

# Issues & Challenges Which Customers Face with Reference to E-Payment Services in Private Banking Companies in Muzaffar-Nagar (Uttar Pradesh)

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**Abstract-** India is one of the fastest growing countries in the plastic money segment, there are 130 million cards in circulation, which is likely to increase at a very fast pace due to rampant consumerism. India's card market has been recording a growth rate of 30% in the last 5 years. Card payments form an integral part of e-payments in India because customers make many payments on their card-paying their bills, transferring funds and shopping. Ever since Debit cards entered India in 1998, they have been growing in number and today they consist of nearly 3/4th of the total number of cards in circulation. Credit cards have shown a relatively slower growth even though they entered the market one decade before debit cards. Only in the last 5 years has there been an impressive growth in the number of credit cards - by 74.3% between 2004 and 2008. It is expected to grow at a rate of about 60%, considering levels of employment and disposable income. Majority of credit card purchases come from expenses on jewelry, dining and shopping. Another recent innovation in the field of plastic money is co-branded debit cards, which combine many services into one card - where banks and other retail stores, airlines, telecom companies enter into business partnerships. This increases the utility of these cards and hence they are used not only in ATM's but also at Point of Sale (POS) terminals and while making payments on the net.

**Index Terms-** Indian economy, money, e-payment, private banks, internet banking, Muzaffar-Nagar (Uttar Pradesh)

## I. INTRODUCTION

Online banking transaction in India was first started in 1980's. After that, most of the private commercial bank in India plays a vital role in Indian Banking system, through that the country moved towards an online banking system that is compatible with international standards. In India, online E-payment provides various services like internet banking, mobile banking, online banking, ATM services, debit card, and credit card services, tele-banking, etc.

India stands in one of the top 5 economies in the world, where in the banking sector has incredible potential to grow. The last decade saw customers are addicted to use of ATM, internet and mobile banking because its saves time. The Indian banking sector in FY 2022-23 held total assets of ₹138.38 lakh crores in the public sector and ₹83.39 lakh crores in the private sector. The assets of banks in India amounted to about 2.9 trillion U.S. dollars in financial year 2023. The performance of the banking sector in 2023 was nothing short of remarkable. Profits soared, witnessing an aggregate increase of 38.4%, with public sector banks leading the charge by nearly tripling their net profits. Now banks are using the

latest technologies like mobile devices & internet to carry banking transactions & to communicate with the masses.

India's banking sector has the potential to become the 3rd largest banking industry in the world by 2025, according to a KPMG report. E-Payment Systems are more important to online business process innovations as companies search for ways to serve customers faster and at lesser price. If the claims and debts of the different customers i.e., individual person, firms, banks and non-banks are not composed (because of delay in payment or even bad debts), then the complete business process is disturbed. E-payment services are flourishing in banking, health care, retail, service industry, online markets and even government. Companies are encouraged by the need to transfer products and services more effectively with less cost & to provide a better quality of service to their customers. Under E-payment, money transfer is an e-transfer of information that equals to moving funds from one financial institution to another. E-payment systems are substitute for cash or credit payment methods by using several electronic technologies to pay for products and services in e-commerce. E-Payment system involves many security issues.

## II. REVIEW OF LITERATURE

The review of literature reveals the various researches have been conducted so far related to population statistics and acceptance of e-banking therefore thoroughly banking literature has been reviewed.

Sournata, Mattila and Munnukka (2005), Al Sabbagh and Molla (2004) - opine that, internet banking, online banking, e-banking and m-banking are relative less popular among the Indian customer as they are not aware of technology. Due the advent of technology and digital India revolution has made sweep among Indian banks and shift and ease in customer mind-set characterized Indian banking system.

Selvam and Nanjappa (2011) in their research, examined customers awareness and satisfaction about E-banking. It shows that customers are aware of E-banking compare to other groups.

