

# A STUDY ON ACCESSIBILITY OF E-BANKING SERVICES IN HIMACHAL PRADESH

## Abstract

E-banking is the electronic banking that provides the financial service for the individual client by means of Internet. It is defined as the automated delivery of new and traditional banking products and services directly. E-Banking includes the system that enable financial institutions customer's, individuals or business to access account, transact business or both information on financial products and services through a private network including the internet. A cross-sectional descriptive study was conducted with the aim of assessing awareness, accessibility and explores barriers towards E- banking among 120 bank customers in Shimla city and Chamba city, by using Primary as well as Secondary data was entered and analysed with the help of SPSS. The study reveals most were aware about the term e-banking whereas least were about the services of e-banking. Customers utilized e-banking services and most of them have used 4 times per month. The topmost used services were ATM, checking the account, money transfer, paying bills, rent, credit card and SMS banking. Shimla district customers are more which are aware and used E-banking services. Most customers faced barriers to utilize e-banking services. Age between 25-40 in both districts and in education the graduate customers both districts and in occupation employed customers were highly statistically significant with the awareness about the term e banking with the utilization of e-banking services.

**Keywords:** E-banking, Internet, Electronic Payment, Challenges, Opportunities.

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## I. INTRODUCTION

**1. E-Banking: A Way To Swift Life:** E-banking is one of the biggest revolutions in banking system. It is a perfect match for today's busy and speedy life. It is a method of banking in which the customer conducts transactions electronically via the internet. It is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-Banking includes the system that enable financial institutions customers, individuals or businesses to access accounts, transact business or obtain information on financial products and services through a private network including the internet.

- **Definition and concept of E-banking:** *Basel committee on banking supervision (2003)*, the definition of electronic banking from the Basel committee report defined it as "The provision of retail and small value banking products and services which were delivered electronically. Such products and services can include deposit taking, landing, account management, the provision for other products and services such as electronic money".
- **UNCTAD (United Nation Conference on Trade and Development) {2002}**, this definition covers almost all areas of e-banking, "Internet banking refers to the development over internet of retail and wholesale banking services. It involves individual and corporate clients and includes bank transfers, payments and settlement, documentary, collection and credits, corporate and household lending card business and some others".

## II. REVIEW OF LITERATURE

- 1. Lal and Saluja (2012)** concluded in their research paper that in India E-banking in a nascent stage. No doubt Indian banks are making sincere efforts for the adaptation of advanced technology and installation of e-delivery channel but still masses are not aware of the concept. Younger generation was beginning to see the convenience and benefits of e-banking. In years to come e-banking will not only be acceptable mode of banking but will be preferred mode mode of banking.
- 2. Ahmad and Bansal (2013)** research paper titled "A study on impact of E-banking awareness on customers attitude towards its use" aims to assess the influence of awareness on customer towards e-banking in Delhi. It was investigated whether the attitude varies among e-banking users on the factors such as perceived ease of use, perceived usefulness, perceived security and privacy and perceived risk due to difference in their degree of awareness on this factor. It was concluded that significant difference in their degree of awareness on factor. It was suggested that managerial implications for retail bankers in Delhi to increase the degree of awareness among e-banking users.
- 3. Singh's (2014)** study the critical success factor in E-banking in India. It propounded top three critical factors for success of e-banking included-: cost and promotion, security and privacy, ease of use, it was suggested that banks need to pay attention towards enhancing of its services and developing simpler website with useful contents and regular efforts should be made to fit e-banking in customer perception.

4. **Amutha's (2016)** paper deals with the consumer's perception towards e-banking system related to consumer awareness towards key banking system with special reference to Tuticorn district of Tamil Nadu. The sample technique was random and statistical measures such as simple percentage analysis, averages, F-test, Chi-square test, and probability analysis were used. The study reveals that majority of customers facing difficulty for using the E-banking facility is less knowledge about the operations of banking facility. The researches concludes that most the bank customers are aware of all the banking services in Tuticorn district of Tamil Nadu. It was suggested that the banks further have to take necessary steps to educate the customers regarding the new technology and other services offered by the bank.
5. **Singhal Sweta (2017)** has stated in the research paper awareness level of people of rural areas in India about e-banking facilities and how much it has increased after demonetization. The sample technique was random and size of 100 sample from people of rural and urban areas of both public and private sector banks in India. The statistical tools such as regression analysis, ANOVA test was conducted. It was concluded that urban male youth have higher awareness and uses of e-banking whereas rural women have noticeable awareness about e-banking but level of using it was very low. Findings of study were helpful for banks to improve their e-banking facilities making their websites users friendly and improving awareness and uses of e-banking.

