

Role, Challenges and Benefits of Electronic Banking service in Jordan

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Abstract

Electronic banking is a carrier that permits clients to access and carry out economic transactions on their financial institution debts from their web enabled computer systems with net connection to banks' web sites any time 24 Hours. Jordan remains in the early levels of E Banking growth and development. Adjustments in technology and way of life in last the decades have modified the face of Banking. The most significant reason of this article is to explain the major issues and challenges inside the development in the on-line banking industry in Jordan.

Keywords: E-banking, challenges, Benefits of E bank and types of electronic banking.

1. Introduction

Banks began offering new communication channels to convey their services since mid 1980's (Aljaafreh, Al-Ani, Aladaileh, & Aljaafreh, 2015; Bidgoli, 2004) While In Jordan the potentials of E-Banking provider were brought to the banking area in mid-2002, due to the fact that then Jordanian business banks were lively in growing E-Banking, and M-Banking services, The banking in Jordan is keen to make a contribution to the enhancement the position of net, mobile services within the banking transactions. (El-Qirem, 2013) . As with many different e-services, the adoption level of internet banking services in developing countries is fantastically low compared to developed countries (Aljaafreh et al., 2015) .

Whilst the case is the equal in Jordan as which was cited by different research despite the fact that internet banking services (IBS) have been broadly used in many countries, its adoption degree in Jordan turned into pretty low (2%)(Al-Majali, 2010; IREX, 2008). This can be because of the implementation of IBS in Jordanian banking sector is notably still new amongst customers (Al-Majali, 2010).

The electronic banking can be described in a number of ways. Professionals say this is a shipping of services through the use of computer systems and mobile resources. Others say its delivery of information via the use of a different platform which includes the use of telephone, net, and TV. In extra broader terms it entails the use of different centers in phrases of getting entry to money owed on-line, the switch of price range by the use of internet sources and buying distinctive products (monetary) and services on line (Gautam & Khare, 2014). Consequently, the primary targets of the present this research are to investigate and degree the boundaries adoption of E-Banking services in Jordan.

The present day research cans even assessment available literature concerning essential of electronic banking barriers. It is apparent that there may be a lack of studies on the problem below attention. This has motivated the researcher to make this paper According to (Kaur & Rajneesh, 2014) The popular services covered under E-banking include:-

The first popular service is Automated Teller Machines

Second are Credit Cards

Third is Debit Cards

Fourth are Smart Cards

Fifth is Electronic Funds Transfer (EFT) System,

Sixth is Cheques Truncation Payment System

Seven points is Mobile Banking, Internet Banking

The last point is Telephone banking

2. Type of service for E-bank

Currently, electronic banking includes many different types of services as cited by (I Drigă, 2012; Imola Drigă & Isac, 2014)

First type: Home banking –

Typically refers back to the performing and carrying out banking transactions from home rather than at department locations that permits customers to get information about personal accounts through a phone; it's far based on the

existence of a phone line, a customer passwords and personal code that offer to get entry to information; clients are able to seek passwords and personal code and inquiry about his account balances, transfer money.

Second type: PC banking –

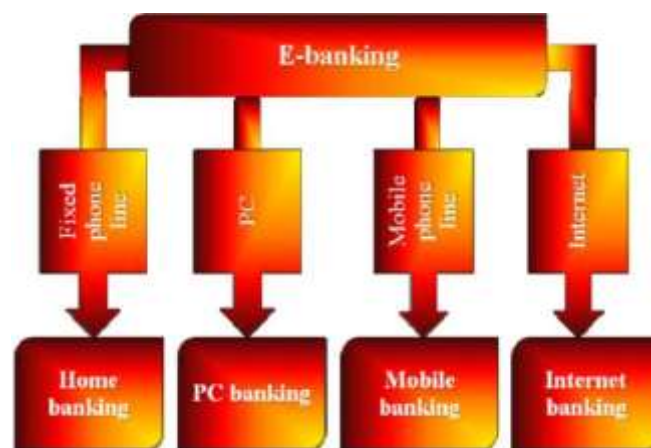
A form of banking that permits clients to perform financial transactions from a PC through supplying a proprietary monetary software application that lets in the customer to perform financial or monetary transactions from his/her home computer through a modem;

Third type: Internet banking –

Furthermore introduced as on line banking, internet banking or digital banking, an outgrowth of PC banking, is a greater service, a system that enables customers to access accounts and information on bank services and products or perform account transactions immediately with the bank through a computer using the internet as the delivery channel; clients are capable of getting entry to all of their money owed through the internet site of the bank and are allowed to perform many bank activities like transferring funds, paying mortgages or purchasing financial instruments ,paying bills, certificates of deposits, and not least viewing account balances ;

Fourth type: Mobile banking –

Is a machine that lets in bank customers to perform Numerous of financial transactions through a mobile tool, being the most recent provider in E-banking; mobile banking is predicated on WAP (wireless utility Protocol) technologies considering the fact that a mobile device need for a WAP browser established so as to allow get access to information.



Source: (I Drigă, 2010)

3. Literature review

E-commerce literature has studied the phenomenon of electronic banking from many views. Some studies have analyzed the phenomenon of electronic banking adoption and growth of electronic banking, whilst others explain the challenges and benefits to be gained from e-banking services as far as the organization is concerned (Karimzadeh & Alam, 2012). Literature review shows the research which describes the challenges and benefits of internet banking as the following.

