

# **A Study of Performance of Online Banking In Comparison With Traditional Banking and Its Impact on Traditional Banking.**

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## **Abstract:**

This project is aimed at understanding the concept of online banking and traditional banking. In traditional banking system, a customer can open any bank account in banks, take the facility of saving his money by depositing money in local bank. He can withdraw his money through check, counter payment and through bank draft. He can meet the bank manager and ask his problem. He can take the physical help for getting loan from bank.

Online Banking means Internet banking or modern banking or online banking. In this method, customer gets his bank account ID and password and he can check his account, pay his bill and print his receipt through his home personal computer which is connected with Internet. E-banking is development of today banking system. In other words, e-banking is electronic banking whose facility, you can take through your regular broadband Internet connect.

This Current study deals with the Performance Of Online Banking In Comparison With Traditional Banking And Its Impact On Traditional Banking in Pune City.

## **Introduction of Topic:**

E-banking is very popular terms in this global world. Now generally all banks provide e-banking services in every city. There is no any geographical limitation for e-banking services. But the utility of the e-banking is dependent on the awareness of e-banking services, and information about the e-banking services. Pune is the urban area where many people know e-banking services and they are also using e-banking services and some people aware about e-banking

services but they avoid for using e-banking services. Generally students have theoretical knowledge of e-banking and different services in e-banking. But all students used this knowledge in practical way and so to find out proper findings that whether students really using e-banking or not this research is necessary. It is the research on awareness of e-banking services in graduate students.

### **Different E-Banking Services Provided in Banks**

#### **➤ ATM**

ATM is a very popular service in this world. The Automated Teller Machine is an effective delivery channel, which play a vital role in consumer satisfaction and cost control of transaction of banks. ATM are emerging as the most useful tool to ensure “Any time Banking” or Any Time Money. ATM card is magnetic stripe card which operate with particular PIN Number. ATM card is Used for balance enquiry, Cash withdrawal Fast cash Updating of cash book, utility bill payments etc.

#### **➤ NEFT/RTGS**

NEFT means national electronic fund transfer system and RTGS means Real Time Gross Settlement System which enables an effective service, economical and reliable system of transfer of funds from bank to bank as well as from remitter’s account in a particular bank to beneficiary’s account in another bank across the country. IT is useful to customers to transfer funds from one bank branch to another branch and also another bank

#### **➤ Internet Banking**

Internet banking is a retail banking which enables customers to operate his account from anywhere and anytime. Internet Banking provide Fund Transfer, Credit PPF Account, Request Issue D.D., Request For loan, utility bill payments , Online bill payments, Online ticket booking, Online share trading, credit card payment, LIC premium payments, Online donation etc

#### **➤ Mobile Banking**

Mobile banking services is provided by banks on request of customers. This service is provided with secure ID and password to customers mobile banking offer Fund transfer, immediate payments service, cheque book request, bill payments, mobile and DTH recharge, M Commerce transactions etc.

#### **➤ SMS Banking**

This service is provided with the help of mobile phone of the customers. It offers balance enquiry, last three transactions statements, cheque status, Alert for password generations etc.

➤ **Telephone Banking**

Bank provides this service with the help of telephone to customer's services is provided with secure ID and TPIN number. Telephone banking provides balance enquiry, last three transaction statements, cheque status enquiry, change of TPIN etc service.

➤ **Cards Facility**

Banks provide different debit cards and credit cards facility. With the use of these cards customer can purchase, can make e-commerce transaction, and also can pay bills etc.

**Literature Review:**

Researcher has gone through various blogs, Newspaper articles, experts' opinion and various Research papers. Researcher has found both positive & negative approach towards the usage of Mobile and Internet Banking.

