

Awareness of Electronic Banking System among Students: Evidence from Karachi, Pakistan

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Abstract

In this global world one of the famous sectors is banking sector and Electronic Banking is the major part of banking system. People don't have much time to go and visit the banks on regular basis that is why the services of E-banking are more popular among them than other services. E-banking has increased the interest of people of conventional banks swiftly. This study focuses on development and consciousness of electronic banking among students of the Karachi, Pakistan. Correlation test is used to find the relationship among Awareness, Convenience, Security and Satisfaction. Analysis is conducted, based on the sample of 250 students collected. The outcome shows that the students of Karachi know well about the new services of banks especially about the electronic services.

Keywords: E-Banking, ATM, Debit Card, Credit Card, Virtual Banking, Virtual Cash.

1. Introduction

Competition of providing new services has been increased because of internet services involvement in the banking system (Lymperopoulos 2004). These ways provide convenience to the people to operate their account (Balachandher et al, 2001). Majority of the banks are offering services of electronic banking in Pakistan. Living standards have been changed and people prefer their convenience in choosing products and services. Now computers are everywhere in organizations, homes etc and people are more attached with electronic devices.

This paper is an effort to know whether the students of Karachi have enough awareness about the new and rapidly growing electronic banking services or not. Electronic banking services have provided ease to the people in terms of time, cost etc. people do not have enough time to go their banks and wait for their turn to do any transaction therefore they prefer to attain electronic services of their banks. Banks have provided customer convenient facilities like ATM, Debit Card, Credit Card, Virtual Banking, Virtual Cash to attract and retain their customers.

One of the major reasons to prefer electronic banking services is security issues in Pakistan. People are fearful and they do not feel free while keeping money with them. Electronic banking services are providing them comfort and mental relaxation. They can shop using their debit and credit cards without keeping cash with them.

2. Review of Literature

Internet is one of the main things that affects us because it has been used everywhere, in every type of trade (Howcroft, B. 2002). All the well reputed banks are using electronic banking system for getting edge (Moutinho 2002).

2.1 Convenience

It is the basic need of the countries to adopt and use the updated systems and procedures to flourish rapidly in this stiff competition. All the businesses are using electronic medium to compete and prosper in this era of competition. According to Aladwani (2001) Banks are using electronic mediums to facilitate their customers and to remain in touch with their customers which is known as "E-Banking". According to Yin (1994) E-Banking has become major part of our life. Banks are becoming closer to their customer through electronic banking systems.

Balachandher et al in (2001) discussed that new facilities are introduced to facilitate the customer so that they do not move or think about the other competitive organizations. Similarly banks and other organizations are taking serious steps to retain their customers and to attract the new customers. People in the developing countries are happier than the developed countries with the electronic services because it has reduced their stress and provided them mental relaxation. There are so many cities in the developing countries where people are not enjoying mental freedom because of law and order situation, corruption, robberies, road snatching

etc due to which we can say that electronic services have reduced their stress and many other problems. Now people don't have to carry their cash with them, they are getting benefits from electronic banking services and enjoying mental relaxation as well. Although in the developed countries people are living much better standard of life but electronic banking services also have affected their life positively.

2.2 Awareness

Improvement in services offered by the organizations not only increases the convenience of clients but also increases the pleasure of the clients. Electronic services in the banking sector have facilitated clients by saving their time, cost etc. (Furst 2002). Although banking sector in the developing countries is not performing as good as it is in the developed countries but in Pakistan banking sector is going very well. Pakistani banks are facilitating their customers by providing them advance services. Banks are also using different mediums for awareness of services, features, programs to facilitate their clients (Richard 2009). Banks are conducting seminars, introducing new services, promoting their features through media by using TV, newspaper, radio, banners, bill boards etc for increasing awareness among general public.

Sometimes people of developing countries hesitate to visit banks because majority of population is illiterate therefore facilities of electronic banking system has also increased their confidence to get benefits from banking services (Chaudhury et al, 2002). Today almost all banks are providing electronic services to improve their profits and client satisfaction in this competitive environment (Furst 2002). Islamic banks are attracting people in the Islamic countries by providing advance services with interest free facilities (Balachandher et al, 2001)

