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E- PAYMENT SERVICES IN PRIVATE BANKING CHANGING DYNAMICS: ISSUES AND CHALLENGES WITH REFERENCE TO AURANGABAD CITY**Dr. Jitendrasinh Jamadar¹, Pratiksha Chordiya²**¹Assistant Professor, TPO, MGM Institute of Management, Aurangabad, ²Student (MBA), MGM Institute of Management, Aurangabad.¹jitendrasinh.jamadar@mgiom.org, ²pratikshachordiya1997@gmail.com**Abstract:**

An electronic payment or e-payment in short, can be simply defined as paying for goods or services on the internet. It involves all financial transactions with the help of electronic devices like Smartphone, computers or tablets. E-payments system consists of the mode of financial transactions through debit card, credit card and bank transfers. E-payment systems have gained dissimilar level of acceptance throughout India; few ways of electronic payments are widely adopted whereas few others are having relatively low acceptance. The present research paper is based on primary data in which the researcher tried to find out the Issues & Challenges with reference to e-payment Services in private banks in Aurangabad. It also analyzes the major problem faced by customers at the time of e-payment.

Key Words : e-Cash, Electronic Payments, private banks.

INTRODUCTION:

Electronic payment system is the basis of on-line payments and on-line payment system development is a higher form of electronic payments. It makes electronic payments at any time through the internet directly to manage the e-business environment. Online banking transaction in India was first started in 1980's. India's banking sector has the potential to become the 5th largest banking industry in the world by 2020 and the 3rd largest by 2025, according to a KPMG report. E-payment moneys transfer is an e-transfer of information that equals to moving funds from one financial institution to another. E-payment system is a method of payments over an electronic network such as the internet. E-payment moneys transfer is an e-transfer of information that equals to moving funds from one financial institution to another. E-payment system involved many security issues.

LITERATURE REVIEW:

Unnithan (2001) described the impact of e-banking adaptation on Australian and Indian banking sectors with the help of qualitative and quantitative analysis the researcher found that Australia had a strong platform for e-banking growth

De Young, (2001) With the exception of cash withdrawals, internet banking gives customers access to almost any type of banking transaction at the click of a mouse.

Durkin and Howcroft (2003) Evaluated that the banker-customer relationship was improved through mobile, phone and internet banking. The authors found that new technology has made the banks very competitive and profitable and internet has played a key role in it. Perception of bankers and customers regarding the use of internet was examined.

Murphy (2004) Reviewed the progress of payment systems in United States concluded that Network providers are increasingly consolidating among themselves leading to concentration risk and opening up issues in the areas of pricing, quality of service and product innovation.

Flavián et al, (2004) Gan and Clemes, (2006) Indeed the use of the internet as a new alternative channel for the distribution of financial services has become a competitive necessity instead of just a way to achieve competitive advantage with the advent of globalization and fiercer competition.

Tiwari B. and Herstatt (2006) examined the installation of mobile banking and mobile financial services provided in Germany and other countries. Out of total 50 banks worldwide have been selected. From Indian banks, Bank of Punjab, HDFC, ICICI are dominating, providing mobile-financial services to their customers. The study concludes that mobile banking applications are gaining popularity amongst banks and suggests mobile banking to take the route of online banking.

OBJECTIVES OF STUDY:

- 1) To study the problem faced by customers at the time of e-payment.
- 2) To find out most affected factor of e-payment system on customers.
- 3) To find out cause and effect analysis of payment conflict and strategic risk on age for e-payment.

HYPOTHESIS:

H₀: The Issues and Challenges of e-payment for Customers is Independent to the Accuracy.

H₁: The Issues and Challenges of e-payment for Customers is not Independent to the Accuracy.

H₀: There is no combine influence of payment conflicts and Strategic Risk on Age for e-payment.

H₁: There is a combine influence of payment conflicts and Strategic Risk on Age for e-payment.

Test of Reliability (Cronbach's Alpha)

Case Processing Summary			
		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.996	.997	35

As the above statistics of reliability shows the Cronbach's Alpha 0.996, is greater than 0.7, which means that scale used to collect the data is reliable and data accuracy have been maintained during the collection of data from the respondents. This also indicates that the data is reliable for the further study as the calculated reliability value approx.99.6% which is good.

ANALYSIS OF OBJECTIVES:

Objective 1 To study the problem faced by customers at the time of e-payment.

Chi Square Test

H0: The Issues and Challenges of e-payment for Customers is Independent to the Accuracy.

H1: The Issues and Challenges of e-payment for Customers is not Independent to the Accuracy.

