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A STUDY ON E-BANKING SERVICES BY COMMERCIAL BANKS IN INDIA

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ABSTRACT

Most of the banks and financial institutions of Nepal have been moving towards the e-Banking system as all of them want to increase customer satisfaction and relationship (especially in terms of time), scope, and transaction facilities. The scope of this study is to analyze different Internet banking services and their parameters provided by commercial of Nepal. The study used a questionnaire by using Google Form, which was provided to the respondents in their email addresses for primary data collection. A sample of four respondent's banks, from 27 banks and different 18 attributes were taken to analyze their performance. The comparative study is done by analyzing different Internet banking services and their parameters provided by commercial banks such as Transaction-Intra and Interbank, Merchant tie-up, Wallet Support, Utility payment, Transaction cost, Transaction Limit, and IPS connectivity by using bar charts analysis. The study shows that there are no single parameters that can be used to compare the services. Thus, the model of study proposed here is helpful for the comparison of services of financial institutions. Further, the model can be implemented to compare any kind of services in any service-oriented organizations.

Keywords: Internet Banking, e-Banking, model, IPS Connectivity

1.0 INTRODUCTION

The banking scenario in India is the post liberalization and deregulated environment has witnessed sweeping changes. The tremendous advances in technology and the aggressive infusion of information technology had brought in a paradigm shift in banking operations. For the banks, technology has emerged as a strategic resource for achieving higher efficiency, control of operations, productivity and profitability. For customers, it is realization of their 'Anywhere, Anytime, Anyway' banking dream. This has prompted the banks to embrace technology to meet the increasing customer expectation. Technology to start with a business enabler and now has become a business driver. The

banking institutions cannot think of introducing a financial product without information technology support is it customer service, transactions, remittances, audit, marketing, pricing or any other activity in the banks. Information Technology plays an important role not only to complete the activity with high efficiency but also has the potential to innovate and meet the future requirement. Information Technology has therefore introduced new business paradigms and is increasingly playing a significant role in improving the services in banking industry.

Banking today has become easier and it has led to a secure way for people to keep their hard-earned money in their bank accounts. Technology has reduced everything to a

click of a button and people can transfer money from one account to another account even without standing in long queues for hours. There are numerous of options available to people ranging from debit cards, credit cards, e-wallets, internet banking, and mobile banking and so on which have replaced the traditional methods of transactions.

Earlier the payment through electronic mode was restricted to making huge and lump sum payments for large value transactions and cheques were the main instruments of transactions for a long time before technical innovations took place. Now even petty payments become easier through e-banking making it more convenient for users to settle their payments. The adoption of e-banking services by customers enables banks to get returns on their investment and provide them with a competitive environment.

Definition and concept of E-banking:

Often E-banking is defined as web-based banking. According to UNCTAD, stated that deployment of retail or wholesale banking services over the internet is often referred to as E-banking which involves individual and corporate clients, and includes bank transfers, payments and settlements, documentary collections and credits, corporate and household lending, card businesses, and some others. In the late 1990s, many banks originate to view web-based banking as a strategic obligatory. As a way of maintaining their customers and building loyalty banks looked for web-based banking. Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution.

Electronic banking services have actually started to develop only since 1995, when the Maryland Presidential Bank, an American

bank, allowed bank accounts to be opened online. Internet banking (e-banking) facilitates customers to avail various small and large value banking products and services through electronic channels. Internet banking comprises banking activities or services which can be available by the customers at any point of time and from any place with their convenience, it is also called PC banking, online banking, cyber banking, virtual banking, etc.

2.0 LITERATURE REVIEW

Aliyu, AlhajiAbubakarSayf M. D Younus&Rosmaini Bin HJ Tasmin. (2012) have tried to analyze the progress and challenges of ebanking in India from 2011 to 2016, also throwing some light on the status of retail electronic payments in the post-demonetization period. Their study shows that the number of internet users has increased from 2,231,957,359 to 3,424,971,237 in 2016, which is around 53.45% increase during the period. Also, the penetration of internet as a ratio of population has increased from 31.8 % in 2011 to 46.1% in 2016. There has been a continuous increase in the number of debit card and credit card users. The number of transactions through credit card increased at a CAGR of 22.25% whereas the number of transactions through debit cards increased at a CAGR of 12.33% during the period of study. Post demonetisation i.e., from November 2016 to May 2017, RTGS (real time gross settlement), NEFT (national electronic fund transfer) and UPI (unified payments interface) increased at a CAGR of 4.72%, 1.95% and 60.50% respectively. Mobile banking declined continuously. Their study also mentions the challenge of increasing number of internet users and the requirement of banks to be able to meet out the expectations of these tech savvy people.

