



## Potentiality of E-Services in Banks -A Case Study of SBI Bank

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### Abstract

This paper concentrates on the potentialities of e-banking services provided by banks in India. Technology today has become synonymous with banking and Indian banks have put in place a strong infrastructure to leverage its benefits. Technology has made visible differences in the functioning of banks and conduct of banking operations. Banks today have built up significant database about the customer demographics, transactions and behavioural will have to be separated with substantial focus on information. Most banks are continuously looking for alternative ways of relating to customers, reduce costs, improve efficiencies and differentiate products and services. One trend in this line is the increasing use of self-service technologies. In past, the introduction of e-services allowed access to some banking service on a 24x7 basis. But, recently, more and more banks are relying on the electronic services to push their services to customers. The analysis made with the help of both primary data through structured questionnaire and secondary data through various sources like books, articles and published materials. It concentrates on the advantages, disadvantages and various risks faced by the customers at the time of using electronic services. Finally, it attempts to offer suitable suggestions and conclusions to enhance the potentialities of electronic services provided by banks.

**Key Words:** Banking Operations, e-banking, Strong Infrastructure, Technology, 24\*7 services etc.,

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## 1. Introduction

Technological advancements and stiff competition among the institutions to retain their customers have forced them to diversify their service portfolio in such a manner that customers are highly satisfied in terms of accessibility, affordability, ease of use, recognition and provision of value added services. The concept of e-banking services represents one prominent application of utilizing the use of information and communication technologies in different areas. More and more banking service sector are turning to self-service technologies in order to provide customers with many channels to access the services. Using of banking services through electronic media is of least cost when compared to traditional system.

Rapid changes in the e-services in banking sector environment increased competition by new players and product innovations, globalization and technological advancements have leading the service market has become the battle for customers has become intense. In order to rise up to the challenges, service providers are even more interested to enhance their services in a very easy system. Continued technological innovation and competition among the service providers leads to rapid development of Internet accessing capabilities carries risks as well as benefits.

## 2. Literature Review

**Kasturi Nageshwara Rao (July 2007)** his study entitled “**Professional Banker**”, in his study he finds that the various innovative technologies in electronic services with regards to banking. In this regard as the advent of information technology has revolutionized banking by generating highly innovative products and services deliverable with terrific speed cost effectively involving large volumes of transactions. **Raja Jarvinen and Uolevi Lehtinen (2004)** their study entitled “**Frontiers of E-Business Research**”, explores about alternative future trend by assuming that all services will be to large extent digitalized or at least partly automated. Here in this empirical data younger generation speak on favour of e-services.

**Anupam Kumar Noth and Rahul Singh (2010)** their study entitled “**E-Services**” in their study they found that the efficient feedback mechanism is one of the most important features of building an effective online market. In order to building this mechanism, critical requirements is to develop a comprehensive quality and performance metrics for the web services on the market



place by the effective reputation system and feedback mechanism are required for the successfulness. **FTC Facts for Consumers (December, 2006)** it explains about the carefulness in Internet telephone transactions that may involve use of your bank account information rather than a check. It fulfills the EFT Act protects your right of choice in two specific situations regarding use of electronic fund transfers.

### **3. Statement of the Problem**

Now-a-days, e-services playing a vital role in the service sectors because providing services through electronic media benefits to accessing the greater customers, gaining competitive advantage, potential gradual increase in the customer knowledge to lowering of entry barriers to new markets and cost of acquiring new customers. The banks through E- Banking to give a good service to their customer. E-Services in banking helps to enhance their service and reduce transaction cost, and increase the level of customer satisfaction and bank attract the new more customers.

Services through electronic media in banks not only advantageous but also has some problems. They are of expenses of setting up of applications, maintaining of applications, lack of internet connections, hardware and software's problems, legal aspects, security problems, rapid changes in technology up gradations are the inhibiting factors towards the e-services in banking sector.

### **4. Objectives of the Study**

1. To understand the concept of e-services in Banking.
2. To know the globalization effects on e-service technology in banking sector.
3. To identifying the various barriers for accessing e-services.
4. To analyze the e-service practices and its potentiality in Indian banking sector.
5. To analyze the opinions of customers towards e-services provided by bank.
- 6.

