

EXPLORING PROBLEMS AND CHALLENGES FACED IN E-BANKING SERVICES IN BANKS

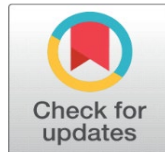
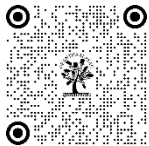
Dr. Satyavrat Singh Rawat¹✉, Trilochan Sharma²✉, Dr. Swati Sharma³✉, Javed Naseem⁴✉

¹Department of Economics, N.R.E.C College, Khurja-Uttar Pradesh

²Department of Business Administration, MJP Rohilkhand University, Bareilly-Uttar Pradesh

³Institute of Business Studies, Ch. Charan Singh University, Meerut

⁴Research Scholar, Department of Economics, N.R.E.C College, Khurja-Uttar Pradesh



Corresponding Author

Dr. Satyavrat Singh Rawat,

svsrawat@gmail.com

DOI

[10.29121/shodhkosh.v4.i2.2023.3347](https://doi.org/10.29121/shodhkosh.v4.i2.2023.3347)

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Copyright: © 2023 The Author(s). This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

With the license CC-BY, authors retain the copyright, allowing anyone to download, reuse, re-print, modify, distribute, and/or copy their contribution. The work must be properly attributed to its author.



ABSTRACT

The introduction of e-banking has greatly improved the banking experience for consumers by streamlining and simplifying monetary transactions. Despite the many advantages, e-banking does come with a number of drawbacks that banks and clients alike must contend with. The purpose of this abstract is to present a synopsis of the studies that investigated the difficulties encountered by banks when providing online banking services. Examining client perceptions towards e-banking, determining the causes for non-usage of these services, and identifying the frequent challenges encountered by customers using e-banking are the goals of the research. For this study, a sample of 120 clients is chosen. Based on the replies from selected samples and research findings, the study also aims to offer banks important insights and suggestions for improving their e-banking services. The study's results shed light on what makes e-banking services trustworthy and satisfying for customers, and they give banks concrete advice on how to fix current problems and improve the service they offer. Banks may successfully use e-banking to fulfill the changing demands of their customers in the digital age by tackling these obstacles and matching their services with customer expectations.

Keywords: Financial Services, Clients, Technology, Digital, Electronic

1. INTRODUCTION

Customers now have easy access to a variety of banking services through digital platforms, thanks to electronic banking (e-banking), which has become an integral part of the financial landscape in recent years. With the advent of e-banking, customers can now manage their accounts online, conduct transactions with ease, and access their financial data from any location with an internet connection. This has completely revolutionized the way people handle their money. While there are many advantages to online banking, there are also many difficulties that clients and banks must contend with. In order to fully investigate the difficulties encountered by banks while providing e-banking services, this article lays the groundwork for that investigation. In order to guarantee the delivery of optimal services and retain client happiness, it

is crucial to recognize and address the challenges faced by e-banking as the banking industry undergoes fast digitalization and technical breakthroughs.

The research aims to identify common consumer concerns, discern underlying reasons for these challenges, and provide significant insights to banks for enhancing their e-banking products by delving deep into the multifarious issues surrounding e-banking services. The research aims to provide a detailed picture of the intricacies of online banking by investigating its many facets, such as security worries, technological constraints, user experience, and consumer views. In addition, banks who are trying to improve their digital capabilities and satisfy the changing demands of their clients might benefit practically from studying the issues and problems with e-banking services. Therefore, financial institutions may use this research's findings to influence strategic decision-making, which will help them fix current problems, make e-banking systems better, and make customers happier and more trusting.

