

E-Banking Services: Comparative Analysis of Nationalized Banks

PROF. MRS. MINAKSHI DATTATRAY BHOSALE*

**Head, Faculty of MCA,
YSPM'S
Yashoda Technical Campus,
Wadhe, Satara. India.*

PROF. DR. K.M. NALAWADE**

***Head, Department of BCA,
D.G. College, Satara, India.*

Abstract

E-banking is the provision of banking service through electronic channels and the customer can access the data without any time and geographical limitation. The development of e-banking services is still in its promising stages in India, with a considerable quantity of potential customers. In the recent years there has been explosion of Internet based electronic banking applications (Liao & Cheung, 2003). The emergence of new forms of technology has created highly competitive market conditions for bank providers. However, the changed market conditions demand for banks to better understanding of consumers' needs (Beckett, Hower & Howcroft 2000). Hence this paper outlines the concept of E-banking with advantages and disadvantages. Also comparative study of nationalize bank in satara region to analyze ATM, Net banking, Mobile banking services used by user in that banks.

Keyword:-E-banking, ATM, Net- banking, Mobile banking, nationalized bank.

1. INTRODUCTION

Banks in India need to be complimented on the inculcation of technology in a large way in their day-to-day operations. Credit must be given to Indian Banks who have brought on the new

wave of techno-banking in the country. In a short span of less than two decades, customers of banks have felt the positive impact of technological solutions implemented by banks. The customers of banks of today have a virtual menu of options as far as delivery channels are concerned and all these are the benefits of technology, with the most visible benefits happening in the areas of payments for retail transactions. A variety of cards, Automated Teller Machines, electronic based funds transfers, Internet banking, Mobile banking are all some of the latest technology based payment solutions, which have gained large acceptance amongst the Indian banking public.

Now a day's E-banking is the popular technology used by bank .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 E-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 services 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 a borderless entity permitting anytime, anywhere and any how banking. It is a convenient system for both that is customer and bank too. It help customer to provide better and maximum services. Today bank mainly focus on E-banking services which is effective for the customer to use. Hence above research paper mainly focused on e-banking service users such as ATM, Net banking, Mobile banking users of nationalized banks to know the awareness of this technology. Above study mainly focused on nationalised banks customer in satara region. Banks newly launched e-banking service in 2008 and banks take effort to attract customer towards e-banking services like ATM, Net-banking, Mobile banking. From above study researcher take review of different nationalised banks services used by customer.

2. LITERATURE REVIEW

The concept of electronic banking has been defined in many ways. According to Birch and Young (1997) analyzed the consumer side for e-banking and the results showed that consumers basically seek for transactional efficiency, choice for core and non-core banking products and access to competitive prices and returns. Daniel (1999) defines electronic banking as the delivery

of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. Electronic banking is commonly known as E-banking. E-banking defined as ‘‘the delivery of banking services through the open-access computer network directly to customers’ home or private address’’. Simpson (2002) suggests that e-banking is driven largely by the prospects of operating costs minimization and operating revenues maximization. A comparison of online banking in developed and emerging markets reveal that in developed markets lower costs and higher revenues are more noticeable. Karjaluoto (2002) electronic banking is a construct that consists of several distribution channels. DeYoung (2005) analyze the performance of Internet-only banks versus the brick and mortars in the US market and find strong evidence of general experience effects available to all start ups.

3. RESEARCH PROBLEM

Banks have transformed themselves and are offering services through internet. 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. Now days nationalized banks more concentrate on the E-banking services and there is competition in between them. The customer of nationalized banks also attract towards e-banking services hence the research paper is titled as ‘E-banking services: Comparative analysis of nationalized banks’.

4. OBJECTIVE OF THE STUDY

Following objectives are set for study. These are as follows,

- 4.1 To study concept of E-banking.
- 4.2 To study advantages and disadvantages of e-banking.
- 4.3 To study the comparison of ATM, Net banking and Mobile banking facility used by the customer in nationalized bank.

