



# A COMPARATIVE ANALYSIS BETWEEN PUBLIC AND PRIVATE SECTOR BANKS CONCERNING E-BANKING SERVICES IN THE BALASORE DISTRICT OF ODISHA

**Aumkar Prasad**

*Ph.D. Research Scholar, Department of Business Administration, Berhampur University*

## ABSTRACT

DOI No: 10.36713/epra11166

Article DOI: <https://doi.org/10.36713/epra11166>

*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. In the Indian context, there were two phases of nationalization, the introduction of RRBs, and the entry of private sector banks and foreign banks, and now e-banking is some important and major changes that affect the structure as well as the functioning of the banks over time to time. Based on the Reserve Bank of India Act, 1934, Indian banks are of two categories under two terms, one is the “Schedule Commercial Bank” and the “Non-schedule Commercial Bank”. The banks selected for this study are State Bank of India, representing public sector banks, and HDFC Bank, representing the private sector; as they are the largest banks in their sector, considering their number of branches, customer base, and net worth. The objective of the study is to find consumer satisfaction in respect of e-banking and the perception of employees for using e-banking in Public and Private sector banks in the Balasore district of Odisha. It is found that banks are heavily dependent on message alerts to promote their e-banking products and services; it is felt that they should supplement this with other modes like print media, hoardings, email, etc. to stimulate e-banking usage and create greater awareness.*

## 1. INTRODUCTION

Indian banking is the lifeline of a nation and its people. Banking has helped in developing vital sectors of the economy and to usher in a new dawn of progress on the Indian horizon. The sector has translated the hopes and aspirations of millions of people into reality. Today, Indian banks can confidently compete with modern banks of the world. Bank branches alone are no longer enough to offer services to meet the need of today’s high-demanding customers.

### E-Banking

Electronic or online banking is the latest delivery channel to be presented by the retail banks

and there is a large customer acceptance rate which means delivery of banking services to customers using electronic technology either at their office or at home. E-banking offers huge opportunities in every sphere of business as the competitive advantage, member/client retention, increased revenues, and reduced costs. Understanding clients, organizational elasticity, availability of resources, system security, reputable brand name, multiple integrated channels, e-channel specific marketing, support from top management, and good client services are the vital factors for the success of e-banking. According to (Sahoo & Pati, 2020) it has been found that very few customers are there who are aware of the usage of ICT for availing

banking services. In the E-banking system, banks are increasing their customer base with the help of multiple e-delivery channels like ATMs, Credit/Debit/Smart Cards, Internet banking, Mobile banking, Telebanking, EFTs, etc. E-banking is offered by many banking institutions due to pressures from global competition hence, in case of delay in offering transactions-based services on the internet; they might lose their market share. To be successful, banks have to offer e-banking facilities instead of being pushed into it by others. Customers can do their banking not only when they want to do it but also from the convenience, comfort, confidentiality, and security of their homes by using the internet or other networks, television, telephone/modems.

### Public Sector Banks

The public sector in Indian banking reached its present position in three stages. At the first stage, the then-existing Imperial Bank of India was converted into the State Bank of India in 1955 followed by the establishment of its seven subsidiary banks. Secondly, the nationalization of 14 main commercial banks on July 19, 1969, was completed, and thirdly, 6 more commercial banks were nationalized on April 15, 1980. Bank of India was later on merged with PNB and Global Trust Bank with that of OBC Bank. Now, IDBI Ltd. is included in public sector banks in 2005 hence this sector constitutes 27 banks in all.

### Private Sector Banks

Private Sector Banks are those Banks that are owned by private players. The private sector played a strategic role in the development of joint sector bank reforms in India. In 1951, there were in all 556 private sector banks, of which 474 were non-scheduled and 92 were scheduled. Since then, the number of public sector banks is increasing while those of private sector banks are decreasing.

