



A STUDY ON ONLINE BANKING SERVICES OF PUBLIC AND PRIVATE SECTOR BANKS IN KERALA

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Abstract

The traditional branch model of bank is now giving place to an alternative delivery channels with ATM network. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would a borderless entity permitting anytime, anywhere and anyhow banking. Online banking is a service that allows consumers to perform a wide range of financial and non-financial services through a bank's website. With the rapid diffusion of the Internet, web-based banking has fast become an alternative channel to provide banking services and products. Online banking is a kind of system that enables financial institutions, customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through the Internet. The most of the youngest generation are the main users of online banking services. They are frequently accessing banks website for online banking transactions.

The present study has been conducted for identifying the online banking services which were offered by public and private sector banks. For the purpose of discussion the State Bank of India (public sector), Federal Bank (old private sector), and ICICI Bank (new private sector) has been selected. A total of 150 sample customers, 50 each from each of the Sample Banks were selected for the study. Data have been collected mainly from primary source with the help of a structured interview schedule. The analysis of the data has been done by employing suitable mathematical and statistical tools like the mean, standard deviation and percentages Chi-square tests.

Key Words: Online Banking, Online Banking Services, Types and Usage of Online Banking Services.

1. Introduction

The marvelous kinds of innovation in technology and hard line blend of it with information technology made a paradigm shift in the banking industry. Technology itself created its world in the globe of human beings. Online banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In online banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Any service can be selected and further interaction is dictated by the nature of service. Online banking also known as internet banking, e-banking, or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking that was the traditional way customers' access banking services. To access a financial institution's online banking facility, a customer with internet access would need to register with the institution for the service, and set up a password and other credentials for customer verification. The credentials for online banking is normally not the same as for telephone or mobile banking. Financial institutions now routinely allocate customers numbers, whether or not customers have indicated an intention to access their online banking facility. Customers' numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. The customer number can be linked to any account that the customer controls, such as cheque, savings, loan, credit card and other accounts.

2. Statement of the Problem

The globalization has brought the tough competition in the banking industry. To sustain in the market, bank should serve the customers with the most advanced technologies. So banks incorporated the internet revolution into its banking service. Now the opening of account, balance checks, fund transfer, cash deposits and withdrawals and all such and even more than the usual banking transactions are done through internet. Customers need not go to bank branches but all these are available at their fingertips.. Hence it is imperative to conduct a study of this kind which is expected to be a pioneering on in this field. The proposed study intends to find out the various online banking services offered by public and private sector banks in Kerala. The study also finds the major users of online banking services and at what extend the customers are depending online banking services.

3. Objectives of the Paper

- To examine online banking services offered by banks and
- To find the major users of online banking services



4. Methodology and Database

The study were analytical in nature. Purposive sampling method was used for the selection of sample banks and customers. SBI, Federal and ICICI were the banks selected for the study. The sample size determined was 150, i.e., 50 customers from each bank. A pilot study and reliability test were conducted based on which suitable changes were incorporated in the study. Surveyed data have been analysed with the help of statistical tools in SPSS software. The mean, standard deviation and percentages has the main tools used for analysis.

5. Results and Discussion

As the objective of this paper is to find various online banking services offered by public and private sector banks in Kerala. The analysis has been done in two sections. Before conducting analysis on this, the profile of the respondents has to be analysed, so the first section deals with profile of the respondents. The variables considered are:

1. Gender
2. Age group
3. Education level
4. Occupational status
5. Annual average Income level

The other section of analysis has been done by considering some variables as according to the objectives of the paper. The variables are-

1. Gender wise details of users among banks
2. Sources of information regarding online banking
3. Frequency of usage of online banking services

The results of the analysis are presented in the following pages.

Section 1: Profile of the Respondents

Table.1: Profile of Online Banking Users

A) Gender Composition		
1. Gender	No of Respondent	Percentage
Male	100	66.7
Female	50	33.3
Total	150	100.0
B) Age Composition		
2. Age Group	No. of Respondents	Percentage
18-25	88	58.7
25-35	61	40.7
35-45	1	.7
Total	150	100
C) Education level		
3. Education Level	No. of Respondents	Percentage
Plus Two	1	.7
Degree	37	24.7
PG	91	60.7
Above PG	21	14.0
Total	150	100.0
D) Occupational status		
4. Occupation	No. of Respondents	Percentage
Student	62	41.3
Business/Profession	13	8.7
Govt Employee	9	6.0
Private Employee	45	30.0
NRI	21	14.0
Total	150	100.0
E) Annual average Income		
5. Annual average Income	No. of Respondents	Percentage
Below 50000	56	37.3
50000-100000	30	20.0



