

## **E- AGE BANKING AND ITS IMPACT ON JOB SATISFACTION OF EMPLOYEES**

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### **ABSTRACT**

*Information Technology (IT) has transformed the business environment all over the world and had significant impact in facilitating the banking services by initiating the various e-technologies like ATMs, credit cards, internet banking, mobile banking and EFTs etc. The electronic technology in banking sector has broken the geographical barriers and enabled better management of banking business. The developments of communication and information technology in banking sector have set in motion an electronic revolution. In this paper attempt has been made to analyse the various reforms undertaken in banking industry and to know about the E-Age banking technologies in India. The study also assesses the level of satisfaction of bank employees and effort has been made to know the impact of E- technology on the performance and satisfaction of employees. For the accomplishment of research objectives collected data has been tabulated and suitable statistical tools such as percentages, averages, mean, chi square, skewness and kurtosis were used to find the relationship between various variables and to make the study more result oriented. It is found that the bank officials are of the opinion that they are satisfied with present salary, benefits, work load, job opportunity, and training programmes in the bank. But, as regards the promotion policy, employee decision, and automation, employees are not very much satisfied.*

**KEYWORDS:** ATMs, Internet Banking, Mobile Banking, EFTs, Core Banking Solutions.

### **Introduction & Literature Review**

Since independence the year 1991 is known as a significant turning point in India's economic policy. The reforms in banking sector were recommended by the report of Narasimham Committee (1991). Indian banking system has always performed outstandingly and its biggest achievement is its reach. The reach of Indian banking sector is not only confined to the big cities, however it has established its network in remote corners of the country. Indian banking system is one of the largest in the world in terms of branches. The commercial banks are the integral part of the Indian financial system. The basic function of banking is to accept deposits and to make loans and advances, the commercial banks have been witnessed a tremendous development in recent times because of the IT revolution. With technological development in banking industry employee's satisfaction and the impact of the same on their attitudes is issue of major concern. Automation in office is becoming common place and is steadily and surely advancing into dominant position in performing office work. Since 1900, office practices have gone through several phases due to growth in size of business enterprise and resulting increased volume of office work, the increased cost of services and material and rapid technological and progress scientifically. Adoption of technology in Indian banks was in a process, which stemmed out of the

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recommendation of three committees of Reserve Bank of India. The initial two committees for reforms in banking sector were formed under the chairmanship of Rangarajan, the then deputy governor; the third committee was formulated under the chairmanship of Saraf, the then executive director of RBI. In the meantime, the issue of technology adoption in banks was also examined in detail by a high powered committee set up by the Government of India in 1992 and 1997 on restructuring of banking industry under the chairmanship of Narasimhan. The first Rangarajan committee was set up in 1983 to identify functional areas for computerization in banks, to recommend appropriate equipment, to recommend proper infrastructure, to draw phased programmes of implementation, to suggest method of data exchange on computerized media, and to suggest standardized procedures and have common processing arrangements. These recommendations were to be implemented during 1984-1989. The second Rangarajan committee was constituted in 1988 to prepare an outlook plan for automation in banks during 1990-1994. The committee identified 30 business centres with 51 percent banking business and suggested total automations of around 2500 bank branches having over 750 vouchers per day, installation of mini computers in all zonal and regional offices and installation of mainframe computer in the head offices of the banks. The third committee on technology issues in banking was constituted in 1994 under the chairmanship of Saraf and made the following recommendations:

- Introduction of an electronic network for inter-bank payments.
- Enactment of legislation for Electronic Fund Transfer and data protection.
- Introduction of DVP System in Reserve Bank of India for securities transactions.
- Emphasise on the use of NICNET for government and chest transactions.
- Extension of MICR clearing and inter-city collection of cheques.
- Establishment of VSAT network for inter- bank payments.
- Forming of institutions for R & D in banking technology and training.

