

# ASSESSING THE POPULARITY OF VIRTUAL BANKING IN SOUTH BANGALORE

Dr. Veena Angadi  
Research Guide,  
Reva University, Bangalore.

Gattamraju Sreelatha  
Research Scholar,  
Reva University, Bangalore.

Dr. K.S. Gopala Krishana  
Co-Guide,  
B.E.S. Evening College,  
Bangalore.

## Abstract

*E-Banking is electronic banking. It is one of the forms of E-Business which is applicable in banking industry. Other names for E-Banking is "Virtual Banking" or "Online Banking" or "Net Banking". It is the direct result of the growing effect of technology on the working of banks. It meets the expectations of bank's customers in terms of service. E-Banking uses information technology extensively in the bank's functioning. The banking services are delivered directly to the customers through automated systems. This system provides direct interface to the banker with the customers under the concepts branchless banking or anywhere anytime banking.*

**Keywords:** *E-Banking, Net Banking and Mobile Banking.*

## INTRODUCTION

Banks play a pivotal role in the development of Indian economy. They take up the responsibility of mobilising small savings from across the country and see to it that it results in capital formation and such huge financial resource will go to manufacturing and commercial activities of priority sectors. Banks also play a major role in credit creation. Commercial banks, mutual funds, insurance companies, NBFCs, pension funds, payment banks and cooperative societies form financial sector of our country. Rapid expansion is taking place in the diversified financial sector of India. The financial sector of India is dominated by commercial banks with 64 per cent of total assets of the total financial sector.

## PURPOSE OF THE STUDY

The information age has reduced the entire world to global village. Due to E-Commerce, the business world has overcome the barriers of time zones, economic zones and geographical zones. Business is conducted 365 days, 24/7. The ultimate settlement of the business transaction is payment of monetary value for which the consideration is received. Therefore, when business is being conducted through digital platform, money transfer also is been done through computer networks. Banking sector plays a major role in financial circles. Financial investment in various sectors is very much required for the economic development of a country. The policymakers at the helm give much importance to the public sector banks in mobilising small saving from the general public.

## OBJECTIVES OF THE STUDY

1. To compare the levels of customer satisfaction in E-Banking users in the selected banks in South Bangalore city of Karnataka state.
2. To study the popularity of various E-Banking services offered by selected banks in the South city of Bangalore.

**Limitations of the Study:** Sample unit is 1000 respondents. Therefore, the results cannot be generalised.

**Scope of the Study:** Survey is restricted to South Bangalore city of Karnataka State to 1000 respondents of Kotak Mahindra and State Bank of India.

## REVIEW OF THE LITERATURE

In 2008 P.K. Gupta, Jamia Milia Islamia in his article *Internet Banking in India – Consumer Concerns and Banking Strategies* attempted to throw light on consumer behaviour pertaining to internet banking. There were also suggestions given to banks in adopting the measures to maximise the service quality to the customers. The article suggests private sector banks are leading the race in awareness of internet banking followed by foreign banks last in the race is public sector banks. Various demographic factors like trust, income, speed, safety, ease of transactions and accuracy are analysed with respect to customers of private sector and foreign banks of selected cities were analysed to draw conclusions.

**Research Gap:** The research work discussed in the review literature focuses on the individual aspects of the E-Banking phenomenon. The researcher identifies a gap that no research is conducted on the comprehensive study of the concept of E-Banking and its components.

**Research Methodology:** Research methodology is the course of action that is taken by the researcher to find the solution for research problem. It gives a clear-cut action plan for qualitative research. It is a path finder. The basic contents being the same the methodology differs from issue to issue.

**Sources of Data:** A well designed structured questionnaire was used to collect the primary data from the respondents. A preliminary questionnaire was used to carry out the pilot study. After the sample survey, many discussions were held with fellow research scholar and guide. Later, a final questionnaire was designed as per the outcome of discussions.

**Sample Size:** 1000 respondents of Kotak Mahindra Bank and State Bank of India.

**Sample Unit:** All the customers of Kotak Mahindra Bank and State Bank of India of South Bangalore city using E-Banking services forms the target population for the research.

