

# An Empirical Study on Risks and Benefits of E-banking in Context of Employee Satisfaction in Rajshahi Division, Bangladesh

Mia Muhammad Mustafiz Munir \*

Department of Economics, Jahangirnagar University, Savar, Dhaka, Bangladesh

\*For Correspondence: Department of Economics, Jahangirnagar University, Savar, Dhaka, Bangladesh, Tel: +8801716088102; E-mail: liplisa7@gmail.com

Received Date: Aug 22, 2017; Accepted Date: Oct 03, 2017; Published Date: Oct 11, 2017

Copyright: © 2017 Mia MMM. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

## Research Article

### ABSTRACT

This paper sought to analyse the risks and benefits of E-banking for two selected commercial banks in Rajshahi Division, Bangladesh. One of them is Private Commercial Bank and another one is Government Commercial Bank. Cross sectional survey was used to experiment the objectives and hypothesis of the study. Convenience, speed, ease of use and inexpensive techniques are the benefits, which has overcome the risks of E-banking. The risks like unlawful data access, data loss and fraudulent activities make mysteries in the attentions of bankers' either to trust upon E-banking or not, resultantly threatening employee satisfaction. Total 250 questionnaires were circulated, out of which 200 were considerable for the study. Respondents are employee from aforesaid banks across Rajshahi Division of Bangladesh. Multiple regression analysis is applied through SPSS version 22 to determine the significant level of the variables for the employee satisfaction. This paper exemplify that Bank management should ensure the security of E-banking transaction for not only customer but also their bank staff.

**Keywords:** E-banking, Employee satisfaction, Risks, Benefits

### INTRODUCTION

Contemporary Technology has changed the conventional methods of banking operations; the term E-banking developed and became a competitive tool for banking industry not only in Bangladesh but also around the world. E-banking is an expansion over conventional banking system because it has reduced the cost of transaction processing and thereby improving the payment efficiency and also improving the banker-customer relationship. It plays a vital role in providing satisfaction for the customers as well as employee of the bank.

### LITERATURE REVIEW

#### E-Banking (Electronic Banking)

Banks are using E-channels to do banking operations with both domestic and international customers. Presently, banks are using E-channels to receive instructions and deliver their products and services to their customers. Although the ranges of services provided by banks over the E-channel vary widely in content, this form of banking is generally referred to as E-banking [1]. The definition of E-banking varies among researchers, because E-banking refers to several types of services through which bank customers can request information and carry out most retail banking services via computer, television or mobile phone [2]. The definition of E-banking used in this study is adopted from the Basel Committee report which defines it the provision of retail and small value banking products and services through E-channels as well as a large value electronic payment and other wholesale banking services which are delivered electronically. Such products and services can include deposit taking, lending, account management, the provision of financial device, electronic bill payment, and the provision for other products and services such as electronic money [3].

## Risks

E-banking progresses a bank's performance and competitiveness so that existing customers can be benefited from greater degree of handiness in effecting transactions. However, the banks are facing with different levels of risks and expectations arising from E-banking as compared to traditional banking services. Numerous risks are involved with E-banking. It has sole distinctiveness that may expand an institution's overall hazard profile and the level of risk associated with usual financial services, strategic, operational, reputation and legal risks. Due to the starter of E-banking technology, operational risks are on the rise and should be maintained in a proper way. The bank needs to manage these risks in the areas of security, data confidentiality, data system integrity, system availability and outsourcing. These risks are closely linked to reputation risks and legal risks for banks as if the security breaches than it will have damaging effects on the reputation of bank which could have the legal magnitudes also. Reputational risk is the risk related to negative opinion of the customers that result in critical loss of funding of the customers. Reputational risk may arise due to action taken by the bank itself or in response to action of the third parties. This risk mainly arises when the system is not able to perform as expected. Legal risks also arise in E-banking. Banks engaging in E-banking and E-money activities can face legal risks with respect to customer disclosures and privacy protection. Failure to provide adequate privacy protection may also subject a bank to regulatory sanctions in some countries. Banks choosing to enhance customer service by linking their internet sites to other sites can also face legal risks. Financial Risk is the constant and terrible fear of transactions errors causing a potential monetary loss suffered by customers who perform online transactions. So, it is clear that E-banking is actually lacking the assurance provided in traditional banking [4] and this is due to the fact that online banking is considered as an innovation which is incompatible with consumers' habits [5]. Performance Risk is the risk caused due to malfunctioning of E-banking websites. Customers are often afraid that a disconnection from the internet will occur while performing electronic transactions that can lead to "huge" unexpected losses [5]. This idea was confirmed by Sathye who argued that internet access is a crucial variable on which the adoption of online banking depends and by Almogbil [6] who succeeded to show that a significant relationship exists between the speed of internet access and the acceptance of E-banking. Privacy Risk refers to the potential loss due to fraud or a hacker compromising the security of an online bank user [4]. This risk is accentuated since the emergence of phishers whose hobby consists of attempting to collect personal information, such as usernames, passwords and credit card details. They not only lead to users' monetary loss, but also violate users' privacy [7]. Time Risk is the time loss; the delay in receiving the payment or the difficulty of navigation [4]. This can be due to a disorganized website, to slow-downloadable pages and long time needed to be a PC-literate. The use of electronic delivery channels for banking activities also has implications for other traditional banking risks such as strategic and business risk, credit risk, liquidity risk, market risk and foreign exchange risk.

