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A Consumer Perspective towards Challenges and Opportunities in E-Banking

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Abstract:

Banks in India play a vital role in economic growth by mobilizing public savings and offering financial services. Post the 1991 economic reforms, the banking sector adopted new technologies. The Saraf Committee (1994) recommended the Electronic Fund Transfer (EFT) system. Digital banking enables online financial transactions, providing 24/7 service. Since 2005, the government has aimed to digitize all transactions under financial inclusion.

This study, limited to the State Bank of India in Karnataka, surveyed 235 respondents from urban and rural areas using simple random sampling. It found that ATM cards are the most recognized digital service, while complex procedures are the main issue. The study suggests SBI should improve public awareness of all digital banking services.

***Index Terms* -** State Bank of India, Awareness, Problems, Digital Banking

Introduction

Banking is one of the key service sectors in India, playing a crucial role in both the nation's social and economic development. Following recent mergers, India now has 12 public sector banks and 22 private sector banks. Banks offer a wide array of services, including accepting deposits, issuing loans, cheque disbursement, foreign exchange, consultancy, bank guarantees, cash disbursement, and digital services like online and mobile banking.

In today's service economy, the quality of information technology significantly impacts performance—and banking is no exception. **Digital banking** enables customers to carry out routine financial transactions through ATMs, mobile devices, and the internet, without visiting the bank physically. These services are accessible 24/7 and include account management, fund transfers, credit/debit card payments, statement generation, tax filing, and virtual service assistance.

State Bank of India (SBI), headquartered in Mumbai, is a government-owned global financial institution and India's largest bank. Ranked 217th on the 2017 Fortune Global 500 list, SBI holds a 23% share of total banking assets and commands a quarter of the loan and deposit market. It offers a wide range of digital banking solutions to cater to the evolving needs of its customers.

E- Banking in India: A Literature Overview

Digital banking in India has undergone significant transformation, playing a crucial role in enhancing financial accessibility, efficiency, and customer satisfaction. Various studies highlight the development, challenges, and impact of digital banking services across different segments.

Key Developments and Services:

Digital banking includes services like UPI, NEFT, RTGS, mobile banking, and ATMs. These services enable 24/7 transactions, paperless banking, and real-time processing, improving convenience and reducing reliance on physical bank branches (M & K.M, 2019; Haralayya, 2021).

Customer Preferences and Experience:

Several studies note a growing customer preference for mobile banking and digital payment apps due to convenience, accessibility, and speed (Aisha & Rakesh, 2022). ATMs remain one of the most frequently used services. Research also emphasizes the role of personalization, ease of use, and service compatibility in improving online customer experience (Mitrovic & Raičević, 2024).

Comparative Performance of Banks:

Public sector banks often face issues like bureaucratic delays, while private banks are seen as more agile and customer-centric (Ramya, 2021). However, customer satisfaction varies based on awareness, infrastructure, and service responsiveness (Kasilingam & V, 2024).

Challenges in Adoption:

Barriers include limited internet access in rural areas, security concerns, low digital literacy, and inadequate infrastructure. The need for government intervention to improve network coverage and reduce internet costs is emphasized (M & K.M, 2019; Srivastava & Srivastava, 2024).

Psychological and Behavioral Factors:

Adoption of digital banking is influenced by personality traits such as optimism, innovativeness, and insecurity, as noted using the Technology Readiness Index (Matlala, 2024). Security apprehensions particularly impact mobile banking usage.

Technological Innovations:

Emerging technologies like AI, blockchain, big data, biometrics, and IoT are expected to further revolutionize banking by enabling intelligent platforms, reducing human intervention, and improving security and service efficiency (Indriasari et al., 2022; Petrova et al., 2020).

Strategic Implications:

To remain competitive, banks must invest in digital transformation, adopt modern IT architectures, enhance cybersecurity, and tailor services to meet evolving customer needs (Balkan, 2021; Petrova et al., 2020). Enhancing customer education and digital awareness is also essential for wider adoption.

Scope of the Study

The present study focuses exclusively on the State Bank of India. It aims to assess customer awareness, usage levels, and the challenges faced while using E banking services.

Objectives of the Study:

- To assess the level of awareness among customers regarding various E banking services.
- To evaluate the extent of usage of E banking services.
- To examine the severity of challenges faced by users while accessing E banking services.

