

A STUDY ON THE DIGITALISED BANKING FACILITIES OF PUBLIC SECTOR BANKS AND THE CUSTOMERS ATTITUDE TOWARDS INNOVATIVE BANKING

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ABSTRACT

Circumscribes composite services delivered over the World Wide Web, which aim at serving both banks and consumers as a means of providing a convenient, faster and better experience than traditional banking. The shift from traditional to E-banking is gradual and be rather described in degrees of services offered by them. It involves high levels of process. Today, many banks are internet-only institutions. These "virtual banks" have lower overhead costs than their brick-and-mortar counterparts do. In the United States, many online banks are insured by the Federal Deposit Insurance Corporation (FDIC) and can offer the same level of protection for the customers' funds as traditional banks. Virtual banking provides the ability for users to access financial data through desktops, mobile services and ATM services. . However, it is important to consider that just because online banking is a good addition to the world of consumer banking, not necessarily mean that direct internet banks are a substitute for their brick-and-mortar peers in all cases. Here we'll take a look at what internet banks have to offer - and where they may fall short. Therefore, in this innovative world, this paper is relevant and virtual banking considered as a milestone in this era.

Keywords: customer- banking, innovative, Internet, online, virtual banks

OBJECTIVES

- 1 To analyze the innovations, features in the banking industry with special reference to digital banking.
- 2 To study the customers attitude towards digital banking through its pros and cons and identify the threats that may occur in this field.
- 3 To study the Transactional shift from traditional banking to innovative banking.
- 4 To analyze customer delightedness towards digital banking.

RESEARCH METHODOLOGY

For this study, research method adopted is descriptive in nature. Both Primary and Secondary data were used for this purpose. Primary data has collected through a sample survey from various public sector banks' customers with the help of a structured questionnaire .And the secondary data from various published sources like IBA websites, online journals etc.

LIMITATION OF THE STUDY

The study was confined to few people of calicut district only due to time constraints.

SAMPLE SIZE

The study used 80 respondents from various fields and age groups. Out of which 30 belongs to professionals, 20 were students, 10 were retired hands and 15 were homemakers and 5 of them are other groups.

INTRODUCTION

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, which was the traditional way customers accessed banking services. To access a financial institution's online banking facility, a customer with internet access will 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. The

customer visits the financial institution's secure website, and enters the online banking facility using the customer number and credentials previously set up.

THE EVOLUTION OF ONLINE BANKING

As commercialization of the internet evolved in the early 1990s, traditional brick-and-mortar banks began to investigate ways of delivering limited online services to reduce operating costs. The success of these early efforts led many banks to expand their internet presence with improved websites that featured the ability to open new accounts, download forms and process loan applications.

The next stage of development was the arrival of internet-only banks that offered online banking and other financial services without a network of branch offices. These so-called "virtual" or "direct" banks were able to pass savings in labor and overhead costs on to their customers by offering higher interest rates on deposit accounts, lower loan costs and reduced service fees. The first fully-functional direct bank insured by the FDIC was the Security First Network Bank. Based in Atlanta, it began operations on October 18, 1995. While it was not very profitable before it was bought out three years later, it proved the feasibility of the virtual bank concept.

THE BENEFITS OF VIRTUAL BANKING

Convenience

Direct banks are open for business anywhere there is an internet connection. Other than times when website maintenance is being done, they are open 24 hours a day, 365 days a year. If internet service is not available, customer service is normally provided around the clock via telephone. Real-time account balances and information are available at the touch of a few buttons. This makes banking faster, easier, more efficient and even more effective because consumers are always able to stay on top of their account balances.

Updating and maintaining a direct account is also easier. It takes only minutes to change the mailing address, order additional checks and check for current interest rates.

Better Rates

The lack of significant infrastructure and overhead costs allow direct banks to pay higher interest rates on savings and charge lower mortgage and loan rates. Some offer high-yield checking accounts, high-yield CDs and no-penalty CDs for early withdrawal. Some accounts can be opened with no minimum deposits and carry no minimum balance or service fees.

Services

Direct banks typically have more robust websites that offer a comprehensive set of features that may not be found on the websites of traditional banks. These include functional budgeting and forecasting tools, financial planning capabilities, investment analysis tools, loan calculators and equity trading platforms. They also offer free online bill paying, online tax forms and tax preparation.

