



## An Elaborative Study of E-banking Services in India

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**Abstract:** E-banking industry has become a backbone of economy of a nation, which is supported by various economy activities i.e..E-banking industry, plays a pivotal role in the economic development of the nation. Normal

payment system is always a slow process and it consumes more time. In normal payment, a customer needs to stand in a queue. E-banking has made the process easy. It is more fast and an easier way. It also saves a lot of time of the consumer. E-banking has proved its significance in every walk of the business life and Real time gross settlement (RTGS), National electronic fund transfer (NEFT), are two important instruments which were initiated by RBI in March 2004, which enables settlements of transaction at the fingertip.



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**Key words:** Service Quality, e-Banking, e-Channel, National Electronic Fund Transfer, Real Time Gross Settlement, National Electronic Clearing Services.

### Introduction

Modern technology has transformed the functioning of business. It has bridged the gaps in terms of the reach and the coverage of systems and enabled better decision-making based on latest and accurate information, reduced cost and overall improvement in efficiency. In the Indian context, the financial sector, especially the banking sector has been a major beneficiary from the inroads made by IT. Many new processes, products and services offered by banks and other financial intermediaries are now IT centered. E-delivery channels are also a gift of IT. Now-a-days many banks are providing the services of e-channels like ATMs, I-banking, M-banking, Tele-banking, Debit cards, Credit cards etc. Most of the initiatives regarding e channels are aimed at providing better and more efficient customer service by offering multiple options to the customers. These e-channels have positive impact on the profitability of the bank groups. With the rapid improvements in technology and faster growth of e-channels society has become more sophisticated than in olden days. We have a better educated, better informed, better organized and better paid workforce than existed in olden days. With the help of e-channels, banking system has become more efficient with efficient e-payment system. This situation has resulted in more competition among banks and stimulated more technological developments. Customers are getting many benefits from e-services like balance enquiry, request for services, issuing instruction etc from anywhere in the world are possible, any time banking, convenience acts as a tremendous psychological benefit all the time, cash/card free banking through PC banking, brings down “cost of banking” to the customer over a period of time, cash withdraw from any branch, on-line purchase of goods and services including on-line payment for the same. With so many benefits from eservices, it is a need of an hour to have a comparative on study the satisfaction level of customers from these e-services of public sector banks and private sector



banks. This paper studies the satisfaction of customers from different eservices of public sector banks and private sector banks.

In present scenario services of banks are now just one click away. Customers can do all type of transaction from anywhere and at any time. In India, internet banking is a new delivery channel for banks which is both an informative and a transactional medium. However, e-banking has not gained momentum in India as it was expected so the banks are making constant improvement and offering new innovative products and services through multiple delivery system and the most typical services rendered by the banks are Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT). The study suggests that large bank or banks with younger age, private ownership and lower branch intensity inducing their customers to deploy internet banking without any additional cost. Banks with lower market share also propagating electronic transfer payment system. RTGS and NEFT were in operation by the RBI in March 2004, which enables settlement of transactions in real time, on a gross basis. 'Real time' means the processing of instruction at the time they are received rather than at some later time. 'Gross settlement' means the transaction of funds transfer instruction occurs individually. NEFT is an electronic fund transfer system that operates on a differed net settlement (DNS) basis, which settles transactions in batches. These transactions are netted (Payable and receivables) in NEFT whereas in RTGS transactions are settled individually. Under normal circumstances the beneficiary branches are expected to receive the funds in real time as soon as funds are transferred by remitting bank and these service windows for customers' transactions is available to bank from 9:00 AM hour to 16:30 hours on week days. The remitting customer has to furnish the following information to bank for initiating the above transaction:

- a. Amount to be remitted
- b. Remitting customer's account number and his name which is to be debited.
- c. Name of the beneficiary account number, bank and branch.
- d. The IFSC no of the receiving branch.

The outreach of RTGS and NEFT transaction has also grown geographically. All the bank branches in India are not RTGS enabled. Presently there are more than 1,00,000 bank branches have been providing these services.

### **Need of the study**

Normal payment system is slow and time consuming, as customer needs to wait in queue for requesting of demand draft and other banking services. In online transfer payment from one any branch of any bank is made in the shortest time. If the customers are not fully aware about these services, they may not be able to use it. In the wake of increasing customers' awareness, the present study is undertaken to know about the factors responsible for utilizing these services and to find out satisfaction level of customer and associating problems.



## Review of literature

Dzogbenuku K, Ahiabor G (2014) concluded that service quality indicates a positive and significant effect on customer retention. The standardized coefficient of quality service was found to be 0.089, implying that if the quality of services offered by the bank improved by a unit amount, it would increase customer retention by 0.089, holding all other factor constant.

Sharma N & Dadhich M (2014) concluded that lack of awareness is considered as the major problem faced by RTGS/NEFT customers so banking authorities should make an attempt to increase outreach of these services through media and personnel visit. It is also identified that convenient and quick transaction is the major influencing factor.

Sharma and Sitlani (2013) also supported the fact that among Indian online consumers, there is a dominance of money related risks and lack of protection for credit card information that is why they have not been using e-banking services of the respective banks.

## Objectives of the study

In the light of above review of literature and the issues raised the following are the objectives of the present study:

- a. To study the customers' perception on banking services.
- b. To analyze the satisfaction level of different customers towards RTGS and NEFT services.
- c. To find out the major factors for availing banking services.
- d. To point out the problems faced by the customers.

## Hypothesis

**H0:** There is no relationship between socio-economic factors of the respondents and their awareness level towards these services offered by banks.

**H1:** There is significant relationship between socio-economic factors of the respondents and their satisfaction level towards these services offered by banks.

