

E-Banking in Contemporary Indian Scenario

Krishan Kumar*

Lecturer in Commerce, Government Senior Secondary School Tohana, Fatehabad

Abstract – The Internet banking is changing the banking industry and is having the major effects on banking relationships. Internet banking involves use of Internet for delivery of banking products & services. It falls into four main categories, from Level 1 - minimum functionality sites that offer only access to deposit account data - to Level 4 sites - highly sophisticated offerings enabling integrated sales of additional products and access to other financial services- such as investment and insurance. The study is an exploratory cum descriptive. Primary data has been used by the researcher to achieve the objectives of the study. Convenience sampling technique has been used to collect the data.

Keyword: ATM, Demat Account, Internet Banking etc.

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INTRODUCTION

Internet banking (or E-banking) means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In internet banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Any service can be selected and further interaction is dictated by the nature of service. The traditional branch model of bank is now giving place to an alternative delivery channels with ATM network. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would be a borderless entity permitting anytime, anywhere and anyhow banking.

The Reserve Bank of India constituted a working group on Internet Banking. The group divided the internet banking products in India into 3 types based on the levels of access granted. They are:

- i) **Information Only System** - General purpose information like interest rates, branch location, bank products and their features, loan and deposit calculations are provided in the bank's website. There exist facilities for downloading various types of application forms. The communication is normally done through e-mail. There is no interaction between the customer and bank's application system. No identification of the customer is done. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet.
- ii) **Electronic Information Transfer System** - The system provides customer-specific

information in the form of account balances, transaction details, and statement of accounts. The information is still largely of the 'read only' format. Identification and authentication of the customer is through password. The information is fetched from the bank's application system either in batch mode or off-line. The application systems cannot directly access through the internet.

- iii) **Fully Electronic Transactional System** - This system allows bi-directional capabilities. Transactions can be submitted by the customer for online update. This system requires high degree of security and control. In this environment, web server and application systems are linked over secure infrastructure. It comprises technology covering computerization, networking and security, inter-bank payment gateway and legal infrastructure.

PROFILE OF VARIOUS BANKS

Profile of Punjab National Bank

Established in 1895 at Lahore, undivided India, Punjab National Bank (PNB) has the distinction of being the first Indian bank to have been started solely with Indian capital. The bank was nationalized in July 1969 along with 13 other banks. From its modest beginning, the bank has grown in size and stature to become a front-line banking institution in India at present

Profile of HDFC Bank

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an

'in-principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled commercial Bank in January 1995.

Promoter

HDFC is India's premier housing finance company and enjoys an impeccable track record in India as well as in International markets. Since its inception in 1977, the corporation has maintained a consistent and healthy growth in its operation to remain a market leader in mortgages. Its outstanding loan portfolio covers well over a million dwelling units. HDFC has developed significant expertise in retail mortgage loans to different market segments and also has a large corporate client base for its housing related credit facilities. With its experience in the financial markets, a strong market reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in Indian environment.

Profile of ICICI Bank

ICICI Bank is India's second largest bank. ICICI bank has a network of around 535 branches and extension counters and round about 2000 ATMs. ICICI bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management. ICICI Bank currently has subsidiaries in the U.K and Canada, branches in Singapore and Bahrain and representatives offices in United States, China, United Arab Emirates and Bangladesh. ICICI Bank's equity shares are listed in India on the Stock Exchange, Mumbai and the National Stock Exchange of India Ltd and its American Depository Receipts (ADRs) are listed on the New York Exchange (NYSE).

REVIEW OF LITERATURE

Dr. Madan Lal Bhasin

Electronic commerce is steadily increasing. E-Commerce refers to the buying, selling and exchanging of products, services and information through computer networks. E- Banking is also an integral part of e- commerce; It has made banking transactions so smooth and easy. One can transfer money from his or her account to any where across the world. Several facilities are also provided by it such as Credit Cards, ATMs, Demat account facilities. There is no need of carrying huge amount of cash along with you every where one can carry ATM or

Credit Card it also provide safeguard against theft or loss of cash. And with the Demat facility one can do online trading himself while sitting at home on his or her P.C. Moreover availing such E-banking facilities has become a status symbol for every one now a day.

