

A COMPARISON BETWEEN INTERNET BANKING AND E-BANKING IN INDIA: A STUDY

Barun Shaw*

*SACT- I, Chittaranjan College
University of Calcutta, West Bengal, India*

Email ID: barunshaw36@gmail.com

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Abstract

This study's objective is to compare and contrast two distinct varieties of online banking that are available in India: internet banking and electronic banking. The broad implementation of digital technology within the banking industry has resulted in an increase in the number of customers using internet banking and electronic banking services. A comparison and contrast of the two banking alternatives, as well as an analysis of the ways in which each influences the preferences of consumers and their level of satisfaction, are included in this study. The findings of this study provide light on the various financial services that banks provide and indicate areas in which banks may have room for improvement.

Paper Identification



**Corresponding Author*

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Introduction

The advent of digital technology has completely reshaped the globe. The banking industry, like all other industries, has benefited from the continual upgrades in technological capabilities, and this sector is not an exception. Do you remember when individuals had to wait in long lines to

deposit their checks or other negotiable instruments, or when they were unable to transfer money when the banks were closed for the holidays? Now, thankfully, those kinds of days are a thing of the past for us. These days, moving money from one bank account to another can be accomplished with only the press of a button. It is now quite simple to make payments to many vendors. Out shopping for vegetables? Have you misplaced your wallet? UPI payments can be made by just clicking a button on your phone. The advent of modern finance has made life considerably less complicated. Electronic signatures have mostly superseded their more traditional counterparts. There was once a time when purchasing something necessitated the effort of getting dressed up and going out, but these days, shopping can easily be done just clicking on a website. You like an outfit that you saw online? E-banking to your help.

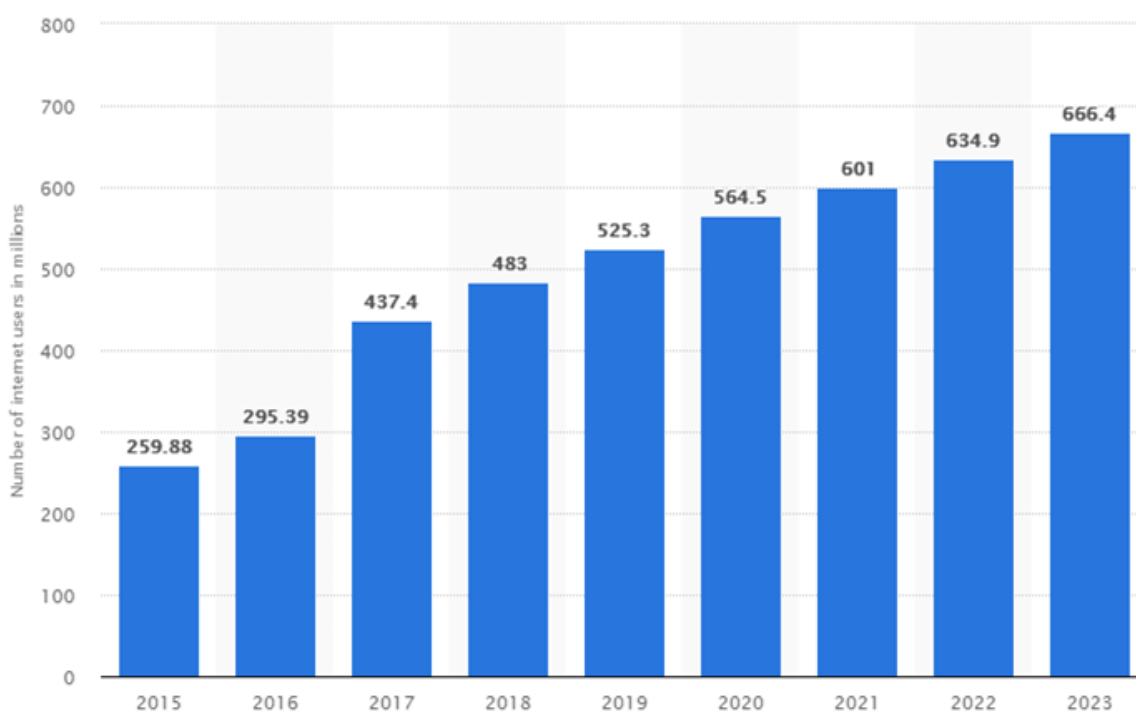
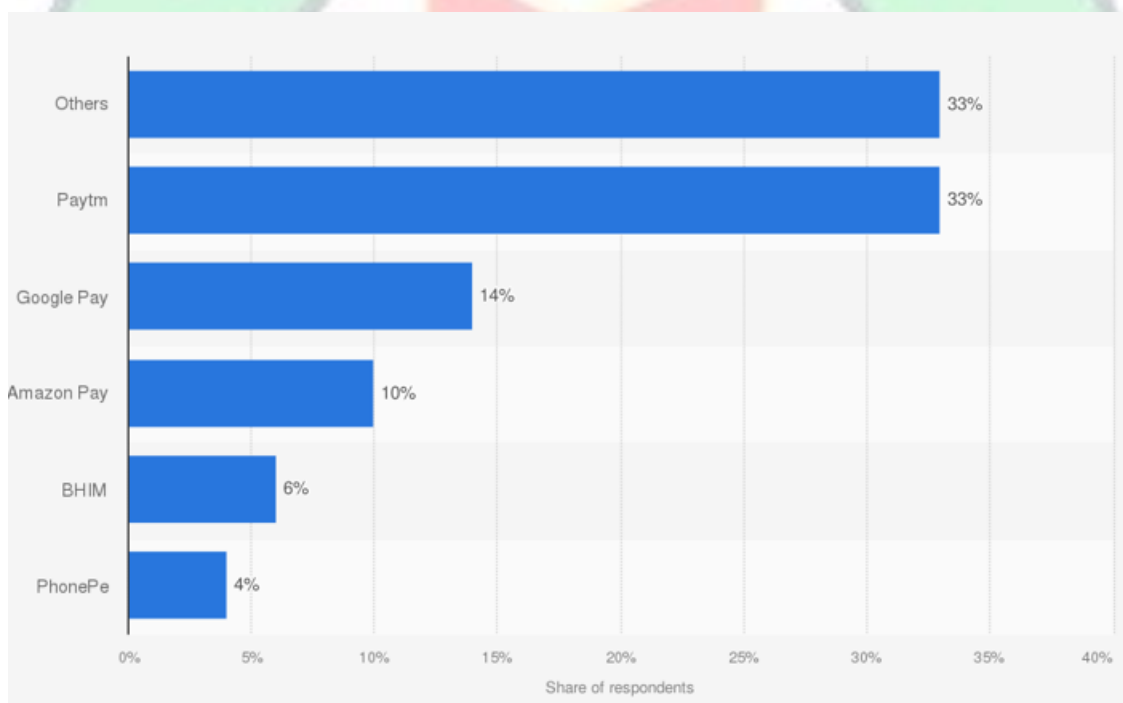


