

E-Banking in Pakistan

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Abstract

The main objective of this study is importance of E banking in Pakistan .In the banking industry E banking is an important sector .E banking has bought very huge changes in the Pakistan banking system .The scope of E banking in developing and under developing country is due to its low cost and time saving, which has proved by using primary data in this study. The primary data used because we want to know how to please of customers from electronic banking products The primary data used because we want to know how to please of customers from electronic banking products' banking is an innerved system that allows the customers to in touch with their accounts by using mobile device etc .The aim of this study is focus on impact of E banking in Pakistan. In this era, the life of every persons is affecting by this technology .Around the world E banking is getting popular day by day .There are many countries who are utilization this technology like Pakistan .In this study focus on the performance of E banking .Almost 70% banks are shifted to non-internet banking to internet banking .The core function of this transfer is due to low cost .In this paper discusses about that ICICI is the world famous internet bank in world and from last 20 years progress of E banking . Banks in Pakistan are controlled by State Bank of Pakistan. It is one of oldest bank in Pakistan which was formerly named as Reserve Bank of India before 1947. E banking is a key driver for the changing the world at a staggering rate's banking is said to be truly global phenomenon that has made truncations are very easy .In this study two angles are discuse1) impact of strategic activity 2) discuss about that the influence of perceived risk in information technology .E banking is a latest technology in this era .According to world bank survey in 2001, the development of E banking in developing country is near about 6%. E banking means banks in pocket .With the usage on internet we can assess our account at any place. In 90s different enterpriser start use of E banking .In Pakistan near about 9% people use this technology.

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In the electronic transaction, crimes have been increased day by day so electronic bank needs to maintain and retain customer to give protection. We defined some variables above which would impact on customer satisfaction. Major variables are the electronic banking products, cyber-crimes and availability of internet access, security in information transaction. Banks should provide unique passwords and maintain high profile security. This will help to maintain unauthorized access to the user's account.

Keywords: Pakistan; E banking; era; ICICI; State bank; Cyber crimes

1. Introduction

E banking is a self-service technology in the world. In 90s the enterprises started the usage of E banking due to low cost the usage of E banking is very high. First type of E banking is ATM. Recently E banking introduced new channels which give benefit both banks and customers. The first advantage of E banking is to provide the fast services in low cost. The usage of E banking is increasing rapidly. From the last 20 years due to E-banking the banks are doing very much progress. In the world, ICICI is world famous bank for best internet banking. The first step towards the progress is usage of automatic teller machine. The best financial transactions in the world are online banking. Banks in Pakistan are controlled by State Bank of Pakistan. It is one of oldest bank in Pakistan which was formerly named as Reserve Bank of India before 1947. In Pakistan 9% population use the banks. There are different types of banks in Pakistan which work for the prosperity and development of country which are as follow : 1) Nationalized scheduled banks 2)Agriculture, 3)development bank, 4)commercial bank,5) Islamic bank. The rapid development in technology is creating competition in financial institute all over the world. To gain the competitive edge ;there is need to introduce the E-banking in Pakistan which includes the online banking through internet, bank operation through cellular (mobile) etc. But there is also problem of cyber-crime. Cyber -crimes Used by faculty and students for academic work, and by other authorities: Purdue computing environment mainly consists of two mainframes. Neither was associated with emerging Internet. Punched card system, and "dumb terminals" (monitor and keyboard but with no computing power or memory machines) was obtained through. Security is primarily composed of two systems. First of all accounts and passwords to access the machines are controlled by. Second, remote management systems and physical security of sensitive data handled by the former educational system was separated. We anti-viral firewalls, tools, vulnerability scanners to, or intrusion detection system is used for, such equipment was not in vented Automated Teller machine.ATM is the latest mean of technology in this current era which is used to withdraw the money at any time by the use of valid card through which one can operate his account According to World Bank survey, 2001 that E banking progress in developing countries are near to 6%.In Brazil, the total users of E - banking are 9 million .In Mexico , no of users are 1.26 million .In many developing countries the E banking are still growing .In African countries the usage of E banking are started now .E- Banking has destroyed the previous banking due to its reasonably priced .Industries countries are just using E - banking due to its fast service .E banking has big attained to save time but traditional banking is very time wasting .E banking bring a new idea and new development in world Banks in Pakistan are controlled by State Bank of Pakistan. .An automated teller machine (ATM) is a computerized telecommunications device that provides the customers of a bank permission to enter into financial dealings in a public place without the need for bank staff. On most modern ATMs, the customer is identified by insert plastic ATM card with a magnetic stripe or a plastic smart card with

