

AWARENESS OF ELECTRONIC BANKING AND THE CUSTOMER'S LEVEL OF SATISFACTION IN PAKISTAN

Aaliya Noreen

International Islamic University, Islamabad (Pakistan)

Email: aaliyah.w.abbasi@hotmail.com

Abstract

The purpose of this research paper is to explore the level of awareness about Electronic banking among the people of Pakistan. To measure that how much people in Pakistan know about Electronic banking and how much they use Electronic banking in their day to day transactions. This is qualitative study and a survey based Research. Primary data was collected from university students and people related to different occupations through questioners. Sample size in this paper is 150 respondents and simple random sampling technique was used. The collected data was analyzed by using SPSS Descriptive analysis tool. Electronic banking is fast growing sector in Pakistan and people are becoming more aware of it day by day. But still many people don't know about its features and they don't prefer to use it. For paying their bills and day to day transactions they use traditional banking system. Age of respondents mostly lies between 20-30 years. There were more female respondents than male and number of university students was high as compared to employees.

Keywords: Electronic banking, Awareness, traditional banking system, usage preference.

1. INTRODUCTION:

Electronic Banking is a crucial division of banking industry. E-banking administrations are picking up the consideration of traditional banking clients quickly. It has acquired the progressive changes in Pakistan banking industry regarding client and business point of view. Electronic banking has got fame in the customers and in addition creating nations on the grounds that it spares individuals time, make less expenses and individuals have entry to every single banking administration on the snap of a catch. More regularly, the new enhanced framework permits the clients to touch with their records at home utilizing a cell phone or electronic terminals. Electronic banking is today's need as it gives simple approach to maintain a record. Big portion of the business of the banks in the nation changed to the comfort courses in getting to the records of the clients and issuing them the opportunity for simple access. Electronic dissemination banking gives distinct options for quicker transmission of banking administrations to a more extensive extent of clients. E-banking can be offered in two primary ways. To begin with, a current manage an account with physical workplaces can likewise make an online website and offer e-banking administrations to its clients notwithstanding the customary channel. For instance, Citibank is a pioneer in e-banking, offering turn in, vis-à-vis banking at its branches

all through numerous parts of the world and e-banking administrations through the World Wide Web. Citibank clients can get to their ledgers through the Internet, and notwithstanding the center e-banking administrations, for example, record parity request, trusts exchange, and electronic bill installment, Citibank likewise gives premium administrations including monetary number crunchers, online stock quotes, financier administration plus protection. E-banking from banks like Citibank supplements those banks' physical vicinity. For the most part, e-banking is given without additional expense to clients. Clients are pulled in by the accommodation of e-banking through the Internet, and thus, banks can work all the more productively when clients perform exchanges without anyone else's input as opposed to setting off to a branch and managing a branch agent.

Notwithstanding conventional banks that have both a physical and online vicinity, there are a few e-banks that exist just on the Internet, permitting clients to work with a virtual bank. Without physical branches, Net bank can cut working expenses and can possibly offer higher store rates to its clients and waive numerous charges ordinarily suspect by a bank of an expansive system of physical branches. E-banking an account is a term for the procedure by which a client may perform keeping money exchanges electronically without going to the bank itself. The advancements occurring in data and correspondence innovation are expanding rivalry in monetary organizations around the world. The improvement of E-Banking has a huge impact on advancement of more adaptable installment techniques and more easy to use managing account administrations. As of late, the E-banking industry was exceptionally influenced by the innovation, for example, automated teller machines telephones, the Internet, Visas, and electronic money. In accordance with worldwide patterns, E-banking in Pakistan has been experiencing numerous progressions. E-Banking refers to frameworks that empower bank clients to get to records and general data on bank items and administrations through a (PC) or any other gadget. There are numerous advantages of E-banking; we can shop, pay bills, purchase thing, join in closeout e.g. Amazon.com and E-Bay, and exchange cash from any place whenever, it decreases costs, it spares time, and the other way around.

