

# The Comparative Analysis of the Internet Banking Among Thai Commercial Banks<sup>1</sup>

Nan San San Yee

Graduate School of Business Administration, Siam UniversityThailand

Email: sssan8422@gmail.com

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## Abstract

This study is the result of qualitative research using comparative and analytical methods. The comparative research was conducted by investigating the availability of basic services and the comparison different features offered by banking institutions among five Thailand banks. For that purpose, reviews of website from selected banks are conducted. Besides analyzing the availability of the Internet banking basic services and the differences of the features, the paper will also delineate problems that facing the institution among Thai Bank. The study intends to compare differences and similarities systems of internet banking offered and compare the availability of internet banking features between five Thai banks. The primary source of the information in this research study is individual interview of internet banking officer by using accidently sampling; they offer comprehensive internet banking as known as core banks in order to get their Internet banking services and secondly resources using a combination of knowledge of Websites and search tools to discover and all the available Journals, Articles, papers provided necessary information to finalize the research study.

The result of the comparative study indicates that all five Thai banks are dissimilar in providing basic services offered by their commercial banks, among five Thai banks are currently offering the same standard of services. In comparison, only two banks Siam Commercial Bank and Bank of Ayudhya are identified to be offering the same service is fixed deposit placements. Finally, Kasikorn Bank, Bank of Ayudhya and Krung Thai Bank were among the banks listed not offering service as requesting for the bank statements. Specially, only Siam Commercial Bank enhance the best banking via the internet and likely to interesting as the internet banking winner offering all services listed by the researcher. Overall, the researcher found all banks are less sophisticated and will need to improve in offering internet banking for

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<sup>1</sup> Articles from The Proceedings of the National Academic Conference No.5 2015 Overview of ASEAN Community, Siam University.



their customers. For recommendation, investments are required by the banks operator in upgrading and improving the quality of their service, not just only on number of services or features offered, but also the quality wise of processing time and reliability or accessibility for customer convenience

**Keywords:** Internet Banking, Commercial Banks, Comparative.

## Introduction

The great advances in technology and the aggressive mixture of information technology had brought in a model transfer in banking operations. For the banks, technology has emerged as a strategic resource for achieving higher efficiency, control of operations, productivity and profitability. Internet banking is the term used for new age banking system. Internet banking is also called as online banking and it is an outgrowth of PC banking. Internet banking uses the internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposits (Haque et al, 2009).

The Internet in Thailand was introduced in 1991 through academic and research application. According to The National Electronics and Computer Technology Center (NECTEC), Internet was introduced commercially in 1995 with the formation of the Nation's First Internet Service Provider (NECTEC, available at: <http://www.nectec.or.th>). Internet banking services were first used in 1999 by the Siam Commercial Bank PLC (SCB). Asian recession in 1997 and the failing of Thai Baht causing Bank of Thailand (BOT) to intervene in Thai financial market by forcing companies and several Thai banks merge with foreign ownership bank (BOT, 2003).

The increase of bank's capital and technology advancement used by foreign bank helps to improve and encourage Thai banks to focus on the automated processing and transaction in order to increase efficiency and reduce costs (Chudasri, 2002). This situation led to the aggressive competition in the banking market and as a consequence, most commercial bank in Thailand have launched their own website to offer online service and begin to use the Internet as a new distribution channel in their belief that the future of banking service lies in electronic banking (Boonruang, 2000). Being aware of the importance of electronic transactions in the future economic development of the country, thus commercial banks in Thailand have been allowed since 2000 to provide transaction online as same as the service offer in traditional bank service. To date, there are 11 commercial banks out of 29 commercial Thai bank institutions in Thailand offering internet banking services.



The purpose of this study was to compare the internet banking services among Thai banks. Using comparison as the theoretical base, secondary data were used to comparing about the differences and similarities of internet banking services among Thai banks within between five banks. The study motivated by the increase popularity of internet banking services in Thailand. It intends to compare differences and similarities of internet banking services among Thai banks. Besides it can realize the terms of internet banking services. In order to recognize the availability of internet banking services among Thai banks. Besides, provide the benefits and barriers of Internet banking systems.

### **Statement of Problem:**

The global economic system is changing and people are using merely information technological in the business field. Nowadays most of people conduct in internet banking services for their saving time and convenience to trade the business. Besides analyzing the availability of the differences services and similarity services of internet banking services. To comparing services of the internet banking among banks is the most important part. Therefore, this research will find out the comparing of internet banking system from top five Thai banks in Bangkok area.

