

A PUBLICATION OF MOTHERHOOD UNIVERSITY, ROORKEE

(Recognized by the UGC with the right to award degrees u/s 22(1) of the UGC act 1956 and established under Uttarakhand Government Act No. 05 of 2015)



**Motherhood International Journal of Multidisciplinary  
Research & Development**

*A Peer Reviewed Refereed International Research Journal*

Volume I, Issue III, February 2017, pp. 01-18

**ONLINE ISSN-2456-2831**



**A Comparative Study of E-Banking in Public and Private Sectors Banks  
(with special reference to SBI and HDFC bank in haridwar)**

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### **Abstract**

*In Today's scenario role of e-banking is very valuable. Without e-banking no banks can work. In this we analysis, how much e-banking used in Public and Private sectors bank?(in reference to SBI and HDFC bank) Objective of the study is to find the consumer satisfaction in respect of e-banking and the perception of employees for using e-banking in Public and Private sectors banks. The method of the study is Primary and Secondary both. Study showed perception of customer regarding service quality and satisfaction of employee in internet banking services. As well as this study analyze the working style as a comparison between Public and Private sectors banks in respect of SBI and HDFC bank.*

**Keywords:** e-banking, consumer, internet.

### **Introduction**

Banks play a very important role in the Indian financial market as they are the biggest purveyors of credit and attract most of the savings from the population. Banking is necessary for the economic development of all the nations of the world because a developed banking system holds the key as well as serves as a barometer for the economic health of a country. Banking Industry is one of the most successful and strong industry of our country

Banking structure is effected by the changing environment of an economy. In Indian context, there were two phases of nationalization, introduction of RRBs, entry of private sector banks and foreign banks and now e-banking are some important and major changes that affect the structure as well as functioning of the banks from time to time. On the basis of Reserve Bank of India Act, 1934, Indian banks are of two categorized under two terms, one is the "Schedule Commercial Bank" and another one is "Non-schedule Commercial Bank". The banks selected for this study are State Bank of India, representing public sector banks and HDFC Bank,

representing private sector; as they are the largest banks in their sector, considering their number of branches, customer base and their net worth.

Successful reform of public sector banks is a good example of a dynamic mix of public and private ownership in banks. A noteworthy feature of banking reforms in India is the growth of newly licensed private sector banks, some of which have attained globally best standards in terms of technology, services and sophistication. In many respects related to performance, these domestically promoted banks have surpassed branches of foreign banks in India and could be a role model for other banks.

### **Objectives**

1. To study public sector banks v/s private sector banks from the e-banking perspective.
2. To assess the customers' and bank employees' satisfaction level with the current banking facilities.
3. To find the most important factor that is inducing people towards e-banking.
4. To understand the benefits e-banking as compared to traditional banking, in terms of cost, efficiency, time, secrecy, quality of service and complaint resolution, from both the customers' and the employees' perspective.
5. To investigate whether e-banking is cost effective for both the banks and the customers or not.

### **Review of Literature**

#### **“Effect of IT based services on customer satisfaction in banking industry” :Sachin Mittal and Rajnish Jain (2010)**

In this research paper is basically a literature review of banking industry and effect of IT based services on customer satisfaction. The study highlights customer satisfaction levels among young customers in banking industry. A survey indicates the gap between customer's expectations and perception with respect to IT based banking services. Findings indicated need to improve the IT based services for enhancing customer satisfaction.

#### **“A study of Demographics and customers satisfaction in internet banking” , Kumbhar and Vijay (2011)**

This study is examined the relationship between the demographics and customers satisfaction in internet banking. It also found out relationship between service quality and customers satisfaction as well as satisfaction in internet banking service provided by the public sector bank and private sector banks.

The study found out that overall satisfaction of employees, businessmen and professionals are higher in internet banking service. Also it was found that there is significant difference in the customers perception in internet banking services provided by the public and private sector banks

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**“Internet Banking , Consumer adoption and Customer satisfaction” : Andrew Musllme and MallngaRamadhan (2011)**

Internet banking is where customer can access his or her bank account via the internet using pc or mobile phone and web-browser. Internet banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their computers with internet connection.

Internet banking has advantages for banks to maintain competition , to save costs, to enhance mass customization , marketing and communication activities and to maintain and attract consumers. Internet banks serve also as gateways offering identification and authorization services to a number of third party service providers.

Internet banking helps banks in cost saving , increase customer base, enable mass customization for e-business service, extend marketing and communication channel, search for new innovation services and explore and development of non-core business.

