

A Study on Technological Performance and Its Impact of E-Banking Services in India

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Abstract

Banking sector is the lifeblood of modern economy. It is one of the important financial pillars of all financial sectors, which plays a vital role in the functioning of an economy. The development of a country is mainly linked with the development of banking. In a modern scenario, banks are to be considered not as dealers in money but as the leaders of development. This study reveals the technological innovation in E –Banking sectors. The data has been collected from secondary source. Online banking is an electronic payment system which enables customers of a financial institution to conduct financial transactions on a website operated by the institution such as a retail bank, virtual bank, credit union or building society. Online banking is also termed as Internet banking, e-banking, virtual banking and mobile banking.

Keywords: [Technological Innovation, Banking services, Electronic Payment]

Introduction

Banking sector is the forecasting sectors to adopt the latest technology for transacting business. Technological innovations have not only reached consumer banking and financial services, but also have enhanced the capacity for continued and inflation growth in India. Information Technologies had changed the movement from traditional banking to mass e-banking. The banking sector in India has undergone tremendous change during the past 20 years owing to intense competition due to advanced technology and innovation of new products and services. The customers demanding and expectations has also increased. The technological innovation had made processing and transmission of information easier and faster. Due to a wider-scale networking based on a set of regional and global connections the banking products can be easily marketed. The awareness towards customer satisfactions is easily enhanced. Hence, IT innovation has transformed the product range, product development, service channels and packaging of banking services.

Statement of the Research Problem

Indian Banking Sector is the rapidly growing sector and the backbone of Indian economy. The point of investigation is explored in research is electronic banking in India. Electronic banking has demonstrated the technological growth is incredibly fast and efficient. It has allowed individuals including the public sectors banks in India. This study focused on the performance and impact of electronic banking had brought up in India. The present study deals with the technological performance and its impact of public sector banks helps to know the potential difficulties of E-banking transactions.

Review of Literature

Centeno (2004) argues that speed the convenience of remote access, 7/24 availability and price incentives are the main motivation factors for the consumers to use internet banking.

Durkin (2008) notes that the simplicity of the products offered via internet banking facilitates the adoption of internet banking by consumers.

Shanmugham (2003) document accessibility of internet, awareness of e-banking and resistance to change are found to be influencing Malaysian's use of internet banking. Another factor that promotes client's usage of internet banking is seller supports.

Shetty (2000) technology is dramatically altering the ways in which financial services are delivered to consumers and continue to do in future. Electronic banking or the use of computers and electronic technology as a substitute for traditional paper-based transactions.

Objective of the Study

- ♦ To study the technology growth of banking services in India.
- ♦ To understand the performance and impact of E- banking services in India

Research Methodology

The study is based on secondary data and it is descriptive and analytical in nature. Statistical and mathematical tools were used, such as Compound annual growth rate and correlation. The sources of data are taken from the Report on Trends and Progress of Banking in India published by Reserve Bank of India, Mumbai. The parameters of the study are Computerization of branches, Automated Teller Machines of public sectors banks. The secondary data was collected from published articles only through Internet and journals.

Analysis and Interpretation

- ♦ Shows the growth rate of E-banking service:

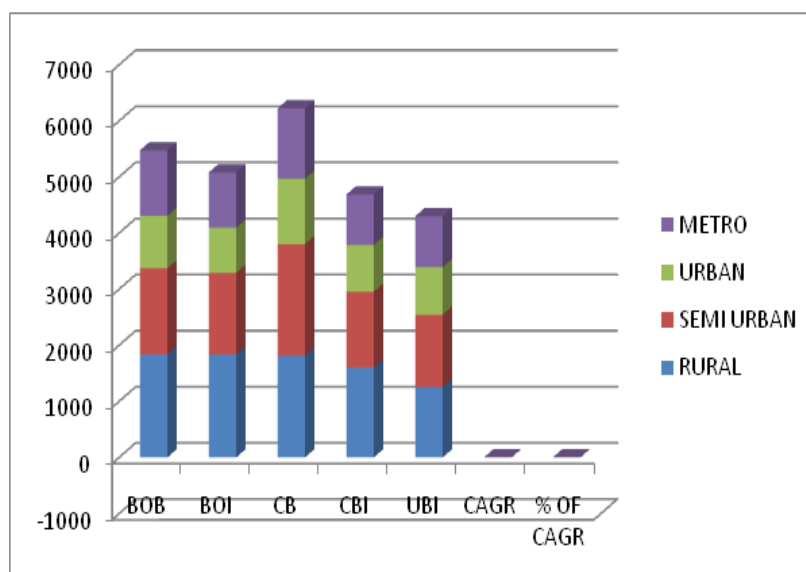
Table 1: Growth rate of E-banking services

Public Sector Bank	Rural	Semi Urban	Urban	Metro
BOB	1836	1537	932	1169
BOI	1834	1455	806	983
CB	1811	1991	1165	1255
CBI	1602	1352	834	898
UBI	1254	1289	850	906
CAGR	-0.07342	0.03458	0.01825	0.0497
% of CAGR	-7.3%	3.4%	1.8%	4.9%

Source: Report on Trends and Progress of Banking in India published by Reserve Bank of India, Mumbai

The above table shows the growth of the banking sectors, there is a drastic increase in the Urban, Semi urban and Metro compare to urban. Rural area shows a negative percentage of -1.8 which shows that E-banking services is moving in loss. Other three area shows a positive increase. Hence this growth analysis shows that technological innovation is developed in the E-banking sector in India.

Chart1: Shows the growth rate of E-banking service



Relationship between E-banking Transaction and Performance of Public Sector Bank in India

- Shows that Onsite and Offsite transaction and profitability of E-banking sectors in India

Table 2: Profitability of E-Banking

Public Sector Bank	Total n Onsite & Offsite Transaction in E-Banking	Net Profit
BOB	9615	2431.81
BOI	7423	6043.71
CB	9221	4222.24
CBI	4808	5104.90
UBI	2138	5247.37

Correlations			
		PSB	NET PFT
PSB	Pearson Correlation	1	.583
	Sig. (2-tailed)		.302
	N	5	5
NET PFT	Pearson Correlation	.583	1
	Sig. (2-tailed)	.302	
	N	5	5

From the above table show that it is clear that, there is positive correlation between E-banking transaction and Net profit of Public Sector Bank in India. Since the P value (0.302) the Null hypothesis is accepted and it can be concluded that there is no significant relation between two variables.

➤ Shows that Onsite and Offsite transaction and impact of E-banking sectors in India

Table 3: Impact of E-banking

From the above table show that R² is 34% it indicates there is impact in the E-banking in the Public Sector Bank in India. The F value is 1.545. The significant value is 0.302 is greater than 0.05 there is null hypothesis is accepted there is no significance.

Regression			
R	R ²	F	Significant
.583	.340	1.545	.302

Suggestions

- Banks must take necessary steps to create special awareness among rural people about the benefits of E-banking transaction
- The E-banking must be enhanced to make the online enquiry and online payment much easier to the people.
- Public sector banks should improve their transaction services to compete with the private sector banks in India
- In modern era, E-banking is convenient to use but people are afraid of adopting these services because they think that using these "Services are difficult to handle and more complicated"

Conclusions

The technology has greatly influenced the bank customers by encouraging them to conduct banking in an innovation manner. Banking sectors is the emerging and prominent sectors contributing more to the global output and providing more employment opportunities to the people in the country. The main motto of E-Banking is accepting online transaction. The study covered 5 public sector banks and it has impact in the E-banking transaction. Making the E-Banking transactions through online poses and makes the consumer much more beneficial.

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