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A Comparative Study of E-Banking and its impact on performance of Public and Private Sectors Banks in India

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Abstract

In Today's scenario role of e-banking is very valuable. Without e-banking no banks can work. In this analysis, how much e-banking used in Public and Private sectors bank to improve the banking performance in India.

Objective of the study is to find the consumer satisfaction in respect of e- banking and the perception of employees for using e-banking in Public and Private sectorsbanks. The method of the study is Primary and Secondary both. Study showed perception of customer regarding service quality and satisfaction of employee in internet banking services. As well as this study analyze the working style as a comparison between Public and Private sectors banks in respect of SBI and HDFC bank in the city of Hyderabad.

Keywords: e-banking, consumer, internet, Public and Private sectorsbanks

Introduction

Banks play a very important role in the Indian financial market as they are the biggest purveyors of credit and attract most of the savings from the population. Banking is necessary for the economic development of all the nations of the world because a developed banking system holds the key as well as serves as a barometer for the economic health of a country. Banking Industry is one of the most successful and strong industry of our country.

Banking structure is effected by the changing environment of an economy. In Indian context, there were two phases of nationalization, introduction of RRBs, entry of private sector banks and foreign banks and now e-banking are some important and major changes that affectthe structure as well

as functioning of the banks from time to time. On the basis of Reserve Bank of India Act, 1934, Indian banks are of two categorized under two terms, one is the “Schedule Commercial Bank” and another one is “Non-schedule Commercial Bank”. The banks selected for this study are State Bank of India, representing public sector banks and HDFC Bank, representing private sector; as they are the largest banks in their sector, considering their number of branches, customer base and their net worth.

Successful reform of public sector banks is a good example of a dynamic mix of public and private ownership in banks. A noteworthy feature of banking reforms in India is the growth of newly licensed private sector banks, some of which have attained globally best standards in terms of technology, services and sophistication. In many respects related to performance, these domestically promoted banks have surpassed branches of foreign banks in India and could be a role model for other banks.

Objectives of the study:

1. To study public sector banks v/s private sector banks from the e-banking perspective.
2. To assess the customers’ and bank employees’ satisfaction level with the current banking facilities.
3. To find the most important factor that is inducing people towards e-banking.
4. To understand the benefits e-banking as compared to traditional banking, in terms of cost, efficiency, time, secrecy, quality of service and complaint resolution, from both the customers’ and the employees’ perspective.
5. To investigate whether e-banking is cost effective for both the banks and the customers or not.

Review of Literature

Madhavan and Vethirajan (2020) analyzed customer satisfaction and perception of e-banking services and the interrelationships among the various dimensions of e-banking service quality of public sector and private sector banks in Puducherry, India. They found a significant difference between perceptions of services among different demographic segments.

Kaur and Kiran (2015) examined how e-banking consumers perceive the e-banking services of public, private, and foreign sector banks operating in India. The results revealed that customers

perceive that foreign banks' quality of services is better than private and public sector banks. Differences are analyzed for testing differences using ANOVA.

Priyanka (2017) examined that e-banking helps overcome the drawbacks of the manual system as it provides the facility of storing, consolidating, analyzing, and presenting data as the customer wants with speed and accuracy. This research paper focused on technologies used in e-banking, their advantages and challenges, and legal issues-IT Act 2000.

Singh and Bassi (2017) evaluated customer satisfaction with internet banking in public and private sector banks. Researchers found that banks should provide attractive, secure, and easy-to-use services.

Tadesse (2018) examined the impact of 25 ATM attributes related to ATM services and identified key attributes and factors that influence customers' satisfaction with ATM banking.

Kant et al. (2017) investigated service quality dimensions, customer satisfaction, and corporate image in Indian public sector banks using the Structural Equation Model (SEM). Researchers found that tangibility and assurance dimensions were the most important customer satisfaction factors. Customers were satisfied with service quality and corporate image in the Indian banking sector. There was a positive impact of responsiveness on customer satisfaction.

