

E-BANKING IN INDIA

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ABSTRACT

“Give a man a fish, he will eat it. Train a man to fish, he will feed his family. The above saying highlights the importance of Practical knowledge. Practical training is an important part of the theoretical studies. It is of an immense importance in the field of management. It offers the student to explore the valuable treasure of experience and an exposure to real work culture followed by the industries and thereby helping the students to bridge gap between the theories explained in the books and their practical implementations Research Project plays an important role in future building of an individual so that he/she can better understand the real world in which he has to work in future. The theory greatly enhances our knowledge and provides opportunities to blend theoretical with the practical knowledge. I have completed the research Project on “E-BANKING OF INDIA” I have tried to cover each and every aspect related to the topic with best of my capability. I

hope research would help many people in the future.

Keywords:- E-Banking, India,

Introduction

“E-banking”- The execution of financial services via internet, reducing cost and increase in convenience for the customer to access the transaction. **E- Banking** is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer (PC) banking, Internet banking, virtual banking, online banking, home banking, remote electronic banking, and phone banking. PC banking and Internet or online banking is the most frequently used designations. It should be noted, however, that the terms used to

describe the various types of electronic banking

The ever increasing speed of internet enabled phones & personal assistant, made the transformation of banking application to mobile devices, this creative a new subset of electronic banking i.e. mobile banking. In 1999 & 2000 mobile banking as an established channels, still seems to be a distant prospect.

The internet is revolutionizing the way the financial industry conducts business online, has created new players who offer personalize services through the web portals. This increase to find new ways and increase customer loyalty to add the value to this product and services.

Banks also enables customers lifestyle needs by changing and increasing preference for speed and convenience are eroding the traditional affinity between customer and branch offices as a new technology disintermediates traditional channels, delivering the value proposition hinges on owing or earning the customer interface and bringing the customer a complete solution which satisfies their needs. Smart card is a new trend which provides the opportunity to build an incremental revenue stream by providing an ideal platform for extended

application and services. Banks are well positioned to play central role unit in future M-commerce market. Banks have strong relationships with corporate and business customers and a wide experience in providing them with corporate banking services. Bank provides a multimedia of small and large retailers with acquiring functionality in credit card transactions. Customers have trusted relationships with banks and a lower propensity to switch banking providers.

1.2 PURPOSE OF THE STUDY

The main purpose of this study to get an overview of the internet banking sector in the Indian economy and study as to how it has helped change the banking habits of various individuals.

OBJECTIVES OF THE STUDY:-

The main objectives of the study are:

- To study the awareness level of service class people regarding E-Banking.
- To find out the frequency and the factors that influences the adoption of E-Banking services.

- To measure the satisfaction level of people.
- To understand the problems encountered in by service class people while using E-Banking services (ATM, Telephone banking, etc.)

LIMITATIONS OF THE STUDY

Limitations of this study are as follows:-

1. There were several time constraints.
2. The study is limited to areas of service class people only.
3. The sample size of limited number was taken from the large population for the purpose of study, so there can be difference between results of sample from total population.
4. The study is related to service class people only.
5. People were reluctant to go in to details because of their busy schedules.
6. Merely asking questions and recording answers may not always elicit the actual information sought.
7. Due to continuous change in environment, what is relevant today may be irrelevant tomorrow.

Research Methodology

Research is defined as human activity based on intellectual application in the investigation of matter. The primary purpose for applied research is discovering, interpreting, and the development of methods and systems for the advancement of human knowledge on a wide variety of scientific matters of our world and the universe.

The term “research” is also used to describe an entire collection of information about a particular subject.

Methodology is the method followed while conducting the study on a particular project. Through this methodology a systematic study is conducted on the basis of which the basis of a report is produced.

