



# Extensive Analysis of Impact of E-Banking on the use of Banking Services and Customers Satisfaction

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## Abstract:

In the cutting edge time of innovation. Each work in the human existence is a lot more straightforward than the customary one. Because of innovation everything is electronic. Banking is likewise the one from every one of them. After the eighteenth century banking industry has been greatly evolved in the area of innovation. Because of innovation there are so numerous developments in financial area. Each work in the financial business is modernized from opening of record to move of cash through e-banking, which needs not to go to the banks and stand in a long lines for quite a while which assists the clients as well as banking foundations to do with working simple, proficient and quick. E-Banking likewise makes the opposition between various banks for offering a superior types of assistance to their clients and furthermore draw in the more and more clients. The various revisions by the RBI they made to follow the compulsory principles and guidelines, rules, directions for the banks and clients, It assists with giving security to the clients about their record and each exchange while working their record at the hour of web based banking.

Yet, at this current situation not many of the clients are not exploit this e banking because of ignorance and uneducation(because innovation requests information to work it). In a portion of the banks public area banks not many of the staff is with advanced age ones authorities they have extremely less information about mechanized banking/e-banking and this thing requires some investment when they do

Any exchange. Furthermore, these are the weight on the public area banks to spent much cash on their preparation that how to work the PCs while work in the bank to bargain any exchange. In any case innovation plays had essential impact in banking area. Web banking is progressively becoming " Need to have than a Ideal to have administration" From the perspective financial item and administration being offered through web charge and MasterCard's, versatile, e banking isn't anything more customary financial help dispersed through a monetary correspondence spine.

## I. Introduction:

The last decade has witnessed a drastic change in the economic and banking environment all over the world. With the economic and financial sector reforms introduced in the country since early 1990s, the operating environment for banks in India has also undergone a rapid change. The process of deregulation and reforms in the Indian banking system resulted in the creation of an efficient and competitive banking system.

Deregulation has opened up new vistas for banks to increase their revenues by diversifying into universal banking, investment banking, bank assurance, mortgage financing, depository services, securitization, personal banking etc. An inevitable result of globalization is that it increases the soundness of financial system as a whole and facilitates global competition. At the same time, liberalization has opened the turf to new players and brought greater competition among banks. To survive in this competition, the information and communication technology significantly contributed to the exponential growth and profit of financial institutions worldwide. Technology is the key to move towards providing integrated banking services to customers. Indian banks have been late starter in the adoption of technology for automation of processes and the integrated banking services. But with the global adoption of technology, Indian banking is also at the threshold of paradigm shift due to the latest changes. There are various factors which have played vital role in the Indian banking sector for adoption of technology. Firstly, the economic reforms introduced by the government almost fifteen years back which resulted in opening up of new vistas for banks outside the world.

Government relaxed rules and regulations, and simplified the processes for the FII to make investment in the banking and various sectors. This resulted in inflow of large funds in the economy thereby improving the economy as a whole and banking sector in particular. Due to this reason, banks need to provide such services, which satisfy the urge of foreign investors. Secondly, as a part of reforms Indian banking was opened for private sector by which old and new private sector came into limelight.

### 1.1 Changing Scenario of IT in the Years 1990 and 2000

The technology in Indian industry is changing tremendously. The changing scenario of IT in the Indian banks in the years of 1990 and 2000 is as follows:

- **HRM/IR:** In 1990, there was a problem of overstaffing, high turnover of IT professionals, absence of attractive terms and career progression for IT technologies. In 2000, web based portals were designed for IT training and there was need to set up a separate IT institute for banking industry.
- **EDP/IT Organizational Set-up:** In 1990, telecommunication, security, audit and disaster recovery department set-up was still absent in majority of banks. In 2000, need for IT security, audit, control and disaster recovery was felt to minimize IT related risks.
- **IT Management:** In 1990, IT management functioning remained highly centralized. By 2000, as IT investment grew and its usage spread, professional IT management was required across the hierarchy of the banks.

