

The Emergent Impact of Internet Banking Espousal in Bangladesh: Opportunity & Hitch

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Abstract: The internet users increasing every day in Bangladesh. Authority gradually annexing branded new services in this sector to expedite the customer friendly banking services. There is a static misconception among the educated and illiterate people with internet banking. We try to figure out the potential customer's problem and how to accelerate the banking transaction services in this sector. With the incredible growth in mobile phone usage, access internet on mobile phone users 84.6 million, banks in the advanced world have encouraged to utilize internet banking, which makes banking easier, faster, and very cost-effective. Here, this paper highlight the concurrent situation of internet banking and magnify the affect in its services. We found positive participations, approach and participators willingly shared their own opinions. Generation Y & Z much more interested in internet banking. Study point toward about security, safety and two authentication password (TAP) for healthy internet banking.

Keywords:- Internet, Banking, Mobile Phone, Generation Y & Z, TAP, Bangladesh.

I. INTRODUCTION

Internet linked the whole world by unified networks which facilitate smooth electronic communication with all public & private agencies, organizations, institutions and individuals. Electronically accessing & sharing information and operating business through internet. The internet has in all classification where opportunity & hitch, updating the business process eventually. The advanced technology has save our time and enhance our instant business deal (Amor, 2000) [1]. The most updated medium internet banking familiarized for instant banking services, which permits information and services to be right of entered without entered restraints of time or geographic location. Many onlookers assertion that the operation of internet banking shrinks costs and provides more competitive advantage to the bank. Though, the quick progress of internet banking is controlled by customers' opinions, mainly in terms of faith of service excellence and safety (Joseph, 1999; Thornton and White, 2001) [2].

While the ATM machine first ever launched in Bangladesh has considered a new milestone of electronic banking (Abor, 2008) [3]. After that, gradually has taken place new medium as Tele-Banking, PC-banking, internet banking and finally the most updated banking medium is considered as mobile banking (m-banking). In developing

countries pay the price of goods by mobile banking transactions which process is easy, smooth and fast (Otabil, 2008) [4].

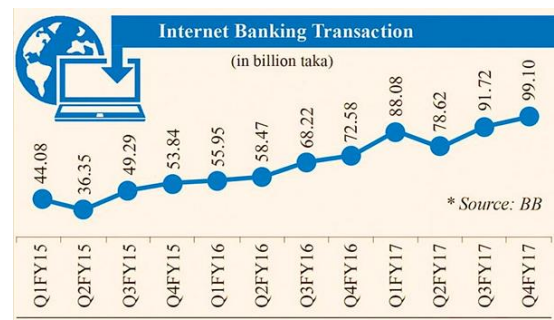


Fig:- 1

Source:- The Financial Express, Internet banking transactions jump by 40% in FY17 [5].

The past fiscal year (FY17), annual transaction of the country's internet banking has 40 percent growth ended the preceding fiscal year (FY16). Newest statistics of the Bangladesh central bank exposed the total transaction at Tk. 357.53 billion in the preceding fiscal year, and FY 16, Tk. 255.24 billion [5]. Moreover, here practicing three kinds of banking services are private, national and multi-national. There has no similarities in quality of services. Multinational banks always try to provide the fast and best services.

They make quality relations with their customer and willingly inform them about the best scheme policy and provide advisable financial services to their clients. Client cherished to trade through this bank now and future for their welcome services. In banking sector the most eminent role plays by marketing department. Generally, some common services are available in banking sector and bank comes to the customer doors, spreading banking transaction booth in most popular places for 24 hours instant electronic banking services. Customer first choice safe and secured banking any time without any transaction hassle. Multinational bank committed to provide their superior banking services among the clients and clients has option to change and add their services. Some research conducted for innovative banking perspective. (Ostlund, 1974; Taylor, 1977) [6]. Internet banking activities in Bangladesh has increased in 2015 and ATM based transaction get paced than earlier. 10 percent plastic card holder owner increased in 2010. In this January, 2018, 40 out of 57 banks had offered internet banking facilities. Recent the banks are more focused on advanced technology to get facilities and lessen customers' problems. Here, there are nearly about 1.761 million users

of internet banking happening, In January, 2018 Internet banking made through at 0.7 million transaction involved BD currency Tk. 21750 million were made through the internet banking. Internet Banking Fund Transfer (IBFT) transactions functionality is so far the most popular functionality in Internet Banking app. (Bangladesh Bank, Financial stability report, (2018) [7].