**“Acceptance of E-Banking among Adult Customers: An Empirical Investigation in India”, Dixit, Neha and S. K. Datta (2010)**

Internet banking is a form of self service technology. The numbers of Internet users have increased dramatically, but most of them are reluctant to provide sensitive personal information to websites because they do not trust e-commerce security. This paper investigates the factors which are affecting the acceptance of e-banking services among adult customers and also indicates level of concern regarding security and privacy issues in Indian context. Also a reason, of not accepting online banking by adult customers is no training or guidance from the bank’s side.

The result of this study viewed that adult customers are more reluctant to join new technologies or methods that might contain little risk. It is also important to note that some adult customers are interested in online banking; however, they do not possess the necessary computer literacy to conduct it. In addition banks should design the website to concern security and privacy issues.

**“A study on electronic banking and customer satisfaction”,BismarckAmiya and Eric Ashley (2015)**

E-banking encompasses the provision of banking services and products by banks to their customers through electronic medium. E-banking covers both computer and telephone banking. For many banks, inclination to e-banking services improves customers to the bank. The adoption of e-banking is also seen as a new method of expanding customer base and to also counteract the aggressive effort made by traditional banking institution.

E- banking allows customers to inquire information and carry out most banking services such as account balance inquiry , bill-payments and inter-account transfers through the internet. E-

banking therefore, includes systems that enable financial institutions customers , individuals and business to access accounts , transact business and obtain information on financial products and services through public or private networks.

Recent growth in technology and innovative has fast-tracked the desire of customers of banks for exceptional services to meet the current trend of technological advancement. Contemporary studies on e-banking acknowledges that factors that drive customer satisfaction are security design , availability , convenience and reliability being the most influence factors of e-banking on customer satisfaction .

E-banking availability is recognized as the ability of users to access banking information and services from the web. Customers can access e-banking services only when the service is available.

### **Research Methodology**

The word "research" is used to describe a number of similar and often overlapping activities involving a search for fact. A search concerned with information rather than knowledge or analysis and answers can normally be found in a single source.

This is a comparative study on the e-banking service of both public and private sector banks and the banks selected for this study are State Bank of India, representing the Public Sector and HDFC Bank, representing the Private Sector, mainly on two criterions, the first being the convenience during the research,

mainly from the same city i.e., haridwar and second being the diversity of the banks and their prominence in their respective sectors.

**Problem Identification, Need and Relevance of the Research** It is evident from the literature reviewed, that E-banking has emerged to be beneficial for both the financial institutes and the customers. Also, for a bank to survive in this cut-throat competition it is important to offer the best products, with quick service, with complete security features and to be up-to-date with the RBI guidelines, therefore a comparison between public and private sector banks was also necessary to understand the market situation of e-banking better from both customers' and the bank employees' perspective.

This forced the researcher to select this as a topic of her research. This research would help both the e-banking customers and the banks, not only selected for the study, but also for the other banks. To the best of knowledge and belief no research work from this angle has been undertaken by anybody till now.

## Sample Design

The sample size of this study is 50 and questionnaire method is used for data collection. We personally met the respondents inside and outside the banks. For secondary data we take into consideration the journals and publication issued at different sites on internet. For latest information we also visited HDFC and SBI personally. The information was collected and analysis according to respondent socio economic background, included the factor of education, age, income, marital status etc.

## Data Collection and Data Analysis

Dynamic changes took place in the Indian financial system during the eighties and nineties consequent upon deregulation and liberalization of economic policies of the government. Different policies shaping up in Indian economy and earmarked ambitious plan for economic growth. As well as, change in money and capital markets took place. Application of marketing concept in the banking sector was introduced to enhance the customer satisfaction the policy of privatization of banking services aims at encouraging the competition in banking sector and introduction of financial services and services such as Internet banking, Portfolio Management, Venture capital, etc. came into existence to cater to the needs of public. An important agenda for every banker today is greater operational efficiency and customer satisfaction.

### Age:

Particulars	%age of respondents
18-25 years	20%
26-30 years	30%
31-40 years	20%
41-50 years	10%
51-60 years	10%
Above 60 years	10%

### Aalysis & Interpretation:

From the above study we find that nobody is below 18 age and 20% respondents are between 18-25 age group, 30% respondents are between 26-30 age group, 20% respondents are between 31-40 age group, 10% respondents are between 41-50 age group, 10% respondents are between 51-60 age group, 10% respondents are between above 60 age group.

### Gender

Particulars	No. of Respondent	%age
Male	70	70%
Female	30	30%
Total	100	100%

**Analysis & Interpretation:** From the above result we come to know that out of 100, 70 respondents are male and 30 are female which is 70% and 30% are respectively. From the above data we conclude that most of our respondents are male.

### Education

Particulars	No. of Respondents	%age
High school	4	4%
Intermediate	14	14%
Graduate & Professional	46	46%
Master Degree	36	36%
Total	100	100%

**Analysis & Interpretation:** From this analysis shoes that out of 100 respondents, 4% respondents are high school, 14% respondents are intermediate, 46% respondents are graduate & professional, 36% respondents are master degree. All the respondents our survey ae qualified. From the above data we conclude that most of our respondents are Graduate & professional degree holders.