Further, the another committee was formed by RBI to look in to the legal issues of electronic fund transfer under the headship of Smt. Shere, the principal legal advisor, RBI. The committee examined different legal acts, proposed draft amendment to these act, which could be taken up by the Parliament. The Parliament of India has enacted Information Technology Act in 2000, which has legalized the electronic records. In the todays modern time Core Banking Solution (CBS), has become the important tool in banking system. In the globalized world, banks would need to become technologically more advanced in diverse areas. Information technology has emerged as the core of new changes and covers all activities and technologies that involve handling of information by electronic means i.e. information acquisition, search, retrieval, processing, transmission and control. By adopting the e-age technologies organizations can completely eliminate the barriers of difference of time, distance and there are networks everywhere at domestic and international level. Communication through satellite has become fast and effective process and information technology has become the principal driving force for long term economic growth of banking industry. Lopes and Dhara (2016) conducted a study in private and public banks and it is evident that the technological growth has revolutionized the way banking sector works and the competition is globalised because of the economic condition. It is also found in the study that there is a significant relationship between type of the banks, age gender, education job, role, interpersonal relationship and impact of occupational stress. It depict from the study that the banking sector employees should adopt new coping strategies for maintaining good physical and mental condition to improve productivity.

### **E-Age Banking Technologies**

The growth in banking sector was strongly supported by the innovation in the field of information technology and which accelerate the inclusive economic growth. There are various significant events in Indian banking sector such as: introduction of card payment system i.e. Debit, Credit card in late 1980s and 1990s, introduction of Electronic Clearing Services in late 1990s, introducing the Electronic Fund Transfer scheme in early 2000s, RTGS in March 2004, introduction of National Electronic Fund Transfer in 2005/2006 as a replacement of EFT/SEFT and CTS in 2007.

- **Digitalization of Banks:** With the advent of technology working of banking sector in India has changed. Though it has benefitted the domestic banks, but they still lag behind the foreign banks in incorporating technology in their operations.
- **Automated Clearing House (ACH):** An automated clearing house is an electronic network for financial transactions. Computers are deployed to clear, exchange and settle the transactions

quickly and efficiently. The National Automated Clearing House (NACH) was developed by National Payment Corporation of India as a platform for inter-bank transactions. It acts as a centralized electronic clearing house for business transactions only and it also helps the government in improving its measure for financial inclusiveness.

- **Electronic Clearing Services (ECS):** This electronic service is used to execute bulk orders of periodic nature like dividend, salary disbursements, where such transfer is made from one account to multiple accounts or vice versa. There are two types of ECS called ECS (credit) and ECS (debit). The ECS credit is used when we debit single account while crediting multiple accounts simultaneously. For example- payment of dividend, interest, salary, and pension etc. by an organisation. The ECS debit is used when we debit multiple accounts while crediting single account.
- **National Electronic Fund Transfer (NEFT):** It is an online system of transferring funds on one to one basis and maintained by RBI. The NEFT system came into effect from 21 November 2005. The transfers made via NEFT are executed in batches. At present, the fund transfer is done in 23 settlements.
- **Real Time Gross Settlement (RTGS):** This technology and facility is used to transfer funds from one account to another and it is similar to NEFT. The main difference between the two is that the settlement in RTGS is real time which means they are settled as they occur and the minimum amount that could be transferred through RTGS is Rs 2,00,000 without any maximum cap.
- **Cards Transaction:** Banks provide debit and credit cards, the primary difference between debit card and credit card is that when using debit card, one can spend up to the balance in bank account. Whereas, credit card allows you to spend up to a specified limit irrespective of bank account balance. These cards play the plastic money role means these are the alternative to cash.
- **Core Banking Solutions:** This service implies interconnection of branches of a bank so that a person can avail the banking facility from any branch. This is major step towards building greater customer satisfaction.
- **Automated Teller Machine (ATM):** An ATM is a device which enables a person to perform some of the banking operations without visiting the bank. It provides services such as cash withdrawal, balance enquiry, fund transfer and fund deposits. It requires use of a debit card to perform such function. ATMs can be called as harbinger of financial inclusion in India. By setting up of ATMs in remote areas, banks have increased their accessibility.
- **Magnetic Ink Character Recognition (MICR):** This technique is mainly used to verify the authenticity of cheques. In MICR clearing system, each bank or its branches are given special codes or symbols which help in their recognition while settlement. Initially this technique is started in Metro cities but now it is in operation in other centres viz- Hyderabad, Bangalore, Ahmedabad, Kanpur, Jaipur, Nagpur, Baroda, Pune, Guwahti, Trivandrum. It is proposed to be extended to a total 22 centres where clearing transactions are in large volume.
- **INFINET:** The Indian Financial Network is a satellite based wide area network using VSAT (Very Small Aperture Terminal) technology set up by the RBI in June 1999 to provide for communication channels, servers, connecting networks etc. which are required for efficient functioning of e-banking. The various services provided by INFINET such as e-mail, electronic clearing services, electronic fund transfer, and inter-city cheque realisation advances. The hub of the INFINET is located in the Institute for Development and Research in Nanking Technology, (IDRBT) Hyderabad.
- **Mobile Banking:** It is a 24\*7 service with the help of which a person could avail banking facilities on his/her mobile phones or tablets. It involves use of an application by the customer to avail services.

