

Chapter - 07

Conclusion

7.1 Introduction

The previous chapter deals with discussion of the research information and this last chapter deals with findings, conclusions, recommendations and strategies, constraints and limitations and implications of this research study. The objective of this study was designed:

1. To describe the current level of effectiveness of e-banking in Sri Lankan banking sector.
2. Identify the key factors affecting the effectiveness of e-banking in Sri Lanka.
3. Develop strategies to improve effectiveness of e-banking in the banking sector in future.

The outcome of this study would be useful to develop alternative ways in designing the strategies according to the importance of influencing factors on effectiveness of e-banking, so that at least to a certain extent the level of e-banking could be improved in future.

7.2 Conclusion

First of all, according to the customer's perspective on e-banking, the current level of e-banking effectiveness was at the above moderate level. The overall mean value of 3.97 for the level of e-banking effectiveness clearly indicates this phenomenon. Based on this finding, it could be safely concluded that the effectiveness of e-banking in Sri Lanka is not at the low level. On the other hand, there is room for further improvement in future in view of e-banking customers in Sri Lanka.

With regards to the bank's perspective, the present level of e-banking effectiveness is also above the moderate level. The overall mean value of 3.64 for the level of e-banking effectiveness clearly indicates this aspect. Based on this finding, it could be safely

concluded to a certain extent the performance of e-banking is effective in the banks' perspective with, further improvement is possible.

Secondly, this study mainly focused on eight key factors affecting the effectiveness of e-banking in Sri Lanka. They are ATE, SEA, ESQ, SEB, PEB, EST, CRM and EOE. This study reveals that all eight variables (independent variables) have positive and very weak to fairly strong correlation with the level of e-banking effectiveness (dependent variable) at the 0.01 significant level.

In the customer's perspective, the square of the multiple regression R is 0.665 indicating that 67% of variance in e-banking effectiveness is explained by the first four independent variables (ATE, SEA, ESQ and SEB) together. This means that the 4 independent variables (customer's perspective) have significantly explained 67% of the variance in the level of e-banking effectiveness. However, when the effect of all are considered together, it shows that ATE and SEA are not major determinants on the level of e-banking effectiveness in the customer's perspective (LEE-CP), and ESQ and SEB show strong influence on LEE-CP. It is also seen that the influence on LEE-CP by SEB was much stronger than ESQ. From these inferences the ESQ and SEB could be regulated as positively increasing factors on LEE-CP, and would be possible to increase the level of e-banking effectiveness to a higher level.

In the bank's perspective, the square of the multiple regression R is 0.466 indicating that 47% of variance in e-banking effectiveness is explained by the last four independent variables (PEB, EST, CRM and EOE) jointly. This means that the four independent variables (bank's perspective) have significantly explained 47% of the variance in level of e-banking effectiveness. However, when the effect of all are taken together, it shows that PEB, CRM and EOE are not major determinants in the level of e-banking effectiveness in the perspective of the banks (LEE-BP), and EST shows strong influence on LEE-BP. From these facts, if the EST could be regulated as a positively increasing factor on LEE-BP, it would be possible to increase the level of e-banking effectiveness to a higher level.

These concluding facts show that if the level of effectiveness of e-banking in customer's perspective is enhanced in Sri Lanka; significant attention has to be given to enhance e-banking service quality (ESQ) and security of e-banking (SEB). Although ATE and SEA have a lesser influence on LEE-CP, it definitely has a positive correlation, and hence attention should be given in improving these aspects as well.

On the other hand, bank's perspective, to improve the level of e-banking effectiveness, important attention has to be given to considering e-banking as a strategic tool (EST). However, PEB, CRM and EOE have a little influence on LEE-BP, it definitely has a positive correlation, and hence attention should be given to improve these aspects as well. The findings of this study provide preliminary evidence suggesting that e-banking effectiveness are determined by different factors which are mentioned above.

E-banking emergence has made both customers and banks benefited very much from this. E-banking gives rise to less waiting time, lower cost, higher spatial convenience, and getting rid of queuing up in branch banking. Therefore e-banking is attractive to large and rapidly growing segments of bank customers. This has influenced by ATE, SEA, ESQ, SEB, PEB, EST, CRM and EOE in Sri Lanka. It seems that e-banking has bright future.

