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Internet Banking Services – Comparative Study

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ABSTRACT

A bank is a financial institution whose primary activity is to act as a payment agent for customers and to borrow and lend money. Banking is the business activity of accepting and safeguarding money owned by other individuals and entities and then lending out this money in order to earn profit. Banks play a very important role in the economic life of the nation. The health of the economy is closely related to the soundness of its banking system. A bank is just like a heart in the economic structure and the capital provided by it is like blood in it. Bank provides necessary funds for executive program in the process of economic development.

Information Technology (IT) has become a necessary tool in today's organisations. Banks today operate in a highly globalized, liberalized, privatized and a competitive environment. In order to survive in this environment banks have to use IT. IT has introduced new business paradigm. It is increasingly playing a significant role in improving the services in the banking industry. Modern technology is seen as a panacea for most of the ills that the banking sector faces today.

KEYWORDS : Internet Banking, Banking Sector, Information Technology

INTRODUCTION

A bank is a financial institution whose primary activity is to act as a payment agent for customers and to borrow and lend money. Banking is the business activity of accepting and safeguarding money owned by other individuals and entities and then lending out this money in order to earn profit. Banks play a very important role in the economic life of the nation. The health of the economy is closely related to the soundness of its banking system. A bank is just like a heart in the economic structure and the capital provided by it is like blood in it. Bank provides necessary funds for executive program in the process of economic development.

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Indian Overseas Bank (IOB) is a multinational banking and financial services company based in India. It is a government-owned corporation with its headquarters in Chennai, Tamil Nadu. In 2018 – 19, it had assets of ▪ 250,007.52 (in crores) and 3557 branches.

Tamilnad Mercantile Bank Limited (TMB) is a bank with its headquarter at Thoothukudi, Tamil Nadu, India. Tamilnad Mercantile Bank was the first private sector bank in India to introduce computerisation for branch-level operations. For the financial year 2018-2019, the bank reported that total assets of ▪ 40,532.8 (in crores). The bank currently has 509 full branches throughout India. The bank has been expanding its footprint all over India.

OBJECTIVES

The objectives of the study are:

- To study the internet banking services provided to the customers in IOB and TMB.
- To analyse the usage of internet banking services.
- To compare the internet banking services provided by IOB and TMB.

METHODOLOGY

The study has been carried out on the basis of primary and secondary data. Primary data has been collected from 60 customers of IOB and 60 customers of TMB in Virudhunagar. Secondary data has been collected from various books, newspapers and websites. The data has been analysed by using percentage analysis, weighted ranking method (mean score). On the basis of the analysis, the suggestions are presented.

INTERNET BANKING SERVICES

Internet banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a

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retail bank, virtual bank, credit union or building society. Internet banking is also referred as online banking, e-banking and virtual banking.

To access a financial institution's internet banking facility, a customer with Internet access would need to register with the institution for the service, and set up some password for customer verification. To access internet banking, a customer would go to the financial institution's secured website and enter the internet banking facility using the previously set up customer number and password. Some financial institutions have set up additional security steps for access to internet banking, but there is no consistency to the approach adopted.

The following common services are provided by both IOB and TMB

1. Balance enquiry
2. Transfer of money within the same bank
3. Third Party Transfer to any account in same /other branch
4. Account Statement
5. Last Fewtransactions
6. Utility bill payment
7. Deposit Opening
8. Cheque Book Request
9. Cheque Paid Status
10. Stop Payment of Cheque
11. Funds Transfer to loan accounts / Recurring Deposits within same bank
12. Online Ticket Booking for travel

The facilities provided by IOB apart from the above are as follows:

1. Scheduling our fund transfers
2. Schedule Credit Card Payment
3. Suspending our IOB debit card
4. Direct Taxes
5. Indirect Taxes
6. Payment of college Fees for the students of SASTRA-Tanjore
7. Payment of IOB Credit card dues

CHALLENGES IN ADOPTION OF E-BANKING:

Internet banking is facing the following challenges in Indian banking industry:

- The most serious challenge faced by internet banking is that it is not safe and secure all the time. There may be loss of data due to technical defaults.
- Internet banks are facing business challenges. For the transactions made through internet, the service charges are very low. Unless a large number of transactions are routed over the web the e-banks cannot think of profit.

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- There is lack of preparedness both on part of banks and customers in the adoption of new technological changes.
- There is lack of proper infrastructure for the installation of e-delivery channels.

RESULTS AND DISCUSSIONS

A survey has been conducted to find out the internet banking services availed by the customers. Internet banking services provided by IOB and TMB are tabulated. The socio economic condition of the respondents like gender, age, educational qualification, occupation and marital status are studied and tabulated in Table 1.

Table 1

Socio-economic variables

Socio-economic variables		**Number of Respondents**	**Percentage**
Gender	Male	94	78.3
	Female	26	21.7
Age	25 – 35	40	33.3
	35 – 45	52	43.3
	45 – 55	28	23.3
Marital Status	Married	88	73.3
	Unmarried	32	26.7
Educational Qualification	SSLC/ HSC	46	38.3
	Undergraduate	54	45
	Postgraduate	20	16.7
Occupation	Government Employee	56	46.7
	Private Employee	40	33.3
	Business	24	20
Years of Availing Internet Banking	Less than 2	12	10
	2 – 4	20	16.7
	4 – 6	68	56.6
	More than 6	20	16.7

Source: Primary data

Table 1 shows that 78.3 per cent of the respondents were male. 43.3 per cent of the respondents belong to age group of 35 – 45 years. Majority 73.3 per cent of the respondents were married. 45 per cent of the respondents completed undergraduate courses. 46.7 per cent

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of the respondents are government employees. Majority (50 per cent) of the respondents have experienced with public sector bank only. Around 56.6 per cent have 4 – 6 years of experience of internet banking.

