

“A STUDY OF THE PRESENT SECENARION OF E-BANKING SERVICES IN INDIAN MARKET”

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ABSTRACT

E-Banking services change the face of the modern banking, having the major effect on banking relationship. Banking is now no longer confined to the branches were one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. In true E-Banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time. Providing E-Banking is increasingly becoming a "need to have" than a "nice to have" service. The net banking, thus, now is more of a norm rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services.

The present study introduces you to E-Banking, giving the meaning, function, types and their benefits. It will also show the impact of E-Banking into the person's life. This paper provides the present status of the E-Banking in the market through the analysis of the satisfaction level of the people.

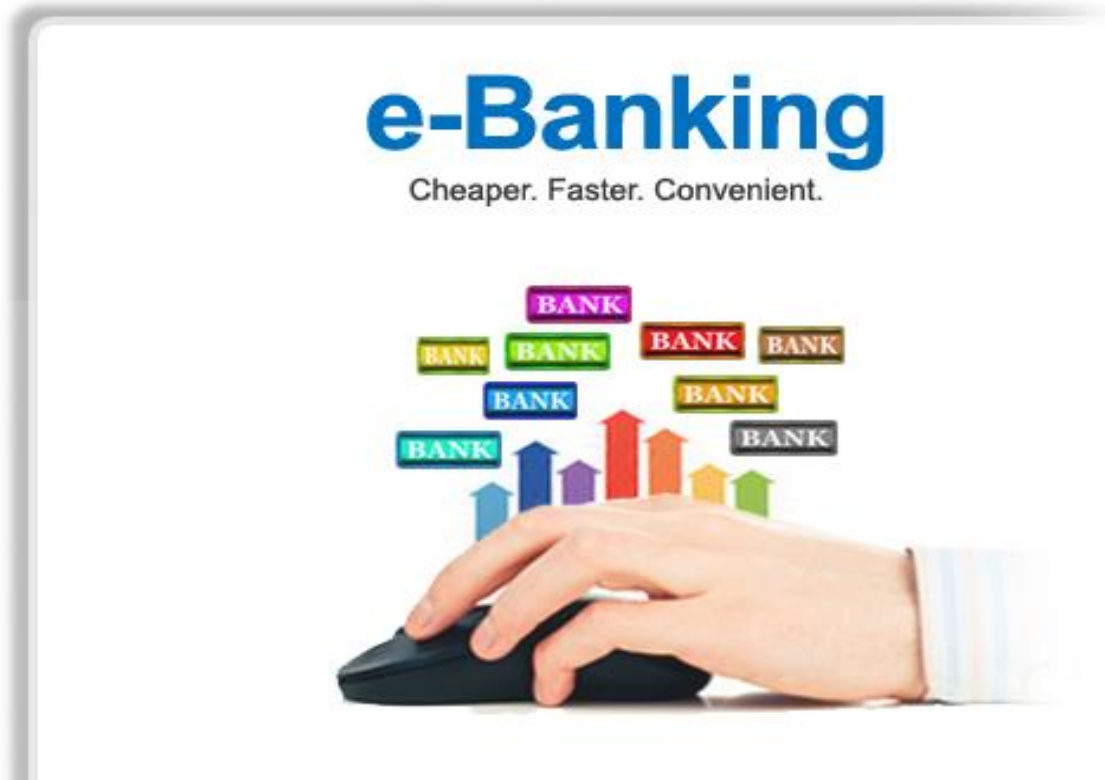
Key Words: - *E-Banking Services, Benefits, Types, Customers Satisfaction & Expectation*

1. INTRODUCTION

E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), kiosk, or Touch Tone telephone.

1.1 Transactional Websites

Transactional websites provide customers with the ability to conduct transactions through the financial institution's website by initiating banking transactions or buying products and services. Banking transactions can range from something as basic as a retail account balance inquiry to a large business-to-business funds transfer. E-banking services, like those delivered through other delivery channels, are typically classified based on the type of customer they support.



(Fig – 1): E-Banking

1.2 Informational Websites

Informational websites provide customers access to general information about the financial institution and its products or services. Risk issues examiners should consider when reviewing informational websites include:

- Potential liability and consumer violations for inaccurate or incomplete information about products, services, and pricing presented on the website;
- Potential access to confidential financial institution or customer information if the website is not properly isolated from the financial institution's internal network;
- Potential liability for spreading viruses and other malicious code to computers communicating with the institution's website; and
- Negative public perception if the institution's on-line services are disrupted or if its website is defaced or otherwise presents inappropriate or offensive material.

2. LITERATURE REVIEW

The present study deals with the review of literature on 'E-Banking services. A number of studies on evaluating and analysis the E-Banking services in India and foreign countries. Review of some of the studies is presented in the following discussion: -

Joseph et al. (1999) investigated the influence of internet on the delivery of banking services. They found six underlying dimensions of e-banking service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization. **Jun and Cai (2001)** identified 17 service quality dimensions of i-banking service quality. These are reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding the customer, collaboration, continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features. They also suggested that some dimensions

such as responsiveness, reliability and access are critical for both traditional and internet banks. **Jayawardhena (2004)** transforms the original SERVQUAL scale to the internet context and develops a battery of 21 items to assess service quality in e-banking. By means of an Exploratory Factor Analysis (EFA) and a Confirmatory Factor Analysis (CFA), these 21 items are condensed to five quality dimensions: access, website interface, trust, attention and credibility.