a chip, that contain a unique card number and some security information, such as name, account number, issue/end date. Safety is given by the customer entering a personal identification number (PIN). ATMs include many functions which are as follow:1) Deposit/with draw amount,2) Paying routine bills, fees, and 3)taxes (utilities, phone bills, credit card payments etc.) Printing bank statements Updating password Purchasing (Lottery tickets, Train tickets, Concert tickets, Movie tickets, Shopping mall gift certificates, Games and promotional features Donating to charities Adding pre-paid cell phone credit .But it contains some barriers to use it such as vision ally impair, and blind person could not use it. it is the latest version of banking in this current era, it seems to have a bank in pocket. Mobile phone banking enable consumer to have the full access of bank operations such as transfer of funds, paying utility bills, bank statement and account updates at any time .The use of internet can help us to assess our account information. It helps us to transfer our amount, and check our detail through PC and Smart Phone. Electronic Cash: Electronic cash can be transferred through mobile phone and PC. It is one of easiest mode of payment and receives the amount, the introduction of E-Banking enable consumer to perform the operations of banking more conveniently such as payment methods and more user friendly banking services. Internet banking in Pakistan has been undergoing many changes such as can transfer amount, and collect cash without physically presence. E-banking is the less time consuming method which enable consumer to purchase any product by sitting at home with in no time, confirm ticket for travelling, facilitate business it is a payments from which helps to tackle the problem payment at the spot. Through which, we deal first then will pay. Payments will be depending on the terms and conditions of banks.

1.1 Objectives

- 1) It is best way to save the time. E banking is useful to reduce operation expenses.
- 2). E banking has main role to reduce hectic manual work .Chance of errors is very low in case of E banking.
- 3) It is also helpful to provide the cash management to internet market optimization including see, pap etc. It is a 24 hours service we can take funds at any time.
- 4) E banking is very convenience way there is no need to stands in long lines and visits. With the help of E banking payment of utility bills are easy.

2. Literate review

Different researches have proved that E banking can perform different services through internet. According to different consumers E banking means 24 hours service. There are some other forms of debit card in this form need signature. E banking uses ATM as a substitute for the place of . E banking is one of the products of E commerce that provide the services customers to the large amount of customers .Technological advancement are the part of regulation of the electronic transactions.

Bowen [1] concluded that when front-line employees feel they have been treated fairly, they are more likely to treat the customers fairly. In a subsequent study of the relationship between bank employees and customers, Bowen [1] found that employee morale is strongly related to customer satisfaction; that is, when bank customers

perceive front-line employees are happy with their work, bank customers are more likely to be satisfied with the service they receive.

Table 1: E-Banking in the World

Bank	Number of Banks	Number of Banks With Websites	Number of Internet Banks	Internet banks as a percentage of banks in category
Private Sector Banks	25	29	18	60.9
New	8	9	9	102.0
Old	25	29	15	48.6
Public Sector Banks	25	29	28	93.8
SBI Group	9	9	9	101.0
Nationalized	25	25	19	95.0
Foreign Banks	25	26	9	25.7
All Banks	142	156	107	527

Table 2: E-Banking in the World

Item	2001	2002	2003	2004	2005	2006	June 2007
No of online branches	323	451	778	1,582	2,476	3,266	8876
No of ATMs	207	258	398	551	785	1,216	3415
No of Debit Cards Holders (000)	241	414	735	1,258	1,873	4,256	8777
No of Credit Cards Holders (000)	216	293	368	396	807	1,256	3336

Banks normally assign their managers responsibility for the promotion of the use of electronic channels to customers Lymperopoulos, and Chaniotakis [2]. Their input as delivery staff is important. It is also the manager’s responsibility to ensure that branch staff is professional, well-trained and knowledgeable about the range of services provided by the bank Moutinho [3].