Bishnoi (2013) measured customers' perceptions regarding Automated Teller Machine (ATM) /Debit Card. The researcher concluded that ATMs were very convenient during travel, reduced cash requirements, and had no extra cost from the bank side.

Further, the perception of customers between public and private sector banks' ATM services did not differ significantly.

Kothari (2018) found no significant difference between private and public bank employees adopting internet banking. He further concluded that internet banking is efficient, enhances the performance and quality of services, and is easy to use, which leads to better productivity and customer satisfaction.

Rengarajan et al. (2018) interpreted the customer perception of digital payments comparatively between the private sector and public sector banks with regard to the usage and awareness of digital payments. Researchers found a positive correlation between awareness and use of digital payments between the Private and Public sector Banks. Public sector banks were weaker in introducing and implementing digitalization than private sector banks. Kumar (2017) compared the public and private sector banks in the context of customer relationship marketing strategies and customer loyalty impact. He found that banks in the City of Hyderabad, India, were driven to adopt Customer Relationship Marketing Strategies (CRMSs) to increase customer loyalty. Public sector banks need to be more concerned about devising CRMSs.

Banker et al. (2020) observed that e-banking consumers were classified into three clusters, and their behavior for each cluster differed. One cluster's behavior was positive, and they accepted the changes. The behavior of cluster two was negative, and they were not ready to accept changes, and the behavior of cluster three was a mixture of both clusters.

Research Methodology

The word "research" is used to describe a number of similar and often overlapping activities involving a search for fact. A search concerned with information rather than knowledge or analysis and answers can normally be found in a single source.

This is a comparative study on the e-banking service of both public and private sector banks and the banks selected for this study are State Bank of India, representing the Public Sector and HDFC Bank, representing the Private Sector, mainly on two criteria, the first being the convenience during the research, mainly from the same city i.e., Hyderabad being the diversity of the banks and their prominence in their respective sectors.

Problem Identification:

E-banking has emerged to be beneficial for both the financial institutes and the customers. Also, for a bank to survive in this cut-throat competition it is important to offer the best products, with quick service, with complete security features and to be up-to-date with the RBI guidelines, therefore a comparison between public and private sector banks was also necessary to understand the market situation of e-banking better from both customers' and the bank employees' perspective.

This forced the researcher to select this as a topic of her research. This research would help both the e-banking customers and the banks, not only selected for the study, but also for the other banks. To the best of knowledge and belief no research work from this angle has been undertaken by anybody till now.

Sample Design

The sample size of this study is 95 and questionnaire method is used for data collection. We personally met the respondents inside and outside the banks. For secondary data we take into consideration the journals and publication issued at different sites on internet. For latest information we also visited HDFC and SBI personally. The information was collected and analysis according to respondent socio economic background, included the factor of education, age, income, marital status etc.

Data Collection and Data Analysis

Dynamic changes took place in the Indian financial system during the eighties and nineties consequent upon deregulation and liberalization of economic policies of the government. Different policies shaping up in Indian economy and earmarked ambitious plan for economic growth. As well as, change in money and capital markets took place. Application of marketing concept in the banking sector was introduced to enhance the customer satisfaction the policy of privatization of banking services aims at encouraging the competition in banking sector and introduction of financial services and services such as Internet banking, Portfolio Management, Venture capital, etc. came into existence to cater to the needs of public. An important agenda for every banker today is greater operational efficiency and customer satisfaction.

Gender:

Table 4.1 Table showing the Gender of Respondents

Gender	Respondents	Percentage
Male	44	46.32%
Female	51	53.68%
Total	95	100%

Source: Data compiled from field survey

The above Table 4.1 shows that out of the total 95 respondents, 53.68% of the participants were women and 46.32% were male.