IAMAI report on online banking 2006. 43% of online banking users haven't started online financial transaction because of security reasons, 39% haven't started because they prefer face to face, and 22% haven't started because they don't know how to use, for 10% sites are not user friendly and for 2% banks are not providing the facility of internet banking. According to research 68% of the customers cannot say that when they will be starting the financial transactions through internet. Maximum numbers of online banking users are male and maximum of them are in age the group of 25-35. Numbers of female users are very less i.e. 17% only. More than 60% of the people who are having accounted with have accounts in 3-4 banks.

Meuter et al. (2000) have identified critical incidents of customer satisfaction and dissatisfaction with technology-based service encounters. Given that business-to-business transactions are the fastest growing segment of technology-driven services (Hof, 1999); Meuter and his colleagues (2000) suggested investigating what drives business customer satisfaction or dissatisfaction with technology driven services. According to Gönroos (1982), customers distinguish the quality of customer interactions that take place during service delivery (functional quality) and the quality of the outcome the customer receives in the service encounter (technical quality).

The Indian Internet Banking Journey In 2001, a Reserve Bank of India survey revealed that of 46 major banks operating in India, around 50% were either offering Internet banking services at various levels or planned to in the near future. According to a research report, (India Research, Kotak Securities, May 2000.) while in 2001, India's Internet user base was an estimated 9 lakh; it was expected to reach 90 lakh by 2003. Also, while only 1% of these Internet users utilized the Internet banking services in 1998, the Internet banking user base increased to 16.7% by mid- 2000.

3. OBJECTIVES OF THE STUDY

The present study is concerned with the following objectives:

1. To study the overall services of E-Banking in present era with their benefits.
2. To study the customer satisfaction level about the E-Banking.

4. RESEARCH METHODOLOGY

Research is a diligent and systematic inquiry or investigation into a subject in order to discover or receive fact, theories, applications, etc. Methodology is the system of methods followed by particular discipline. Thus, Research Methodology is the Way how we conduct our research.

4.1 Research design

This project involves descriptive research design as my project is questionnaire based. Descriptive research includes survey and fact-finding enquiries kinds. The major purpose of descriptive research is description of the state of affairs, as it exists at present.

4.2 Sample Size

For this study the sample size is 50 people of the area Mandi Dabwali, Distt Sirsa, Haryana, who were using the E-Banking services.

4.3 Data Collection

Both primary and secondary data were used. Primary data were collected from the questionnaire and rest of the data collected from the secondary sources like website, Paper, Books and Journals.

5. COMMON E-BANKING SERVICES

(Table: - 5.1): E-Banking Services

Retail Services	Wholesale Services
Account management	Account management
Bill payment and presentment	Cash management
New account opening	Small business loan applications, approvals, or advances
Consumer wire transfers	
Investment/Brokerage services	Commercial wire transfers
Loan application and approval	Business-to-business payments
Account aggregation	Employee benefits/pension administration

Since transactional websites typically enable the electronic exchange of confidential customer information and the transfer of funds, services provided through these websites expose a financial institution to higher risk than basic informational websites. Wholesale e-banking systems typically expose financial institutions to the highest risk per transaction, since commercial transactions usually involve larger dollar amounts. In addition to the risk issues associated with informational websites, examiners reviewing transactional e-banking services should consider the following issues:

- Security controls for safeguarding customer information;
- Authentication processes necessary to initially verify the identity of new customers and authenticate existing customers who access e-banking services;
- Liability for unauthorized transactions;
- Losses from fraud if the institution fails to verify the identity of individuals or businesses applying for new accounts or credit on-line;
- Possible violations of laws or regulations pertaining to consumer privacy, anti-money laundering, anti-terrorism, or the content, timing, or delivery of required consumer disclosures; and
- Negative public perception, customer dissatisfaction, and potential liability resulting from failure to process third-party payments as directed or within specified time frames, lack of availability of on-line services, or unauthorized access to confidential customer information during transmission or storage.

5.1 E-Banking Components

E-banking systems can vary significantly in their configuration depending on a number of factors. Financial institutions should choose their e-banking system configuration, including outsourcing relationships, based on four factors:

- Strategic objectives for e-banking;
- Scope, scale, and complexity of equipment, systems, and activities;
- Technology expertise; and
- Security and internal control requirements.

Financial institutions may choose to support their e-banking services internally. Alternatively, financial institutions can outsource any aspect of their e-banking systems to third parties. The following entities could provide or host (i.e., allow applications to reside on their servers) e-banking-related services for financial institutions:

- Another financial institution
- Internet service provider
- Internet banking software vendor or processor
- Core banking vendor or processor
- Managed security service provider
- Bill payment provider
- Credit bureau and
- Credit scoring company

E-banking systems rely on a number of common components or processes. The following list includes many of the potential components and processes seen in a typical institution:

- Website design and hosting,
- Firewall configuration and management,
- Intrusion detection system or IDS (network and host-based),
- Network administration,
- Security management,
- Internet banking server,
- E-commerce applications (e.g., bill payment, lending, brokerage),
- Internal network servers,
- Core processing system,
- Programming support, and
- Automated decision support systems.

