. The e-banking is a part of the core banking system operated by a bank and is in contrast to branch banking, the way customers accessed all the banking services traditionally.

The purpose of the study is to analyze the e-payment system in the banks, to determine the effectiveness and usage by the customers. The study adopted the descriptive research method by choosing 200 as its sample for the study using structured questionnaire. The primary data was collected through the survey method from the bank customers. The major findings of the study revealed that the customer feels safe, comfortable in using the e-payment services of the bank. The important finding was that the most of the customers of the study banks are salaried accounts.

Key words: e-banking, internet banking, online payment, online transaction, web services, delivery channels

1. INTRODUCTION

The craze of Social media is increasing in India day by day. No one is unaffected by its influence, and nowadays it has become very common among political parties who leverage through social media to put across its message. The number of mobile Internet users in India was around 213 million by June 2015, and there were 173 million mobile Internet users in India in December, 2014. What is encouraging is that mobile Internet users in rural India are set to grow at an impressive rate of 33% from October'14 to reach 49 million by March 2015 and 53 million by June 2015.

The three broad facilities that e-banking offers are:

- Convenience - Complete your banking at your convenience in the comfort of Your home.
- No more Qs - There are no queues at an online bank.
- 24x7 service - Bank online services is provided 24 hours a day, 7 days a week.

The online banking was first kicked off by ICICI bank in 1996; currently 78% of their customers are registered for online banking. The need for online services was felt by the banks in India after the entry of foreign bank, which came with new technology. The banking products became more and more competitive and many products and services were available as option.

The different Types of Transaction done by the customers are: Onus means “Ours” and Offus means “Not Ours”. The first part of the word always refers to the Customer. The second part of the word is in the context of the Bank. So ONUS–ONUS is an Anywhere Branch Banking means – Our Customer (Onus) is using Our Branch. OFFUS–ONUS means – Other Branch Customer is using Our Branch. ONUS–OFFUS is our Customer is using the other Branch.

2. REVIEW OF LITERATURE

Uppal, R.K (2011) in his research on growth of information technology in various banks, analyzed the extent of technological developments in various bank groups. The findings shows as compared to new private sector banks and foreign banks, in public sector banks not much growth in IT has taken place. The maximum technology is taking place in new generation private sector banks and foreign.

Rao, K. Rama Mohana and Lakew, Tekeste Berhanu (2011) scrutinized the service quality perceptions of customers of public sector and private sector banks in the city of Visakhapatnam, India. The study reveals that the Reliability and Assurance dimensions of service quality scored the highest ratings while compared to the Tangibles dimension. Moreover, it was found that a strong dissimilarity in service quality perceptions between customers of private sector and public sector banks.

Kaur, Jasveen and Kaur ,Baljit,(2013) explained that there is no significant change in facilities determining the customers’ usage of internet banking services of Public - sector, Private - sector and Foreign Banks in India

3. RESEARCH DESIGN

The e-banking or online banking system facilitates the acceptance of payment through the electronic mode for all the online financial transactions. The e-payment system has got its popularity and priority due to the widespread use of the internet – based shopping and banking activities.

Objectives of the Study

The study was taken up with an objective of:

- To analyze the success of E-payment system in banks.
- To determine the effectiveness and usage of E-payment systems by the customers.

The study was undertaken during March – May 2016. The primary data was collected by distributing the questionnaire among the bank customers preferably using e-banking services those who are from different private sector banks, Chennai, South India and the discussions and interactions held with the bank employees of various banks. The sample size is 200. Research design proposed for the study is ‘Descriptive’ type of research.

The descriptive type of research is defined as a kind of research which deals with quality of responses from the respondents, the attitudes and interest of the respondents and also considers behavioral, values, belief, and emotions etc. Primary data was collected by questionnaire survey method based on a pilot study. Secondary data was collected from research articles, journals and magazines to support the research work. The statistical tools used to analyze the success and effective usages of e-banking services are percentage analysis, correlation and regression analysis.

4. RESULTS & FINDINGS

The analysis is done by taking 200 samples from the survey conducted which includes 127 males and 73 females, with different age groups which divided into 3 segments as (Below 25 years; 25 to 40 years; and above 40 years). Out of survey conducted with the 200 customers of BANK the findings were:

- Out of 200 respondents 63% of them were male customers and 36.5% were female customers.
- From the respondents 83% holds salary account, which shows that the bank target the companies which makes their employees as its account holder.
- 58% of customers hold only debit card which is linked with salary account and 40% use both debit card and credit card
- The bank also provide prepaid cards but only few have mentioned as they hold prepaid cards, which shows that they are not concentrate on their prepaid cards.
- The majority of customers (68.5%) have visited only less than 4 times per month and 15% of respondents have never visited a branch, but in Likert scale more than 100 respondent have preferred branch banking.
- The customers using the service channels are well satisfies with the service provided by the bank and the high usage of eservices keeps on adding.
- Out of all respondent 166 were employed holding salary account who use their account less likely and does not do any other banking services like saving account, getting loans, making deposits.

- The services like CASH DEPOSITORY MACHINE were relatively less as there is less saving account holders from the sample collected.
- The other service channels like mobile banking which more than 50% of respondent uses mobile banking for balance enquiry, for fund transfer and Request a mini statement to know their recent transaction
- A 25% of respondent use mobile banking for bill payments.
- The 77.5% of customers who use the services from BANK were feeling completely safe.
- 186 respondents (70.4%) holds an account with banks other than one bank, and the same respondent have feel safe and happy about the service provide by different banks.
- Though customers highly preferred self- service channels, personal banking will make them feel secured more and encourages them to do more business.

5. As there is less usage of KIOSK service by the customers most of the banks has closed the service in India. And the next channel on the list will be CDM RECOMMENDATIONS

Merits

- It enhances efficiency, consistency and turn-around time.
- It enables to maximize the value of largest network in India.
- It helps in updating the information.
- It helps the customers to respond quickly to external and internal pressures.
- It helps the non-technical personnel from the banking industry to pick and choose existing functionalities in order to build new products and services.

Demerits

- Less number of self informative bank websites in TamilNadu, only few is most satisfied.
- Minimum balance maintenance to have a saving account is high.
- Many Banks are not issuing and acquiring Rupay cards. (If they start issuing and acquiring Rupay cards, they can process domestic transactions at low cost).
- Charges imposed must be reduced.
- Customer care should response properly for the queries.
- Awareness about the existence of various services and products of the banks to many people.

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