2. PROBLEMS AND CHALLENGES FACED BY PUBLIC AND PRIVATE BANKS IN E-BANKING

The world of electronic banking (e-banking) is fraught with difficulties for consumers of both commercial and public sector financial institutions. These obstacles cover a wide spectrum, from technological difficulties to worries about security and the constraints placed on the user experience. If banks want to improve their online banking services and meet the demands of their customers, they must first understand these obstacles. Some of the most common issues and concerns raised by public and private bank customers are listed below:

1. **Technical Glitches and System Downtime:** System outages and other technical difficulties are a common problem with online banking. Errors in transactions, delays in account access, or system outages that interrupt banking activities are common causes of customer frustration. The dependability and usability of online banking platforms can be affected by technical issues that arise from software flaws, server maintenance, or insufficient infrastructure.
2. **Security Vulnerabilities:** Customers put their faith in banks with their sensitive financial data and transactions, making security a top priority in online banking. Protecting client information against cybercriminals' phishing, malware, and identity theft attempts is a problem for both commercial and government-run financial institutions. Customers' concerns about data breaches and illegal access to their accounts persist despite the use of security measures such as encryption and multi-factor authentication, which diminishes their faith in e-banking services.
3. **Complex Authentication Procedures:** While safeguards are necessary to prevent unauthorized access to client accounts, users may find excessively complicated authentication methods to be frustrating. When using e-banking services from a mobile device or a distant place, customers may encounter difficulties with the numerous stages of authentication, which include passwords, security questions, and one-time passwords (OTPs). Improving the usability of online banking platforms requires striking a balance between security needs and consumer convenience.
4. **Limited Accessibility and Connectivity:** Customers encounter difficulties in utilizing e-banking services due to a lack of accessibility and connectivity in numerous regions, particularly in rural or impoverished areas. Customers are unable to completely utilize e-banking platforms due to poor internet connectivity, a lack of digital literacy, and inadequate infrastructure. This results in exclusion and inequities in access to financial services.
5. **User Interface Design and Navigation:** The user experience is greatly influenced by the design and navigation of e-banking applications. Customers frequently have trouble using e-banking programs' complicated menus, finding certain functions, or comprehending how they work. When it comes to e-banking services, usability is key. However, when user interfaces are poorly designed, layouts are cluttered, and navigation is uneven, it can hinder users' ability to complete transactions swiftly.
6. **Customer Support and Service Quality:** In order to handle client inquiries, fix problems, and offer help with e-banking services, quick and efficient customer care is crucial. The delivery of high-quality customer service is a difficulty for both public and commercial banks, resulting in consumer irritation, insufficient problem resolution, and long response times. Customers are even less satisfied as a result of communication problems, inadequately trained support workers, and a lack of individualised assistance.
7. **Privacy Concerns and Data Protection:** Customers use e-banking services with great care because they value privacy and data protection. Financial institutions have a responsibility to their customers to adhere to data protection legislation and treat their personal and financial information with the highest confidentiality. Nevertheless, e-banking services lose credibility and customers worry about privacy invasion due to data breaches, illegal access, and improper use of personal information.

8. **Transaction Errors and Discrepancies:** Customers could get confused and even lose money if they have e-banking account issues including transaction mistakes, discrepancies, or illegal charges. Problems including wrong account balances, failed transactions, or inaccurate debits and credits might occur as a result of processing delays, fraud, or system failures. Timely action by financial institutions and efficient systems for examining and correcting transaction mistakes are necessary to resolve these inconsistencies.

3. REVIEW OF RELATED STUDIES

Bansiya, Mahesh. (2023). The health and stability of the financial system are largely dependent on the value of the assets held. In India, non-performing assets (NPAs) are a major issue for the banking system. The purpose of this article was to examine the methods used by both public and private banks to deal with nonperforming assets. Various RBI publications were combed through for secondary data on the selected bank types throughout a thirteen-year period, from 2001 to 2013. We utilized one-way ANOVA, the least square technique for trend projection, the percentage and ratio approaches, and other statistical tools to analyze the data. Compared to private sector banks, public sector banks in India have witnessed a consistent upward trend in gross and net nonperforming assets (NPAs), and these two indicators are substantially different on average. Since there is no visible difference between the gross and net nonperforming asset (NPA) ratios of public sector banks (PSBs) and private sector banks (PrSBs), both types of banks are under constant regulatory and supervisorial pressure to reduce these ratios. According to the article, technology is essential for managing nonperforming assets, both proactively and in response, as well as for controlling and informing officials in advance. There are a lot of moving parts here, including public and private sector banks, non-performing assets (NPAs), ANOVA, and NPA management.