5.2 Benefits of E-Banking

In recent time E-banking has spread rapidly all over the globe. All Banks are making greater use of E-banking facilities to provide better service and to excel in competition. The spread of E-banking has also greatly benefited the ordinary customer in general and corporate world in particular. The following points summarize benefits of e banking.

5.2.1 Benefits To Consumers

General consumers have been significantly affected in a positive manner by E-banking. Many of the ordinary tasks have now been fully automated resulting in greater ease and comfort.

- Customer's account is extremely accessible with an online account.
- Customer can withdraw cash at any time through ATMs that are now widely available throughout the country.
- Besides withdrawing cash customers can also have mini bank statements, balance inquiry at these ATMs
- Through Internet banking customer can operate his account while sitting in his office or home. There is no need to go to the bank in person for such matter.
- E banking has also greatly helped in payment of utility bill. Now there is no need to stand in long queues outside banks for his purpose.
- All services that are usually available from the local bank can be found on a single website.
- The Growth of credit card usage also owes greatly to E-banking. Now a customer can shop worldwide without any need of carrying paper money with him.
- Banks are available 24 hours a day, seven days a week and they are only a mouse click away.

5.2.2 Benefits To Banking Industry

Banking industry has also received numerous benefits due to growth of E-Banking infrastructure. There are highlighted below:

- The growth of E-banking has greatly helped the banks in controlling their overheads and operating cost
- Many repetitive and tedious tasks have now been fully automated resulting in greater efficiency, better time usage and enhanced control.
- The rise of E-banking has made banks more competitive. It has also led to expansion of the banking industry, opening of new avenues for banking operations.
- Electronic banking has greatly helped the banking industry to reduce paper work, thus helping them to move the paper less environment.
- Electronic banking has also helped bank in proper documentation of their records and transactions.
- The reach and delivery capabilities of computer networks, such as the Internet, are far better than any branch network.

5.2.3 Benefits to General Economy

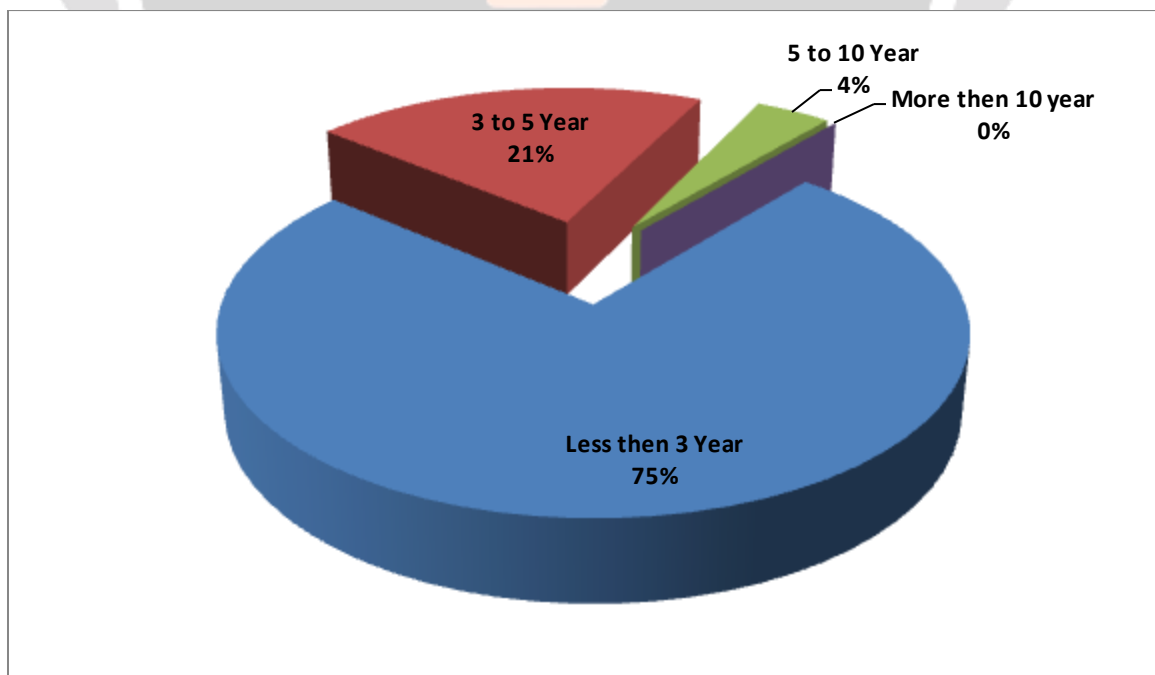
Electronic Banking as already stated has greatly serviced both the general public and the banking industry. This has resulted in creation of a better enabling environment that supports growth, productivity and prosperity. Besides many tangible benefit in form of reduction if cost, reduced delivery time, increased efficiency, reduced wastage, E-banking electronically controlled and thoroughly monitored environment discourage many illegal and illegitimate practices associated with banking industry like money laundering, frauds and embezzlements. Further E-banking has helped banks in better monitoring of their customer base. This it is a useful tool in the hand of the bank to device suitable commercial packages that are in conformity with customer needs. As e banking provide opportunity to banking sector to enlarge their customer base, a consequence to increase the of volume of credit creation which results in better economic condition, Besides all this E-banking has also helped in documentation of the economic activity of the masses.

