CHAPTER III

INTERNET BANKING – AN OVERVIEW

3.1 INTRODUCTION

Internet and WWW in the developing countries has greatly changed the business environments of today’s world. In the developing countries consumers are now focusing into other substitute’s channels like electronic commerce for shopping which are offering them more and more choices of products and services in order to help in cost savings and its ease. Rapid growth of online shopping stuff and changing fashion of consumer behavior is attracting more and more companies to join the bandwagon. Information and communication technology is helping to reduce the transaction cost of the business firms by providing cards and business services. Electronic banking would help financial institutions to lower cost which is very crucial for the long term survival of the banks (Burnham, 1996). Financial institutions are now
focusing on new delivery channels include virtual public and private networks, dial up connections, personal computers and ATMs. The websites of financial institutions play a vital role in electronic banking and it should deliver sufficient information to customer. According to Chaffey et al. (2006), the only way for the customer interaction is to provide an interactive website. Mols(1998) stated that electronic banking provides a reduced amount of time as compared with traditional banking but in order to get benefits from these services, readiness of consumers to aim and accept new technologies must be issue because consumers demands much more from financial institutions. It’s very difficult for the financial institutions to struggle except the customers are agreed upon certain services which are only possible with high-tech arrangements.

E-banking electronic banking is the waves of the future. It provides enormous in terms of case and cost of transactions, either through internet telephone or other electronic delivery channels. E-banking is considered to be segment of e-business to the extent that banks are involved in the conduct of business transactions via electronics media.

Growth of Electronic banking in a country depends on many factors, such as success of internet access, new online banking features, household growth of internet usage, legal and regulatory framework. E-banking can offer speedier, quicker and dependable services to the customers for which they may be relatively satisfied than that of manual system of banking. E-banking system not only generates latest viable
return, it can get its better dealings with customers. The rationale of this research is to recognize the impact of variables of e-banking on customer pleasure in Bangladesh. Ali and Akter (2010) argued that a transitional period in the banking sector of Bangladesh has been passing through since shifting from the traditional banking system to the online banking system. These comments indicate that gradually electronic banking is gaining its importance in Bangladesh. Customers' liking is necessary for the banking sector to elevate profitability, business expansion and accomplishment. Now-a-days banking sector is modernizing and expanding its hand in different financial events every day. At the same time the banking process is becoming faster and easier. In order to survive in the competitive field of the banking sector commercial banks are looking for better service opportunities to provide their customer. The paper has been undertaken mainly to find out whether e-banking can satisfy the customers or not.

Internet banking is used widely by masses, and has numerous benefits to offer. Nowadays, all banks provide online banking facility to their customers as an added advantage. Gone are the days, when one had to transact with a bank which was only in his local limits. Online banking has opened the doors for all customers, to operate beyond boundaries. Nowadays, people are so busy in their work lives, that they don't even have time to go to the bank for conducting their banking transactions. Internet banking enables people to carry out most of their banking transactions using a safe website, which is operated by their respective banks. It provides many features and functions to their customers, and enables them to view their account balance, transfer
money from their account to another account (be it in their respective bank or any other bank), view their accounts summary, etc.

In this procedure, many financial transactions can be carried out by simply utilizing a computer with an Internet connection. The necessary things that a person needs for using online banking are, an active bank account with balance in it for transactions, debit or a credit card number, customer's user ID, bank account number, the Internet banking PIN number, and a PC with access to the web. People using Internet banking are certainly benefited by the online services their respective banks are providing them with. The primary reason why it is so famous and mostly used is that, customers are allowed to bank at non-working hours.

Banks create their banking interfaces and websites in a viewable and user-friendly manner, which enable customers to conduct their financial transactions with ease. If they are stuck in any process while performing their online transactions, banks have another helpful facility that is 'phone banking', wherein customers can call the bank's toll-free number and get assistance in completing their transactions. Electronic bill payment, viewing and downloading financial records, and money transfers are some of the general transactions which the customers generally carry out. All online banking services provided by some banks, are free of cost.¹

When a customer views the bank's website, there are many options available, but to execute those transactions, he would obligatorily need to log into his virtual
account. Without logging in, he won't be allowed to carry out any kind of the transactions. Initially, when he opens an account with the bank, the bank gives a welcome kit which contains important documents that include the check book; a document on which the customer's user ID, online banking password, phone banking password, and account number is embedded. The kit also contains some other confidential data, the credit or debit card, and the card details. The website will prompt the user to enter the necessary details like the Internet banking password and account number, and then will display his account information. In this stage, he can carry out all functions that are available on the website.

With regards to the password authentication and encryption, high security is maintained, as there is a chance of hackers getting unauthorized access to the customer's account and performing malpractices. However, banks keep their online security systems up-to-date to prevent such scenarios. Moreover, banks also suggest their customers to keep on changing passwords periodically. They also implement some security measures like using unique login IDs, transaction codes, using two passwords, security tokens which generate automatically changing passwords, etc.