Indriasari et al., (2022). Thanks to the explosion of cell phones, the web, and other forms of electronic communication during the last two decades, online banking has become much more efficient, quick, and convenient. Digital banking is essential in the COVID-19 economic disaster because it enables transactions to be conducted without the use of cash. The research dives into digital banking's technical details, challenges, and potential future study areas. This study is developed in tandem with Kitchenham's SLR methodology. Six databases were searched for articles that met the criteria. The included research are of a more recent generation, appearing in journals from 2015 to 2021. We have selected, obtained, and evaluated sixty-seven documents. People, procedures, organizations, security, risk, the environment, and customers are all affected by digital banking innovation. The study's suggestions for further research can help researchers and practitioners everywhere.

Kumar, Harish & Bansal, Anchal. (2022). delivering services to the customer via a dynamic, digital correspondence. The banking industry has seen a revolutionary shift with the introduction of online banking. How did you manage before that? Because it saves so much time, energy, and manpower compared to waiting in line at bank offices, e-banking is a lifesaver for anyone attempting to create a work-life balance. It eliminates the need for cheques and demand drafts. Researchers sought to use this data to demonstrate how e-banking impacts banks' bottom lines because of the significant savings in time, manpower, and physical space that result from employing this service. Profit Margin, ROA, RON, ATM Transactions, POS Transactions, and Mobile Banking are some of the variables that are considered in this study. If all banks could make the right moves towards e-banking, the authors of the research predict that overall profitability will improve in the coming years.

Achakala, Sai et al., (2022). Finding out how E-banking affects a bank's performance is the main goal of the research. We measured profitability using Return on Assets (ROA), and indications of the electronic mode of transactions included real-time gross settlement (RTGS), credit/debit cards, NEFT, and point-of-sale systems. The ten biggest public sector banks in India are analyzed below according to market capitalization. The results show that banks' bottom lines could benefit from online banking since digital payment instruments significantly affect return on assets. Online banking also boosts banks' bottom lines, according to the report. With the advent of online banking, financial institutions were able to cut back on their banking costs. More and more opportunities to increase customer contacts, broaden market reach through e-banking, and increase client access to banking facilities are opening up to banks as banking technology advances.

Motwani, Anju & Vora, Khushboo. (2021). The banking business has been completely transformed by online banking. Instead of using paper documents, digital devices are used by electronic banking systems to let customers and banks interact. Electronic banking also include the automated distribution of both traditional and novel products and services. Tigga, Alisha et al., (2021). Innovations in technology have raised people's living standards. Innovations have altered the way services are provided, therefore adding new dimensions to society. The banking industry is no exception to the

general trend of online banking replacing more traditional banking techniques. You can avoid going to the bank in person by doing all of your banking online. In this article, we take a look at the Bank of Maharashtra to see how satisfied their clients are with their online banking services. Bank customers' opinions and ratings on e-banking service quality were elicited through the use of a structured questionnaire. The research found that nearly 70% of them bank online. People avoid using online banking services due to two main reasons: (1) they are not familiar with them and (2) they are worried about their safety.

4. RESEARCH METHODOLOGY ADOPTED

Research Design

A research design is a plan for gathering and analyzing data that attempts to strike a balance between efficiency and relevance to the research question. The study used a "Descriptive Research" methodology.

Sources of data:

Secondary sources of information were supplemented with primary data for this investigation. All potential sources of data were surveyed.

Sample of the study

For this study, 120 consumers from Meerut district, representing both public and commercial banks, were chosen.

Tools for Analysis

The following tools were used for data analysis on the collected data:

- To get information from the chosen samples, a questionnaire is utilized.
- The data that was collected was subjected to percentage analysis.
- The data that has been collected will be presented using charts and graphs in a tabular format. After that, we'll examine the charts, graphs, and tables that came out of it and make some conclusions.