2. LITERATURE REVIEW

In banking sector e-banking is the modern way for providing banking services. For transactions and interaction with the domestic and international corporate customers banks are using the electronic ways since many years. From the time period when globalization is expanding rapidly in late 1990's, when internet and World Wide Web (WWW) were started to used frequently by the businesses to run their operations; banks also started to make its deals and deposits through this method in order to deliver their services and products to their customers and these products change customer to customer. It is basically known as e-banking or internet banking. As e-banking is of providing several types of services so that the customers directly connect with the bank through telephone, computer or mobile phone so e-banking vary in researcher's point of view. (Daniel, 1999; Mols, 1998; Sathye, 1999). Electronic banking is the contact between the bank and customers for making, preparing and organize the financial transaction these transactions can could be perform through telephone banking, online banking or internet banking, mobile phone banking or e-banking and through television. (Burr, 1996). The most growing areas are the online banking and mobile banking which is the main area of our research and about its awareness among people. Electronic banking gives the opportunity to the customers and businesses which are connected to the financing institutions can check accounts, business transaction and apply for the banking products and services through online way and mobile.

They can also get e-banking services through personal digital assistance (PDA), automated teller machine (ATM) and their personal computers. The internet banking should not be used. (Daniel 1999). E-banking is only restricting to the retail banking. (Aladwani, 2001). The concept of e-banking is restricted to the both retail and corporate banking. (Simpson, 2002). E-banking is providing retail bank's products and services which includes account management, deposit taking, giving a financial advice, lending of money and payment of bills through electronic medium. E-banking is ten times cheaper as compare to conventional banking through this the customers using e-banking can generate double profit as they are using this service which is ten times cheaper than the traditional method their transaction cost reduce and they can use the e-banking service at any time which is easier to use. (Basel Committee Report on Banking Supervision 1998, 3). With the help of new technology providing banking services is known as e-banking. (Daniel, 1999).

Choice to offering banking services through different mediums like internet banking, telephone banking, WAP banking, and video banking all these means are indicated by different researchers. (Daniel, 1999; Karjaluo et al., 2002). The main network of providing banking services to the customers is internet banking. E-banking gives us the opportunity to transfer funds between the accounts, providing online financial services, and accessing account which is online banking. (Karjaluo et al. 2002). Only large organizations were using e-banking services for their business transactions in 1990's. (Wang et al. (2003). Some banks invested a lot in internet banking to make good use of it and return to the challenge of increasing market share. To compete with the today's competitive market many banks change their action plan about Information Technology because of the emergence of e-banking. The banks who are not concerned with e-banking are losing their customers because the world is getting advanced and one other benefit of e-banking is that it's cost is many times less than the cost of the branch banking. (Tan and Teo 2000).

A model was made which comprises of ability, motivation and opportunities; it says that all the companies are present online when they are doing their operations online it means they have ability but due to lack of structured e-payments the motivation and opportunities are very low. (Ayo, 2006). E-banking most significantly provides the mechanization of bank services, save the time of the customers and provide easy way to manage the money of bank's customers. (Gurau, 2002). To support economy the banking sector should be established well which is providing efficient banking services. (Salehi and Azary, 2008, Salehi et al. 2008).

The facility of to make a financial transaction on your bank account with the help of the internet and computer is known as e-banking. E-banking is very effective for bank as it reduce the staff cost, physical effort and increase the volume of transaction also attract the customers to adopt the easier way of doing transaction on their accounts. E-banking is also providing the ease to the customer through which they can do the transactions at anytime and anywhere. (Ongkasuwan and Tantichattanon, 2002). Due to ignorance of benefits of e-banking a large number fo banks were escaping internet banking. The traditional transaction cost twenty times more than the transaction on internet. (Polatoglu & Kin (2001). Almost internet banking is free of cost and due to low cost low risk is associated with it. Tan and Teo (2000). With the invention of new technology people first do experiment and if they find it comfortable, easy and beneficial for them than they go for the adoption of a new technology. Rogers (1983) and Agarwal and Prasad (1998). The past experience of the customer's approach and using technology leads to the adoption of new technology in future. DeLone (1988), Igarria and Iivari (1995), Potosky (2002)

