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Awareness of Electronic Banking In Pakistan

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GJCST Classification : K.4.4, K.4.2



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Awareness of Electronic Banking In Pakistan

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Abstract - This research paper focuses on awareness of electronic banking in Pakistan. Electronic banking is today's need as it provides easy way to monitor an account. It reduces cost and save our precious time. There are also some limitations of e-banking as it requires skills to operate it and passwords can be hacked. This research paper discussed that people of Pakistan are well aware of electronic banking but they are not satisfied with the services provided by the bank and they also feel risk in that service that's why they trust more on employees. It contains different demographics and their association with research questions. This paper also includes recommendations in which it describes that what strategies the banks should choose to increase the satisfaction of customers.

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I. INTRODUCTION

The developments taking place in information and communication technology are increasing competition in financial institutions worldwide. Thus, the deployment of advanced technologies is essential to achieve a competitive edge. In the world of banking, the development of information technology has an enormous effect on development of more flexible payments methods and more-user friendly banking services. Recently, the banking industry was highly affected by the technology evolution that transformed the way banks deliver their services, using technologies such as automated teller machines, phones, the Internet, credit cards, and electronic cash. In line with global trends, electronic banking in Pakistan has been undergoing many changes.

Electronic banking is a term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. Electronic banking refers to systems that enable bank customers to access accounts and general information on bank products and services through a personal computer (PC) or other intelligent device. There are many benefits of e-banking as it provides easy way

to monitor an account, we can shop, pay bills, buy items at auction, and transfer money from anywhere at any time, it reduces costs, it saves time, and vice versa.

This study focuses on awareness of electronic banking in Pakistan. Our objectives of this research were to:

1. Check awareness of electronic banking in Pakistan.
2. Check why people are not aware of electronic banking.
3. Know if the people are aware of electronic banking then to how much extent.
4. Check whether banks of Pakistan are providing electronic banking or not.

This research is important because it tells bankers that how much people in Pakistan are aware of electronic banking and to how much extend. It also tells them to improve their e-banking services in Pakistan.

II. LITERATURE REVIEW

According to Hagel and Hewlin (1997) the Internet banking became very attractive to customers and lots of banks because the technology is being accepted by them and they can now understand and have information about the complex products. Nowadays banks are also facing a lot of competition and need a high market share and provide better services to its customers so that they can attract the new customers and old customers do not try to leave them.

The concept of electronic banking has been defined in many ways (e.g. Daniel, 1999). According to Karjaluo (2002) electronic banking is a construct that consists of several distribution channels. Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. Electronic banking consists of any system that uses electronic signals to replace people or paper. There is already a significant amount of electronics in the traditional demand deposit system; virtually all checks are processed by computer, and banks often settle their obligations for the checks presented to them by an electronic funds transfer. Thornton and White (2001) compared several electronic distribution channels available for banks in US and concluded that customer orientation – towards convenience, service, technology, change, knowledge about computing and the Internet – affected the usage of different channels.

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Howcroft et al., (2002) found that the most important factors encouraging consumers to use online banking are lower fees followed by reducing paper work and human error, which subsequently minimize disputes (Kiang et al., 2000). It's essential for the banks to have the official bank website providing the possibility to do transactions so that banks can be qualified as providing the online banking services (Pikkarainen et al., 2004). According to Giglio (2002) and Robinson (2000) for delivering banking products the cheapest delivery channel can be done only through the Online Banking. According to Karjaluoto et al. (2002) with the help of online banking services, the branch networks of banks have reduced and also the staff for working in banks and customers are satisfied to use the online banking services as it will save a lot of time and effort to go to branch of bank and perform these transactions. So the main reason behind accepting the online banking a service is the time, cost saving and freedom from the place (Polatoglu and Ekin, 2001).

Byers and Lederer, (2001) concluded that it was changing consumer attitudes rather than bank cost structures that determines the changes in distribution channels; they added that virtual banks can only be profitable when the segment that prefers electronic media is approximately twice the size of the segment preferring street banks.