## Employee Satisfaction

Filotto et al. [8] illustrated that the adoption rates of ATM were higher among young users. In addition, Barnett [9] findings prove that younger consumers are more comfortable in using E-banking. Katz and Aspden [10] findings explained that males were more likely to adopt E-banking than females. Mookerji [11] explored that internet banking is fast becoming popular in India. Nevertheless, it is still in its evolutionary stage. They expect that a large sophisticated and highly competitive E-banking market will develop in future. Joseph et al. [12] examined the influence of internet on the delivery of banking services. They found six primary dimensions of E-banking service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization. Mols [13] acknowledged that the E-banking is an innovative distribution channel that offers less waiting time and a higher spatial convenience than traditional branch banking with significantly lower cost structure than traditional delivery channels. E-banking reduces not only operational cost to the bank but also leads to higher levels of employee satisfaction and retention. As a result E-banking is very attractive to bankers and consumers, who now have higher acceptance to new technology [14]. It is observed that the E-banking enables banks to offer low cost and high value added financial services [13-16]. US web-corporation argues that finally banks are finding that a comprehensive E-banking strategy is indispensable for success in the increasingly competitive financial services market. Hasan [17] found that online home banking has come out as a significant strategy for banks to attract and retain customers. About 75% of the Italian banks have adopted some form of E-banking during the period 1993-2000. Mishra [18] in his paper explained the advantages and the security concerns about E-banking. According to him, improved customer access, offering of more services, increased customer loyalty, attracting new customers are the primary drivers of internet banking. But in a survey conducted by the online banking association, member institutions rated security as the most important concern of online banking. Based on research findings, Moga [19] identified factors that should be included in the main model to predict the adoption of Information Technology, in particular E-banking.

## Benefits

The main benefit from the bank customers' point of view is weighty saving of time by the automation of banking services processing and introduction of an easy maintenance tools for managing customer's money. The main advantages of E-banking for corporate customers are reduction of costs in using the E-banking services, increasing

comfort and timesaving, transactions can be made at any time anywhere without requiring the physical interaction with the bank, quick and continuous access to information, they can check on multiple accounts at the click of a button, E-banking facilities speed up cash cycle and increase competence of business processes as huge variety of fund and cash management instruments are available on internet sites of banks, private customers seek slightly different kinds of benefit from E-banking. Aladwani [20] has found that providing faster, easier and more reliable services to customers were amongst the top drivers of E-banking development. However, these can be highlighted that these are most effective benefits from E-banking services: the cost of availing and using the various banking products and services is reduced. All the banking transactions can be performed from the comfort of the home or office or from the place a customer wants to. The response of the medium is very fast; therefore customers can actually wait till the last minute before concluding a fund transfer. Customers can download their history of different accounts and do a “what-if” analysis on their own PC before affecting any transaction on the web. Accordingly, from bank’s side, E-banking makes finance economically possible: Lower operational costs of banks, Potentially lower margins and Lower transaction cost. Society has been benefited from the development of e-finance and gradually has stepped out of the informal sector. In particular, mainly e-finance offers the following attractive benefits for society: Ease of use, Lower costs of financing, Convenience, Time savings and Operational efficiency. To build a new customer base, the banks have to set up their prices very competitively. Investment in technology involves significant start-up costs. Adequate opinion of experts is needed. Supervisors must ensure that management of banks are aware of these risks involved in E-banking and carefully access their strategic options so that the added uncertainties may be compensated by additional returns [21].