and Hasan (2003). It is observed that the people who have positive attitude towards e-banking are more likely to use the internet. (Black et al, 2001). It is all about the difficulty and ease of going through the process is the major factor in accepting the new technology. (Daniel, 1999; Sathye, 1999; Moutinho and Smith, 2000). The customer attitude towards banking and internet also depends upon the socio-economic culture and demographics of the area. (Sathye, 1999; Jayawardhena and Foley, 2000; Mattila, 2001; Karjaluo, 2002; Karjaluo et al., 2002; Mattila et al., 2003; Akinici et al., 2004). It is more convenient way to make a transaction through internet or any other way of e-banking. (Lockett and Litter, 1997; Black et al., 2001; Polatoglu and Ekin, 2001; Gerrard and Cunningham, 2003). The people who use internet bank it is one of the major factor for all of them that it gives them a prompt response. (Liao and Cheung, 2002 and Gerrard and Cunningham, 2003). The value of e-banking is regarded more by the new generation because they avoid time consuming processes and face to face interactions. (Howcroft et al., 2002). The ratio of risk and the security check problems is main factor to accept e-banking. Gerrard and Cunningham (2003). The internet banking transaction preventing factor is also connected with the level of difficulty. (Lockett and Litter, 1997 and Kolodinsky et al., 2004). The cause of dawdling growth of internet banking is the security of conducting transactions of banks through internet. (O'Connell, 1996).

3. RESEARCH DESIGN

3.1 Data collection tool:

We have used survey technique in order to measure the awareness of e banking among the people of Pakistan. Primary data was collected by using questioners directly from the people of Pakistan

3.2 Population:

In this research paper our population is university students and employees, people having different income levels mostly lies between 20 to 30 years of age.

3.3 Sampling technique:

Primary data has been collected by the Students and employees using simple random sampling technique. Students and employee were selected randomly and were given questioners in order to get their responses.

3.4 Sample size:

The sample size for this research paper is 150 respondents. Respondents are from all the genders, having different age levels and related to different occupations.

3.5 Questioner statements:

Following statements were used to measure the awareness of E banking among the people of Pakistan.

1. Do you use any e- banking service?
2. E- Banking is useful and has made your life easy?
3. Do you think Banks provides E- banking services properly?
4. Do you often use Debit and credit cards for online transactions e.g. shopping?
5. Do you know all the features of ATM usage?
6. Do you perform your online banking transactions through mobile phone?
7. Can you access to ATM easily?
8. Do you prefer to pay your bills online?
9. Do you prefer to sit home and perform bank transaction by using E- banking instead of walking into a bank branch?

10. Are you satisfied with all E-banking services and will continue using it in future?
11. Have you activated your SMS banking?
12. Have you ever complained about the poor online banking services to bank?
13. Do you know about charges rates of online banking any?
14. Have you used Online banking for balance inquiry instead of visiting the branch?
15. Overall you like e-banking and are satisfied with it (based upon your experience)?

All these above questions were very helpful to determine the awareness among the people.

3.6 Scale:

In any research scale is used to measure the intensity and direction of the responses. We used interval scale in our research paper. In this scaling method responses can be tapped on a five point scale. Points lies between 1 and 5. '1' represents the strongly agree and '5' represents Strongly Disagree. We use 15 statements in our questioner in order to measure the awareness of E banking among people, so the minimum score of one research paper would be 15 and maximum it can be 75.

3.7 Analysis Tool:

We used Descriptive statistic tool to analyze the data collected by survey. This tool is used to analyze the survey data. This convert the data is summarized form both in statistics and in the form of charts which helps to draw conclusion and generate results.

