

ONLINE BANKING SERVICES: AN EMPIRICAL STUDY OF BANKER'S AND CUSTOMER'S AWARENESS ABOUT OBS

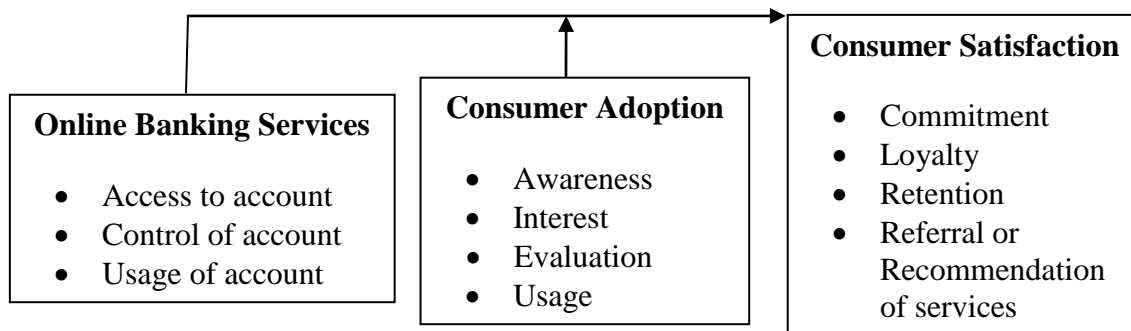
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Banks with Internet Banking: -

It is almost fifteen years since the Indian banking sector was liberalized and paradigm shift happened in the Indian banking services. In the current scenario, every bank in India has the internet banking facility. This started initially with simple functions such as getting information about interest rates, checking account balances and computing loan eligibility. Then the services were extended to online bill payment, transfer of funds between accounts and cash management services for corporate. Instead of needing to travel into a local branch of our bank, the Internet allows us to do a wide variety of useful things with our accounts.

Figure 1.1 Online Banking as a Source of Customer Satisfaction



Banking has emerged as a significant and rapidly growing component of the world economic exchange. Through Online banking the world economic exchange has been reduced to a tiny global village in terms of its information capacity through the use of E-commerce namely the internet and some other electronic devices.

I selected two banks in which one is public sector bank i.e. **SBI Bank** and second is private sector bank i.e. **HDFC Bank** and explaining the features they are offering.

1.1 SBI Internet Banking: -

The State Bank Group, with over 16,000 branches, has the largest banking branch network in India. The SBI offers a bouquet of the best financial and insurance solutions in addition to its vast array of banking products. Online SBI is the Internet Banking portal for State Bank of India. **www.onlinesbi.com**, enables its retail banking customers to operate their accounts from anywhere anytime, removing the restrictions imposed by geography and time. It's a platform that enables the customers to carry out their banking activities from their desktop, aided by the power and convenience of the Internet.

Online SBI provides Financial services such as fund transfers, third party payments and bill payments, opening bank accounts, closure of loan account, loan part payments, PPF transactions and issue of demand draft can be done through this service and Non-financial services such as viewing account information, request for cheque book, issuing standing instructions etc.

For State Bank of India, the number of transactions using internet banking has gone up by 180.04% while the amount has shot up by 105.50% in a time frame of January 2010 to August 2011. However, from January 2011 to August 2011, the number of internet banking transactions has increased by 43.42% and the amount transacted witnessed a 24.31% increase. The average amount per transaction stood at Rs 703.21.

1.2 HDFC Online Banking: -

HDFC Bank Ltd. is a major Indian financial services company based in India, incorporated in August 1994, after the Reserve Bank of India allowed establishing private sector banks. It was among the first companies to receive an 'in principle' approval from the RBI to set up a bank in the private sector.

The Bank has a network of 2000 branches spread in 779 cities across India. All branches are linked on an online real-time basis. The Bank also has 4232 networked ATMs across these cities.

HDFC Bank Net Banking is the OBS offered by the bank to its large numbers of customers. This service can be accessed from anywhere at any time allowing the customers to control their funds. Moreover, it is completely safe as the bank utilizes the most advanced technologies and infrastructures. HDFC provides a host of features at our finger-tips such as view a/c balances & statements, transfer funds between a/c, create fixed deposits online, request a demand draft, pay bills, order a cheque book, request stop payment on a cheque and many more.

HDFC offers to their corporate clients ENet™, a fully secured Internet based online, real time electronic delivery channel, providing convenient and secure access to their banking information over the Internet. ENet™ allows multi-branch connectivity and can integrate with heterogeneous core back-end systems across branches in India.