**Geographical Area:** South Bangalore city of Karnataka State.

**Sampling techniques:** Survey Method with the help of questionnaire.

## Hypothesis

H0: There is no significant preference by the customer for E-Banking services of Kotak Mahindra Bank and State Bank of India.

H01: There is no positive association between customer satisfaction and E-Banking.

Methods of Analysis

Banker versus Awareness of E-Banking			Awareness of E-Banking		Total
			Yes	No	
SBI	Count	486	84	570	
	% within Banker	85.3%	14.7%	100.0%	
KM	Count	360	70	430	
	% within Banker	83.7%	16.3%	100.0%	
Total	Count	846	154	1000	
	% within Banker	84.6%	15.4%	100.0%	

The above table reflects that E-Banking in the South Bangalore city of Karnataka state is becoming popular across the selected banks, here it is referred to SBI and KM.

Banker versus Preferred Mode of Operation			Preferred Mode of Operation			Total
			Conventional Mode	Electronic Mode	Both	
SBI	Count	41	33	496	570	
	% within Banker	7.2%	5.8%	87.0%	100.0%	
KM	Count	24	21	385	430	
	% within Banker	5.6%	4.9%	89.5%	100.0%	
Total	Count	65	54	881	1000	
	% within Banker	6.5%	5.4%	88.1%	100.0%	

The table shows that nearly 90 per cent of the respondents are using one or the other forms of electronic banking. Less than 7 per cent of the respondents prefer to use pure conventional way or electronic way. Customers are comfortable with both conventional banking and electronic banking.

Banker vs. Preferred Mode of Operating E-Bank

Banker versus Preferred Mode of Operation			Mode of Operating E-Bank				Total
			NB	MB	Other EB	Not Applicable	
SBI	Count	37	86	363	84	570	
	% within Banker	6.5%	15.1%	63.6%	14.7%	100.0%	
KM	Count	10	36	314	70	430	
	% within Banker	2.3%	8.4%	73.0%	16.3%	100.0%	
Total	Count	47	122	677	154	1000	
	% within Banker	4.7%	12.2%	67.7%	15.4%	100%	

Other E-Banking methods like use of ATMs, physical purchasing using plastic money, EFTs, using RTGS and NEFTs are more popular with customers than pure mobile banking and net banking. Nearly 67 per cent respondents are with other electronic banking method, mobile banking (15 per cent) and (7 per cent) in case of net banking for SBI. For Kotak Mahindra Bank, other E-Banking is 73 per cent, Mobile Banking is 9 per cent and net banking is 2 per cent. Overall frequency is 68 per cent for other E-Methods, 12 per cent for mobile banking and 5 per cent for net banking.

## FINDINGS

- Among the respondents of South Bangalore city of Karnataka state, near to 70 per cent of the selected customers state that they are using one or the other forms of electronic banking.
- Out of 1000 randomly selected respondents of South Bangalore city of Karnataka state, less than 20 per cent are not aware of the concept of virtual banking.
- The rest, i.e., 80 per cent of the customers prefer both conventional and electronic way of operating their accounts.
- The trends of more or less equal with both the selected bank but there is slight edge of preference for SBI. It can be attributed to popularity of the bank.

## SUGGESTIONS

Virtual banking is slowly gaining the acceptance among the customers in today's information world. Therefore, banks are left with no option than to invite the latest technology into their operations to retain customers *vis-à-vis* adhering to the RBI guidelines.

## CONCLUSION

Globalisation has given an impetus to virtual banking. Irrespective of the various demographic features of the respondents, they are accepting virtual banking as a way life for numerous advantages. It is a great challenge to all banks to be technologically vibrant which adds one more dimension to complex functioning of banks. The fact that, to satisfy the customer to the core and to retain them by giving value added services in the form of latest technology is well established with the selected banks State Bank of India and Kotak Mahindra Bank.

## REFERENCES

1. Author's Stream
2. Google
3. Kothari, Research Methodology
4. Varshaney and Maheshwari, Banking Theory and Practice.
5. RBI Annual Report
6. RBI Monthly Bulletin