1. An Book naming "40 Money Management Tips Every College Student Should Know" published in National Endowment for Financial Education. The author has studied Various techniques to maintain the fund balance and how to manage the funds are said. It was published in the year 2010.
2. A Paper Published in Journal of Behavioral Studies in Business naming "Student budgeting and spending behaviors: a comparative study" written by Matthew Stollak - St. Norbert College , Amy Vandenberg - St. Norbert College , Kevin Steiner - Marquette University , Jessica Richards - St. Norbert College.
3. A Paper Published on FINANCIAL MANAGEMENT PRACTICES OF COLLEGE STUDENTS by Kayla Allen, Southeastern Louisiana University , Victoria Kinchen - Southeastern Louisiana University in GLOBAL JOURNAL OF BUSINESS RESEARCH ♦ Volume 3 ♦ Number 1 ♦ 2009.
4. A Article written on <http://www.investopedia.com/financial-edge/0712/money-management-for-college-students.aspx> By Amanda C. Haury | July 18, 2012 — 2:00 AM EDT on "Money Management For College Students"
5. An Article naming "College Students are Put to the Test: The Attitudes, Behaviors and Knowledge Levels of Financial Education" authored and published in Inceptia.org , 888.529 .2028. [twitter.com/@inceptia](https://twitter.com/inceptia).

**Objectives of the Study:**

1. To study awareness about e-banking in college students.
2. To know whether students using e-banking services provided by the banks.
3. College students believe in e-banking services.

### **Scope of the Study:**

**Functional scope:** Research is related with e-banking services only, i.e. it considers only awareness of e-banking services in students.

**Geographical Scope:** This research is related with students in Pune City.

### **Research Methodology**

It is a social research and Research based on primary and secondary data for the proper finding and analysis. Primary data is collected with the help of the questionnaire and interview of the students aim different colleges in Pune city in Maharashtra. Secondary Data is collected from news papers, periodicals, books, journals and website.

### **Research Questionnaire Questions:-**

It is the study about awareness of e-banking services in college students and so generally question is based on e-banking services, it means regarding ATM, Internet banking, credit cards etc.

### **Sample Selection:-**

Researcher had used the questionnaire and distributed it in the Pune city in different colleges for respondents. 45 questionnaires were distributed.

### **Methods of Analysis and Statistical Tools:**

The information collected through the questionnaires and other sources is analyzed with the help of SPSS software and Microsoft Excel Sheets. The statistical tools like tabulation, average and percentage are used for analyzing the data.

### **Limitations of the Study:**

1. The study is limited to Colleges or Institutes in Pune city.
2. The study considers the Project preparation as one of aspect for academic preparation.
3. Mobile & Internet Banking as one of factor of effect have been taken for study.

### **Collection and Analysis of Data**

This chapter deals with the presentation of data, its analysis using various statistical tools and the interpretation of the data. The tools for analysis of data that are used are Graph, Pie Charts, Bar Diagram, Histograms and SPSS Software for Hypothesis testing. The few analysis of data is as furnished below :

#### **FINDINGS:**

1. The internet banking is important for bank customers.
2. The bank customers consider “Like to use new technologies”, “Internet Banking has made banking easy” and “Use Internet Banking for better rate offers and charges only”.
3. Traditional banking is time consumed process
4. Internet banking Is Convenient & Easy to use.

#### **Suggestion**

1. Even though the E-banking provides innumerable facilities to the users’ still the customer worry about the Security system offered by the banks. For this banks must implements the followings.
  - Bank should install system supported by software and firewalls. It should be configured the highest security setting with the level protection according to the customer’s needs.
  - Bank should increase their ability to control and manage the various risk inherent to the e-transaction activities.
  - Bank should implement more security to minimize the risk and increase customer
  - Authentication such as Personal Identification Number, Digital Signature, audit trail for transaction, etc.
2. The major problems faced by the employees of the bank are connectivity problems and power failure problem. To overcome these problems the branches should set up a preventive measure.
3. Banks can have a tie-up with other banks so that the customers can transact between accounts of various types of banks.
4. If any complaint is received by the banks it must be redressed immediately. Similarly the Bank staff must clear doubts of the customers in vernacular language.

**Conclusion :**

Banking system in India emphasizes the need for automated banking. Internet Banking allows the customers to satisfy many needs with minimum human intervention. Due to the unhealthy competition in the banking field the banker must cut their expenses and attract as well as retain the customers by offering internet banking services. Internet banking is a unique weapon for survival of banks and retains the customers' loyalty. But the security under internet banking is always questionable one. If the bank creates trust about the securities system among the customers it easily accomplishes its milestone.

**Bibliography:**

Names of all reference books, magazines, journals are mentioned here. Research paper that have been referred are also mentioned along with the names of authors, date and year of publications and publishers. The list of Management Institute is also duly attached.

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