5. DATA ANALYSIS AND INTERPRETATION

Table 1 Gender wise classification of the respondents

OPTIONS	NO. OF RESPONDENTS	PERCENTAGE
Male	55	45.83%
Female	65	54.17%
Total	120	100%

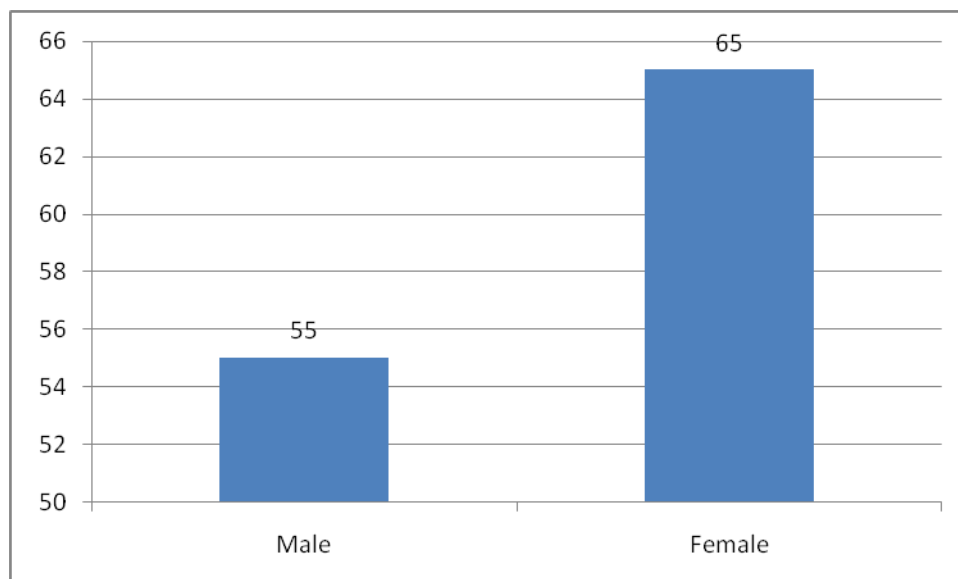


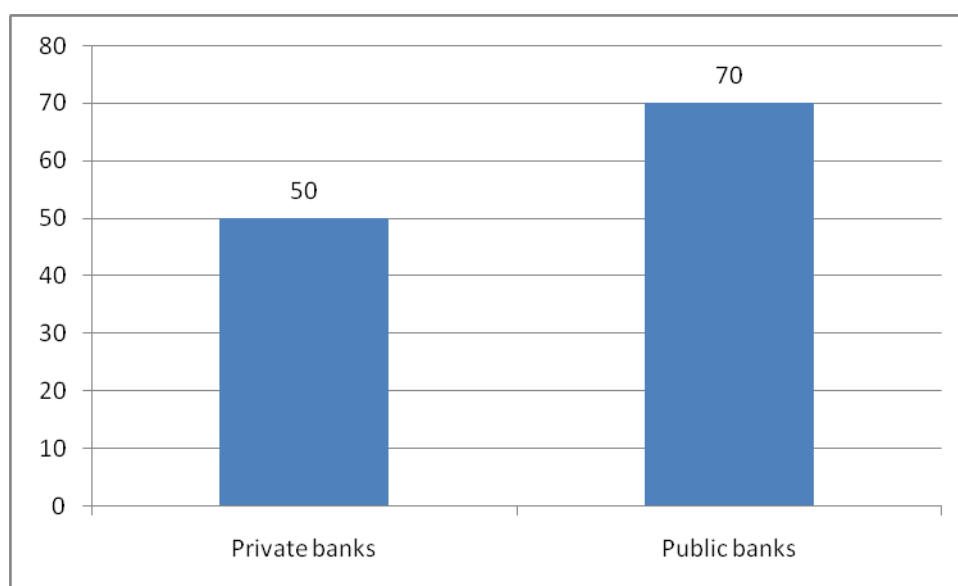
Figure 1 Gender wise classification of the respondents

You can see the breakdown of respondents by gender in the table that follows. It includes the total number of respondents as well as their percentages.

There are 55 men that filled out the survey, making up 45.83 percent of the total. The total number of responders is 120, with 55 females making up 45.17% of the total.