Analysis & Interpretation: -

In this study we selected two banks i.e. **SBI** from public sector and **HDFC** from private sector bank of Udaipur district of Rajasthan State. In order to examine the awareness of **25 employees** and **100 customers** regarding OBS provided by the banks, two types of structured questionnaire for bank's employees and bank's customers were designed for collection of the primary data. The questionnaire was prepared for -

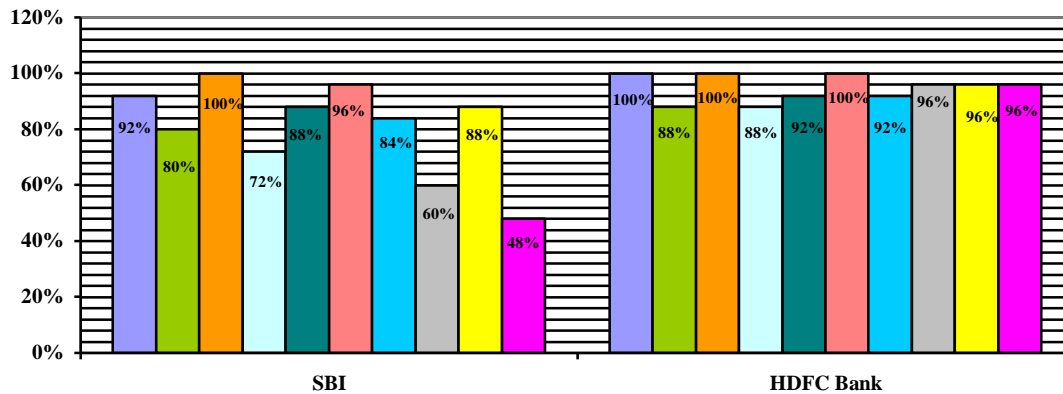
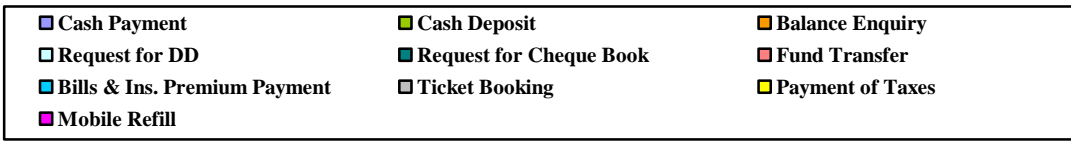
- I) The Bank's Employees; who are engaged in providing OBS to their customers,
- II) The Bank's Customers; who are actually using OBS.

Table 1.1 Awareness of Bankers about Available Facilities of OBS

Awareness of Bankers about Facilities of OBS	SBI			HDFC Bank		
	Yes	No	Total	Yes	No	Total
Cash Payment	23	02	25	25	00	25
Cash Deposit	20	05	25	22	03	25
Balance Enquiry	25	00	25	25	00	25
Request for Demand Draft	18	07	25	22	03	25
Request for Cheque Book	22	03	25	23	02	25
Fund Transfer from one A/c to other	24	01	25	25	00	25
Bills & Insurance Premium Payment	21	04	25	23	02	25
Ticket Booking	15	10	25	24	01	25
Payment of various Govt. Taxes	22	03	25	24	01	25
Recharge/ Mobile Refill	12	13	25	24	01	25

Table 1.1 represents that employees of both the banks are aware with all OBS facilities. Above table illustrates that SBI Bankers are not appropriately aware with all OBS such as (52%) Recharge/Mobile Refill, (40%) Ticket Booking, (28%) Request for Demand Draft, etc. It means SBI Bank are required to more emphasis on training programs for their employees to aware them in order to promote OBS & facilitate all the services to their customers. On the other hand, employees of HDFC Bank are aware with various types of OBS provide by their bank, it means HDFC Bank provide appropriate training on time to time to their employees to make aware them with the technology innovations in OBS.

Graph 1.1 Awareness of Bankers about Available Facilities of OBS



Application of T-test

$H_0 : \mu = 18$ (Null Hypothesis) against $H_a : \mu \neq 18$ (Alternative Hypothesis) with $\alpha = 0.05$

$X_S = 20.20$, $X_H = 23.70$, $\sigma_S = 4.10$, $\sigma_H = 1.16$ and Sample Size = 25

$$\text{Use Statistic (T- Test) } t = \frac{\bar{X} - \mu_0}{\sigma / \sqrt{n}}$$