### III.SCOPE OF THE STUDY

The present study is focused on the electronic banking services in order to have a suitable and relevant understanding of e-banking services. For intensive study of e-banking services in Himachal Pradesh, it is not possible for researcher to cover all the geographical so this study covers only Chamba and Shimla city in Himachal Pradesh. The study has further revealed some suggestions for the both districts and banking institutions to improve existing systems of e-banking services.

### IV.OBJECTIVES OF THE STUDY

- To study the accessibility of e-banking services in Himachal Pradesh.
- To evaluate awareness about e-banking services in the urban and rural areas.

### V. HYPOTHESIS OF THE STUDY

- **Hypothesis 1<sup>st</sup>:** There is no significant difference in the awareness level of customers regarding e-banking services on the basis of various demographic factors.
- **Hypothesis 2<sup>nd</sup>:** There is no significant difference in the degree of usage of e-banking services by the customers on the basis of various demographic factors.

### VI. RESEARCH METHODOLOGY

For the purpose of analysis, the researcher has chosen sample size of 120 respondents who are the customers of PNB and SBI of both Chamba and Shimla districts of Himachal Pradesh. The type of sampling chosen is convenience sampling, both primary as well as

secondary data is used and various statistical tools such as arithmetic mean, standard deviation, co-efficient of skewness and Chi-square test is used for analysis.

**Table 1: Sample Design**

Banks	Districts	Chamba District	Shimla District	Total
PNB		12	36	48
SBI		18	54	72
<b>Total</b>		<b>30*</b>	<b>90*</b>	<b>120</b>

The reason behind taking 30 respondents from Chamba district and 90 respondents from Shimla district is that because the number of branches of Shimla district is three times more than the branches of Chamba district.

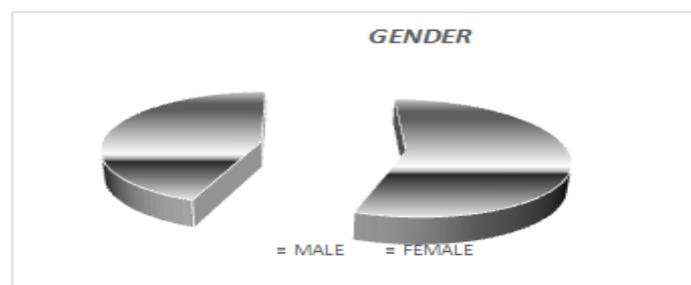
## VII. LIMITATIONS OF THE STUDY

1. The study covers only the Chamba and Shimla districts and that's why the result may not be generalized to other districts of Himachal Pradesh.
2. In this study only PNB and SBI bank customers are taken into consideration, while cooperative, RRBs and foreign bank customers are not included.
3. The sample size is limited to 120 respondents only.
4. In the present study primary data as well as secondary data has been collected purposively and conveniently, so there are chances that the result may have been affected by sampling error.

## VIII. ANALYSIS AND INTERPRETATION

**Table 2: Profile of Respondents on The Basis of Gender**

Gender	No. of Respondents				Total	%Age
	Chamba	%Age	Shimla	%Age		
Male	18	60.0	49	54.0	67	56.0
Female	12	40.0	41	46.0	53	44.0
<b>Total</b>	<b>30</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>

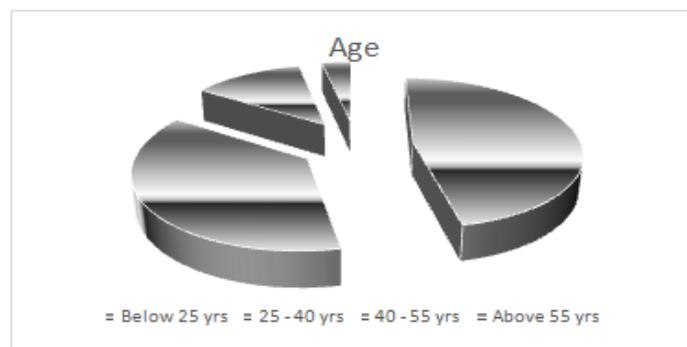


As shown in the table the proportion of male respondents in Chamba district is high in comparison to the proportion of male respondents of Shimla district which indicates that the proportion of female respondents is low in Chamba district against proportion of female

respondents of Shimla district as per the sample taken on the users of online banking services in both the districts.