6. ANALYSIS AND INTERPRETATION

The study deals with results which came from the analysis of the primary and secondary data.

6.1 Time Using The Internet Facilities

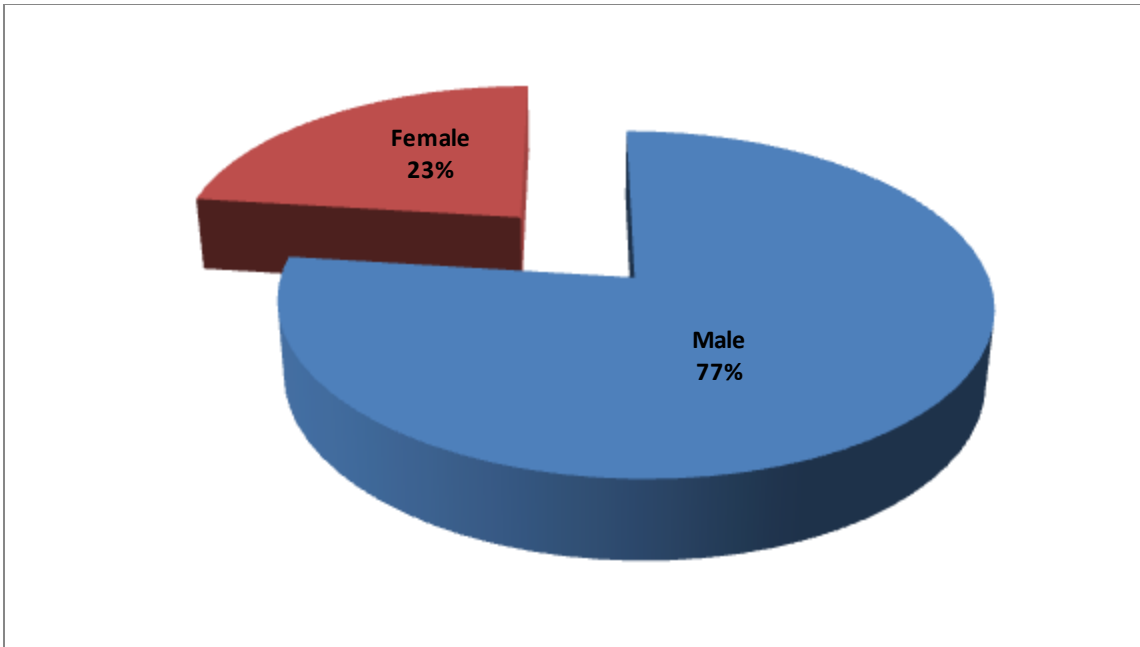
In this graph 75% customers are using internet from less than 3 years and 4% are using from 5-10 years and rest of the respondent using internet between the periods of 3-5 year.



(Chart - 6.1): Internet Using Interval

6.2 Gender Ratio of Respondents

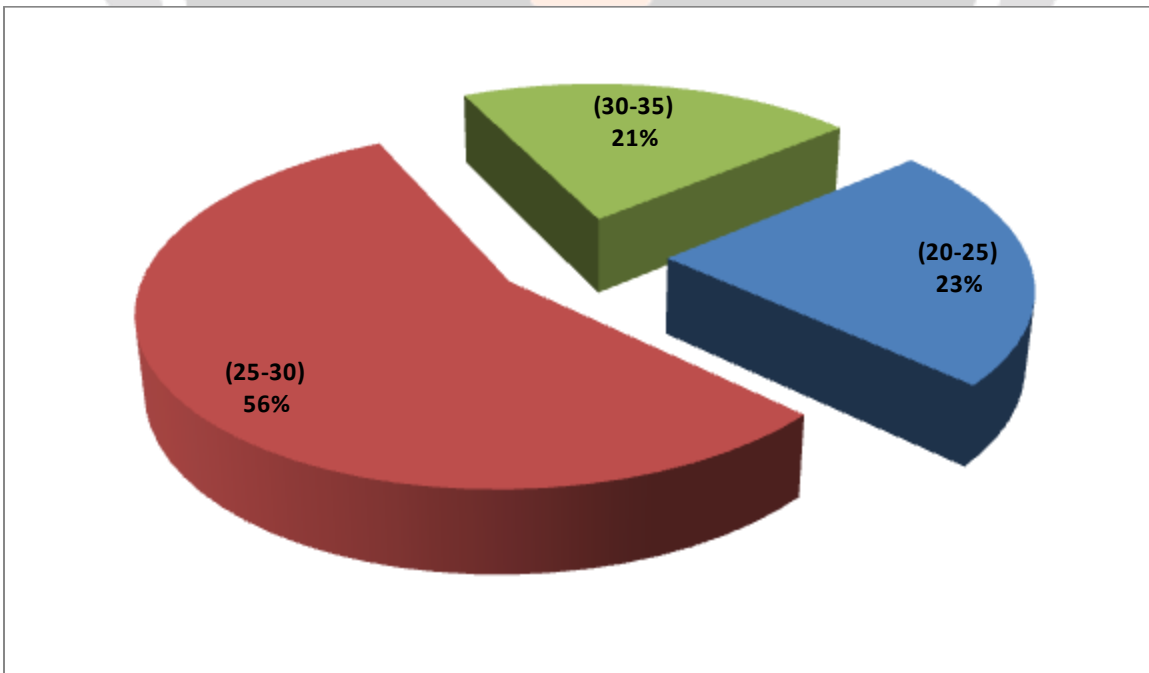
This study deals with the 77% of male respondent and rest of the respondent is female.