Banks are working hard to get their customer onto using the Internet, where the profit margins are higher than those found in traditional bank. However, some barriers cause customers to anticipate less than expected and they are hesitated on using Internet for their banking purposes. Security wise, nasty people lurk around every corner. Hackers, fraudsters, identity thieves and many others would take a chance to get hold of customer personal details.

### **Objectives of the study**

The purpose of this paper is to help fill significant gaps in knowledge about systems of the Internet banking among five Thai Banks. The paper presents data, collected from a combination of knowledge of Web sites of commercial banks websites, comparing on the number of services that offer Internet banking, to discover on the availability of features and to illustrates the benefits and barriers of internet banking systems among five Thai Banks by search tools to discover and all the available Journals, Articles, papers provided necessary information to finalize the research study.

### **Research Questions**

What is internet banking system?

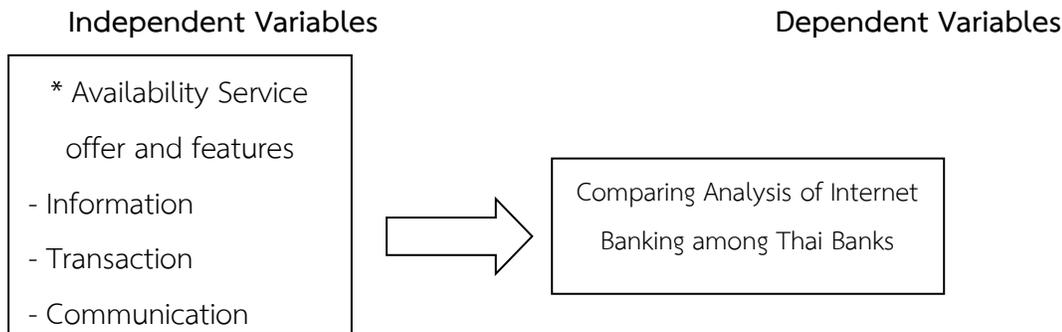
What are the differences and similarities of internet banking services among five Thai banks?

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What are the differences and similarities availability of internet banking features related to information, transaction and communication among five Thai banks?

### Conceptual Framework



**Figure 1**

The following are 2 hypotheses, which are related to system of Internet Banking among Thai Banks.

H1: Services offer will have a significant system of Internet Banking among five Thai Banks.

H2: Availability features will have a significant system of Internet Banking among five Thai Banks.

### Theory and Related research

This research has found out from literature review purposely, systems of internet banking, availability of features and related researches. First, Internet banking involves consumers using the Internet to access their bank account and to undertake banking transactions. At the basic level, Internet banking can mean the setting up of a Web page by a bank to give information about its product and services. At an advance level, it involves provision of facilities such as accessing accounts, funds transfer, and buying financial products or services online. This is called "transactional" online banking (Sathye, 1999).

Internet banking refers to several types of services, through which the bank customers can request information and perform banking transactions such as inquiries about outstanding balances, inter-account transfers, bill payment etc. via internet without leaving their homes or organizations. Therefore internet banking is a service delivery channel that offers flexibility and comfort to customers and helps the bank to reduce cost and competitiveness, because the bank to extend its market by attracting a new customer, who use internet frequently (Sagunthai et al., 2001)

For this reason, internet banking is widely spread, according to the survey by AC Nielsen (2002) found that internet or online banking is expanding in many Asian countries, including South Korea, Hong



Kong, Singapore and China. Thai Banks also follow this trend but in some way, the developing and the number of users of online banking is slightly behind other Asian countries (Rotchanakitumnuai et al., 2010).

According to (Gurau, 2002) the main benefit of internet banking for corporate customers are reduced costs in accessing and using the banking services, increased comfort and timesaving such as transactions can be made 24 hours a day, without requiring the physical interaction with the bank, easier access to information by check on multiple accounts at the click of a button, better cash management by facilities speed up cash cycle and increases efficiency of business processes as large variety of cash management, Convenience, response of the medium is very fast, better funds management on their own PC before affecting any transaction on the web. With all these benefits banks can obtain success on the financial market.