#### Research Objectives

- To analyse the various reforms of banking sector in India and to know about the e-age banking technologies.
- To study the extent of job satisfaction among employees after the adoption of electronic technologies.

- To examine the impact of modern technologies on job satisfaction of employees.
- To suggest recommendations to improve the extent of job satisfaction level among banking sector employees after the adoption of information technologies.

#### Data Base and Research Methods

The present study is empirical in nature and has been undertaken to examine the degree of automation, trends of productivity and satisfaction level of employees. The survey was conducted over sample size of 100 bank employees comprising managers, employees and clerks. Five major public sector and private sector banks have been selected on profitability basis by using simple random sampling. The present study has been restricted to those banks that are fully computerized and are also leading and earning good profits as compared to other banks. The interpretation of data has been based on those conclusions that drawn from the analysis of data and formal as well as informal talks with the targeted respondents. Further, special care has been taken to ensure that the respondents of different age, income and departments are represented. The data has been tabulated and suitable tools such as percentages, averages, mean, chi square, skewness and kurtosis were used to find the relationship between various variables.

#### Analysis and Interpretations of Data

For testifying the research objectives the gathered data has been tabulated and interpreted in the given below paragraphs with the help of statistical tools and techniques.

- **Extent of job satisfaction after the introduction of modern banking technology**

It is evident from the table 1 that the mean value of the opinions regarding present salary is higher than the mean standard score. The standard deviation and skewness are 0.50 and -1.886 respectively are also supporting the study from the higher side of the mean. It depicts that the majority opinion is divided between satisfied and strongly satisfied responses. The  $\chi^2$  test for the goodness of fit is highly significant, which also supports that the bank officials are satisfied with their present salary. A large chunk of the bank officials are of the opinion that they are satisfied with the facilities provided by their bank. The mean value is quite high, which supports the above opinion strongly. The standard deviation is 0.870 and skewness is -0.628. This shows that their opinion is scattered towards the higher side of the mean score. While analyzing the distribution of opinion of the bank officials with the help of  $\chi^2$  tests, it depicts a significant difference in the distribution of opinions of bank officials, which further supports the above inferences. It is extracted from the collected data that the mean value of the responses relating to job is 1.97, which is lower than the mean standard score. The deviation in the responses is 0.881 and skewness is 0.059. This depicts that their opinion is scattered more towards the lower side of the mean standard score. The  $\chi^2$  results are also not significant and it can be inferred from the analysis that employees are not satisfied with their jobs after the adoption of modern technology.

**Table 1: Extent of Job Satisfaction after the introduction of Modern Banking Technology**

Attributes	Nature of Responses			Total	$\bar{X}$		SKW	t <sup>2</sup>	P. Value
	Most Satisfied	Satisfied	Not Satisfied						
Present salary	78	19	3	100	2.75	.50	-1.88	93.62	5.99
Other benefits like pension, retirement, gratuity bonus etc.	57	16	27	100	2.30	.870	-0.62	27.02	5.99
Your job	37	23	40	100	1.97	.881	0.05	4.94	5.99
Promotion policy	33	20	47	100	1.86	.887	0.28	10.94	5.99
Work Load and job pressure	26	52	22	100	2.04	.695	-0.05	15.92	5.99
Opportunity to learn job skills	64	28	8	100	2.56	0.64	-1.16	48.32	5.99
Bank's training program	49	19	32	100	2.17	0.88	-0.34	13.580	5.99
Opportunity for employee's decision making	17	36	47	100	1.70	0.74	0.55	13.82	5.99
Restructuring of Bank organization	13	38	49	100	1.64	0.70	0.63	34.42	5.99
Automation	15	69	16	100	1.99	0.55	-0.00	57.26	5.99