According to theorists (Walfried et al., 2005) customer evaluation of the electronic services is influenced by attributions of success and failure in inter personal service situations. The use of electronic banking has removed the banking personnel that facilitate the transactions and has placed additional responsibilities on the customers to transact with the

service.

Although, electronic banking provides many opportunities for the banks, it is also the case that the current banking services provided through Internet are limited due to security concerns, complexity and technological problems (Sathye, 1999; Mols, 1999)

Hewer and Howcroft (1999) used the term trust to describe a measure of risk. Suganthi et al., (2001) viewed risk in the context of security concerns and risk in the context of trust in one's bank. Finally, a number of studies found trust and perceived risks have a significant positive influence on commitment (Bhattacharjee, 2002; Mukherjee and Nath, 2003) and ultimately leads towards overall satisfaction (Rexha et al., 2003).

III. METHODOLOGY

In this research data is conducted by using questionnaire as a data collection instrument, in which questions were asked starting from their command on computer and internet usage, following with the awareness of electronic banking and its types, about the benefits of e-banking and then some questions regarding their bank services and the security provide by these banks. The questionnaire includes close-ended questions and they were on likert scale of utilizing a five point categorical. Sample of 400 respondents was selected to complete the research using simple random sampling technique.

IV. EMPIRICAL RESULTS

There is "table 1" which shows gender wise association with research questions:

Table 1 : Age association with research questions

No.	Question	Gender		Total	P-values
		Male	Female		
1	Aware of electronic banking	196	200	396	0.011
2	Your bank provides electronic banking facility	190	195	385	0.000
3	Aware of SMS banking	196	195	391	0.036
4	Aware of INTERNET banking	189	198	387	0.010
5	Aware of ATM card usage	193	198	391	0.054
6	Aware of PHONE banking	193	199	392	0.272
7	Satisfied with the E-banking services provide by bank	192	198	390	0.008
8	Satisfied with the security of E-banking provide by bank	191	195	386	0.068
9	Want to use e-banking facilities in future	194	197	391	0.000

Table 1 shows the different questions and their association with gender. First question is about awareness of electronic banking. Total respondents who answered this question were 396 in which 196 were male respondents and 200 were female respondents. Its

result shows that awareness of electronic banking is dependent on gender. Next question was answered by 385 total respondents from which the amount of male and female were 190 and 195 respectively. Its results show that providing e-banking services by banks were

highly dependent on gender. Third one is about awareness of SMS banking which was answered by 196 male and 195 female respondents. Its result shows that awareness of SMS banking is also dependent on gender. Now the next question is about Internet banking awareness which was answered by 189 male respondents and 198 female respondents and its result shows that awareness of internet banking is dependent on gender. Next question is about awareness of ATM card usage. Total 391 respondents answered that question from which the amount of male and female were 193 and 198 respectively. It results shows that awareness of ATM card usage is not dependent on gender. Now there is a question about Phone banking awareness so total 392 respondents answered that

question from which 193 were male and 199 were female and its result shows that phone banking awareness is not dependent on gender. Now the seventh question was asked by respondents about their satisfaction about e-banking services providing by their banks and total 390 answered that question and its result shows that satisfaction about e-banking services providing by banks is depends on gender. Now there is second last question which was answered by 191 male and 195 female respondents and its result shows that satisfaction about security of e-banking providing by banks is not depends on gender. Last question is about the using e-banking service in future and its results are highly dependent on gender.