### **5. Scope of the Study**

Though the E-Services in Banking are provided and used throughout the world. But, the study is restricted to Malebennur only. The study is intended to know the customers attitudes towards various services provided by the State Bank of India located in Malebennur.



## 6. Methodology

**Sources of Data-**The primary and secondary data are collected for this study in a planned manner and implemented in the report in respective form. **Primary Data-** Primary data are collected initially. And they are used, trusted as relevant, accurate, current and unbiased through the Survey method and Interview method. **Secondary Data-** The secondary information is collected from the different sources. The sources are: Web pages, Bank Reports, Magazines, Library records and manuals of the bank. **Sample size and design-** Questionnaire has been prepared & survey has been conducted to 50 respondents and the collected information has been depicted by using statistical tools like tabulation.

## 7. Profile of SBI, Malebennur Branch

**State Bank of India**, Malebennur Branch is a semi- rural branch. This branch is located in Davanagere region, Malebennur, Harihara (Tq.), Davanagere district. It comes under the Hubli zone. Branch was opened on 28-march-1985. The bank has adequate staff facility. Manager is assisted by officer, clerk, and peon. The bank has providing various services to the people of Malebennur and near rural area. The bank provides loans like personal loan, housing loan, salary loan, education loan, car loan.

## 8. Technology in banking

It has been witnessing since about the early Eighties the phenomenon of widespread use of computers and communication technology in the industrial, as well as emerging market economies. This has resulted in faster funds movement across nations and borders. Globalization of economies and financial liberalization within the economies have opened new opportunities of growth for techno-savvy institutions, while for the others these have resulted in shrinkage of revenues.

The use of IT in the banking industry in our country has however been somewhat limited and has, as a result, restricted our presence in international operations. Even in critical spheres such as those involving funds transfer, and MIS based decision making, there has been little evidence of proactive movement towards wholesale computerization unto the middle of the Nineties



However Indian Banks have come to start this process after a decade or so. It is only with the growing recognition of the need for having in place financial reforms, has the interesting IT application in the banking sector in India increased.

The RBI Report on Banking published on 15.11.2001 starts with the opening narration-"In recent years, the banking industry has been undergoing rapid changes, reflecting number of underlying developments. The most significant has been advances in communication and information technology, which have accelerated and broadened the dissemination of financial information while lowering the costs of many financial activities. A second key impetus for change has been the increasing competition among a broad range of domestic and foreign institutions in providing banking and related financial services. Third, financial activity has become larger relative to overall economic activity in most economies. This has meant that any disruption of the financial markets or financial infrastructure has broader economic ramifications than might have been the case previously"

### **9. Concept of e-services**

An E-Service is a software interface that describes a collection of operations that can be accessed over the network through standardized messaging. Effective performance and quality measures of e-services on service electronic marketplaces should include both technical and business aspects and consider E-services as business services delivered through multiple channels. In this research, we integrate technical measures of e-service performance with established measures for evaluating service quality in a banking sector. The basic concept of e-service is “provision of service by electronic media”.

E-Service is defined as “the performance of a service which occurs on the individual order of the service recipient by means of the sending and receiving of data with the aid of electronic means, without the simultaneous presence of such parties and where the data transmitted is by means of public networks within the meaning of the telecommunications law. This concept is in line with the concept of “information society services” contained in the Directive on electronic commerce”.

## 10. Benefits and Limitations

**Table 1: Benefits and Limitations of E-Services**

<b>Benefits</b>	<b>Limitations</b>
Convenient	Impersonal
One-Stop Shop	Lack of trust
Cost Effective	Difficult for first timer
Safe and Secure	Security fraud
High Interest Rates	Technical Problem

Source: [http://en.wikipedia.org/wiki/state\\_bank\\_of\\_Mysore](http://en.wikipedia.org/wiki/state_bank_of_Mysore)