Figure 1. Internet user in India

The trends of Internet users in India are displayed in Figure 1. According to the graph, in the year 2023 there will be 666.4 million users of the Internet in India, which will be the highest number of Internet users in the history of India. We can see that there were 259.88 million people using the internet at the beginning of, and the number of people using the internet in India was growing at a constant speed; however, during the Covid-19 period, the number of people using the internet was increasing at a high speed. In the year 2019, there are 525.3 Million people using the internet; however, there will be 601 Million people using the internet by the end of 2020. Recorded This demonstrates that during the past few years, the number of users of the Internet

has been expanding, as has the use of the Internet in India. With more people using online banking and more people using the internet, more people are using online banking services, and more people are using online banking services.

The dynamics of monetary transactions have been altered as a result of Covid-19. The majority of individuals were unemployed, had no cash on hand, and were forced to wait in huge lines outside of banks in order to withdraw money. Because of these inconveniences, more and more people are using online banking. UPI payments like as Paytm, Google Pay, and BHIM, amongst others, established a foothold in the Indian banking system during this time. In 2020, a poll conducted by the Statista Research Department found that 32 percent of respondents who participated in the survey switched to using digital banking. The vast majority of people are under the false impression that Internet Banking and Electronic Banking are interchangeable terms; however, there is a distinction between the two.



Sources: Internet Source

Figure 2. Graph of Digital Payment after 2020

This graph illustrates the prevalence of people in India using a variety of different online payment systems. The fact that 33 percent of people in India use the Paytm app for bank-related services helps to make Paytm the most widely utilised application in the country. 14% of people in India use Google Pay for banking services, making it the second most popular application among those who utilise financial institutions. There are many other applications that can be used, but a much smaller percentage of individuals in India actually do so. Amazon Pay 10%,

BHIM 6 %, Phone Pe 4% and others 33%. This demonstrates that India is making good use of online banking services at a high rate.

Concept of Electronic- Banking(E-Banking)

E-Banking, often known as online banking or electronic banking, is the delivery of banking services and the completion of financial transactions over electronic means, most commonly the internet. Online banking eliminates the need for consumers to physically visit a bank office in order to access their accounts, manage their finances, or take advantage of the bank's services.

To conduct financial transactions and gain access to banking services at any time and from any location, users can take advantage of electronic banking.