4. RESULTS:

Table 4.1: Gender of respondent:

In our research there were 48 male and 101 female respondents. Gender of one respondent was missing.

Male	Female	Missing	Total
48	101	1	150

Table 4.2: Age of Respondent:

In this research paper age of the Respondents mostly lies between 20-30 years. 98 people were between 20-25, 45 were between 25-30, 5 people were above 35 and below 40. One person was above 40. Age of one respondent was missing. Following table shows the detail of age of total 150 respondents

		Age of respondent			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-25	98	65.3	65.8	65.8
	25-30	45	30.0	30.2	96.0
	35-40	5	3.3	3.4	99.3
	5	1	.7	.7	100.0
	Total	149	99.3	100.0	
Missing	System	1	.7		
Total		150	100.0		

Table: 4.3 Occupation of Respondent:

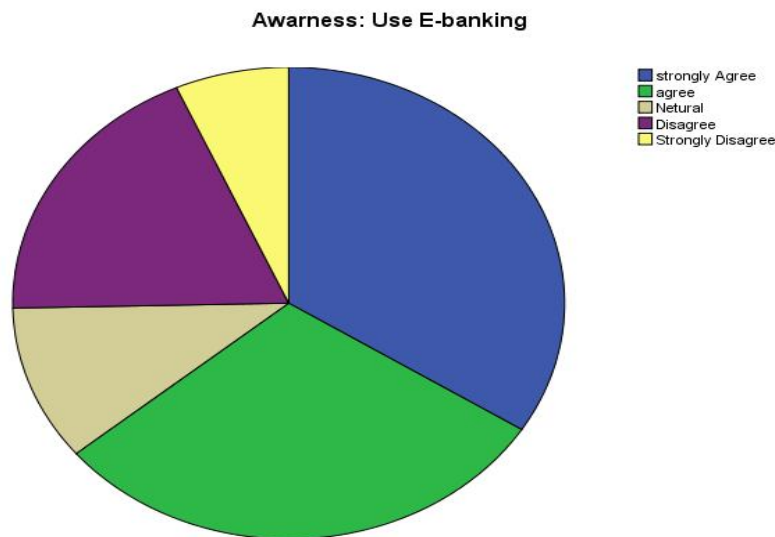
This paper consists of 59 employees, 84 students and 7 people related to other occupations.

		Occupation of respondent			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employees	59	39.3	39.3	39.3
	Students	84	56.0	56.0	95.3
	Others	7	4.7	4.7	100.0
	Total	150	100.0	100.0	

Figure 4.1 Awareness

Based upon the collected data by questioners and after applying descriptive statistics we derived following results.

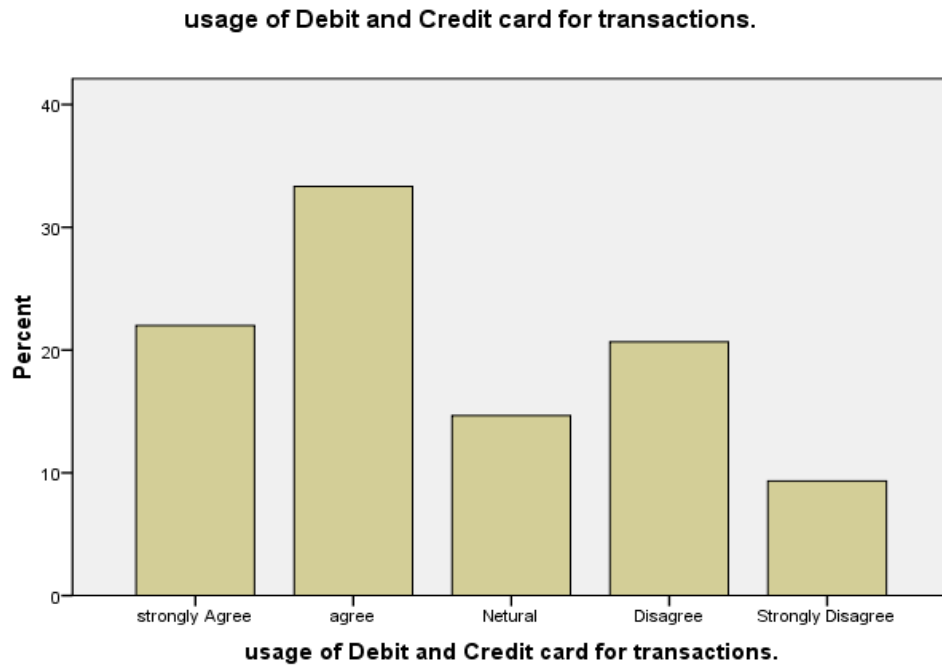
When we asked people that if they use any E-banking services? We got following responses by the respondents. Either they like to use e-banking or traditional banking method in their day to day transactions and the dealings.