Table 2

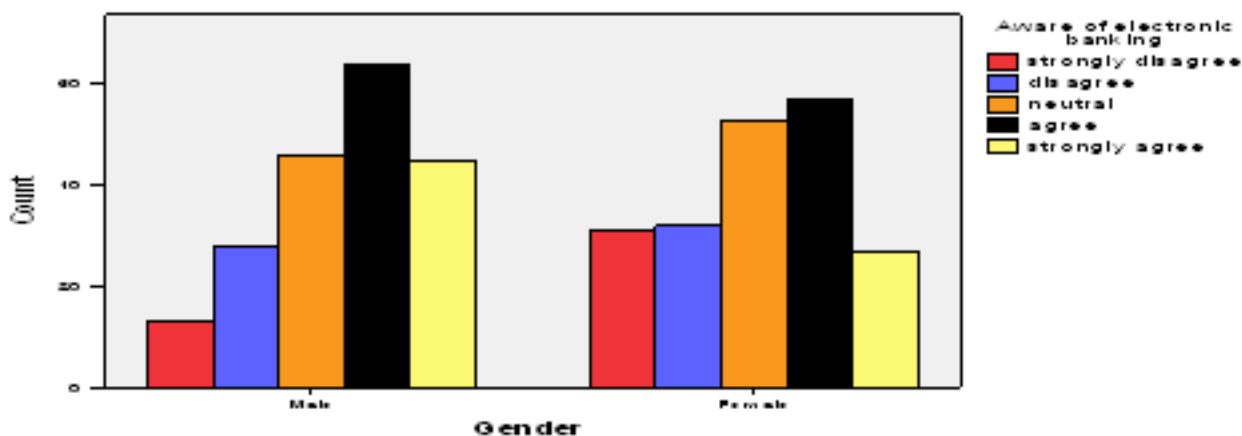
		Aware of electronic banking					Total
		strongly disagree	disagree	neutral	agree	strongly agree	
Gender	Male	13	28	46	64	45	196
	Female	31	32	53	57	27	200
Total		44	60	99	121	72	396

Now there is a table no.2 which shows the description of the question, "Aware of electronic banking". It shows the amount of respondents from strongly disagree to strongly agree. The highest figures

of people are agreed about awareness of e-banking. In male respondents 64 were agree which is 33% of total male respondents. Likewise, in female respondents 57 were agreeing about it which is 29% of total females.

Chart No. 1

Bar Chart



Now there is a simple bar chart of the table no. 2 which shows clearly that very less amount of people are strongly disagree or disagree, mostly are agree and strongly agree that they know well about e-banking. Now there is a table no. 3 which shows the association of education level with different research questions:



Table No. 3: Education association with research questions

No.	Question	Primary	High School	Secondary	Graduate	Post Graduate	Frequency	P-values
1	Aware of electronic banking	8	7	10	195	164	384	0.000
2	Use debit or credit cards for online transactions	8	6	8	191	163	376	0.008
3	Aware of ATM card usage	8	7	10	193	163	381	0.030
4	Aware of PHONE banking	8	7	10	194	161	380	0.155
5	Feel risk about hacking of passwords	8	7	10	192	161	378	0.555
6	Satisfied with the E-banking services provide by bank	8	7	9	191	163	378	0.269
7	More trust on the bank employees with communication than E-banking	8	7	10	191	163	379	0.680
8	Want to use e-banking facilities in future	8	7	9	192	163	379	0.969

In table no. 3 there is a demographic of education whose relationship with research questions is given in above table. First there is a question about awareness of electronic banking. Total respondents were 384 from which the education of 8 respondents were primary, 7 people had just completed high school, 10 respondents complete their secondary education, 195 were graduate and 164 were post graduate. Its result shows that awareness of electronic banking is highly dependent on education. Secondly there is a question about use of debit or credit cards for online transactions. Total respondents were 376 from which

respondents were from different education level which are given on above table. Next question is about awareness of ATM card usage, which is responded by 381 people and its result shows that it depends on education. Next question is about Phone banking awareness, which is answered by 380 people and it result shows that it is not dependent on education. Fifth question is about feeling of risk for hacking of passwords, 378 people responds that and its result tells that it is also not dependent on education and next there question are also not dependent on education.