### Marital Status

Particulars	No. of Respondents	%age
Married	40	40%
Unmarried	30	30%
Widowed	20	20%
Divorced	10	10%
Total	100	100%

**Analysis & Interpretation:** From the above study we find that out of 100%, 40% respondents are married, 30% respondents are unmarried, 20% respondents are widowed,10% respondents are divorced. Most of the respondents of our survey are married.

### Profession

Particulars	No.of respondents	%age
Govt. employee	40	40%
Private employee	30	30%
Businessman	20	20%
Student	5	5%
Homemaker	5	5%

**Analysis & Interpretation:** From the above study we find that out of 100%, 40% respondents are govt. employee, 30% repondents are private employee, 20% respondents are businessman, 5% respondents are students, 5% respondents are homemaker. Most of the respondents of our survey are govt. employee.

### Monthly Income

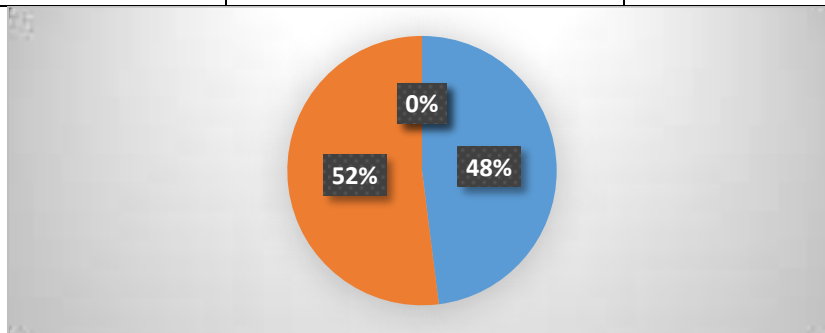
Particulars	No.of respondents	%age
10,000-20,000	25	25%
20,000-30,000	20	20%
30,000-40,000	20	20%
40,000-50,000	15	15%
Above 50,000	20	20%

**Analysis & Interpretation:** From the above study we find that out of 100%, 25% respondents are 10,000-20,000 salary, 20% respondents are 20,000-30,000 salary, 20% respondents are 30,000-40,000 salary, 15% respondents are 40,000-50,000 salary, 20% respondents are above 50,000. Most of the respondents of our survey are 10,000-20,000 monthly income

### Analysis of Data Collected:

1. The respondents were asked about which category of the banks do they consider as most technologically advanced.

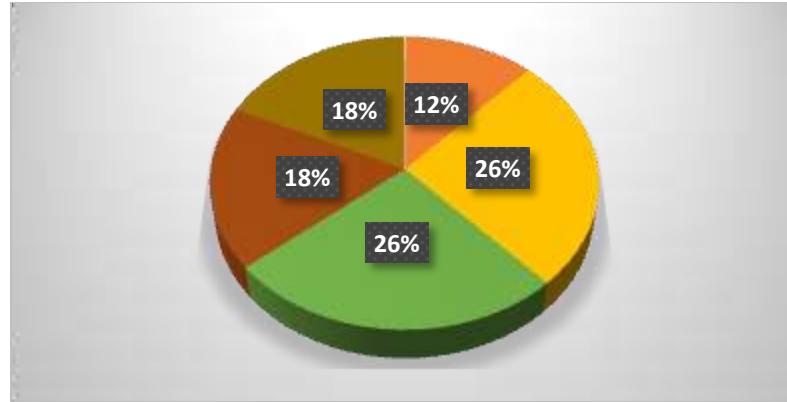
Bank sectors	No. of respondents	%age
Public banks	24	48%
Private banks	26	52%



INTERPRETATION: It was found that most of the respondents were availing the most technologically advanced services of private banks while those of the public sector banks were less as compared.