One of the objectives of this research study was to develop strategies to improve effectiveness of e-banking in the future. In order to fulfill this research objective, the researcher has developed appropriate recommendations and strategies in the section number 7.3 in this chapter.

7.3 Recommendations and Strategies

Based on these research findings, conclusion and researcher's experience through out this research to improve effectiveness of e-banking further in the future in Sri Lanka, the following recommendations and strategies are developed by the researcher.

Periodically, banks which are providing e-banking services to their customers must develop a feedback capturing mechanism (FCM) to understand their e-banking services the current status and effectiveness. They can collect valuable feedback information about their e-banking from the customers through FCM. Based on that, they can make necessary adjustment, control and improvement of the services they provide to their customers.

Banks must provide self service terminal/computer to conduct e-banking operations in branch level or develop some innovative system like ATM to conduct e-banking in the selected key places in the country. Otherwise banks must develop an integrated solution package and system within the ATMs to get e-banking services too.

Banks must take some extra efforts and apply some new strategies to attract Internet users in Sri Lanka, to make them as e-banking users.

Banks must increase their promotional activities regarding e-banking by using some innovative promotional ideas.



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E-banking must be a customer – focused e-banking. That means:

- It must anticipate customers' future needs
- Quickly responding to customers needs
- Must provide top quality customer services

Banks which are implementing e-banking solution must reduce or eliminate the preconditions put forwarded by them. This will promote a flexible atmosphere and increase the usage of e-banking system (e.g.: free of charge).

Banks must identify their e-banking value chain model and by using that model they must try to improve the performance of e-banking operations. It will lead to eliminate unnecessary policy and procedures and also add more value to their e-banking services through the value chain analysis.

Banks must develop certain clear measurements to measure the financial performance of e-banking operations such as; return on e-banking, (ROEB) or return on IT investment.

Bank must be more focused on implementing CRM solutions to improve the customer relationship between bank and customer.

Periodically banks must update and redesign their e-banking interface in a most user friendly manner.

7. 4 Constraints and Limitations

The questionnaires used in the analysis to measure the level of e-banking effectiveness were developed by the researcher for this particular study.

Certainly all research has a problem of conceptualising the variables. It is a question whether the notions ATE, SEA, ESQ, SEB, PEB, EST, CRM, EOE, LEE-CP and LEE-BP meant by the researcher is perceived by the informants. Since the questionnaires consist of a short number of statements, it is questionable whether the concepts of the above variables have been totally covered by these questions.

The wording of questions itself may have many limitations. The conceptual boundaries of ATE, SEA, ESQ, SEB, PEB, EST, CRM, EOE, LEE-CP and LEE-BP are not sharp.

The sample has been taken to represent the population only on one basis; i.e. it was purposive/convenience sampling.

The questionnaire used for this study is lengthy to get more accurate information and as a results the informants may have been reluctant and lazy to fill it and hence a great deal of time and energy had to be spent to get satisfactory level of response. The poor interest in responding to the questionnaire also made remarkable delay in collecting the information.

Due to time limitation and various other constraints, the sample size had to be restricted only to 300. If the sample size were increased it would be able to obtain results with a lesser sampling errors.

The scale used to measure the effectiveness was a 5-point likert scale. Instead, if a 7-point scale was used, more accurate measurement would have been taken for each variable. Due to analysis complexity, this was avoided.

Most of the questions were of closed-ended nature. It would have been better if included more open-ended questions to offset the disadvantages of closed type. But obviously such open-ended questions have their own disadvantages in such a study.

There was a limitation in achieving last (third) objective of this research study due to time limitation and various other constraints, such as number of questions in the questionnaire for bank perspective and its sample size had to be restricted only to 70.

7.5 Implications of the study

According to the above conclusion, in Sri Lanka e-banking has a level of effectiveness but e-banking does not have any tendency to go to stand-alone, and it needs traditional branch banking resource support. Hence, the author suggests that further research should investigate how well e-banking strategies work out by integrating the traditional banking resources effectively. Namely, the bank managers who want to get the right e-banking strategy should think carefully about which aspects of the bank's business are to be integrated and which to keep distinct. The e-banking can build its right strategy virtually and physically to win a particular market and competitive situation, to maximize advantages of the e-banking and traditional banking and to minimize the drawbacks of both e-banking and traditional banking.