

# 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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*Index terms*— e-banking, SMS banking, ATM.

## 1 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.

## 2 II.

## 3 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

## 6 EMPIRICAL RESULTS

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43 and provide better services to its customers so that they can attract the new customers and old customers do  
44 not try to leave them.

45 The concept of electronic banking has been defined in many ways (e.g. Daniel, 1999). According to Karjaluoto  
46 (2002) electronic banking is a construct that consists of several distribution channels. Daniel (1999) defines  
47 electronic banking as the delivery of banks' information and services by banks to customers via different delivery  
48 platforms that can be used with different terminal devices such as a personal computer and a mobile phone  
49 with browser or desktop software, telephone or digital television. Electronic banking consists of any system  
50 that uses electronic signals to replace people or paper. There is already a significant amount of electronics  
51 in the traditional demand deposit system; virtually all checks are processed by computer, and banks often  
52 settle their obligations for the checks presented to them by an electronic funds transfer. Thornton and White  
53 (2001) compared several electronic distribution channels available for banks in US and concluded that customer  
54 orientation -towards convenience, service, technology, change, knowledge about computing and the Internet -  
55 affected the usage Howcroft et al., (2002) found that the most important factors encouraging consumers to use  
56 online banking are lower fees followed by reducing paper work and human error, which subsequently minimize  
57 disputes (Kiang et al., 2000). It's essential for the banks to have the official bank website providing the possibility  
58 to do transactions so that banks can be qualified as providing the online banking services (Pikkarainen et al.,  
59 2004). According to Giglio (2002) and ??obinson (2000) for delivering banking products the cheapest delivery  
60 channel can be done only through the Online Banking. According to Karjaluoto et al. (2002) with the help of  
61 online banking services, the branch networks of banks have reduced and also the staff for working in banks and  
62 customers are satisfied to use the online banking services as it will save a lot of time and effort to go to branch  
63 of bank and perform these transactions. So the main reason behind accepting the online banking a service is the  
64 time, cost saving and freedom from the place (Polatoglu and Ekin, 2001).

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

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

72 Although, electronic banking provides many opportunities for the banks, it is also the case that the current  
73 banking services provided through Internet are limited due to security concerns, complexity and technological  
74 problems (Sathye, 1999 ?? Mols, 1999) Hewer and Howcroft (1999) used the term trust to describe a measure  
75 of risk. Suganthi et al., (2001) viewed risk in the context of security concerns and risk in the context of trust in  
76 one's bank. Finally, a number of studies found trust and perceived risks have a significant positive influence on  
77 commitment (Bhattacharjee, 2002; ??ukherjee and Nath, 2003) and ultimately leads towards overall satisfaction  
78 (Rexha et al., 2003).

79 III.

## 4 METHODOLOGY

80 In this research data is conducted by using questionnaire as a data collection instrument, in which questions were  
81 asked starting from their command on computer and internet usage, following with the awareness of electronic  
82 banking and its types, about the benefits of e-banking and then some questions regarding their bank services and  
83 the security provide by these banks. The questionnaire includes close-ended questions and they were on likert  
84 scale of utilizing a five point categorical. Sample of 400 respondents was selected to complete the research using  
85 simple random sampling technique.  
86

## 5 IV.

## 6 EMPIRICAL RESULTS

87  
88 There is "table 1" which shows gender wise association with research questions: 1 shows the different questions  
89 and their association with gender. First question is about awareness of electronic banking. Total respondents  
90 who answered this question were 396 in which 196 were male respondents and 200 were female respondents. Its  
91 result shows that awareness of electronic banking is dependent on gender. Next question was answered by 385  
92 total respondents from which the amount of male and female were 190 and 195 respectively. Its results show  
93 that providing e-banking services by banks were Global Journal of Computer Science and Technology Volume  
94 XI Issue XVII Version I 14 highly dependent on gender. Third one is about awareness of SMS banking which  
95 was answered by 196 male and 195 female respondents. Its result shows that awareness of SMS banking is also  
96 dependent on gender. Now the next question is about Internet banking awareness which was answered by 189  
97 male respondents and 198 female respondents and its result shows that awareness of internet banking is dependent  
98 on gender. Next question is about awareness of ATM card usage. Total 391 respondents answered that question  
99 from which the amount of male and female were 193 and 198 respectively. It results shows that awareness of  
100 ATM card usage is not dependent on gender. Now there is a question about Phone banking awareness so total  
101 392 respondents answered that question from which 193 were male and 199 were female and its result shows that  
102