**Table 3: Profile of Respondent son The Basis of Age**

Age	No. of Respondents		Total	%Age
	Chamba	Shimla		
Below 25 yrs	8	48	56	46.0
25 – 40 yrs	14	31	45	37.0
40 – 55 yrs	6	9	15	13.0
Above 55 yrs	2	2	4	3.0
<b>Total</b>	<b>30</b>	<b>90</b>	<b>120</b>	<b>100.0</b>



The above table shows the profile of total respondents on the basis of age. The age factor is divided into 4 groups i.e., below 25 years having 47% respondents, 25 – 40 years age group consisting 37 % respondents and between 40 – 55 years contain 13% and above 55 years age group with 3% respondents. It shows that age group of below 25 years consists majority of respondents in both districts.

**Interpretation:** The above table depict that total population of Himachal Pradesh is 68,56,509 and there are 2175 total number of lead bank branches presently working, which states that an average one bank branch handles 3152 people. It is clear from the table that Kangra district population 1,507,223 is highest in Himachal Pradesh and there is 417 number of lead bank branches, which indicates that one bank branch handle 3614 people in Kangra district. The table shows that Lahul&Spiti has least population 31,528 in Himachal Pradesh and there is total number of lead bank branches is 23, which indicates that one bank handles approximately 1371 people in Lahul&Spiti district. The above table shows that Chamba district population is 518,844 & total number of lead bank branches is 119, which indicates that in Chamba district one bank handles 4360 people which is highest in comparison to other districts in Himachal Pradesh ranked by Mandi, Sirmour, Kangra, Kullu, Una, Bilaspur, Hamirpur Shimla, Solan, Kinnaur and Lahul&Spiti.

It has been analysed from the result that the majority of the respondents used the e-banking services for checking the account in both districts but mean value of Shimla district (3.55) shows that the respondents checking the account less frequently as compared to mean value of Chamba district (3.60) indicates that respondents checking the account frequently. In case of paying rent avenues the higher value of standard deviation in Shimla district (1.227)

shows that there is more variation in the opinions of respondents as compared to the Shimla district (0.833). In the case of stock transaction avenue, the result shows that the value of skewness in both districts is positive which indicates that opinion of respondents are towards the lower side of the mean but the value of skewness in Chamba district (1.8454) is more as compared to Shimla district (1.337). While applying Chi-square test the value in both districts is significant which indicates that the checking of account through e-banking is frequently used in both districts but the chi-square test value of Shimla district (101.822) is higher in comparison to the Chamba district (21.600) hence null hypothesis is rejected stated that responses are not equally distributed over the Likert scale.

It has been analysed from the result that the minority of the respondents used the e-banking services for stock transactions in both districts but lower mean value of Chamba district (1.43) shows that the respondents used stock transactions less frequently as compared to Shimla district (1.63). In case of avenue requesting credit card the lower value of standard deviation in Chamba district (.698) shows that there is less variation in the opinions of respondents as compared to the Shimla district (.733). In the case of avenue transferring funds the result shows that the value of skewness in both districts is negative which indicates that opinion of respondents are towards the higher side of the mean but the value of skewness in Chamba district (-.438) is less as compared to Shimla district (-.638). While applying Chi-square test the value in both districts is significant which indicates that the transferring funds through e-banking is frequently used in both districts but the chi-square test value of Chamba district (15.600) is lesser in comparison to the Shimla district (21.600) hence null hypothesis is rejected stated that responses are not equally distributed over the Likert scale

**Table 4: Accessibility of Banking in Himachal Pradesh**

S.NO.	DISTRICT	POPULATION	NUMBER OF BANK BRANCHES					Population/ Total Branches	ATMs	Lead Bank
			PSBs	RRBs	Pvt Bank	Coop. Banks	Total			
1	<b>Bilaspur</b>	3,82,056	62	14	5	39	120	3184	89	<b>UCO</b>
2	<b>Chamba</b>	5,18,844	45	38	5	31	119	4360	74	<b>SBI</b>
3	<b>Hamirpur</b>	4,54,293	89	24	8	51	172	2641	144	<b>PNB</b>
4	<b>Kangra</b>	15,07,223	212	51	28	126	417	3614	334	<b>PNB</b>
5	<b>Kinnaur</b>	84,298	28	3	1	18	50	1686	35	<b>PNB</b>
6	<b>Kullu</b>	4,37,474	66	19	12	30	127	3445	118	<b>PNB</b>
7	<b>L&amp;S</b>	31,528	14	2	0	7	23	1371	12	<b>SBI</b>
8	<b>Mandi</b>	9,99,518	118	56	12	62	248	4030	214	<b>PNB</b>
9	<b>Shimla</b>	8,13,384	197	26	39	81	343	2371	343	<b>UCO</b>
10	<b>Sirmour</b>	5,30,164	85	9	14	35	143	3707	131	<b>UCO</b>
11	<b>Solan</b>	5,76,670	162	12	35	49	258	2235	359	<b>UCO</b>
12	<b>Una</b>	5,21,057	90	11	12	42	155	3362	137	<b>PNB</b>
	<b>TOTAL</b>	<b>68,56,509</b>	<b>1168</b>	<b>265</b>	<b>171</b>	<b>571</b>	<b>2175</b>	<b>3152</b>	<b>1990</b>	