## 2. REVIEW OF LITERATURE

“Effect of IT-based services on customer satisfaction in the banking industry”: Sachin Mittal and Rajnish Jain (2010), In this research paper, is a literature review of the banking industry and the effect of IT-based services on customer satisfaction. The study highlights customer satisfaction levels among young customers in the banking industry. A survey indicates the gap between customer expectations and perception concerning IT-based banking services. Findings indicated the need to improve IT-based services for enhancing customer satisfaction. “Customer Perspective on E-Business Value: Case Study on Internet Banking”, Safeena, Rehmath (2010), In this research paper, has determined the consumer’s perspective on Internet banking adoption. Though customer acceptance is a key driver in determining the rate of

change in the financial sector. This study aims at examining the impact of perceived usefulness, perceived ease of use, consumer awareness of internet banking, and perceived risk on the acceptance of internet banking by consumers. The result of this study concludes that the majority of customers are accepting online banking because of many favorable factors. The analysis concluded that usefulness, ease of use of the system awareness about online banking, and risks related to it are the main perusing factors to accept online banking systems. These factors have a strong and positive effect on customers to accept online banking systems. “A study of Demographics and customers satisfaction in internet banking”, Kumbhar and Vijay's (2011), This study examined the relationship between the demographics and customers satisfaction in internet banking. It also found the 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 that the overall satisfaction of employees, businessmen, and professionals is higher in internet banking services. Also, it was found that there is a significant difference in the customer's perception of internet banking services provided by the public and private sector banks. “Internet Banking, Consumer adoption, and Customer satisfaction”: Andrew Musllme and Mallnga Ramadhan (2011), Internet banking is where a customer can access his or her bank account via the internet using pc or mobile phone and web browser. Internet banking service is a banking service that allows customers to access and perform financial transactions on their bank accounts from their computers with an internet connection. Internet banking has advantages for banks to maintain competition, save costs, enhance mass customization, marketing and communication activities and maintain and attract consumers. Internet banking helps banks in cost saving, increasing customer base, enabling mass customization for e-business service, extending marketing and communication channel, searching for innovation services, and exploring and developing non-core business. “Banker’s Perspectives on E-Banking”, Sharma, Himani (2011), This research paper is about the banker’s perspectives on the e-banking activities of respondents, the impact of e-banking, and promotional measures used by banks to promote e-banking. The survey data used in this research are collected through a questionnaire in the Northern region of India by administering to 192 bankers. The inquiry reveals that customers generally use e-banking services to the persuasion of bankers. The bankers are convinced that e-banking helps in improving the relationship between bankers and customers and that it would bring patent improvement in the overall performance of banks. “A study on electronic banking and customer

satisfaction”, Bismarck Amiya 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, the inclination to e-banking services improves customers to the bank. The adoption of e-banking is also seen as a new method of expanding the customer base and to also counteracting the aggressive effort made by the traditional banking institution. E-banking allows customers to inquire about information and carry out most banking services such as account balance inquiries, bill payments, and inter-account transfers through the internet. Contemporary studies on e-banking acknowledge that factors that drive customer satisfaction are security design, availability, convenience, and reliability are the most influential factors of e-banking 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.

### 3. OBJECTIVES OF THE STUDY

- i. To study public sector banks v/s private sector banks from the e-banking perspective.
- ii. To assess the customers’ and bank employees’ satisfaction level with the current banking facilities.
- iii. To find the most important factor that is inducing people towards e-banking.
- iv. To understand the benefits of e-banking as compared to traditional banking, in terms of cost, efficiency, time, secrecy, quality of

service, and complaint resolution, from customers’ perspective.

### 4. RESEARCH METHODOLOGY

The word "research" is used to describe several similar and often overlapping activities involving a search for facts. A search is 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 criteria, the first being the convenience during the research, mainly from the same city i.e., Haridwar and second is 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 financial institutes and 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 the other banks. To the best of my knowledge and belief, no research work from this angle has been undertaken by anybody till now.

### 5. DATA ANALYSIS & INTERPRETATIONS

**Table No.1 Demographic Profile of the Respondents of the Bank customer**

S.No.	Demographics	Frequency	Percentage
1.	<b>Gender</b>		
	Male	320	76
	Female	180	24
2.	<b>Age</b>		
	Below 25	60	14
	26 to 35	180	26
	36 to 50	200	32
	51 to 60	10	28
3.	<b>Annual Income</b>		
	Dependents	10	2
	Below 3 lakhs	170	34
	3 to 15 lakhs	230	46
	Above 15 lakhs	90	18

**Sources:** Primary Data

Table No. 1 shows that the distribution is based on gender, out of 76 percent of respondents are belonging to the male category and 24 Percent of respondents are belonging to the female category. Distribution based on Age groups of 14 Percent of

respondents is belonging to Below 25 category, 26 Percent of respondents are belonging to the 26 to 35 category, 32 Percent of respondents are belonging to the 36 to 50 category and 28 Percent of respondents are belonging to the 51 to 60 category.

