

A DETAILED STUDY ON E-BANKING SERVICES PROVIDED BY BOI IN INDIA

Suresh D Gawali

Assistant Professor & Head

Department of Commerce & Management

Jagadamba Mahavidyalaya Achalpur City

Abstract

Due to globalization & liberalization many significant modifications are taking place in different sectors of economy like industry, business & management. To retain pace with these modifications, banking industry has also accepted several innovative exercises and methods in its day-to-day functioning. Such new modifications in the techniques, methods of operation, and management in the day to day functioning of banks are known as “innovative banking” or e-banking. The modifications, that the banking industry has seen in the last decade is the outcome of globalization & liberalization, which possibly were not seen, anywhere, in its whole history. These modifications are not only seen in developed countries but they are found in developing countries like India. The financial reforms that were introduced in the early 1990s and globalization & liberalization measures brought in a completely new functional environment to the banking services and products like ‘anywhere banking’, ‘telebanking’, ‘internet banking’ and so on. In this era, Banks are actively looking at unified core banking solution. The solution that offers one view of the customer across all service lines. Modifications in the regulatory government and the move to participate in the Global banking system, centered to look at technologically based solution. Therefore, banking industry is acceptance of technology in a big way.

Keyword: Globalization, Liberalization, Business, Management.

Introduction

The development of information technology has been a big boon to the banking industry. The term ‘Information technology’ defines the phenomenon created by the merging of technologies associated with computing, communication and office systems. In the past, most accounting processes in bank were paper oriented. With the beginning of new technology like computers, electronic equipment’s and communication networks, the modern accounting systems have under gone a sea-change both in their preparation and presentation. The traditional system of preparing the account at quarterly, half yearly and annually misplaced their significance since the information are continuously up-dated and made available at anytime and anywhere. The information technology allows the banking organization to redesign and restructure their working. It has assisted the banking industry in several ways, especially enlightening its customer relation and build up the business development. Banking industry has accepted various activities under the purview of IT in its operation. Globalization and Liberalization have enforced the banks to think in terms of technology benefits and quality services to customers as future is full of challenges and survival will be a difficult task. The entry of IT infrastructure

in the corporate world of banks has taken many innovations, in particular the E-banking.

The Electronic Banking is not a new idea in the history of banking. "It initiated in year 1871, when the western union telegram company, headquartered in Rochester, New York, initiated to offer a national wide money transfer service. About 80 years later, there was another major innovation that did not get as much attention from the public. It was the year 1950 development of magnetic ink character recognition (MICR) used in connection with regards and categorization checks by both humans and machines. Without MICR, it would have been impossible for our paper-based system to method about 70 billion checks used in the early twentyfirst century.

Review of literature

Sathye (2003) used non-parametric DEA to efficiency scores, for three groups of banks, that is, publicly owned, privately owned and foreign owned. This study used the data for the year 1997–1998. 27 public sector banks, 33 private sector banks and 34 foreign banks were taken as sample. Thus, the total observations involved of 94 banks in this study. Two models were used i.e. Model A & Model B. Two input and two output variables, namely, interest expenses, non-interest expenses (inputs) and net interest income and non-interest income (outputs) were taken and denoted to as Model A.

Mostafa (2007b), has taken the top 50 Gulf Cooperation Council (GCC) banks to measure the comparative efficiency with the help of Data envelopment analysis (DEA) method. Sensitivity study with DEA offered rich diagnostic information and it was used in this paper for each bank. Data for the year 2005 were used to conduct this empirical analysis. The sensitivity of the results was also examined. Finding of the study is this that some banks out of the sample of 50 Gulf Cooperation Council (GCC) banks have been found to be working at a decreasing return to scale. So it was required for the management of these banks to refrain from further investments in these banks, On the opposing, banks found to be working under an increasing return to scale may prefer to expand their operations. Analysis shown inefficiencies dominant with respect to asset mismanagement in selected 50 Gulf Cooperation Council (GCC) banks. Few GCC banks displayed that there is considerable scope for reduction of assets.

Research Methodology

Research Methodology is an approach to efficiently take care of the examination issue. It might be comprehended as an investigation of concentrate how inquire about is done logically. In it we think about the different advances that are for the most part embraced by analyst in concentrate his exploration issue alongside the rationale behind them.

Objectives of Study

1. To know how the internet banking has revolutionized the banking sector.
2. To study some important insights useful in the e-banking and the transformation of traditional banking into e-banking.

Hypothesis

H1: Bank of India feels that adopting e-banking system is beneficial for bank

Limitations of the study

Every research is conducted under some constraints and this research is not an exemption.

- Sudden change in the e-banking practices during the course of research can affect the result.

Data analysis

Hypothesis 1

To test the hypothesis “Bank of India feels that adopting e-banking system is beneficial for bank” One-Way ANOVA test is applied comparing the mean values of challenges facing the adoption of E-banking technologies with the mean value of importance to adopt E-banking services, where following results were obtained:

ANOVA Table

		Sum of Squares	df	Mean Square	F	Sig.
In your own opinion what are the challenges facing the adoption of E-banking technologies? * Why do you think it is important to adopt E-banking services?	(Combined)	65.472	21	3.155	41.712	.000
	Between Groups	63.856	1	54.856	866.689	.000
	Deviation from Linearity	1.610	20	.081	1.068	.424
	Within Groups	2.523	32	.075		
	Total	67.894	52			

The above table shows the F-value and significance value (p value) in case of all the factors of service levels. It is found from the above table that in case of mean of challenges facing the adoption of e-banking services, the sig. value obtained is 0.00 at an F value of 41.812 which is less than the alpha value of 0.05 (F = 41.812, p < 0.05, which states that e-banking service provided by Bank of India is beneficial for bank.

Measures of Association

	R	R Squared
In your own opinion what are the challenges facing the adoption of E-banking technologies? * Why do you think it is important to adopt E-banking services?	.670	.449

The above tables give the correlation and R square between the two means, the R value obtained is 0.660 and R square value obtained is 0.446 which states that there is moderate relationship between the two variables.

Hence the hypothesis i.e. “Bank of India feels that adopting e-banking system is beneficial for bank” is **moderately accepted**.

Conclusion

Banks have traditionally been in the forefront of harnessing technology to improve their products, services and efficiency. They have over a long time, been using electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial-up connection, private networks, public networks, etc. and the devices include telephone, personal computers including the Automated Teller Machine, etc. with the popularity of PCs, easy access to Internet and World Wide Web Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking, although the range of product and services offered by different banks vary widely both in their content and sophistication.

References:

1. Debnath, R. M., & Shankar, R. (2009). Assessing performance of management institutions: An application of data envelopment analysis. *The TQM Journal*, 21(1), 20-33.
2. Humphrey, D. B. (1985). Costs and scale economies in bank intermediation. In R.C.
3. Lai, V. S., & Li, H. (2005). Technology acceptance model for internet banking: an invariance analysis. *Information & Management*, 42(2), 373-386.
4. Mishra, S. & Kant, R. (2012). Effectiveness of Management Information System in improving the performance of PNB. *International Journal of Business and Management Tomorrow*, 2(5), 1-7.