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### Influence of Electronic Banking on Job Security of Employees in the Banking Sector: A Literature Review

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#### Abstract

E-banking is a breakthrough in the banking industry in the current digital age. Financial institutions are constantly upgrading this service to meet customers' increasing needs. Electronic banking has rapidly spread in all countries, taking over more than 50% of communication between customers and banks (Shirzadi *et al.*, 2017) <sup>[17]</sup>. Electronic banking services allow banks to increase customer satisfaction, save time by reducing paperwork, and cut costs by reducing the need for the physical presence of office systems or staff

banks. However, customers' dependence on services such as the Internet, phone calls, and online payments has reduced their use of the banking system's traditional goods. This is already creating significant security impacts on bank employees' jobs. This study aims to analyze how the electronic banking system's application and management impact workers' employment security. Lessons are drawn for Vietnam today based on a comprehensive analysis of research results from several countries worldwide.

**Keywords:** Electronic Banking, Job Security, Banking Sector

**JEL Code:** G20, G21, J28

#### 1. Introduction

The existence of businesses in today's modern world is increasingly evident and significantly related to the rate of adoption of technology. Changes to information technology Information and communication over the past few years have significantly and radically influenced the development of individuals and the organizational level (Safeena *et al.*, 2011) <sup>[16]</sup>. Within the sector, banks are no exception.

E-banking is an electronic banking service system (including sub-services such as Internet Banking, SMS Banking, and Mobile Banking) that was created to complement the services services on traditional banking platforms. E-banking is an additional development service of banking, focusing on key features such as money transfer, payment, and inquiry save account balance. Online banking allows users to make bank transactions from anywhere and anytime and can be used for transactions, payments, etc., via the Internet.

Electronic banking has been making great strides in the banking sector due to its ability to give banks an absolute competitive advantage and force banks to change their typical physical structure to create a larger and stronger online interface. E-banking has been found to increase the satisfaction and retention of customers (Mutuku and Nyaribo, 2015) <sup>[13]</sup>. Services fall under the Bank's criteria. Electronics can be classified according to four primary services: automated teller machines, telephone banking, electronic funds transfer, and online banking services (Oladejo and Akanbi, 2012) <sup>[14]</sup>.

In the context of Vietnam, the impact of the current COVID-19 pandemic has significantly changed the awareness and habits of some Vietnamese people about transactions on digital platforms. Vietnam is considered a potential market.

Opportunity for electronic banking development with 96.5 million people, young population structure (adults about 70%), and 72% of the population owns a smartphone, 130 million mobile subscribers, 64 million Internet users (accounting for 67% of the population). In the world and Vietnam, many studies have examined the positive impacts of converting and using services for banks and customers. However, not many studies examine the impact of using Internet banking employees in this field.

## 2. Literature review

### **Electronic banking**

Electronic banking, also known as e-banking, is an online banking service that allows customers to access and manage their bank accounts via the Internet. By using the internet, customers can perform many types of financial transactions from anywhere in the world at any time. It is also known as virtual banking, and users simply visit a website to buy products online, pay bills, transfer money, or buy anything from anywhere in the world (Gupta and Yadav, 2017) <sup>[8]</sup>.

These actions are all performed through smart devices connected to the Internet, such as laptops, phones, tablets, and desktop computers. Users will not need to go directly to an ATM, transaction office, or bank to execute these orders. Transactions made through e-banking will be safe and secure through OTP code authentication. This code will be sent to the registered user's phone number. With e-banking, customers can use bank services anywhere, anytime, without relying too much on the bank.

Customers must register to use the service at the bank's transaction office. Besides, depending on the fee schedule of each bank, account holders can use the service for free or need to pay a monthly maintenance fee.

Customers using online banking services can purchase goods by placing orders online, instructing the bank to pay the supplier related to the amount, confirming the invoice, and ensuring the products are delivered to where the buyer wants them. Internet banking supports the payment of electricity, telephone, mobile phone, credit card, and insurance premium bills because each bank is tied to different utilities associated with companies and service providers services and partner insurance companies nationwide for easy online payments worldwide.

E-banking is an invaluable and powerful tool that promotes development, supports growth, promotes innovation, and enhances competitiveness. This implies that banks that do not accept or respond to the emergence of e-banking in the market will likely lose customers and the cost of providing banking services.

Electronics lower the cost of holding bank branches. Haque *et al.* (2009) <sup>[10]</sup> commented that e-banking has become an important channel for selling products and services and is considered necessary to remain profitable and successful.

However, the different levels of technology application in the e-banking system are also bringing different impacts on customers and bank employees, thereby leading to the frequency of using this service may vary depending on the management capabilities of banks (Auta, 2010) <sup>[5]</sup>.

### **Job security**

Job security is a concept given to employee behavior and can vary from different countries. Jimenez and Didona (2017) <sup>[11]</sup> emphasize employee job security as the probability of employees feeling confident about their ability to keep their jobs. When the feeling of threat increases, it increases the likelihood of insecurity.