Moutinho and Phillips [3] found that Scottish bank managers considered efficiency and enhancement of

customer service to be two perceived advantages of Internet banking. Similarly, Aladwani [4] highlighted faster, easier, and more reliable service for customers, and improvement of the bank's competitive position to be the most important drivers of online banking among bank and IT managers in Kuwait. A reduction in the percentage of customers visiting banks with an increase in alternative channels of distribution will also minimize the queues in the branches Thornton and White [5]. Increased availability and accessibility of more self-service distribution channels helps bank administration in reducing the expensive branch network and its associate staff overheads. Bank employees and office space that are released in this way may be used for some other profitable ventures , Birch and Young Thornton and White [5]. This ultimately leads towards improved customer satisfaction and the institution's bottom line, Thornton and White [5].

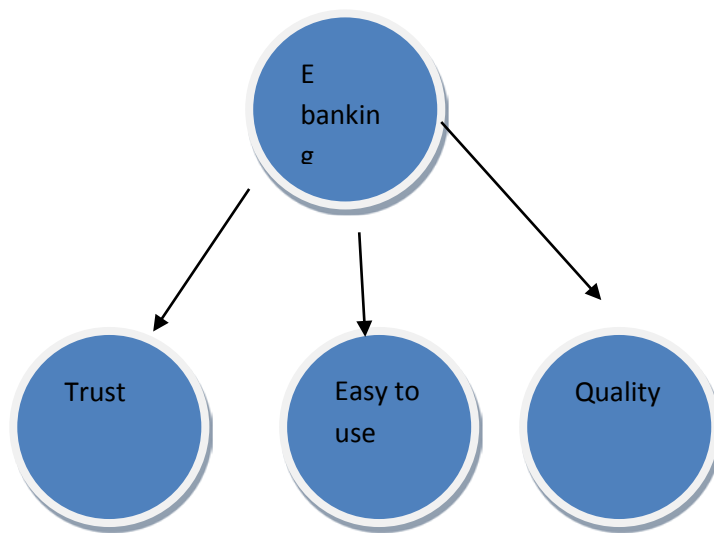


Figure no 1: Components of E banking

Internet banking also increases competition within the banking system and also from non-bank financial institution. The Internet increases the power of the customer to make price comparisons across suppliers quickly and easily. As a consequence, this pushes prices and margins downward Devlin [6].

Institutional encouragement of the use of IT-based services and IT service fees are another important dimension Zhu [7]. Cantrell [8] conducted a banking survey in the US and found that increases in service fees were one of the main driving forces behind the move of some large bank customers to smaller community banks.

Yakhlef [9] pointed out that banks are responding to the Internet differently, and that those which see the Internet as a complement and substitute to traditional channels achieved better communication and interactivity with customers. Robinson [10] argued that the online banking extends the relationship with the customers through providing financial services right into the home or office of customers. The banks may also enjoy the benefits in terms of increased customers loyalty and satisfaction Oumlil and Williams [11].

Nancy [12] viewed the same situation differently and argued that customers like to interact with humans rather than machines. They found more possibilities for asking questions and believe that bank clerks are less prone to errors. It is thus essential that any face-to-face transactions are carried out efficiently and courteously. This increases the possibility of selling the customer another service that they need and also promotes a good image and enhances customer loyalty Moutinho [13].

Polatoglu and Ekin [14] found that low levels of email usage and a preference for doing over-the-counter transactions at bank branches are the main reasons for not using e-banking in Turkey. The opportunity to conduct a trial may help to convince reluctant customers Black [15].