Mohamad Rizal Abdul Hamid, HanudinAminSuddinLada, and Noren Ahmad (2007) analysis that there are three (3) basic kinds of Internet banking services being employed in the marketplace, respectively the informational, communicative and transactional. Internet banking allows customer to have direct access to their financial information and undertake financial transactions without the hassle of going to the bank.

The above all literature reviews are what related to the theoretical and related the research, thus the application of the conceptual frameworks shall undergo this process to desired answers though the given framework.

## Research Design

This study designs to describe service offer, availability, benefits and barriers from the five banks in Thailand such as Siam Commercial Bank, Bank of Ayudhaya, Krung Thai Bank, Kasikorn Bank and Bangkok Bank. Further discussion has been divided into five sections. Section one the comparison is carried out by investigating the availability of basic services of Internet banking in Thailand. Section two appraises the current literature. Section three describes the database for the study. Section four illustrates the present status and profile of five Thai banks offering Internet banking systems such as service and availability of features in Thailand along with a description of the number and size distribution of five Thai banks offering of Internet banking systems. This section also compares the systems of five Thai banks offering on Internet banking. Section Five explains an empirical test of whether offering Internet banking affects bank profitability and the final section, summarizes the major findings.

This study is the result of qualitative research using comparative and analytical methods. The comparative research was conducted in two ways: Firstly, the comparison is carried out by investigating



the availability of basic services of Internet banking in five commercial Thai Banks. Secondly, the comparison is also carried out by investigating the different features offered by banking institutions in five Thailand banks. For that purpose, reviews of website from selected banks are conducted.

In order to satisfy the objective of this study, by interview of banking officers who have full knowledge on internet banking system within 5 banks from Thailand are investigated such as, Krung Thai Bank, Bank of Ayudhya, Siam Commercial Bank, Kasikorn Bank and Bangkok Bank are chosen in this study. The reasons of choosing these five Thai banks are based on their commitment to provide a comprehensive Internet banking, also core banks for banking industry in Thailand. There are nine (9) of basic services commonly offered by Internet banking institution. Respectively, (1) View statement and account balances, (2) Fund transfers, (3) Bill payment, (4) Manage savings and current account, (5) Card service, (6) Order cheque and books request, (7) Stopping cheque, (8) Fixed deposit placement and (9) Requesting the bank statement. (Banking Info, available at: <http://www.bankinginfo.com.my>). (Retried on 28 May 2015)

### Final Results

The result of the comparative study indicates that all five Thai banks are dissimilar in providing basic services offered by their commercial banks. Confidence on lack of effort on educating the consumers toward internet banking further affected the usability of internet banking among five Thai Banks. Although still emerging, development and improvement are taking place by changing the face of banking industry within five Thai Banks. Moreover, low level of connectivity and concern over the security contribute to obstruct the growth.

TABLE 1: TYPES OF SERVICES OFFERED AMONG FIVE THAI BANKS

	Internet Banking Services and Features	Five Thai Banks				
		SCB	BBL	Kbank	BAY	KTB
1	Check User balances and statements online	😊	😊	😊	😊	😊
2	Fund transfers	😊	😊	😊	😊	😊
3	Bill payment	😊	😊	😊	😊	😊
4	Manage savings and current account	😊	😊	😊	😊	😊
5	Card service	😊	😊	😊	😊	😊
6	Order cheque and books request	😊	😞	😞	😞	😞



	Internet Banking Services and Features	Five Thai Banks				
		SCB	BBL	Kbank	BAY	KTB
7	Request for stop cheque payments	😊	😞	😞	😞	😞
8	Fixed deposit placement	😊	😞	😞	😊	😞
9	Requesting the bank statement	😊	😊	😞	😞	😞

TABLE 2: THE AVAILABILITY OF INTERNET BANKING FEATURES

	Internet Banking Services and Features	Five Thai Banks				
		SCB	BBL	Kbank	BAY	KTB
<b>Ease of use (Informational)</b>						
1	Language option	😊	😊	😊	😊	😊
2	Online transaction hours	😊	😊	😊	😊	😊
3	Comprehensive FAQ	😊	😊	😊	😊	😊
4	Online transaction hours	😊	😊	😊	😊	😊
<b>Textures (Transactional)</b>						
5	Transfer funds between accounts at different branch	😊	😊	😊	😊	😊
6	International fund transfers	😊	😊	😊	😞	😞
7	Transfer funds to third party account	😊	😊	😊	😊	😊
8	Bill payment	😊	😊	😊	😊	😊
9	Order cheque and book request	😊	😞	😞	😞	😞
10	Manage savings and current account	😊	😊	😊	😊	😊
11	Apply for loan and mortgages	😊	😞	😞	😞	😞
12	Able to repay loan and mortgages	😊	😞	😞	😞	😞
13	View statement and account balances	😊	😊	😊	😊	😊
14	Request for bank statement	😊	😊	😞	😞	😞
15	Fixed deposit placement	😊	😞	😞	😊	😞
16	Stop cheque	😊	😊	😊	😊	😊
17	Standing order or direct debit	😊	😞	😞	😊	😞
18	Apply for credit card and debit card	😞	😞	😞	😞	😞