(Chart: - 6.2): Gender Ratio

6.3 Age Ratio of The Respondent

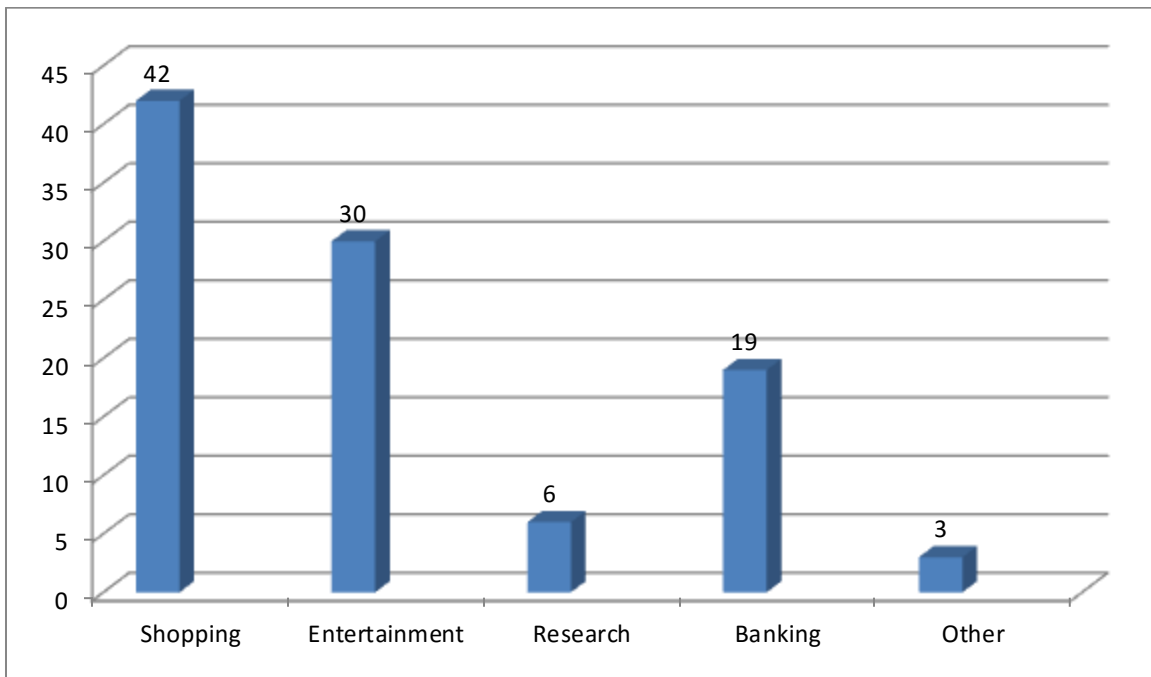
In this graph majority (56%) of the respondent in the age group of 25-30 and 21% are in the group age 30-35 and rest of the age group of 20-25.



(Chart: - 6.3): Age Group

6.4 Objective For Using The Internet

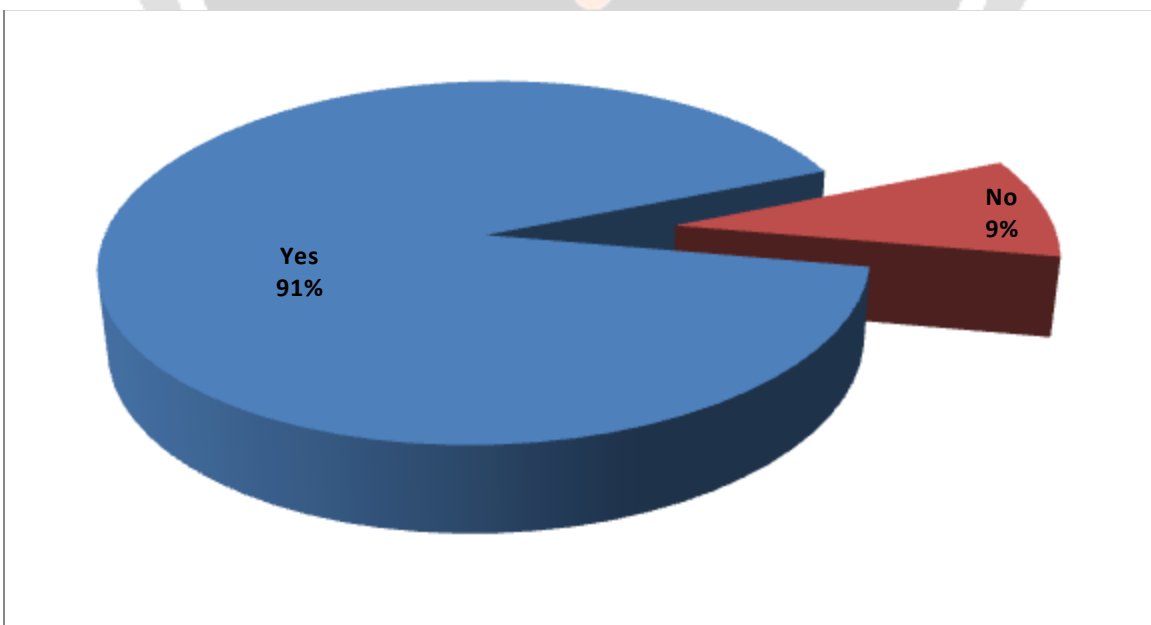
Under the purpose of using internet 42% using for shopping motive and 30% using for entertainment and 6% for research and 19% for banking and 3% other.