Boon and Ming [16] concluded that banks in Malaysia should concentrate on enhancing their operation and product management through a mixture of branch banking and e-channels, like ATMs, phone banking and PC banking.

3. Methodology

For the completion of this study focus of electronic banking on customer requirements. The primary data used because we want to know how to please of customers from electronic banking products. Primary data collected in the form of questioner which were filled by ultimate consumer and collect quantitative numeric data because that's primary data which easily available and we have included close ended questioner. To meet the requirements of our studies, we met the different bank officials to gain the technical knowledge of different banks E Banking. We also included all queries in the questionnaire to complete our studies in all aspects. In our study work, we have focus on Pakistan banking sectors in the city of Faisalabad. We survey of 3 or 4 banks which is HBL Raja Road branch. UBL near bus stand branch. Fysal bank D ground branch and Standard Chartered Bank railway road branch. We carried out this study in Pakistan because many previous studies have been performed of electronic banking but our study is unusual because our study depend on different variable such as electronic banking products, cyber-crimes and Security in information transaction viability of internet access. We learned from these variables. We have collected data from 200 people through the Email, courier, and voice chat. We also sent questionnaire with envelope on with printed mailing address mentioned for reply. Questionnaire Forces of electronic banking on customer requirements are a topic which we conducted studies that have a people satisfy of the electronic banking products and their services. We defined some variables above which would impact on customer satisfaction. Major variables are the electronic banking products, cyber-crimes and availability of internet access, security in information transaction.

Customers believe on electronic banking products on this variable, we define the satisfaction of the customer five questions of each variable. Questions we arranged five categories such as 1=fully disagree 2=disagree 3 = slightly agree 4=agree 5=fully disagree people have just tick the satisfy answer. We have sent 200 questionnaire to different banks customers which are fill by male and female as well. The format of questionnaire is as bellow: Internet Banking Questionnaire used for Survey 1. Name_____ 2 Bank Name_____ 3. What is the level of your agreement with the statements below? Please choose 1 if you are totally disagree 2=if disagree 3=if slightly agree 3=if agree 5=if totally agree, Internet banking is a developed world tendency but not yet fit to our society?

1 2 3 4 5 02 our banking sectors are competent enough (having infrastructure, skilled labor. Final resources) of the Internet banking adoption/implementations by its competitors. 1 2 3 4 5 03 the bankers are well awareness of IT and have access to computers and Internet in office. 1 2 3 4 5 04 we have necessary infrastructure such as in-house technique, 1 2 3 4 5 management and other technique to develop Internet banking. 05 The political and legal environment is supportive to conduct business on the Internet. 1 2 3 4 5 06 our bank is allocating sufficiently funds in projects related to Internet banking and Ecommerce. 1 2 3 4 5 07 our banks have sufficient resources (such human, finance, and technical) for Internet banking adoption/implementation. 1 2 3 4 5 08 There is no/ lack of trust of customers on internet banking. 1 2 3 4 5 09 Do u think, banking sectors exist a clear vision on such as Internet banking. 1 2 3 4 5 10 in our bank, strategic level management are willing about Internet banking adoption and implementation. 1 2 3 4 5 11 we will face difficulty in bringing the changes in introducing internet banking. 1 2 3 4 5 12 the telecommunication infrastructure of our country is competent enough and efficient. 1 2 3 4 5 13 in normal, customers prefer for conventional way of working business. 1 2 3 4 5 14 There is less/lack of awareness or IT knowledge among customers. 1 2 3 4 5 15 Customers feel reluctant of doing electronic banking transactions because of security. 1 2 3 4 5 Problems: During the researched worked we faced some of problems that some users of the not able to get what we want from them. Even some of them considered it as legal or some notification from the banks.