Type of Bank	No. of ATMs	No. of Total Branches	No. of Online Branches	% of Online Branches
State Owned Commercial Branches	155	3,697	2,673	72.3
State Owned Development Banks	0	94	94	6.7
Private Commercial Banks	7,429	4,278	4,258	100
Foreign Commercial Banks	165	75	75	100
Total	7,749	9458	7100	279

Fig:- 2

Source:- Quality Review Report on Green Banking Activities on Banks & FIS and Green Refinance Activities of BB

This qualitative research report outcomes for espousal of the internet banking in Bangladesh where Bangladesh is the 8th densely populated nations in the world. Here, the bank practitioners and executive policy makers play key role for secure banking in the bank customers. This paper highlight the electronic banking current conditions in Bangladesh.

II. LITERATURE REVIEW

The electronic banking of future prospect in Bangladesh has evaluated, illustrated and uphold the opportunity as well as scope of the electronic banking associated with current system. The electronic banking in Bangladesh now considered from the marketing aspects. The research examine that electronic banking has several positive results in banking sector. According to the study about electronic banking, Bangladeshi customers do not have solid idea about internet banking and misconception still exist on it. Though, the bundle of opportunity in the mobile banking sector in spite of few banks took that opportunity last couple of years, Baten (2010) [8]. The banking throughout the globe is enduring a speedy and essential transformation caused by the all omnipresent effect of information technology, growth of telecommunications and electronic data processing, Pathrose (2001) [9]. Here explored the challenge and opportunity of electronic banking in Bangladesh through several filed survey & one to one interviews. Electronic banking is the most prominent and significant issue for Bangladesh, though still more than 30% ignorant people are scattered in the country, Biswas (2011) [10]. The technology having effecting the worker's productivity, undoubtedly technology to improve operating efficiency & customer services in Bangladesh, particularly public sector

banks, Janki (2002) [11]. Here, identified interoperability, safety, scalability and reliability, application distribution, personalization as key experiments in developing a modern Internet banking application, Wikipedia (2008).

Moreover, weak security and lack of legal frame work diagnosed the crucial problems of internet mobile banking transaction which need to facilitate and fix the issues in Bangladesh. Many countries like Singapore, Africa, New Zealand, Malaysian, Korea, Taiwan, & the Estonia research conducted on internet banking and its safety. (Ndubisi and Sinti, 2006) [12]. Additionally, statistics point out that besides all banking transaction & in total non- branch banking activity make 50 percent above which is growing 15% per year (Longe and Chiemekwe 2007) [13]. The banking Industry sectors has openly involved electronic banking to expand their efficiency and gain additional benefit. Here are four interlink reasons driving the global speeding of banking on the Internet. Thus, according to Bickersteth (2005) [14] are: 1. Extension of competition between bank and new contestant 2. Banks reduce cost and widen the proficiency; and 3. Creating the customer needs 4. The financial services market uncontrolled globally.

III. OBJECTIVE OF THIS RESEARCH

The objective of this research considered for following issues:-

- The internet banking growth and enhancing the framework in Bangladesh.
- Several bank in Bangladesh providing general features and the electronic services.
- Internet banking growth and implementations in Bangladesh
- The opportunity & hitch of internet banking to the potential bank customers and bank staff.

IV. SCOPE & LIMITATION OF THE STUDY

In this research will provide the essential data to the government to support them in policy preparation and facilitate them to be capable to regulator its finances proficiently hereafter be well-organized regulators. In this research analysis will assist the banks and other financial institutions to be able to deliver quality services to its customers, make them able to solve main hitches that arise as a consequence of internet banking usage. The banking organizations in Bangladesh will also have a standard for assessing internet banking services & its financial performance. Thus, Bank customers will be able to carry out its transactions from homes or workplace, therefore saving on time and resources; Bank customer will also attain a better understanding of how to carry out bank services using internet banking. The world is inclined into the service oriented sector and tie knot with those who are providing more benefits than others. That service oriented company will be far more ahead than others. Here are 57 banks in Bangladesh. So that, inter competition bank by bank is so higher. Without adding no value no chance to exist in that race. In 1994, October, First financial institution named the standard credit union all its member provided as internet

banking services ever in the history. Since 2001, E-banking services have been accessible in Bangladesh. In 2007, twenty nine Banks have offered online financial services among the 48 banks. Internet banking got tremendous response to the generation Y & Generation Z. Researcher found positive vibes regarding internet banking which will accelerate and contribute the future gig economy. Here, in this study we consider on primary data & secondary data. For the reason of time constraint, only limited number of persons contacted.

➤ Limitation

There has a few but not noteworthy study yet been undertaken regarding internet banking opportunity & hitch in Bangladeshi banks. In this study investigated & examine to minimize this gap & furthermore recommend to the growth of internet banking in Bangladesh.