(Chart: - 6.4): Objectives

6.5 Awareness About The E-Banking

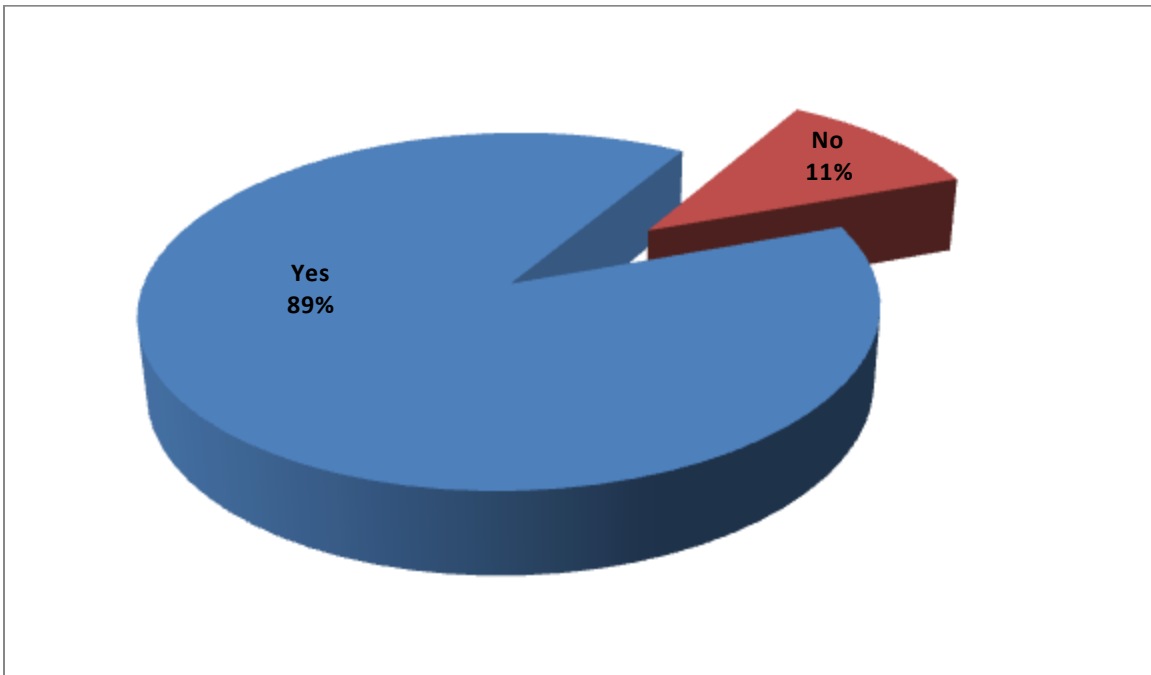
The following graph represents that the majority of respondents are not aware about e-banking (9%) on the other hand 91% respondents know about e-banking.



(Chart: - 6.5): Awareness Level

6.6 Using The E-Banking Services

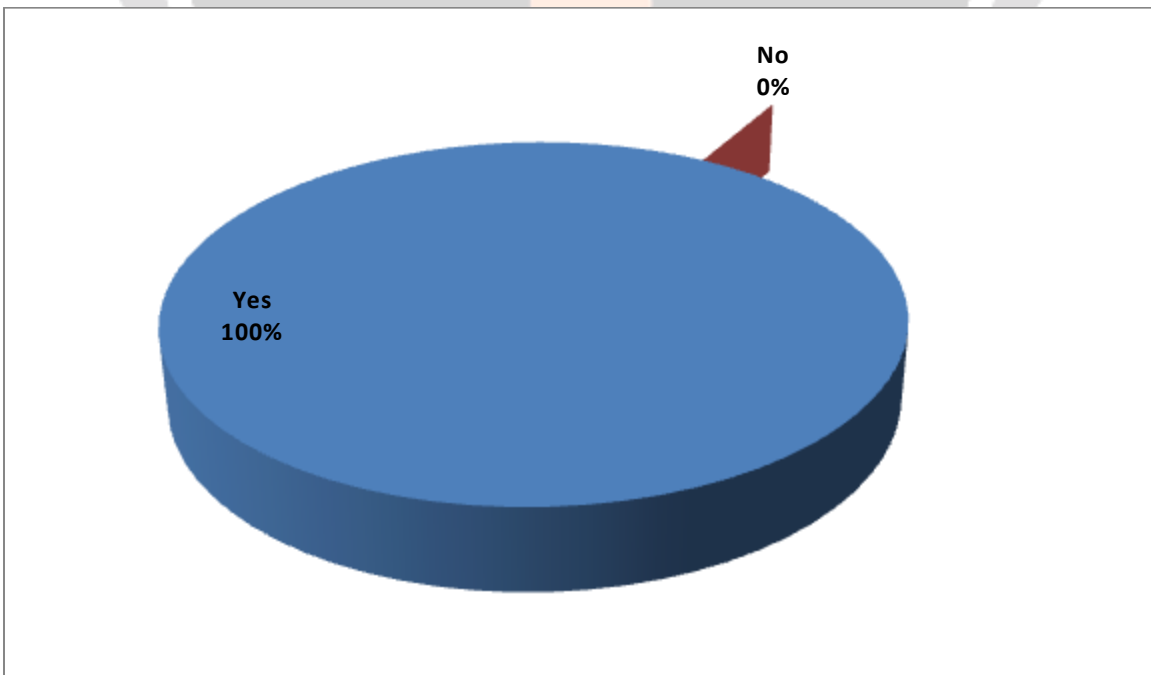
In this graph 89% respondent using E-banking for their day to day life and the 11% respondent not using the E-banking.