Table 1.1

Accuracy of Electronic Payment Bills						
Age	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Above 20 Years	0	0	1	0	0	1
21 to 30 Years	7	15	11	2	11	39
31 to 40Years	11	9	9	2	3	34
Above 40 Years	6	10	6	1	3	26
Total	24	34	27	5	10	100

- 1) **Formulas** - $\chi^2 = \sum \frac{(o-E)^2}{E}$
- 2) **Excepted Value**= Row total*Column Total/Total Number of Observation
- 3) **TABLE**

Observed	Expected	O-E	O-E ²	O-E ² /E
0	0.24	-0.24	0.0576	0.24
0	0.34	-0.34	0.1156	0.34
1	0.27	0.73	0.5329	1.973704
0	0.05	-0.05	0.0025	0.05
0	0.1	-0.1	0.01	0.1
7	9.36	-2.36	5.5696	0.595043
15	13.26	1.74	3.0276	0.228326
11	10.53	0.47	0.2209	0.020978
2	1.95	0.05	0.0025	0.001282
4	3.9	0.1	0.01	0.002564
11	8.16	2.84	8.0656	0.988431
9	11.56	-2.56	6.5536	0.56692
9	9.18	-0.18	0.0324	0.003529
2	1.7	0.3	0.09	0.052941
3	3.4	-0.4	0.16	0.047059
6	6.24	-0.24	0.0576	0.009231
10	8.84	1.16	1.3456	0.152217
6	7.02	-1.02	1.0404	0.148205
1	1.3	-0.3	0.09	0.069231
3	2.6	0.4	0.16	0.061538
Total	100		27.144	5.6512

- 1) Calculated Value =5.6512
- 2) Degree of Freedom=(c-1) *(r-1)
- 3) Degree of Freedom = (5-1) *(4-1)
Degree of Freedom = 12
- 4) Table Value 12 at 0.05 LoS =21
- 5) Class Value < Table Value
= 5.6512< 21

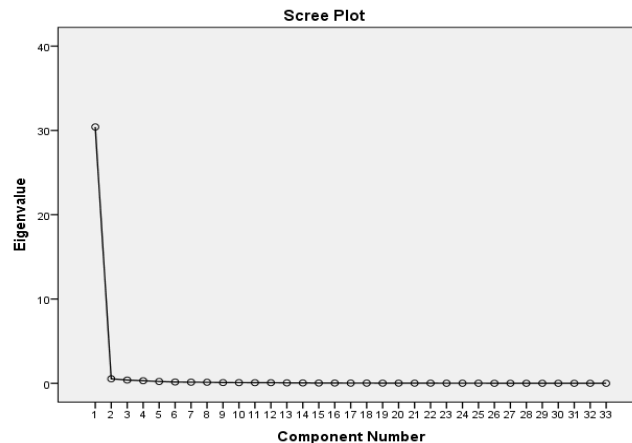
So Null hypothesis is accepted and so Research hypothesis rejected that there independence between that means is no significant Age and Accuracy.

Objective 2: To find out most affected factor of e-payment system on customers.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	30.410	92.152	92.152	30.410	92.152	92.152
2	.537	1.628	93.780			
3	.387	1.173	94.953			
4	.310	.940	95.893			
5	.218	.660	96.553			
6	.159	.483	97.036			
7	.138	.419	97.455			
8	.125	.379	97.835			
9	.087	.263	98.098			
10	.083	.251	98.348			
11	.076	.231	98.579			
12	.071	.215	98.793			
13	.054	.165	98.958			
14	.045	.136	99.094			
15	.037	.111	99.205			
16	.033	.099	99.304			
17	.029	.089	99.393			
18	.027	.082	99.475			
19	.023	.069	99.545			
20	.021	.065	99.609			
21	.019	.056	99.666			
22	.016	.050	99.715			
23	.015	.046	99.762			
24	.014	.042	99.804			
25	.013	.039	99.843			
26	.010	.029	99.872			
27	.009	.026	99.898			
28	.008	.024	99.922			
29	.007	.022	99.945			
30	.006	.019	99.964			
31	.005	.015	99.979			
32	.004	.012	99.991			
33	.003	.009	100.000			

Extraction Method: Principal Component Analysis.



The screen plot is a graph of the Eigen values against all the factors. The graph is useful for determining how many factors to retain. The point of interest is where the curve starts to flatten. It can be seen that the curve begins to flatten from factor 2. Note also that factor 2 has an Eigen value of less than 1, so only three factors have been retained.

Eigen value: The standardized variance associated with a particular factor. The sum of the eigen values can not exceed the number of items in the analysis, since each item contributes one to the sum of variances.

