

“Online Banking Services Qualitative Analysis”

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Executive Summary

Some business activities exist to make a profit. In the end, if the business does not make a profit it will have to close- although not always many years however, some commercial activity won't necessarily make any profit but will be continued to function. Look at the following explanations

Technology has become a neighborhood of all walks of life and across all business sectors, and even more so in banking. There has been massive use of technology across many areas of banking business in India, both from the asset and therefore the liability side of a bank's record. To ease the transaction for the customers, immensely increased sources and channels and alternatives methods have been provided for the customer convenience. Various wholesale and retail payment and settlement systems have enabled faster means of moving the cash to settle funds among banks and customers, facilitating improved turnover of economic and financial transactions. Banks are taking over new projects like data warehousing, customer relationship management, and financial inclusion initiatives to further innovate and methods for the longer term and to widen the reach of banking. The dependence on technology is such the banking business can't be thought of in isolation without technology, such has been the spread of technology footprints across the Indian commercial banking landscape. Hence, online banking has given customers more opportunities for transactions. Customers can now look for any information about bank-related on the bank's official sites. The customers can see their transaction history, can transfer money online and bank-related information. There are also many banking app is available for the people to use like Google pay, paytm, UPI etc.

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I. Introduction

In India, online banking is one of the main sources of financial services. The Policies and Strategies of online banking are different, which leads to variation in the customers' satisfaction level. This research paper tries to measure the satisfaction level of customers of online banking. Also the factors responsible for variation in customers' satisfaction of online banking in India. This research is based on primary information obtained from customers of online banking in India. Overall, Customers of online banking are satisfied except for some tangibles and behavioral factors of the bank's employees due to the policies, strategies for tangibles, and inefficiency of the employees. So, there is a need to consider tangibles and behavioral factors of the employees to enhance the level of satisfaction in banks. The marketing concept to banking sectors is often traced back to the American Banking Association Conference of 1958. The marketing of banks can be explained as the part of management activity, which seems to direct the flow of banking services profitability to the customers. The marketing concept basically requires that there should be a thorough understanding of customer need and to learn about how the market it operates in. Further, the market is segmented so as to understand the requirement of the customer at a profit to the banks to examine and give recommendation for Income Recognition, Asset Classification, and Provisioning of loan assets of Banks and Financial Institution.

Commercial Banks on Income Recognition, Assets Classification and Provisioning in April, 1992 which have been modified from time to time by the RBI on the basis of experience gained Correspondingly, separate guidelines were issued by the RBI on Prudential Norms to all or any India Financial Institutions (March, 1994), Non-Banking Financial Companies (June, 1994) and to Regional Rural banks in March, 1996. they need adopted these guidelines for the aim of Income Recognition and Assets Classification from the accounting year 1995.

