

# E-BANKING CHALLENGES: FACTORS ADOPTION IN SIVAGANGAI DISTRICT

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**Abstract:** The vast usage of the internet and mobile phones extremely seems to be playing vital role in hiding of physical boundaries, and had a contact with the whole world of new opportunities for banks for grapping new customer and has a large trapped greater volume of transaction. For the banks, emerging if new technology as a strategy for achieving the operation control, higher efficiency, profitability, and productivity. For customers, it has been using the services of e-banking at anywhere, anytime, anyway in all over the world. This research paper has reported that what are factors that drives the customer to use the e-banking in sivagangai district, and consider as the challenges in e-banking has been compared with the factor analysis report getting by the questionnaires. And also said the customer mindset about the e-banking services, technological support, security issues and awareness about e-banking in the sivagangai district.

**Keywords:** Factor analysis, Customers, Awareness, Security issues, Network problem.

## INTRODUCTION:

In all over the world the past decades has a wittness for the desperate change in the economic and banking environment. In India early 1990's has undergone the rapid change in the operation of the banking environment. Banking industry has been brought 360 degree change by the e-banking system. In that the customer facing the lot of difficulty in using the e-banking services and also they doesn't have a proper knowledge about it. Here we consider some of the factors as the challenges in e-banking. Based on those factors the questionnaires has been set .and each factor has a set of few questions related with it. Totally 28 questions has been raised and data has collected through it. Comparison of those set of factors with the factor analysis report get from the result of the analysis part. In this research paper described that the rural customers in the sivagangai district has to known about how much they get aware about those factors.

This paper will clearly explained how far those factors play a vital role in banking process of the rural customers in sivagangai district and also how much the use the e-banking services in that area through the survey done among them. This paper which includes the suggestions to the bank about the customers thought in the e-banking.

## REVIEW OF LITERATURE:

Barczak et al., 1997 [1]; Danniell & Storey,1997 [2]; Lia et al., 1999; Polatoglu & Ekin, 2001[3]; Devlin & Yeung, 2003[4] report factors such as convenience, flexibility, security concern, complexity,and responsiveness being associated with a higher propensity to use internet banking. In the context of the above perspective, this paper will make an attempt to analyze the evolving sphere of Internet banking and some of the factors, which affect person's usage of Internet banking.

Corrocher (2002)[5] investigated the determinants of the Internet technology adoption for the provision of banking services in the Italian context and also studied the relationship between the Internet banking and the traditional banking activity, in order to understand if these two systems of financial services delivery are perceived as substitutes or complements by the banks. According to the results of the empirical analysis, banks seem to perceive Internet banking as a substitute for the existing branching structure, although there is also some evidence that banks providing innovative financial services are more inclined to adopt the innovation than traditional banks.

Al-Hawari et al.(2005)[6],. Suganthi et al(2001)[7] Service quality has received much attention because of its obvious relationship with financial performance, customer satisfaction and retentionsconducted the review of Malaysian banking sites and revealed that all domestic banks were having a web presence. Only 4 of the ten major banks had transactional sites. The remaining sites were at informational level. There are various psychological and behavioral issues such as trust, security of Internet transactions, reluctance to change and preference for human interface which appear to impede the growth of Internet banking.relationship with financial performance, customer satisfaction and retentions

Ahmad & Al-Zu'bi, (2011)[8]; Ali & Omar,(2016)[9]; Casaló, Flavián, & Guinalfú, (2007)[11]; Kazi, (2013)[12]; Liao & Cheung, (2002)[12]; Liébana-Cabanillas, Munoz-Leiva, & Rejón-Guardia, (2013)[14]; Polasik & Piotr Wisniewski, (2009); Poon, (2007)[16] researchers in this work reviewed the existing literature in the realm of e- banking practices. Critical review paves the path to find out the factors influencing e- banking practices in cross cultural perspective. In this context, researchers in this work recognized the factors as content and website layout, speed of delivery, privacy and security, convenience and accessibility

Al-Smadi and Al-Wabel, (2011) [17] Banks are important in every country and have a significant effect in supporting economic development through efficient financial services. They provide a mechanical system to group saving and convert them into investment. For over a decade, banks have been affected by changes associated with globalization and financial liberalization. Reacting to these changes, banks expand the choice of services offered to the customers and increase their reliance on technology.

Jayawardhena and Foley, (2000)[18] electronic banking services have benefits for both banks and customers. For banks, electronic banking is conceded a strategy weapon; help them to achieve competitive advantage and increase their market share. Furthermore, using electronic services can save the cost of resources, which are needed for traditional banking services.

Sournata, Mattila and Munnukka (2005)[19], Al-Sabbagh and Molla (2004)- all explore the various inhibitors and drivers of electronic-banking adoption. They believe there are relatively few empirical analyses of the impact of electronic banking on customers. As Internet banking is a relatively new concept in banking service delivery, not many studies are available in Indian context. Most of the studies that the authors have gone through are not in the Indian context.