The study also revealed that customer's whose income level above ₹ 10,000 per month is using E-banking transactions as compared to other less income groups. It was shown that it depend on the size of family. Education is the crucial factor for the acceptance of internet banking.

Ongkasuwan and Tantichattanon (2002) say that E-banking helps to banks save time, cost, increase customer services, allow bulk customization for E-business services, spread marketing & communication channels. It also stated that customer's ability to use the E-based banking services depend on various factors like level of internet experience, type of service provided, access & delivery time, attitude and perception.

Musiime (2011), Amin (2007) and Davis (1989) observed various factors in their research that affected the customer's choice in adoption of E-banking / new technology in banking services. These aspects incorporated perceived security, internet experience, trust, skills & time, exposure on marketing, reliability and demographic characteristics of the customer.

Laukkanen (2007) identified in their research that in spite of benefits and tailor made E-banking services offered by the banks, some customer still pay bills in through the bank branches because there are various factors that act as the walls on the customer's adoption of E-banking such as internet experience, education & age.

Vishal Goyal and Sonia Goyal, (2012), observed that perception among bank customer who are using e-banking technology and those who do not use e-banking. They found risk in transferring finances, emotional and security was more among the customer who do not use than those who use.

Customers who do not wish to use e-banking had been afraid that their money could be tricked during transfer of money. Some customers use internet banking because of convenience during shopping and found safety measure. Also to state that internet banking is not much popular in India and more customers not prefer to activate internet banking for their account.

According to Kaleem and Ahmed 2008, the main benefit of e-banking transaction is reducing the inconvenience, transaction time & cost taken in an operation, whereas, key concerns are chances of government entree & lack of information safety. Now banks started implementing more and more technological improvements and that impact on enhancement of its competence. Nowadays online banking is becoming more essential & integral part of banking services.

### Background of the Study

The origin of electronic payment is related to the beginning of the internet. The internet started in 1969 with ARPANET, the military information was intended to be the communication network in the Vietnam War. But the main turning point was in 1989 when Tim Berners-Lee presented the solution of making information easier to access on the internet by using the "sites" or "pages".

Online payment transaction was started to operate in the mid-half of the 90s. In 1994, Stanford Federal Credit Union was started – it was the first financial institution which offered e-banking services to all of its customers. The important players on the online-payment were Millicent (founded in 1995), Cyber Coin or electronic cash (in 1996). The most of the first online transactions were using for micro-payment and their common element was the attempt to adopt the electronic cash alternatives (such as, digital cash or tokens, e-money).

### Need for the Study

Banking customers have been significantly affected in a positive manner by electronic banking. Customer can access his account with internet; it can save time & money for the individual customers. Now all transactions or tasks have been fully automated resulting in better efficiency, better time usage and enhanced control. E-banking has been of greater help to the banking industry to reduce paper work, thereby helping them to move to paper less environment; less transaction cost & E-payment make corporate services economically feasible for the society.

### Importance of the Study

E-payment is the electronic alternative to cash. E-payment is monetary value that is stored electronically, and which is used for making payment transactions. With the development in telecommunication, E-payment systems are rapidly replacing the traditional method of payment that involved personal contact between borrowers and lenders. E-payment systems

involve online financial transactions that utilize some form of financial devices, such as e-cash, cheque & mobile banking etc.

Businesses depend on efficient and quick access to banks for cash flow reviews, auditing and daily financial transactions. Online banking offers ease of access, secured transactions and 24/7hour banking options from small start-up firm to more established entities.

**Scope of the Study**

The study is limited only to private banking sector in Muzaffar-Nagar (Uttar Pradesh) with reference to issues & challenges of e-payment system.

**Objectives of the Study**

- To study the issues and challenges in e-payment services in private banks
- To study the problems faced by customer during e-payments

**III. RESEARCH METHODOLOGY**

This study has been carried out on time value of money: Issues & challenges with reference to e-payment services in private banking.