Research Methodology

The present study adopts a **survey-based approach** and is **empirical in nature**. Primary data were collected using a structured interview schedule, while secondary data were utilized to provide contextual support. Secondary sources included relevant books, journals, periodicals, and reputable websites. The sample consisted of five customers from each selected branch. Out of the 108 State Bank of India branches in Coimbatore, 47 branches were chosen (25 rural and 22 urban). This resulted in a total sample size of **235 respondents**—**125 from rural** branches and **110 from urban** branches.

Data Analysis and Interpretation

Sources of Awareness

Respondents have become aware of digital banking services through various sources, including friends and family, newspaper and radio promotions, television and internet advertisements, and workplace organizations. **Table 1** presents the distribution of respondents based on their source of information.

The data reveals that out of the **235 respondents** from SBI:

- **59 respondents (25.10%)** learned about digital banking through advertisements,
- **103 respondents (43.82%)** were informed by friends and relatives, and
- **73 respondents (31.06%)** gained awareness through other sources such as workplace organizations and media.

Table 1. Sources of Awareness

Sl.NO	Source	No of Respondents SBI
1.	Advertisement (Newspaper/Radio/ Television/Internet)	59
2.	Friends and Relatives	103
3.	Place of work	73
Total		**235**

Level of Awareness

The study reveals varying levels of awareness among respondents regarding different digital banking services offered by the State Bank of India.

In the case of ATM cum debit cards, a majority of the respondents—132 out of 235 (56.17%)—are highly aware of the service, while 88 respondents (37.45%) are moderately aware, and only 14 respondents (5.95%) are not aware of it.

Regarding credit card services, 35 respondents are highly aware, 54 are moderately aware, and a significant number—146 respondents—are not aware of the service. *(Note: Percentages not provided—can be added if needed.)*

For internet banking, 82 respondents (34.89%) are highly aware, 105 respondents (44.68%) are moderately aware, and 48 respondents (20.43%) are not aware of this service.

When it comes to mobile banking, 91 respondents (38.72%) indicated a high level of awareness, 98 respondents (41.70%) reported moderate awareness, and 46 respondents (19.58%) stated that they were not aware of the service.

Table : 2 Level of Awareness

Sl.No	Service	HA	A	NA	Total
1.	ATM cum Debit Cards	132	80	14	235
2.	Credit Cards	35	54	146	235
3.	Internet banking	82	105	48	235
4.	Mobile banking	91	98	46	235

Awareness among the Respondents of SBI – Applying Paired t-Test

If the subject and the number of samples are the same for these variables, the paired t-test is typically used to compare the mean of the same variable when assessed at two separate periods. The paired samples t-test has been used in an effort to learn: There is no discernible difference in respondents' knowledge of digital banking services between those who reside in rural and urban regions, are male or female, are literate or illiterate, are young or old, have high or low levels of education, or have low or high levels of income, according to SBI

Table : 3 Result of Paired t-Test– Level of Awareness

Variable		Pair	N	Mean	SD	t-value	d.f	Sig.Value
Awareness about E Banking services	Area	Rural	125	2.304	0.46183			
		Urban	110	2.3545	0.56805	11.952	233	0.001*
	Gender	Male	139	2.295	0.50294	3.04	233	0.086**
		Female	36	2.375	0.52815			
	Martial Status	Married	108	2.3704	0.57344	16.957	233	0*
		Unmarried	127	2.2913	0.45618			
	Age	Youngsters	139	8.6043	4.6197	12.136	233	0.001*
		Elders	96	10.322	5.6391			
	Education	Less educated	13	10.461	3.0445	4.928	233	0.027*
		High educated	222	9.238	5.2123			
	Income	Low income	130	9.0615	5.5806	1.648	233	0.2**

Table 3 reveals that there is a statistically significant difference in the respondents' level of awareness of digital banking services based on area of residence, marital status, age, and educational qualification, as indicated by Levene’s Test for Equality of Variances (p-value = 0.05).

However, the analysis shows no significant difference in awareness levels with respect to gender and income, suggesting that these factors do not notably influence respondents' awareness of digital banking services.

