

A Literature Review on the influence of online services adoption in enhancing the experience of modern banking

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ABSTRACT--Online channel of banking has brought a drastic change in the field of modern banking. It is the outcome of latest technological advancements which is strongly creating an impact in the lives of people. This concept has made a phenomenal transformation in the pattern of delivery of banking services to the customers. This paper is presenting a review analysis to some of the eminent researches conducted earlier with the purpose of measuring the impact of adoption of online system of banking on the behavioural patterns of the users. This analysis also explains about the possible impact of the online channel of service distribution on the overall growth and development of modern banking.

Keywords-- online banking, service quality, transformation, banking services, service distribution

I. INTRODUCTION

Banking segment has nowadays transformed itself into a more advanced customer centric approach. Modern banks not only concentrate on traditional banking service of accepting deposits and extending advances but have progressively enhanced their scope of functioning to cater to the ever-changing needs of customers (Sivasankaran, 2017). This shift has been started since the adoption and acceptance of internet as an integral segment of our behavioural routine. In the wake of the internet uprising, electronic commerce occurred and permits businesses to interrelate more efficiently with their customers and other corporations (Vairavi & Krishnamurthy, 2017). This era is also known as an era of innovation in the field of technology which is highly responsible for creating a pathway to satisfy the requirements of the end user. Every industrial segment, in order to stay relevant in the present times, is needed to be adoptive to this new age technology.

The migration to Internet banking has greatly influenced the distribution policies of banks and the mode of interaction with the banking and service experience for consumers (Hamadi, C. 2010). This transformation has led to a new concept of banking which is highly cost effective, time efficient, and customer centric as compare to the traditional one. This form of adoption has been termed as modern banking in the industry. Financial technologies (Fintech), for instance, mobile payments, online financial services and asset management have disrupted traditional financial services that require visiting a bank's physical location (Buchak et al, 2017). Modern banking, a boon for tech-savvy users, is the need of the hour. Internet banking these days is one of the foremost reasons to make an influence in the minds of potential customers. Internet banking is a new distribution channel for the delivery of banking services (AlKailani, 2016). As a result major players of this industry have realised the importance of

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virtual banking concept and started accepting it after conducting an analysis on its feasibility for their specific units.

Most of the Banks have understood the fact that along with the traditional approach of banking the need to accept the online solutions is a must to do exercise to stay competitive in the market. Effective implementation of these solutions ultimately supports the market growth of the modern banking. With advancement of technology coupled with high technology, banking services now have become more user-friendly than ever (Sharma, 2017). Subsequently, it becomes a prerequisite for the market players to make the online services of the banking system readily accessible to the valuable stakeholders. Customers' hassle free access to the internet banking does not only encourage the banking unit but also augments the chances of strengthening the relationship bonds with the clients as it allows the user to enjoy a smooth access to the numerous services which are mentioned as follows-

- Accessibility to perform the financial transactions on its own.
- Easy access to the banking statements of their active accounts without bothering about sharing the details with their banker
- Tracking the details regarding the currently available banking schemes
- Luxury of working from home helps in scheduling the other tasks as per the user's suitability
- Fast paced reliable access to perform payments for different purposes
- Ability to monitor and trace the activities of their respective transactions
- Authority to make modifications in the specific segments of account profile as per the personal suitability
- Holding the authority to manage the other users
- Enhancing the self knowledge regarding the loan facilities available in the bank
- Access to latest updates regarding various products and services of the respective bank

These specific features are poised to create a radical shift in the position of the banking system. So, it comes as an obligation on the part of management to acknowledge the level of influence which is going to be created by the application of online banking.

Customers' approval is undoubtedly a prerogative for its successful implementation. It depends on various factors like comfort, access, technology, psychology, market reputation and reliability. Basically the value acknowledged on the part of customers is highly responsible for its acceptance as a habitual phenomenon.

Recent advancements have induced the perception level of customers to that stage where they are more willing to adopt this new age transition rather than sticking to the orthodox pattern of banking. This acceptance helps in improving the marketing outreach of the banking units along with the individual experiences of the customers. It provides a way to extend the service quality to even those customers who are located to remote areas. Ultimately it leads to the positive relationship development with the customers through enhancing their satisfaction level. It simply highlights the fact that the sufficient accessibility and active involvement to the online banking from the user's part will eventually support in the enhancement of modern dimensions of banking.