2. The respondents were asked about which attributes of the bank do they value the most.

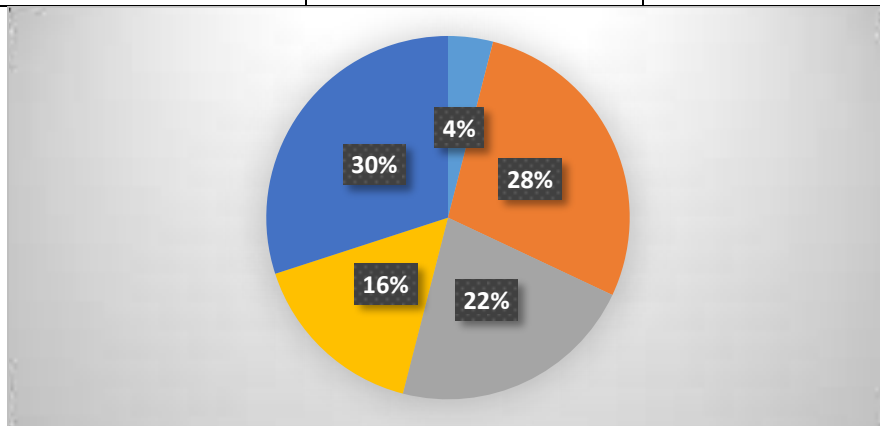
Reasons	No. of respondents	%age
Quality of service	6	12%
Technology used	13	26%
Trust	13	26%
Location	9	18%
Type of the bank	9	18%



INTERPRETATION: By analyzing this graph, we can conclude that most of the people is influenced by the technology used and trust provided by the bank and quality of service is given less preference than others.

**3. The respondents were asked about how familiar are they with computer usage level of their bank.**

Reasons	No. of respondents	%age
No knowledge of computer	15	4%
Beginner	14	28%
Average knowledge	11	22%
Advance computer knowledge	8	16%
Expert	2	30%



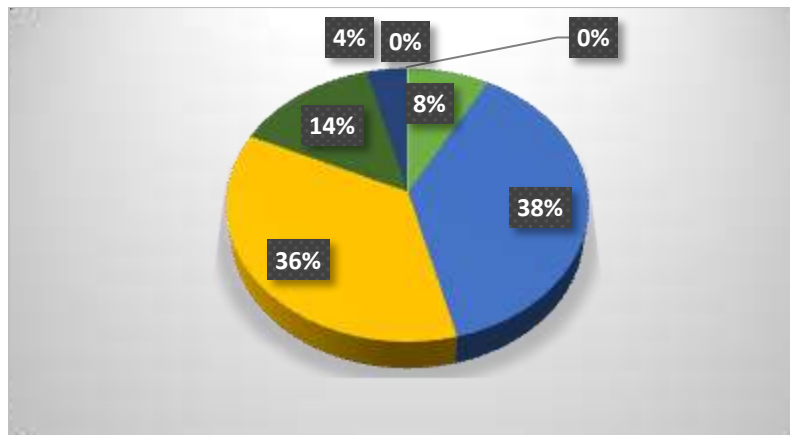
INTERPRETATION: By analyzing this graph, we can conclude that most of the people influenced by the expert provided by the bank and no knowledge of computer is given less preference than others.



#### 4. The respondents were asked about customer level of usage of technology.

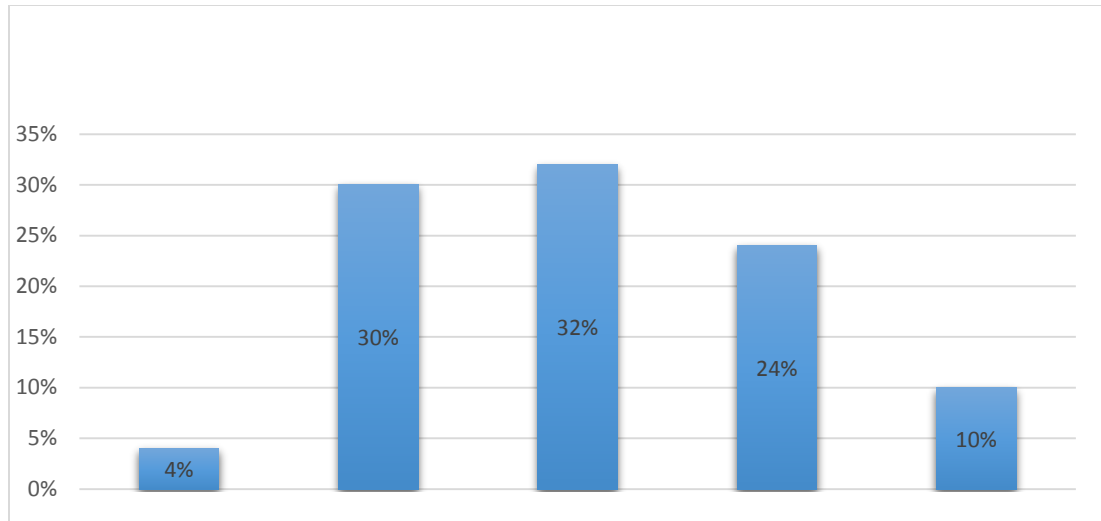
Reasons	No. of respondents	%age
Connected to the internet at home or work to do their financial transaction	4	8%
Uses E-mail	19	38%
ATM/Debit card service	18	36%
Credit card service	7	14%
Online banking service	2	4%
E- payments	0	0%
EFT/NEFT/RTGS	0	0%

INTERPRETATION: From the above graph, it was found that was availed most of the people at uses e-mail which hold 38% of respondents. It is clearly observed that E-payments and NEFT/RTGS are 0% respondents each.