Table No. 4

Education level	Feel risk about hacking of passwords					Total
	strongly disagree	disagree	neutral	agree	strongly agree	
Primary	0	1	1	2	4	8
High school	0	0	2	2	3	7
Secondary	0	2	5	1	2	10
Graduate	11	26	59	57	39	192
Post graduate	6	31	39	46	38	160
Total	17	60	106	108	86	377

In this table results shows that mostly people are graduate whose percentage is 51% percentage of total respondents in which highest percentage of people have neutral point of view about that. Following is the table no. 5 which shows the association of age with different research questions:

Table No. 5: Age association with research questions

No.	Question	Age						Frequency	P-values
		Below 19	20 - 29	30 - 39	40 - 49	50 - 59	Above 60		
1	Have full command on computer	91	241	30	16	10	3	391	0.034
2	Involved in banking transactions	91	239	30	14	14	3	391	0
3	Awareness of usefulness of electronic banking	91	238	30	16	14	3	392	0.004
4	Your Banks provides online technical assistance or 24 helpline	88	240	30	16	14	3	391	0.002
5	Use debit or credit cards for online transactions	90	237	30	16	14	3	390	0
6	Aware of INTERNET banking	91	238	29	14	14	3	389	0.443
7	Aware of PHONE banking	91	240	30	16	14	3	394	0.105
8	It provides easy way to monitor a account	91	242	30	16	14	3	396	0.019
9	Feel risk about hacking of passwords	91	239	30	16	13	3	392	0.089
10	Have easy access to ATM machine	88	240	30	16	13	3	390	0
11	Satisfied with the E-banking services provide by bank	90	240	30	16	13	3	392	0.347
12	Satisfied with the security of E-banking provide by bank	89	239	28	16	13	3	388	0.004
13	More trust on the bank employees with communication than E-banking	90	241	30	16	13	3	393	0.036

Above table shows the relationship of research questions with age. In first question it is asked about command on computer. This question was answered by total 391 respondents from which from which 91 respondents had age less than 19. The respondents from age group 20-29 were 241 which is highest amount, 30 respondents were from age group 30-39. Respondents who had age 40-49 were 16, 10 respondents' age was lied in 50-59 and only 3 respondents were above 60. Its result shows that having full command on computer is dependent on age. Next question is about involvement in banking transaction which was answered by total 391 respondents and the amount of responses by different age groups are shown in table. Its result shows that involvement in banking transaction is highly dependent on age. Third question is about awareness of usefulness of e-banking which is answered by total 392 respondents and its results shows that it depends on age. Next question is about providing of online technical assistance or 24 hr. helpline which responds by 391 respondents and its results tells that it is also dependent on age. Moreover, there is question about using of debit or credit cards for online transactions which responds by 390 people, which shows the result that it depends on age. Next questions are about awareness of internet banking and phone banking whose result shows they are not dependent on age. Further there is a question about its easy way of monitoring an account which responds by 396 people and its result shows that it depends on age.

Further there is a question about feeling of risk about hacking of passwords, 392 people respond it and result shows that it is independent to age. Now there is a question about easy access to ATM machine whose result shows that it is highly dependent on age. Satisfaction of e-banking services provided by banks is independent on age. However, Satisfaction of security providing for e-banking by banks is dependent on age. Last question is about trust on bank employees more than e-banking whose result shows that it is also dependent on age.