## Research Methodology

- a. Collection of data: The study based on an empirical research and the primary data collected through a structured questionnaire and by holding interview with various categories of convenience sample.
- b. Tools of analysis: The collected data recorded, analyzed and interpreted in the significant manner with the help of SPSS version 20 and excel sheet. The statistical tools used for the study included Chi-square, Garrett's rank test etc.



- c. Sample size: For the purpose of study Jaipur district selected in the state of Rajasthan. A total of 50 respondents were covered by the study.
- d. Period of study: The data was collected during the month of Sept. 2015 to Nov. 2015.

### Data Analysis and Interpretation

After collecting the data, the next step is to obtain inference with simple statistical tools.

**Table 1: Status of the Respondents**

Status	No of Respondents	Percentage
Business firm	30	60
Individual	20	40
Total	50	100

**Table 2: Types of Accounts**

Types of account	No. of Respondents	Percentage
Saving A/C	10	20
Current A/C	30	60
Fixed and Credit A/C	10	20
Total	50	100

**Table 3: Source of Awareness**

Sources of Awareness	No of Respondents	Percentage
Banks	27	54
Media	15	30
Friends and Relatives	08	16
Total	50	100

**Table 4: Reason for Choosing the Bank for e-Banking**

Reason	No of Respondents	Percentage
Quick and Convenient	40	80
Excellent Services	05	10
Brand Name	05	10
Total	50	100

**Table 5: Purpose of Using e-Banking**

Purpose	No of Respondents	Percentage
For Business Transaction	27	54
For Personal Transaction	10	20
Both	13	26
Total	50	100



**Table 6: Period of Using Services**

Time Period of Using Service	No of Respondents	Percentage
Less than two years	21	42
Between two to five years	19	38
Above five years	10	20
Total	50	100

**Table 7: Total Awareness about e-Banking**

Level of Awareness	No of Respondents	Percentage
High Score	35	70
Low Score	15	30
Total	50	100

- Majority 60% of the sample respondents are business firms.
- Majority 60% of the respondents having current account followed by 20% each saving and fixed account.
- Majority 54% of the respondents get the information about e-banking through banks.
- Majority 80% of the respondents choose these services for quick and convenient transaction.
- Majority 54% of the respondents use the services for business transaction.
- Majority 42% of the respondents have been using these services for 2-3 years.
- Majority 70% of the sample respondents having high level of awareness about e-banking.

**Table 8: Relationship between the Socio-economic Factors and Awareness**

Socio-economic Factors	Degree of Freedom	Chi-Square Calculated value	Chi-Square Tabulated value	Sig/Not Sig.
Gender	1	3.008	3.841	NS
Age	2	2.412	5.991	NS
Education	1	1.368	3.841	NS
Occupation	1	1.787	3.841	NS
Marital Status	1	4.778	3.841	<b>S</b>
Income	2	2.411	5.991	NS

From the above table 8, by applying Chi-square test, it is observed that marital status of the respondents is the only factor which has an influence over their awareness level (4.778) towards e-banking services. Whereas rest other factors depict insignificant value.

**Table 9: Factors Influencing Customer to use e-Banking Services:  
Garrett's Ranking Analysis**

Factors	Total Score	Mean	Rank
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		Score	
Easy and quick transaction	3044	60.88	I
Free service	2932	58.64	IV
Fully secured and reliable	2950	59.00	II
Transparent	2908	58.16	VI
Can be operated any time	2936	58.72	III
Better option than DD or cheque	2918	58.36	V
Reduce credit risk	2602	52.04	IX
Avail by every customer	2701	54.02	VII
Facilities of CRM or inquiry	2380	47.60	XI
Co-operative personnel	2272	45.44	XII
Easy to operate	2641	52.82	VIII
Technical knowledge and awareness	2421	48.42	X

Table 9 explained that convenient and quick transaction is considered as an utmost important factor (Rank-I) influencing customer to use these services followed by fully secured and reliable, can be operated any time, low service charges and better option than DD or bankers' cheque.

**Table 10: Problems face by e-Banking Customers  
Garrett's Ranking Analysis**

Problems	Total score	Mean score	Rank
Funds transferred but not credited to beneficiary	2826	56.52	II
Security and hacker problems	2779	55.58	IV
Lack of awareness	2916	58.32	I
Hanging of servers that lead to delayed transaction	2801	56.02	III
Complex and technical process to carry out	2562	51.24	VII
Problems of leased line, routers modem	2245	44.90	X
Service or hidden charges	2438	48.76	VIII
Lack of update and delayed information	2688	53.76	V
Not disclose nature of transaction(Loan/ settlement/bill receivable)	2665	53.30	VI
CRM and grievance issues	2322	46.44	IX

Above table 10 elucidate that lack of awareness is ranked first as the one of the most important and eye opener problems followed by fund transferred but not credited to receiver second, hanging of servers that lead to delayed transaction third, security and hacker issues fourth, lack of update and delayed information fifth and others are associating parameters.

## Conclusion



The results of the current study have some implementation for banking authorities. If these factors are timely considered, it would be profitable to the banks and can help to make it more popularize this unique transaction system. It is observed that lack of awareness is considered as the major problem faced by e-banking customers. So it is suggested that banking authorities should make an attempt to increase outreach of these services through media and personnel visit. It is also identified that convenient and quick transaction is the major influencing factor. Therefore banks should fulfill the expectation of the customers and can make it more popular among business firms and individuals. Finally, it is observed the significant relationship between marital status and level of awareness so it can be inferred that the bank personnel should give immediate attention in order to satisfy their need.

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