About 50% people in Pakistan use E-banking in any form. Results showed that there were very few respondents who strongly disagreed to this statement. 16 respondents out of 150 remained natural because they know about e-banking but don't use it. So this percentage shows that 50% people still need to use the e-banking in order to get its maximum awareness and usage in Pakistan.

Respondents showed following results about the usage of Debit and credit cards for online transactions in their daily life.

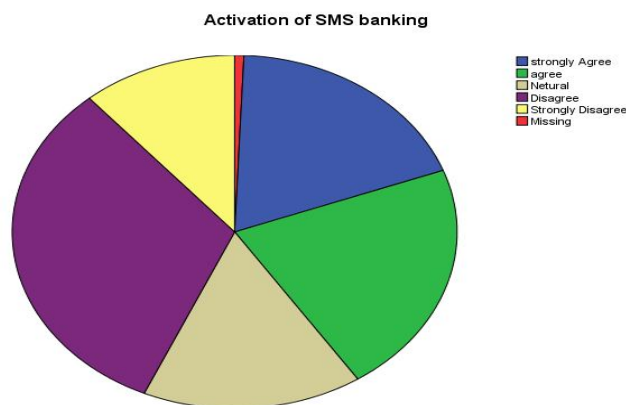
Figure 4.2: Usage of Debit and Credit Cards for Transactions



Most of the people in Pakistan use debit and credit cards to pay their online cash transactions. Mean of the data is 2.62, which shows the responses are above agree and near to Strongly Agree. Only 9.3% people were disagreed. This shows the youth of the country is more inclined towards the use of new technology in their day to day transactions.

Figure 4.3: Activation of SMS Banking

SMS banking service is one of the important feature of e-banking and has made the life of people very easy. That's why we tried to measure who much people know about SMS banking and what percentage has activated SMS banking in Pakistan. Our results were following.

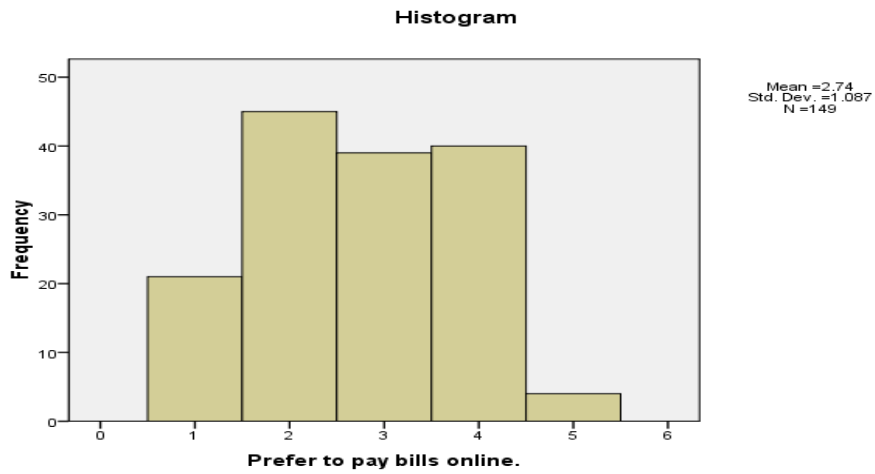


The result of this research paper shows that mostly people haven't activated their SMS banking. 18.7% people strongly agreed that they use SMS banking services. 21.3% people agreed that they are aware of SMS banking and they use it. 24% people were natural about SMS banking.

