



SBI & ITS INTERNET BANKING SERVICES IN YAMUNANAGAR

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ABSTRACT

Banking is an industry that handles cash, credit, and other financial transactions. Banks provide a safe place to store extra cash and credit. They offer saving accounts, certificates of deposits, and checking accounts. Banks use these deposits to make loans. The loans include home mortgages, business loans and car loans. The definition of country varies from country to country

Under English common law, a banker is defined as a person who carries on the business of banking by conducting current accounts for his customers, paying cheques drawn on him and also collecting cheque for his customers. *Online banking or internet banking allows customers to conduct financial transactions on a secure website operated by the retail or virtual banking.*

State bank of India is the nation's largest and oldest bank. Tracing its roots back some 200 years to the British East India Company (and initially established as the Bank of Calcutta in 1806), the bank operates more than 15,000 branches within India, where it also owns majority stakes in six associate banks. State Bank of India (SBI) has more than 80 offices in nearly 35 other countries. In this paper an attempt has been made to study the concept of internet banking and analyse the growth of internet banking within SBI bank in 2017-19 in Yamunanagar.

Key Words: SBI, Growth, Banking Industry, Internet Banking, Consumer satisfaction

HISTORY OF BANKING IN INDIA

The story of banking starts from Bank of Hindustan established in 1770 and it was 1st bank at Calcutta under European management. The journey of Indian Banking System can be segregated into three distinct phases. They are mentioned below:

- Early phase from 1786 to 1969 of Indian Banks
- Nationalization of Indian Banks and up to 1991 prior to Indian banking sector reforms
- Indian Banking System with the advent of Indian Financial & Banking Sector Reforms after 1991

Phase I

The General Bank of India was setup in the year 1786. The East India Co established:

Presidency Banks	Bank of Bengal(1809)	It was amalgamated in 1920 and Imperial Bank Of India established.	Imperial Bank of India was nationalized and SBI was formed in 1955
	Bank of Bombay(1840)		
	Bank of Madras(1843)		

In 1865 Allahabad Bank was established and first time exclusively by Indians , Punjab National Bank Ltd. Was set up in 1894 with headquarters at Lahore. Between 1906 and 1913, Bank of India, Central Bank of India, Bank of Baroda, Canara Bank, Indian Bank, and Bank of Mysore were set up. Reserve Bank of India came in 1935.

During the first phase the growth was very slow and bank also experienced periodic failure between 1913 and 1948. There were approximately 1100 banks, mostly small.

To streamline the functioning and activities of commercial banks, the government of India came up with the banking companies act, 1949 which was the later change to the banking regulation act 1949 as per amending act of 1965 (act no. 23 of 1965). Reserve bank India was vested with expensive powers of the supervision of banking in India as the central bank authority

Phase 2

Government took major steps in this Indian banking sector reform after independence. In 1955, it nationalized imperial bank of India with extensive bank facilities on a large scale specially in rural and semi urban areas. It forms State Bank of India to act as the principal agent of RBI and to handle banking transactions of the union and state government all over country.



Seven banks forming subsidiary of State bank of India was nationalized in 1960 on 19th July, 1969, major process of nationalization was carried out. It was the effort of the then prime minister of India, Mrs. Indira Gandhi 14 major commercial banks in country was nationalized.

Second phase of nationalization Indian banking sector reform was carried out in 1980 with six more banks. This step brought 80% of the banking segment in India under government ownership.

The following are the steps taken by government of the India to regulate banking institution in the country:

1949: Enactment of banking regulation act.

1955: Nationalization of State Bank of India

1959: Nationalization of SBI subsidiaries.

1961: insurance cover extended to deposits.

1969: Nationalization of 14 major banks.

1971: Creation of credit guarantee corporation.

1975: Creation of regional rural banks.

1980: Nationalization of 6 banks with deposit over 200 crore.

Phase 3

This phase has introduced many more products and facilities in the banking sector in its reforms measure. In 1991, under the chairmanship of M Narasimham, a committee was set up by his name which worked for the liberalization of banking practices.

The country is flooded with foreign banks and their ATM stations. Efforts are being put to give a satisfactory service to customers. Phone banking and net banking is introduced. The entire system became more convenient and swift. Time is given more importance than money.

Internet Banking

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.

Also known as *online banking*, the system allows both transactional and non-transactional features.

Online banking or internet banking allows customers to conduct financial transactions on a secure website operated by the retail or virtual banking.