(Chart: - 6.6): Using the E-Banking

6.7 E-Banking Services Save The Time

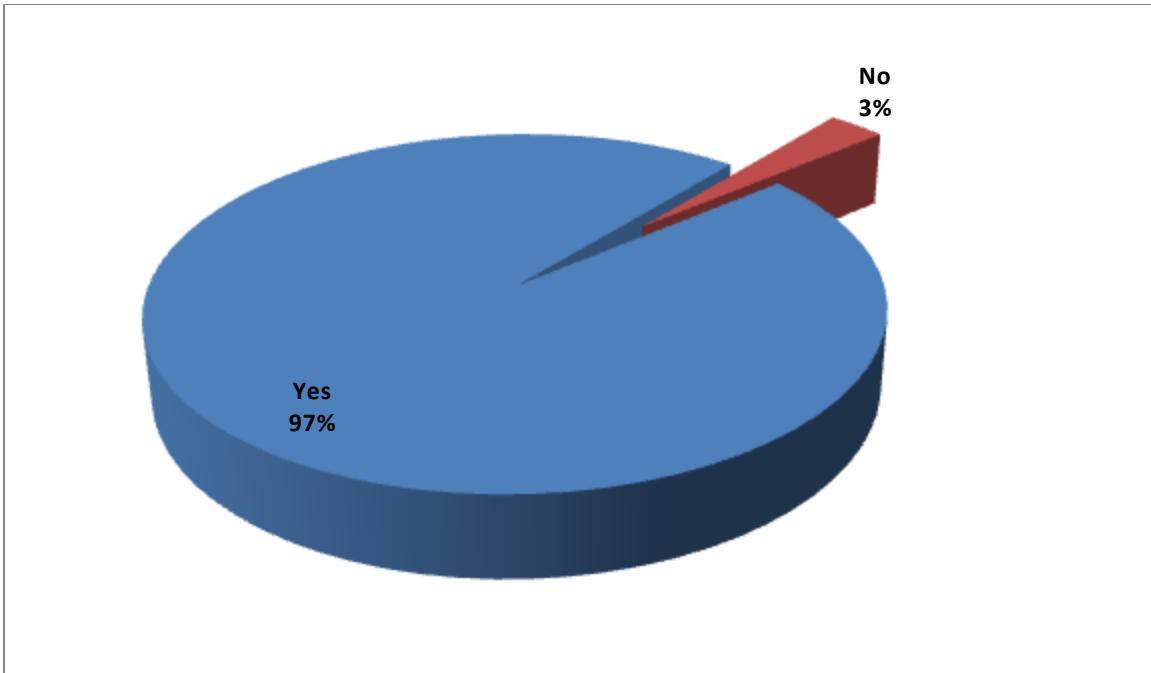
100% respondent said E-Banking services save the time of the person.