#### 5. The respondents were asked about how frequently do they use the following banking services per month.

Reasons	No. of respondents	%age
Branch banking	2	4%
ATM	15	30%
Internet banking	16	32%
Tele phone banking	12	24%
Mobile banking	5	10%



**INTERPRETATION::** From the above graph, it was found that availed most of the people at uses internet banking which hold 32% of respondents. It is clearly observed that branch banking are 4% respondents each. Because of ATM services, Telephone banking, Mobile banking wassatisfactory and Internet banking was extremely satisfactory but Branch banking was netural.

### **Question asked to employees of the bank:**

#### **AGE:**

<b>Particulars</b>	<b>%age of respondents</b>
18-25 years	20%
26-30 years	30%
31-40 years	20%
41-50 years	10%
51-60 years	10%
Above 60 years	10%

**Analysis & Interpretation:** From the above study we find that nobody is below 18 age and 20%respondents are between 18-25 age group,30% respondents are between 26-30 age group,20% respondents are between 31-40 age group,10% respondents are between 41-50 age group,10% respondents are between 51-60 age group, 10% respondents are between above 60 age group.

#### **GENDER:**

<b>Particulars</b>	<b>No. of Respondent</b>	<b>%age</b>
Male	70	70%
Female	30	30%
Total	100	100%

**Analysis & Interpretation:** From the above result we come to know that out of 100, 70 respondents are male and 30 are female which is 70% and 30% are respectively. From the above data we conclude that most of our respondents are male.

#### MARITAL STATUS:

Particulars	No. of Respondents	%age
Married	40	40%
Unmarried	30	30%
Widowed	20	20%
Divorced	10	10%
Total	100	100%

**Analysis & Interpretation:** From the above study we find that out of 100%, 40% respondents are married, 30% respondents are unmarried, 20% respondents are widowed, 10% respondents are divorced. Most of the respondents of our survey are married.

#### MONTHLY INCOME:

Particulars	No. of respondents	%age
10,000-20,000	25	25%
20,000-30,000	20	20%
30,000-40,000	20	20%
40,000-50,000	15	15%
Above 50,000	20	20%

**Analysis & Interpretation:** From the above study we find that out of 100%, 25% respondents are 10,000-20,000 salary, 20% respondents are 20,000-30,000 salary, 20% respondents are 30,000-40,000 salary, 15% respondents are 40,000-50,000 salary, 20% respondents are above 50,000. Most of the respondents of our survey are 10,000-20,000 monthly income.

#### EDUCATION:

Particulars	No. of Respondents	%age
High school	4	4%
Intermediate	14	14%
Graduate & Professional	46	46%
Master Degree	36	36%
Total	100	100%

**Analysis & Interpretation:** From this analysis shows that out of 100 respondents, 4% respondents are high school, 14% respondents are intermediate, 46% respondents are graduate & professional, 36% respondents are master degree. All the respondents our survey are qualified. From the above data we conclude that most of our respondents are Graduate & professional degree holders.

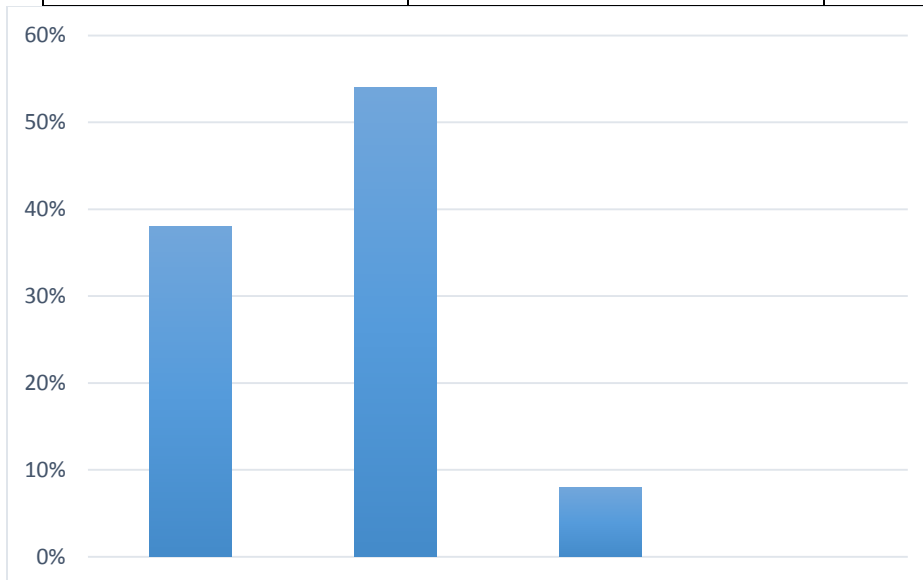
**PROFESSION:**

Particulars	No. of respondents	%age
Manager	40	40%
Executives	30	30%
Officers	20	20%
Clerks	10	10%

**Analysis & Interpretation:** From the above study we find that out of 100%, 40% respondents are manager, 30% respondents are executives, 20% respondents are officers, 10% respondents are clerks. Most of the respondents of our survey are manager.