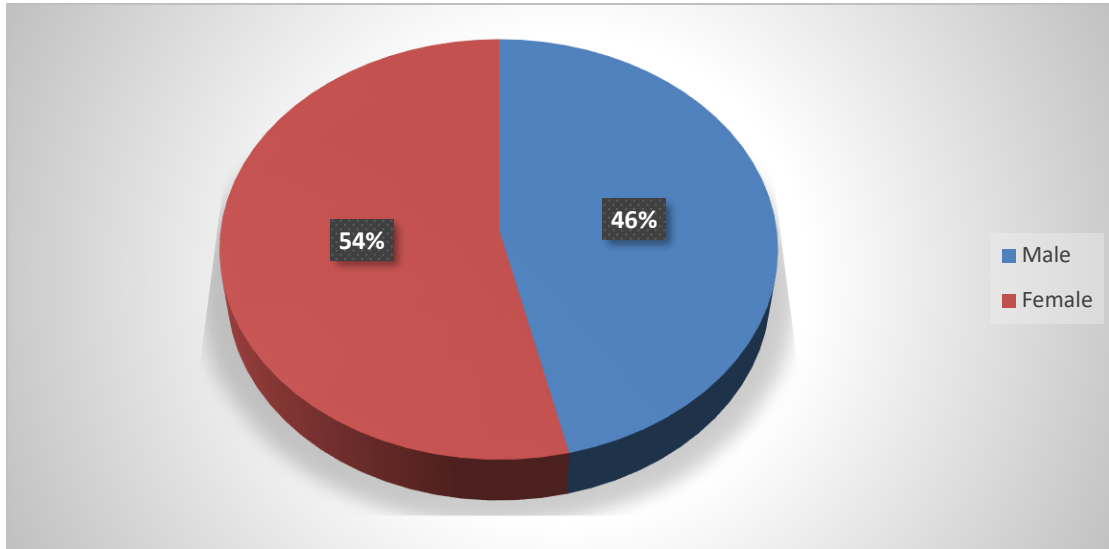


Figure 4.1 Gender details

Age:

Table 4.2 Table showing Age of the Respondents

Age	Respondents	Percentage
20-30	86	90.53%
30-40	5	5.26%
40-50	3	3.16%
50 above	1	1.05%
Total	95	100%

Source: Data compiled from field survey

Interpretation:

The above table 4.2 show that out of the total respondents, 90.53% were between 20- 30, and 5.26% were between 5.26%, 3.16% were between 40-50, and only 1.05% were 50 above respondents were participated in the survey. Demographics (age and gender) data is collected along with Interests data which relates to interests that your users express through their online behaviour and purchases. It means that the majority of respondent who were participated in survey between the age group of 20-30.