32% people disagreed and 11.3% people strongly disagreed. This percentage shows that mostly people are unaware of SMS banking and they don't use it in their daily life.

Figure 4.4: Preference for Online Payment of Bills

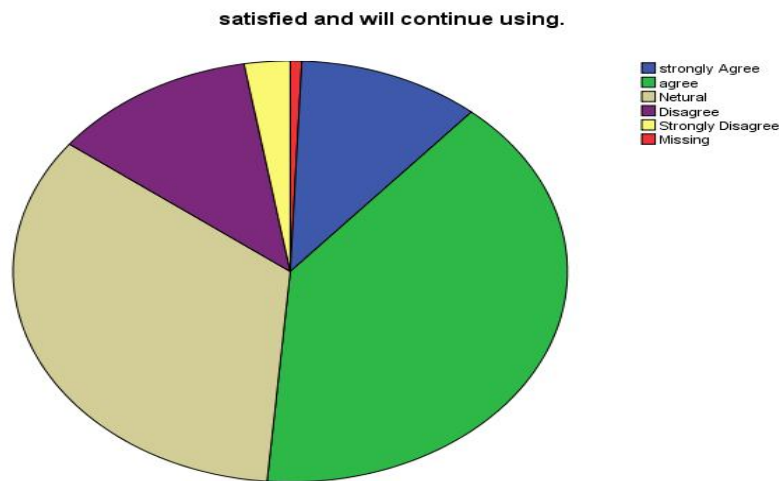
Following Histogram were found for the preference of paying bills online among the people of Pakistan. 1 to 5 points in the histogram show the scale that we used in our research paper. '1' shows Strongly Agree , '2' shows Agree , '3' shows that the respondent is natural about the statement, '4' shows Disagree and '5' shows that the respondents is strongly disagreed with the statement.



Mean of the responses is 2.74 which show that results are more towards the natural situation. Mostly people prefer to pay their bills online but so many people on the other hand don't prefer to pay their bills online. Very little people were strongly disagreed.

Figure 4.5: Satisfaction about E-Banking

We asked people if they are satisfied with e-banking and will continue using it in future? We got following response.



About 60 out of 149 respondents were satisfied with e banking system and Pakistan. 51 people showed natural reaction which shows that they are not fully satisfied with the services but are going to use these in future up to some extent. Only 18 people were not satisfied. So these results shows that banks in Pakistan are providing good e banking services and future of the e banking services is bright in Pakistan.

5. CONCLUSION:

Our study showed E-banking is fast growing sector in Pakistan. And people are becoming more aware of it day by day. Most of the people think that electronic banking has made their lives easy and they think that banks are providing good e-banking services in Pakistan. They know all the features of e-banking and they are of the view that they use it and are well aware about the services so when services are poor they compliant about the poor e-banking services. But still there are others who prefer to visit bank for their transactions for paying bills instead of sitting home and making online transactions. They don't know about any e-banking services so they can't say if they are satisfied or will continue using services. In our comment session in questioners some people are of the view that banks are not providing services properly which is the basic reason that people are not aware of these services so they say basically in Pakistan banks should take some decisions about creating awareness among people.

6. LIMITATIONS:

After that research following limitations were found in the study:

- Data was only collected from the people having age between 20-30 years.
- Data was only collected by the people who could speak and read English language on the other hand the national language of Pakistan is 'Urdu'.
- There were only 150 respondents so the results were not more generalized.
- In gender there was majority of female.
- In occupation there were majority students.
- Data was collected only from the twin cities of Pakistan, Islamabad and Rawalpindi.