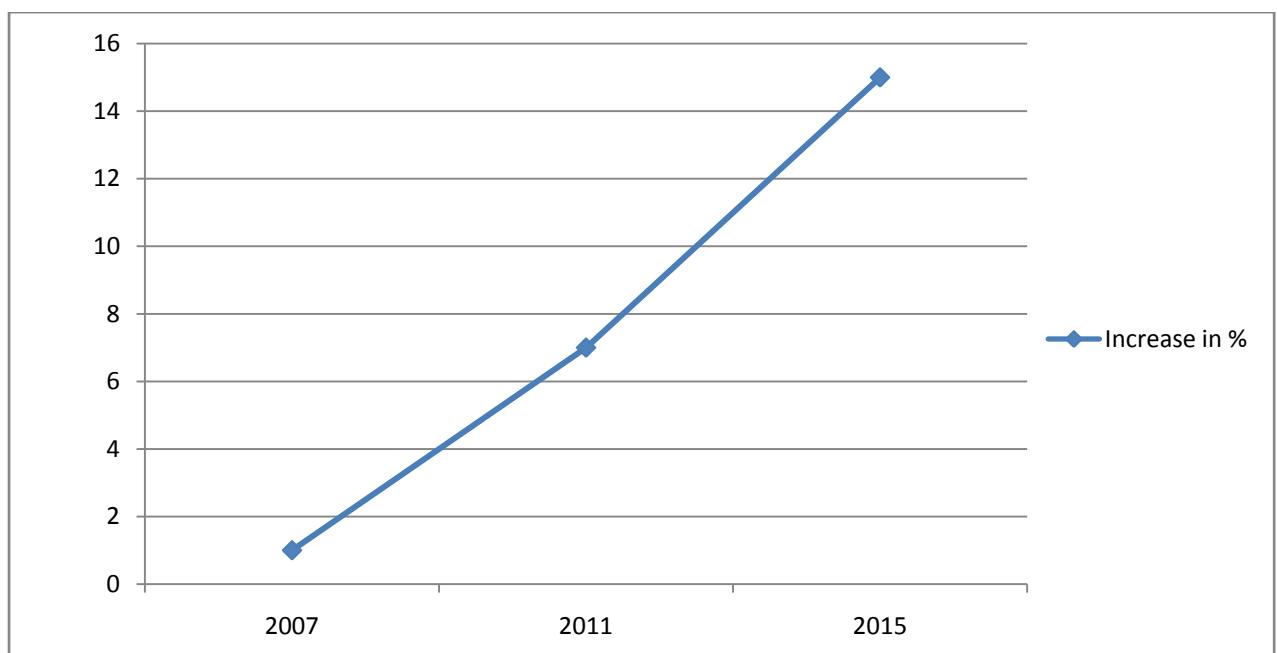
Internet Banking in INDIA

According to a report by global management consultancy McKinsey & Company in 2011 only 7% of account holders in the country are using the Internet for banking transactions, while branch banking has fallen by a full 15 percentage points.

As per that report "Use of the Internet for banking has seen a massive rise in the 2010-11 survey, taking the overall number of bank consumers who use the Net to close 7% of the total bank account holders -- a seven-fold jump since 2007 -- even as for the first time in the past 13 years, branch banking has come down by a full 15 percentage points during the same period".

The percentage of online users of banking transactions was just about 1% in the agency's 2007 survey.

In 2007, the number of times Indian respondents visited bank branch for doing transactions was 0.58 while the same in 2011 was 0.49, showing a fall of 15 percentage points.





According to a report by Rajesh Nair in economic times Online Payment In India Accounted For 15% Of Total Transaction Amount In FY 2015. The main reason behind this spike in cashless transactions is the growth of e-commerce industry in India, which allowed consumers to purchase products at discounted rates at the realm of their homes. Also, the new generation is shifting towards hi-tech gadgets and technology to make funds transfer as it's easier, hassle-free and instant transaction compared to paying by cash or cheque

These numbers then increased to more than double in 2017. As per report at this time more people prefer to do there bank transaction online as to go in bank and stand in line.

OBJECTIVES OF THE STUDY

The main **objectives** of the study are:

- To understand the concept of Internet banking and importance, as customers.
- Analysis of the growth of internet banking within SBIBank in last years.
- Awareness level among the SBI customer

RESEARCH METHODOLOGY

Data Collection:

In dealing with any real life problem, it is often found that data at hand are inadequate, and hence, it become necessary to collect data that are appropriate. We have chosen following methods:-

- a) **Secondary Data:**-We collect the last two year data from the sources like internet, published data, website of SBI bank etc.
- b) **Primary Data:**- This data is collected by way of survey. We have used a structured questionnaire.

Sample:

This study was conducted with the help of SBI bank customer. We have taken sample size of 40 customer of SBI bank of only Yamuna nagar as respondents for our research. We have used random sampling technique in this research project.

Data Analysis:

The data has been collected using different statistical tools like pie charts, frequency distribution, bar graph, percentage method,etc in terms of objective of study.



Advantages of internet banking to customers

Online banking is becoming much more common. You can pay your bills online and access a record of your checking account transactions online. Online banking is a great feature, and most banks offer it. You can access the information anywhere that you have access to the Internet. It makes your financial life much easier to manage. Here are some advantages of online banking.

1) Access your bank accounts anytime, anywhere

Banking online allows you to securely bank anytime and anywhere you want as long as you have access to the internet. You can use your computer (or, with some banks, your Smartphone) to check your balance, transfer money and pay bills on the go.