## **OBJECTIVES**

The main objective of this study is to find the relationship between Risks and Benefits of E-banking in context of employee satisfaction of a particular territory of Bangladesh.

## **RESEARCH METHODOLOGY**

This is an explanatory research by nature. A field survey is done through randomly selected bank employees in Rajshahi Division, Bangladesh. A pioneer commercial bank and government bank is selected for the study.

### **Sampling and Data Collection**

Research is mainly based on primary data source which is analyzed by using quantitative research methods. Quantitative research involves hefty samples and structured questionnaire that is then numerically and statistically analyzed. Bankers of two different banks in Rajshahi Division who are providing any of the E-banking facilities have been considered as respondents. The respondents have been selected through non-probability sampling method i.e., convenience sampling. Total 250 questionnaires were circulated, out of which 200 were considerable for the study. Respondents are from different banks of Rajshahi Division in Bangladesh. The respondents responded to a questionnaire consisting of some demographic questions and questions on each dimension of service quality on five-point Likert Scale.

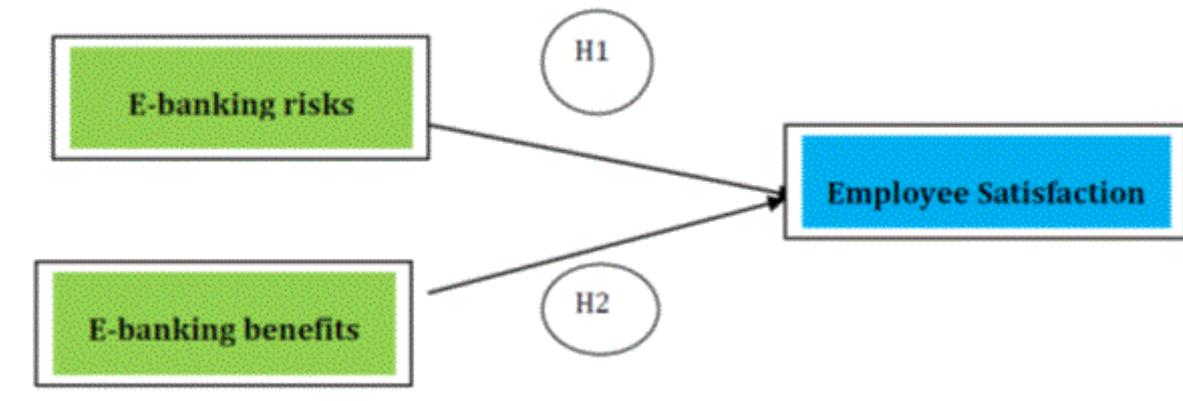
### **Hypothesis**

H1: Risks of E-banking have impact on Employee Satisfaction.

H2: Benefits of E-banking have impact on Employee Satisfaction.

### **Conceptual Framework**

To find out the outcome, a frame work has been developed where E-banking risks and benefits are independent variable and employee satisfaction is dependent variable. The framework is shown through **Figure 1**.



**Figure 1.** Conceptual framework.

**Analysis and Result**

A demographic profile is expressed (Table 1 and Figure 2) the respondents detail i.e., Gender, Age, Marital Status and Income. It is seen that most of the bakers are male (72%), most of them are married (62.5%), their income range is between 40 to 80 thousand taka and the age range of them is 31 to 40 years old which are as below.