100000-150000	14	9.3
150000-200000	15	10.0
Above 200000	35	23.3
Total	150	100.0

Source: Primary data

The above table shows the personal background of respondents where their gender, age group, educational qualification, occupational level, and income level are analysed. It is found that most of the respondents were male (66.7%) and as regarding the age of respondents most of the respondents are coming under the age group of 18-25 group(58.7%). It is also found that most of the respondents are educated, 60% of respondents are holding post-graduation and as in the case of occupational level most of the respondents are students (41.3%) and private employees (30). 28% of the respondents is having income of below 50000 and only 20% of users are having income of above 2,00,000.

Section 2: 1. Banks and Online Banking Users

Table. 2: Banks and Online Banking Users

	Male		Female	
	Frequency	Percentage	Frequency	Percentage
SBI	32	64	18	36
FEDERAL	30	60	20	40
ICICI	37	74	13	26
Total	99		51	

Source: Primary data

As according to the collected data from the users of each of the three banks SBI, FEDERAL Bank and ICICI Bank, the male and female composition of these three banks are shown above. Which indicates that most of the online banking users in each of these three banks are male users, female users participation is less.

2. Reason for Choosing Online Bank

Table. 3: Reason for Choosing Online Bank

Reasons	Frequency	Percentage
Location Advantage	30	20.0
Net Banking Facility	13	8.7
The Excellent Service offered By Bank	23	15.3
The Brand Name of The Bank	17	11.3
I Have Traditional Bank Account With	65	43.3
Others	2	1.3
Total	150	100

Source: Primary data

As according to the analysis done for finding the reason for choosing the user's bank as online bank, it was found that 43.3% of users were chosen their traditional bank for online banking services. Only 8.7% users were chosen their online bank as because of the net banking facility offered by the banks.

3. Time Period of Using Online Banking by Users

Table. 4: Time Period of Using Online Banking

Time Period	Frequency	Percentage
Less Than 6 Months	15	10.0
1-8 Months	12	8.0
8-10 Months	8	5.3
One Year	31	20.7
Above One Year	84	56.0
Total	150	100.0

Source: Primary data



An analysis was done for finding that how long the users are being using online banking services. The result obtained was, most of the users are of using online banking services more than one year (56%).

4. Frequency of Using Online Banking Services

Table. 5: Frequency of Using Online Banking Services

Time	Frequency	Percentage
Once In A Quarter (3 Months)	9	6.0
Once In A Month	34	22.7
Once In A fortnight (Two)	28	18.7
Once In A Week	48	32.0
More Than Once In A Week	31	20.7
Total	150	100.0

Source: Primary data

The above table shows the analysis done on the frequency of using online banking services by users. A time span were provided to the respondents from more than once in a week to once in a quarter. It is found that 32% of users are using online banking services atleast once in a week.

5. Sources of Information Regarding Online Banking

Table. 6: Source of Information

Sources	Frequency	Percentage
Information Through Press	7	4.7
Others (Friends Or Relatives)	46	30.7
Information From Television Advertisement	13	8.7
Information Through Banks's Websites	32	21.3
Information From Cell Phone Messages of	25	16.7
Employees Provides Information Regarding	27	18.0
Total	150	100.0

Source: Primary data

An analysis was done for finding the source of knowledge about the online banking services of respondent's bank. It is found from the analysis that most of the users were known about online banking services either through friends or through relatives. 21.3% of the users were got information about online banking from their bank's websites.

6. Online Banking Services and Usage among Banks

Online banking services provided by banks and their usage by the respondents are compared in this analysis. The researcher had ranked the online banking services as according to their usage with the help of mean score which each services possessed.