Source: Field Survey

The mean value of the views relating to the promotion policy of these banks shows that it is more towards the lower side of the mean standard score. The calculated value of standard deviation and

skewness are 0.887 and 0.287 respectively which also supports the above opinion. The  $\chi^2$  results are also supports the above inference that the majorities of the bank officials either agrees or strongly agree with the above statement. The mean score of the responses relating to the work load and pressure is much more than the average standards score i.e. 2, the standard deviation is 0.695, while skewness is -0.054. It reveals that their opinion is distributed more towards the higher side of the average score. The  $\chi^2$  test for goodness of fit of the opinions of the bank officials shows a significant difference in the distribution of opinions on the three-point scale, which further supports the above findings. It is evident that the majority of the bank officials are of the opinion they are satisfied with job opportunity. The mean value of responses supports the above views. It is 2.56 on the three-point scale. The standard deviation and skewness are 0.640 and -1.169. It infers that the variation in the opinion is very less and their opinion is shifting more towards the higher side over this issue. The  $\chi^2$  result is much higher than the table value and the null hypothesis is rejected. It reveals that the opinion of the bank officials is not equally distributed over this issue and the majority of the bank officials agree more strongly to the above opinion.

The mean score of the responses regarding the bank training programme is slightly higher than the average standard score. The variation in the opinion is recorded 0.888, whereas skewness is -0.343. This exhibits that their opinion is shifting from satisfied and strongly satisfied side. Further, the value of  $\chi^2$  is lower than the table value and the null hypothesis is accepted. Thus, it can be concluded that the majority of the bank officials are satisfied with bank training programme. It is inferred from the data that the mean score of responses is 1.70 with the value of skewness being 0.553, which indicates that majority of responses are highly concentrated towards the lower side of the mean score. The  $\chi^2$  results also depict a significant difference in the distribution of opinions of the bank officials it means that the bank officials are not satisfied with the opportunity of employees' decision making. A large chunk of the bank officials i.e. 49 percent are not satisfied with bank restructuring the mean value (1.64) supports the above opinion. The standard deviation is 0.708 and skewness is 0.639. This indicates that their opinion is scattered towards the lower side of the mean score. The  $\chi^2$  test of goodness of fit also shows a significant difference in the distribution of opinions of the bank officials and it further supports the above findings. A perusal of the table reveals that the mean score of the responses relating to automation is less than the average standard score on the three-point scale. The standard deviation is 0.559 and skewness is -0.004. It indicates that the majority opinion is divided between satisfied and not satisfied responses. Further, the chi-square value indicates a significant difference in the distribution of opinions of the bank officials over this issue.

- **Impact of E-Banking Technology on Job Satisfaction Level of Employees**

It is observed from the study that the mean value of the responses regarding the promotion of employees is higher than the mean standard score. The standard deviation and skewness are 0.772 and -0.726 respectively also supporting the study. It depicts that their opinion is distributed from satisfied to very satisfied side. The  $\chi^2$  test of goodness of fit is highly significant and indicates a significant difference in the distribution of opinions of the bank officials.

**Table 2: Impact of E-Banking Technology on Job Satisfaction**

Variables	Nature of Responses			Total	$\bar{X}$	SKW	t <sup>2</sup>	P. Value	
	Most Satisfied	Satisfied	Not Satisfied						
Promotion of employee	54	28	18	100	2.36	.77	-0.72	20.72	5.99
Placement and transfer of employee	66	23	11	100	2.55	.68	-1.23	50.18	5.99
Increment decisions	41	23	36	100	2.05	.88	-0.09	5.18	5.99
Unidentified Training needs	21	27	52	100	1.69	.80	0.62	16.22	5.99
Restricting the job responsibility	18	26	56	100	1.62	.77	0.78	24.08	5.99
Selection of executive for special assignment	21	53	26	100	1.95	0.68	0.06	17.78	5.99
Others	34	20	46	100	1.88	0.89	0.24	10.16	5.99