It is a written game plan for conducting Research. Research methodology has many dimensions. It includes not only the research methods but also considers the logic behind the methods used in the context of the study and explains why only a particular method or technique has been used. It also helps to understand the assumptions underlying various techniques and by which they can decide that certain techniques will be applicable to certain problems and other will

not. Therefore in order to solve a research problem, it is necessary to design a research methodology for the problem as the some may differ from problem to problem.

NATURE OF RESEARCH

The methodology adopted to achieve the project objective involved exploratory research & descriptive research method. The information required for fulfilling the objective of study was collected from various primary and secondary sources.

TYPE OF RESEARCH

This study is ANALITICAL and DESCRIPTIVE in nature. It helps in breaking vague problem into smaller and precise problem and emphasizes on discovering of new ideas and insights. Exploratory research was conducted during the initial stage of the research process which helped to refine the problem into researchable one. It has progressively narrowed the scope of research topic.

RESEARCH DESIGN

Research design constitutes the blue print for the collection, measurement and analysis of data. The present study seeks to identify the extent of preferences of E-Banking over traditional banking among service class. The

research design is exploratory in nature. The research has been conducted on service class people. For the selection of the sample, convenient sampling method was adopted and an attempt has been made to include all the age groups and gender within the service class.

❖ Sources of data:

➤ Secondary data:

- Articles on E-Banking taken from journals, magazines published from time to time.
- Through internet.

➤ Primary data:

Questionnaire was used to collect primary data from respondents. The questionnaire was structured type and contained questions relating to different dimensions of e-banking preferences among service class such as level of usage, factors influencing the usage of e-banking services, benefits accruing to the users of e-banking services, problems encountered. An attempt was also made to elicit reasons for its non-usage. The questions

included in the questionnaire were open-ended, dichotomous and offering multiple choices.

SAMPLING TECHNIQUE

The sampling technique used for judgment is **Convenience and Judgement sampling**.

Sampling unit:

It defines the target population that will be sampled i.e. it answers who is to be surveyed. In this study, the sampling unit is the service class people.

Sampling size:

It indicates the numbers of people to be surveyed. Though large samples give more reliable results than small samples but due to constraint of time and money, the sample size was restricted to 100 respondents. The respondents belong to different income group and profession.

Method of data collection:

The survey method is used to collect the data. Various places of visited for the purpose of collection of data.

Research Instrument:

The instrument used for gathering data was questionnaire. To get further insight in to the research problem, interview regarding their buying practices too was made. This was done to crosscheck the authenticity of the data provided. To supplement the primary data and to facilitate the process of drawing inference, secondary data was collected from published sources like magazines, journals, newspapers etc.

Tools and techniques of analysis:

The data so collected will be analyzed through the application of statistical techniques, such as bar graphs and pie charts.

FINDINGS OF THE STUDY

- The overall percentage of servicemen having complete knowledge about e-banking services provided by the bank while opening an account in it is 37%, those having some idea about it is 46% and the percentage of people have no awareness of e-banking services provided by the bank is 17%. It can reasonably, be concluded that nearly 85% of the population is having awareness about e-banking services.

The percentage distribution of awareness avenues, the major skewness is in favor of advertisements, which score 34% among different avenues such as personal visit, executives of the banks, advertisements and friend/relatives. While the least score is for personal visit.

Among those aware (which account for 83 in number) about 74 persons use e-banking services, which is 74% of total population studied.

E-banking constitutes services provided in terms of ATMs, Debit Card, Credit Card, Phone Banking, Mobile Banking, Internet Banking etc., of which the first six have been covered. Amongst these ATM scores the largest know service status (86.21%) as indicated in Table 3. Close on the heels is Debit card (63.22%) while phone banking lags behind by scoring the least i.e. 34.48%.

To find out the level of usage amongst the service class, percentage has been calculated from the total completely filled in questionnaires and the incomplete questionnaires were discarded. The frequency of usage of ATM is highest followed by debit card.