It typically includes features such as:

1. **Account Management:** Online access to customer account information includes balances, recent transactions, and downloadable statements. They can handle a number of accounts at once, pay bills automatically, and transfer money at predetermined times.
2. **Fund Transfers:** Electronic fund transfers allow customers to move money between their own accounts at the same bank or at other financial institutions. Both domestic and international wire transfers, as well as instantaneous online payment methods, fall under this category.
3. **Bill Payments:** Bills such as those for utilities, credit cards, and loans can all be paid electronically with e-banking. Recurring payments can be set up, as well as one-time payments.
4. **Online Shopping and Payments:** Online shoppers can now use their checking accounts to pay for their wares. You can do this in a number of ways, including with a debit or credit card, an e-wallet, or the E-Banking platform itself.
5. **Mobile Banking:** Customers can use their smartphones or tablets to access their bank accounts and make transactions through mobile banking software, which is a common component of electronic banking. Customers who bank via mobile device benefit from more portability and convenience.
6. **Additional Services:** You may be able to order a fresh set of checks, change your contact info, apply for a loan, create a new account, and even have access to investing and wealth management tools through an online banking platform.

Types of E-Banking

- Online banking.
- The convenience of mobile banking.

- Cash dispensing machines that are automated.
- Intelligent Cards.
- E-financing, or electronic fund transfer.
- It's ECS, or Electronic Clearing Services.
- Telebanking.
- Banking at Your Doorstep.

Among these, ATMs are by far the most widely used form of electronic banking. When customers use an ATM of another financial institution to withdraw money, make a deposit, or alter the PIN associated with their card, the issuing institution may assess a small fee. With the widespread availability of smartphones and the convenience of banking applications and UPI apps, mobile banking is rapidly expanding in the banking industry at the present time. Using mobile banking is as simple as signing up with your bank, creating a user id and password (or UPI pin, in the case of UPI), and establishing a daily limit for transactions. These days, debit cards are carried by practically everyone. With this card and your PIN, you have immediate access to the funds in your bank account. In most cases, you can change your debit card's PIN at an ATM. Direct deposits and withdrawals are made possible using e-banking as well. Customers can use this service to authorise the bank to take money out of their paychecks on a regular basis, or to pay off their loans in installments. When compared to Internet banking, the scope of Electronic Banking is substantially broader. Internet banking is also an example of E-banking. Let's examine the definition, breadth, and benefits of online banking.

Internet banking

When a customer of a bank or other financial institution uses the internet to conduct financial or non-financial activities, they are engaging in internet banking, also known as net-banking or online banking. This service allows customers to perform NEFT/RTGS financial transfers, deposits, and online bill payments online, just like they would at a physical bank branch. Anyone with an account and who has signed up for online banking at their local branch can use the service. After signing up for online banking, a customer can take care of their banking needs without ever having to set foot inside the bank again. It's a safe and hassle-free way to manage your finances. User/Customer IDs and passwords are used to restrict access to online banking websites, with the latter requiring frequent changes for security purposes.

Features of internet banking

- Banking that is both safe and convenient
- No unnecessary steps;

- All utility bills paid without having to wait in queue;
- Convenient inter-account transfers;
- A separate login and password;
- Submission of Request for New Cheque Book;
- Be sure to monitor your account balance and any investments you have.

Internet banking also provides various services, such as:

- Values Compared;
- Payment of utility bills;
- Create or terminate a time deposit account;
- Invest in government gold bonds;
- Get Coverage;
- Automate your payments;
- Get your tickets for everything booked online;
- Dispatch of chequebook;
- Trading Stocks/IPOs;
- Making a purchase or sale via an online marketplace;
- Transaction Summaries Daily.

Advantages of internet Banking

- **Convenience:** Customers can log in to their bank accounts online and do a variety of banking transactions from any location with an internet connection. Customers can now handle their banking needs outside of traditional business hours, eliminating the need to visit a physical bank branch.
- **24/7 Availability:** Internet banking services can be accessed at any time, day or night, but traditional banking is only open during certain hours. Customers can complete banking transactions (such as checking balances, transferring payments, and paying bills) 365 days a year..
- **Time-Saving:** Customers can avoid excessive wait times at bank locations thanks to the convenience of online banking. Customers may finish their purchases in a few simple clicks, saving them time and energy.
- **Accessibility:** Customers can log in to their accounts and make transactions from any location with an internet connection using online banking. This convenience is

especially helpful for people who are constantly on the move or who live in distant places where there are no bank branches.