7. MANAGERIAL IMPLICATION:

Following are the major implications we found during the study:

- In future researcher should get responses from the different age group people.
- Respondent's age should include above 30 years respondents as well.
- Data can also be collected by interviewing those people who can't speak English language.
- Sample size should also be increased in order to get more generalized study.
- There should also be more male respondents.
- There should not be majority of students data should be collected by the people related to different occupations.
- There should be more geographical diversification while collecting data.

REFERENCES:

- [1] Adoption of Home-Based Banking in the United Kingdom,' *International Journal of Bank Marketing*, 20, 111-121.
- [2] Akinci, S., Aksoy, S. and Atilgan, E. (2004) 'Adoption of Internet Banking among Sophisticated Consumer Segments in an Advanced Developing Country,' *International Journal of Bank Marketing*, 22, 212-232.

- [3] Aladwani, Adel. (2001). Online Banking: A Field Study of Drivers, Development Challenges, and Expectations, *International Journal of Information Management*, 21, pp. 213–225.
- [4] Ayo Charles K. (2006). The Prospects of e-Commerce Implementation in Nigeria, *Journal of Internet Banking and Commerce*, December 2006, vol. 11, no.3 (<http://www.arraydev.com/commerce/jibc/>)
- [5] Basel Committee Report on Banking Supervision. (1998). Risk management for electronic banking and electronic money activities, Switzerland: Bank of International Settlements.
- [6] Black, N. J., Lockett, A., Winklhofer, H. and Ennew, C. (2001) ‘The Adoption of Internet
- [7] Daniel, E. (1999) ‘Provision of Electronic Banking in the UK and the Republic of Ireland,’ *International Journal of Bank Marketing*, 17, 72-82.
- [8] Daniel, E. (1999). Provision of electronic banking in the UK and the Republic of Ireland, *International Journal of Bank Marketing*, Vol.17, No. 2, pp. 72–82.
- [9] DeLone, W. H. (1988) ‘Determinants of Success for Computer Usage in Small Business,’ *MIS Quarterly*, 12, 51-61.
- [10] Financial Services : A Qualitative Study,’ *International Journal of Retail an Distribution Management*, 29, 390-398.
- [11] Gerrard, P., and Cunningham, J. B. (2003) ‘The Diffusion of Internet Banking among Singapore Consumers,’ *International Journal of Bank Marketing*, 21, 16-28.
- [12] Gurau, Catalin. (2002). E-banking in Transition Economies: the Case of Romania, *Journal of Financial Services Marketing*, 6, 4, pp. 362–379.
- [13] Hasan, B. (2003) ‘The Influence of Specific Computer Experience on Computer Self-Efficacy Beliefs,’ *Consumer in Human Behavior*, 19, 443-450.
- [14] Howcroft, B., Hamilton, R. and Hewer, P. (2002) ‘Consumer Attitude and the Usage and
- [15] Igbaria, M and Iivari, J. (1995) ‘The Effects of Self-Efficacy on Computer Usage,’ *Omega International Journal of Management Science*, 23, 587-605.
- [16] Igbaria, M., Guimaraes, T and Davis, G. B. (1995) ‘Testing the Determinants of Microcomputer Usage via a Structural Equation Model,’ *Journal of Management Information Systems*, 11, 87-114.
- [17] Jayawardhena, C. and Foley, P. (2000) ‘Changes in the Banking Sector – The Case of Internet Banking in the UK,’ *Internet Research: Electronic Networking Applications and Policy*, 10, 19-31.
- [18] Karjaluoto, H., Mattila, M. and Pentto, T. (2002) ‘Electronic Banking in Finland- Consumer Beliefs and Reactions to a New Delivery Channel,’ *Journal of Financial Services Marketing*, 6, 346-361.
- [19] Karjaluoto, Heikki; Mattila, Minna; Pentto, Tapio. (2002). Electronic Banking in Finland: Consumer Beliefs and Reactions to a New Delivery Channel, *Journal of Financial Services Marketing*, Vol. 6, No. 4, , pp. 346–361.
- [20] Liao, Z. and Cheung, M. T. (2002) ‘Internet-Based E-Banking and Consumer Attitudes: An Empirical Study,’ *Information and Management*, 39, 283-295.
- [21] Lockett, A. and Litter, D. (1997) ‘The Adoption of Direct Banking Services,’ *Journal of Marketing Management*, 13, 791-811.
- [22] Mahdi Salehi, Mehrdad Alipour (2010), ‘E-Banking in Emerging Economy: Empirical Evidence of Iran’, *International Journal of Economics and Finance*, Vol. 2, No.1, pp.2.