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103 phone banking awareness is not dependent on gender. Now the seventh question was asked by respondents about  
104 their satisfaction about e-banking services providing by their banks and total 390 answered that question and  
105 its result shows that satisfaction about e-banking services providing by banks is depends on gender. Now there  
106 is second last question which was answered by 191 male and 195 female respondents and its result shows that  
107 satisfaction about security of e-banking providing by banks is not depends on gender. Last question is about  
108 the using e-banking service in future and its results are highly dependent on gender. October Now there is a  
109 table no.2 which shows the description of the question, "Aware of electronic banking". It shows the amount of  
110 respondents from strongly disagree to strongly agree. The highest figures of people are agreed about awareness  
111 of e-banking. In male respondents 64 were agree which is 33% of total male respondents. Likewise, in female  
112 respondents 57 were agreeing about it which is 29% of total females. Now there is a simple bar chart of the table  
113 no. 2 which shows clearly that very less amount of people are strongly disagree or disagree, mostly are agree and  
114 strongly agree that they know well about e-banking. Now there is a table no. 3 which shows the association of  
115 education level with different research questions:

116 Chart No. 1 In table no. 3 there is a demographic of education whose relationship with research questions  
117 is given in above table. First there is a question about awareness of electronic banking. Total respondents  
118 were 384 from which the education of 8 respondents were primary, 7 people had just completed high school, 10  
119 respondents complete their secondary education, 195 were graduate and 164 were post graduate. Its result shows  
120 that awareness of electronic banking is highly dependent on education. Secondly there is a question about use  
121 of debit or credit cards for online transactions. Total respondents were 376 from which respondents were from  
122 different education level which are given on above table. Next question is about awareness of ATM card usage,  
123 which is responded by 381 people and its result shows that it depends on education. Next question is about Phone  
124 banking awareness, which is answered by 380 people and it result shows that it is not dependent on education.  
125 Fifth question is about feeling of risk for hacking of passwords, 378 people responds that and its result tells that  
126 it is also not dependent on education and next there question are also not dependent on education. Above table  
127 shows the relationship of research questions with age. In first question it is asked about command on computer.  
128 This question was answered by total 391 respondents from which from which 91 respondents had age less than 19.  
129 The respondents from age group 20-29 were 241 which is highest amount, 30 respondents were from age group  
130 30-39. Respondents who had age 40-49 were 16, 10 respondents' age was lied in 50-59 and only 3 respondents  
131 were above 60. Its result shows that having full command on computer is dependent on age. Next question  
132 is about involvement in banking transaction which was answered by total 391 respondents and the amount of  
133 responses by different age groups are shown in table. Its result shows that involvement in banking transaction is  
134 highly dependent on age. Third question is about awareness of usefulness of e-banking which is answered by total  
135 392 respondents and its results shows that it depends on age. Next question is about providing of online technical  
136 assistance or 24 hr. helpline which responds by 391 respondents and its results tells that it is also dependent  
137 on age. Moreover, there is question about using of debit or credit cards for online transactions which responds  
138 by 390 people, which shows the result that it depends on age. Next questions are about awareness of internet  
139 banking and phone banking whose result shows they are not dependent on age. Further there is a question about  
140 its easy way of monitoring an account which responds by 396 people and its result shows that it depends on age.

141 Further there is a question about feeling of risk about hacking of passwords, 392 people respond it and result  
142 shows that it is independent to age. Now there is a question about easy access to ATM machine whose result  
143 shows that it is highly dependent on age. Satisfaction of e-banking services provided by banks is independent on  
144 age. However, Satisfaction of security providing for e-banking by banks is dependent on age. Last question is  
145 about trust on bank employees more than e-banking whose result shows that it is also dependent on age. Above  
146 table shows the involvement of monthly income with research questions. First there is a question about command  
147 on internet usage, 337 respondents answers this question from which 141 respondents had income below 10000, 57  
148 respondents had income between 10001-20000, 36 respondents have income between 20001-30000, 39 had between  
149 30001-40000, 33 had income between 40001-50000 and lastly 31 respondents have income above 50000. Its result  
150 shows that command on internet usage is dependent on income. Next one is satisfaction with the speed of their  
151 internet connection, 332 people responds this and their income are given in above table respectively. Its result  
152 shows that it is also dependent on income. Third question is about awareness of e-banking, 339 responds that  
153 question and it results shows that awareness of e-banking is highly dependent on income. Next question is about  
154 awareness of internet banking, total 330 respondents answered it and it result shows that it is also dependent on  
155 income. Now there is a question that it saves time, total 336 respondents answered it and it result shows that it  
156 is dependent on income. Satisfaction with the security of e-banking services is also dependent on income.