- **Enhanced Transaction Speed:** The processing time for an online purchase is often much shorter than that of a conventional one. Fast processing of financial transactions like wire transfers, bill payments, and others, means less time spent waiting around.
- **Cost-Effective:** Many of the fees associated with using a physical bank branch can be avoided entirely when banking online. By forgoing paper statements, chequebook orders, and some other transactions, customers can save money by going digital. Customers can also save money by avoiding the costs of travelling to and from a physical bank location.
- **Comprehensive Account Management:** Customers can check their account balances, view their transaction histories, and even download their account statements with the use of internet banking. By keeping tabs on everything related to their accounts, users may better monitor their spending and save where necessary.
- **Secure Transactions:** Internet banking platforms use cutting-edge safety protocols to keep customers' data and financial dealings safe. Customer information may be kept safe from prying eyes and unauthorised access thanks to encryption software, safe login procedures, and multi-factor authentication systems.
- **Additional Services and Features:** Additional features and services, such as the ability to automate payments, manage standing instructions, open fixed deposit accounts, apply for loans, and have access to investment tools, are commonly available through internet banking. Customers get a more rounded and tailored banking experience thanks to these new features.
- **Eco-Friendly:** Compared to more conventional banking procedures, using the internet to conduct financial transactions uses far less paper and other materials. Customers help the planet by choosing paperless billing and doing business online.

Comparison of Online Banking and E-Banking

It's important to note that the specific features and services offered may vary among banks and depend on the technological advancements and capabilities of the banking institutions. The above comparison provides a general overview of the differences between E-banking and Online banking.

Table 1 Comparison b/w E-Banking and Online Banking

	E-Banking	Online Banking
Definition	Broad term encompassing various electronic banking services, including mobile banking, ATM transactions, and electronic fund transfers.	Specifically refers to banking services accessed through web-based platforms.
Channels	Includes mobile banking, ATMs, electronic fund transfers, and other electronic channels.	Primarily accessed through internet-enabled devices such as computers, laptops, and smartphones.
Accessibility	Can be accessed through various electronic devices with internet connectivity.	Requires access to a computer or mobile device with an internet connection
Features	Offers a range of banking services beyond online platforms, including mobile banking, ATM transactions, and electronic transfers.	Primarily focuses on web-based platforms for account access, transactions, and service requests.
Transaction Types	Covers a broader range of transactions, including mobile payments, ATM withdrawals, and electronic transfers.	Primarily focuses on online transactions such as account transfers, bill payments, and online purchases.
Availability	Available 24/7 through electronic channels and ATMs, subject to service availability.	Available 24/7 through internet-connected devices, subject to the availability of online banking services.
Convenience	Provides a wide range of banking services through multiple channels, catering to different customer preferences.	Offers convenient access to banking services through web-based platforms, allowing customers to manage their accounts from anywhere.
Security	Implements security measures for each electronic channel, such as encryption, authentication, and transaction	Banks focus on securing online platforms through encryption, secure login processes, and robust security

	verification.	measures.
Usage	Offers a variety of electronic banking services, catering to customers who prefer different modes of banking.	Primarily caters to customers who prefer accessing banking services through internet-based platforms.
Additional Services	Provides additional services such as mobile payments, ATM cash deposits, and cardless withdrawals.	May offer additional features such as online financial planning tools, budgeting apps, and customized account alerts.

Findings

- The study may find that E-banking has adopted by more peoples as compared to Online banking in India due to the widespread use of mobile devices and increasing internet penetration.
- The findings might indicate that customers who use E-banking are more satisfied with the convenience and accessibility it offers, while Online banking users appreciate the comprehensive features and functionalities available on web-based platforms.
- The study may identify that customers have greater concerns about security and privacy when using E-banking due to the use of mobile devices and potential risks associated with them. Online banking users, on the other hand, may have more confidence in the security measures implemented by banks for web-based platforms.
- The research might uncover demographic variations in the adoption and usage of E-banking and Online banking, such as age group preferences, urban-rural divide, or educational background.

Conclusion

In closing Customers can access their accounts and make transactions through either E-banking or Online banking whenever and wherever they have an internet connection. Online banking generally focuses on web-based platforms for account access and online transactions, whereas E-banking comprises a larger variety of electronic banking services like mobile banking, ATM transactions, and electronic cash transfers. The results show that customers have different tastes, with some preferring the portability of E-banking and others favouring the abundance of features and functionalities available through Online banking. To keep their customers' accounts and financial transactions safe, E-banking and Online banking services must employ stringent levels of security. In order to gain their customers' trust, banks need to deploy stringent security measures like encryption, authentication, and transaction verification. The rate of E-banking and

Online banking acceptance and utilisation may vary across demographic subgroups. Customers' tastes can be influenced by a variety of factors, including their age, where they live (city vs. country), and their level of education.

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