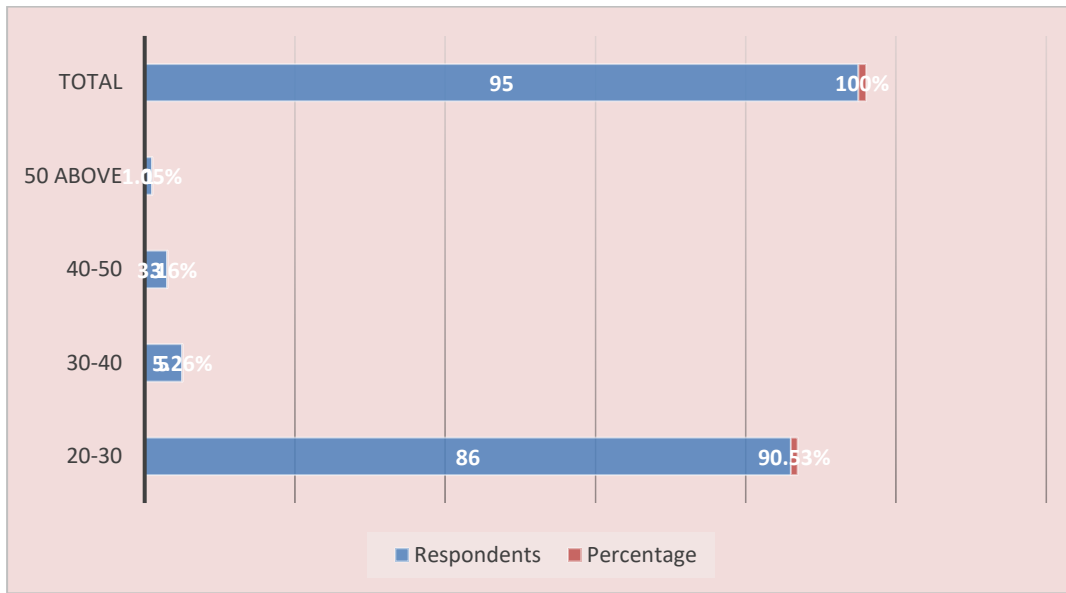


Figure 4.2 Age details

Preference for E-Banking

Table 4.3 Table showing the preference for E-Banking

Preference of E-shopping	Respondents	Percentage
Yes	90	94.74%
No	5	5.26%
Total	100	100%

Source: Data compiled from field survey

Table 4.3 show that out of the total respondents, 94.74% preferred E-Banking, or only 5.26% don't prefer it. It means that the majority of respondents preferred E-Banking. Analytics plays a major role in streamlining the E-Banking.

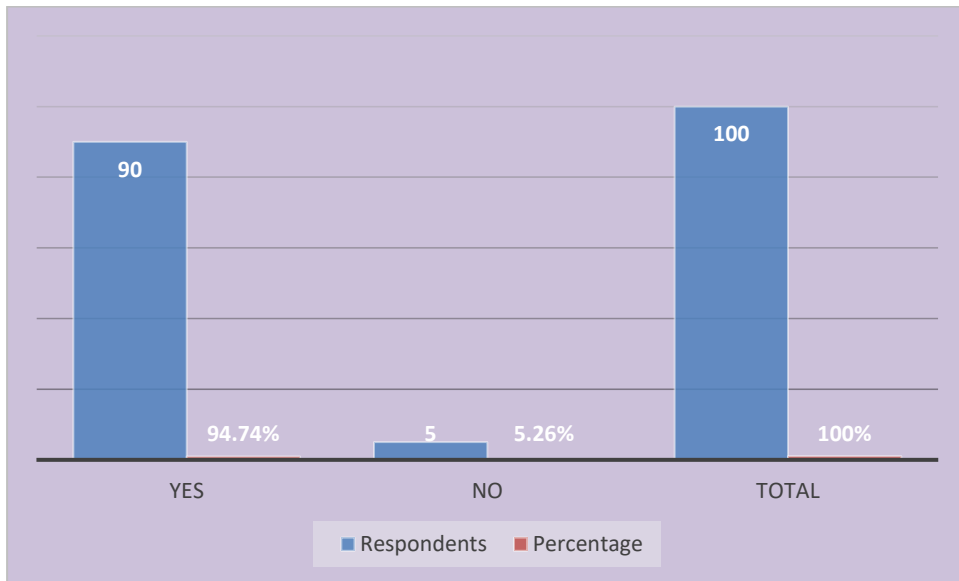


Figure 4.3 preference for E-Banking

Products Preferred in Online Shopping:

Table 4.4 Table showing products preferred in E-Banking using E-shopping

Products	Respondents	Percentage
Grocery	36	37.9%
Electronic Goods	50	52.6%
Cloths	75	78.9%
Footwear	46	48.4%
Accessories	48	50.5%
Cosmetic Products	32	33.7%
Other (Bags and Furniture’	2	2.2%

Source: Data compiled from field survey

The above table 4.4 revealed that the majority of respondents E-Banking using E-shopping purchase Clothes. Electronic goods, Accessories, and Footwear are the second most preferred Products. It also shows that the majority of women buy Grocery and Cosmetic products. The other items that are sold in e-shopping are bags and furniture’s.