2) Keep track of account balances to help avoid overdraft fees

Sometimes it's far too easy to lose track of your money when you're busy trying to balance work and family. Banking online can help you keep tabs on your money and account balances. Many banks even let you set up alerts to notify you when your balance is low, if a bill is due, when your paycheck is direct-deposited and more.

3) Payment of bills online

You can use online banking to pay your bills. This will eliminate the need for stamps and protect yourself from the check being lost in the mail. Most banks will have a section in which you set up payees. You will need to fill out the information once, and then you can simply choose that profile every time you pay a bill online. Some places will charge a fee for a debit card, but not if you set up a direct debit.

4) View Transactions

Online banking allows you to access your account history and transactions from anywhere. This is the quickest way to check and see if a transaction has cleared your account. This can help you to find out the amount of a transaction after you have lost your receipt. It also allows you to find out about unauthorized transactions more quickly.

5) Transfer Money between Accounts

Online banking also allows you to transfer money between accounts much more quickly. It is more convenient than using the automated phone service, and can save you a trip to the bank.

6) Mobile Banking

Most banks will have a mobile app that allows you to take advantage of online banking on your phone. This makes online banking even more convenient and allows you to quickly check up on your account when you are out shopping.

Limitations of internet banking to customer

Though there are many advantages of internet banking, but nothing comes without disadvantages and everything has its pros and cons; same is with internet banking. The disadvantages are:-

1) Security Issue

Yes, online banking is generally secure, but it certainly isn't always secure. Identity theft is running rampant, and banks are by no means immune. And once your information is compromised, it can take months or even years to correct the damage, not to mention possibly costing you thousands of dollars, as well.

2) Difficult to Understand for New Users

Understanding the usage of internet banking might be difficult for a beginner at the first go. Though there are some sites which offer a demo on how to access online accounts, but not all banks offer this facility. So, a person who is new, might face some difficulty

3) Internet is Mandatory

You cannot have access to online banking if you don't have an internet connection; thus without the availability of internet access, it may not be useful.

4) Password security

Password security is a must. After receiving your password, do change it and memorize it otherwise your account may be misused by someone who gets to know your password inadvertently.

5) Server Problem

You cannot use it, in case, the bank's server is down. Another issue is that sometimes it becomes difficult to note whether your transaction was successful or not. It may be due to the loss of net connectivity in between, or due to a slow connection, or the bank's server is down.

6) Not Fully Developed

Some online banks are more stable than others. Not all online setups are an extension of a brick-and-mortar bank. Some operate completely in cyberspace, without the benefit of an branch that you can actually visit if need be. With no way to physically check out the operation, you must be sure to thoroughly do your homework about the bank's background before giving them any of your money.

7) Some transaction are Restricted to Time Limits

Not all online transaction are immediate. Online banking is subject to the same business day parameters as traditional banking. Therefore, printing out and keeping receipts is still very important, even when banking online. NEFT and RTGS can be only done in between 7:00AM to 6:00PM only.

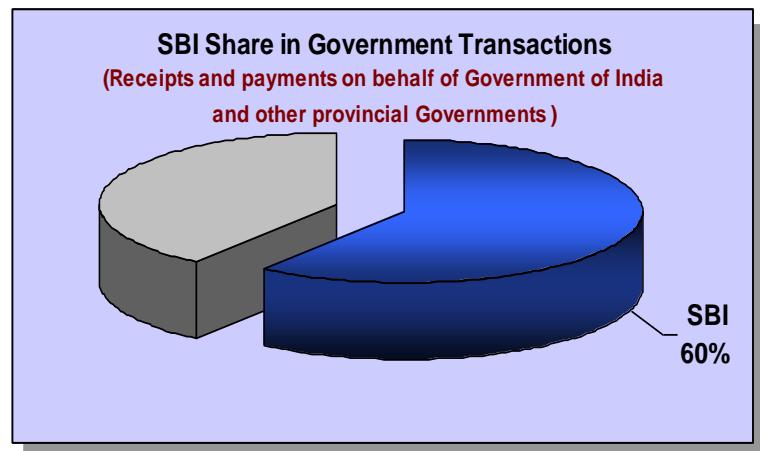
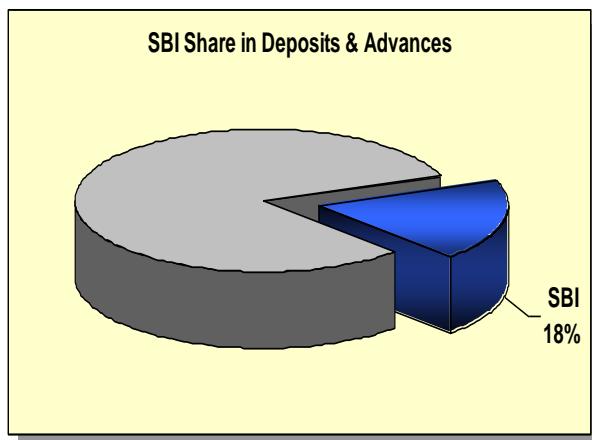
Case Study on SBI

Use of Internet Banking by its customers.