Source: Field Survey

The mean score of the responses relating to the decision of employees placement /transfer is 2.55, which is higher than the average standard score. The standard deviation is 0.687 and skewness is -1.232. It reveals that the variation in their opinions is distributed more towards the higher side of the mean score. The chi square results shows that the distribution of the responses is not equal and the majority of the bank officials are of opinion that the placement and transfer affect the performance of their bank. A large chunk of the bank officials are of the opinion that the incremental decisions affect the productivity of bank. The calculated mean value supports the above opinion. The standard deviation and skewness are 0.880 and -0.099 respectively which also supports the above analysis and shows that the distribution of their opinions is scattered toward the higher side of the mean value. The  $\chi^2$  value is insignificant which means that their opinion is equally distributed in this regard. It is noted that the mean score of the views relating to effect of unidentified trainings is less than the standard mean score. The standard deviation and skewness are 0.800 and 0.622 respectively. It infers that the opinions of the bank officials are scattered more to lower side of the standard score. While applying  $\chi^2$  test of goodness of fit, it depicts a significant difference in the distribution of opinions of the bank officials, which also supports the above inferences. A majority of the bank officials i.e. 56 percent expressed that performance and productivity is not conversant with the restructuring the job responsibility. The mean value (1.62) supports the above opinion. The standard deviation is 0.775, whereas skewness is 0.782 which indicates that the variation in their opinions is changing towards the lower side of the mean standard score and the chi square results shows that their opinion is equally distributed. As far as the selection of executive for special assignment is concerned, 26 percent of the bank officials express that they are not satisfied 'up to very high extent', and 53 percent 'to a moderate extent' and only 21 percent are satisfied'. The mean score of the responses is 1.95 with positive skewness. It indicates a greater concentration of the opinions of bank officials towards the lower side of the mean score. The standard deviation is 0.687, which also supports the above analysis. The chi square value also supports the above finding, as it indicates a significant difference in the distribution of opinions of the bank officials.

### **Conclusion**

The mean value of the opinions regarding present salary is higher than the mean standard score. It depicts from the study that the majority of the opinion is divided between satisfied and strongly satisfied responses. A large chunk of the bank officials are of the opinion that they are satisfied with the facilities provided by their bank. It can be inferred from the statistical analysis that employees are not satisfied with their present jobs. The study reveals that the mean score of the responses relating to work load and pressure is much more than the average standards score (2). Majority of bank officials are satisfied with work load and pressure, job opportunity and bank training programs. Bank officials are not found satisfied with the opportunity of employee's decision making. The mean score of responses is 1.70 and the value of the skewness is 0.553, which indicates that majority of responses are highly concentrated towards the lower side of the mean score. A large chunk of bank officials i.e., 49 %, are not found satisfied with bank restructuring. It is also observed from the study that the respondents gave positive response on being asked whether promotion, placement and increment have effect on productivity and performance of the bank. The mean value for the above mentioned attributes stands at 2.36, 2.55, 2.04 respectively with the skew figures of -0.726, 1.232, and -.999 respectively. The maximum negative response is observed in unidentified trainings.

### **Suggestions & Recommendations**

The following suggestions are put forth for the banks for improve their banking services and satisfaction level of employees:

- Flexibility should be introduced in banking procedures by avoiding paper work and utilizing the information system to the best extent possible.
- In order to provide personalized services, banks can adopt the concept of relationship banking, wherein a customer goes to a particular bank employee for all types of transactions.
- The only requirement for implementing this is that the bank employees should be well trained in all aspects of banking. Regarding his one-to-many relationships with various customers, he can try familiarizing himself with the customers through personal talk and information system, which stores the details of the customer.

- Customers find it difficult to rush through different counters for different types of transactions. Thus, it is better to introduce flexibility in this regard i.e. all types of transactions can be done at one counter.
- It is necessary to educate and inform the employees whenever a new hi-tech service or information technology is introduced by the banks, so that when the customers make any enquiry regarding the new products and services, the staff is able to satisfy them.
- Regular refresher courses, seminars and demonstrations should be made compulsory for bank staff at different levels from time to time.

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