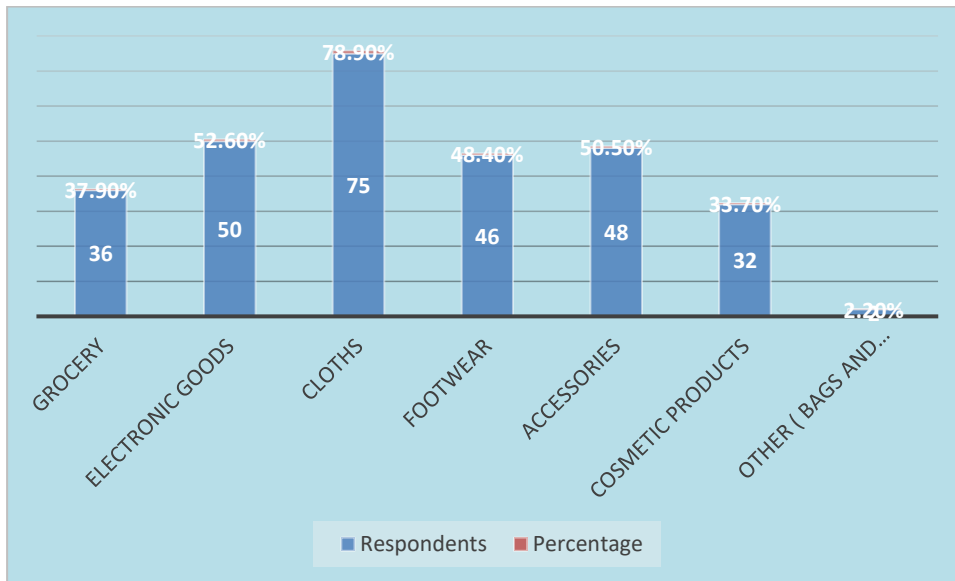


Figure 4.4 products preferred in E-Banking using E-shopping

Most preferred E-shopping App and Sites:

Table 4.5 Table showing most preferred E-Banking using E-shopping

E-shopping Sites	Respondents	Percentage
Amazon	80	84.2%
Big Bazzar	16	16.8%
Walmart Grocery	5	5.3%
Flipkart	79	83.2%
Big Basket	14	14.7%
Other (Mynta)	14	14.7%
(Nykaa and Purple)	4	4.21%
(Ondoor and Grofer)	3	3.15%
(Ajio)	2	2.2%
(Koovs and Symtten)	2	2.2%

Source: Data compiled from field survey

Table 4.5 depicts that the majority of respondents E-Banking using E-shopping purchase product and services from Amazon and Flipkart. It means that Amazon and Flipkart are the most trustable brands. The increasing use of smartphones is creating a benchmark for brands to spend in mobile

app Optimisation and build a target marketing strategy to enhance mobile shopper engagement, which leads to increased sales. Big Bazaar, Big Basket, Myntra are the second-most usable sites and app.