R. S. RAGHWAN (C.A)

Banking the world over is undergoing a rapid and radical transformation, thanks to the all pervasive influence of information technology, telecommunication and electronic data processing, India is no exception. Technology has played a vital role in the evolution of banking sector, through speed creation, accuracy and efficiency of operation and reduction in transaction cost. Banking services are now oriented to "anyhow, anywhere, anytime and any type" banking.

OBJECTIVES OF STUDY

1. To access the present scenario of the services of internet banking.
2. To study the problems faced by the consumers in availing the internet banking services.
3. To access the satisfaction level experienced by the users of internet banking services.
4. To determine the weakness of internet banking.

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as science of studying how research is done systematically. In it we study the various steps that are generally adopted by research method/techniques but also the methodology.

RESEARCH DESIGN

The research design is the conceptual structure within which research is conducted. It contains the blue print for the collection, measurement & analysis. The study is an exploratory cum descriptive. Researcher has used questionnaire method for collecting the data from the customers of the selected banks.

UNIVERSE AND SURVEY POPULATION

Universe is the total number of all customers availing banking facilities in the Hisar city. Sample is a total of four selected banks namely State Bank of India, Punjab National Bank, HDFC bank and ICICI Bank under the study. These banks have been selected because of easy availability of its customers in the

city. For this purpose the sample size of 75 customers of these banks have been taken.

Sample Size & Techniques

Data source	Primary
Research Approaches	Survey
Research instrument	Questionnaire
Sampling	Judgmental-cum-convenience
Sample Size	75 Customers
Contact Method	Personal
Sampling Unit	Bank Customers
Area covered	Hisar

COLLECTION OF DATA

The present study is based on primary data as well as secondary data. Primary data have been collected with the help of specially designed questionnaires and detailed discussions with the customers of Punjab National Bank, State Bank of India, HDFC Bank and ICICI Bank of Hisar city. A set of questionnaire was prepared and used to know the level of customer's satisfaction and their problems regarding e-banking services provided by the banks. The researcher has also used Likert type scales the questionnaire ranging from 1-5 i.e.

- 1) 1= Highly Satisfied
- 2) 2= Satisfied
- 3) 3= Indifferent
- 4) 4= Dissatisfied
- 5) 5= Highly Dissatisfied

DATA ANALYSIS AND INTERPRETATION

Table 5.1 :- ATM users according to age

		Age of respondent			Total
		below 25	25-30	30 above	
ATM	Yes	25(33.33%)	26(34.66%)	24(32%)	75
Total		25(33.33%)	26(34.66%)	24(32%)	75

Source: field survey

Interpretations

This table depicts that 100 percent of the respondents avail the facility of ATM. Maximum number of the respondents belongs to the age group of 25-30 years; there are 25 respondents below 25 years and 24 respondents of age group above 30 years.

Table 5.2 -Credit card holders according to age

		Age of respondent			Total
		below 25	25-30	30 above	
Credit Card	Yes	8(26.66%)	12(40%)	10(33.33%)	30(40%)
	No	17(37.77%)	14(31.11%)	14(31.11%)	45(60%)
Total		25(33.33%)	26(34.66%)	24(32%)	75

Source: field survey

Interpretations

The above table shows that 30 respondents who are availing the facility of credit card out of 75 respondents, maximum number of respondents i.e. 40 percent of respondents using this facility are of 25-30 years, 33.33 percent of respondents of age group above 30 years and rest of all fall in age group below 25 years.

Table 5.3 -Demat a/c holders according to age

		Age of respondent			Total
		below 25	25-30	30 above	
Demat a/c	Yes	9(36%)	9(36%)	7(28%)	25(33.33%)
	No	16(32%)	17(34%)	17(34%)	50(66.66%)
Total		25(33.33%)	26(34.66%)	24(32%)	75

Source: field survey

Interpretations

From the above table it has been found that 36 percent of respondents using this facility fall in two categories i.e. below 25 & 25-30 years each. And rest of 28 percent fall in category above 30 years. This shows that Demat a/c is more popular in young age group.