**Table 1.** Demographic Statistics.

Demographic	Items	No. of Respondents (200)	Percentage
Gender	Male	144	72.0
	Female	56	28.0
Marital Status	Single	75	37.5
	Married	125	62.5
Age	20-30	77	38.5
	31-40	81	40.5
	41-50	32	16.0
	Above 50	10	5.0
Income	Below 20,000	55	27.5
	20,000-40,000	60	30.0
	40,000-80,000	43	21.5
	Above 80,000	38	19.0
	Nil	4	2.0

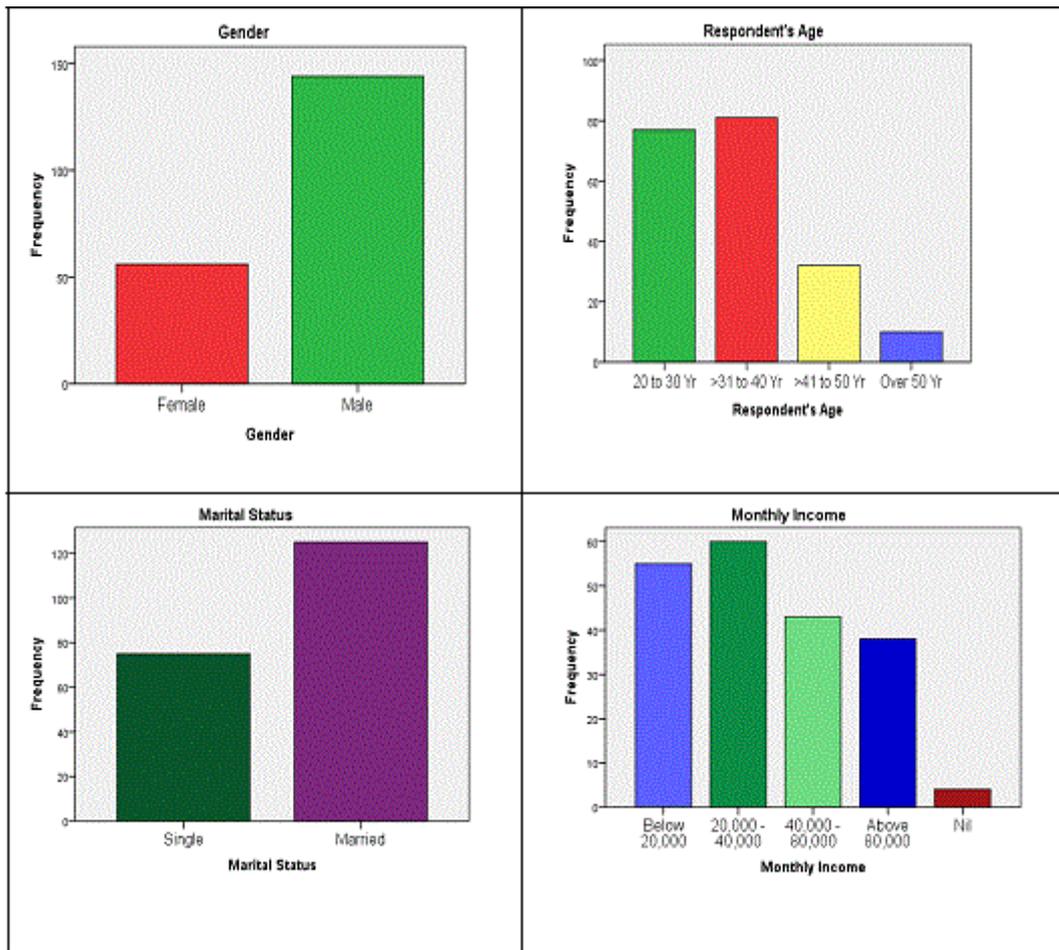


Figure 2. Demographic Profile of bank employee.

## RESULTS AND DISCUSSION

In model summary **Table 2** shows R Square value 0.45% variance predicted in dependent variable from the effect of dependent variable.

Table 2. Model Summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.672 <sup>a</sup>	0.451	0.446	0.54235	1.738

<sup>a</sup>Predictors: (Constant), Risks, Benefits

ANOVA (Analysis of Variance) shows the significance of model have (F=81.033, **Table 3**); and Coefficients analysis shows the Standardized Coefficients Beta (0.290; risks) and (0.518; benefits) these results indicate that risks have less impacts on employee satisfaction (Dependent Variable) than benefits.

Table 3. ANOVA<sup>a</sup>.

