

E-Banking in Pakistan: Issues and Challenges

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Abstract

Banking sectors are now moving to online banking services, which enable customers to get access to their accounts from their web enable computers to banking online system. The main purpose of this article is to describe the major issue and challenges in the development in online banking industry and also to show the application of electronic banking in Pakistan, through e-banking the banking sectors can reduce the operating cost and provide fast and more better services to their customers and can be survived for long.

Keywords: Electronic, Banks, Online, Services, Issues.

Introduction

The online banking can be defined in number of ways. Experts say this is a delivery of services through the use of computers and mobile sources. Others say its delivery of information through the use of different platform which includes the use of phone, internet, and television. In more broader terms it involves the use of different facilities in terms of access to accounts online, transfer of funds by using web sources and buying different products (financial) and services online. (Lilesh Gautam, 2014).

Online banking obviously not only save time but also it reduces queue (waiting lines) in front of banks. Through electronic banking the customers enjoy numerous advantages. It makes it possible to do transactions online for customers from exotic places. Free checking accounts, online deposits, new products introduction, debit and credit card facilities, are all included in internet banking/ electronic banking services. Internet banking is also similar important for banking industry because they can interact with different customers, introduce new products and technology, a source of information dissemination among customers irrespective of geographical restrictions (Liu cc, 2008).

Queue problems always associated with, when there is no good facility available in service areas. To get there simple jobs done, electronic banking plays a dominant role in customer's

transactions and it is more convenient for them because they do not wait long in lines. (Lilesh Gautam, 2014)

In modern banking as it has been emerged in shape of electronic banking due to the technological advancement, country like ours it is not has too much developed yet comparatively to foreign countries. According to M. Rahimuddin et al. 2010, due to fast competition among the banks of Pakistan, the banks want to provide more efficient, effective and rapid services to their customers to enhance the banking system. Electronic banking minimizes the volume and value of paper based transaction in Pakistan due to convenience outcome (Nouman Anwar Dar, 2006). In Pakistan, foreign banks are the initiators for introducing E-Banking system in the mid of 1990's. After 1990's, domestic banks also adopted this foreign technology and e-banking services like ATM cards (Automated Teller Machine) and debit cards (Abid et al.2006).

Objective of study:

There are two basic objectives of the study

- a. To determine the challenges faced during the acceptance of e-banking.
- b. To study the major issues, which has direct influence on e-banking.

Research methodology:

Data has been collected from secondary sources includes articles, journals, magazines and newspapers.

Electronic banking:

The electronic banking system operations are performed through the internet and finances are under control at all times. From customer's point of view, E-banking means 24-hours access to cash through an ATM (Automated Teller Machine). But with the passage of time, electronic banking now involves different types of transactions. Electronic banking is the major product of electronic commerce that facilitates the large number of customers in very short time. Customers use e-banking to get information of all types of transaction in secure environment by using the bank's website. Electronic banking is the success of technology, which made too easy the life of people. Now a day's electronic banking is the back bone of every bank, especially in Pakistan.

Benefits of electronic banking:

There are some main benefits of electronic banking

- The electronic banking provides services 24/7 (24 hours in a day and 7 days in a week).
- No need of standing in long queues.
- Easy access for customers.
- Electronic banking is time saving service.
- Money can be easily got by ATMs.
- Enhanced and rapid access to information.
- All the services are available at bank's website.
- Consumer can take his/her history about funds management.

Drawbacks of electronic banking:

- E-banking is difficult in adoption of technology.
- Fear to use new technology.

- Higher cost of technology on e-banking.
- Lack of preparedness.
- Different restrictions on usage of technology.

Current issues of e-banking in Pakistan:

Some main issues are mentioned below; [6-13]

1) IT & Telecommunication Infrastructure Issue:

Infrastructure of information technology and telecommunication plays vital roles for E-Banking. Electronic banking is fully based on I.T and Telecommunication but in Pakistan the basic and rapid infrastructure is missing due to which e-banking is not gaining too much success here as compared to foreign countries.

2) Scalability/ Capacity Issue:

Scalability defines as, " the ability to adequately handle the increased demand for system resources". In Pakistan, technology is designed for internal use as much as possible but merely opens the gates for public/customer access and even those who banks have an upgraded system, fail to account for future growth.

3) Website Design Issue:

In Pakistan, there are many banks that provide the services of e-banking but they cannot design their website according to the need and demand of customers. They always focus on their own demands while they are designing the website for the purpose of e-banking, which is difficult to understandable and create complexity in the use of e-banking.

4) Security Issue:

Security issue is one of the major issues for electronic banking. In case of any financial damages to the customer, the bank's reputation must be spoiled. Security risk is a major threat from the hackers, who can use different type of information of public for some criminal activity. Sometimes hackers hike the passwords of the customer and theft their money or some secret information.

5) Trust Issue:

Trust plays key role for e-banking, but the lack of trust is the major issue in the growth of electronic banking in Pakistan. There is no single formula that can be use instead of trust to attain the attraction of customer. E-banking has some disadvantages due to which customers stop to trust that bank and their services.

6) Money Laundering Issue:

In Pakistan, money laundering is other hurdle in the success of e-banking. Money laundering occurs because lack of face to face interaction of bank with their customers. The ratio of money laundering is continuously increases day by day. Issue like that can directly damage the reputation of bank and further leads to some serious legal problems.

Conclusion:

In this globalization word, e-banking is an important aspect of development for banking sector. Banking sector can make its customer loyal by solving these issue and challenges, and provide more ease to its customer. The banks should more keenly consider customers 'demand and preferences for the successful reaction and feedback from public. The bank should must be enhanced, rapid, effective and efficient its e-banking services tor their customers in the market.

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