Component (Factor) matrix

The table below shows the loadings of the 33 variables on the twenty factors extracted. The higher the absolute value of the loading, the more the factor contributes to the variable. The gap on the table represents loading that are less than 0.5, this makes reading the table easier. Suppressed all loadings less than 0.5.

Component Matrix	
	Component
	1
The bank site freeze after the transaction	.977
Power Failure	.977
Privacy Confidentiality of bank	.977
The Communication of staff with customer	.975
Delay in cleaning services	.974
Process of transaction	.973
Request are not handily prompt	.972
Slow log facility	.972
Employees of bank has less knowledge to answer the question	.971
Hacked of personal information	.969
Problem solving not through instant information	.968
Bank does not insist on error free transitions	.968
Protection of banking information	.968
False identity	.968
Language and information Content	.966
Employees delay in helping you	.966
Payment Conflicts	.965
Not experienced management team	.965
Lack of appropriate Software	.963
Lack of representative for customer Services	.963
Bank does not perform the services right first time	.961
Not a user friendly System	.959
Electronic Payment Bills	.956
Slow confirmation	.955
Network/failure or Sever Down	.954
Delay in fund transfer	.952
Additional cost	.949
Not up to date content	.947
Performance of plastic card	.938

Online filling of information	.938
Instruction on web	.935
Customer put all information	.935
Strategic Risk	.898

Objective 3 To find out cause and effect analysis of payment conflict and strategic risk on age for e-payment.

Hypothesis

H0: There is no combine influence of payment conflicts and Strategic Risk on Age for e-payment.

H1: There is a combine influence of payment conflicts and Strategic Risk on Age for e-payment.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.875 ^a	.766	.759	.403

a. Predictors: (Constant), Strategic Risk, Additional cost, Payment Conflicts

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	SignSig.
1	Regression	51.150	3	17.050	104.924	.000 ^b
	Residual	15.600	96	.162		
	Total	66.750	99			

a. Dependent Variable: Age

b. Predictors: (Constant), StrategicRisk, Additional cost, PaymentConflicts

Multiple Linear regression analysis was used to establish the cause and effect relationship between Age and Payment. The model was seen to have a good fit as is evident from the F value of 104.924 which was significant at 0.000 level of significance. The Result of Model summary indicated that the combined effect of Age and Payment Conflicts was 99 % as shown by the value of adjusted R2 value which was found to be 0.99, indicating that Age and Payment Conflicts have a strong effect on Age.

Coefficients for multiple Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.127	.139		8.115	.000	.851	1.403
1 Payment Conflicts	.378	.110	.549	3.429	.001	.159	.597
Additional cost	.215	.131	.260	1.647	.103	-.044	.474
Strategic Risk	.070	.092	.084	.762	.448	-.112	.252

a. Dependent Variable: Age

$$Y=a+b_1X_1+b_2X_2+b_3X_3+b_4X_4$$

X1=Payment Conflicts (independent variable)

X2=Additional cost (independent variable)

X3= Strategic risk (independent variable)

X4= Age (dependent variable)

$$Y=-1.127+.378 X_1+.215X_2 +.070X_3$$

* = Error term

The result of regression from the coefficient table point out that Payment Conflicts has a positive and significant relationship with Age intention as is evident by the beta value of 0.549 which has been tested through t test having a value of 3.429 which is significant at .001 significance level. Similarly the Additional cost also has a positive and significant cause and effect relationship with Age intention as shown by the beta value of .260 tested through t test having a value of 1.647 which was also found to be significant at 0.000 level of significance. Similarly the Strategic Risk also has a positive and significant cause and effect relationship with Age intention as shown by the beta value of .080 tested through t test having a value of .762 which was also found to be significant at .448 level of significance. Therefore, the Null Hypothesis is rejected, indicating that there is a strong and positive cause and effect relationship of payment conflicts cost and Risk on Age for e-payment.

Major Findings:

- 1) According to the analysis it has been found that the age and accuracy are independent to each other so accuracy in the process of e-payment system will not affect by age.
- 2) There are several factors which can bearing a weightage for the problems of e-payment services they are Bank site freeze, Power failure, Privacy/Confidentiality of bank. Customers faces these problems due to internet problem and lack of security provided by the banks.
- 3) There is combine influence of payment conflicts and Strategic Risk on Age for e-payment, as the age will differ the payment conflicts will change accordingly because elder or old customer things about cost related to e-payment.

Suggestions:

- 1) Customers should attain the training program so that they will be familiar to the e-payment system.
- 2) Customers should focus on the process so that they will get right information and they will be facing less problem while using the system.

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