

EXAMINING THE STATE OF ELECTRONIC BANKING IN THE PUBLIC AND PRIVATE SECTORS, FOCUSING ON COMMERCIAL FINANCIAL INSTITUTIONS

¹Neetu Rani*, ²Dr. Inderjit

¹Research Scholar, ²Supervisor (Professor)
Department of Commerce, Baba Mastnath University
Asthal Bohar, Rohtak, Haryana, India

Email ID: ns_jiet@yahoo.co.in

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Abstract

To engage in electronic banking is to take use of the technological underpinnings of the modern era to create local and global business opportunities. With the help of IT, exchange rates have dropped dramatically, and new types of banking opportunities have been created to overcome the challenges posed by time and distance. With e-banking, you may get financial services locally, internationally, and quickly. There are several advantages to using an online bank versus more traditional methods of transferring money. With the use of the internet, banks may reach a wider audience, save expenses, increase marketing and communication, develop non-central organizations, and provide services to customers regardless of their location or the time of day. Customers are increasingly expected to use Internet banking as a primary banking method as technology continues to progress. By allowing customers to access their accounts from anywhere with an internet connection, online banking helps to save expenses. The primary goal of this analysis is to look at the impact of various online banking services provided by major open and private banks on customer loyalty.

Paper Identification



**Corresponding Author*

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Introduction

The banking system in India is vital to the well-being of the country and its people. Banking has helped set up critical parts of the economy and shine a fresh light of progress on the Indian economy's horizon. The division has made real the desires of many individuals.. Indian banks now certainly compete on a global scale with the best modern financial institutions everywhere.

Financial Sector Growth in India

The General Bank of India opened for business in 1786, marking the beginning of India's modern banking system in the middle of the eighteenth century. The Bank of Hindustan came next. At the moment, both of these financial institutions remain dormant. As a result, the Indian government established three central banks across the country. The Bank of Bengal was the first of the three to be established in 1809; the Bank of Bombay and the Bank of Madras followed in 1840 and 1843, respectively. As a result, the three government banks became what is now known as the State Bank of India (Imperial Bank of India), under the Imperial Bank of India Act of 1920. (SBI). Banks from outside, such as Credit Lyonnais, didn't start doing business in Calcutta until the 1850s, so that's around two or three decades later. Because of the British Empire's trade, Calcutta was the busiest port at the period, and this encouraged the growth of a thriving banking industry. The Allahabad Bank, founded in 1865, was the first Indian-owned and -operated financial institution.

The Structure of the Indian Banking Sector

The banking system plays a pivotal role in the development of an economy by making it more focused and capable of responding to monetary crises. As time goes on, each economy's financial system adapts to the new realities it faces. Two waves of nationalisation, the development of regional rural banks, the entry of private sector banks and foreign banks, and the introduction of e-banking in the Indian context have all had significant effects on the organisation and functioning of banks in India. In light of the global economy, where development, privatisation, and the presentation of innovations, that is computerization, have had

profound effects, Indian banking has also shown many alterations. Recently, computerization in the financial sector has become more important. There is now an IT uprising in the Indian banking sector. Complete banking mechanisation has become more important in India's banking business as a result of a convergence of administrative and specialised authorities. As a result, the banking industry in India is shifting its focus to the customer, a fundamental tenet of long-term success. Particularly after the segment of private and remote banks that had little leeway of the most recent innovation, various parts of data innovation have begun happening, including ATMs, tele-banking, versatile banking, internet banking, and customer strong credits, home advances, individual advances, business advances, protection, demat administrations, and so on. Because of this, the banking industry has become more combative than ever before.

Despite the fact that India's currency market is still characterised by the presence of both the sorted and the disorderly components, establishments in the composed currency market have risen tremendously and are playing an undeniably big role. Commercial banks and commercial co-employable banks have been around for a long time, making them among the most venerable institutions in the regulated portion of the currency market. The first RRBs (Regional Rural Banks) opened their doors in the middle of the 1970s. Thus, the segmented currency market has spread to the provinces with the fast geographical development of commercial banks and the formation of RRBs in the recent past. Other than the aforementioned foundations, which generally served as sources of temporary credit to industry, exchange, business, and farming, a wide variety of specialised monetary organisations have been established in the country to meet the diverse requirements of industry, agribusiness, and remote exchange. According to RBI Act, 1934 There are Two types of Banks.