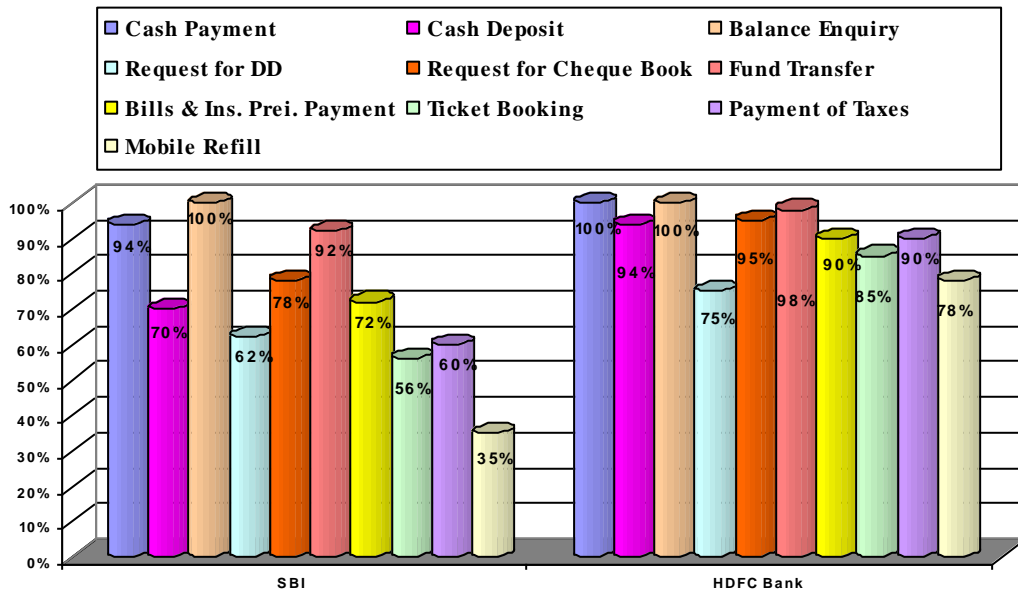
From the Table of t-distribution, the value of t at 0.05 level of significance the Degree of Freedom for two-tailed test $25 - 1 = 24$ is 2.064. Since, $t_S = 2.683 > 2.064$ in case of SBI Bank, hence H_0 is rejected at 5% level of significance. Similarly, $t_H = 24.568 > 2.064$ in case of HDFC Bank, hence t_H also falls in the rejection region, H_0 is rejected at 5% level of significance. The rejection of Null Hypothesis indicates that the maximum bankers of both the banks are aware with the available facilities of OBS.

Table 1.2 Awareness of Customers about Available Facilities of OBS

Awareness of Customers about Facilities of OBS	SBI		Total	HDFC Bank		Total
	Yes	No		Yes	No	
Cash Payment	94	06	100	100	00	100
Cash Deposit	70	30	100	94	06	100
Balance Enquiry	100	00	100	100	00	100
Request for Demand Draft	62	38	100	75	25	100
Request for Cheque Book	78	22	100	95	05	100
Fund Transfer from one A/c to other	92	08	100	98	02	100
Bills & Insurance Premium Payment	72	28	100	90	10	100
Ticket Booking	56	44	100	85	15	100
Payment of various Govt. Taxes	60	40	100	90	10	100
Recharge/ Mobile Refill	35	65	100	78	22	100

Table 1.2 reveals that both the banks are providing various kinds of OBS to their customers and customers of HDFC Bank are well aware with all these facilities as compare to the customers of SBI Bank. As above table illustrates that customers of SBI Bank are not appropriately aware with all Online Banking Services like Request for Demand Draft, Ticket Booking, Payment of various govt. taxes, Recharge/Mobile Refill, etc. it means SBI Bank are required to educate their customers. On the other hand, customers of HDFC Bank are giving importance for the uses of OBS to save their time & money and willing to adapt advanced IT technology of Banking Industry.

Graph 1.2 Awareness of Customers about Available Facilities of OBS



Application of Z-test

$H_0 : \mu = 75$ (Null Hypothesis) against $H_a : \mu \neq 75$ (Alternative Hypothesis)

with $\alpha = 0.05$ level of significance is 1.960

$X_S = 71.90$, $\bar{X}_H = 90.50$, $\sigma_S = 20.68$, $\sigma_H = 8.80$ and Sample Size = 100

The Z-test Statistic = $\frac{\bar{X} - \mu_0}{\sigma / \sqrt{n}}$

Since, $Z_S = (-) 1.499 > (-) 1.960$ i.e. $Z_S > Z_\alpha$ therefore Z_S falls in the acceptance region, H_0 is accepted at 5% level of significance in case of SBI Bank. On the other hand, $Z_H = (-) 17.613 < (-) 1.960$ i.e. $Z_H < Z_\alpha$ therefore Z_H falls in the rejection region, H_0 is rejected at 5% level of significance in case of HDFC Bank. Z-test results that customers of both the banks are aware about the available facilities of Online Banking Services. From the above experimental findings of Z-test, we can conclude that customers of HDFC Bank are more aware about OBS as compare to the customers of SBI Bank. Therefore, SBI Bank should lay emphasis in order to educate their customers about the OBS.