II. IMPACT OF ONLINE BANKING

Online presence of banks has helped them in developing a more customer centric image in the market. It offers ease of access, secure transactions and 24-hour banking options (Islam et al, 2019). Online accessibility to banking

services helps in increasing the level of comfortability to the customers. It happens to give an easy and smooth access to the users for performing transactions on their own from their accounts. It is no longer required for an account holder to give a visit to his specific branch for conducting the basic banking operations. Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing paper and labour intensive methods with automated processes thus leading to higher productivity and profitability (Malhotra, & Singh, 2009). This new form of banking provides more flexible approach and readiness to entertain the customers at their doorstep. As the modern banks are committed to give their customers a one of a kind experience with their banking it becomes imperative on their part to meet the increasing expectations of the stakeholders. In order to ensure the maintenance of high satisfaction level of their customers modern banks are devotionally involved in amplifying their online services. This article is specifically focussed on presenting a review regarding the influence of online services on the overall growth and development of modern banking approach. It gives a basic understanding of the factors which are responsible for creating an impact in the minds of customers.

III. OBJECTIVE OF THE STUDY

Technological growth in the field of banking industry has transformed its functioning to a great extent. Modern banking approach has become highly centric to internet based banking or online banking. This concept of online banking has not only influenced the lives of the customers but also supported the banking organisations in moving ahead rather than limiting themselves to the age old pattern of banking. This article is specifically focussed on presenting a review regarding the influence of online services on the growth and development of modern banking approach. The basic objective of the study is to assess the impact of the inclusion of online system on the overall attitude and behaviour of the customers so it gives a basic understanding of the factors which are responsible for creating an impact in the minds of the users. Eventually it offers some suggestive measures for the future scope of online services of banking.

IV. RESEARCH METHODOLOGY

Secondary data was used to conduct the study. The data has been collected from several journals, articles, websites and reports of different banks. The significance of online concept of banking has been greatly enhanced since the last decade so the relevant data was collected particularly for the time period of 2009 to 2019.

V. LITERATURE REVIEW

(Abualsauod & Othman, 2019) Study has acknowledged the service quality gaps in their research which are responsible in creating an influence on the willingness of customers to use online banking. Identification of gaps in the areas of service reliability, technical knowledge, technology used, human interaction, and security assurance is required to enhance the level of quality experience of the customers. It also helps in realising the perception of customers regarding the acceptance of services which are offered to them via internet banking. It has been revealed that gaps in the segments of technology implemented and human interaction are extensively responsible for

influencing the approach and attitude of the users of online banking. **(Khanboubi et al., 2019)** exemplified the fact that the adoption of technological advancement and latest trends in the field of digitization surely enhances the efficiency of the age old infrastructure of the financial system. This approach surely brings in a more advanced model of banking which is more connected and digitally driven. This digitally inclined approach assists in the effective maintenance of specific operations like information system, risk management, and transactional models. **(Islam et al., 2019)** stated that banks need to come up with a positive approach regarding the acceptance of online banking as it would help them to grow effectively and efficiently. This transformation is highly needed to cope up with the challenges going on in the dynamic competitive market scenario. Security concerns on the part of customers should be dealt with proper attention and care in order to minimise the risks of fraud. Internet banking with its easy and smooth application can become an effective tool to ensure the high level of customer presence for banking.

(Sidhu, 2018) identified that accessibility to online banking plays a significant role in boosting the profitability and performance level of the banking unit. Internet banking brings a transformation in the system which ultimately leads to a more user friendly approach as it mitigates the impact of the challenges faced by the customers while involved with traditional pattern of banking. It has also been found out that the involvement of customers with the online channel of banking is highly contingent to the concerns related to security. So, it is imperative on the part of banks to come up with the appropriate solutions in order to ensure the loyalty of customers. **(Hammoud et al., 2018)** stated that reliability is the most influential dimension to create an impact on the satisfaction level of customers. This study gives a strong emphasis on the fact that online banking applied as a service delivery tool will get to provide a leading edge in the market. It is highly imperative to ensure the existence of reliability for the enhancement of online system of banking.