1.Schedule Commercial Banks:

An institution is considered "booked" if it appears on the Reserve Bank of India's second schedule, as stated in the RBI Act of 1934. A bank must meet the following three requirements in order to be eligible for this discount:

- The company must satisfy the policies of Reserve Bank of India that its offerings are not led in a manner obstructing the interests of its investors; the paid-up capital and stores must be valued at at least Rs.5 lakhs.
- It can't be a club or be run by a single person, but must be a legitimate business.
- RBI grants these financial institutions access to various services, such as credit, rediscount hundreds, and so on. These financial institutions have a recurring need to keep a record with RBI of the full scope of their requests and time deposits.

2.Un-Schedule Commercial Banks:

Non-booked commercial banks are those with an absolute capital of less than Rs.5 lakhs. Since the RBI does not exercise any special authority over these institutions, they do not appear on the second calendar of the RBI Act, 1934. Whatever the situation may be, they must regularly provide RBI with information about the finer points of their operations. There are now just three such banks still in operation in India.

E-Banking

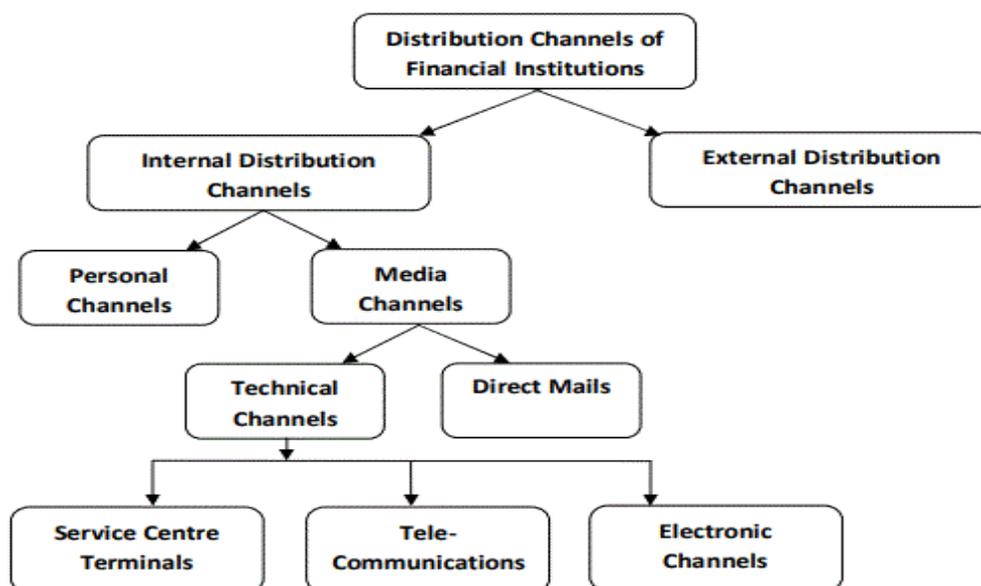
When it comes to meeting the needs of today's demanding customers, bank branches on their own just can't cut it. Delivery of banking services to customers through technological innovation at the workplace or at home, often known as electronic or web-based banking, is the newest kind of delivery channel shown by retail banks, and it has received a tremendous amount of positive customer feedback. Advantage, part/customer maintenance, increased earnings, and decreased expenditures are only some of the many company benefits made possible by the advent of e-banking. Success in e-banking depends on many factors, including a sizable customer base, authoritative flexibility, access to resources, system security, a well-known brand name, a multitude of coordinated channels, e-channel-specific advertising, support from upper management, and first-rate customer service.

Banks are expanding their client base inside the E-banking framework via the usage of various e-conveyance stations such as ATMs, Credit/Debit/Smart Cards, Internet Banking, Mobile Banking, Tele Banking, EFTs, and so on.. As a result of pressures from global competition, many financial institutions now provide access to electronic banking. In light of this, they stand to lose market share if there is a delay in the provision of exchanges consolidated administrations with regard to the internet. Successful banks, rather from being forced into it, bring their own e-banking offices to the table. Customers may perform their banking when it's convenient for them and in the comfort of their own homes via the internet or other systems, TV, phone, or modems.