**6. The respondents were asked about how many people visit their bank web site per day.**

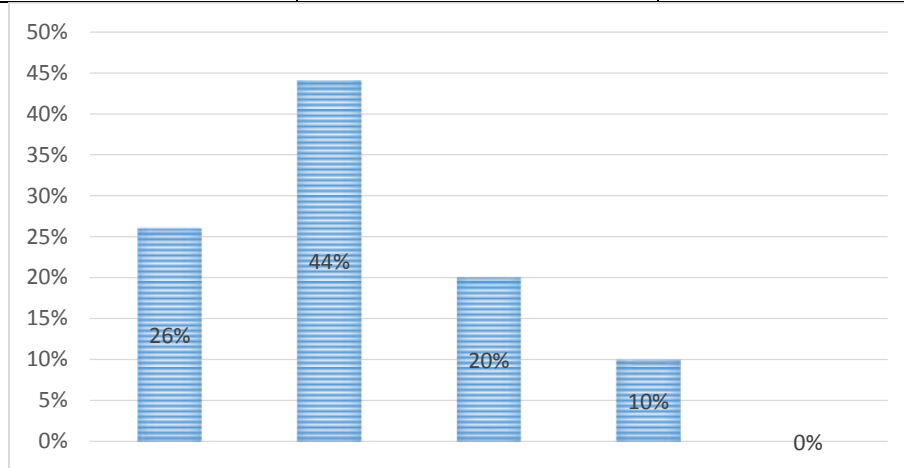
No. of people	No. of respondents	%age
Less than 1000	19	38%
1000-5000	27	54%
Above 5000	4	8%



**INTERPRETATION:** 54% respondents were go with 1000-5000 people visited their bank websites per day.

- 7. The respondents provide the information that bank been providing Internet banking mostly for 1-5 years and they update their website weekly.**
- 8. The respondents were asked that about what was the reason behind introduction of internet banking.**

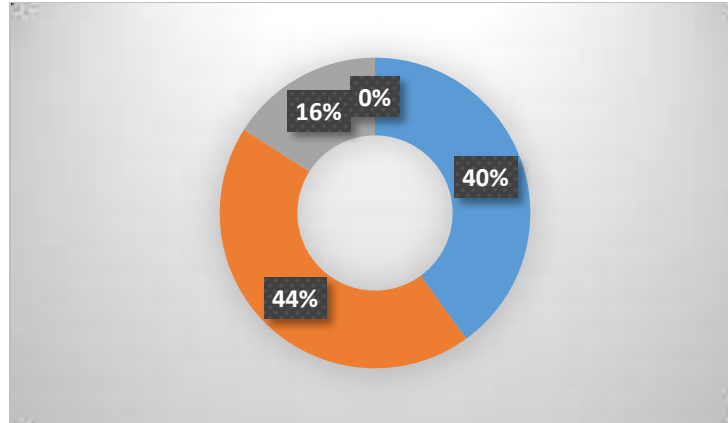
Reasons	No. of respondents	%age
Because of competition from foriegn bank	13	26%
Manpower shortage	22	44%
Qualitative customer service	10	20%
Faster transaction &time saving	5	10%
Any other	0	0%



INTERPRETATION: 44% respondents were with manpower shortage and 10% with faster transaction & time saving while 26% said that it because of competition from foreign banks and 20% were with qualitative customer service.

9. The respondents provide the information that news media is very much helpful to aware customers for location on the net.
10. The respondents provide the information that importance of factors determining provision of electronic banking for production of customer acceptance.
11. The respondents were asked about comparative aspects between banks.

