

**CONSUMER ACCEPTANCE OF ELECTRONIC BANKING
PRODUCTS AND SERVICES: A STUDY OF
IMPLEMENTATION EXPERIENCES OF COMMERCIAL
BANKS IN INDIA**

by

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**Submitted
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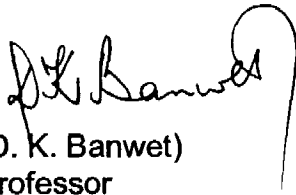
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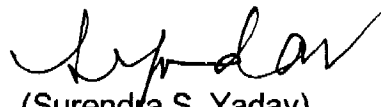
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The Thesis titled **“Consumer Acceptance of Electronic Banking Products and Services: A Study of Implementation Experiences of Commercial Banks in India”**, being submitted by Mr. Partha De Sarkar to the Indian Institute of Technology, Delhi, for the award of the degree of Doctor of Philosophy (Ph.D.) is a record of bonafide research work carried out by him. He has worked under our guidance and supervision, and has fulfilled the requirements for the submission of this thesis, which has attained the standard required for Ph.D. degree of this institute. The results presented in this thesis have not been submitted elsewhere for the award of any degree or diploma.



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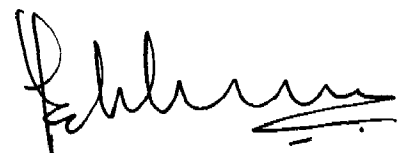
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ABSTRACT

After liberalizing the Indian economy in 1991, the Government of India has been gradually reducing many of the state controls that had been a prominent feature of the Indian financial services sector since Independence. More than a decade has passed since 1991, when sweeping reforms were started in the financial sector. In these fifteen years, the financial markets have undergone a sea change. Many new private banks have entered the market. Even the foreign banks that have traditionally always had a low-key presence in India have become very active in the post-liberalization era. The well-established public sector banks have started facing competition for the first time.

One of the biggest changes that have happened in the last fifteen years is in the application of modern technology like Internet Banking, Phone Banking and Automated Teller Machines (ATMs). Banking and financial services are slowly evolving from the use of brick-and-mortar structures as the anchor for attracting customers. ATMs, Internet and Interactive Voice Units are becoming the mandatory delivery systems in this competitive environment. The rapidly rising costs of operating a physical branch network, particularly in terms of staff and premises, are making this traditional channel less attractive. Such developments are changing the relative competitive advantage of various distribution channels. This research takes an in-depth look at technology implementation and adoption, consumer acceptance and expectations, and the strategic choices made by the banks to re-engineer themselves for success.

To understand the issues faced by the players in this industry in the middle of these sweeping changes, an exploratory study has been done using literature review to understand the concepts more clearly, establish priorities and to arrive at the research hypothesis and the appropriate methodology to be used for research design. No studies seem to have been conducted which capture and analyze how electronic banking is faring in the marketplace in India. Based on these two gaps, the research opportunities have been identified and have been

presented.

Also as a part of this study, two surveys have been conducted. The two surveys were necessary to probe perspectives of both the service provider (i.e. the banks) and the consumer. From the service provider's point of view, this is an attempt to find out what are the drivers behind the investments being made by them to introduce the new technology and what is the payback they are expecting from these investments. From the consumers' point of view, the survey has probed how the consumers perceive this new technology from a convenience and utilitarian point of view.

Four in-depth case studies of select Indian banks using the SAP-LAP framework have been carried out to determine how technology is shaping the way these banks are doing their business and its role in determining the success or failures of these banks. These case studies have brought out how new business models are evolving in this industry.

This research has helped to put the new strategic change management initiatives of banks in the framework of a theoretical model. This extended enterprise model will help researchers and professionals from the industry benchmark their own ideas of strategy and technology implementation. It has also established a number of hypothesis/contextual relationships that would be of use to future research in the area of technology adoption and consumer behavior. It blends in elements of various disciplines – marketing, finance, technology and consumer research to give a well rounded perspective on change management.

Abstract

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