The Internet – A Distribution Channel

Distribution channels are the routes used to get a product or service into the hands of consumers so that they may learn about it and make a purchase decision. The Internet is sometimes described as a digital appropriation station since it provides users with access to automated teller machines and media distribution networks. Media appropriation channels have emerged as a significant method of disseminating information and observing regular behaviour. Internal appropriation channels relate to both personal and public forms of information distribution. On

the other side, sales agents and other external partners are examples of alternative channels of distribution. This interpretation is shown by the following example.



Source: FFIEC – IT Examination Hand Book

Figure 1.1: Distribution Channels of Financial Institutions

Review of Literature

Books, diaries, periodicals, newspapers, and more have all been read with this inquiry in mind. Not many that are closely related have been looked at in detail here:

"Study of Customer Experience and Customer Relationship Management using Online Banking" Researchers V. Krishnamurthy and R. Srinivasan (2018)- The purpose of this research was to shed light on customer feedback on online banking, which serves as a tool for customer relationship management (CRM). A total of 154 users of Internet Banking participated in this survey. Based on the results of this study, it is clear that banks are struggling to retain their existing customer base. To do so, they may need to provide novel, tailored products or work harder to earn their confidence before retaining them.

Client Perspective on E-Business Value: Case Study on Internet Banking", Safeena, Rehmath (2010) - In this exploration paper she has decided the shopper's point of view on internet banking selection. Despite the fact that client acknowledgment is a key driver deciding the pace of progress in the money related division, this investigation targeted looking at the effect of apparent helpfulness, saw convenience, purchaser mindfulness on internet banking and saw chances of the acknowledgment of internet banking by the shoppers. The after effect of this investigation inferred that dominant parts of clients are tolerating web-based banking on account

of numerous ideal components. Examination inferred that helpfulness, usability of the framework mindfulness about web-based banking and dangers identified with it are fundamental scrutinising elements to acknowledge web-based banking framework. These variables have a solid and beneficial outcome on clients to acknowledge web-based banking framework.

Simple Internet Banking," Chris Rourke (2014)- This article discusses the value of convenience within the e-banking sector, separating out common ease-of-use concerns and methods for identifying them. Half of customers who enrol for online banking assistance do not end up enrolling due to challenges with the website's navigation, completion of the website's structure, worries about online security, and difficulty obtaining relevant information and input. Internet banking is often believed to be superior to conventional channels, such as telephone banking, in terms of revenue per customer and transaction cost. In order to maximise their share of the growing online banking market, banks should make all sections of their site accessible and user-friendly.

Investor's Perspectives on E-Banking", Sharma, Himani (2015)- This test topic discusses the broker's perspective on the respondents' e-banking activities, the impact of e-banking, and the particular estimations used by banks to further e-banking. The survey data used to conduct this analysis was collected from 192 investors throughout India's northernmost districts. The investigation reveals that customers are swayed to adopt brokers' e-banking services. Investors are certain that e-banking would lead to a significant increase in banks' overall efficiency since it facilitates better communication between brokers and customers.

Users are happy with the satisfaction and ease of using online banking. Ann Knapp (2015) - With the widespread use of Internet banking in recent years, it would seem that new online banks are sprouting up everywhere. Due to its convenience and ease of use, online banking is rapidly gaining popularity among customers. And despite the fact that fraud risks are major considerations with online based banking, it has not stopped people from adopting the web to manage their finances. Ongoing studies suggest that customers who choose for online banking report higher levels of satisfaction with their bank. As a result, there has been a huge increase in the accessibility of banking-related online support. According to a major commercial bank, the number of customers paying their bills online grew from 3.4 million in 2004 to 6 million in 2005.