Mobility

online banking now includes mobile capabilities. New applications are continually being created to expand and improve this capability on smart phones and other mobile devices.

Transfers

Accounts can be automatically funded from a traditional bank account via electronic transfer. Most direct banks offer unlimited transfers at no cost, including those destined for outside financial institutions. They will also accept direct deposits and withdrawals that you authorize, such as payroll deposits and automatic bill payment.

Ease

Online accounts are easy to set up and require no more information than a traditional bank account. Many offer the option of inputting your data online or downloading the forms and mailing them in. If you run into a problem, you have the option of calling or emailing the bank directly. One advantage of using online checks is that the payee's information is retained, which eliminates having to reenter information on subsequent checks to the same payee.

Environment friendly

Online banking is also environmentally friendly. Electronic transmissions require no paper, reduce vehicle traffic and are virtually pollution-free. They also eliminate the need for buildings and office equipment.

Simple Set Up and Use

Online banking for the most part is as easy as using any other interactive website. With a few clicks and keystrokes, even the most inexperienced internet user can be up and running on their online bank account in no time. Most banks even offer 24-hour live customer service or email customer service capability.

- ***Mobile Capability***

Most banks not only offer their customers the convenience of online banking, they also feature mobile-friendly websites that allow customers to do their banking on the go. The apps the banks are offering are being implemented with more and more features all the time in an effort to expand on the convenience that is afforded smartphone users.

- **Ubiquity:** If a money problem arises while you're out of state or out of the country, you can log on instantly to your online bank and take care of business -- 24/7.
- **Transaction speed:** Online banking sites generally execute and confirm transactions at or quicker than ATM processing speeds.
- **Efficiency:** You can access and manage all of your accounts, including Individual Retirement Accounts, CDs, even securities, from one secure site.
- **Effectiveness:** Many online banking sites offer sophisticated tools, including account aggregation, stock quotes, rate alerts and portfolio managing programs to help you manage all of your assets more effectively. Most are also compatible with money managing programs.

The Drawbacks Virtual Banking

Banking exclusively online also has its share of drawbacks and inconveniences. These include:

Bank/customer-Relationship

A traditional bank provides the opportunity to develop a personal relationship with that bank. Getting to know the people at your local branch can be an advantage when you need a loan or a special service that is not normally offered to the public. A bank manager usually has some discretion in changing the terms of your account if your personal circumstances change. They can help you solve problems such as reversing an undeserved fee or service charge. Your banker will also get to know you and your unique needs. If you have a business account, this personal relationship may help if you need capital to expand. It's easier to get the bank's support if there is someone who understands your business and can vouch for your operating plan.

- **Transaction Issues**

Sometimes a face-to-face meeting is required to complete complex transactions and address complicated problems. A traditional bank can host meetings and call in experts to solve a specific issue. In addition, international transactions may be more difficult (or impossible) with some direct banks. If you regularly deposit cash, a traditional bank with a drive-through window may be more practical and efficient. Another potential drawback is that most direct banks do not have their own ATM machines. Unless an internet bank has a network alliance with another bank, you will be charged for your ATM use.

Service Issues

Some direct banks may not offer all the comprehensive financial services, such as insurance and brokerage accounts, that traditional banks offer. Traditional banks sometimes offer special services to loyal customers, such as preferred rates and investment advice at no extra charge.

In addition, routine services such as notarization and bank signature guarantee are not available online. These services are required for many financial and legal transactions.

Security

Direct banks are subject to the same laws and regulations as traditional banks, and accounts are protected by the FDIC. Sophisticated encryption software is designed to protect your account information, but no system is perfect. Accounts may be subject to phishing, hacker attacks, malware and other unauthorized activity. However, one advantage of online banking is that you are likely to find a security breach more quickly, because your account balance is so accessible.

Most banks now make scanned copies of cleared cheques available online, which helps to avoid and identify check fraud. It enables verification that all cheques are signed by us and that dollar amounts have not been changed. The timely discovery of discrepancies are reported and investigated immediately.

Identity theft

It is a significant concern, but some online banks take this risk more seriously than others. Before opening an online account, thoroughly investigate the bank's security policies and protections to ensure they meet your expectations

Banking site changes

Even the largest banks may periodically upgrade their online programs, adding new features in unfamiliar places. Some cases, we may have to re-enter account information.

Learning curve

Some banking sites can be difficult to navigate. Plan to invest some time and/or read the tutorials in order to become comfortable in your own virtual lobby.