## 11. Risks involved in e-services

**Table 2: Types of Risks involved in E-Services**

<b>Risks</b>	<b>Meaning</b>
Strategic Risk	This is the current and prospective risk to earnings and capital arising from adverse business decisions or improper implementation of business decisions.
Transaction Risk	This is the current and prospective risk to earnings and capital arising from fraud, error, negligence and the inability to maintain expected service levels.
Compliance Risk	This is the risk to earnings or capital arising from violations of, or nonconformance with, laws, regulations and ethical standards.
Reputation Risk	This is the current and prospective risk to earnings and capital arising from negative public opinion.
Information Security Risk	This is the risk to earnings and capital arising out of lax information security processes, thus exposing the institution to malicious hacker or insider attacks, viruses, denial-of-service attacks, data theft, data destruction and fraud.
Credit Risk	This is the risk to earnings or capital from a customer's failure to meet his financial obligations.
Interest Rate Risk	This is the risk to earnings or capital arising from movements in interest rates (e.g., interest rate differentials between assets and liabilities and how these are impacted by interest rate changes).
Liquidity Risk	This is the risk to earnings or capital arising from a bank's inability to meet its obligations.
Price Risk	This is the risk to earnings or capital arising from changes in the value of traded portfolios or financial instruments.



Foreign Exchange Risk	This arises when assets in one currency are funded by liabilities in another. E-Services in banking may encourage residents of other countries to transact in their domestic currencies.
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Source: [www.moneycontrol.com](http://www.moneycontrol.com)

### 12. Board and management oversight

The board and senior management should establish effective management control over the risks associated with e-banking activities, including specific accountability, policies and controls to manage these risks. Further, management should clearly understand the role of E-Services in banking in meeting the institution's overall strategic objectives. The business should set specific objectives for Internet banking, such as revenues, profits, transaction costs and service levels. An unambiguous objective sets the tone for a robust risk posture.

E-Banking projects may have a significant impact on the bank's risk profile and should be reviewed and approved by senior management. They should undergo appropriate strategic and cost/reward analysis. In addition, senior management should ensure that they do not engage in e-banking projects unless they have necessary technical and risk management oversight expertise at all levels.

Senior management should set the tone in managing risk by establishing key delegations and reporting mechanisms, separation of duties and escalation procedures. Management should set up a formal risk assessment process in the organization, so line management is responsible for, and directly involved in, risk identification and mitigation. Finally, management should ensure that ongoing due diligence and risk analyses are performed as the bank initiates or expands E-Services in banking activities.

### 13. Analysis of survey data

**Table 3: Status and Opinions of the Customers**

Sl. No.	Particulars	No. of Respondents	(%)
<b>1</b>	<b>Gender of the Respondents</b>		
	Male	34	68
	Female	16	32
<b>Total</b>		50	100
<b>2</b>	<b>Age</b>		
	18-25 years	29	54



	26-35 years	10	20
	36-60 years	10	20
	Above 61 years	1	2
<b>Total</b>		<b>50</b>	<b>100</b>
<b>3</b>	<b>Education Level of the Respondents</b>		
	Undergraduate	13	26
	Graduated	18	36
	Post graduated	18	36
	Others	1	2
<b>Total</b>		<b>50</b>	<b>100</b>
<b>4</b>	<b>Occupation of the Respondents</b>		
	Students	11	22
	Employee	12	24
	Business	21	42
	Agriculturist	6	12
<b>Total</b>		<b>50</b>	<b>100</b>
<b>5</b>	<b>Monthly Income of the Respondents</b>		
	Below Rs.10000	16	32
	Rs. 10001-Rs.20000	18	36
	Rs.20001-Rs.30000	10	20
	Above Rs.30000	6	12
<b>Total</b>		<b>50</b>	<b>100</b>
<b>6</b>	<b>Account status of the respondents</b>		
	Yes	50	100
	No	0	0
<b>Total</b>		<b>50</b>	<b>100</b>
<b>7</b>	<b>Type of Account maintained by the Respondents</b>		
	Savings A/C	45	90
	Current A/C	4	8
	Fixed Deposit	Nil	0
	Recurring Deposit	1	2
<b>Total</b>		<b>50</b>	<b>100</b>
<b>8</b>	<b>Usage Years</b>		
	Below 1 year	6	12
	02-05 years	32	64