5. Scope of the study

Researcher has analysed e-banking data from the year 2008-2011 of nationalized banks. Researcher has selected Bank of Maharashtra, State Bank of India, Bank of Baroda, and Union Bank of India and Central Bank of India as a sample for study.

Geographical scope of the study is limited to the Satara Region.

6. RESEARCH METHODOLOGIES

The data collected for the project was in the form of written as well as verbal information.

6.1 Primary data- The information about the selected bank is gathered from the discussion with the employees of bank. For data collection, observation and interview method is used. Interview of manager can be conduct to get information.

6.2 Secondary data- The secondary data was collected from summary reports, e-mails, circulars, books, notifications of RBI and an annual report of the bank's from 2008-09 to 2010-11.

6.3 Data Analysis- Researcher has selected Bank of Maharashtra, State Bank of India, Bank of Baroda, and Central Bank of India and Union Bank of India in Satara region as a sample for study. In above study ATM, Net banking and Mobile banking facility used by the customer in selected nationalized bank can be analyzed.

7. E-BANKING

In the financial sector, last few decades have been under the sign of continuous liberalization and modernization. There is no doubt that technology is now the single biggest strategic issue in financial service. A new but sound and effective concept of e-banking has evolved now a day. Different researcher can define e-banking in different ways such as Burr (1996) describes e-banking as an electronic connection between the bank and customer in order to prepare, manage and control financial transactions. (Alsomali et al., 2009) says that e-banking has helped banks to keep the current customers, increase customers satisfactions, acquire further share of markets, decrease the operation costs and provide the best competitive situation for them. E-banking can improve a bank's efficiency and competitiveness, so that existing and potential customers can benefit from a greater degree of convenience in effecting transactions. This increased level of convenience offered by the bank, when combined with new services, can expand the bank's target customers beyond those in traditional markets.

7.1 SERVICES PROVIDED BY BANK THROUGH E-BANKING

Banking through electronic channels has gained increasing popularity in recent years. E-banking provides alternatives for faster delivery of banking services to a wide range of customers. Online banking is a service provided by many banks, thrifts, and credit unions that allows you to conduct banking transactions over the internet using a personal computer, mobile telephone, or handheld computer through this service customer can access accounts round-the-clock, even on weekends. We can see balances on-line and find out whether checks or deposits have cleared. Transfer funds between accounts. Download information directly into personal finance software. Receive and pay bills on-line (without check writing, envelopes, or stamps). Other services such as Insta International Visa Debit Card, Mahasaraswati R.D. scheme for student, Tax payment facility through ATMs, Mahalaxmi term deposit scheme, Home loans, Education loans, Vehicle loans, Demat Services etc.

7.2 E-BANKING ADVANTAGES

As per every system which made for helpful to human being always have its advantages and disadvantages. Every coin has two sides so E-banking also has advantages and disadvantages they are as follows.

Online banking is totally easy thing to do. In the comfort of your home or offices, you can do whatever monetary transactions you wish to do with your bank. The services and various features of your bank are always available seven days a week and 24 hours in a day and 365 days in year. The most interesting thing here is that, everything can happen at just one click of your mouse. Online banking is also stress free because it never closes unlike the traditional banking that has cut-off time. Using your personal computer, you can easily do various transactions with your bank in view of your business or any other personal or financial matters.

Bill payments can also be handled properly and smartly. Instead of waiting for certain due dates, you can easily pay all your transactions using your computer and in coordination with your bank. Online banking is also ubiquitous or simply put smart. This enables you to do troubleshooting regarding any problem that may arise from your business. Another great advantage of online banking is the interest rates. Unlike the traditional banking, online banking can earn you a better interest or return of investment both in your savings and checking account.

Another advantage is the speed of every transaction. Online transactions, compared to ATM or traditional banking, works faster. Thus business matters could benefit so much from this speed feature.