Findings of the study: -

India's banking sector is growing at a fast pace. It has become one of the most preferred banking destinations in the world. The following are the findings pertaining to Banker's & Customer's views, who are engaged in facilitating OBS to their customers & who avails OBS for their banking transactions respectively: -

- **Banker's friendliness with OBS:** - Finding strongly shows that keeping this in mind most of the bankers are friendly user with OBS.
- **Awareness of Bankers about Facilities of OBS:** - Finding shows that both the banks are providing various kinds of banking and non-banking facilities through OBS to their customers. T-test strongly highlights that SBI Bankers are aware about banking facilities provided through OBS but they are less aware about the advanced facilities of OBS. Conversely, Bankers of HDFC Bank are well aware with various types of the OBS.
- **Customer's Friendliness with OBS:** - E-banking implies performing basic banking transactions by customers round the clock globally through electronic media. Findings of the study attract us towards the fact that customers of SBI Bank are less friendly with OBS, while customers of HDFC Bank are friendly with OBS.
- **Awareness of Customers about Available Facilities of OBS:** - The most successful banks are those which can truly strengthen their OBS by creating awareness to avail OBS in their customers. Here, result of T-test point out that customers of HDFC Bank are more aware about OBS as compare to the customers of SBI Bank. Likely, findings also shows that more than 90% male customers of both the banks are well aware with the available facilities of OBS except few facilities such as request for DD, payment of various Govt. taxes, recharge/ mobile refill.
- **Frequency of Customers to Avail OBS in a Month:** - Online Banking is considered to be convenient for the customers and customers are availing OBS due to its easy accessibility and efficient banking services.

Suggestions for the promotion of OBS: -

E-banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Challenges to expand and maintain banking market share have convinced many banks to invest more in the internet banking and to rethink their IT strategies in competitive markets. Following are the few suggestions based on the facts and findings of the study for Banks who are facilitating Online Banking Services to their customers: -

- Banks should **initiate schemes** based on fringe benefits in the form of additional bonus, free annual trips, valuable gift items, awards etc. for the employee who are very friendly, experienced and aware with OBS.
- Banks can **introduce OBS in two modes** such as **Beginner and Expert Mode** to reduce troubles of employees while providing guidance about OBS as well as to reduce troubles of customers while availing OBS. The **Beginner Mode** should consist of the Help option which can guide the users who are not much familiar with OBS to proceed for further facilities in a correct manner with the details of fees imposed on different types of OB facilities. Likely, the other mode comprise of the **Expert Mode** in which the person who is friendly with OBS can directly operate or go through the transaction options to save his/her time. It increases customer's friendliness, awareness and also increases quality of OBS.
- Banks should introduce **transparent fee structure** imposed by them on the use of OBS in order to maximize accessibility, frequency of OBS and to make OBS more advantageous in the form of cost effectiveness for the customers.
- **Strong anti hacking system** has to be tailored to not only strengthen online user's authentication for the vast Online Banking system but also to defend the theft of customer's privacy from internet hackers.
- Banks can **collaborate with government agencies** to expand their outreach exponentially and provide doorstep banking by facilitating various advanced facilities such as apply for passport, visa, driving license, pan card etc.

- Banks should pay attention to reach out their female customers who-in a majority of cases-would have less experience and willingness to avail OBS by facilitating **direct shopping** through Online Banking with some special discounts over a particular range. So that transaction frequency as well as amount that has been transact through Online Banking will increase and results to the increment of bank's productivity.

Conclusion: -

Banking in India is supportive, technically advance and vigorous. The Indian experience of E-banking is gradually merging with its international counterparts in order to introduce advanced technologies in India. In Banking Industry the Internet Banking is a new era which explores the new horizons of success and development to facilitate and for the betterment of society and open the door of development for banking industry to enhance businesses operations. E-Banking improves operational competence and fineness of services to obtain and grasp the consumers. Financial institutions offering Internet-based products and services should have reliable and secure methods to authenticate their customers. The level of authentication used by the financial institution should be appropriate to the risks associated with those products and services.

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