V. RESEARCH METHODOLOGY & DATA COLLECTION

In this research qualitative method applied to the analysis for the outcome. In qualitative method has tried to find out the progress and changes the states and to understand the meaning which is considered as participatory action research. Improving the condition like participation, responsiveness, freedom & empowerment this method has applied (Berg, 2007) [15]. The research design implemented for this inquiry is descriptive in nature. Descriptive research comprises of surveys and fact finding investigates of different kinds (Kothari, 2006, p. 2). The qualitative method considered about the human science of perspective, performance & perceptions. What human thinking that's crucial thing and how participants build the social structure globally by their explanations that's explained in qualitative research. Research needed to understand the participant's opinions and explanations clearly, Glensne (2006), (p.5) [16].

➤ Data Collection

The best effective pilot research instrument endorsed as effective, reliable and trustworthy through a triangulation system (Stringer, 1999) [17]. The usage of multiple lines of sight concluded as triangulation (Berg 2007, p.5); Hence, to collect data several methods adopt and applied, Glesne (2006); triangulation has the capacity, many aspects and as instrument using in several ways to create an annex between the designs, models and statistics explanation of that information which bear the "confidence" (p.36) to the research output. There has two kinds of data collection implemented in this qualitative study; a focus group (Glesne, 2006), and interviews (Palys, 2003) [18]. In this research internal and external stakeholders considered as focus group who are associated to evaluate the influencing factors of internet banking in Bangladesh. This focus group also highlight the recent practice of stakeholder what they have already implemented, Both Glesne (2006) and Berg (2007) decided that a focus group can be the best option to get several effective information from them. Glesne enhances that it also give the best voice of personal idea (p.104) and extend

the personal capability. This is advantageous because of personal ideas, expertise, memories and views are interrelated. Another drawback is strong character may affect or influence the group thought process what is being told or not. The quality of collecting informations depends on the initiator skills. Find the individual information & analysis data need to separate the time of voice (Berg, 2007).

➤ Interviews

In this study the second tool applied in the set of 6 questions for collection of qualitative data. As a proposed contributor, internal and external stakeholders and bank allied employees are involved. The benefit of using interview it helps to make a friendly relations with the stakeholders for operating particular discussions (Palys, 2003). The main factors of that study is to find the impact of internet banking and influencing issues that enabling & designing the future internet banking services in Bangladesh. Another benefits of discussions as defined by Palys (2003), comprises of high contribution rates causes of dialogue themes are straightly move toward to share. Additional information, participation and opinions easily get from the interview session which help to provide more additional indepth idea regarding results, Berg (2007). Though, participants respond while discussions held but face to face interaction gives a bundle of opportunity to get the variety of informations lively. On the otherhand, there has some difficulties of interviews, described by Playes (2003), consist of the idea considers as responsive bias (Palys, 2003, p.160).

VI. DATA ANALYSIS AND RESULTS

Though, the investigation established as authentically on the vital questions and defined around the thematic matters derived from the data & interviews. These are listed and clarified below:

➤ Observation

In this study analysis 100 percent of the focus group shared views through interviewees & participate, admitted they know about internet banking services, for internet banking service usage only 12 percent and 77 percent suggested they are used to and feel comfortable of tangible financial transaction but rest of the 11 percent have no computer literacy of internet banking & cannot usage it. Some of have feared about financial transaction through technology, account may have chance to hack by hacker & it can be hack anytime. In February 5, 2016 first time cyber heist occurred in the history of Bangladesh. Hackers Steal \$100 Million from the Bangladesh central bank, for the incident imprint to the many potential banking customer and existing clients as well [20]. From the group discussion find out that bank customer do not usage internet café for financial transaction as issues relating to internet frauds and they deem easily anyone can steal account details through the online. Over and done with the interview discussions, it is clear that highly educated and illiterate people has some misconceptions and rumors about internet banking transactions. They have shared individually while

conversations went to deep. They heard about internet phishing and this group hate wait in a banking queue. From our sample survey, group discussions & interviews we found that financial consumers are very much bored because of digital-analogue mixed services system. 31-40 age group they claimed they hate wait in financial institutions. 19 years associated in corporate services & engaged in readymade garments CEO & Managing Director stated that due to limitation and fragile government policies, regulations, inept monitoring units and e-commerce laws, no effective cyber surveillance, no guidelines for the banking customer protections, to ensure secure services as one of the prime causes of internet banking still crawling in Bangladesh. By this observation & discussions of focus group regarding of the internet banking, great percentage people living outside the capital of the Bangladesh. But this percentage of people still enjoying the dealing by hard cash. Insufficiency of banking sense this young illiterate people 18-30 they hold physical cash at all times in sub-urban & rural area in Bangladesh.