Banking online is both efficient and effective. With just one secure site, all your financial transactions can be managed orderly.

7.3 DISADVANTAGES OF E-BANKING

Setting up an account may take time: In order to register for your bank's online program, you will probably have to provide ID and sign a form at a bank branch. Some banks even ask for photos.

Legal Issues: If you and your partner wish to view and manage your assets together online, one of you may have to sign a durable power of attorney before the bank will display all of your holdings together.

Learning Difficulties: Banks sites can be difficult to navigate at first. Getting acquainted with the banking sites software may require some time to read the tutorials in order to become comfortable in your virtual lobby.

Sites Changes and upgrades: Even the largest banks periodically upgrade their online programs, added new features in unfamiliar places. In some cases, you may have to re-enter account information.

Customer Service: There is no personal contact with any of the staff, and if talk to any staff through the telephone, you have no guarantee you are talking to best person available.

Security Concern: Even though E-banking heavily encrypted, through the developing technology, it's hard to rule out the 'hackers' who may access your banks accounts.

Technical Breakdowns: As with all technologies, online banking websites sometimes go down. If this happen when you closed your local bank or credit card accounts, you will get definitely go penniless.

8. DATA ANALYSIS

Researcher has selected Bank of Maharashtra, State Bank of India, Bank of Baroda, and Central Bank of India, Union Bank of India in Satara region as a sample for study. Banks can take all type of possible steps to convince customer to use the e-banking service regularly. All staff member even peons also forced to savings and current account holder to take maximum

benefit from e-banking. E-banking is helpful for bank to increase an overall image as well as business of the bank. Researcher observed that every day at least 4 to 5 savings accounts averagely opened and from them at least 3 accounts demanded for e-banking services like ATM, mobile banking or Net banking. Bank employee have problem from illiterate person, pensioner persons who don't know about e-banking. There is a separate data base or records store in server but branch also maintained manual records of ATM issued and Mobile and Net banking users. Following table shows details about performance of banks over the years, ATM, Net banking, Mobile banking users of selected banks.

TABLE 8.1 PERFORMANCE OF THE BANK OVER THE YEARS: (IN LACS)

Sr. No	Name Of the Banks	No. of Branches				Deposits	Advances	CD Ratio
		Rural	Semi Urban	Urban	Total			
1	Bank of Maharashtra	34	15	02	51	100434	56246	56%
2	State Bank of India	11	12	04	27	94940	55132	58%
3	Bank of Baroda	6	3	1	10	15246	6652	44%
4	Central Bank of India	3	2	1	06	9319	4252	46%
5	Union Bank of India	1	2	1	04	6034	5042	84%

(Source: Primary Data)

From Table 8.1 Researcher analyzed E-banking data from the year 2008-09 to 2010-11 of Bank of Maharashtra, State Bank of India, Bank of Baroda, Central Bank of India, Union Bank of India. Bank of Maharashtra having large no of bank branches 53 with deposit 100434,Advances 56246 and CD ratio 56% in satara region and Union bank of India having only 4 branches with 6034 deposits,5042 Advances,84% highest CD ratio in that region.

TABLE 8.2 ATM USERS OF SELECTED BANKS

Sr. No	Name of the Banks	2008-09	2009-10	2010-11
1	Bank of Maharashtra	6206	12414	18618
2	State Bank of India	5372	10744	16116
3	Union Bank of India	157	1275	419
4	Bank of Baroda	1100	1523	1729
5	Central Bank of India	0	0	178

(Source: Primary data)

From Table 8.2 Researcher observe that year by year bank of Maharashtra continuously increased their ATM users. for 2008-2009 it is 6206, now it is increase to 18618 in 2010-2011. Union bank of India's start their ATM facility in 2008 but in this year ATM users are only 157 which are increased to 1275 in 2009 but again it is decrease to 419 in 2010-2011. Central Bank of India, start ATM facility on 13 March, 2010 hence it has only 178 users using ATM in 2010-2011.