They felt reluctant to fill it. But we convinced them to do this and gave some briefing about the questionnaire. After this we got the good results from the clients of the bank. It is filled by the male and some of female as well. We rated the answer replying by 1=100, 2=80, 3=60, 4=40 and 5=20. We present this rating in the diagram which is as below. We found the different results from the 200 customers. Majority concern of the customer were the question no 1. We will hope so banking sectors will consider our work and our recommendation. 120 100 80 60 40 20 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 1 2 3 4 5 Conclusion Electronic banking is the most normally utilize every day because everyone have busy life style and needs to be prompt and well-organized work. In the electronic banking is best way of transaction of money from one account to another account of other or similar bank. In the electronic transaction, crimes have been increased day by day so electronic bank needs to maintain and retain customer to give protection. They should provide unique passwords and maintain high profile security. This will help to maintain unauthorized access to the user's account and not let easily hack. The trust and loyalty of customer depends on five factor facilities, its reputation, how quickly response to customer queries, consistency, understanding, and guarantee of service quality spoken by quality of service with process of customer satisfaction tool exercise.

4. Limitations

During the researched worked we faced some of problems that some users of the not able to get what we want from them. Even some of them considered it as legal or some notification from the banks. They felt reluctant to fill it. But we convinced them to do this and gave some briefing about the questionnaire. After this we got the good results from the clients of the bank. It is filled by the male and some of female as well. We rated the answer replying by 1=100, 2=80, 3=60, 4=40 and 5=20. We present this rating in the diagram which is as below. We found the different results from the 200 customers. Majority concern of the customer were the question no 1. We will hope so banking sectors will consider our work and our recommendation.

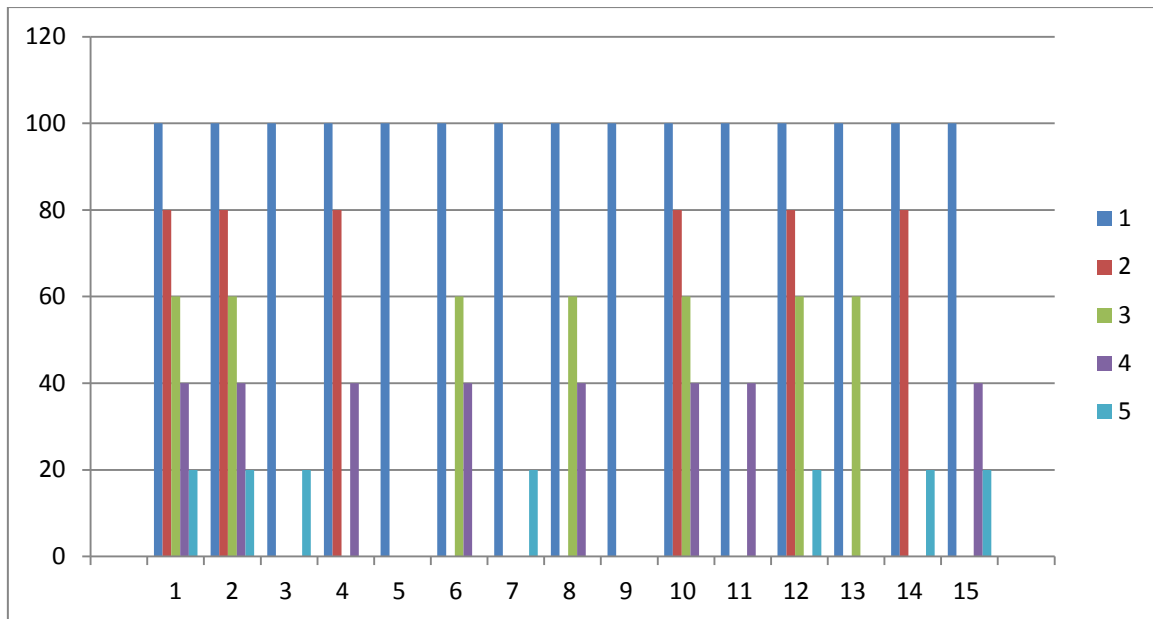


Figure 2: Problems

5. Conclusion

Electronic banking is the most normally utilize every day because everyone have busy life style and needs to be prompt and well-organized work. In the electronic banking is best way of transaction of money from one account to another account of other or similar bank. In the electronic transaction, crimes have been increased day by day so electronic bank needs to maintain and retain customer to give protection. They should provide unique passwords and maintain high profile security. This will help to maintain unauthorized access to the user's account and not let easily hack. The trust and loyalty of customer depends on five factor facilities, its reputation, how quickly response to customer queries, consistency, understanding, and guarantee of service quality spoken by quality of service with process of customer satisfaction tool exercise.