Model		Sum of Squares	Mean Square	F	Sig.
1	Regression	47.671	23.836	81.033	0.000 <sup>b</sup>
	Residual	57.947	0.294	-	-
	Total	105.618	-	-	-

<sup>a</sup>Dependent Variable: Employee Satisfaction, <sup>b</sup>Predictors: (Constant), Risks, Benefits

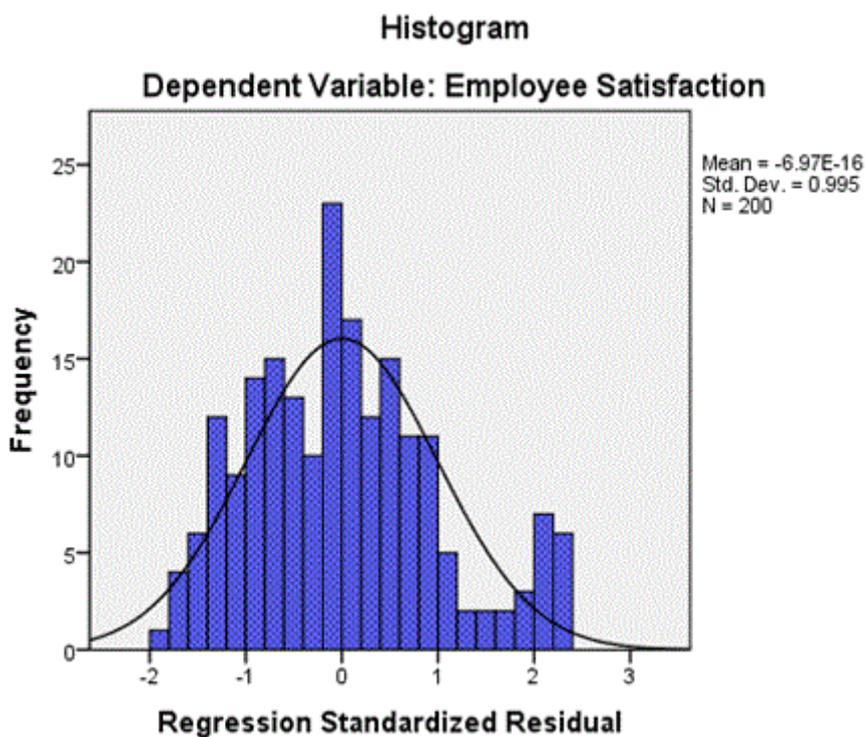
Standardized Beta Coefficient shows the contributions of independent variable and t-value shows the impact of independent variables on dependent variable. Standardized Beta of E-banking risks contribute (0.290) and t-value have (5.184) impact on employee satisfaction as Standardized Beta of E-banking benefits (0.518) and t-value as (9.252) have more contributions and impacts on employee satisfaction which is shown through **Table 4**.

**Table 4.** Coefficients<sup>a</sup>.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.758	0.182	-	9.646	0.000
	Benefits	0.964	0.105	0.518	9.252	0.000
	Risks	1.017	0.196	0.0290	5.184	0.000

<sup>a</sup>Dependent Variable: Employee Satisfaction

Coefficient analysis shows relationship between dependent and each independent variable. Here it is seen that both benefits and risks have significant correlation with employee satisfaction Standardized, unstandardized beta and t-value of E-banking benefits are higher than E-banking risks which are also shown through **Figure 3** in E-banking benefits and risks chart.



**Figure 3.** Regression.

## CONCLUSION AND RECOMMENDATION

This study has theoretically and empirically carried some opinions, that E-banking have benefits, which enhancements and developments the banking business and competitive edge of the banks, but E-banking risks are also paralleled in rank, which needs attention of the strategic policy makers and technology based system designers, to overcoming these risks and make the E-banking more safe, risks free and reliable. Banking industry considered as pure service industry and customer satisfaction is the main theme of a banks' strategic policy. E-banking attributes affect customers' satisfaction positively or negatively. However, simultaneously employee satisfaction is also vital issues for banking

growth and it has positive and negative impact. If they are not satisfied by providing their service through E-banking channel, it is difficult to ensure satisfaction for their customer. E-banking attributes, interfaces, programs, processing, data protection and data backups, should be designed in such a way that is fully protected by fire-walls, and wrong doers should not be allowed to hi-jack this data, and thus customer and banker would be fully protected by any data loss or unauthorized data access. Such suggestions would build the image of E-banking, more concrete in the minds of its customers and bankers and banking industry would grow up beyond the desirable results of all the stakeholders. A banker needs to upgrade themselves by obtaining customer care and ICT training. Management of the bank need to be more conscious about their employee if they are not satisfied about the E-banking services as well as system, they will not be able to serve their customer. Bangladesh bank needs to monitor all that banks are providing the training facilities or not.