TABLE 8.3 NET BANKING USERS OF SELECTED BANKS

Sr. No.	Name of the Banks	2008-09	2009-10	2010-11
1	Bank of Maharashtra	05	19	24
2	State Bank of India	15	24	46
3	Union Bank of India	07	27	157
4	Bank of Baroda	0	25	99
5	Central Bank of India	0	0	13

(Source: Primary data)

From table 8.3 Researcher observe that Bank of Maharashtra and State Bank of India has constantly increasing number of Net Banking users from 2008-09 to 2010-11. Union bank of

India surprisingly increase their Net banking users 157 in 2010-11. Bank of Baroda comes under CBS in Aug. 08, intially did not have response for Net banking from its customers in 2008-09.

TABLE 8.4 MOBILE BANKING USERS OF SELECTED BANKS.

Sr. No	Name of the Banks	2008-09	2009-10	2010-11
1	Bank of Maharashtra	04	15	30
2	State Bank of India	05	19	59
3	Union Bank of India	0	21	175
4	Bank of Baroda	0	0	24
5	Central Bank of India	0	0	13

(Source: Primary data)

From table 8.4 Researcher observe that Bank of Maharashtra and State Bank of India has constantly increasing number of Mobile Banking users from 2008-09 to 2010-11. Surprisingly Union Bank of India has 175 mobile banking users in 2010-11. Compare to Bank of Maharashtra and SBI, which are big compitators. Bank of Baroda comes under CBS in Aug. 08, intially in 2008-09 and 2009-10 did not get response from customer for Mobile banking. Central Bank of India having only 13 users using internet banking

9. FINDINGS:

With the help of the analysis, we are observed the following specific findings.

From the year 2008-09 to 2010-11 Bank of Maharashtra and SBI constantly increasing the E-banking users compare to other nationalized banks. Union Bank of India had large number of customers using net banking, mobile banking and ATM service. It is in a first position as compare to all other banks. There is no any net banking user in 2008-10 in Central Bank of India, because this branch comes under CBS in 13 March, 2010. Bank of Maharashtra having more growth in E-banking as compares to old banks Bank of Baroda, SBI, and Central bank of India. Bank of Baroda has comes under CBS in Aug 08, but the bank did not get the response from his customers in 2008-09 and 2009-10 for net banking and in mobile banking.

Bank of Maharashtra and State Bank of India has using the “BANKS 24 “software developed by Tata Consultancy’s (TCS). Union Bank of India, Central Bank of India, Bank of India, IDBI banks are using Finacle software and it is developed by Infosys. 2010-11 is the good year for all banks regarding e-banking. In 2010-11 Union bank of India and Bank of Baroda takes rapidly growth in net banking and mobile banking users compare to Bank of Maharashtra and SBI.

10. CONCLUSION

E-banking is an umbrella system which is easy to understand, easy to define .There is no perfect definition given by any author or any bank because day by day its nature changing. Now a days IT technology and its instruments are developing rapidly. It is beneficial for bank to stay in a competition. At present bank customers are increase hence e-banking play very important role to handle this customer effectively and to reduce the work burden of staff. Its results in less mistakes and perfection in work of staff members give productive work to bank to increase the business of bank. E-banking software used by bank is tested under RBI expert’s observation so it is 99.99% safe. There is no chance to become fraud or Hacking or net robbery in transaction. Nationalized banks mainly concentrate on customer hence consistency in development of e-banking service is good for these banks having bright future. Successful introduction of the e-banking will expedite the economic and social progress of the country. Government should, therefore, establish or facilitate the establishment of the required educational institution and favorable legal and environmental framework for the e-banking. In brief the study leads to conclude that in view of the technology transfer, the world could not be divided according to the development status of developed and developing countries. Just on the contrary, modernization of the economy through transfer and adaptation even of the most developed technology help ultimately expediting the economic progress and removing the development gap between developed and under developed countries.

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