Participant 21, a vegetable seller in a popular market wholesale market in Karwan Bazar, Dhaka revealed that “I do not understand English language & write my name, so that I do not like to go bank but I feel comfort to transaction by mobile banking. It’s easy, fast and comfortable. It seems mobile banking service charge is bit high for me. Sometimes I forget my PIN number and I want safety mobile banking. Once unfortunately I have sent cash transfer by mobile transactions agents to wrong number. I tried hard to get it back my money but it was totally in vein of time & hassle. If I mistakenly lose my capital by wrong number transaction it will very tough to survive myself and in future I have to think before this transaction.” Some focus group stated that they do not understand the banking language for that reason they are bit afraid of losing money & transaction, still they don’t have bank account. Generation Y & generation Z, at the age 18-30, 67% agreed that Internet banking is smart, comfortable & handy but still they hate digital-analogue mixed system services. This group has bitter experience on it. From our investigative study we found that highly educated, teacher, corporate executives group are afraid of doing financial transaction through internet with new Banks. They do less prefer transaction with new banks because of credibility & service hassle. But low literate people and SEC C & D prone to the new banks for high interest rate for fixed deposit scheme.

According to the survey study & group discussion analysis we found that still customers are not entirely rely on usage of ATM cards & mobile banking if they lose PIN code or if anyone can hack it and even some robbery incidents draw the attentions while took the interview. Few from the discussions group shared that robber hostage the ATM card owner and take away PIN numbers and cash out money from the booth. Age group in our study 18-30 all are claimed about Two Authentication Password (TAP) and they agreed on it. The feared of internet banking not only for Bangladeshi people, still many progressive countries have the same problem. But in this research findings figured out that generation Y & Generation Z are mostly advanced

and confident of Internet banking, mobile banking & ATM cards as well as. This group recommendation is- safety first, service fast, TAP must.

➤ Discussion of Findings

In this study respondent’s age range from 18 to 51 years. Highly respondents 51% percent were of 18 to 30 years and 33 percent were 31 to 40 years age, 8 percent were 41 to 50 years age, 6 percent were less than 18 years old and 2 percent were 51+ more years’ ages. It is clear outcomes from the interview discussions customers are usually find out the cash deposit, fund transfer, cash withdrawal and balance enquiry. These are the most popular and regular things for the Internet Banking for consumers out of all of the other activity of Internet Banking. Generally most of the customers’ first inquiry about balance amount and next popular service they seek out as cash withdrawal, cash deposit and other things. From the study found 18 to 30 years ages people are mostly dominating group. These group of people are tech savvy and technology friendly and easy to accustom into it. Age 31 to 40 years group are second most leading group and rest of the 41 to 50 ages and 51 more next comparatively influential groups.

In this paper discussed on the opportunity & hitch of the internet banking in Bangladesh, the security of customer financial information & safety is very important to them. Without ensuring, it’s tough to offer & operate moderate banking service. For safety & security purposes, financial institutions need to halt illegal online access to customer’s records and need to ensure all necessary approaches for happy banking. According to focus group discussion, one single password/PIN number not enough for security while use for online banking transaction. In this regards, two authentication password (TAP) can ensure the online safety. According to the BTRC (Bangladesh Telecommunication Regulatory Commission), October, 2018 exhibited that due to digital revolutions of Bangladesh has 156.469 million mobile phone subscribers and mobile banking gradually popular outside the rural area and growing internet users as well. 84.6 million Access internet on mobile phone. (Source: BTRC, BDNEWS 24.com). This huge population can contribute in economy through banking. The gig economy will be more eminent and dynamic. This inquiry illustrated that internet banking impacts on public, private and multinational intuitions in Bangladesh. Lately they accustomed on it but the facts not so different in the all developing countries in the world.

VII. CONCLUSION

The internet banking services still new for Bangladeshi people. Having espousing internet banking services on the channel comes up with mobile banking as well. One of the nation’s highest dreams & the government of Bangladesh earnest desire to build the nation as Digital Bangladesh. The government of Bangladesh utmost dream is to be the middle-income country by 2021 and large number of technological project now in underway [21]. As a result of digital Bangladesh and technological advancement of radical changes in every sphere in this country. In the

consequence of potential banking consumers still surprised lack of awareness and promotion regarding internet banking. Updated internet services and tech savvy tools are the vital things to attract the financial customers and multinational company ready serve fast than any others. The growth of internet banking growing so fast and plays a positives impact among the 18 to 30 years age group peoples. The research analysis results indicate that potential consumers are interested in assessing a wide range of banking services via internet & mobile phone. Stock market and instantly balance transfer internet banking familiarized gradually. The potential customer's opinions was found to be positive.

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