157 However usage of debit or credit cards for online transaction is not dependent on income. Next one is awareness  
158 of SMS banking, 335 people responds this and it results shows that it is also not dependent. Next question is  
159 about it cost reduction benefit and it result also shows that it is not dependent on income. Above table shows  
160 that, to how much extent people are satisfied or unsatisfied with the security of ebanking provided by their banks.  
161 The highest percentage of people are agree about it and overall results shows that people are satisfied with the  
162 security of e-banking provided by their banks.

163 **7 October**

164 Chart No. 3 This is a stacked bar chart of the above table which shows that mostly respondents have income  
165 less than Rs. 10, 000. The highest stack is from first bar shows that respondents have neutral point of view.  
166 V.

167 **8 CONCLUSION AND**

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

171 **9 REFERENCES RÉFÉRENCES REFERENCIAS**



Figure 1:

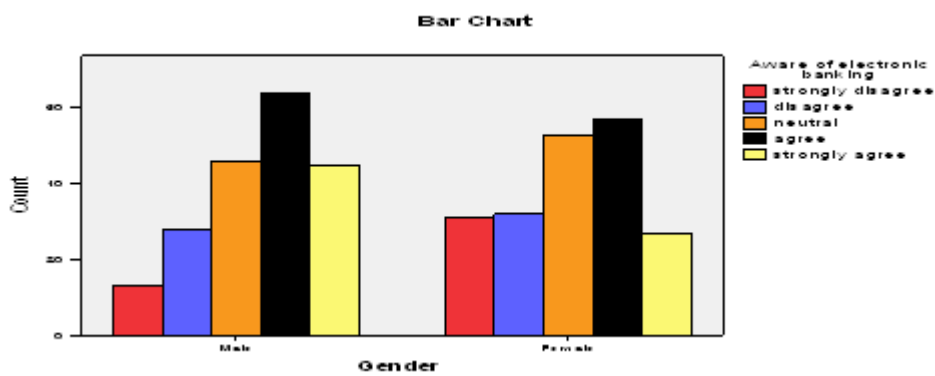


Figure 2:

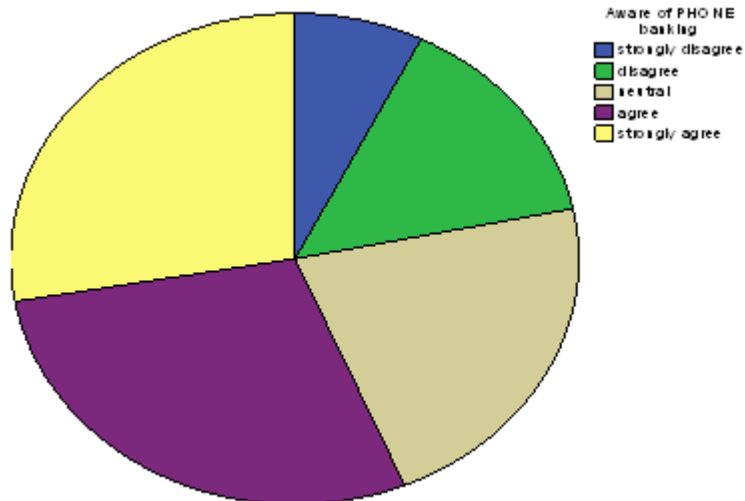


Figure 3:

1

No. Question	Gender Male	Female	Total	P values
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

Figure 4: Table 1 :

2

		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

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Figure 5: Table 2 Aware

No

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

Figure 6: Table No .

172

1 2 3 4 5 6 7 8

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No

Table No. 5 : Age association with research questions

No.	Question	Age	
		Below 20	30
		-	-
1	Have full command on computer	19	29
2	Involved in banking transactions	91	241
3	Awareness of usefulness of electronic banking	91	238
4	Your Banks provides online technical assistance or 24 helpline	88	240
5	Use debit or credit cards for online transactions	90	237
6	Aware of INTERNET banking	91	238
7	Aware of PHONE banking	91	240
8	It provides easy way to monitor a account	91	242
9	Feel risk about hacking of passwords	91	239
10	Have easy access to ATM machine	88	240
11	Satisfied services provide by bank with the E-banking	90	240
12	Satisfied with the security of E-banking provide by bank	89	239
13	More trust on the bank employees with communication than E-banking	90	241
			4
			Feel risk about h
	Education level	strongly disagree	disagree
	Primary	0	1
	High school	0	2
	Secondary	0	5
	Graduate	11	59
	Post graduate	6	39
Total		17	106

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:

Figure 7: Table No

6

	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

Figure 8: Table 6 Age

No

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

Figure 9: Table No

.1 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. need to be educated on basic skills required to conduct online banking.

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