In the work, security has become a prominent concern in a society of continuous expansion and technological innovation at an all-time high. Persistent concerns about employee job security can lead to work-related stress, which reduces job satisfaction and can cause illness. Performance declines in the workplace and increases in absenteeism and absenteeism. Furthermore, it also creates an adverse relationship with workplace citizenship behavior as the

employee feels a lack of dedication or loyalty towards the organization if he or she fears losing her job (Halim and Rahman Omar, 2012) <sup>[9]</sup>.

With automation and internet technology increasing, the need for newer skills related to information technology and risk is growing. Previous skills are gradually becoming obsolete in the banking industry. Therefore, as banks continue to expand and innovate technologically at the highest level, job security is increasing become a prominent concern.

De Ruyter and Burgess (2000) <sup>[7]</sup> conceptualized job security in the following ways:

- Job Loss Probability: The degree to which a person is likely to be fired from his current job.
- Probability of loss of income: The degree of risk that the current job will not provide a similar income level in the future.
- Probability of loss of satisfaction: The degree of risk that the current job will not produce the same level of satisfaction.
- Probability of successful job search: Degree of chance of obtaining another job in the event of termination.
- Ability to successfully find work and maintain income/satisfaction: Levels of chances of getting another job similar to the current job in terms of skill requirements and income level in the event of termination.

Ahmed and Rahman (2020) <sup>[2]</sup> in his study on job security with work attitudes, stated that job security can also be explained as a social contract between employees and employers. When employees begin to feel unsafe in their work environment, they begin to feel unsafe. However, in different industries, employees have different levels of awareness of insecurity in a setting.

### **Job security**

Impact of E-Banking on the job security of workers in the banking sector. Most studies focus on the effect of e-banking on customers; however, very few concerns the impact on workers. Meanwhile, as technology develops rapidly in the banking industry, especially e-banking services, banks will require fewer employees to maintain their operations, especially for clerical work subordinate clerks, data entry officers, and tellers. This change will result in large-scale unemployment in the future or the need to rehire these employees. With the rise of electronic banking, there are risks that it will significantly affect employees' thoughts about their job security, leading to reduced satisfaction from work, reduced motivation, and ultimately lower productivity (Gupta and Yadav, 2017) <sup>[8]</sup>.

The adoption of electronic payment systems has posed a significant challenge to the job security of tellers in the banking sector (Ali *et al.*, 2014) <sup>[3]</sup>. The development results of banks today show that the Internet is the cheapest distribution channel for banking products because it allows businesses to reduce their branch network and the number of service staff. Therefore, by simply investing in the E-banking system, banks can achieve high service efficiency and improve quality. However, this increases job insecurity for employees with outdated skills and requires high levels of information technology.

In addition, the application of electronic banking in the banking sector has reduced the procedures that bank staff must carry out, thus reducing staff working directly at the

branch. Ahmed and Rahman (2020) <sup>[2]</sup>, in their study of banks in Zimbabwe, found that online banking has a significant relationship in improving overall performance by reducing operating costs, saving costs due to the need for Lower demand for physical assets, and reducing costs due to investment in online banking also reduce the number of employees.

Chukwudi and Amah (2018) <sup>[6]</sup> also found that overall job security decreases with increasing technology. They also emphasized increasing employee knowledge, skills, and competencies in all parts of the bank as newer technologies replace older technologies. Plus, e-banking not only reduces the workforce but also causes psychological problems for bank employees because automation reduces opportunities to socialize with others.

Khattab *et al.* (2020) <sup>[12]</sup>, in their study of different branches of Kermanshah commercial banks, found that e-banking significantly affects employment security, and this service even allows workers to retire early. In a study conducted on the Nigerian banking sector by Patel and Patel (2018) <sup>[15]</sup> they found that as banks advance technologically, it directly leads to workers' layoffs and early retirement. The results also showed that ATMs caused job security problems for the tellers of Nigerian banks (Atiku and Fields, 2017) <sup>[4]</sup>.

Adelani (2019) <sup>[1]</sup> investigated the impact of e-banking on the job security of Nigerian banks' employees. They found data supporting e-banking leading to reduced job security. In fact, they claim that ATMs and online payment systems have the most significant impact on labor reduction in banks and thus were among the factors that significantly affected job security among all the factors they analyzed.

### 3. Discussion

An overview of analytical literature has supported the assertion about the influence of electronic banking applications on the job security of workers in the banking sector. However, some studies have found that some aspects of e-banking are not associated with reduced job security. Instead, Chukwudi and Amah (2018) <sup>[6]</sup> also found that the increase in technological advancements in the banking sector has been found to increase the importance of employee knowledge, skills, and competencies in all departments of the bank when new technologies than continue to replace older technologies.

Technology may make some jobs obsolete, but it also creates new positions, such as the growing need for a manager to guide customers through electronic banking activities.

All of this points to the fact that banks themselves need to be aware of the importance of E-banking and implement recruitment, training, and retraining policies to ensure they do not cut staff or replace employees, which helps them ensure job security.

Retraining activities can be aimed at improving technological skills for workers, restructuring labor in banks to overcome skills obsolescence, and upgrading the quality of human resources. This not only helps employees reduce ambiguity at work but also helps motivate employees to contribute better to the development of the bank, thereby improving employee performance in particular and for the banking system in general in the context of globalization in Vietnam today.

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