Sl No	List Of Public Sector Banks
1	Andhra Bank
2	Bank Of Baroda
3	Bank Of India
4	Bank Of Maharashtra
5	Canara Bank
6	Central Bank Of India
7	Corporation Bank
8	Dena Bank
9	IDBI Bank
10	Indian Bank
11	Indian Overseas Bank
12	Oriental Bank Of Commerce
13	Punjab And Sindh Bank
14	Punjab National Bank
15	Syndicate Bank
16	Union Bank Of India
17	State Bank Of India
18	United Bank Of India
19	Vijaya Bank
20	Uco Bank

Table-1: Source:From Published Records

Various online banking services offered by commercial banks

SI NO	TYPES OF SERVICES UNDER E- BANKING
1	Account Balance Enquiry
2	Cheque status enquiry
3	Customer service mails
4	Download and printout of account statement
5	Fund transfer between different branches of the same business
6	Fund transfer to third party accounts

7	RTGS/NEFT transfers
8	Stop payment advices
9	Utility bill payments
10	Tax payment
11	Demat services
12	Miscellaneous remittances

Table 2; source secondary data

Mobile Banking Functions Performed By Major PSBs

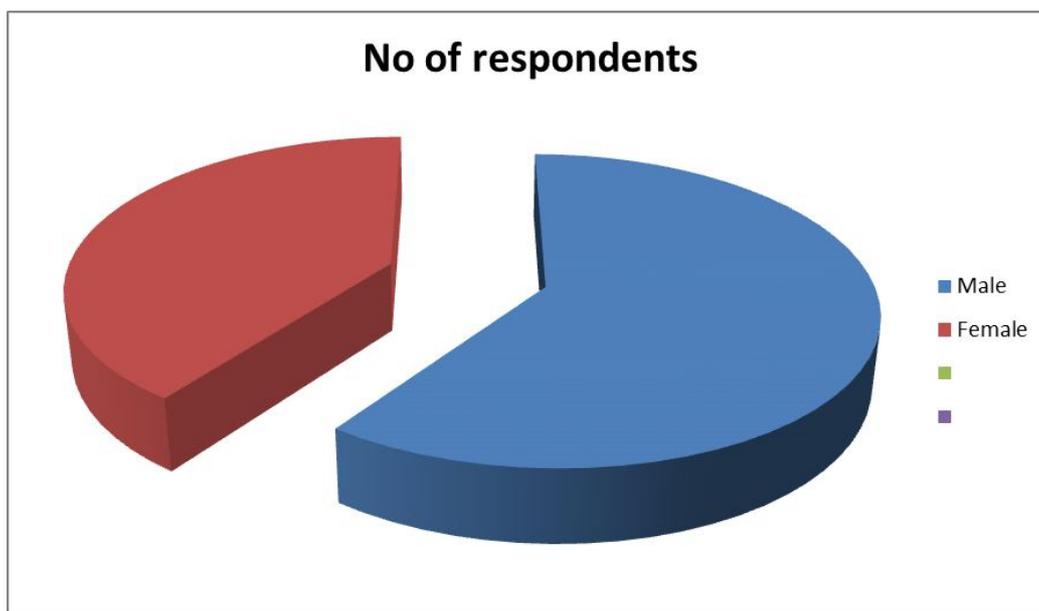
SI No	Function
1	Balance Enquiry
2	Mini Statement
3	Cheque Book Request
4	Bill Payment
5	Fund Transfer

