

E- Business and Banking Industry: - An Analysis (A Study of ICICI Bank in Rajasthan)

¹Dr. Ankita Chaturvedi and ²Ms. Sakshi Joshi

¹Associate Professor, Department of Accounting and Taxation, IIS (deemed to be University), Jaipur (India)

²Research Scholar, Dept of Commerce, IIS (deemed to be University), Jaipur (India)

ARTICLE DETAILS

Article History

Published Online: 12 June 2019

Keywords

E-Business; barriers; challenges; benefits.

*Corresponding Author

Email: sakshi3100[at]gmail.com

ABSTRACT

In India the financial services sector is growing at a very fast rate. This well deserved growth has created the need of e-business. E-business is no longer considered as an option by banks but a must do to remain competitive. E-business refers to the fundamental reengineering of business model into an Internet based networking enterprise. It involves business processes that span through the entire value chain, electronic purchase and supply chain management, processing orders electronically, handling the customer services and cooperating with business partners. The purpose of this study is to examine understand how the adoption of e-business can benefit the banking industry, explore barriers to adoption of e-business and describe the challenges encountered in the adoption of e-business. The data is collected through a structured questionnaire from 100 employees of ICICI Bank, selected randomly from different branches of the bank in Jaipur.

1. Introduction

Electronic business (e-business) is a major force in the global economy. E-Business provides the online business; it's very faster and cost effective as compared with the traditional business. The increasing use of E-Business in the banking industry (BI) has increased competition within the industry. Due to the introduction of e-business in the banking industry, the entering barriers to the industry have been lowered as the demand for the fixed assets in order to start up a bank has decreased. This has opened up the banking industry to competition from other actors in the financial markets, as can be seen from many of the other banks, where an insurance company has entered the banking industry. The introduction of information and communication technology in the banking industry has also entailed that in banking, and especially in e-banking, power has shifted away from banks to their customers, by allowing the customers to shop around for the best price for products.

2. Review of Literature

This literature review was also conducted to help put the research methodology in a better conceptual framework. In this regard the review focused on: the evolution and definition of e-business; processes of e-business adoption; benefits, barriers and challenges to e-business adoption.

"E-Business probably began with electronic data interchange in the 1960s (Zwass, 1996). However, (Melao, 2008) suggests that it was only in the 1990s, primarily via the Internet, that e-Business has emerged as a core feature of many organizations. In his opinion, the hope was that e-Business would revolutionize the ways in which organizations interact with customers, employees, suppliers and partners. Some saw e- Business as part of a recipe to stay competitive in the global economy" .

"The article published by Rahmath Safeena, Hema Date and Abdullah Kammani in January 2001, states that, the various areas where the banks are preparing to use e-business approach include familiar and relatively mature electronically based products in developing markets, such as telephone banking, mobile banking, credit cards, ATMs, and direct deposit. This means that most of the banks have recognized the need to change their business process to conform to changing business trends in order to keep up with competition."

"Karjaluoto in 2002 indicated that banks have the choice to offer their banking services through various electronic distribution channels technologies such as Internet technology, video banking technology, telephone banking technology, and WAP technology. They also indicated that Internet technology is the main electronic distribution channel in the banking industry. In other words, e-banking as an online banking that involves the provision of banking services such as accessing accounts, transferring funds between accounts, and offering an online financial service."

"Chiemeke (2006) conducted an empirical investigation on adoption of e-banking in Nigeria. The study identified the major inhibiting factors to Internet banking adoption in Nigeria such as, insecurity, inadequate operational facilities including telecommunications facilities and electricity supply, and made recommendations on how Nigeria banks can narrow the digital divide. Also, the report revealed that Internet banking is being offered at the basic level of interactivity with most of the banks having mainly information sites and providing little Internet transactional services."

3. Research Methodology

To understand the state of application of E-Business in the banking industry in Rajasthan a survey was conducted in ICICI bank. The benefits, barriers and challenges of the E-Business

were measured by a questionnaire answered by the bank employees.

4. Study Sample

For the bank employees, (100) Questionnaires were distributed and retrieved to the employees of ICICI bank in different branches all within the capital city Jaipur.

5. Objectives of the study

The study objectives are to:

- Identify the benefits of e-business to the banking industry;
- Explore barriers to the adoption of e-business in banks in; and

- Describe the challenges encountered in the adoption of e-business.

6. Results and analysis

The 5-Likert scale has been used in the questionnaire with the following values: highly agree (5), agree (4), approximately agree (3), disagree (2), and completely disagree (1). The mean of the different questions were calculated. It was considered that the employee agree on a given statement when the mean is (3.5) or more. A mean below this value, indicate a negative response. The joint mean for all statements was also calculated to be considered as the factor of analysis (reference).