(Chart: - 6.7): Sane the time

6.8 E-Banking Increase The Pace of Transaction of The Person

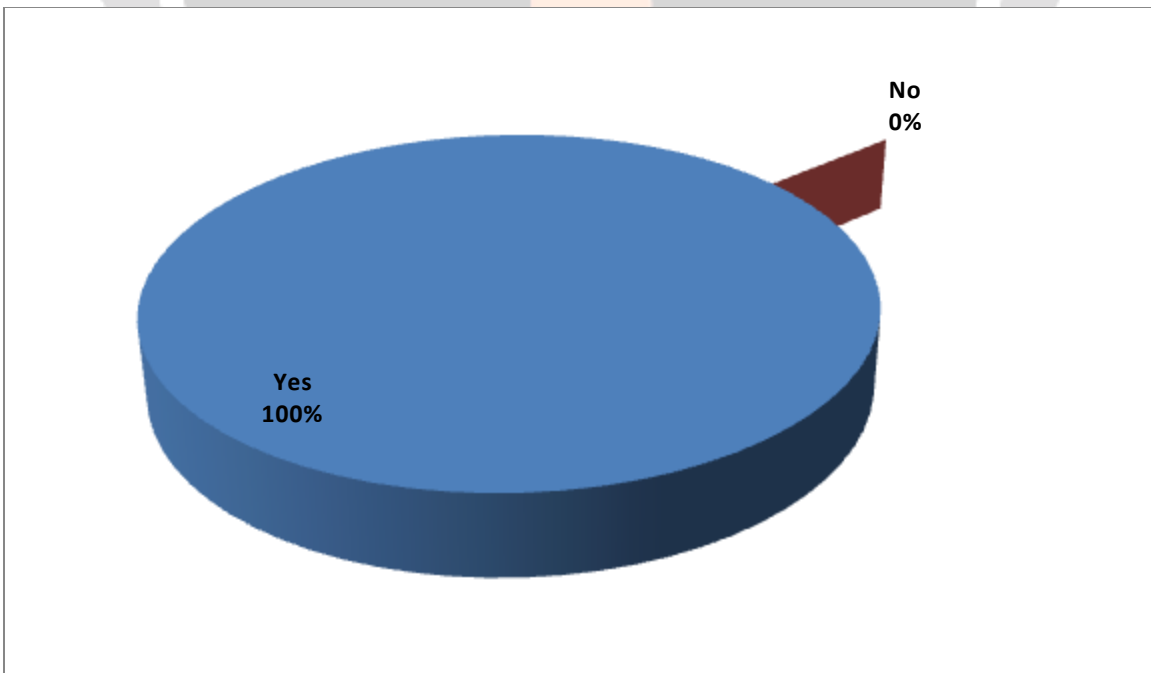
In this graph 97% respondent said E-Banking increase the pace of the transaction and rest of the respondent said no.



(Chart: - 6.8): Pace of transaction

6.9 E-Banking Has Make Your Life Easy

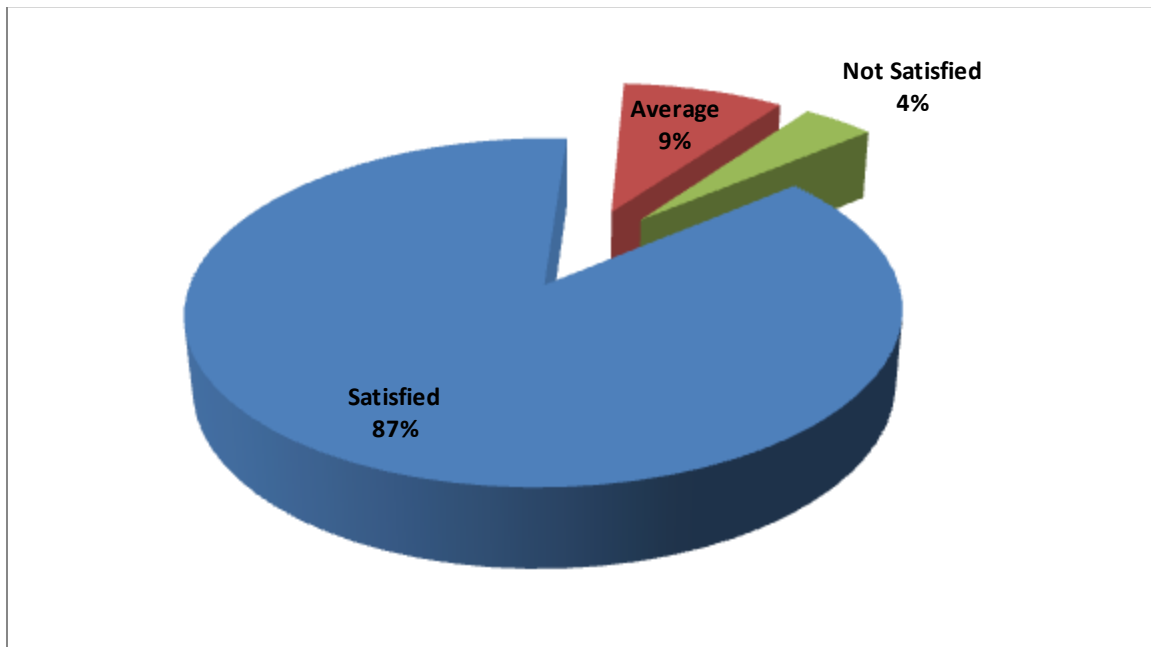
100% respondent said E-banking provides a smooth services and make life easy.



(Chart: - 6.9): Make the life

6.10 Satisfaction Level Of The Respondent From E-Banking Services

This study shows that most of the respondent satisfy with the services of E-banking provided by the banks and 9% respondent said they wear average satisfy from the E-Banking services 4% is not satisfy with the E-Banking services.



(Chart: - 6.10); Satisfaction level of Customer

7. CONCLUSION OF THE STUDY

From this study following conclusions have been observed.

1. In this present scenario a number of services provided by the banks under the E-Banking portfolio for different benefits.
2. This study shows the most of the people aware about the E-Banking services.
3. In the present scenario most of the people using the E-Banking services in their day to day life.
4. A study shows most of the people using the E-banking services at the time of shopping and entertainment.
5. E-Banking services save the precious time of the people in this busy scenario.
6. Majority of the people satisfied with the services of the E-Banking provided by the banks.
7. It is clear from above study that E-Banking increase the pace of transaction and makes life simple and beautiful.

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