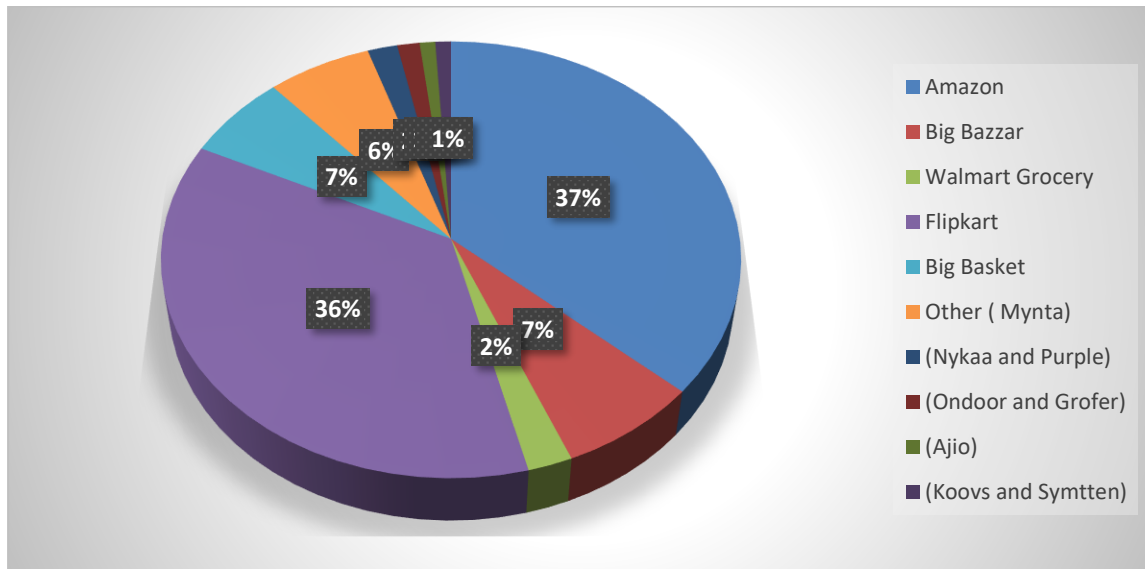


Figure 4.5 preferred E-Banking using E-shopping App and Sites

How often respondents E-Banking using E-shopping?

Table 4.6 Table showing the frequency of E-Banking using E-shopping

Options	Respondents	Percentage
Always	7	7.37%
Often	15	15.79%
Sometime	39	41.05%
Rarely	19	20.00%
Never	15	15.79%
Total	95	100%

Source: Data compiled from field survey

Table 4.6 depict that out of total respondents E-Banking using E-shopping, 41.05% sometimes bought e- grocery, and only 7.37% of respondents were always buying e-grocery. It means that out of the total respondents, the majority of respondents sometimes buy online grocery.

analytics help eCommerce players in accurately predicting the demand for products. With this, the companies can effectively plan and manage their inventory to fulfill the customer demand on time and also appropriately coordinate with the merchant network for an effective supply chain management. Business Analytics has been one of the most popular subjects in Marketing Management. The primary drivers of business analytics are the increase volumes of data, increased globalization & business complexity and increased speed of decision making for marketing managers & executives. Business analytics uses extensive data, statistical and quantitative analysis, explanatory and predictive models to derive business decisions and corresponding actions.

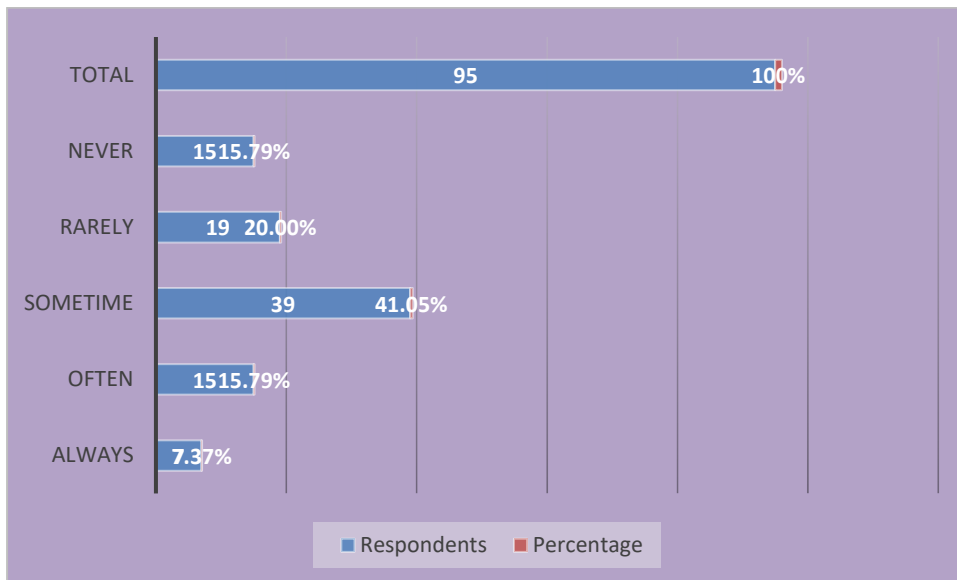


Figure 4.6 frequency of E-Banking using E-shopping of e-grocery purchase

Online shopping tells the positive and negative experience of people:

Table 4.7 Table showing online shopping tells the positive and negative experience of people using E-shopping