## **LIMITATION**

Rajshahi is not that much well developed like Dhaka and Chittagong. Hence, people are not that much well trained and well known about E-banking service. The employees of the banks are not informed about ICT guideline. Furthermore, the infrastructural development is not that much high to serve their customer as they expect. However, they do not feel comfort due to slow internet connection or weak networking system within the Divisional area.

## **FUTURE WORK**

This is a very contemporary issue in context of Bangladesh. More study should start in different areas and different aspect i.e., E-banking product, E-banking challenges, Training for Banker and so on.

## **REFERENCES**

1. Azouzi D. The adoption of electronic banking in Tunisia: an exploratory study. *Journal of Internet Banking and Commerce*. 2009;14(3):1-11.
2. Daniel E. Provision of electronic banking in the UK and the Republic of Ireland. *International Journal of Bank Marketing*. 1999;17(2):72-83.
3. Basel Committee on Banking Supervision. Risk management principles for electronic banking, Switzerland: Bank of International Settlements. 2003.
4. Lee MC. Factors influencing the adoption of internet banking: An integration of TAM and TPB with perceived risk and perceived benefit. *Electron Commer Res Appl*. 2009;8(3):130-141.
5. Kuisma T, et al. Mapping the Reasons for Resistance to Internet Banking: A means-end approach. *Int J Inf Manage*. 2007;27:75-85.
6. Almogbil A. Security, Perceptions, and Practices: challenges facing Adoption of Online Banking in Saudi. Unpublished Ph.D. Thesis, George Washington University, Washington. 2005.
7. Entrust. PhishingAttack. 2008.
8. Filotto U, et al. Customer needs and front-office technology adoption. *International Journal of Bank Marketing*. 1997;15(1):13-21.
9. Barnett C. Virtual Communities and Financial Service: On-Line Business Potentials and Strategies Choice. *International Journal of Bank Marketing*. 1998;16(4):161-169.
10. Katz J and Aspden P. Motivations for and Barriers to Internet Usage: Results of a National Public Opinion Survey. *Internet Research*. 1997;7(3):170-188.
11. <http://expressindia.indianexpress.com/fe/daily/19980714/19555264.html>
12. Joseph M, et al. Service quality in the banking sector: the impact of technology on service delivery. *International Journal of Bank Marketing*. 1999;17(4):182-191.
13. Mols NP. The Internet and banks' strategic distribution channel decision. *International Journal of Bank marketing*. 1999;17(6):295-300.
14. Polatoglu VN and Ekin S. An empirical investigation of the Turkish consumers' acceptance of internet banking services. *International Journal of Bank Marketing*. 2001;19(4):156-165.
15. Sathye M. Adoption of Internet Banking by Australian Consumers: An Empirical Investigation. *International Journal of Bank Marketing*. 1999;17(7):324-334.

16. Wisner JD and Corney WJ. Comparing practices for capturing bank customer feedback: Internet versus traditional Banking. *Benchmarking: An International Journal*. 2001;8(3):240-250.
17. Hasan I. Do Internet Activities Add Value? The Italian Bank Experience. Working Paper, Federal Reserve Bank of Atlanta, New York University. 2002.
18. Mishra AK. Internet Banking in India Part-I. 2005.
19. Moga LM. The adoption of e-banking: an application of theories and models for technologies acceptance. UEFISCSU. University of Galati, Galati, Romania. 2009.
20. Aladwani AM. Online banking: A field study of drivers, development challenges and expectations. *Int J Inf Manage*. 2001;21:213-225.
21. Venkatesh V and Davis FD. A theoretical extension of the technology acceptance model: Four longitudinal Field Studies. *Management Science*. 2000;46(2):186-204.