Table 3: source from published records

Gender wise classification of respondents

Gender	No. of Respondents	Percentage
Male	48	60
Female	32	40
Total	80	100

Table4 Source: Primary data



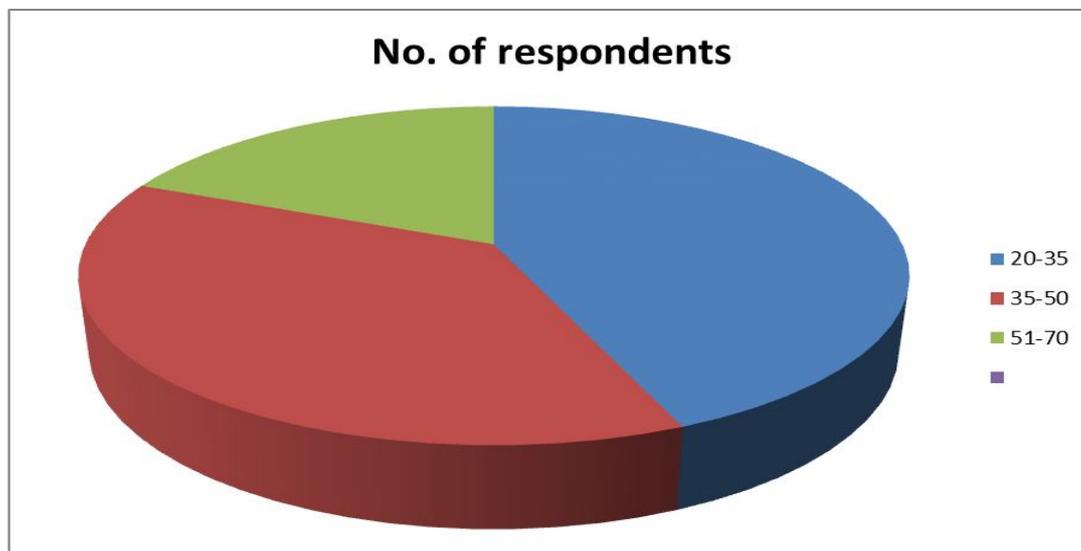
INTERPRETATION

Out of the 80 respondents, 48 were males and 32 were females. Obviously more than half of the respondents were males.

Age wise classification of respondents

Table 5: source Primary data

Age Group	No. of Respondents	Percentage
20-35	30	37.5
36-50	35	43.75
51-75	15	18.75
Total	80	100



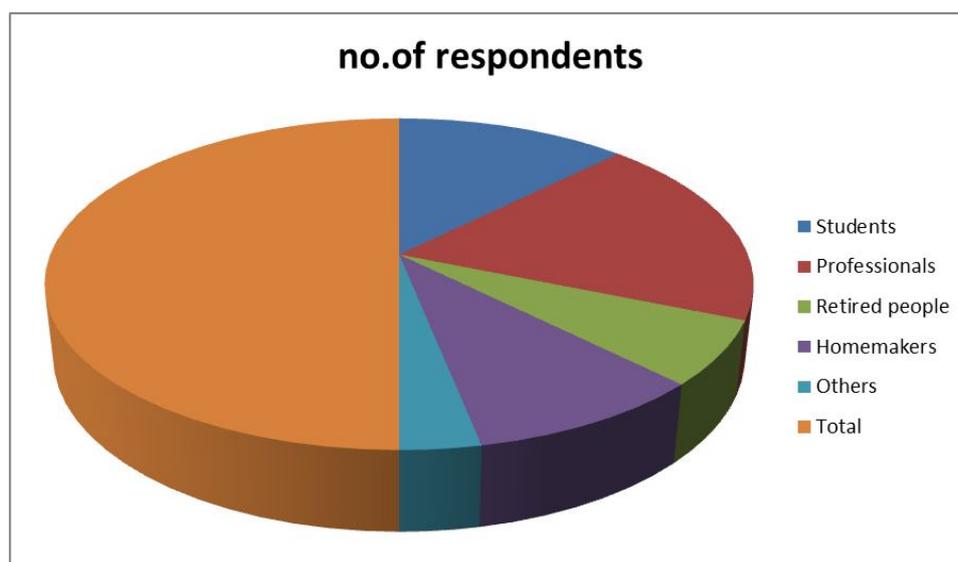
INTERPRETATION

Out of the 80 respondents, 3 different classes of age groups are selected for study. Out of which 37.5% belongs to aging 20-35, 43.75 were ranging from 36-50 agegroup and the last group were 51-75 age old.

Categories of respondents

Table6: Source Primary data

category	No.of respondents	Percentage
Students	20	25
Professionals	30	37.5
Retired people	10	12.5
Homemakers	15	18.75
Others	5	6.25
Total	80	100