(Mateka et al., 2017) suggested that management needs to implement certain steps to guide their clients regarding the usability of online banking so that the sufficient availability of the customers can be ensured on the virtual platform of banking. Efficiency of online banking is dependent on its convenient usability. It has also been found that online concept of banking is responsible to create a major influence on increasing the fund mobilization. **(Khan et al., 2017)** identified that the technology based banking system can be successfully accepted only if it provides the required value to affect the behavioural patterns of the users. Study has helped us to arrive on a conclusion that the cultural factors are highly oriented to influence the customers' behaviour regarding the acceptance of internet banking. It is significantly recognised that in a developing economy some specific variables like monetary investment, efficient features of security, usability patterns of customers, expected level of performance are strongly responsible for driving various cultural segments in order to enhance the intentional approach of customers towards the online concept of banking.

(Ajayi & Enitilo, 2016) analysed the contribution of modern concept of electronic banking on the overall performance level of the unit. It has specifically assessed the data acquired from the management officials served at the supervisory levels of various banking organisations. This assessment is focussed on strongly promoting the positive aspects of the online channel of banking such as durability, ease of use, speedy service, and comfortability to the customers. It provides an insight about the efficiency of electronic banking as compared to the traditional concept of banking. **(Van Dinh, & Le, 2015)** analysed the impact of online banking on the overall performance of the bank. It has been identified that profitability of banks raised to an extent after the adoption of online channel

for providing banking services. Although the impact of profitability is not considered sufficient enough to accept the online form of banking as a full time alternative to the traditional structure yet it is still advisable to adopt it as a complementary function. **(Jalil et al., 2014)** considered the trust of the banking customers as the most influential factor to drive their perceptions about the concept of online banking. It becomes imperative for the banking organisations to come up with the measures to ensure the security of the transactions performed online in order to avoid any breach of trust of its customers. It signifies that the acceptance of internet based banking depends largely on the quality of safety features as it creates a direct impact on the thinking of the users.

(Methaila et al., 2014) identified the impact of internet based banking in reframing the relationship development strategies for the customers. It has propagated the fact that online concept of banking is majorly responsible for creating new dimensions of growth. The study has also highlighted the significance of technological upgradation in the concept of electronic banking in maintaining the profitability index of the organisation. The report has positively acknowledged the role of this modern age concept of banking in initiating a revolution in the industry. **(Okiro & Ndungu, 2013)** focussed their study to reveal the impact of online or mobile banking on the overall performance of various financial organisations. It has highlighted the fact that inclusion of online services of banking is highly responsible for increasing the efficiency and productivity of the system. It has also been identified that easy accessibility and high convenience level ensured the rate of acceptance of mobile banking high as compared to system based internet banking. **(Safeena et al., 2012)** identified the important factors which are responsible for the attractiveness of mobile banking among the users. It has been reflected in the study that the consumers' knowledge and their perception regarding the application of the system are undoubtedly the most positive influencing elements for the adoption of online banking. If the online service distribution channel of banking is perceived to be effective and easy to operate by the users then only its acceptance will be taken seriously. **(Singh & Tigga, 2012)** presented the impact developed on the banking services through the introduction of technological innovations. It has significantly highlighted the role of information technology in the upgradation of modern banking. This report speaks in favour of accepting this new phase of banking as it provides multiple benefits to the end consumers. It has also identified some of the issues that are required to be properly addressed in order to efficiently utilise the benefits offered by internet based system of banking.

(Akuffo-Twum, E. 2011) revealed that adoption of online channel of banking helps in quick and easy distribution to various services which eventually leads to increase in the satisfaction level of customers. It has also been acknowledged that though the issues regarding security in online transactions, privacy, cost of implementation and availability of internet pose a great challenge yet the banking organisations are highly optimistic for accepting the concept of online banking as it offers a huge potential to grow in the competitive market. **(Geetha, & Malarvizhi, 2011)** have primarily recognised the determinants which can influence the consumers' behavioural approach to adopt the concept of internet based banking. The study has also determined the importance of factors such as privacy in online dealings, sufficient guidance from the banking officials, assurance of security in the transactions and the level of awareness amongst the customers in increasing the level of acceptance of online banking. **(Hamadi, 2010)** stated that the satisfaction level of customers acts as a bridge to cover up the gap between the perception regarding the quality of online services and the commitment of customers towards the acceptance of online banking. It is highly imperative to identify the factors responsible to enhance the customers' satisfaction as it would lead to influence the involvement of customers in online channel of banking.