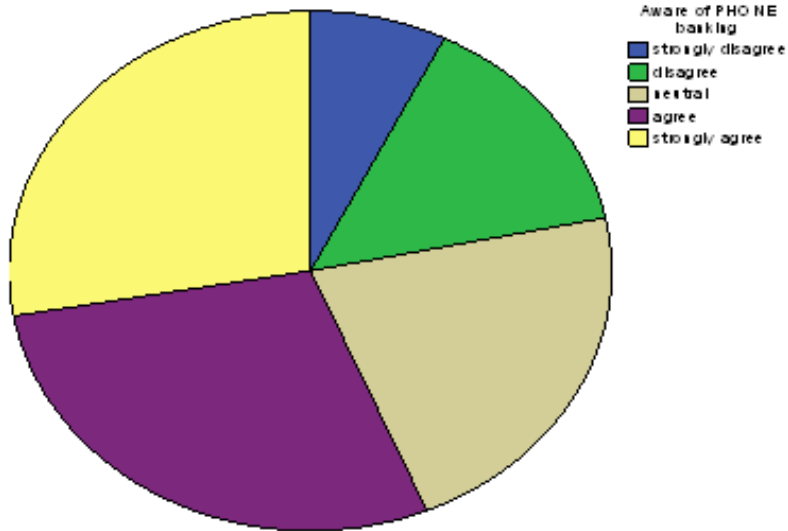
Table 6

Age	Aware of PHONE banking					Total
	strongly disagree	disagree	neutral	agree	strongly agree	
<19	3	14	26	28	20	91
20-29	21	37	45	72	65	240
30-39	2	2	4	10	12	30
40-49	0	3	5	2	6	16
50-59	2	1	5	1	5	14
60>	1	0	2	0	0	3
Total	29	57	87	113	108	394

The table above describes about awareness of Phone banking with respect to age. In this table greatest amount of respondents are agree that they are familiar with phone banking. From age group ranges from 20 to

29 has greatest figure of 72 about knowing of phone banking which is 30% of the age group who had age 20-29.

Chart No. 2



This pie chart is of above table which shows the data in different areas which ranges from tiny to greatest. The area of agree is 29% and strongly agree is 27% of the total data. Lastly, there is a table no. 7 which shows the association and relation of income level with research questions.

Table No. 7: Income association with research questions

No.	Question	Income						Total	P-values
		<10000	10001-20000	20001-30000	30001-40000	40001-50000	50000>		
1	Have full command on internet usage	141	57	36	39	33	31	337	0.007
2	Satisfied with the speed of internet connection	138	57	36	38	32	31	332	0.036
3	Aware of electronic banking	141	58	36	39	34	31	339	0
4	Aware of INTERNET banking	138	56	36	39	31	30	330	0.017
5	It saves time	141	58	36	39	34	28	336	0.026
6	Satisfied with the security of E-banking provide by bank	139	56	36	39	32	28	330	0.001
7	Use debit or credit cards for online transactions	138	56	36	39	34	28	331	0.462
8	Aware of SMS banking	140	57	36	39	33	30	335	0.22
9	It reduces cost	137	57	36	38	33	29	330	0.195

Above table shows the involvement of monthly income with research questions. First there is a question about command on internet usage, 337 respondents answers this question from which 141 respondents had income below 10000, 57 respondents had income between 10001-20000, 36 respondents have income between 20001-30000, 39 had between 30001-40000, 33 had income between 40001-50000 and lastly 31 respondents have income above 50000. Its result shows that command on internet usage is dependent on income. Next one is satisfaction with the speed of their internet connection, 332 people responds this and their income are given in above table respectively. Its result shows that it is also dependent on income. Third question is about awareness of e-banking, 339

responds that question and it results shows that awareness of e-banking is highly dependent on income. Next question is about awareness of internet banking, total 330 respondents answered it and it result shows that it is also dependent on income. Now there is a question that it saves time, total 336 respondents answered it and it result shows that it is dependent on income. Satisfaction with the security of e-banking services is also dependent on income.

However usage of debit or credit cards for online transaction is not dependent on income. Next one is awareness of SMS banking, 335 people responds this and it results shows that it is also not dependent. Next question is about it cost reduction benefit and it result also shows that it is not dependent on income.