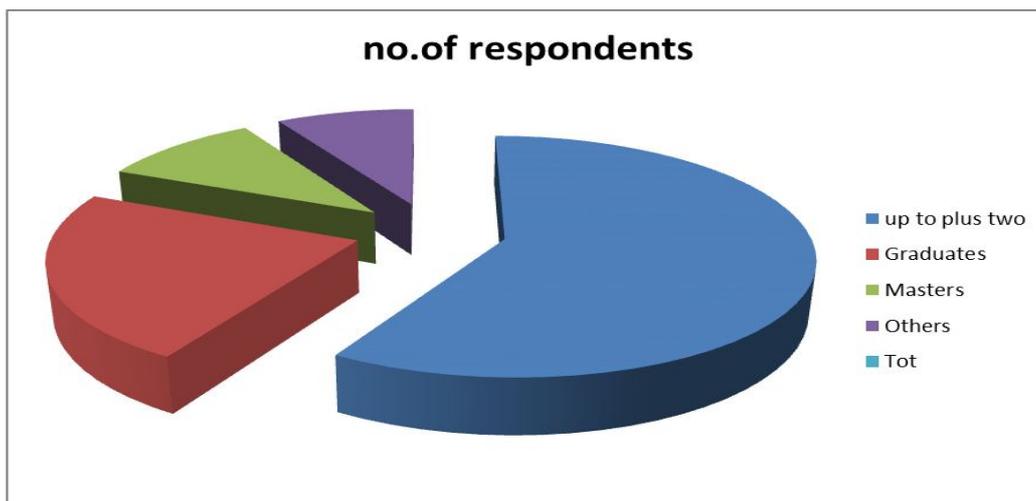
INTERPRETATION

Out of the total respondents 25% students, 30 among them are professionals, 10 of them were retired hands, 15 were housewives, and 5 of them were others.

Educational Qualification of Respondents

Table 7: source Primary data

levels	No. of Respondents	Percentage
Up to plus two	20	25
Graduates	25	31.25
Masters	15	18.75
Others	20	25
Total	80	100



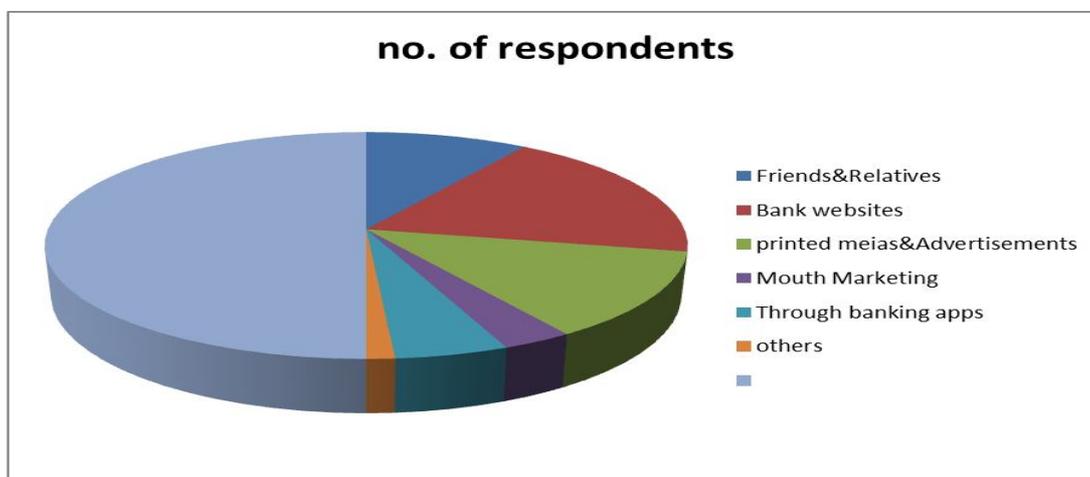
INTERPRETATION

The Educational qualification of the respondents were scattered among different levels. They are having up to plus two, Graduates, Masters, others etc. Percentage wise classification is given.

Various modes of awareness about innovative banking

Table 8: Source Primary data

Modes	No. of Respondents	Percentage
Friends& relatives	15	18.75
Websites of banks	30	37.5
Printed Medias & Advertisements	20	25
Mouth Marketing	5	6.25
Through banking apps	8	10
Others	2	2.5
Total	80	100



INTERPRETATION

The above table and diagram depicts the awareness about innovative banking practices from different internal and external sources were given, Out of which most of the respondents were informed through banking websites and automation tools some of them getting awareness from their friends, relatives, advertisements and other modes.