- **IT Infrastructure:** In 1990, telecommunication /ATM projects initiated yet to deliver required support both from customers and management. By 2000, huge investment was needed to create necessary IT infrastructure and strategies to ensure ROI.
- **Banking Business and its Spread:** In 1990, emergence of new private and foreign banks resulted into need for new products and services. By 2000, demand for e-commerce, internet based “one stop shopping” of financial services gained momentum.
- **IT Audit, Security and Control for Risk Management:** In 1990, many frauds were yet to surface. ROI in IT was still not done adequately. By 2000, relevant software packages were used for IT audit.
- **Management Function and IT Support:** In 1990, there was absence of management support system and decision support system for vital functions of management like credit investment, asset liability management. By 2000, indigenous solution for local problems based on technological innovations was needed.
- **IT Audit/Security/Control Related Awareness and Culture:** In 1990, password management yet not adequate, controls and inbuilt audit trails were far from satisfactory. By 2000, IT audit and control had been the responsibility of every employee of the bank as IT would become lifeblood of the financial system. So, technological changes transformed the banking structure and systems mainly in the years 1990 and 2000 and the major changes were related to risk, security, control, IT infrastructure, IT management and organizational set-up.

## II. Literature Survey:

**Krishnamurthy (2006)** highlighted the advantages, risks, innovations and convenience involved in e-banking. ATM, telephone, internet and cluster banking helped banks to deliver the products more effectively. The author, in his paper, also described operational efficiency of e-banking. It included basic e-banking, simple transactional and advanced transactional e-banking. Each site offered a differential kind of services to customers. The author also commented upon some risks such as loss of secrecy of the customers, financial stability, fraud prone possibilities, eruption of legal claims, etc. So, the author suggested that banks should adopt such a strategy in which risks and innovation in banking products move parallel and simultaneously.

**Paul (2006)** discussed the role of technology and scope of remote channels, their implication, strength, weakness, opportunity and threat in banking sector. The author evaluated that IT development affects banking in two ways. Firstly, it had contributed in reduction of costs associated with management of information by replacing paper based and labour intensive methods with automated processes. Secondly, it had modified the ways in which customers had access to banks' services and products. The researcher found that the introduction of RTGS, NDS, and CFMS had increased the safety, security,

efficiency and soundness in payment system. Lastly, the author revealed that technology had a great impact on the structure of banking sector in the form of bank branches, bank personnel and alliance.

**Raghvan (2006)** highlighted the transformation in the banking sector due to effect of information technology, tele-communication and electronic data processing. He also attempted to visualize the perception of banks in India in the year 2020 taking into account the impact of internet banking, ATMs, EFT on the performance of banks and initiative taken in liberalization, privatization and globalization. He also evaluated the future of online and internet banking. Due to tangible and proven benefits, automation of manual processes; online and internet banking was slated to increase manifold. He also evaluated that currently an estimated 46 lakh net users were online and this was estimated to touch 160 lakh by March 2008. Furthermore, he analyzed the projected indicators of banks in India in 2020 with special emphasis on internet banking, online banking and electronic banking.

### III. Research Design:

#### Conceptual Framework of ATM's

In the world of banking, the developments in information technology had an enormous effect in development of more flexible payment methods and more userfriendly banking services. Online banking and other electronic payment systems are new and the development and diffusion of these technologies by financial institutions is expected to result in a more efficient banking system. This technology offers to the institutions an alternative or non-traditional delivery channels through which banking products and services can be delivered to customers more conveniently and economically without diminishing the existing service levels. However the entry of private sector has posed the challenge of competitive environment to the public sector banks in India. These private sector banks have brought with them the advanced banking technology with alternate delivery channels such as Phone Banking, Mobile banking, Internet Banking, Automated Teller Machines (ATM) etc. Out of all these e-banking services, the ever demanding and fulfilling the requirement of the customers is automated teller machines. So the efforts of the banks are to manufacture and install as much ATM's which could serve its services to the entire customers of the nation, be it rural people or urban people. To suit the needs of rural people, an additional security device innovations are being made in the form of using camera inside the ATM which could compare the records with thumb impression (Bio-Metric) of the client for identification.

