

# Investigation for Role of E- Banking in India– Case Study

P. Ajith Kumar

Assistant Professor, Vaagdevi Degree & P.G College, Warangal

**Abstract:** *Through E-Banking the bank wants to introduce the core concept of IT-based Enabled Services (ITES). The major idea is to provide a series of services to the customer through the internet and make the customer feel flexible in calling out simple tasks faster instead of making a visit to the bank every time. Today, one of the surest most comfortable and less risk-oriented faced by banking sector is the application of electronic commerce. E-banking is considered to have a substantial impact on banks' performance. The main reason behind this success is the numerous benefits it can provide, both to the banks and to customers of financial services. For customers, it can provide a greater choice in terms of the channels they can use to conduct their business, and convenience in terms of when and where they can use E-banking. More and more people are adapting to this technique and the banking industry is bound to grow. The evolution of electronic banking started with the use of automatic teller machines and has included telephone banking, direct bill payment, electronic fund transfer and online banking.*

**Keywords-** E-banking, E-banks, E-commerce, E-marketing

## I. INTRODUCTION

The banking industry of India is in the midst of an Information technology revolution. A combination of regulatory and competitive reasons has led to increasing importance of total banking automation in this industry. Information technology has basically been used under two different avenues in banking. One is communication and connectivity and other is business process reengineering. Information technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. Information technology has changed the contours of three major functions being performed by the banks viz. access to liquidity, transformation of assets and monitoring of risks. Further, information technology and the communication networking systems have a crucial bearing on the efficiency of money, capital and foreign exchange markets. The software packages for

banking applications in India had their beginnings in the middle of 80s, when the banks started computerizing the branches in a limited manner. The early 90s saw the plummeting hardware prices and advent of cheap and inexpensive but high-powered PCs and servers. The commercial banks went in for Total Branch Automation Packages for computerization. The middle and late 90s witnessed the tornado of financial reforms, deregulation, globalization etc. coupled with rapid revolution in communication technologies and evolution of novel concept of 'convergence' of computer and communication technologies, like internet, mobile/cell phones etc. It changed the face of Indian banking system completely.

A number of services are being offered through electronic banking. It is quite difficult to measure the extent of such services, but an effort has been made by classifying these services into two categories. Firstly, to judge the impact of e-banking through different websites, services being offered by the banks have been categorized into informational and transactional services. Secondly, the extent of these services has been measured through ATM services offered by the banks.

**A. ATM:** An (ATM) also known as an automated banking machine (ABM) that enables the clients of a financial institution to perform financial transactions without the need for a cashier, human clerk or bank teller. Most ATMs are connected to interbank networks, enabling people to withdraw and deposit money from machines not belonging to the bank where they have their accounts or in the countries where their accounts are held (enabling cash withdrawals in local currency). Although ATMs were originally developed as just cash dispensers, they have evolved to include many other bank-related functions.

**B. Smart card:** A smart card, chip card, or integrated circuit card (ICC) is any pocket-sized card with embedded integrated circuits. Smart cards can provide identification, authentication, data storage and application processing. Smart cards may provide strong security authentication for single sign-on (SSO) within large organization. Financial institutions worldwide are developing new methods to maintain and expand their services to meet the need of increasingly sophisticated and technically

smart customer, as well as to meet the emerging payment needs of electronic commerce. Traditional credit cards are fast evolving into smart cards as consumers demand payment and financial services product that user friendly, convenient and reliable.

**C. Debit card:** An electronic card issued by a bank which allows bank clients access to their account to withdraw cash or pay for goods and services. This type of card, as a form of payment, also removes the need for checks as the debit card immediately transfers money from the client's account to the business account. The major benefits to this type of card are convenience and security. Debit cards are also considered to be a safer form of payment as a code is required to access the account funds, while checks can be easily stolen. Debit cards are also known as check cards. Debit cards look like credit cards or ATM cards, but operate like cash or a personal check.

**D. Mobile banking:** Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as a mobile phone or personal digital assistant. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information. The following services can be availed through the

Mobile banking application:

- Funds transfer (within and outside the bank).
- Immediate Payment Services.
- Enquiry services (Balance enquiry/ Mini statement).
- Demat Account Services.
- Requests (Cheque book request/Generate OTP).
- Bill Pay (Utility bills, credit cards, Insurance premium), Donations, Subscriptions etc.

**E. Credit card:** The word credit originated from the Latin word *credere* meaning Trust. A credit card is a payment card issued to users as a system of payment. It indicates an opinion on the future ability to the issuer to make timely payment of principal and interest of fixed income security. A credit card allows small short-term loans to be quickly made to a customer who need not calculate a balance remaining before every transaction.

**F. Tele banking:** Telebanking is carrying out financial transactions using telephones. Telephone banking is a service provided by a bank or other financial institution,

that enables customers to perform financial transactions over the telephone, without the need to visit a bank branch. From the bank's point of view, telephone banking reduces the cost of handling transactions by reducing the need for customers to visit a bank branch for non-cash withdrawal and deposit transactions.

## II. RELATED WORK

A.J. Joshua, Moli P Koshy (2011), in this look at the majority of the respondents have computer and internet get right of access and they're also basically talented in using them. The users of net banking, telebanking, and mobile banking are in fashionable observed to be spending extra hours the use of computer systems and internet than non-users of those services. The hours of computer utilization, the frequency of internet utilization and hours of net browsing had been determined to be notably higher amongst users compared to non-customers of generation-enabled banking self-provider. It concludes that banks can target those customers whose usage of computer systems, internet, and different era products are surprisingly at the higher aspect.