Table 2 Type of bank

OPTIONS	NO. OF RESPONDENTS	PERCENTAGE
Private banks	50	41.67%
Public banks	70	58.33%
Total	120	100%

**Figure 2 Type of bank**

The following table displays survey results on the preferred or affiliated public and private banks of the respondents. For each category, it shows the total number of responses along with their percentage.

The results show that 50 people, or 41.67 percent of the total, choose private banks. But 70 people, or 58.33% of the total, say they like public banks.

Table 3 Reason for not using e-banking

OPTIONS	NO. OF RESPONDENTS	PERCENTAGE
Security issues	40	33.33%
Fear to use	35	29.17%
Inaccessibility	25	20.83%
Password theft	20	16.67%
Total	120	100%

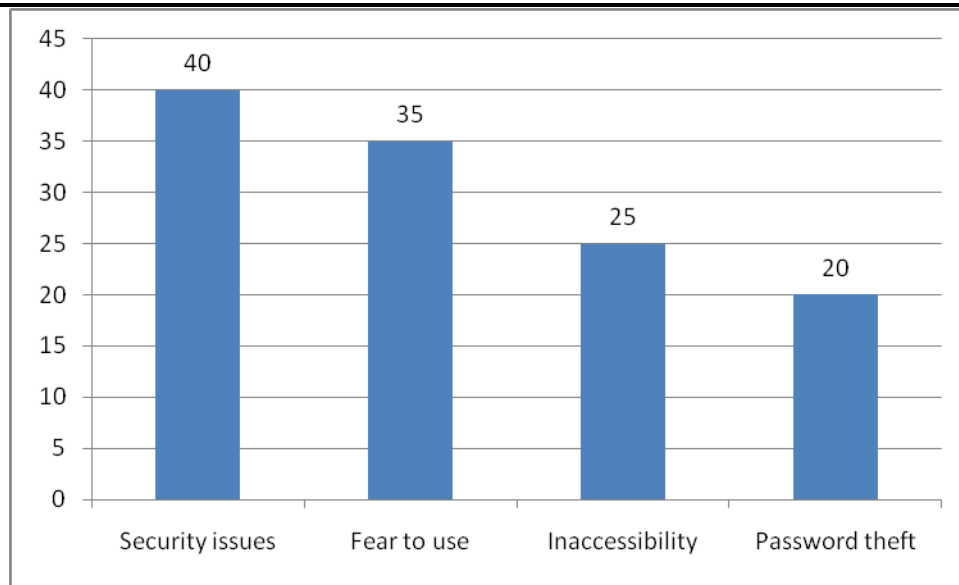


Figure 3 Reason for not using e-banking

This table presents the results of a poll that asked people about their worries about security, fear of using, inaccessibility, and password theft. For each category, the number of responders and their percentages are laid down. Forty people, or about 33.33 percent of the total, mentioned security concerns, according to the data. Roughly 29.17% of the total—35 respondents—reported fear of usage. About 20.83 percent of the total, or 25 people, reported that the site was inaccessible. Lastly, 20 people, or about 16.67% of the total, brought up the topic of password theft. Overall, the poll shows that people are worried about a lot of different things, but the most common ones are security and fear of using it.

Table 4 Problems and challenges faced by the customers while using e-banking services

Sl.NO	Problems	SA	A	N	D	SD
		%	%	%	%	%
1.	Technical Issues	29.1	31.8	36.4	2	0.9
2.	ATM out-off cash.	48.2	35.5	13.6	2.7	0
3.	Fear of threats and scams	28.2	43.6	21.8	3.6	2.7
4.	The amount is deducted more than once for a single transaction	15.5	30	32.7	16.4	5.5
5.	Unsuitable location of ATM	24.5	24.5	34.5	12.7	3.6

A number of problems that people have while using ATMs are detailed in the table below, which is based on survey responses. Problems with technology, insufficient funds at ATMs, worries about fraud and threats, duplicate deductions from transactions, and inappropriate ATM locations are all examples of these issues. With percentages showing the distribution of responses across categories ranging from strongly disagree (SD) to strongly agree (SA), each problem is graded on a Likert scale. Concerns like ATM cash shortages and fears of threats and frauds are areas where the data shows strong agreement. On the other hand, technical issues and the suitability of ATM locations are areas where there is neutrality or satisfaction. The findings highlight the varied perspectives and experiences of ATM users, illuminating both shared difficulties and opportunities for enhancement of ATM services.