Table 5.4 -Name of bank of ATM according to age

		Age of respondent			Total
		below 25	25-30	30 above	
Name of bank of atm	HDFC	6(40%)	2(13.33)	7(46.66%)	15(20%)
	HDFC	7(29.16%)	10(41.66%)	7(29.16%)	24(32%)
	PNB	9(36%)	10(40%)	6(24%)	25(33.33%)
	ICICI	3(27.27%)	4(36.36%)	4(36.36%)	11(14.66%)
Total		25(33.33%)	26(34.66%)	24(32%)	75

Source: field survey

Interpretations

This table depicts that maximum number of respondents i.e. 33.33 percent avail the ATM facility from PNB, 32 percent of respondents avail this facility from SBI, 20 percent of respondents avail this facility from HDFC and minimum number is from ICICI.

Table -Name of bank of credit card according to Age

		Age of respondent			Total
		below 25	25-30	30 above	
Name of bank of credit card	HDFC	3(37.5%)	5(62.5%)		8(26.66%)
	SBI	3(25%)	4(33.33%)	5(41.66%)	12(40%)
	ICICI	2(20%)	3(30%)	5(50%)	10(33.33%)
Total		8(26.66%)	12(40%)	10(33.33%)	30

Source: field survey

Interpretations

This table reveals that the maximum number i.e. 40 percent of respondents avail the facility of credit card from SBI, 30 percent of the respondents avail this facility from ICICI and 20 percent avail it from HDFC bank whereas PNB do not provide such facility.

Table 5.6 -Name of bank of demat a/c according to age

		Age of respondent			Total
		below 25	25-30	30 above	
Name of Bank of demat a/c	HDFC	4(36.36%)	3(27.27%)	4(36.36%)	11(44%)
	PNB	2(40%)	3(60%)		5(20%)
	ICICI	3(33.33%)	3(33.33%)	3(33.33%)	9(36%)
Total		9(36%)	9(36%)	7(28%)	25

Source: field survey

This table shows that maximum number of respondents i.e. 44 percent of respondents avail the facility of demats from HDFC bank whereas only 36 percent avail this facility from ICICI bank and PNB is at lowest place over here. SBI do not provide any such facility.

FINDINGS

- There was not much difference in the various groups of the respondents. Male female ratio was 60:40 for ATM users.
- The credit card users constituted equal number of respondents irrespective of gender biasness.
- For DEMAT users, there was a significant difference in male female ratio. There were 88% of male users, whereas female users were only 12% of the total respondents.
- The most popular bank for ATM was PNB. For credit card, it was ICICI bank and for DEMAT a/c, HDFC was the best one.
- 57.33% of the ATM users, 73.33% of credit card holders were satisfied with the service

availed by them. Whereas 52% of the DEMAT a/c holders were indifferent when they were asked about the service they avail.

- Most of the respondent felt that ATM is more beneficial when cash is needed urgently. 53.33% of credit card holders felt that CREDIT card is easy to carry than cash and 56% of DEMAT holders considers the benefit of immediate buy and sell of securities.
- 46.66% of ATM holders, 73.33% of CREDIT CARD holders and 56% of DEMAT holders faced the problem while using the respective facilities.
- The main problem of ATM was that the machine do not work properly, 45.45% of CREDIT CARD holders faced problem due to non availability of swapping machine, and 50% of DEMAT holders do not have proper knowledge of capital market.
- 54.66% of respondents using e-banking facilities had grievance against their bank, but only 4.87% were highly satisfied with the grievance handling of the bank.
- 40% of the e-banking users felt that security is the main weakness of Internet banking, whereas 10.66% of the respondents do not find any weakness in the Internet banking.

SUGGESTIONS

- Bank should ensure that all the ATMs are located within the reach of customer.
- All the ATMs should be timely check so as to avoid the problems of customers.
- Instructions should be clearly mentioned on the machine.
- Bank should ensure the availability of swapping machines at all popular shopping outlets.
- Purchase over the credit limit up to an extent should be provided to avoid the inconvenience of the customer.
- Adequate information & help regarding the capital market should be provided to the Demat holder by the bank providing him the facility.
- Timely suggestions to demat holder should also be provided.

- Adequate secrecy in the transactions should be there.

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Corresponding Author

Krishan Kumar*

Lecturer in Commerce, Government Senior Secondary School Tohana, Fatehabad