6. Recommendations

Banks are more comfortable and secure transaction through internet in IT system. Develop some new different things which will not face any problem regarding IT because some time ATM's have some problems like hacking of passwords and unauthorized access to the user's accounts. Introduction of new techniques which eliminate the chance of hack any transaction Make sure that the computer system of the bank is used or administered only by bank employees. Never provide the unauthorized access to bank systems. Always use properly maintained and serviced computer systems. The operating system should be complete with the latest update of security software at normal interval. Activate the automatic updates and remain in touch with your software service representative or supplier regarding the security issues. Use the latest virus protection programmed with regular automatic updates against spyware, viruses, Trojans or activates a personal firewall for protection of your computer system. Maintain your confidential information in a safe place. The data on a PC can be leaked out we recommended that you should not to store them on your PC.

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Appendix A

Questionnaire

Forces of electronic banking on customer requirements are a topic which we conducted studies that have a people satisfy of the electronic banking products and their services. We defined some variables above which would impact on customer satisfaction. Major variables are the electronic banking products, cybercrimes and availability of internet access, security in information transaction. Customers believe on electronic banking products on this variable, we define the satisfaction of the customer five questions of each variable. Questions we arranged five categories such as:

1= strongly disagree, 2= Disagree, 3= Slightly Agree, 4= Agree, 5 = Strongly Agree,

People have just tick the satisfy answer. We have sent 200 questionnaire to different banks customers which are fill by male and female as well. The format of questionnaire is as bellow:

Internet Banking Questionnaire used for Survey

1. Name _____

2. Bank Name _____

3. What is the level of your agreement with the statements below? Please choose 1 if you strongly disagree, 2 if you disagree, 3 if you slightly agree, 4 if you agree and choose 5 if you strongly agree with the given statements.

1= strongly disagree, 2= Disagree, 3= Slightly Agree, 4= Agree, 5 = Strongly Agree

01	Do you agree that Internet banking is a developed world tendency but not yet fit to our society?	1	2	3	4	5
02	Our banking sectors are competent enough (having infrastructure, skilled labor. Final resources) of the Internet banking adoption/implementations by its competitors.	1	2	3	4	5
03	The bankers are well awareness of IT and have access to computers and Internet in office.	1	2	3	4	5
04	We have necessary infrastructure such as in-house technician, management and other	1	2	3	4	5

	technique to deploy Internet banking.					
05	The political and legal environment is supportive to conduct business on the Internet.	1	2	3	4	5
06	Our bank is allocating sufficiently funds in projects related to Internet banking and Ecommerce.	1	2	3	4	5
07	Our banks have sufficient resources (such human, finance, and technical) for Internet banking adoption/implementation.	1	2	3	4	5
08	There is no/ lack of trust of customers on internet banking.	1	2	3	4	5
09	Does u think, banking sectors exist a clear vision on such as Internet banking?	1	2	3	4	5
10	In our bank, strategic level management is willing about Internet banking adoption and implementation.	1	2	3	4	5
11	We will face difficulty in bringing the changes in introducing internet banking.	1	2	3	4	5
12	The telecommunication infrastructure of our country is competent enough and efficient.	1	2	3	4	5
13	In normal, customers prefer for conventional way of working business.	1	2	3	4	5
14	There is less/lack of awareness or IT knowledge among customers.	1	2	3	4	5
15	Customers feel reluctant of doing electronic banking transactions because of security.	1	2	3	4	5