State bank of India:-

State bank of India is the nation's largest and oldest bank. Tracing its roots back some 200 years to the British East India Company (and initially established as the Bank of Calcutta in 1806), the bank operates more than 15,000 branches within India, where it also owns majority stakes in six associate banks. State Bank of India (SBI) has more than 80 offices in nearly 35 other countries, including multiple locations in the US, Canada, and Nigeria. The bank has other units devoted to capital markets, fund management, factoring and commercial services, credit cards, and brokerage services. The Reserve Bank of India owns about 60% of State bank of India.

Some facts and figures



SBI bank has the largest share in government transactions which is 60% and remaining are other banks.

Services provided by SBI internet banking



SBI Online is the world's 8th most visited banking site.

Online SBI (www.onlinesbi.com)



State Bank of India is India's largest bank with a branch network of over 11000 branches and 6 associate banks located even in the remotest parts of India. **State Bank of India (SBI)** offers a wide range of banking products and services to corporate and retail customers.

OnlineSBI is the Internet banking portal for State Bank of India. The portal provides anywhere, anytime, online access to accounts for State Bank's Retail and Corporate customers. The application is developed using the latest cutting edge technology and tools. The infrastructure supports unified, secure access to banking services for accounts in over 11,000 branches across India.

RETAIL BANKING:-

The Retail banking application is an integration of several functional areas, and enables customers to:

- Issue Demand Drafts online
- Transfer funds to own and third party accounts
- Credit beneficiary accounts using the VISA Money Transfer, RTGS/NEFT feature
- Generate account statements
- Use eTax for online tax payment
- Use ePay for automatic bill payments
- Interface with merchants for railway and airline reservations
- Avail DEMAT and IPO services

CORPORATE BANKING:-

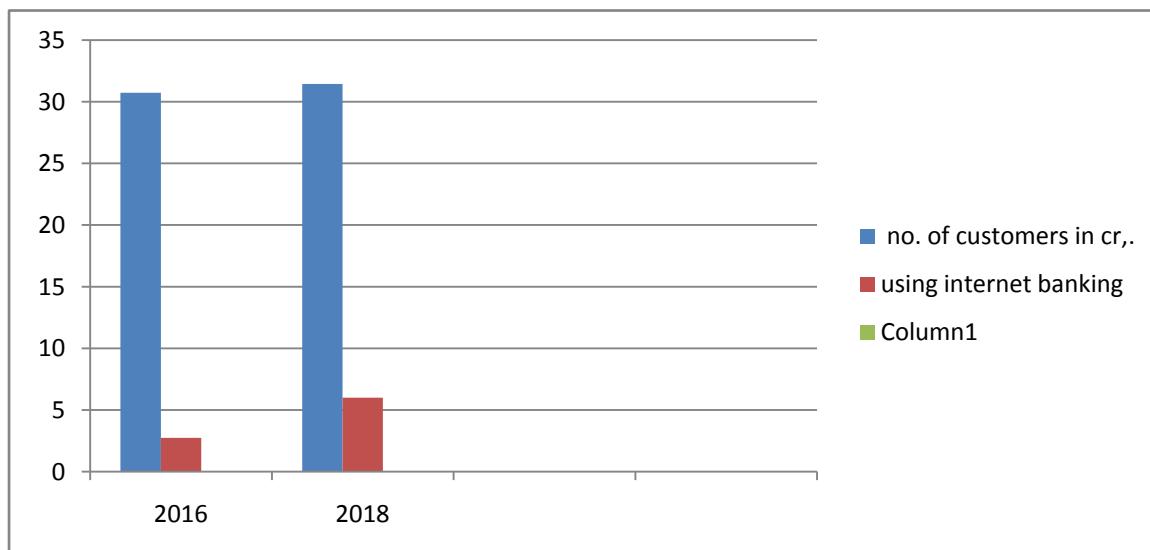
The OnlineSBI corporate banking application provides features to administer and manage corporate accounts online. The corporate module provides roles such as Regulator, Admin, Up loader, Transaction Maker, Authorizer, and Auditor. These roles have access to the following functions:

- Manage users, define rights and transaction rules on corporate accounts
- Access accounts in several branches with a single sign-on mechanism
- Upload files to make bulk transactions to third parties, supplier, vendor and tax collection authorities.
- Use online transactional features such as fund transfer to own accounts, third party payments, and draft issues
- Make bill payments over the Internet.
- Generate account statement
- Enquire on transaction details or current balance

Analysis of the Growth of internet Banking within SBI Bank.