Innovative banking services utilised by the respondents

Table9: Source Primary data

SI No	Facilities	Male	Female	Total	Percentage
1	Account Balance Enquiry	48	32	80	100
2	Cheque status enquiry	20	12	32	40
3	Customer service mails	5	2	7	8.75
4	Download and printout of account statement	25	22	47	58.75
5	Fund transfer between different branches of the same business	5	2	7	8.75
6	Fund transfer to third party accounts	40	25	65	81.25
7	RTGS/NEFT transfers	40	20	60	75
8	Stop payment advices	2	0	2	2.5
9	Utility bill payments	45	20	65	81.25
10	Tax payment	25	15	40	50
11	Demat services	8	10	18	22.5
12	Miscellaneous remittances	20	10	30	37.5
	Total	48	32	80	100

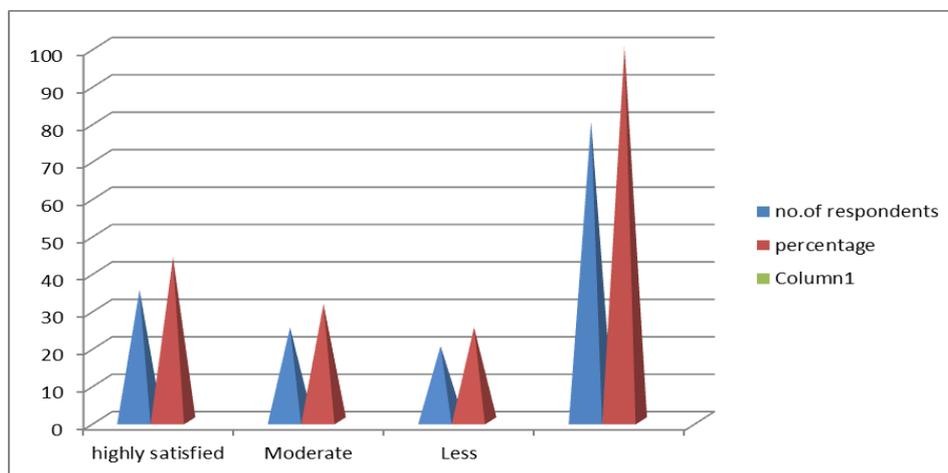
INTERPRETATION

The above table shows the relationship of male and female customers who are availing various innovative banking services and most of them are utilizing the fund transfer facility and the bill payment and some of them specified POS (POINT ON SALE) by swiping their plastic cards.

Level of Satisfaction obtained by respondents with the various utilities offered by innovative banking practices

Table 10: Source Primary data

Level of satisfaction	No. of respondents	Percentage
Highly Satisfied	35	43.75
Moderate	25	31.25
Less	20	25
Total	80	100



INTERPRETATION

Out of the total respondents 43.75% of them were highly satisfied with e-banking, 31.25% were moderately satisfied, and approximately 25% were less satisfied with this modern banking.

MAJOR FINDINGS OF THE STUDY

More than half of the respondents were male, which shows men are more acquainted with modern banking techniques. The middle aged group(36-50)were using internet banking facilities because majority among them were salaried class. From the selected class homemakers are reluctant to use innovative banking due to unaware about many advanced banking techniques. Though educated people will be showing reluctance towards digital banking. Every year banks are offering new and advanced mode of digitalized banking. Utility bill payment, pos facility and fund transfer between accounts are the most frequently used e-banking facilities under the study. Some of them are showing reluctance because of security issues and the malpractices that may occur in this field. Even though there are so many limitations existing,43.75% customers are highly satisfied with internet banking practices.

SUGGESTIONS

Banks have to take initiative for conducting awareness classes regarding modern banking practices from the level of seeking higher education. Regularly update the encryption codes of online banking practices. Security issues and mal practices are the major issues ,using of firewalls and other security surveillance have to be improvised. Give proper guidance and instructions to the customers while dealing with their online transactions. Encourage the people and equip them with this competitive and ever-changing busy world. 43.75%of the highly satisfied customers of innovating banking practices shows a green signal for the modern banking world.

CONCLUSION

The rise of internet banks has increased the competition for banking business. With both online and brick-and-mortar banks offer unique benefits and drawbacks, it may not be wise to do your banking exclusively with either option. While it's not possible for everyone, the best play may be to split your banking between both in-store and online services and enjoy the conveniences and savings of internet banks while maintaining the customer service and personal relationships a physical branch can provide. Few would argue that online banking is not an advantageous tool that fits handsomely into the fast-paced in which we live. The convenience is undeniable. But while the pros of online banking certainly outweigh the cons.