Distributions based on Annual income, Out of Two respondents are belonging to the Dependents category, 34 respondents are belonging to Below 3 lakhs, 46 respondents are

belonging to the 3 to 15 lakhs category and 18 Percent of respondents are belonging to the Above 15 lakhs category.

**Table No. 2 Distribution of the respondents of customers based on comparison of e-banking with traditional banking in terms of saving time**

S.No.	Factors	State Bank of India			HDFC Bank		
		Responses	Response in Percentage	Response in Cumulative Percentage	Responses	Responses in Percentage	Responses in Cumulative Percentage
1	Poor	60	24	24	30	12	12
2	Fair	70	28	52	82	33	45
3	Good	78	31	83	106	42	87
4	Excellent	42	17	100	32	13	100
Total	250	100	100	250	100	100	

Sources: Primary Data

Table No. 2 shows that the distribution based on a comparison of e-banking with traditional banking in terms of saving time, out of 250 (100 Percent) respondents in SBI, 60(24 Percent) respondents gave their opinion as Poor,70 (28 Percent) respondents gave their opinion as Fair, 78(31 Percent) respondents gave their opinion as Good and 42 (17 Percent) respondents gave their opinion as Excellent. Out of 250 (100 Percent) respondents in HDFC bank, 30 (12 Percent) respondents gave their opinion as Poor, 82(33 Percent) respondents gave their opinion as Fair, 106 (42 Percent) respondents gave their opinion as Good

and Finally, 32 (13 Percent) respondents gave their opinion as Excellent. In a comparison of e-banking with traditional banking, the term of saving time in SBI 24 percent of respondents feel that poor services on e-banking services at the same time only 12 percent of respondents felt that poor e-banking services provided by HDFC Bank in the study area. In the case of excellence of services provided by SBI 17 percent are represented and 13 percent of respondents of HDFC banks are presented same views.

**Table No. 3 Distribution of the respondents of customers on the basis most significant contribution of e-Banking**

Serial No.	Most significant contribution	State Bank of India and HDFC Bank		
		Response	Response in percentage	Response in Cumulative Percentage
1	Time-saving	110	22	22
2	Efficient	90	18	40
3	Convenient	270	54	94
4	Secure	30	6	100

Source: Primary Data

**Table -3: ANOVA Test**

Test	df	Table Value	Calculated Value	Hypothesis
ANOVA	1	0.0329	5.9873	Accepted

Source: Author’s Calculation

Table No.3 shows that the basis most significant contribution of e-banking, out of 500 (100 Percent), and 270 (54 Percent) respondents gave their acceptance of the service as convenient, 110 (22Percent) respondents gave their feel in the service on time-saving, 90 (18 Percent) respondents took in the service on efficient view, Only 30 (six percent) respondents gave their think on the service on

security. The response in cumulative percentage of respondents are presented only 22 in Time-saving, on the efficient cumulative percentage of 40, on convenient stage cumulative percentage of 94 and 100 percent of the cumulative value of secure.

## 6. FINDINGS

- More people have an account with private banks.
- The number of problems 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 with 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.
- The 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% of respondents favored private banks providing better services than nationalized banks while 10% of respondents are not agreeing with it.
- 40% of respondents said that bank employees never pay any attention to them and 10% of respondents said that bank executives do not solve their problems. The remaining 50% of respondents give a positive reaction to the favors of the bank. 30% of respondents favored that bank executives solve their problems and 20% of respondents said bank executives receive them with a smile. Therefore, there is a mixed response.
- From the above study, it is clear that the banks do not organize any customer meets. All 100% of 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% of respondents said that their bank updates them from time to time about the latest facilities and the remaining 40% said that their bank does not update them.