(Malhotra & Singh, 2010) Study has revealed that banks which are promoting the adoption of offering online services are inclined to achieve higher efficiency, better control of operations, and cost reduction. This acceptance of automated process eventually leads to higher productivity and profitability. The study also states that private large sized banks are more efficiently involved in terms of providing assistance through online channel as compared to their counterparts. Quality of services offered online plays a major role in creating a powerful influence in the minds of customers. **(Ahmad et al., 2010)** Research gave an idea about the factors specifically responsible for influencing the customers to accept the online banking system. It highlights the importance of perceived ease of use and usefulness as the main elements for inducing the adoption of online banking among the customers. Availability of information regarding the online banking via numerous channels also plays a key role in creating a positive influence. **(Khare, 2010)** Research came up with the fact that inclusion of technology is highly responsible for rapidly upgrading the patterns through which effective delivery of the services can be performed along with the suitable modifications required by the customers. This study highlights the potential of accessibility of online services on the growth of modern banking approach. It exemplifies the fact that customers can get ensured to have a smooth access to a majority of services with the application of online banking which subsequently results in developing better relationship with the bank. This concept of online banking is having a huge scope as it is no longer confined to some specific geographies rather offering its benefits beyond any limitations.

(Malhotra & Singh, 2009) Research has explained an important association of internet banking with the risk profile of the banks. It has been identified that the acceptance of online banking reflects a negative influence on the risk profile. Infact, banks that prefer online concept of banking are highly efficient in comparison to their counterparts. Although some new private banks find it a bit hard to include online banking in their operations as it demands a higher cost to manage it.

VI. CONCLUSION

This paper has performed the analysis of some of the eminent studies performed in the field of online banking specifically within the time frame of 2009-2019. This review report highlights the impact of acceptance of online channel of banking on the overall functioning of banking organisation. It has been found out that various dimensions of internet banking are responsible for satisfying the requirements of the customers. It makes it a bit easy for the banking customers to get access to perform transactions on their own from the accounts. Account holder does not required to often visits his specific branch for conducting the basic banking functions. This new kind of banking provides more flexibility and entertains the customers at their doorstep. This approach of including an online distribution pattern of service delivery has made the modern banks highly committed to give their customers a one of a kind experience with their banking. However, in order to meet the expectations of the customers it becomes a prerequisite on the part of banking organisations to ensure the implementation of sufficient measures to cope up with the issues regarding the safety and security of the transactions performed.

The safety features adopted, for smooth functioning of online banking, influences the perception level of the users to a large scale. The efficiency of online channel of banking is greatly determined by the customers' level of satisfaction. So, it is imperative to identify and performs an assessment of the dimensions of internet banking which

are responsible for creating an impact in the minds of the customers. This approach calls upon to analyze the contribution of factors such as ease of use, availability of relevant information, service quality, system design, cost structure, frequency of response, safety of transactions and privacy of account details.

It has been identified that acceptance of internet banking as an integral segment will surely enhances the operational efficiency of the organisation. The report has highlighted the fact that online platform of banking acts as a significant attribute to raise the profitability level of the banks as it offers an assistance in making a drastic transition to the functioning of various operations which subsequently leads to a fast paced, cost effective and customer oriented approach of banking.

VII. MANAGERIAL IMPLICATIONS

This review report provides an overview to the managers regarding the importance of online banking. It presents some specific guidelines that needs to be sincerely followed in order to efficiently execute the concept of online channel of service distribution. It has been revealed through the review analysis that the inclusion of online concept of banking subsequently upgrades the performance level of the unit. It happens due to high level of customers' satisfaction which occurs as a result of the suitable application of various segments of online channel of banking.

This study actually presents some basic insights to the concerned managers about the potential opportunities available after the acceptance of internet banking as an indispensable segment for providing customer services. This guides the managers to a new unique way of analysing the information which helps them in the implementation of the appropriate strategies to ensure the growth and productivity of the banking organisation.

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