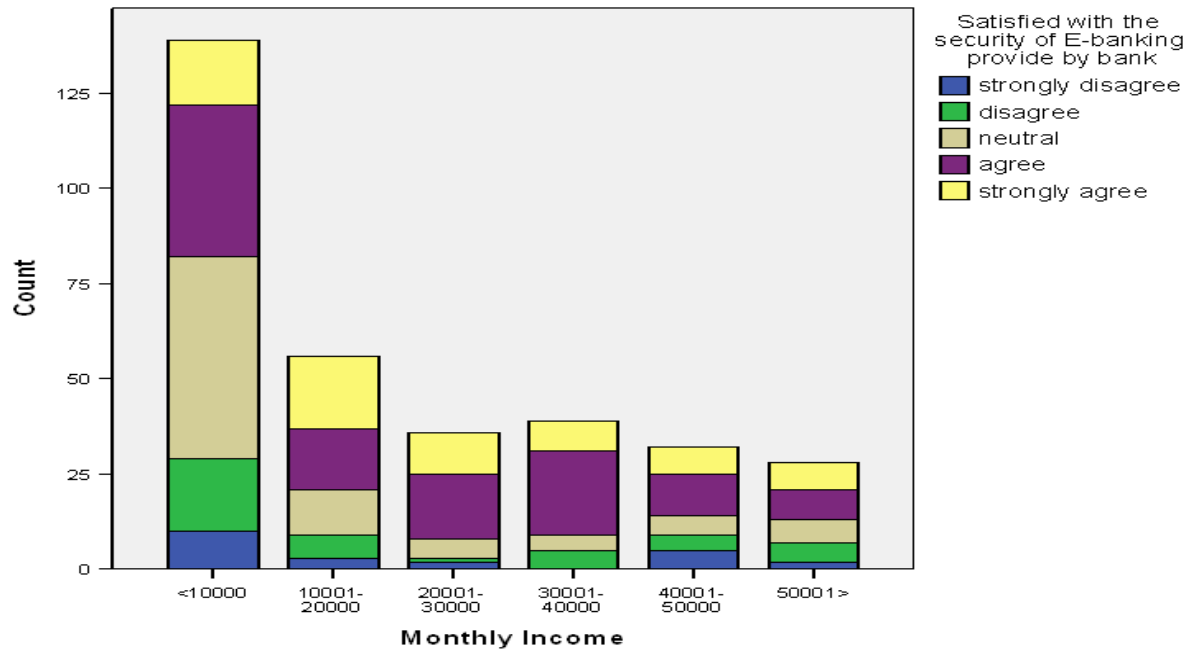
Table No. 8

Monthly Income	Satisfied with the security of E-banking provide by bank					Total
	strongly disagree	disagree	neutral	agree	strongly agree	
<10000	10	19	53	40	17	139
10001-20000	3	6	12	16	19	56
20001-30000	2	1	5	17	11	36
30001-40000	0	5	4	22	8	39
40001- 50000	5	4	5	11	7	32
50001 >	2	5	6	8	7	28
Total	22	40	85	114	69	330

Above table shows that, to how much extent people are satisfied or unsatisfied with the security of e-banking provided by their banks. The highest percentage of people are agree about it and overall results shows that people are satisfied with the security of e-banking provided by their banks.



Chart No. 3



This is a stacked bar chart of the above table which shows that mostly respondents have income less than Rs. 10, 000. The highest stack is from first bar shows that 38% respondents have neutral point of view.

V. CONCLUSION AND RECOMMENDATIONS

In conclusion it is stated that Electronic banking is very useful and today's need as it provides easy way to monitor your account. However, results of this research show that most of the people of Pakistan are well aware of electronic banking but they are not satisfied with the e-banking services providing by banks of Pakistan. They want improvement in security level and services of electronic banking. That's why they trust more on employees than e-banking.

It is recommended that in a country like Pakistan, there is need for providing better and customized services to the customers. Banks should introduce better technologies and methods that might contain little risk. There are some strategies should be applied by banks.

- Banks should ensure that electronic banking is safe and secure for financial transaction like as traditional banking.
- Banks should organize seminar and conference to educate the customer regarding uses of electronic banking as well as security and privacy of their accounts.
- Some customers are hindered by lack of computer skills. They need to be educated on basic skills required to conduct online banking.

- Banks must emphasize the convenience that online banking can provide to the people, such as avoiding long queue, in order to motivate them to use it.
- Banks must emphasize the cost saving that online can provide to the people, such as reduce transaction cost by use of online banking.

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