	06-10 years	8	16
	Above 11 years	4	8
<b>Total</b>		<b>50</b>	<b>100</b>
9	<b>Frequency of Usage</b>		
	Once in a Day	3	6
	Once in a Week	22	44
	Thrice in a Week	8	16
	Once in a Month	17	34
<b>Total</b>		<b>50</b>	<b>100</b>
10	<b>Purpose of Usage</b>		
	Amount Transfer	10	20
	Account Statement	8	16
	E-Payment	6	12
	E-Ticketing	8	16
	Share Trading	2	4
	Demand Draft	1	2
	Any Other	15	30
<b>Total</b>		<b>50</b>	<b>100</b>
11	<b>Reasons for Usage</b>		
	I can't go to bank in working days	16	32
	Bank is too far from my house	7	14
	Bank is too busy at every time	10	20
	I live in another city	7	14
	It's too easy and securable	10	20
<b>Total</b>		<b>50</b>	<b>100</b>
12	<b>Opinion about Security Measures</b>		
	Yes	35	70
	No	15	30
<b>Total</b>		<b>50</b>	<b>100</b>
13	<b>Comparison with Traditional Facility.</b>		
	Yes	45	90
	No	5	10
<b>Total</b>		<b>50</b>	<b>100</b>
14	<b>Problems of Respondents for using E-services</b>		



	Inadequate ATM Counters	22	44
	Inadequacy in Internet Connections	5	10
	Hacking Problems	9	18
	Lack of Awareness About Using Methodology	8	16
	Long Procedure to get the services	7	14
<b>Total</b>		<b>50</b>	<b>100</b>
15	<b>Satisfaction Level of the Respondents</b>		
	Satisfied	34	68
	Fully Satisfied	10	20
	Dissatisfied	6	12
	Fully Dissatisfied	Nil	Nil
<b>Total</b>		<b>50</b>	<b>100</b>

Source: Survey Data

From the above table, it is clear that out of 50 respondents, most of the male respondents are more aware about e-banking services and the respondents are post graduated belongs to 18-25 years are more interested to use latest technology once in a week for their banking transactions like amount transfer, account settlement, e-payment, e-ticketing, share trading, demand draft and any other uses. 90% of the respondents are opining e-banking services are better than traditional services of the bank. But most of the respondents faces different problems at the time of using modern facility like hacking problems, lack of awareness and lengthy procedures etc.,

### 13. Findings

- 18-25 age group people are using internet banking facility more.
- The 38% respondents below annual income between Rs.10001-20000.
- 35% of respondents are opined that security measures in e-services in banking are good.
- 90% of respondents are using e-services in banking facilities for SB account transaction.
- 22 respondents are using e-services in banking only for once in a week.
- 70% respondents opined that e-services in banking are too easy and securable.



#### **14. Suggestions**

- Set up an electronic banking group to provide guidelines for prudent risk management of e-banking activities.
- Experienced Personalities should be designated to develop and implement electronic banking services.
- Adopt more and more security measures in relation to access of internet banking.
- Since computer knowledge plays important role in customer perception on e banking practices, banks can give proper training to customers in usage of e banking services. Banks have to educate their employees to give proper training to the customers to use the facilities provided through e banking for better usage even for the old aged customers.
- Banks can provide best user interface which is very friendly and easy to use, in order to attract more customers i.e., ATMs with user friendly features like biometrics, and user screen in local language.
- Since businessmen have got good perception on e-banking services, banks have to adopt right strategies to attract even people of other categories like employees, students, and agriculturist, etc.

#### **15. Limitations of the Study**

- The study is restricted to Malebennur area.
- Since the report is entirely based on the data collected from respondents, the error of any because of biased opinion from respondents reduces the accuracy of the report.
- Time constraint.

#### **16. Conclusion**

The e-services in banking revolution have fundamentally changed the business of banking by scaling borders and bringing about new opportunities. It has strongly impacted the strategic business considerations for banks by significantly cutting down costs of delivery and transactions. E-services in banking are becoming as increasingly popular because of its convenience and flexibility. The customer looks for ease performing banking transactions along with more and updated information available through online with the convenience by adopting e-services in banking.



E-services in banking provides many benefits to customers and banks, it also aggravates traditional banking risks. Compared to developed countries, developing countries face many impediments that affect the successful implementation of e-banking initiatives. In the regulatory area, in addition to aspects like privacy and security, the regulator should also examine banks' business plans for e-banking more closely, especially if banks have outsourced critical functions to a third party. To avoid the risks involved in cross-border e-services in banking are more helpful, first by seeking benefits in the export of remote processing services in which it has a strong comparative advantage.

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