A Study on E-Banking Channel in Indian Banking Industry - With Reference to SBI and ICICI Banks

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ABSTRACT

Internet banking has made drastic changes in the banking system of India. The Indian banking with its large network provides various kinds of E-Banking services to the customer. Now a day’s most of the banking transaction happens through E-touch. E-Banking is modernizing the whole system of the bank with the aid of technology. Though the bankers as well as the customers were facing some initial hitch with the introduction of E-Banking, later stages the country has witnessed a wide spread acceptance of technology for banking. The SBI and ICICI banks plays very crucial role in banking industries. The paper attempts to give an insight on various E-banking services and the latest development in E-Banking for the period of 2010-11 to 2015-16. The paper also focuses on the challenges faced by banking industry in adopting the E-banking with the help of IT.

Online services started in New York in 1981 when major banks offered home banking services. Around 1994, banks saw the growth in internet as an opportunity to advertise their services. Initially, they used the internet as another brochure, without interaction with the customer. Early sites featured pictures of the bank’s officers or buildings, and provided customers with maps of branches and ATM locations, phone numbers to call for further information and simple listings of products. The Reserve Bank is monitoring and reviewing the legal and other requirements of e-banking on a continuous basis to ensure that e-banking would develop on sound lines and e-banking related challenges would not pose a threat to financial stability-banking Various Delivery channels/Products/Services are- Automated Teller Machines (ATMs), Internet Banking, Mobile Banking, Tele-banking, Electronic Clearing Services, Electronic Clearing Cards, Smart Cards, Door Step Banking, Electronic Fund Transfer

State Bank of India: An Overview

State Bank of India (SBI) is an Indian multinational, public sector banking and financial services company. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra. As of 2014-15, it had assets of ₹20.480 trillion (US$300 billion) and more than 14,000 branches, including 191 foreign offices spread across 36 countries, making it the largest banking and financial services company in India by assets. The company is ranked 232nd on the Fortune Global 500 list of the world's biggest corporations as of 2016.

Review of Literature

Uppal (2011), The present paper analyzes “E-Age Technology- New Face of Indian Banking Industry: Emerging Challenges and New Potentials”– the performance of major banks in terms of productivity and profitability in the pre and post e-banking period.
Under the regime of banking sector reforms, IT Act of 1999 gave new dimensions to the Indian banking sector. The present paper is concerned with the Indian banking industry. Total nine banks have been selected on the basis of their market share in business in 2003-04, three banks from each bank group i.e. public sector banks, new private sector banks and foreign banks. The paper concludes that performance of all the banks under study is much better in post-e-banking period and further foreign banks are at the top position, whereas the performance of the public sector banks is comparatively very poor. The paper suggests some measures to tackle the challenges faced by the banks particularly public sector banks. At the end, paper suggests how public sector banks can convert the emerging challenges into opportunities.

Karimzadeh and Alam (2012), undertook study on “Electronic Banking Challenges in India: An Empirical Investigation” This paper provides a possible six factor model centered upon the following: infrastructure, knowledge, legal-security, socio-cultural, economic and management and banking issues. The results of the study indicate that legal and security, socio-cultural, and management and banking issues are accepted as challenges for the development of e-banking but that there is less awareness regarding new technologies and unsuitable software which are ranked respectively as the highest and lowest obstacles in India. This paper is to identify the important parameters affecting the development of e-banking. To determine the dimensions of e-banking and its challenges, a questionnaire survey was conducted.

Singh (2013), describes “An Exploratory Study on Internet Banking Usage in Semi-Urban Areas in India”. The study was exploratory in nature and sample size considered for the study was 100 respondents, those were having account in that banks, which provide the Internet Banking facility, but they are not using it. The primary data was analyzed by factor analysis and identify the nine factors i.e. cost, reliability, processing barriers, security issues, technological incontinence, lack of infrastructure, conventional approach, risk and resistance, which were the barriers in the usage of Internet Banking services in the semi-urban areas. The paper concludes- for beginners, Internet banking is really time consuming process. In addition to this, people also find a difficulty in trusting a completely mechanized system like Internet Banking, in case of financial matters. In many instances, a simple mistake, like clicking a wrong button, may create a big problem.