Fraud Against Financial Institutions and Business Transactions Perpetrated Over the Internet, by Singh, N. P. (2019)- Criminals that prey on users of internet banking systems have adapted a new, high-tech tactic. Phishing is one such tactic that is well known and rapidly

evolving. Phishing: Phishing has been borrowed from the term angling. Brand parodying, or phishing, is a kind of email fraud in which the sender poses as a legitimate business in an attempt to get sensitive information (such as a recipient's login, password, or credit card number) by deception. The general layout of online banking is geared toward two goals. Two primary goals have been accomplished here: first, increased customer comfort, and second, reduced activity costs for financial institutions. Numerous favourable circumstances, including less expensive access to the Internet, cheaper financing costs, online examination of record subtleties and proclamation data, tab administration, money transfers between opening accounts, booking programmed occasional instalments, for example, lease or advance instalments, booking records or credits, and supervising dependability focuses to achieve first objective. There will be a reduction in the overall operational costs for banks. Based on the data shown in the tables, the study concluded that phishing measures had increased significantly.

Whether it's the volume of traffic sent to phishing sites or the volume of emails warning victims of impending financial loss, phishing causes financial distress for businesses and their customers alike. Numbness on both the side of the customer and the expert co-ops is a primary cause of accidents and the successful execution of fakes (financiers, retailers, and so on.). It calls for rigorous client education techniques and regular client data security surveys.

Acceptance of E-Banking by Indian Adults: An Experimental Study", S. K. Datta and Neha Dixit (2016)- Banking online is an example of technology that enables customers to help themselves. Despite the dramatic rise in Internet users, many still feel unsafe providing their personal information to online businesses. The purpose of this article is to investigate the factors that are affecting the acceptance of e-banking services among mature customers and to highlight the degree of worry about security and protection concerns in the Indian context. The lack of prior training and guidance on the part of the bank is also cited as a reason for its refusal to permit online banking by its adult customers. This study's findings suggest that even when presented with little risk, mature customers remain cautious to adopt innovative practises. It is also important to remember that some mature customers are enthusiastic about online banking but lack the basic computer competence required to successfully use it. Moreover, banks need to design the facility with security and safety in mind.

OBJECTIVES OF THE STUDY

1. The goal of this survey is to determine how happy bank clients and workers are with the existing banking setup.
2. To find out whether online banking saves money for its users and its providers.

Research

The literature review shows that E-banking has become useful for financial institutions and their customers. An examination between open and private division banks was also necessary to comprehend the market circumstance of e-banking from the perspective of both customers and the bank's employees, as offering the best products, with speedy support, with complete security highlights, and being fully informed regarding the RBI rules is crucial for a bank to survive in this vicious competition. Because of this, the expert had no choice but to make this her area of study. Both the e-banking customers and the institutions that were selected for the study, as well as other banks, will benefit from this analysis. No one, to the best of my knowledge and belief, has welcomed any examination work from this cutting edge until today.

Scope of the Study

The test population is aware of all Indian financial institutions that provide internet banking services. Because of its size in terms of branch network, clientele, and total assets, the State Bank of India (SBI) was chosen to represent the open segment, and the HDFC Bank was chosen to represent the private division, in this comparison. Jaipur, the capital of Rajasthan, is the only place we'll be looking since we know it has the most extensive network of bank branches and the most avid base of online bankers.

Research Design

A well-thought-out exploration strategy takes into account not only the exploration itself, but also the duration of the expedition, the research methods used, the data source, and the Due to its closeness to the topic under investigation, this study might be classified as either descriptive or exploratory. One of the driving forces for clarifying research is the desire to present the world as it already is. One name for this kind of investigation is "ex-post research." By highlighting ideas and potential bits of information, exploratory thinking may help one get a sense for the issue and pinpoint areas that need more thorough investigation. It's utilised when the expert requires additional context about the situation, potential solutions, and critical concerns.

Data Source

The researcher has taken every precaution in gathering and recording data, aiming for complete and consistent results free of errors. After a research problem is defined and an inquiry structure is examined, the task of data collection may begin. Both required and discretionary data were used to compile this study. This analysis relies heavily on responses from a survey given to

clients and workers at both open and private financial institutions, all of whom were surveyed by the analyst.

Data Analysis

One definition of information analysis is "the act of changing and sharing data with the purpose of emphasising important information, advocating directions, and strengthening basic leadership.". Method of analysing data by carefully examining every part of it using logic and investigation. When directing an expedition, examination is only one of many tools in your toolkit. This study aims to understand how customers and bank employees feel about the online banking services offered by both public and private institutions.