2.3 Satisfaction

If the customers are satisfied with the services of banks they will become loyal and use other services as well. Loyal clients not only use services of banks but also promote their services with positive word of mouth. Satisfied and loyal clients remain attached with the banks and other organizations even in the critical times. Satisfaction of the customers means customers are happy and banks are fulfilling their expectations (Aladwani 2001). Customers need special attention and care which they get in the banks that is why customers become loyal and use products and services of the banks. Banks in Pakistan are also playing their role for the welfare of their customers but also for general public by contributing in sports, education, health etc. Investment in the corporate social responsibility also increases the client's satisfaction because people feel that they are contributing through using products and services of such organizations. Different organizations including banks are spending on the education, training, and health of their employees and also donating and supporting different welfare organizations to increase their customer satisfaction and create their good image among the people. With the improvement in the banking system not only customer's satisfaction level has been increased but employee's satisfaction has also been increased. Employees are working in the paper free environment because of advance banking facilities. Paper free environment has solved many problems of the employees and reduced their mental stress which has increased their satisfaction level. Electronic banking system not only facilitated the clients of the banks but also to the employees of the banks (Aladwani 2001). Banks provide different facilities of other companies like insurance to facilitate their clients which increases their satisfaction level (Lin 2003). Satisfied employees' increases the productivity of the organizations and satisfied clients increases the profits of the organizations; therefore satisfied employees and satisfied customers both are important and play role in the success of the organization.

2.4 Security

People do not feel themselves secure with new electronic banking systems because they are snatched on the roads, in ATM etc (Aladwani 2001). People are facing mental stress, monetary and economic issues due to these facilities and services (Chaudhury et al, 2002). Now banks are providing different services to their clients to secure them from such security problems (Fredriksson 2003). People are getting benefits from electronic banking services, facilities and attracted by easy use and convenience for customers but the only thing which disappoint them is security risks (Bowen *et al*, 2000).

3. Methodology

3.1 Research Questions

- Are the students of Karachi having enough awareness about the latest e-banking services in Pakistan?
- Is Electronic banking system is convenient than manual banking?
- Is performance of banks increasing with electronic banking products and services?
- Is there any relationship between satisfaction and awareness of e-banking services?
- Is there any connection between satisfaction and convenience involved in e-banking system?

3.2 Population and Sample

Students of different universities of Karachi from different disciplines are the population of our study. Convenience sampling is used for gathering data from the students. 250 questionnaires were floated for the purpose of data collection.

3.3 Data Collection

Data is collected through questionnaire. Different departments of different universities and colleges were visited to approach the students for the purpose of data collection. Students from different disciplines were met and asked for filling the questionnaire.

3.4 Data Analysis

SPSS software is used to measure the results of collected data. The results are discussed as under:

Table 1: Distribution Gender Wise

Male	Female	Total
150	100	250

250 students of different departments of different universities, colleges filled the questionnaire. 150 male students and 100 female students filled the questionnaire. Students of different universities, colleges of different disciplines of Karachi were the targeted people.

Table 2: Age Distribution

	Frequency	Percent	Cumulative Percent
under 18	45	18	18
19-24	185	74	92
25-30	14	5.6	97.6
above 30	6	2.4	100

Questionnaires were distributed in such a way that students of all age group can participate in survey. Students from 19 to 24 years of age are maximum (185) in numbers who responded. Only 2.4% above 30 years students responded.

Table 3: Distribution on Education

	Frequency	Percent	Cumulative Percent
under Graduate	85	34	34
Graduate	110	44	78
Post graduate	55	22	100

44% graduate students filled the questionnaires and they are well aware of new electronic services of banks. 34% under graduate students responded whereas 22% post graduate students responded. New generation is accepting and using new technologies.

Table 4: Awareness about ATM usage

	Frequency	Percent	Cumulative Percent
Strongly Disagree	7	2.8	2.8
Disagree	16	6.4	9.2
Neutral	19	7.6	16.8
Agree	115	46	62.8
Strongly Agree	93	37.2	100

46% students who participated in the survey are those who have awareness about uses, benefits of ATM and they all agree with the importance and convenience of ATM. 37.2% students strongly agree with usage of ATM which means 83.2% students are well aware of ATM usage. Only 2.8% students strongly disagree with the usage of ATM.

Table 5: Debit/Credit Cards Usage

	Frequency	Percent	Cumulative Percent
Strongly Disagree	5	2	2
Disagree	35	14	16
Neutral	30	12	28
Agree	70	28	56
Strongly Agree	110	44	100.0

72% respondents know about the usage and benefits of debit and credit cards which mean people are interested and well aware of the debit and credit cards.