Table 1: Benefits of e-business

	S. No	Questions	Mean	Overall Mean
Employees viewpoint about the benefit of adoption of e-business	1.	Improvement in internal and external communication	3.49	3.578571
	2.	Value creation or value enhancement	3.64	
	3.	Aid in excellent customer services delivery	3.8	
	4.	Speed and efficiency	3.58	
	5.	Expand geographical reach and network operations	3.94	
	6.	Add value to the business and create competitive advantage	2.84	
	7.	Increased staff confidence at work	3.76	

7. Employee questionnaire analysis and results

From Table 1, it is noted that the employees:

- Agree on the Improvement in internal and external communication, Value creation or value enhancement as a benefit of the adoption of e-business.
- Agree that the Aid in excellent customer services delivery by their bank provides the best benefit for the adoption of the e-business.

- Believe that the e-business adoption helps in enhancing the Speed and efficiency of their banking service.
- Believe that adoption of e-business will helps in expanding the geographical reach and network operations and will Add value to the business and create competitive advantage.
- Strongly agree for the increased staff confidence at work as the benefit of adoption of the e-business.

Table 2: Barriers of e-business

	S. No	Questions	Mean	Overall Mean
Employees viewpoint about the Barriers of adoption of e-business	1.	Enabling factor such as ICT skill for qualified personal	2.72	3.49
	2.	Security and trust factors	3.55	
	3.	Network infrastructure and internet-related support services	3.82	
	4.	Cross-country legal and regulatory difference	3.66	
	5.	High cost equipment and network software	3.7	

8. Employee questionnaire analysis and results

From Table 2, it is noted that the employees:

- Believe that the enabling factor such as ICT skill for qualified personal doesn't works as barriers, where as security and trust factors and Network infrastructure

and internet-related support services, Cross-country legal and regulatory difference and High cost equipment and network software works as the barriers of the e-business adoption.

Table 3: Challenges of e-business

	S.No	Questions	Mean	Overall Mean
Employees viewpoint about the challenge of adoption of e-business	1.	Security concerns	3.61	3.437143
	2.	Availability in communication in infrastructure	3.52	
	3.	Knowledge of IT and e-Business	3.2	
	4.	High cost associated with investment in ICTs	3.53	
	5.	Reluctance on the part of companies to network with other enterprise	2.98	
	6.	Lack of executive support	3.42	
	7.	Increased pace in technological advancement	3.8	

9. Employee questionnaire analysis and results

From Table 3, it is noted that the employees:

- believe that the Security concern, the availability in communication in infrastructure, knowledge of IT e-Business, lack of executive support and increased pace in technological advancement is the challenge for the adoption of the e-business and Reluctance on the part of companies to network with other enterprise is not highly considerable challenge.

10. Conclusion

Scope of the E-Business is as wide as an ocean and thereby the implementation hurdles. When one thinks of the Electronic Business, even though final goal remains the same as that of the traditional business, but the way in which they function in order to improve the performance is different. As the

information sharing is the major part of the banking industries, networking has given boost to E-Business. This change in view-point has opened door for new opportunities. Banks agree that adopting e-business as a strategy is one of the important steps that banks have taken in their development due to the tremendous benefits e-business adoption provides. According to them their perceived benefits include convenience to customers, speed and quality of service, reduction of queues in banking halls. Every benefit comes with challenges and barriers, therefore, the benefits of the banking sector are also backed by some challenges and barriers like; Security and trust factors, Network infrastructure and internet-related support services, High cost equipment and network software, Knowledge of IT and e-Business, Increased pace in technological advancement and Reluctance on the part of companies to network with other enterprise.

References

- Chiemekwe S. C., Ewwiekpaefe A., and Chete F. (2006). The adoption of internet banking in Nigeria: an empirical investigation, *Journal of Internet Banking and Commerce*, 11(3), 33-49.
- Karjaluoto H., Mattila M.(2002). Electronic banking in Finland: consumer beliefs and reactions to a new delivery channel. *Journal of Financial Services Marketing*, 6(4). 346–361.
- Melao N. (2008). E-business processes and e-business process modeling: a state-of-the-art overview. 54-89.
- Safeena R., Date H. and Kammani A. (2011). Internet banking adoption in an emerging economy: Indian consumer's perspective. *International Arab Journal of e-Technology*, 2 (1), 56-64.
- Zwass V. (2003). Trust worthy computing: information security and management. IEEE International Conference on Sensor Networks, Ubiquitous, and Trustworthy Computing. 89-122.