Bahram, Meihami, Zeinab Varmaghani & Hussein Meihami. (2013) focused on understanding the concept of internet banking and its benefits from the perspective of consumers as well as banks and the current scenario of internet banking. The growth percentage of mobile banking from 2010 to 2014 had been the highest that is 495.64% while credit cards had seen the least growth from the same period at 11.07%. NEFT and RTGS transactions were at 602.69% and 89.29% respectively. They concluded that most of the banks have implemented e-banking facilities that are beneficial both for the consumers and the banks but then there are issues of safety, security, and reliability which the banks must adhere to.

Chavan, Jayshree. (2013) analyzed the impact of liberalization, privatization, and globalization on Indian banks and the resultant opportunities and challenges. The study revealed that the biggest challenges for banking challenge for the mass and companies and those Indian banks should come up with differentiated products to stand at par with foreign banks. Further, the study also emphasized building knowledge-driven organizations for surviving the competition from the banks globally. The above studies done on e-banking have focused on its progress and its challenges it. The concern is more on the technological aspects of banking. They have not focused on the digitalization of the banking sector and the various components of e-banking and how the economy will move towards being a cashless economy, given the present state of internet penetration and different schemes launched by the Govt. of India and RBI.

Elavarasi, R.; Dr. S. T. Surulivel. (2014) analyzed the challenges and opportunities in the Indian Banking sector. The study

showed that only 28 percent of banking clients were using internet banking after evaluating the population characteristics. It found that there was no significant relationship in-between age and the use of cyber banking. It also depicted that there is no relationship between gender and the adoption of internet banking. It observed that qualifications in terms of education and income of the respondents were playing the role in the acceptance of online banking. The study suggested that it is the need of time that financial literacy of the users should be increased through various programs which should be run by banks to increase the awareness of internet banking.

Ezzi, Shaza W. (2014) E-banking is spreading all over the world with speed, sometimes at the cost of throwing caution to the winds. This has not only transformed the banking and financial institutions in their modern form, but has also brought a paradigm shift in their attitude of banking operations. It has enabled banks to provide variety of services at reduced transactional costs and shrunk geographical boundaries. There is no conclusive study on the impact of E-banking on economies and scale in banking.

3.0 METHODOLOGY

The word "research" is used to describe a number of similar and often overlapping activities involving a search for fact. A search concerned with information rather than knowledge or analysis and answers can normally be found in a single source.

This is a comparative study on the e-banking service of both public and private sector banks and the banks selected for this study are State Bank of India, representing the Public Sector and HDFC Bank, representing the Private Sector, mainly on two criterions, the first being the convenience during the research, mainly from the same city i.e.,

haridwar and second being the diversity of the banks and their prominence in their respective sectors.

Problem Identification, Need and Relevance of the Research It is evident from the literature reviewed, that E-banking has emerged to be beneficial for both the financial institutes and the customers. Also, for a bank to survive in this cut-throat competition it is important to offer the best products, with quick service, with complete security features and to be up-to-date with the RBI guidelines, therefore a comparison between public and private sector banks was also necessary to understand the market situation of e-banking better from both customers' and the bank employees' perspective.

This forced the researcher to select this as a topic of her research. This research would help both the e-banking customers and the banks, not only selected for the study, but also for the other banks. To the best of knowledge and belief no research work from this angle has been undertaken by anybody till now.

Sample Design

The sample size of this study is 50 and questionnaire method is used for data collection. We personally met the respondents inside and outside the banks. For secondary data we take into

consideration the journals and publication issued at different sites on internet. For latest information we also visited HDFC and SBI personally. The information was collected and analysis according to respondent socio economic background, included the factor of education, age, income, marital status etc.

4.0 RESULTS

Data Collection and Data Analysis

Dynamic change took place in the Indian financial system during the eighties and nineties consequent upon deregulation and liberalization of economic policies of the government. Different policies shaping up in Indian economy and earmarked ambitious plan for economic growth. As well as, change in money and capital markets took place. Application of marketing concept in the banking sector was introduced to enhance the customer satisfaction the policy of privatization of banking services aims at encouraging the competition in banking sector and introduction of financial services and services such as Internet banking, Portfolio Management, Venture capital, etc. came into existence to cater to the needs of public. An important agenda for every bank today is greater operational efficiency and customer satisfaction.

Age:

Particulars	% age of respondents
18-25 years	20%
26-30 years	30%
31-40 years	20%
41-50 years	10%
51-60 years	10%
Above 60 years	10%

Analysis & Interpretation:

From the above study we find that nobody is below 18 age and 20% respondents are between 18-25 age group, 30% respondents are between 26-30 age group, 20% respondents are between

31-40 age group, 10% respondents are between 41-50 age group, 10% respondents are between 51-60 age group, 10% respondents are between above 60 age group.