**Sources of Data**

- For this study data collected mainly from the secondary sources.
- Through personal interview, primary data was collected from banks like ICICI, HDFC, YESB and AXIS.
- Secondary data have been collected from various sources including newspapers, websites, articles etc.

**Methods of Data Collection**

**Survey Method**

**Research Design**

The study is based mainly on primary data and supported by the secondary data. The primary data is collected from the customers with the help of questionnaire to evaluate the customers prospective. For this purpose, a structured questionnaire is prepared and used by the researcher regarding five parameters of the customers prospective.

Information regarding the respondents is classified into two major groupings:

Section-1 belongs to challenges in e-payment services in private banks provided by the respondent’s bank.

Section-2 is about customers prospective of problems faced by customer during e-payments different criteria.

The customer’s perspective section in addition to this five point scale has been used as and when it was required in the study.

**Sample Size**

The study is exploratory in nature and it is based on the selected sample of the banks mainly from private sector banks. The banks include the scheduled commercial banks.

**Limitations of the Study**

- The study is limited to area of Muzaffar-Nagar (Uttar Pradesh) only
- Only customer perspective is studied by the researcher
- Factors which affect the smooth and secure e-banking services are not covered
- Limitations of primary data and sampling will remain with study

**Analysis**

**Table 1:** Mean averages -  $\sigma$  calculated S D & calculated Statistics of challenges in e-payment services towards creating customer satisfaction.

**Null Hypothesis**

There is no significant (statistically) difference in preferences between set of respondents in Banking companies with respect to challenges in e-payment services towards creating customer satisfaction.

**Alternate Hypothesis**

There is a significant (statistically) difference in preferences between set of respondents in Banking companies with respect to challenges in e-payment services towards creating customer satisfaction.

$H_0 = \square ICICI = \square HDFC = \square YESB = \square AXIS$

$H_1 \neq$  At least one of them differ (service providers differ significantly).

Alpha = 0.05 variation Significance level.

**Table 1: Challenges in E- Payment Services**

No.	Descriptive Statistics			Test Statistics	
	Factor	Mean	SD	Asymp. Sig.	Decision
epa1	challenges in e-payment services	4.213	0.847	0.4171	No Sig.Diff
Df=5	a. Kruskal Wallis Test	b. Grouping Variable: Sectorial Belonging			

**Table 2:** Mean averages -  $\sigma$  calculated S D & calculated Statistics of challenges in problems faced by customer during e payments towards creating customer satisfaction.

**Null Hypothesis**

There is no significant (statistically) difference in preferences between set of respondents in Banking companies with respect to problems faced by customer during e-payments.

**Alternate Hypothesis**

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Ho = □ ICICI = □ HDFC = □ YESB = □ AXIS

H1 ≠ At least one of them differ (service providers differ significantly).

Alpha = 0.05 variation Significance level.

Table 2: Problems Faced By Customer during E Payments

No.	Descriptive Statistics			Test Statistics	
	Factor	Mean	SD	Asym p. Sig.	Decision
epa2	Problems faced by customer during e-payments	4.721	0.821	0.4571	No Sig.Diff
Df=5	a. Kruskal Wallis Test	b. Grouping Variable: Sectorial Belonging			

**IV. SUMMARY OF FINDINGS CONCLUSION**

Researcher has studied customers’ acceptance of electronic banking services in Muzaffar-Nagar (U.P.).

The researcher has identified ten factors such as convenience of usage, accessibility, availability of features, bank management and image, security, privacy, design, content, speed, and fees & charges.

The results showed that out of these ten factors, factors such as accessibility, convenience of usage, design and content are the major sources of satisfaction while privacy and security are the main sources of dissatisfaction.

Whereas, factors such as speed, service charges and bank management are dangerous to the success of the E-payment services.

Hence, the researcher is able to identify the satisfaction level of different customers in different scenarios with regards to E-payment services.

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