Trivedi & Patel (2013) analyzed the issues confronted via customers while the usage of e-banking centers in India. It observed that most of the customers recognize about the e-banking services supplied by way of their financial institution. The study found that there may be a substantial distinction among one of a kind issues identified while the use of e-banking offerings. It also determined that some problems have an effect on more and some troubles affectless in use of banking offerings. It concluded that each one the reasons aren't equally answerable for not the usage of e-banking services.

Haq & Khan (2013) analyzed the challenges and possibilities in the Indian Banking quarter. They have a look at confirmed that handiest percentage banking customers had been using net banking after evaluating the population characteristics. It located that there was no enormous courting in-between age and use of cyberbanking. It also depicted that there's no relation in among gender and the adoption of net banking. It observed that qualification in phrases of training and profits of the respondents were playing the role inside the reputation of online banking. The study advised that it's miles the want of time that monetary literacy of the users needs to be accelerated thru diverse applications which need to be run with the aid of banks to increase the awareness of net banking.

VijayakumarRajarathinam and Chandra Kumar Mangalam(2013), has indicated that users have been stimulated through elements such as quick direct access, ease of use, every time anywhere banking, popularity image, safety, and protection. The influence of the elements varied from the sort of users. Consumers have one of a kind stages of competency in internet banking usage. The higher the purchasers felt approximately their competency in dealing with internet banking, better became their frequency inside the usage of internet banking. Moderate and beginner of net banking users had highly lesser ranges of consumer delight.

### III. MAIN THEME

The research survey was answered by a mix group of people among the customers of the Banks. The survey was conducted through questionnaires to a group of people and only 100 respondents filled in our survey that focused on gathering information about awareness, usage of and expectations about the internet banking. In this study convenience-sampling method is used, thus the respondents were randomly selected.

#### A. Research Question:

This study is aimed at finding out whether the respondents are aware about internet and banking services and whether they use their knowledge of hassle free banking or they are abided by habits customs and routines.

#### B. Sample size:

Sample sizes of 100 respondents were selected for this study. The respondent profile who participated in the study is given below.

#### C. Data Collection:

Data will be collected from both primary and secondary sources of information.

#### D. Primary Source:

All necessary information about the study has been collected from personal contact and discussion by using of Questionnaire method.

**Type of data :** Primary

Data collection method : Questionnaire

#### E. Secondary sources:

Data has been collected from both internal and external sources such as personal records, annual reports, web links etc

### IV. DISCUSSIONS

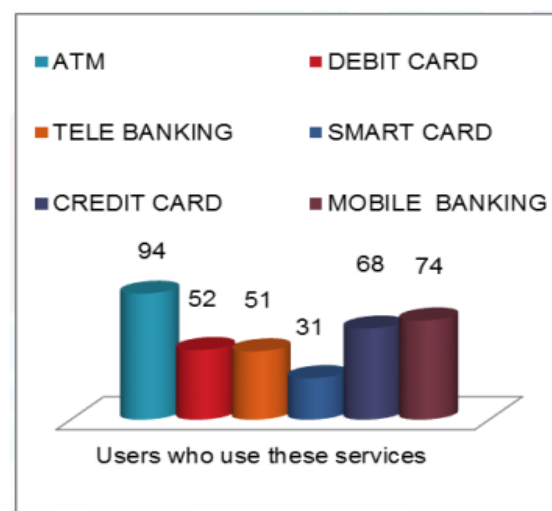
The Following table describes the demographic profile of the respondents which consists of gender, age, level of education. From a total of 100 questionnaires received. According to our analysis of the demographic

characteristics of the respondents we can say that, 36% of the respondents are between the ages of 20 and 29 and 29% is between the age of 30 and 39. 15% of the respondents are between the ages of 40 and 49, 14% of the respondents are between the ages of 50 and 59. Then the remaining 6% is higher than the 60 years old. Within the respondents 45% are female and remaining 55% is male. If we check the education level of the respondents we can say that, 45% hold Bachelor Degree, 35% hold Master degree & 20% hold PhD, it is found that Bachelor degree respondents are using highest e-banking.

	Internet banking Users	Percentage
Gender		
Male	55	55%
Female	45	45%
Age		
20-29	36	36%
30-39	29	29%
40-49	15	15%
50-59	14	14%
60-69	6	6%
Education		
Bachelor	45	45%
Master	35	35%
PhD	20	20%

Finding shows that there is no any significance difference between Awareness of e-banking & usage of e-banking.

Services	Atm	Debit card	Tele banking	Smart card	Credit card	Mobile banking
Users who use these services	94	52	51	31	68	74



### V. CONCLUSION

Finding shows that all consumers are using WWW more than a one Year.

- 88% consumers are visit 1-4 times in a month & 12% consumers are never visit branch of the Bank.
- There is 76% consumer are using ATM for 1-4 times in a month.& 18% consumer are use over period of 12 months & 6% consumers are never use ATM.
- There is 34% consumers are using debit card for 1-4 times in a month & 18% consumers are using 5-8 times in a month & 48 % respondents are not using a debit card services.
- There is 32% consumers are using tele-banking for 1-4 times in a month & 19% consumers are using 5-8 times in a month & 49% respondents are not using a tele-banking services.
- There is 19% consumers are using smart card for 1-4 times in a month & 12% consumers are using 5-8 times in a month & 69% respondents are not using a smart card services.
- There is 32% consumers are using credit card for 1-4 times in a month & 36% consumers are using 5-8 times in a month & 32% respondents are not using a credit card services.
- There is 46% consumers are using mobile banking for 1-4 times in a month & 28% consumers are using 5-8 times in a month & 26% respondents are not using a mobile banking services.
- Main reason for visiting a bank branch is to make a Deposit with highest % is 40 %

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