Gender

Particulars	No. of Respondent	% age
Male	70	70%
Female	30	30%
Total	100	100%

Analysis & Interpretation: From the above result we come to know that out of 100, 70 respondents are male and 30 are female which is 70% and 30% are respectively. From the above data we conclude that most of our respondents are male.

Education

Particulars	No. of Respondents	% age
High school	4	4%
Intermediate	14	14%
Graduate & Professional	46	46%
Master Degree	36	36%
Total	100	100%

Analysis & Interpretation: From this analysis it shows that out of 100 respondents, 4% respondents are high school, 14% respondents are intermediate, 46% respondents are graduate & professional, 36% respondents are master degree. All the respondents of our survey are qualified. From the above data we conclude that most of our respondents are Graduate & professional degree holders.

Marital Status

Particulars	No. of Respondents	% age
Married	40	40%
Unmarried	30	30%
Widowed	20	20%
Divorced	10	10%
Total	100	100%

Analysis & Interpretation: From the above study we find that out of 100%, 40% respondents are married, 30% respondents are unmarried, 20% respondents are widowed, 10% respondents are divorced. Most of the respondents of our survey are married.

Profession

Particulars	No. of respondents	% age
Govt. employee	40	40%
Private employee	30	30%
Businessman	20	20%
Student	5	5%
Homemaker	5	5%

Analysis & Interpretation: From the above study we find that out of 100%, 40% respondents are govt. employee, 30% respondents are private employee, 20%

respondents are businessman, 5% respondents are students, 5% respondents are homemaker. Most of the respondents of our survey are govt. employee.

Monthly Income

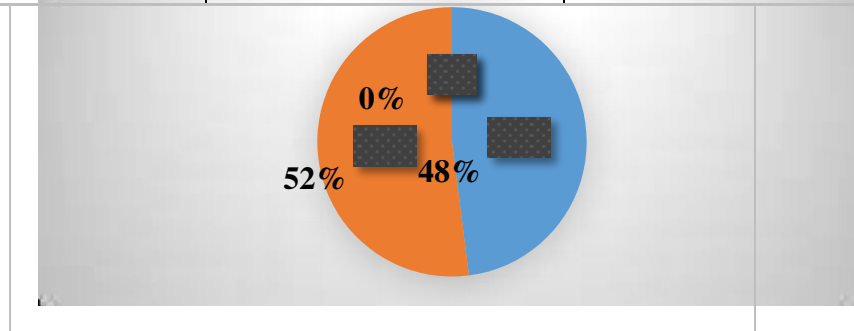
Particulars	No. of respondents	% age
10,000-20,000	25	25%
20,000-30,000	20	20%
30,000-40,000	20	20%
40,000-50,000	15	15%
Above 50,000	20	20%

Analysis & Interpretation: From the above study we find that out of 100%, 25% respondents are 10,000-20,000 salary, 20% respondents are 20,000-30,000 salary, 20% respondents are 30,000-40,000 salary, 15% respondents are 40,000-50,000 salary, 20% respondents are above 50,000. Most of the respondents of our survey are 10,000-20,000 monthly income

Analysis of Data Collected:

- The respondents were asked about which category of the banks do they consider as most technologically advanced.

Bank sectors	No. of respondents	% age
Public banks	24	48%
Private banks	26	52%



INTERPRETATION: It was found that most of the respondents were availing the most technologically advanced of private banks while those of the public sector banks were less as compared.

- The respondents were asked about which attributes of the bank do they value the most.

Reasons	No. of respondents	% age
Quality of service	6	12%
Technology used	13	26%
Trust	13	26%
Location	9	18%
Type of the bank	9	18%

5.0 CONCLUSION

Finally, the study concludes that E-banking is need of the hour. Though there are lots of hurdles in the way of smooth implementation of E-banking in India but at the same time E-banking has bright future in India. It is golden path for banking sector in India to maximize its profits and also the customer base. That's why E-banking can never be neglected. Moreover the recommendations provided in this research are useful for the banks and also for the customers for better service and satisfaction respectively. Thus only those banks will survive in the future which will manage the changes as per technological developments and customer requirements because future of the banks ultimately stays in the hands of customers. They should be satisfied at any cost. Banks are making sincere efforts to popularise the e-banking services and products. Younger generation is beginning to see the convenience and benefits of ebanking. In years to come, e-banking will not only be acceptable mode of banking but will be preferred mode of banking.

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