## 7. CONCLUSION

The present research is based on empirical data collected through the customers' and bank employees' surveys regarding the market situation of e-banking products and services provided by public and private sector banks in the Balasore District. It is an effort to examine the relationship between the demographics and customers satisfaction in e-banking, the relationship between the bank's customer service quality and customers' satisfaction, and promotional measures banks are adopting or should adopt to make it more effective, as well as

comparison of the quality of e-banking service between public and private sector banks. It is seen that banks are heavily dependent on message alerts to promote their e-banking products and services; it is felt that they should supplement this with other modes like print media, hoardings, email, etc. to stimulate e-banking usage and create greater awareness. There is a need for bankers to guide and train their customers; additionally, they can also resort to video presentations at bank branches. There should be seminars/workshops/talks on the healthy usage of e-banking, especially for those who are ATM or computer illiterates. Given the increased competition and pressures to cut expenses, banks need to attract and retain their customers by creating, maintaining, and highlighting attractive features of e-banking.

## 8. REFERENCES

1. Anita Singh and Timira Shukla (2016), *E-Banking: A Study of Employees' Views on Its Efficacy*, International Conference on Management and Information Systems, September, pp 23-24.
2. Barua, A., Baily, C. Kriebel, and T. Mukhopadhyay (1991). *Information Technology and Business Value: An Analytical and Empirical Investigation*, the University of Texas at Austin Working Paper, Austin, TX, May.
3. C. S. Ramanigopal, G. Palaniappan, N. Hemalatha and A. Mani, *Customer Perception towards internet banking services with special reference to erode district*, Asian Journal of Business and Economics Volume 1, No.1.4 Quarter IV.
4. Dr. K. Alagarsamy and S. Wilson (2013), *A Study on Customer Behavior towards Banking Services with special reference to Public Sector Banks in Sivagangai District*, Asia Pacific Journal of Marketing & Management Review Vol.2 (2), February, P 183.
5. Doddaraju, M.E. (2013), *A Study on Customer Satisfaction towards Public and Private Sector Banking Services [with Special Reference to Anantapur District of Andra Pradesh]*, Global Journal of Management and Business Studies. Volume 3, Number 3, pp. 287-294.
6. Dodda Raju, M.E and Dr.T.Narayana Reddy (2014), "Customer Perception Study-Towards E-Banking Services Of Public and Private Sector Banks - With Special Reference to Chittoor District of Andra Pradesh" IFSMRC AIJRM Volume-02 Issue-03.
7. Dr. Pinki Insan and Sapna Kumari (2015), *Customers Perception towards Internet Banking: A Study Of Sirsa City*, IOSR Journal of Business and Management (IOSR-JBM) PP 52-59.
8. Fozia (2013), *A Comparative Study of Customer Perception toward E-banking Services Provided by Selected Private & Public Sector Bank in India*, International Journal of Scientific and Research Publications, Volume 3, Issue 9, September.
9. Habbar, R. (2004). *Building Trust in E-Banking*, Vinimaya, Vol. XXIV, No.3, (January- March), pp.14-23.
10. Kamakodi, N. (2007). *Customer Preferences on e-Banking Services- Understanding through a Sample*

*Survey of Customers of Present Day Banks in India, Contributors, Vol. IV, Banknet Publications, (Oct.), pp.30-43.*

11. Raghavendra B and Sravan Kumar P (2016), *Customers Satisfaction towards Internet Banking Services (A Study Focused on Public Sector Banks in Rayalaseema Region), International Journal of Management and Commerce Innovations, Vol. 4, Issue 1, pp: 491-498.*
12. Ramya T J, Dr. PSV Balaji Rao (2016), *A Study on Customer Satisfaction towards Private Banks with special reference to Mysuru City, International Journal in Management and Social Science Vol.04 Issue-02, P 484.*
13. Sahoo, A. P., & Pati, G. (2020). *A Study on Individuals Behavior towards E-Banking and M-Banking in Bhubaneswar City. A Global Journal of Social Sciences, 3, 35-38.*
14. Shastri, R.V. (2003). *Recent Trends in Banking Industry: IT Emergence, Analyst, (March), pp. 45-46.*
15. Uppal, R.K. & Kaur, R. (2007). *Indian Banking Moving Towards IT, Journal of Commerce and Trade, Vol. 2, No. 1 (April), pp. 26-32*