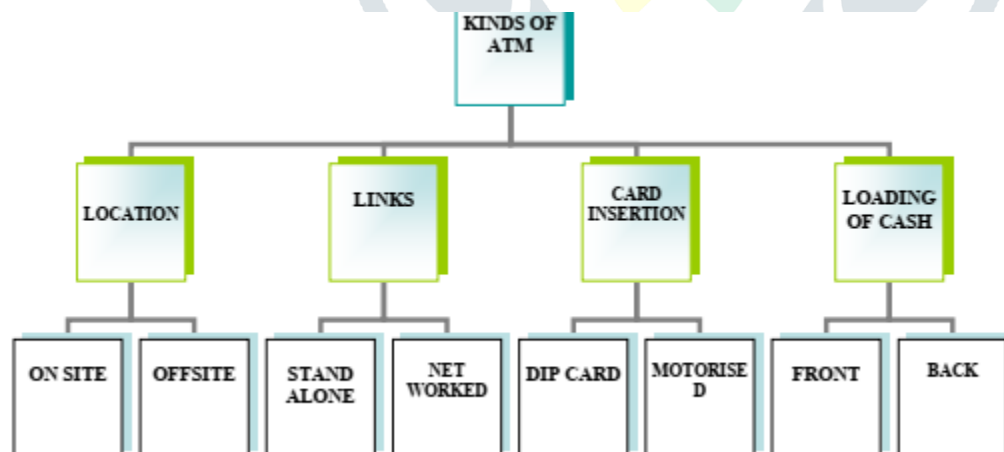
### Companies Involved in the Business of ATM

<b>Manufacturers</b>	These companies physically build ATM.
<b>Lock Manufacturers</b>	Companies that develop the advance locking systems that store cash in the machines
<b>Software Companies</b>	These companies help the customers to tell ATM what he wants to do. The software encrypted and processes all the required information.
<b>Paper products</b>	All the ATM provides a physical receipt.
<b>Service personnel</b>	They provide maintenance and mal-functioning of machines.
<b>Insurance Companies</b>	These companies provide insurance coverage for damage of machines etc.
<b>Vault cash Management companies</b>	These companies take over the responsibility of delivering and stocking cash in ATM machines.
<b>Independent service Operators</b>	They offer all ATM management services and offer day to day management services.
<b>Sponsoring Financial institutions</b>	An ATM must be sponsored by financial institution to be granted access to network.

**Table no 1 : Companies Involved in the business of ATM**

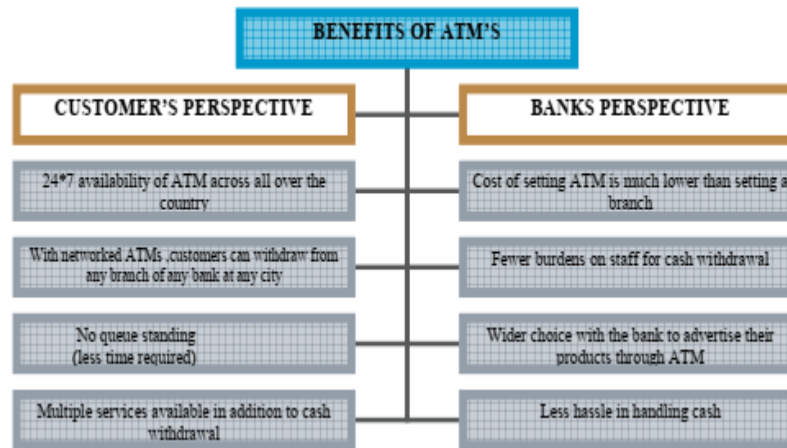
### 3.1 Kinds of ATM

The first ATM to be installed in India was by HSBC in 1987 at Mumbai. There are different kinds of ATMs used by the banks for the customers. Table 4.8 shows the kinds of ATM according to location, links, card insertion and loading of cash.