Level of Utilization of E Banking Services

When the term "awareness" refers to the general knowledge or comprehension of banking services and products, the term "availing of services" refers to the customer's use of such services. Customers may be aware of a variety of goods and services offered by a bank, but they may not always use all of them. Customers can use the services consistently, irregularly, sometimes, or never

Table 4 Level of Utilization of Digital Banking Services

Sl.No	Service	Always	Sometimes	Occasionally	Not at all	Total
1	ATM cum Debit Cards	113	63	38	21	**235**
2	Credit Cards	28	3	25	179	**235**
3	Internet Banking	68	38	42	87	**235**
4	Mobile Banking	78	33	41	83	**235**

In case of credit cards/debit cards, out of the 235 respondents, 113 (48.09%) use it always, 63 (26.81%) sometimes, 38 (16.17%) occasionally and 21 (8.94%) do not use it. As regards the Internet banking service, out of the 235 respondents, 68 (28.94%) utilize it always, 38 (16.17%) sometimes and 42 (17.78%) occasionally and 87 (37.02%) do not utilize the service. Out of the 235 respondents, 78 (33.19%) utilize the mobile banking always, 33 (14.04%) sometimes, 41 (17.45%) occasionally and 83 (35.32%) do not utilize the service.

Problems faced with digital banking services

Bank consumers now deal with a number of issues. The modern Indian client now demands much more from banks than just saving tools. More informed, demanding, analytical, and conscious of their rights are the characteristics of today's consumers. Customers encounter a variety of issues while using digital banking services, including complicated procedures, outdated data, and service delays.

Table 5 Problems Faced with the Bank by the Respondents of SBI

Sl. No.	Variable	SA	A	NA	DA	SDA	Intensity Value	Mean	Rank
1.	Complex procedures for online transactions	60	74	59	18	24	833	3.54	1
2.	No proper customer care service	45	60	74	25	31	768	3.27	3
3	Un updated information on bank website	40	51	76	39	29	739	3.14	8
4	Delay in Service (Connectivity problems)	29	75	78	25	28	757	3.22	7
5	Security issues (Hacking)	41	64	66	39	25	762	3.24	4
6	Inefficient grievance redress mechanism	30	73	85	18	29	762	3.24	4
7	Remembering user name and password	41	50	71	45	28	732	3.11	9
8	Insufficient cash in ATMs	57	47	71	26	34	772	3.29	2
9	Debit / Credit card related problems	45	60	72	20	38	759	3.23	6

It is observed from Table 5 that out of the 235 respondents, 134 (57.02%) agree that there is 'Complex procedure for online transaction', 59 (25.11%) are neutral and 42 (17.87%) disagree about the problem. The intensity value is 833 and it ranks first.

Suggestion

Customers must be well-informed about a bank's products and services in order to use them effectively. Those with limited awareness are less likely to utilize available offerings. Ideally, individuals should be fully aware of a bank's services before becoming customers. To enhance this awareness, banks must adopt diverse and effective marketing strategies. Among these, word-of-mouth promotion is one of the most cost-effective approaches. The survey indicates that friends and family play a crucial role in influencing individuals to open accounts, more so than advertisements—demonstrating the power of personal recommendations.

The study also found that awareness levels vary based on several demographic factors, including location, gender, marital status, employment, education, and annual income. While "awareness" is inherently subjective and context-dependent, it is the responsibility of banks to provide ongoing education and communication to their customers.

Interestingly, survey findings show that 95% of customers who file complaints are satisfied enough to return, indicating that responsive customer service significantly boosts loyalty. Given SBI’s vast network that reaches remote regions, it serves a large number of illiterate customers. Therefore, it is essential for the bank to simplify its procedures and adapt its services to meet customer needs effectively.

Moreover, banks should encourage feedback and complaints, allowing customers to express challenges and seek solutions, rather than discouraging such interactions. Creating an open and customer-centric environment is key to improving service delivery and trust.

Conclusion

The study concludes that although customer awareness of digital banking services at the State Bank of India in Coimbatore is moderate, several challenges persist, particularly related to complex transaction procedures. While overall satisfaction with digital banking remains high, these difficulties prevent many users from fully utilizing the range of available services.

The findings underscore the need for strengthened customer education and targeted awareness campaigns to improve understanding and adoption of digital banking options. Additionally, banks should prioritize simplifying transaction processes and enhancing customer support to effectively resolve user concerns. These efforts are essential to ensure a more seamless, inclusive, and user-friendly digital banking experience for all customers.

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