Options	Respondents	Percentage
Strongly Disagree	1	1.1%
Disagree	5	5.2%
Neutral	37	38.9%
Strongly Agree	7	7.4%
Agree	45	47.4%
Total	95	100%

Source: Data compiled from field survey

Table 4.7 show that the majority of the respondents agree with the statement that E-Banking using E-shopping tells the positive and negative experience of the consumers. Out of the total respondents, 38.90% neither agreed with the statement nor disagree. And, only 1.10% and 5.20% disagreed with the statement. Amongst the various tools and technologies that the eCommerce companies rely on, Analytics remain to be on the top – for the simple reason that analytics allows the eCommerce plays to understand their customers, products and buyer behavior on the website. Analytics empowers companies with discovery, interpretation, and communication of patterns in data for critical decision making.

Table 4.8 The respondents were asked about which category of the banks do they consider as most technologically advanced

Bank sectors	No. of respondents	% age
Public banks	45	48%
Private banks	50	52%
	95	100

It was found that most of the respondents were availing the most technologically advances of private banks while those of the public sector banks were less as compared.

Table 4.9 The respondents were asked about which attributes of the bank do their value the most.

Reasons	No. of respondents	% age
Quality of service	11	12%
Technology used	25	26%
Trust	25	26%
Location	17	18%
Type of the bank	17	18%
Total	95	100

By analyzing this graph, conclude that most of the people is influenced by the technology used and trust provided by the bank and quality of service is given less preference than others.

Table 4.10 The respondents were asked about how familiarize they with computer usage level of their bank.

Reasons	No. of respondents	% age
No knowledge of computer	4	4%
Beginner	27	28%
Average knowledge	20	22%
Advance computer knowledge	15	16%
Expert	28	30%
Total	95	100

By analyzing that most of the people influenced by the expert provided by the bank and no knowledge of computer is given less preference than others.

Table 4.11The respondents were asked about how frequently do they use the followingbanking services per month.

Reasons	% age
Branch banking	4%

ATM	30%
Internet banking	32%
Tele phone banking	24%
Mobile banking	10%

It was found that availed most of the people at uses internet banking which hold 32% of respondents. It is clearly observed that branch banking are 4% respondents each. Because of ATM services, Telephone banking, Mobile banking was satisfactory and Internet banking was extremely satisfactory but Branch banking was neutral.

Table 4.12 The respondents were asked about differentiating strategies between public and private bank.

Reasons	% age
More information technology	20%
Providing better qualities of service	38%
Innovating products and services	28%
More labor intensive techniques	12%
Recruiting young employees	2%
Expanding branch network	0%
Pitching into mergers and acquisitions	0%

By analyzing that most of the respondents is Influenced by the providing better qualities of service provided by the bank and expanding branch network is given less preference than others.

Table 4.13 Table showing which mode of payment consumers prefer in E-shopping

Mode of payment	Percentage
Cash on Delivery	85.3%
Debit Card	32.6%
Credit Card	12.6%
ATM	9.5%

Net Banking	22.1%
Other (UPI, Gpay)	6.3%

Source: Data compiled from field survey

Table 4.13 depict that majority of respondents prefer cash on delivery as a mode of payment. Debit card, Net Banking are the second most preferred mode of payment. Credit cards, UPI, GooglePay are the least preferred mode of payment. Customers engage with an eCommerce site differently. Some come with a pre-set mind to purchase a particular product while others browse through the variety offered, before hitting the check-out button. Using analytics, companies can analyze the customer behavior. The eCommerce players can use this information to personalize the buying process and offer customer-specific products.

Table 4.14 Table showing e-shopping provide payment security

Option	Respondents	Percentage
Strongly Disagree	0	0.00%
Disagree	6	6.3%
Neutral	24	25.3%
Strongly Agree	9	9.5%
Agree	56	58.9%
Total	95	100%

Source: Data compiled from field survey

Table 4.16 show that out of the total respondents the majority of respondents agree with the statement that e-shopping provide payment security. 25.30% of respondents neither agree with the statement nor disagree. And only, 6.30% of respondents disagreed with the statement.