## Reasons for Adoption of ATM for the Customers and the Banks



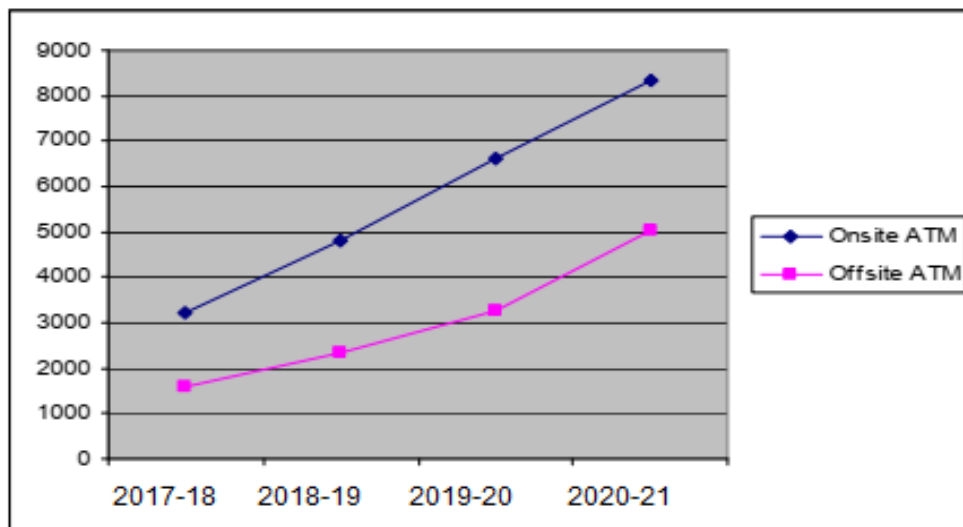
### 3.2 Onsite & Offsite ATM of Nationalized banks

Year	Onsite ATM	Growth	Offsite ATM	Growth
2017-18	3205	----	1567	---
2018-19	4812	50.14	2353	50.15
2019-20	6634	37.86	3254	38.29
2020-21	8320	25.41	5034	54.70

**Source:** Data Compiled from Trends and Progress Report of RBI from 2017-18 to 2018-19

The above table consists of the onsite and offsite ATM's of nationalized banks which shows a tremendous growth from 2015 onwards. Onsite ATMs of the nationalized banks have shown a three-fold increase, it was merely 3205 in 2017-18 and increased to 8320 in 2020-21, however there is a decline in the growth of these ATMs from 50.14 per cent in 2018-19 to 25.41 per cent in 2020-21. Offsite ATMs of nationalized banks have registered a growth of 54.70 per cent in 2020-21. So, growth of onsite ATM of nationalized banks is more.

### 3.3 Growth of Onsite and Offsite ATMs of Nationalized Banks

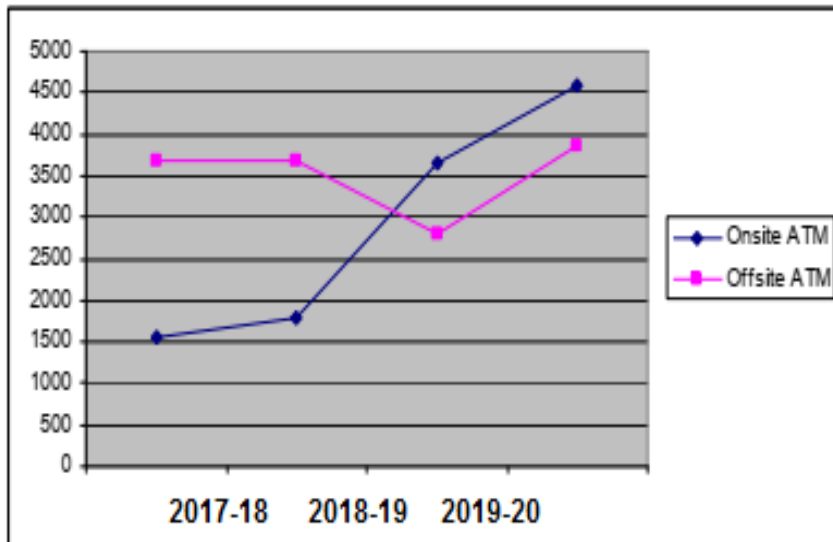


As far as SBI and its subsidiaries are concerned, the onsite ATMs' have increased from 1548 to 4582 showing a three-fold increase. The growth rate increased tremendously from 14.66 per cent in 2018-19 to 105.91 per cent in 2019-20. But, it again, declined to 25.36 per cent in 2018-19. Due to the large asset base structure the SBI banks' share of onsite ATMs is also high. Regarding the offsite ATMs the growth declined by -0.1 per cent in 2018-19 to -24.04 per cent in 2018-19. It was only in 2020-21 that this share increased to 38.22 per cent. So, growth of offsite ATMs shows a downward trend, while onsite ATMs show an upward trend.