II. Literature Review

The online banking service quality is the attributes of electronic banking that perceived by the customer, service provider, or another party. It is a clear notion that Internet banking and payments are likely to advance more or less in tandem with e-commerce. The Internet revolution is a global phenomenon and going by these growth statistics, India expects a spurt within the web penetration in coming years particularly within electronic commerce. Researches indicate that Internet banking features a significant impact on the business models of banks, securities trading firms, brokerage houses, insurance companies, etc. Internet banking has also attracted the eye of, regulators and lawmakers within the developing nations since the late 1990s. Internet banking could also be a shred of evidence for concern to the bulk of the offline banks who should be ready for unprecedented competition from the non-traditional banking institutions that provide banking and financial services over the Internet. Although a number of normal banks have started offering their services online, it's only an extension of their offline services. Internet banking has now started motivating customers to park their funds with web banks, which features a substantial impact on the deposit base of the brick and mortar banks. Banking has a direct relationship with profit when technology is used in banking. *Ceteris Paribus*, investment in electronic banking increase the margin of profit of banks by reducing costs and increase in non-interest income, which can increase the ROA and ROE. Cost-effectiveness in the delivery of services directly implies comparatively high consumer satisfaction and a consequent change within the revenue model for the banks. Adoption of the web mode of banking would end in increased consumer awareness, attracts the entry of worldwide majors within the market, and would cause the emergence of open standards within the banking system (Treasury Management). The integration of banking services with e-commerce and the emergence of e-cash would positively affect the efficiency of many banks. However, Internet banking could also be a mixed blessing within the sort of increased risk, the extent of confidence reposed by the consumers, and therefore the problem of blending it with the physical system. Internet banking has caused a replacement orientation to risks like settlement risk, international technology transfer risk, crime or fraud risk, regulatory avoidance risk, taxation avoidance risk, and competition risk. Basel II's recommendation on operational risk also supports this hypothesis. Some Indian banks like HDFC and ICICI have introduced payment gateways running on secure systems having firewalls against hacking. Convenience, safety, and price effectiveness are the jargons within the spectrum of online banking. Researchers on various occasions have raised many issues, which must be addressed in the state of affairs of Internet banking in India. First, the supply of technology and infrastructure to support the new model of banking. Second, the necessity for Internet banking itself – Internet Banking or an efficient system of instantaneous banking or convenient banking. Third, an adequate mechanism to tackle the safety risk and operational risk aspects. Fourth, a correct legal framework to require care of the rights and obligations of the consumers. While most of those issues are somewhat addressed, a crucial issue still remains - what existing and potential consumers feel about Internet banking and on the idea of this how an appropriate banking model is often developed in the Indian context. There is a requirement to live and analyze the buyer perception towards Internet banking, to seek out what's wrong with traditional banks, and supply a framework for the banks to strategically adopt the web so on maximum value for the consumers.

INDIAN BANKING SYSTEM

Banking in India has its origin as early as the Vedic period. It had been believed that transition from money lending to banking must have occurred even before Manu, the good Hindu Jurist, who has devoted a neighborhood of his work to deposit advance and laid down rules concerning rates of interest. During the times of Malay Archipelago Company, it had been turning over the agency houses to hold on to the business. “The General Bank of India” was the primary to hitch sector within the year 1786. The indigenous Bankers played a very important role in lending money financing foreign trade and commerce at the time of the Mogul period. The others that followed were the Bank of Hindustan and thus the Bengal bank. The bank of Hindustan is reported to possess continued till 1906 while the opposite two failed within the meantime.

In the first half of the 19th century the East India Company established three banks:

- 1) Bank of Bengal (1809).
- 2). Bank of Bombay (1840).
- 3) Bank of Madras (1843)

These three banks also are referred to as Presidency Banks were independent units and functioned well. These three banks were affiliated in 1920 and on 27th January 1921 Imperial Bank of India was established, which started as private shareholders banks, mostly European shareholders, with the passing of some time Imperial bank was appropriated by the newly constituted depository financial organization of India act in 1955. Allahabad Bank was established in 1865 and exclusively first time established by Indians, Punjab commercial bank Ltd. was found out in 1894 with headquarters at Lahore. Between 1906 and 1913, the Bank of India, financial institution of India, Bank of Baroda, Canara Bank, Indian Bank, and Bank of Mysore were found out.

Reserve Bank of India came in 1935. In July 1969, 14 major banks of India were nationalized and on 15th April 1980, six more commercial private banks were also appropriated by the govt.

STRUCTURE OF BANKING SYSTEM

Different countries of the planet have differing types of banking systems. However, commercial banking had grown under of these banking systems. to know the structure of banking industry , allow us to take up various sorts of banking systems one by one.

(1) UNIT BANKING

Unit Banking first originated in the United State of America and from their it grew in the United States of America.