H01: There is no significant impact of E-Banking using E-shopping in E-Commerce Industry business development

Table 4.15 The Customer satisfaction: Purchase process E-Banking using E-shopping

Factors	Mean	SD	CV (%)
Product quality	4.52	0.65	14.4
Attractive offers	4.42	0.68	15.4
Pricing	4.36	0.65	14.9
Financial options	4.67	0.62	13.3
Quick & Efficient booking process	4.52	0.78	17.3
Delivery of the product or service	4.54	0.72	15.9
Satisfaction	4.65	0.70	15.1

Source: Data compiled from the field study CV (%) : Coefficient of variation (%)

The descriptive statistics for variable purchase process in respect of the Product quality, different offers, pricing, financial options, booking process effectiveness, Delivery of the product or service and satisfaction. The customer satisfaction towards the purchase process through E-Banking using E-shopping in Amazon and Flipkart companies has proved to be good for retaining more number of customers. The coefficient of variation (%) indicated that it ranged from a minimum of 13.3% for the different financial options to a maximum of 17.3% for the quick and efficient booking process factor.

Customers today have numerous options to buy what they desire. Even a single unpleasant experience for them can trigger a negative mind for the company and they might never come back. For companies to sustain, they have to ensure an effective customer care service is in place. Analytics can help companies with intelligent data on complaints, chat requests, on-call support services to make their service desk more competent and user-friendly.

Ho2: There is no significant impact of E-Banking using E-shopping in E-Commerce company consumer's satisfaction

Table: 4.16 The Customer Satisfaction: E-Banking using E-shopping

Factors	Mean	SD	CV (%)
Online purchases	3.95	1.06	26.8
Price and discount offers	3.86	0.85	22.0
Product Choice	4.21	0.92	21.9
Brand Image	4.22	0.87	20.6
After sale service	4.42	0.84	19.0
Performance	4.52	0.86	19.0
Responsiveness	4.62	0.81	17.5
Reliability	4.62	0.96	20.8

Source: Data compiled from the field study CV (%) : Coefficient of variation (%)

The mean, standard deviation and coefficient of variation (%) values of different factors for deriving the customer satisfaction viz., preference for online purchases, product choice, brand image, after sale service, performance, responsiveness and reliability. The customer satisfaction towards the loyalty aspects in the E-commerce companies indicated that the preference for online purchases is a highly improved source for the E-commerce companies, followed by price discounts wide choice, brand image, after sale service, reliability etc. were also found to be significantly influencing the performance of the E-commerce companies. The coefficient of variation (%) which is derived as a ratio of standard deviation and mean for each factor ranged from 17.5% for responsiveness to a maximum of 26.8% for the preference for the online purchases made by the customers.

Findings & Conclusion of the Study

More number of people has account with private banks.

Number of problem faced by the people is more in public sector banks.

People want a change in the behavior of the staff of the public sector banks.

People are more satisfied from the private sector banks due to their better services provided by them.

The facility that was availed by most of the people at private sector banks was that of Internet/ Phone banking by ATM/Debit card.

Majority of respondents do not want to shift from their present bank.

From the above study it is clear that private banks are providing better services than nationalized banks. 90% respondents favored that private banks are providing better services than nationalized

banks while 10% respondents are not agree with it.

40% respondents said that the bank employees never pay any attention to them and 10% respondents said that their problems are not solved by bank executives. The remaining 50% respondents give a positive reaction in the favors of bank. 30% respondents favored that their problems are solved by bank executives and 20% respondents said they are received with smile by bank executives. So there is a mix response.

From the above study it is clear that the banks do not organize any customer meets. All the 100% respondents said that their bank does not organize any customer's meets to resolve their problems. Customer satisfaction is the demand of time, so the bank should organize customer meets to resolve the problems of their customers.

The above study depicts that 60% respondents said that their bank updates them time to time about the latest facilities and remaining 40% said that their bank does not update them.

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