(Attah-Botchwey, 2014) aimed of his paper to determine the adoption, challenges and critical successes of electronic banking in the Ghana ,The Data was primarily obtained from interviews and questionnaires which were administered to ten officials of ECOBANK and fifty customers who are utilizing one or greater electronic banking service of the bank. Secondary data was also collected from published materials or reports from ECOBANK . The results showed some of the merits of e-banking were easy to access to money and account information twenty four -hours and time saving for clients to perform other duties, eradication of long queues as associated with the traditional mode of banking. Whereas other research in Nigeria by (Adewuyi, 2011) The paper examined the concept of information technology, the term of electronic banking, origin of e-banking in Nigeria , areas of information and communication technology (ICT) growing by banks, guidelines on e-banking in Nigeria, causes for automation of banking operation, challenges of regulatory behind electronic banking in Nigeria . also in research done by (Bahl, 2012) presented paper aimed to display the challenges of E-banking. Further efforts have been made to suggest coverage implications make E-Banking greater effective. While (Imola Drigă & Isac, 2014) research aimed to show an overview of the E- banking service highlighting numerous aspects of e-banking. Even though e-banking provides many advantages for corporate

and individual customers, E-banking is had challenges and issues in terms of security and interest of customers. (Al-Smadi, 2012) conducted study in Jordan about Identified and understood factors that may affect bank clients' use of electronic banking services in Jordan, the found of the study also show that : uncertainty avoidance has a positively and effect on perceived ease of use and perceived usefulness. Perceived risk has the greater effect on customers' attitude, which in turn influences customers' intention to utilize E-banking services.

4. Objectives of the Study

There are three basic objectives of the study:

1. To study the need and benefits of E-banking.
2. To highlight the challenges of E-Banking.
3. To study the major issues, which has a direct influence on e-banking?

5. Benefits of electronic banking

The following are the Benefits of electronic banking which mentioned by (Kazmi & Hashim, 2015):

- 1-The electronic banking provides services 24/7 (twenty four hours in a day and seven days in a week).
- 2- No requirement of standing in long queues.
- 3- Easy access for clients.
- 4-Electronic banking is time saving service.
- 5-Money can be easily got by ATMs.
- 6- Enhanced and speed access to information of the clients.
- 7- All the services can be access at bank's website.
- 8-clients can easily take his/her history information about funds management.

6. Challenges in E-Banking in general

1-Implementation of global technology: There is a necessity to have a quite level of infrastructure and good human capacity building prior the developing countries may adopt global technology for their local needs. In developing countries, many clients either do not trust or do not access to the needful infrastructure that is to be able to process electronic payments (Kaur & Rajneesh, 2014).

2- Security Issue: is one of the important issues for E-banking. In the case of any monetary damages to the clients, the bank's reputation is spoiled. The security risk is the main threat from the hackers, who can use several types of information of public peoples for reason of criminal activity. While Sometimes hackers hike the passwords of the clients cause to theft their money or some hidden or secret information (Kazmi & Hashim, 2015).

3- Strengthening the public support: In developing countries, in the previous year's most e-finance initiatives have been the result of joint efforts between the non-public and public sectors. If the public sector does not have the necessary resources to implement the projects it is important that joint efforts between public and non-public sectors along with the multilateral agencies like the World Bank, be developed to enable public support for e-finance related initiatives(Kaur & Rajneesh, 2014).

4- Trust Issue: Trust plays a key role for e-banking, but the lack of trust is the main issue in the growth and development of electronic banking (Chauhan & Choudhary, 2015).

Other Disadvantages in general

Nowadays, e-banking became a fact of the existence or even a survival trouble for banks with their customers trusting and demanding it as a handy, safe, and honest manner of conducting banking transactions. moreover, bankers use it as an aggressive facet and a way to efficiently and correctly extend their business past the geographical obstacles the following disadvantage in step with (Shannak, 2013).

- 1- Poorly introduced electronic banking services may be sluggish & time consuming.
- 2- A few identification authentication necessities can be disturbing & overwhelming for customers.
- 3- Would possibly require lots of paperwork & approaches for registration & set-up, such as documentations & power of attorney to spouses past what's required for traditional paper-primarily based dealings.
- 4- May is difficult for customers to get familiarized with the financial institution's website & e-banking channel each financial institution has its own specific internet site & methods!

- 5- Frequent changes & modifications to the bank's internet site & delivery channels that require re-familiarization & in a few cases re-registration & documentation.
- 6- Distrust by way of some clients in a few countries with the primitive legal system and unreliable technological infrastructure could face security & legal challenges.
- 7-Some customers still prefer personalized attention and human interaction.

8- Conclusion & Scope for Further Research

With the rapidity time, the significance of electronic banking has got attention in cross the world. Most of the banks have already carried out the electronic banking facilities in Jordan, as these facilities are useful for both i.e. banks as well as clients. But the adoption of e-banking by the clients is still quite low due to various different challenges. So banking sector must look to solving these issue and challenges, and provide more ease to its customer
The paper only showed the overview of electronic banking, types of services for electronic banking, Benefits of electronic banking and Challenges in E-Banking.

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