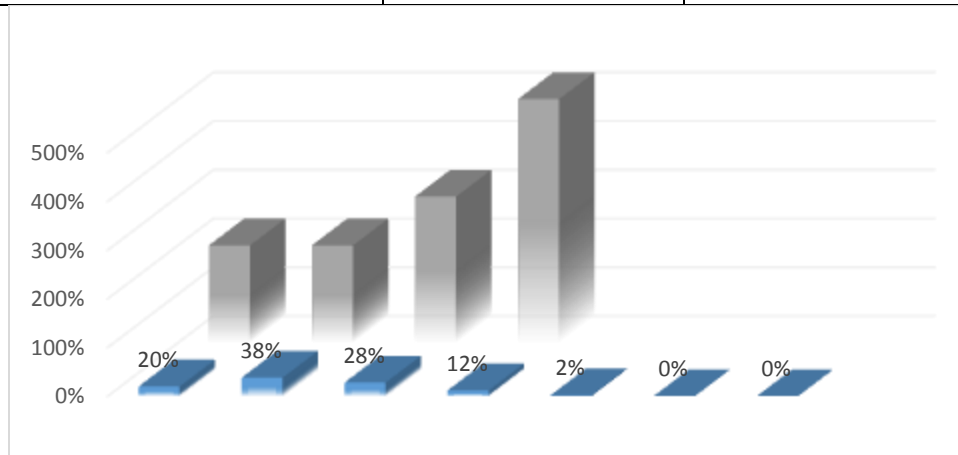
Banks	No. of respondents	%age
Public bank	20	40%
Private bank	22	44%
Both	8	16%



INTERPRETATION: It was found that most of the respondents were availing services of private sector banks while those of the public sector banks. In respect of More facilities to employees, Employees of which type of banks are more satisfied from job 433, Salary package in comparatively better in, Top management involvement branch level is comparatively more in, Working hours are comparatively more in, yearly customers growth is comparatively more in

**12. The respondents were asked about differentiating strategies between public and private bank.**

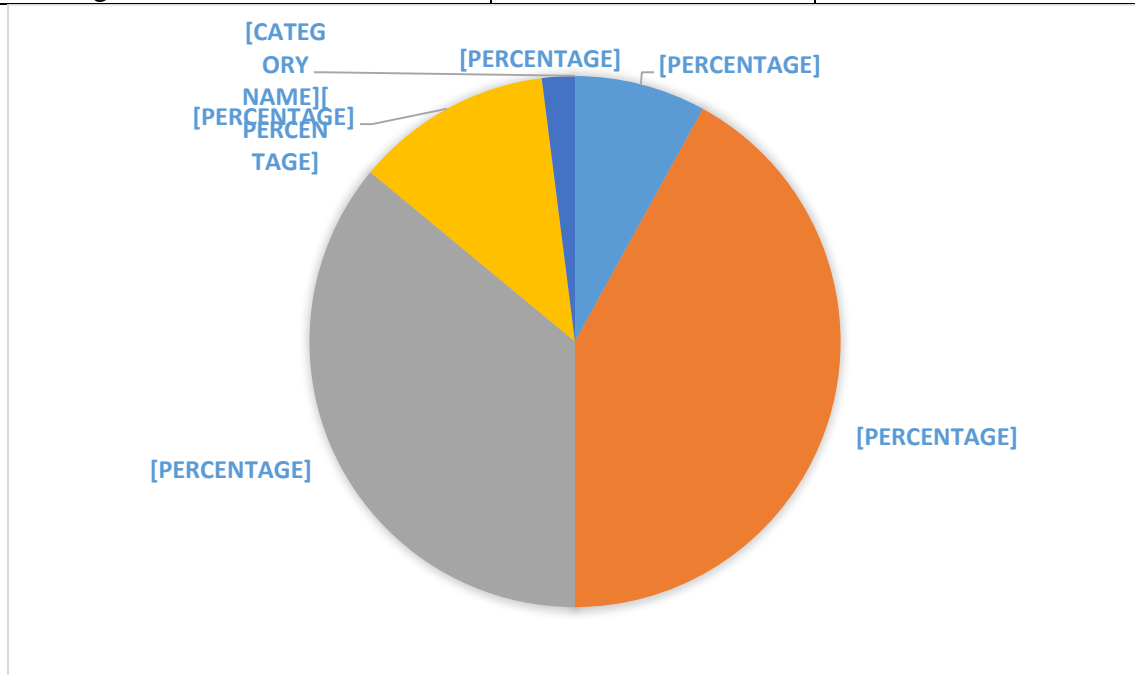
Reasons	No. of respondents	%age
More information technology	10	20%
Providing better qualities of service	19	38%
Innovating products and services	14	28%
More labor intensive techniques	6	12%
Recruiting young employees	1	2%
Expanding branch network	0	0%
Pitching into mergers and acquisitions	0	0%



INTERPRETATION: By analyzing this graph, we can conclude that most of the respondents is Influenced by the providing better qualities of service provided by the bank and expanding branch network is given less preference than others.