Availing of internet banking services

The following table exhibits the internet banking services availed by the customer in IOB and TMB **Table 2**

Availing of internet banking services

S.No	Internet banking services	Number of Respondents availed	
		IOB	TMB
1.	Balance enquiry	60	60
2.	Transfer money to any of your bank accounts (within and outside bank)	60	60
3.	Third Party Transfer to any account in same/other branch	60	60
4.	External Funds Transfer (NEFT/RTGS) to other Bank accounts	60	60
5.	Account Statement	45	55
6.	Last Few transactions	20	30
7.	Utility bill payment	60	60
8.	Deposit Opening	10	15
9.	Cheque Book Request	40	30
10.	Cheque Paid Status	10	10
11.	Stop Payment of Cheque	7	8
12.	Funds Transfer to loan accounts / Recurring Deposits within same bank	40	30
13.	Schedule your funds transfers	5	–
14.	Schedule Credit Card Payment	4	–
15.	Suspend IOB debit card	3	–
16.	Direct Taxes	20	–
17.	Indirect Taxes	15	–
18.	College Fees for the students of SASTRA-Tanjore	–	–
19.	IOB Credit card dues	5	–

Source: Primary data

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Table 2 displays the online banking services available in IOB and TMB and the number of respondents availed online banking services. It is clear that 60 respondents of IOB and TMB availed the following facilities

- Balance enquiry
- Transfer money to any of your bank accounts (within and outside bank)
- Third Party Transfer to any account in same/other branch
- External Funds Transfer (NEFT/RTGS) to other Bank accounts
- Account Statement
- Utility bill payment

Table 3

Services of Internet Banking – IOB (Weighted ranking technique)

Services	Rank I	Rank II	Rank III	Rank IV	Rank V	Total	Mean Rank (Total /900 X 100)	Rank
Balance enquiry	30	24	33	48	13	148	16.44	**V**
Transfer money to any of your bank accounts	25	48	48	30	12	163	18.11	**III**
Third party transfer funds within / outside the bank	65	68	27	20	11	191	21.22	**II**
Account Statement	60	20	48	12	21	161	26.21	**IV**
Utility bill payment	120	80	24	10	3	237	21.33	**I**

Source: Calculated data

Table 3 reveals that in IOB, Utility bill payment secured first rank followed by Third party transfer funds within / outside the bank and Transfer money to any of your bank accounts second and third rank respectively.

Table 4
Services of Internet Banking – TMB (Weighted ranking technique)

Services	Rank I	Rank II	Rank III	Rank IV	Rank V	Total	Mean Rank (Total / 900 X 100)	Rank
Balance enquiry	30	32	27	30	12	131	14.56	**VI**
Transfer money to any of your bank accounts	25	40	42	34	11	152	16.89	**III**

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Third party transfer funds within / outside the bank	125	76	48	38	13	300	33.33	**I**
Account Statement	30	20	36	8	3	97	10.78	**V**
Utility bill payment	90	72	27	10	21	220	24.44	**II**

Source: Calculated data

Table 4 reveals that in TMB, Third party transfer funds within / outside the bank secured first rank followed by Utility bill payment and Transfer money to any of your bank accounts second and third rank respectively.

Table 5
Comparative Analyssis

Services	**IOB Rank**	**TMB Rank**
Balance enquiry	**V**	**VI**
Transfer money to any of your bank accounts	**III**	**III**
Third party transfer funds within / outside the bank	**II**	**I**
Account Statement	**IV**	**V**
Utility bill payment	**I**	**II**

Source: Calculated data

From the Table 5 it is clear that Utility bill payments and Third party transfer funds within / outside the bank are the main internet banking service in both IOB and TMB.

SUGGESTIONS

Based on the findings of the study the following suggestions are given:

- Banks should create awareness among people about internet banking products and services. Customers should be made literate about the use of internet banking products and services.
- The customers also have to know clearly about the online banking services before proceeding the transactions.

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- Special arrangements should be made by banks to ensure full security of customer funds. Technical defaults should be avoided by employing well trained and expert technicians in field of computers, so that loss of data can be avoided.
- Seminars and workshops should be organised on the healthy usage of internet banking especially for those who are ATM or computer illiterate.
- Internet banking services should be customized on basis of age, gender, occupation *etc.* so that needs and requirements of people are met accordingly.
- Government should make huge investments for building the infrastructure in nationalized banks.

CONCLUSION

In India, internet banking is in a blossoming stage. No doubt Indian banks are making sincere efforts for the adoption of advanced technology and installation of e-delivery channels but still masses are wary of the concept. Banks are making sincere efforts to popularize the internet banking services and products. Younger generation is beginning to see the convenience and benefits if internet banking. In years to come, internet banking will not only be acceptable mode of banking but will be preferred mode of banking. The customers are not only exposed of what type of internet banking services are being provided by banks in India but in the world as a whole. They expect much more than what is actually being provided. So in coming days IOB and TMB has to provide and cater to all the needs of the customers.

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