Table 1 Total number of customers using Internet banking

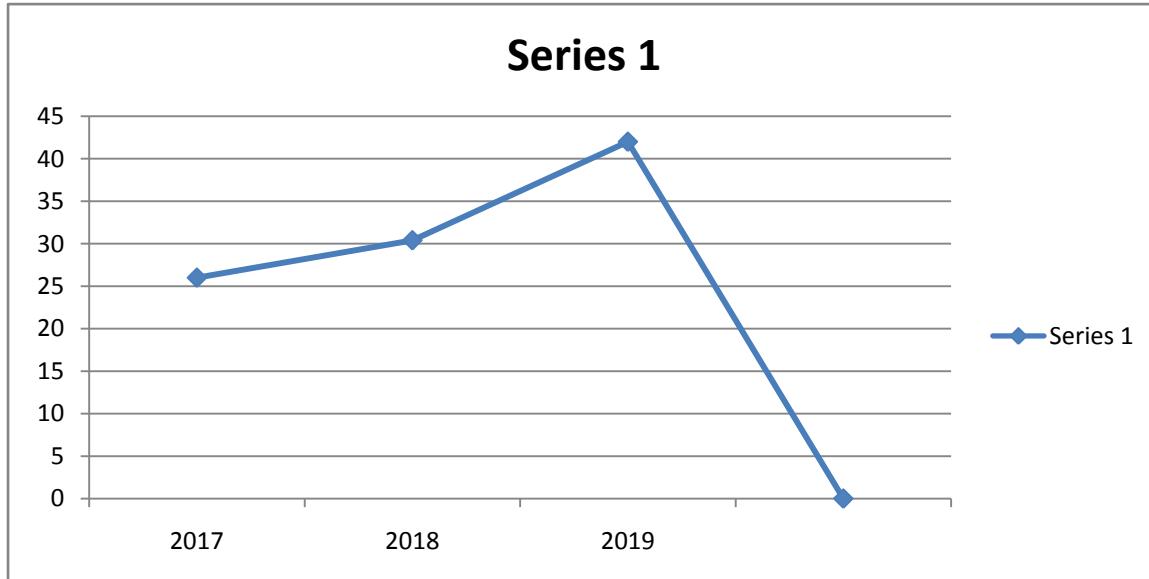
years	Total no. of customer (crore)	Number of customers using internet banking(crore)
2016	30.73	2.74
2018	31.44	6



There was 30.73crore account holder in SBI Bank in 2016which was increased by 2.1% in 2018 and become 31.44 crore. While internet banking customer were 6 crore in 2018 which was 2.74crore in 2016.

Table 2 Increase in share of internet banking in all SBI transactions.

Years	Percentage of shares
2016	26
2017	30.4
2018	42

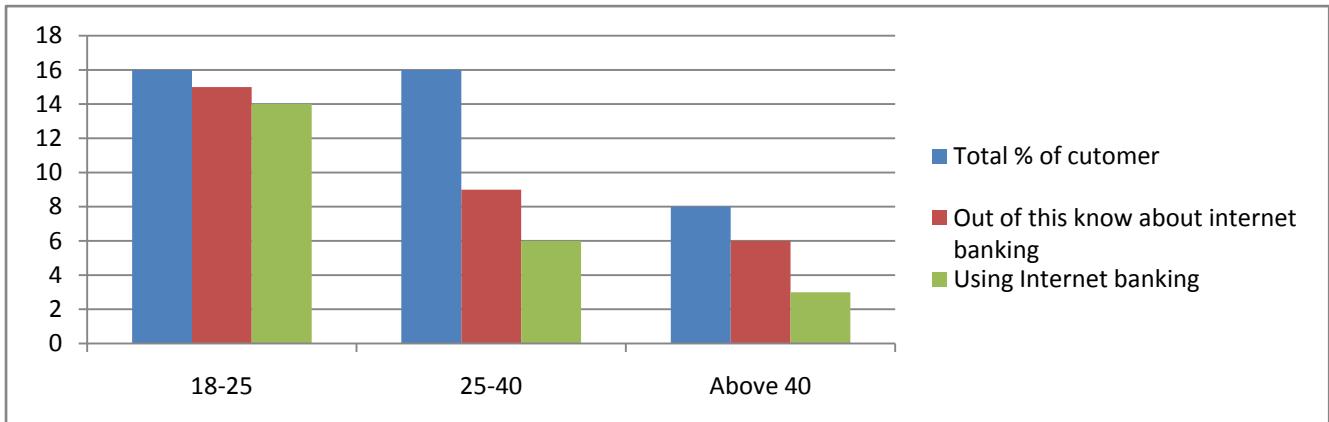


The share of percentage of transaction with Internet Banking within SBI Bank has increased from 16.55% to 18.45% within time period of one year from June 2015 to June 2016 which was increased by 11.48% as compared to last year.

AWARENESS LEVEL AMONG THE SBI CUSTOMER

Table 3 Awareness of internet banking among the SBI customer on the basis of Age Groups and using Internet Banking out of them.