Maiyaki and Mokhtas (2010)[20] shown in their research that there is no relation in between population statistics and choice of banks. It was also found that statistically there is a significant relationship between age and choice of banks

### RESEARCH OBJECTIVES:

- To identify the challenges that affect the customers in the rural area to use e-banking.
- To identify the factors that influence the challenges of the rural customers
- To measure the relationship between the factors with the survey output and the acceptance of the e-banking among them.
- To examine the factors those discourage customers from using e-banking.

### Factors:

- Technical support and awareness
- No automated services
- Security issues
- Manual method
- Overall feelings

### METHODOLOGY:

#### Samples:

This study examines the factors influencing the e-banking practices among the rural customers in sivagangai district. The customers who uses the e-banking services of the banks in the sivagangai are consider as the participants of this research. The total number of questions 28 has set is based on above the factors. Each factors has the certain group of questionnaires. the questionnaires are randomly distributed to the total 150 customers in the banks the selected area.

The questionnaires comprise of the two sections. The Section A comprised questions on demographic profile of respondents and Section B consisted of questions measuring the factors affecting the e-banking practices. A five –point likert type scale comprises the one for “highly dissatisfied” and five for “highly satisfied” was used for items operationalizing all the constructs.

### RESULT AND DISCUSSION:

Exploratory Factor Analysis (EFA) is a complex procedure with a few absolute and options, and is a widely used and broadly applied statistical technique in the social sciences (Sivathaasan & Chandrasekaran, 2013) [23]. The study employs the exploratory factor analysis (EFA) to identify the determining dimensions or factors of e-banking practices by the rural customers in the sivagangai district.

The data reduction and summarization is the primary procedure of the EFA. The factor analysis means the way to condense the data in the many variables into few variables, it sometime called as the dimension reduction. the most common technique is called as principal component analysis (PCA).

Before applying the factor analysis it is important to test the reliability and validity of the scale.

The internal reliability of the data collected was verified by Cronbach’s alpha for 33 respondents.

**Table 1.1 case processing summary**

cases	N	%
Valid	33	100.0
Excluded	0	0
Total	33	100.0

**Table 1.2 Reliability statistics**

Cronbach's Alpha	N of items
.816	33

The test of validity of data was examined with the help of a Kaiser-Meyer-Ohlin (KMO) measure of sample adequacy and Bartlett's test of sphericity. Generally, Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Test of Sampling Adequacy (KMO) are commonly used to provide more complex measures for assessing the strength of the relationships and suggesting factorability of the variables (Beavers et al., 2013) [21]. Kaiser (1974) [22], suggests, the accepted index of KMO & Bartlett's Test of Sphericity should be over 0.5. Also, the Bartlett's Test of Sphericity relates to the significance of the study and thereby shows the validity and suitability of the responses collected to the problem being addressed through the study.

In this study, the value for KMO matrix is 0.507 and test value of the chi-square is 3129.254, this has the significant at five percent level ( $p < 0.05$ ). Hence, sample taken to carry out factor analysis is statistically significant and data is appropriateness to continue the factor analysis. These two tests satisfied the validity of data for factor analysis.

**Table 1.4 Total variance explained**

Factors	Number of Items	Eigenvalue	% of Variance explained	Cumulative % explained
Factor 1 ( Technical support and awareness)	11	7.142	25.506	25.506
Factor 2 (non automated services)	7	5.855	20.912	46.418
Factor 3 (security issues)	5	3.898	13.920	60.338
Factor 4 (manual banking)	2	2.988	10.670	71.008
Factor 5 (overall feelings)	3	2.473	8.830	79.838

**Table 1.3 KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.507
Approx. Chi-Square	3129.254
Bartlett's Test of Sphericity	df
	378
	Sig.
	.000

These five factors extracted together account for 79.838 percent of the total variance.

The factor 1 have 11 variables in it, they are user friendly and easy operation, availability of help and other menus, accuracy and relevance of information, functioning of web pages and links, mode of display, honesty and openness, information update round of services and speed and promptness of services .

The factor 2 contains 7 variables they are complaint redressal, non recurrence of clerical & technical mistakes, information on new services, information on value added services, clarity & understandability of information.

The factor 3 has 5 variables dependency of internet services, security and precaution measures, security issues.

The factor 4 has 2 variables services of online customer care executives, satisfaction level of manual banking.

The factor 5 has 3 variables overall difficulty of using online banking system, lack of assistance and importance of human contact in banking

Few years back the banking committees are already define these factors as a challenges of the e-banking customers but still these factors are still considered as a challenges to the rural customers in sivagangai district.

## CONCLUSION:

Hence, this research paper define clearly describe of factors affecting the rural customers by using the e-banking said by the banking committees. Here, I concluded that the result of this analysis will be that, still those factors are there which affects the customers to use the e-banking facilities.

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