(2) BRANCH BANKING:

This the most popular and important banking system. When a bank is big and has the capability of branching then the bank has a large network of branches scattered all over the country. Branch banking developed in England. Later nearly all of the countries around the world adopted this system. For example, the State Bank of India has emerged as one of the largest banks in the world. It facilitates diversification of activities because the world covered by the branches is usually widespread. Under the system, branches don't need to keep idle cash and can operate without keeping large idle cash reserves. It becomes possible for the bank to rent the services of competent and professionally qualified managers, capable of understanding handling technical problems and sophisticated situations. the value of remitting or transferring funds from one place to a different work bent be less. The staff stays at a branch just for a limited period, therefore the chances of objective deciding within the branch banking are high.

(3) CHAIN BANKING

Under the system, there is sharing, merging, grouping, combining, and blending of resources takes place and chain banking overcomes certain limitations of unit banking. But still, the system suffers from certain limitations of its own. There may be a lack of proper coordination, control, etc. The system is inflexible.

(4) GROUP BANKING

It is similar to Chain Banking, the difference being that under Group Banking two or more banks are brought under the control of equivalent management through a company. Both the systems aim at gaining the large-scale advantages in operations. The banks are able to pool their resources in case of emergency or when a large amount of cash is required to meet the loan requirements of the customer.

(5) CORRESPONDENT BANKING

Under Correspondent banking, small banks serving local communities hold deposits with joint banks serving in big cities. This kind of banking is prevalent in U.S.A. The correspondent banks perform two important services of outstation cheque clearing and loan participation for the respondent banks while they benefit for the deposit funds of respondent banks.

III. Research Objectives

The objectives of the research are as follows:

- To know the satisfaction level of customers from online banking.
- To know the difference between the satisfaction level of Online Banking customers of banks considering various aspects of satisfaction.
- To understand the factors liable for the low satisfaction level among the banking customers.

IV. Research Methodology

This research is purely based on the primary information obtained from the banking customers of different parts of India. There were 30-40 banking customers, who responded well to the all information containing in the questionnaire. We applied five factors questionnaire to know the satisfaction level in the service sector. There were questions in the questionnaire to get the differences in satisfaction levels of customers of Public sector and Private sector banks in various terms (Demo-graphical, Expectations questions, Perceptions). The respondents were from different parts of our locality. The mean difference between expectations and perceptions of the purchasers calculated to understand the satisfaction level differences. The demo-graphical analysis is made to know the satisfaction level differences of customers online assuming the various demo-graphical factors as a base. The secondary information is obtained from other sources like research papers, published papers, etc.

Types of Data

The research has used both Primary & Secondary data to collect information. The primary data is collected in order to fulfill the information requirements of certain objectives. Hence, primary data is collected to explain the present scenario of e-banking services provided by selected banks, to identify the problems faced by e-banking service users and bankers. The secondary data is collected to fulfill the information requirements of few objectives.

Sources of Data

The data is collected from following sources.

Primary Data Source: Primary data is collected with the help of a questionnaire provided to many bank and online customers and online banking users through google forums.

Secondary Data Source: Secondary data is collected from following sources. Reference books, Research Journals & Research Articles, Internet newspaper.

Advantages of Online Banking

- Customers can check balances on accounts and consider records of their transactions..
- Pay bills automatically monthly with easy-to-set-up auto payment.
- Transfer funds between accounts.
- Access your account 24/7 and Bank on your phone with mobile APP

Disadvantages of Online Banking

- No face-to-face customer service
- Limited capabilities compared to retail banks
- Difficult to conduct cash transactions
- No physical locations

Analysis of data collected

Interpretation: It was found that the majority of the respondents face problem of reference. Respondents also find that the time and too much formalities also cause problem in Online banking. They also found difficulties in implementation of global technology, Availability of Personnel services, Security Risk, Privacy risk, etc.

Over All Satisfaction of The Respondents

Bihar is one of the most populated cities in the state in India.