- [23] Mattila, M., Karjaluoto, H. and Pentto, T. (2003) 'Internet Banking Adoption among Mature Customers: Early Majority or Laggards,' *Journal of Services Marketing*, 17, 514-526.
- [24] Moutinho, L. and Smith, A. (2000) 'Modelling Bank Customers' Satisfaction through Mediation of Attitudes towards Human and Automated Banking,' *International Journal of Bank Marketing*, 18, 124-134.
- [25] Norazah Mohd Suki, An Empirical Study of Factors Affecting the Internet Banking.
- [26] O'Connell, B. (1996) 'Australian Banking on the Internet – Fact or Fiction?' *The Australian Banker*, December, 212-214
- [27] Ongkasuwan M, Tantichattanon W (2002). A Comparative Study of Internet Banking in Thailand. Retrieved on [May, 2010] from World Wide Web:
http://www.ecommerce.or.th/nceb2002/paper/55- A_Comparative_Study.pdf .
- [28] Polatoglu, V. N. and Ekin, S. (2001) 'An Empirical Investigation of the Turkish Consumers' Acceptance of Internet Banking Services,' *International Journal of Bank Marketing*, 19, 156-165.
- [29] Polatoglu, V.N. and Ekin S. (2001), An empirical investigation of Turkish consumers' acceptance of Internet banking services, *International Journal of Banking*, Vol. 19.
- [30] Potosky, D. (2002) 'A Field Study of Computer Self-Efficacy Beliefs as on Outcome of Training: The Role of Computer Playfulness, Computer Knowledge and Performance during Training,' *Computers in Human Behaviour*, 18, 241-255.
- [31] Salehi, Mahdi and Zhila Azary. (2008). Fraud Detection and Audit Expectation Gap: Empirical Evidence from Iranian Bankers, *International Journal of Business and Management*, Vol. 3, No. 10, pp. 65-77.
- [32] Sathye, M. (1999) 'Adoption of Internet Banking by Australian Consumers: An Empirical Investigation,' *Internal Journal of Bank Marketing*, 17, 324-334.
- [33] Simpson, J. (2002). The impact of the Internet in banking: Observations and evidence from developed and emerging markets, *Telematics and Informatics*, Vol. 19. No. 4, 315–330.
- [34] Tan, M. and T. Teo. (2000). Factors Influencing the Adoption of Internet Banking, *Journal of the Association for Information Systems*, Vol.1, No.5, pp. 1-42.
- [35] Thompson S. H. Teo, Factors Influencing the Adoption of Internet Banking, *Journals of Association of Information Systems* Volume 1, Article 5 July 2000.
- [36] Thornton, J. and L. White. (2001). Customer Orientation and Usage of Financial Distribution Channels, *Journal of Services Marketing*, Vol. 15, No. 3, pp. 168-185.
- [37] Wang, Y.S., Y.M. Wang, H.H. Lin, and T.I. Tang. (2003). Determinants of User Acceptance of Internet Banking: an Empirical Study, *International Journal of Service Industry Management*, Vol. 14 No. 5, pp. 501-19.