A study of the factors, influencing the usage was made by listing out various factors such as all-time availability, ease of use, nearness etc., and amongst the various factors all

time availability is ranked as the major motivating factor, followed by ease of use, direct access, nearness in decreasing order of importance. Quite interestingly friends and relatives, status symbol scored the least motivating factors.

- When asked to list various benefits accruing from the usage of e-banking, time saving received highest percentage score at 42.42% among different benefits such as time saving (42.42%), inexpensive (12.72%), easy processing (24.24%), easy fund transfer(15.75%).Quite interestingly, easy processing feature scored more than the inexpensiveness of the e-banking services. The other benefits accruing to the people include ready availability of funds, removal of middlemen and no rude customer relation executives.
- Among the users, various problems that are encountered while using e-banking services. Card misuse and its misplace are major reasons that create hurdles in its usage, while time consumption, accounting mistakes such as amount debited but not withdrawn and change of mobile

number seem to be the least
bothering problems.

From the non-users, an attempt was made to elicit the reasons for its non-usage. Satisfaction with traditional banking was considered as prime de-motivating factor, followed closely by the fear of insecurity, then 'hidden cost' factor, which suggested their resistance to change, which to some extent can be countered by aggressive advertisement and utilizing other modes of awareness dissemination as well.

SUGGESTIONS

Internet banking would drive us into an age of creative destruction due to non-physical exchange, complete transparency giving rise to perfectly electronic market place and customer supremacy. The question to be asked right now is "What the Indian Banks should do" Whatever is the strategy chosen and options adopted, certain key parameters would determine the bank's success on web:

For long-term success, a bank may follow:

Adopting a webs mindset

Catching on the first mover's advantage

Recognizing the core competencies

Ability to deal multiplicity with
simplicity

Senior Management initiative to transform the organization from inward to outward looking

Aligning roles and value propositions with the customer segments

Redesigning optimal channel portfolio

Acquiring new capabilities through strategic alliances.

The above can be implemented in four steps:

Familiarizing the customer to new environment by demo version of software on bank's web site. This should contain tour through the features which are to be included. It will enable users to give suggestions for improvements, which can be incorporated in later versions wherever feasible.

- Second phase provides services such as account information and balances, statement of account, transaction tracking, mailbox, check book issue, stop payment, financial and customized information.
- The third phase may include additional services such as fund

transfers, DD issue, standing instructions, opening fixed deposits, intimation of loss of ATM cards.

The last step should include advanced corporate banking services like third party payments, utility bill payments, establishment of L/Cs, Cash Management Services etc.

- Enhanced plan for the customers in future can include requests for demand drafts and pay orders and many more to bring in the ultimate in banking convenience.

Also if proper training should be given to customer by the bank employs to open an account will be beneficial secondly the website should be made friendlier from where the first time Customers can directly make and access their accounts.

We can see the time is changing and we the passage of time people are accepting technology there is still a lot of perceptual blocking which hampers the growth it's the normal tendency of a human not to have changes work on the old track, that's also one of the reason for the slow acceptance of internet banking accounts.

- Give proper training to customers for using I-banking
- Create a trust in mind of customers towards security of their accounts
- Provide a platform from where the customers can access different accounts at single time without extra charge.
- Customers should be motivated to use e banking facilities more
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CONCLUSION

- The usage of E-banking is all set to increase among the service class. The service class at the moment is not using the services thoroughly due to various hurdling factors like insecurity and fear of hidden costs etc.
- So banks should come forward with measures to reduce the apprehensions of their customers through awareness campaigns and more meaningful advertisements to make E-banking popular among all the age and income groups. Further, with increasing consumer demands, banks have to

constantly think of innovative customized services to remain competitive.

- E-Banking is an innovative tool that is fast becoming a necessity. It is a successful strategic weapon for banks to remain profitable in a volatile and competitive marketplace of today.
- In future, the availability of technology to ensure safety and privacy of e-transactions and the RBI guidelines on various aspects of internet banking will definitely help in rapid growth of internet banking in India.

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