**13. The respondents were asked about Knowledge Management Factor in e-banks.**

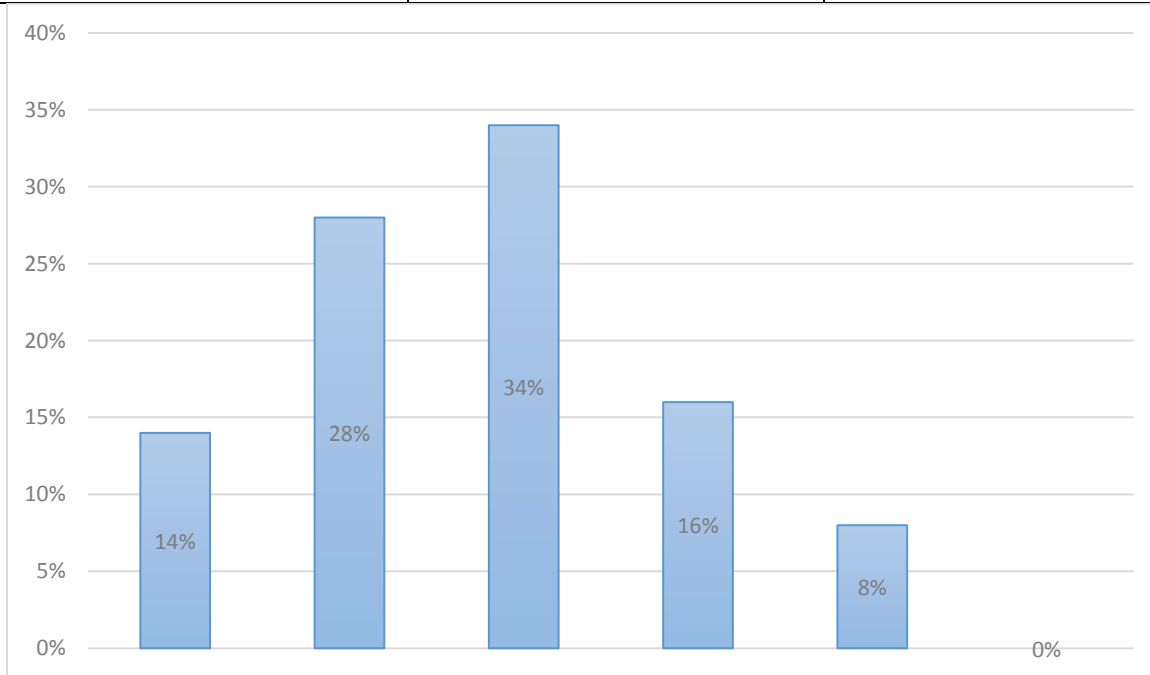
Response	No. of respondents	%age
Empowered with better access to information	4	8%
Empowered with more control over work	21	42%
Enhanced creativity	18	36%
Empowered to solve problem	6	12%
Enhanced capacity to contribute in research & development activities	1	2%
Increased involvement in decision - making	0	0%



INTERPRETATION: By analyzing this graph, we can conclude that most of the respondents is Influenced by the providing better empowered with more control over work provided by the bank and expanding increased involvement in decision-making is given less preference than others.

**14. The respondents were asked about the number of complaints (per month) from private bank customers as compared to customer of public bank.**

Reason	No. of respondents	%age
Delay in banking function from customers view point	7	14%
High cost of services chargers	14	28%
Higher amount of minimum balance maintained in their accounts	17	34%
Problem regarding use of ATMs or online banking technologies	8	16%
Lack of attention or improving behavior of bank employees	4	8%
Wrong entries in their accounts	0	0%



**INTERPRETATION:** By analyzing this graph, we can conclude that most of the respondents is influenced by the providing higher amount of minimum balance maintained in their accounts provided by the bank and expanding increased wrong entries in their accounts is given less preference than others.

### Findings & Conclusion of the Study

- More number of people has account with private banks.
- Number of problem faced by the people is more in public sector banks.
- People want a change in the behavior of the staff of the public sector banks.



- People are more satisfied from the private sector banks due to their better services provided by them.
- The facility that was availed by most of the people at private sector banks was that of Internet/ Phone banking by ATM/Debit card.
- Majority of respondents do not want to shift from their present bank.
- From the above study it is clear that private banks are providing better services than nationalized banks. 90% respondents favored that private banks are providing better services than nationalized banks while 10% respondents are not agree with it.
- 40% respondents said that the bank employees never pay any attention to them and 10% respondents said that their problems are not solved by bank executives. The remaining 50% respondents give a positive reaction in the favors of bank. 30% respondents favored that their problems are solved by bank executives and 20% respondents said they are received with smile by bank executives. So there is a mix response.
- From the above study it is clear that the banks do not organize any customer meets. All the 100% respondents said that their bank does not organize any customer's meets to resolve their problems. Customer satisfaction is the demand of time, so the bank should organize customer meets to resolve the problems of their customers.
- The above study depicts that 60% respondents said that their bank updates them time to time about the latest facilities and remaining 40% said that their bank does not update them.

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