Dagar (2014), emphasized a study on “Online Banking: Benefits and Related Issues” the aim acquaintance of internet banking, benefit and challenges. The paper analyze internet banking: 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. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), kiosk, or Touch Tone telephone. While the risks and controls are similar for the various e-banking access channels, this booklet focuses specifically on Internet-based services due to the Internet's widely accessible public network. The objective of this paper- The primary objective of the research paper is to get the full acquaintance of the internet banking and its benefits, and to know the challenges in Online banking.

Vij. and Kavita and Vinod (2014), undertaken study on “Role of E-Banking in Current Scenario”, This paper aims- Identifying the most widely used internet banking services. A number of services are being offered through e-banking- It is quite difficult to measure the extent of such services, but an effort has been made by classifying these services into categories. The paper focused on the impact of e-banking through different websites, services being offered by the banks have been categorized into informational and transactional services. And the extent of these services has been measured through ATM services offered by the banks. This research shows that the application of e-banking can help their local banks reduce operating costs and provide a better and fast service to the customer. It provides an insight into various aspect of E-banking.

Chauhan and Choudhary (2015), focused on “Internet Banking: Challenges and Opportunities in Indian Context”. The present paper attempts to understand the concept of internet banking and benefit of internet banking from perspective of consumers as well as banks. Further, this paper discusses the challenges and opportunities associated with the internet banking in Indian context. The discussion concludes that concept of internet banking is slowly gaining acceptance in Indian scenario and efforts are being made by government agencies to make it more popular among consumers. The paper only presents the overview of Internet banking in Indian context. Studies in the past have shown that with the time Indian consumers are opting internet banking services with the time. Considering this in mind, the future studies may be conducted to analyze the various factors which influence the consumer intention to adopt internet banking services.

**Objectives of the study**

1. To know the various e-banking services adopted by SBI and ICICI banks.
2. To analyze the progress in E banking made by SBI and ICICI.
3. To study the challenges faced by banking system in Indian context. 
4. To offer the findings and recommendations and conclusion in the light of the study.

**Research Methodology**

The present study is descriptive in nature. The data used for the study is secondary data. The tools used to analyze progress of SBI and ICICI Banks is simple growth rate(GR).

Growth rate = \frac{\text{value of current year} - \text{value of Base year}}{\text{value of Base year}}

And the sources of data are Report on trends and Progress of Banking in India Published by RBI, Mumbai from the year 2011-12 to 2015-16. RBI bulletin, Annual Report of SBI and ICICI banks, Journals, Articles, Newspaper, Website.

**Analysis and Interpretation:**

**Automated Teller Machines (ATMs)**: ATMs are available round the clock. It is also known as Automated Banking Machine (ATM) that helps bankers to perform financial transaction without any help of Human resource. ATMs are very convenient channel throughout the World. The ATMs are connected with hub which having directly contact between network systems. This helps the client/customers to withdraw, deposits, mini statement, Mobile recharge and other from ATM.

Table 1 shows the on and off site of ATMs of SBI and ICICI Banks for the period 2011-12 to 2015-16. In SBI bank average terms Onsite ATMs 14996.8 are less as compared to
Offsite ATMs 17967.6 though the number of both has increased in the period of 5 years. In 2015-16 the total growth rate in SBI and ICICI are declined. In SBI bank average terms Onsite ATMs 3579.6 are less as compared to Offsite ATMs 10379 though the number of both has increased in the period of 5 years. The above analysis shows on site ATM are Less Compared with Offsite ATM. It shows the SBI and ICICI on site ATM machines that are set up in the premises where there is a bank branches physical present with branches and ATM. The offsite ATM machine set up standalone are more.

Electronic Payment Systems: - NEFT – it is one of prominent electronic fund transfer system in India. This enables one to basis access to transfer funds in securely and easily. The electronic payment systems such as National Electronic Fund Transfer (NEFT) have improved the speed of financial transactions across the country.

Table 2. Volume of National Electronic Fund Transfer (NEFT) of SBI and ICICI Banks.