### 3.4 Onsite and Offsite ATM of SBI Group:

As far as SBI and its subsidiaries are concerned, the onsite ATMs' have increased from 1548 to 4582 showing a three-fold increase. The growth rate increased tremendously from 14.66 per cent in 2005-06 to 105.91 per cent in 2006-07. But, it again, declined to 25.36 per cent in 2007-08. Due to the large asset base structure the SBI banks' share of onsite ATMs is also high. Regarding the offsite ATMs the growth declined by -0.1 per cent in 2005-06 to -24.04 per cent in 2006-07. It was only in 2007-08 that this share increased to 38.22 per cent. So, growth of offsite ATMs shows a downward trend, while onsite ATMs show an upward trend.

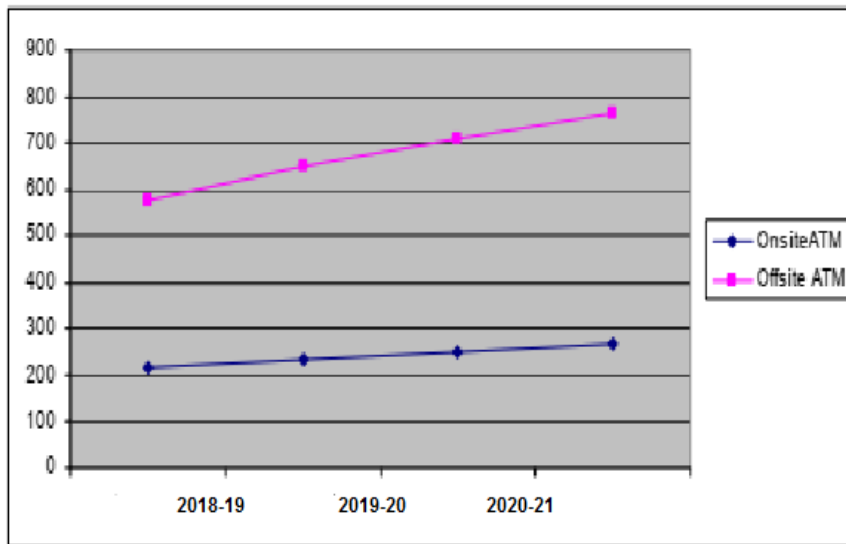
### Growth of Onsite and Offsite ATMs of SBI Banks



Year	Onsite ATM	Growth	Offsite ATM	Growth
2017-18	1548	----	3672	
2018-19	1775	14.66	3668	-0.1
2019-20	3655	105.91	2786	-24.04
2020-21	4582	25.36	3851	38.22

Foreign banks play a vital role in Indian banking sector but their number of onsite and offsite ATMs is very less, so their growth rate was as very low as 6.42 per cent in 2017-18 which increased to 8.03 per cent in 2018-19. Offsite growth was merely 7.59 per cent in 2019-20





### Conclusion:

E-banking empower better business anyplace, whenever. It address a colossal open door. E-banking is likewise worthwhile not just for client even beneficial for banks too. Clients don't need to go branches to get to their records, put aside withdrawals and installments. E banking is more open, helpful, secure, all the more quick and practical for the clients as well as banks. Which is the opposition on the lookout. For occupied leader, understudies What's more, home markers, E-Banking is virtual favors. Focal government/RBI has made various arrangements to take out the issue in financial areas like to enlist the youthful and able spotters who have particular information in the area of innovation. Clients' requests Innovations which helps the work a lot simpler efficient and proficient, this thing empower the opposition between the banks to offer better support new and productive Innovation to the clients.

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