The majority of the respondents have indicated that they were satisfied (approx. 60%) with the Internet banking services of the selected bank, From the total responses for this section, 13.54 % of the respondents revealed that they were very satisfied with the bank. Around 46.48% of the respondents showed that they were fairly satisfied with the bank. Conversely, it can also be seen that about 30.26% of the respondents reported low levels of satisfaction. When this percentage of dissatisfied customers is generalized with the entire number of consumers of the banks, this will be quite a sizeable number and an explanation for concern for the banks. To sum up, the info suggests that the majority of respondents have a positive attitude and are satisfied with the web services of the banks.

V. Data Interpretation And Analysis

Analysis of this project reveals that customers from public branches are more satisfied in terms of Tangibles, Reliability, and Empathy while public customers are more satisfied in terms of responsiveness and Assurance. Our analysis is totally on the basis of online banking indicating that Private sector customers are more satisfied in all dimensions of services even gap between perception and expectation is negative within the case of assurance of Public banks. Hence, the purchasers of Public sector banks analogously less satisfied with the interrupted services of ATMs in rural and remote areas, and even they're not assured about the charging service charges and courteous services of the banks staff. The ATMs of Public sector banks are always crowded and banks filled with people for staff to attend all of them, hence it is time-consuming and not located at convenient places for customers to succeed.

VI. Results

Results of this study provide banking decision-makers an insight into the perception about internet banking among Indian customers which is that the most vital practical contribution of this study. Internet banking is gaining popularity in India and therefore the finding of this study allow banks to fine-tune their internet banking product. supported the findings of this study the subsequent suggestions could have arrived:

The majority of public and private sector customer respondents were aware of the e-banking facilities while opening an account. This will even be concluded that non-public (private) sector respondents are more conscious of the e-banking facilities as compared to public sector banks.

The e-banking transactions transfer funds to a third party and pay via MasterCard Dues are often employed by the consumers who are banking with the private sector and foreign sector banks. But it's used sometimes by the respondents who are consumers of public sector banks.

More than 50% of the public sector and private sector customers are using e-banking services from more than 18 months and majority of the bank customers have received the information regarding the various e banking facilities through the bank executives of public and private sector banks.

When asked about the internet banking 73% of the public sector banks and 70% of private banks customers are found to be aware. The overall inference which could be drawn from this is that private customers are more aware of the different e banking services offered by the banks.

Talking about the issues faced by the users while doing internet banking, the matter “Inadequate Knowledge” is faced sometimes by the respondents who are banking with public and personal sector banks where because it is faced rarely by the respondents banking with foreign sector banks. the rationale is often that foreign sector banks take more care and supply detailed information.

VII. Limitations

The respondents are only from few parts of India. Some respondents filled the questionnaire unwillingly and for some people, we had to encourage them to take part in the responding questionnaire. The information is collected from the respondents within one month and the study is static in nature while the satisfaction of the customers varying according to the change in the quality of the services of the banks. So, the results of the study may be different due to a lag in information collection, analysis, and finally the publication of the research article.

VIII. Conclusion

Studies show that the most used e-banking services are inter-account transfer, payment to another personal account, transfer to the credit card account, recharge mobile phones, standing order transactions, savings, current and fixed time deposit account application, and debit/ MasterCard. little question studies reveal that e-banking reduces time in transactions also as crowd within the banks. One can easily sit reception or at cyber to possess transfer of cash, recharge of vouchers, making FD's, etc. Few banks have offered full-service online banking successfully. Banks have not only provided e-banking facilities to the customers but also increased the satisfaction level of customers. In India, people are still not fully aware of the advantages of e-banking but those who are tech-savvy are using e-banking successfully. There was a time when customers used to go to the bank, Insurance companies, and railway stations for various purposes and used to stand in a long queue for hours and hours but now many people prefer e-banking to save time, energy, fuel, money, etc. Important thing is that folks got to be technically sound in order that they will use the e-banking facilities properly. Banks should also generate trust in the minds of customers that e-banking is safe.

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