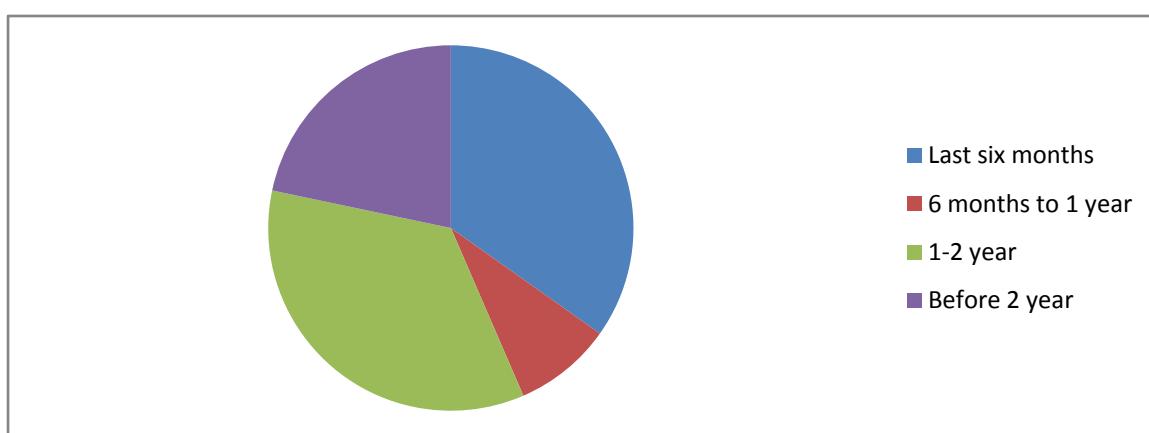
AGE	18-25	25-40	Above 40	Overall
Total No. of customer taken	16	16	8	40
know about internet banking	15	9	6	30
Out of this use internet	14	6	3	23



According to above table professional people and students use internet banking in large. Out of 40 respondent only 23 customer use internet banking services which is only 57.5%. Customer above the age of 40 use internet banking very less. It shows that awareness among the people above the age group of 40 is very less. Out of total 8 only 3 were using Internet banking. This shows that awareness among them is very less. People from the age group of 18-25 know about the internet banking. And almost all the people from this age group uses internet banking services.

Table 4 Time since they were aware and using Internet Banking Services.

Years	Number of customers	Percentage
Last 6 months	8	34.8%
6 months – 1 year	2	8.7%
1-2 year	8	34.8%
More than 2 year	5	21.7%



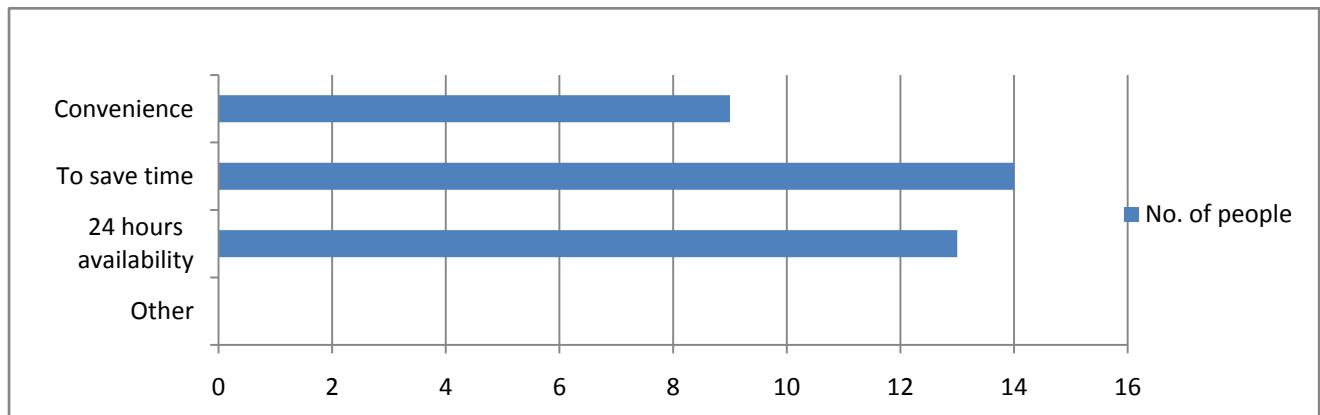
According to this table among respondents 34.8% customer started using internet banking in last 6 months. It can be easily seen that there was a huge growth in the usage of internet banking in last two years.

Reason For Using IB and satisfaction Level

People use different type of technology due to different reasons. Reason for they were using Internet banking was.

Table 5 Reason for using Internet Banking.