Table 6: Mobile Transactions Usage

	Frequency	Percent	Cumulative Percent
Strongly Disagree	30	12	12
Disagree	50	20	32
Neutral	9	3.6	35.6
Agree	96	38.4	74
Strongly Agree	65	26	100

64% people know to do the transaction through mobile phones which means they can use their account without visiting the banks. Different banks like united bank limited, tamer bank are providing customer convenient services such as easy paisa, Omni etc to facilitate their clients as much as possible.

Table 7: Easy Access to Account in E-banking

	Frequency	Percent	Cumulative Percent
Strongly Disagree	11		
Disagree	40		
Neutral	49	19.6	
Agree	103	41.2	
Strongly Agree	47	18.8	100

Students agree with this statement that account can be accessed and operated easily through electronic banking services. 41.2% respondent are agree whereas 18.8% strongly agree with this statement which means 60% respondents accept this statement.

Table 8: E-Banking is very convenient way of banking

	Frequency	Percent	Cumulative Percent
Strongly Disagree	1		
Disagree	5		
Neutral	30	12	
Agree	117	46.8	
Strongly Agree	97	38.8	100

85.6% students of the sample have information and knowledge about the electronic banking system that is why they think that it is the convenient and safe way of operating bank accounts especially in the developing countries like Pakistan.

Table 9: Security in funds transfer

	Frequency	Percent	Cumulative Percent
Strongly Disagree	3		
Disagree	12		
Neutral	35		
Agree	107	42.8	
Strongly Agree	93	37.2	100

By using new electronic services people can transfer their amount easily and rapidly in a secure way. 80% of the

respondent students agree and well aware of this fact.

Table 10: Satisfaction with e- banking system

	Frequency	Percent	Cumulative Percent
Strongly Disagree	1		
Disagree	13		
Neutral	43	17.2	
Agree	105	42	
Strongly Agree	88	35.5	100

193 students out of 250 students of Karachi are satisfied with electronic banking system and getting the edge of new and modern ways of banks facilities for their clients.

Table 11: Accuracy in electronic system

	Frequency	Percent	Cumulative Percent
Strongly Disagree	7		
Disagree	23		
Neutral	20		
Agree	113		
Strongly Agree	87		100

200 respondents are satisfied and agree with the accurate and rapid process of transactions through electronic banking system.

Table 12: Preference of e-banking over manual banking

	Frequency	Percent	Cumulative Percent
Strongly Disagree	3		
Disagree	8		
Neutral	29		
Agree	121	48.4	
Strongly Agree	89	35.6	100

84% of students prefer new electronic banking system over the conventional, manual banking system.

Table 13: Correlation test among Awareness, Convenience, Security and Satisfaction

Correlation		Satisfaction
Awareness	Pearson Correlation	0.469(**)
	Sig. (2-tailed)	0.000
	N	250
Convenience	Pearson Correlation	0.523(**)
	Sig. (2-tailed)	0.000
	N	250
Security	Pearson Correlation	0.598(**)
	Sig. (2-tailed)	0.000
	N	250

** Correlation is significant at the 0.01 level (2-tailed). There is positive and significant relationship between Awareness and Satisfaction.

Satisfied people use the products and services frequently and become loyal. Encouraging and significant association between Convenience and Satisfaction has been found. We have also seen positive and significant connection between Security Concerns and Satisfaction. Our findings reveal that awareness, convenience and security are essential for increasing the satisfaction level of the students of Karachi.

4. Conclusion & Recommendations

It is clear from the findings that students of Karachi are well aware of the electronic services of banks in Pakistan and getting benefits from these services. Electronic banking facilities have also increased the loyalty and satisfaction level of the students. Our findings reveal that awareness, convenience and security are essential for

increasing the satisfaction level of the students of Karachi.

Today most of the students are using and enjoying the facilities of rapidly growing electronic banking services in Pakistan. It is believed that electronic banking is secured and reduces stress of the people especially in the developing countries. Students do not need to visit the bank physically to pay their fee, to transfer their funds, to do other transactions of banks. Electronic banking system has reduced cost and saved time of people. People can use and operate their accounts through different electronic modes from their homes, offices, colleges, universities etc. people especially students are to accept and use new electronic banking services because of its convenience, security and satisfaction. Now people feel secure when they have debit and credit cards with them instead of cash or cheques.

The accuracy and security of electronic banking facilities have increased the importance of this rapidly growing system. People can use these services conveniently and feel secure while using and enjoying electronic banking services. Electronic banking system has also increased the satisfaction and loyalty level of the students of Karachi. Banks should increase their efforts to promote the convenience, security, accuracy etc of their new services.

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