**Table 5: Responses Regarding Avenues of E-Banking Used**

Avenues	Chamba District					Shimla District				
	Mean	St.d	Skew	Chi-square	P. value	mean	St.d	Skew	Chi-square	P. value
<b>Paying bills</b>	2.80	0.846	-0.686	16.400	0.001	2.98	1.086	-0.677	19.422	0.000
<b>Paying rents</b>	2.83	0.833	-0.184	19.867	0.000	2.23	1.227	-0.286	18.533	0.000
<b>Checking the account</b>	3.60	0.723	-1.542	21.600	0.000	3.55	0.780	-1.783	101.822	0.000
<b>Transferring funds</b>	2.96	0.764	-0.438	15.600	0.001	3.25	0.801	-0.632	41.289	0.000
<b>Requesting credit card</b>	1.83	0.698	0.890	24.667	0.000	1.98	1.022	0.733	20.489	0.000
<b>Stock transactions</b>	1.43	0.817	1.854	38.000	0.000	1.63	0.965	1.337	72.400	0.000

## IX. MAJOR FINDINGS

1. It has been observed from this study that the use of computer software and of other banking technologies, the demographic factors affect the adoption of e-banking products and services. The analysis of study shows that the customers in the study area are aware about e-banking products.
2. The proportion of mail respondents in Chamba district is high in comparison to the proportion of male respondents of Shimla district which indicates that female respondents are less aware regarding e-banking services in Chamba district as compared to Shimla district.
3. The study shows that in Shimla district majority of customers below age 25 years are using e-banking services but in the case of Chamba district majority of customers between 25 – 40 years are involved in e-banking services.
4. The study reveals that the proportion of matriculation and graduate respondents in Chamba district is high in comparison to Shimla district but the proportion of under matriculation and post-graduate respondents is low in Chamba district as compare to Shimla district which are using e-banking services.
5. It was observed that in Chamba district employed respondents are more which are using e-banking services as compared to Shimla district, but in the case of Shimla district majority of respondents which are using e-banking services belongs to unemployed category.
6. Both districts shows that majority of respondents which are using e-banking services are belonging from the annual family income between 2 – 8 Lakh.
7. The study reveals that out of various avenues the respondents of Chamba district using avenues: paying bills, transfer fund, stock transaction, requesting for credit card are less frequently as compared to Shimla district but the avenues: paying rent, checking the account are used more frequently as compared to Shimla district.
8. It is concluded that the respondent of Chamba district is comparatively more who agreed than respondents of Shimla district regarding the reasons for not using e-banking services that because of not having sufficient knowledge, absence of habit, difficulty in using, security issues and network problem.
9. The result shows that the respondents of Chamba district are comparatively more who agreed than respondents of Shimla district regarding use of e-banking services because:

saving time, 24 hours availability, security, transparency but in the case of technology seeking and curiosity factor the respondents of Shimla district are comparatively more who agreed than respondents of Chamba district.

## X. SUGGESTIONS

The following suggestions are recommended to both districts for improving their services that will help in increasing the awareness and accessibility of e-banking services in Himachal Pradesh.

- It is suggested that female's involvement should be increased for using e-banking services.
- The government in collaboration with banks must promote existing financial literacy and take care of providing technological information regarding use and operation of latest e-banking products and services to its customers.
- Banks should enhance security in online transactions by constantly strengthening the security control of the information systems and by applying the most sophisticated and up to date security technologies.
- Banks must ensure the simple and convenient procedure while using e-banking services.
- Banks in Chamba district should expand their branch networks and ATM's facilities so that banking services can be availed by every customer of the bank conveniently.
- Banks should update the authentic security programs to guard your system and account against hackers, virus attacks and other malware.
- The bank should provide the facility of feedback for the customer to know whether the customers are satisfied or dissatisfied with the services provided by the bank.
- For better e-banking services proper e-banking legislation and adequate complaints, grievances redressal cell should be established to handle banking problems immediately.
- Both districts should provide proper ATMs at convenient place with proper cash and operating system.

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