	<u>Number of customers</u>	(Percentage)
Convenience	9	(39.1%)
To save time	14	(60.9%)
24 hours availability	13	(56.5%)
Other0		0

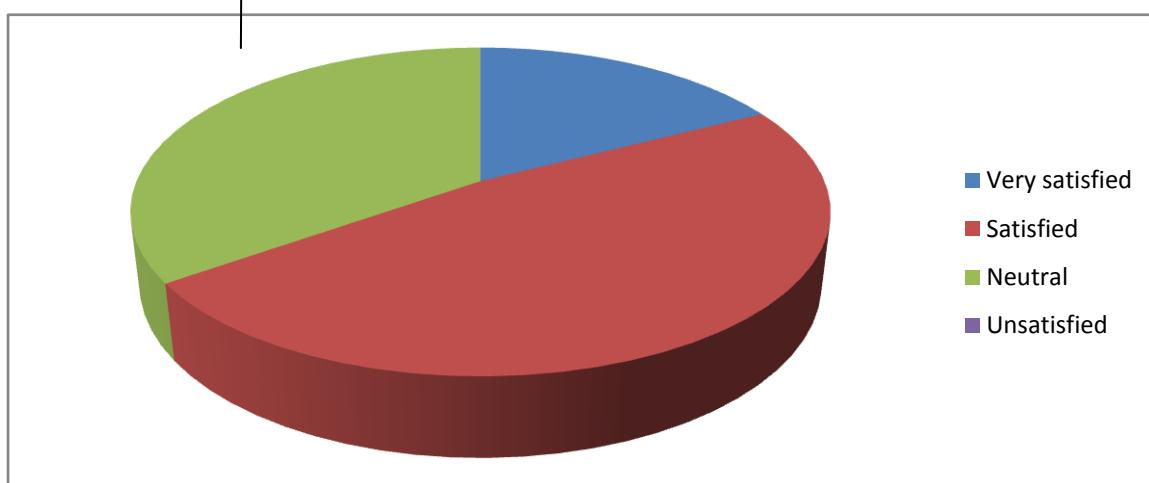


According to this table among all the respondents 60.9% people use internet banking to save their time and 56.5% people use due easily access to their account any time. Only 39.1% use due to convenience. Internet banking make the life of people very, easy anybody an access to its account any time due to 24 hours availability of it. It also save the time of the customer to go bank and stand in a line till there turn come.

To know how much they were satisfied with the internet banking services.

Table 6 Satisfaction level among the customer from the Internet Banking services provided by the SBI Bank.

Very satisfied	4	17.4%
Satisfied	11	47.82%
Neutral	8	34.78%
Unsatisfied	0	0



According to this table among 23 respondents only 47.82% people were satisfied with internet banking. Which means that SBI bank require huge amount of work to satisfied the satisfaction level of the customer. 17.4 are very satisfied. And 34.78% said it neutral. Over all most of the people were satisfied with the internet banking services provided by the SBI Bank. But it can be improved to add more people.

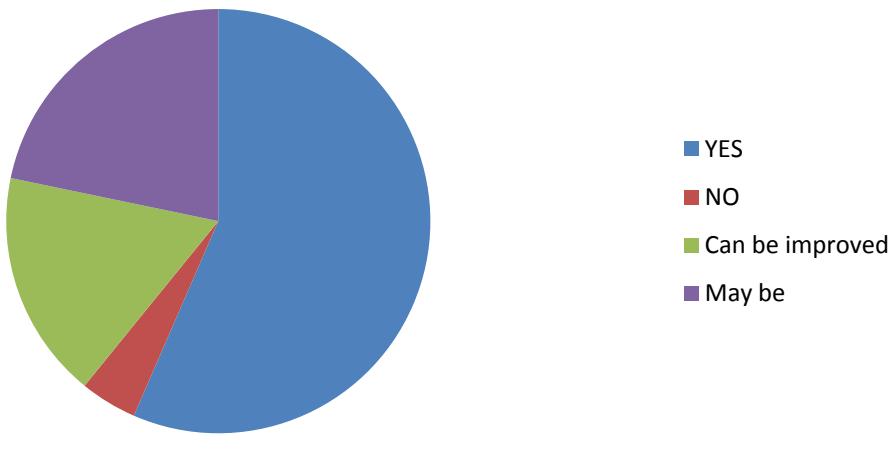
Problems Faced By the Customers

There were many problems through which customers of the SBI bank Internet banking users. They are feared of the fraud happened outside their. The most common problem faced by the customers are:-

Security:*-online banking is generally secure, but it certainly isn't always secure. Identity theft is running rampant, and banks are by no means immune. And once your information is compromised, it can take months or even years to correct the damage, not to mention possibly costing you thousands of dollars, as well.*

Table 7 showing satisfaction level among the people from the security system of SBI.

	Number of customers	Percentage
Yes	13	56.52%
No	1	4.34%
Can be improved	4	17.4%
May be	5	21.74%