Table.7: Online Banking Services and Usage among Sample Banks

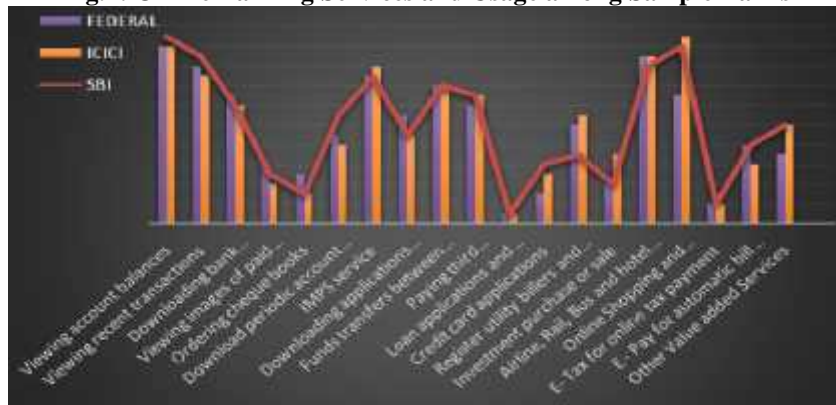
Services	SBI			Federal			ICICI		
	Mean	SD	Rank	Mean	SD	Rank	Mean	SD	Rank
Viewing account balances	4.18	1.043	1	4.16	1.094	2	4.3	0.974	2
Viewing recent transactions	3.96	1.159	3	3.72	1.309	4	4.18	1.06	5
Downloading bank statements, for example in PDF format	2.98	1.316	8	3.4	1.370	7	3.88	1.271	8
Viewing images of paid cheques	2.2	1.309	15	2.62	1.455	14	3.66	1.271	16
Ordering cheque books	2.02	1.332	17	2.5	1.460	15	3.6	1.340	17
Download periodic account statements	2.98	1.115	9	2.84	1.530	11	3.44	1.311	12
IMPS service	3.22	1.488	5	3.6	1.261	5	3.42	1.472	4
Downloading applications for M-banking, E-banking etc.	2.58	1.310	11	3.14	1.309	9	3.1	1.417	11



Funds transfers between the customer's linked accounts	3.14	1.498	6	3.54	1.198	6	3	1.414	6
Paying third parties, including bill payments (see, e.g., BPAY) and third party fund transfers (see, e.g., FAST)	3.02	1.362	7	3.34	1.334	8	2.98	1.285	7
Loan applications and transactions, such as repayments of enrolments	1.5	0.9948	19	1.98	1.203	19	2.96	1.354	19
Credit card applications	2.22	1.403	14	2.38	1.368	17	2.78	1.389	15
Register utility billers and make bill payments	2.3	1.460	13	2.92	1.337	10	2.74	1.638	9
Investment purchase or sale	2.06	1.462	16	2.42	1.629	16	2.7	1.359	13
Airline, Rail, Bus and hotel ticket booking	3.58	1.371	4	3.78	1.374	3	2.48	1.358	3
Online Shopping and instant recharge features.	4.1	1.073	2	4.24	0.980	1	2.46	1.431	1
E- Tax for online tax payment	1.8	1.245	18	2.36	1.467	18	2.38	1.483	18
E - Pay for automatic bill payments	2.48	1.501	12	2.8	1.355	12	1.96	1.228	14
Other Value added Services	2.66	1.205	10	2.64	1.241	13	1.92	1.046	10

Source: Primary data

Fig.1: Online Banking Services and Usage among Sample Banks



It is found from the usage analysis of online banking services among three banks that most of the users are approaching online banking for common transactions. There were slight difference in the usage of services among banks. As per the rankings, online shopping and instant recharge features were ranked first in FEDERAL and ICICI bank whereas viewing account balances has been ranked first in SBI. Least preferred online banking services were approaching online banking for making loan applications and e-tax for online tax payment.

6. Conclusion and Suggestions

The prime objective of the present study is the identification of various online banking services offered by public and private sector banks in Kerala. The study also found the major users of online banking services and their extent of using online banking services. The sample banks selected for the study were SBI, FEDERAL and ICICI bank. The potential for online banking is present for all banks to utilize. Although the scope of this study is not very wide with reference to the demographic variables, but the revelation which this study has made is that the major users of the online banking are male and most of them are younger generation. This is because of higher computer literacy in younger generation. Higher the annual income higher the usage of online banking services. The major part of younger generation has been using online banking services once in a week. From the usage analysis of online banking services among three banks that most of the users are approaching online banking for common transactions. Online shopping and instant recharge features were ranked first in FEDERAL and ICICI bank whereas viewing account balances has been ranked first in SBI. Least preferred online banking services were approaching online banking for making loan applications and e-tax for online tax payment.



The following implications will be useful to improve the present situation.

The bank should promote both male and female participation in using online banking service. Adopting more promotion strategies through bank websites for online banking services will enhance the usage of online banking services. Banks may provide online classes or guidelines to the customers regarding online banking.

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