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<thead>
<tr>
<th>Year/Transaction</th>
<th>SBI</th>
<th>ICICI</th>
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<tbody>
<tr>
<td></td>
<td>On site</td>
<td>GR</td>
</tr>
<tr>
<td>2011-12</td>
<td>10962</td>
<td>-</td>
</tr>
<tr>
<td>2012-13</td>
<td>12198</td>
<td>11%</td>
</tr>
<tr>
<td>2013-14</td>
<td>15037</td>
<td>23%</td>
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<tr>
<td>2014-15</td>
<td>16384</td>
<td>9%</td>
</tr>
<tr>
<td>2015-16</td>
<td>20403</td>
<td>25%</td>
</tr>
<tr>
<td>Average</td>
<td>14996.8</td>
<td></td>
</tr>
</tbody>
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Mobile Banking: with the use of smart phone the banking banker and customer perspective. Mobile banking is pocket banking which is useful in Modern days.

Table 3. Mobile Banking Transactions of SBI and ICICI.

<table>
<thead>
<tr>
<th>Mobile Banking</th>
<th>SBI</th>
<th>ICICI</th>
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</thead>
<tbody>
<tr>
<td>Year</td>
<td>Volume (Actual)</td>
<td>Value (Thousands)</td>
</tr>
<tr>
<td>2011-12</td>
<td>2560751</td>
<td>1074187</td>
</tr>
<tr>
<td>2012-13</td>
<td>4033349</td>
<td>2473161</td>
</tr>
<tr>
<td>2013-14</td>
<td>5388126</td>
<td>4514696</td>
</tr>
<tr>
<td>2014-15</td>
<td>8044577</td>
<td>1607289</td>
</tr>
<tr>
<td>2015-16</td>
<td>17172296</td>
<td>200073320</td>
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Challenges in adoption of E-banking

E-banking is facing following challenges in Indian banking industry:

- **Change in Technology**: The requirement of adequate level of infrastructure and the capacity of human adopting the technology in developed and developing will make very challenging part when initiated. Handling the technology in efficiently and utilization is also a another part.
- **Security and Authentication**: Banker and Client managing the confidentiality and it matters in e-finance.
- **Competition**: The banks are many with E-banking Products where positing the product and bringing into action is a challenging part.
- **Strengthening the public support**: In developing countries, in the past, most e-finance initiatives have been the result of joint efforts between the private and public sectors. If the public sector does not have the necessary resources to implement the projects it is important that joint efforts between public and private sectors along with the multilateral agencies like the World Bank, be developed to enable public support for e-finance related initiatives.
- **Confidentiality, integrity and authentication**: These three are the very important features of the banking sector and were very successfully managed all over the world before the coming of internet.
- **Customer Satisfaction**: In today’s competitive world, satisfaction of customers is a major challenge for the banking sector because customers have alternative choices in various types of services provided by banks.
- **Developing the skill of bank person**: Due to modernization technologies are updated in version but people working for the bank are aware of functioning of Technology.
- **Human resource planning**: The Man are replaced by Machine if this is the case planning is done for man or machine if so when machine performance is less when slow down in network. Hence a great challenges ahead.

**Recommendations**

- To prevent online banking from remaining an expensive additional channel that does little to retain footloose customers, banks must act quickly.
- The first and most obvious step they should take is to see to it that the basic problem fueling dissatisfaction has been addressed by the technical person.
- The banks should take up the responsibility of awareness to the customers and all the benefits of internet banking.
- Banks need to appeal to customers who may not be technologically sophisticated, and should not require an engineering degree to get started or use the service.

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<th></th>
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<tbody>
<tr>
<td>SBI</td>
<td>2.1</td>
<td>15.3</td>
<td>2.2</td>
<td>16.3</td>
<td>2.6</td>
</tr>
<tr>
<td>ICICI</td>
<td>3.4</td>
<td>20.9</td>
<td>2.8</td>
<td>17.7</td>
<td>2.9</td>
</tr>
</tbody>
</table>


**Conclusions**

Technology innovation arise competition between the SBI and ICICI are making tremendous changes. The Indian banks are making more efforts for the adoption of advanced technology and installation of e-delivery channels and its parameters, but e-banking concept are wide risk and security. SBI and ICICI are putting more effort on popularizing the e-banking services and products. Some time a touch or clicking a wrong button creates a mistake and suffer to make it correct. Finally Banks are making sincere efforts to popularize the e-banking services and products. Younger generation is beginning to see the convenience and benefits if e-banking. In years to come, e-banking will not only be acceptable mode of banking but will be preferred mode of banking and it is infancy.

**References**

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