6. CONCLUSION

To sum up, the issues and problems that customers have when using e-banking services from both public and commercial banks are complex and call for coordinated action to resolve. Customers face a multitude of challenges while attempting to utilize e-banking services without interruption, including technological difficulties, security vulnerabilities, usability concerns, and connectivity limits. Problems like these have an effect on consumer happiness, but they also threaten data security and the honesty of financial transactions and erode faith in online banking.

Improving e-banking infrastructure, security procedures, and user interfaces should be banks' top priority in order to reduce the impact of these threats. Technical issues can be reduced and client data can be protected from cyber threats by investing in strong IT systems, executing strict cyber security procedures, and performing frequent audits. In addition, financial institutions should work on making e-banking platforms more accessible and user-friendly by enhancing user interfaces, streamlining authentication processes, and offering thorough customer service.

Conflicts of Interest

None.

Acknowledgments

None.

REFERENCES: -

- Achakala, Sai & Dhanunjayulu, Aravam & Reddy, Dr. (2022). DIGITAL BANKING IN INDIA - A STUDY ON TRENDS AND OPPORTUNITIES. 9. 148-152. 10.1729/Journal.36596.
- Bansiya, Mahesh. (2023). TRENDS AND IMPLICATIONS OF DIGITAL TRANSACTIONS IN INDIA: A COMPARATIVE ANALYSIS OF TRANSACTION VOLUME AND VALUE. International Research Journal of Modernization in Engineering Technology and Science. 10.56726/IRJMETS42823.
- Bhosale, Satish. (2015). A COMPARATIVE STUDY ON IDENTIFYING USAGE OF MOBILE BANKING SERVICES IN SELECTED PUBLIC AND PRIVATE SECTOR BANKS.
- Indriasari, Elisa & Prabowo, Harjanto & Lumban Gaol, Ford & Purwandari, Betty. (2022). Digital Banking: Challenges, Emerging Technology Trends, and Future Research Agenda. International Journal of e-Business Research. 18. 10.4018/IJEER.309398.
- J, William & P K, Manoj. (2013). Customer Relationship Management in Banks: A Comparative Study of Public and Private Sector Banks in Kerala. International Journal of Scientific Research 2277-8179. 2. 246-249. 10.15373/22778179/SEP2013/81.
- Kumar, Harish & Bansal, Anchal. (2022). A comparative study of Non-Performing Assets (NPAs) of selected public and private sector banks in India.
- Motwani, Anju & Vora, Khushboo. (2021). IMPACT OF DIGITAL BANKING ON PROFITABILITY OF PUBLIC & PRIVATE SECTOR BANKS IN INDIA. Turkish Online Journal of Qualitative Inquiry. 12. 3687-3695.
- Prabhu, Gauri. (2018). A Study of Customer Satisfaction regarding e-banking services proved by banks with reference to Bank of Maharashtra.
- Sabapathy, Panboli & Birda, Ms. (2019). Camel Research of Selected Private and Public Sector Banks in India. International Journal of Innovative Technology and Exploring Engineering. 8. 1237-1248. 10.35940/ijitee.L3979.1081219.

- Singh Chauhan, Abhay. (2023). Does Electronic Banking Improve the Bank Performance of Indian Public Sector Banks: A Study of Post Covid Scenario.
- Singh, Dr & Sinha, Neena. (2016). A Study on Mobile Banking and its Impact on Customer's Banking Transactions: A Comparative Analysis of Public and Private Sector Banks in India. FIIB business review. 5. 10.1177/2455265820160207.
- Tigga, Alisha & Kumar, Manjit & Anjum, Farhat & Raj, Aditya. (2021). A Comparative Study -Financial Performance of State Bank Of India and ICICI Bank Of India. 10.13140/RG.2.2.26228.27520.