	Internet Banking Services and Features	Five Thai Banks				
		SCB	BBL	Kbank	BAY	KTB
19	Credit and debit card payment	☺	☺	☺	☺	☺
20	Historical records	☺	☺	☺	☹	☺
21	E-phone banking on the internet	☺	☹	☹	☺	☹
22	Web shopping on the internet	☺	☹	☹	☹	☹
23	Change user id and password	☺	☺	☺	☺	☺
<b>Extra Mile Service (Communicative)</b>						
24	E-mail support	☺	☺	☺	☺	☺
25	Online investment	☺	☺	☺	☺	☺
26	Online insurance	☺	☹	☹	☹	☹
27	Online business	☺	☺	☺	☺	☺
28	Online application form	☺	☺	☺	☺	☺

- Siam Commercial Bank (SCB)
- Bangkok Bank (BBL)
- Bank of Ayudhya (BAY)
- Kasikorn Bank (Kbank)
- Krung Thai Bank (KTB)
- ☺ – service offered (available)
- ☹ – service not offered

### Conclusions and Discussions:

The results indicate that among five Thai banks are currently offering the same standard of services, which refer to service located at (1) until (5). Siam Commercial Bank is believed to be the only banking institution currently offering the service for their customers. In comparison, only two banks Siam Commercial Bank and Bank of Ayudhya are identified to be offering the same service is (8) Fixed deposit placements. Finally, Kasikorn Bank, Bank of Ayudhya and Krung Thai Bank were among the banks listed not offering service (9) Requesting for the bank statements. Specially, as the Table 2 shown, only Siam Commercial Bank enhance the best banking via the internet and likely to interesting as the internet



banking winner offering all services listed by the researcher, except not available on apply for Apply for credit card and debit card.

Table 1 represents types of features commonly provided by five banks for their internet banking customers. Features could be diversities from one institution to another. However, the researcher found features used are commonly provided by banks, thus assumed to be acceptable. To be easier, the table is divided into 3 different categories: (1) Ease of Use (Informational), (2) Textures (Transactional) and (3) Extra Mile Service (Communicative). The first category as noted earlier means “specify the physical features an internet banking system option to have for its customers”. While the second category means “the features assisting customers’ transactions and the last”. The third category means “the added values offered by banks”. Offering 28 types of services and features, Siam Commercial Bank grabs the pole position also acknowledge most of the banks operating are still lagging from offering Web shopping services and growing rapidly on internet shopping should be addressed, besides giving more revenue to the banks; services such as this would attract more customers.

Overall, the researcher found all banks are less sophisticated and will need to improve in offering internet banking for their customers. In future to come, with the help of technology advancement, the gap would soon to be narrow. Banks are working hard to get their customer onto using the Internet, where the profit margins are higher than those found in traditional bank. However, some barriers cause customers to anticipate less than expected and they are hesitated on using Internet for their banking purposes. Security wise, nasty people lurk around every corner. Hackers, fraudsters, identity thieves and many others would take a chance to get hold of costumer personal details. The problem that Internet banking services facing towards the competitive world banking in Thailand, will be explain by a subsection.

The researcher concludes with some recommendations are; first, based on the major findings from Table 2, investments are required by the banks operator in upgrading and improving the quality of their service. This would include not just only on number of services or features offered, but also the quality wise of processing time, reliability or accessibility for customer convenience. Although, more services are highly recommended, banks should try to avoid ‘marketing shortsightedness’ in introducing new features for their service paying too much attention to the specific products they offer than to the benefits and experiences produced by the products. Second, the service providers must be more responsive on security issues. While there is no doubt that Internet banking transactions should have layered protection against security threats, the Internet banking service providers should approach security considerations as part of their service offerings because customers today are more concern on security.

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