Distributional Statistics of Customers and Bank Workers Who Participated

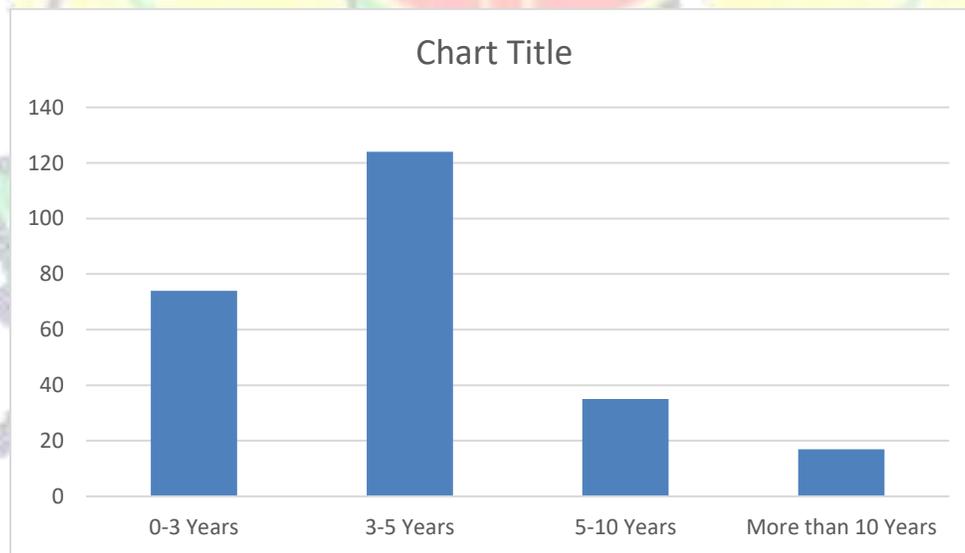
Table: 1.1: Demographic Profiles of 250 Respondents-Customers

S. No.	Demographics	Frequency	Percentage (%)
1.	Gender		
	Male	200	66
	Female	50	34
2.	Age		
	Below 25	15	34
	>26 to 35	62	56
	>36 to 50	46	80
	>51 to 60	75	26
	Occupation		
3.	Services	66	11
	Business	55	50
	Student	3	4
	Professional	100	61
4.	Annual Income		
	Dependents	3	5
	Below 3 lakhs	75	65
	>3 to 15 lakhs	15	9
	Above 15 lakhs	65	45
5.	Qualification		

>HSC	56	9
HSC	35	5
Graduate	87	36
Post Graduate	130	45

Table 1.1 portrays that among the 250 respondents, speaking to clients of open and private division banks, 6% were guys and 64% were females. Further, age-wise, 14% were in the age gathering of beneath 25 years, 36% in the age gathering of 26 to 35, 12% in the age gathering of 36 to 50 and staying 28% in the age gathering of 51 to 60. As to, 62% of the respondents were in administration, 70% in business, 02% were the understudies and 46% were the experts. Pay shrewd profiling of the respondents demonstrated that 2% were wards, 43% of the respondents go under the yearly salary gathering of underneath 3 Lakh, 36% are in the gathering of Rs. 3 Lakh to 15 Lakhs and staying 78% are in the last gathering of above Rs. 15 Lakhs. The capability profile of the clients developed as 8% respondents having capabilities under HSC, 32% HSC, 32% alumni and staying 18% were post graduate

Chart 1.1: Popularity of E-Banking



Conclusion

The point of this study was to examine the state of e-banking in Jaipur from the perspectives of both customers and bank staff. This investigation has made use of both required and extra data, with a focus on the former. To get a clearer image of the open and private banks that have been selected for the e-banking market, quantitative tools such as the standard deviation and calculation of focal inclination have been used. Additionally, the Chi-square test and one-way ANOVA have been used to assess hypotheses established throughout the course of the inquiry. It

has been proposed how Indian banks might benefit from providing their customers with high-quality e-banking products and services via the use of appealing time-sensitive promotions. Banks from both the public sector and the private sector have been selected for this study because of their relative market importance and their status as a leading exemplar of technological innovation in the field of electronic banking.

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