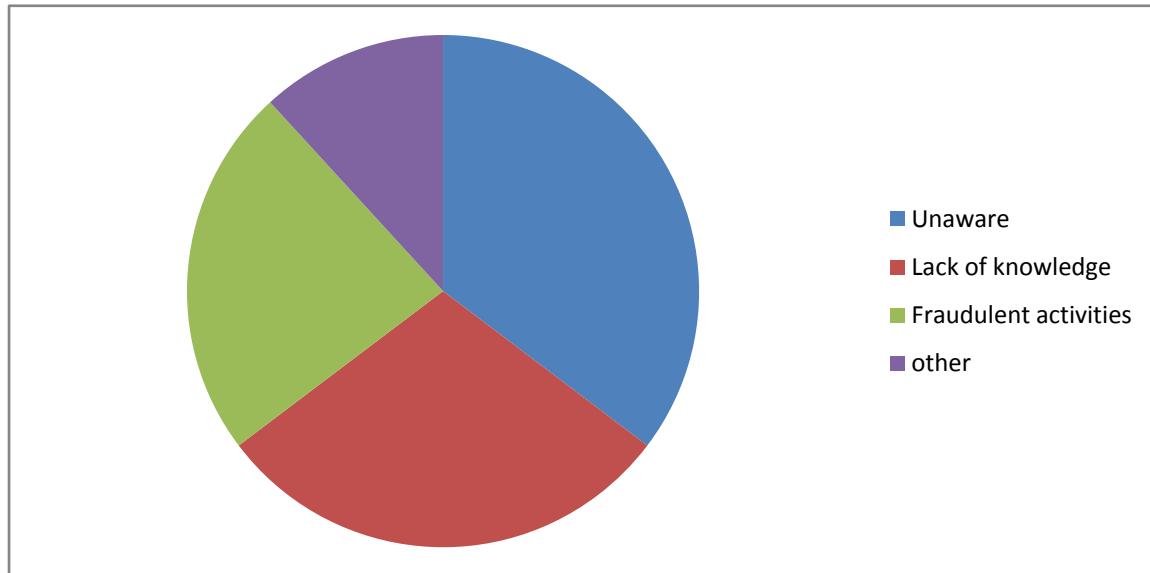
According to this table among respondent its 56.52% of people are satisfied with the security system of SBI internet banking. 17.4% says it can be improved. 4.34% says they are not satisfied with it. 21.74% can't say about it.

Many have fear of fraud, done by the hacker or by the bank employee or the bank itself. They don't have so much knowledge so that they can access. Due to lack of knowledge about technology customers are not able to access their account properly.

Table 8 Fraudulent activities and lack of knowledge

Number of customers		Percentage
Unaware	10	35.3%
Lack of knowledge	9	29.4%
Fraudulent activities	7	23.5%
Other reason	4	11.8%

According to this table among 30 respondents 23.5% feared from the fraudulent activities due to which they are not using Internet banking services. Many don't use due to lack of knowledge, another reason include insecurities etc.



Server Problem:- Customer cannot use it, in case, the bank's server is down. Another issue is that sometimes it becomes difficult to note whether your transaction was successful or not. It may be due to the loss of net connectivity in between, or due to a slow connection, or the bank's server is down.

Recommendations and Suggestions

- Training and awareness among customer:-**

It is recommended that State Bank of India should conduct various training program for the employees, so that they will get aware with the terms of internet banking. After such program they can create awareness amongst the consumers.

- Build an optimal operating model by understanding which activities to retain collaborate and outsource:-**

There should be clear sight of operations which needs to outsource to other companies, this will lead to ease in work for employees. Outsourcing operations like, cyber security department, building IT structure on internet.

- More stress should be given on security concern on internet:-**

There are some people who are into unethical practices of hacking of accounts of customers. This is nothing but the breach in the security of the SBI on internet. There should be some measures in order to prevent such practices. IT structure should be unbreakable.



• To less down the time for window open:-

The time which is given to enter ID on the open window should be come down. So that there would be no hacking practices of accounts of customer.

• To low the service charge on transactions:-

At present there was large amount of service charge was charged on transactions. It should be reduced so that more number of transactions can be done with the help of internet banking.

Conclusion:-

Studying the project we came to know that Internet banking is clearly the way forward for the State Bank of India. It provides comfort to customers at the same time it provides cost cutting to SBI by eliminating physical documentation. Internet banking saves time of bank as well as those of customers.

Study states that internet banking provides greater reach to customers. Feedback can be obtained easily as internet is virtual in nature. Customer loyalty can be gain. Personal attention can be given by bank to customer also quality service can be served.

Bank should know that No system is perfect, however a system of such a type will need to be very secure. This is a system which holds account details and customers wealth. If such a system was not trusted and not reliable, then SBI would face serious laws and would lose business.

We came to know various strengths of SBI such as quality customer service, greater reach, customer loyalty, easy access to information, 24 hours access, easy online applications etc. SBI should put efforts to multiply the number of strengths.

In terms of weakness I come to know some of the major weaknesses they are lack of awareness of internet banking among the customers, obsolesce of technology related to security, complicated procedures of availing internet banking facilities, lack of knowledge among the employees of SBI. SBI should concentrate on the weaknesses and reduce them to zero.

Various challenges which are in front of SBI, like sameness in IT infrastructure within various banks, need of various vendor supports for complex technology, maintaining secured IT infrastructure, alternative mechanism in case of failure of present security system.

The company can take the advantage of the reputation it has created in the market for itself and become more competitive.

The recommendations and suggestions given, if adopted will improve the position of the company substantially and optimal profitability coupled with better service and satisfactions for investors may be achieved.



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