The Internet banking facilities provided by banks differ from bank to bank, and country to country. To know all online banking services and processes, one has to thoroughly refer to the guides which were made available in the welcome kit. Moreover, proper care has to be taken regarding the confidential documents as, Internet banking frauds are on an increase.
The emergence of Internet banking had made many banks rethink their information technology (IT) strategies in competitive markets. It is suggested that the banks that fail to respond to the emergence of Internet banking in the market are likely to lose customers and that the cost of offering Internet banking services is less than the cost of keeping branch banking.

Evolution in human culture has been consummated by the development of new technologies. Due to increase in technology usage the banking sector’s performance increases day by day. Online banking is becoming the indispensable part of modern day banking services. A financial institution has a lot of customers around the country; therefore they need their bank online so that they can easily access it from anywhere.

Internet banking allows customers to perform a wide range of banking transactions electronically via the bank’s web site. When first introduced, Internet banking was used mainly as an information presentation medium in which banks marketed their products and services on their web sites. With the development of asynchronous technologies and secured electronic transaction technologies, however, more banks have come forward to use Internet banking both as a transactional as well as an informational medium. As a result, registered Internet banking users can now perform common banking transactions such as writing checks, paying bills, transferring funds, printing statements and inquiring about account balances. Internet banking has evolved into a “one stop service and information unit” that promises great benefits to both banks and consumers. The market for Internet banking is forecast to
grow sharply in the next few years, affecting the competitive advantage enjoyed by traditional branch banks.

In 1995, online banking was introduced to the public. This form of banking enables access to financial information via the Internet using personal computers, hand-held devices, kiosks, Web TVs, and cellular phones. Customers now have greater access to information, the ability to receive helpful updates and advice while reaping the benefits of convenience (Business Communications, 2000). Although e-commerce is a buzz word in today’s global economy but it is still in its infancy stages in the financial sector especially in banks in developing countries like Malaysia, Turkey, Nigeria, Pakistan and other SAARC nations.

Online banking provides considerable benefits to consumers, including easy 24*7 access to bank accounts anywhere anytime, easy management of funds and availability of banking services, but banks are facing pressure from within the banking sector and especially from the non-banking financial services sector, banks are moving towards multi-channel banking services, providing innovative products, and offering wider choices with lower costs to customers. Hagel and Hewlin 1997, say that Internet banking (IB) is very attractive to banks and to consumers who now have higher acceptance of new technology and increasingly understand more complex products. Banks also use their strong brand name, large customer bases, and high market share of certain financial products to keep existing customers and win new ones.
Internet banking is the term used for new age banking system. Internet banking is also called as online banking and it is an outgrowth of PC banking. Internet banking uses the internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages and purchasing financial instruments and certificates of deposits (Haque et al, 2009). Internet banking is a result of explored possibility to use internet application in one of the various domains of commerce. It is difficult to infer whether the internet tool has been applied for convenience of bankers or for the customers’ convenience. But ultimately it contributes in increasing the efficiency of the banking operation as well providing more convenience to customers. Without even interacting with the bankers, customers transact from one corner of the country to another corner.

**Internet banking** can be defined as a facility provided by banking and financial institutions that enable the user to execute bank related transactions through Internet. The biggest advantage of Internet banking is that people can expend the services sitting at home, to transact business. Due to which, the account holder does not have to personally visit the bank. With the help of Internet banking many transactions can be executed by the account holder. When small transactions like balance inquiry, record of recent transaction, etc. are to be processed, the Internet banking facility proves to be very handy. The concept of Internet banking has thus become a revolution in the field of banking and finance.
E-Banking or Electronic Banking is an externalisation of front-office processes and bank services toward clients using information technologies. E-Banking is a virtual front office (counter) with no human actors on the Bank side participating in the interaction. Using standard web browser, client can be in contact with his bank from everywhere. This makes access to E-Banking channel, like any other E-Commerce, universal. E-banking in contrast to the traditional banking brings the service with a new quality and features. The banker is replaced by the piece of software. This way of interaction with clients is usually mixed with the traditional Banking using the physical counter (represents only one of the existing distribution channels for a bank). But there are also cases when the bank does not have any physical counter at all and only virtual ones. All customers' interactions are done through a website supported by a telephone hot line. This is the case of Swissquote – a Swiss purely electronic bank [12].

E-Banking depends completely on the IT solution. This dependence can be compared to the reliance of the traditional banking on the physical assets such as buildings. Traditional or “physical banking” highly depends as well on the business applications. However in the case of system blackout the later would be able to function for some short time, the e-banking activity would be stopped immediately. EBanking applications are evolving continuously. That is why we believe that the ability of the bank to support the evolution of its E-Banking applications is one of its core capabilities. Complex and multi-dimensional character of the E-Banking applications evolution makes it complicated and expensive.
In computing, system whereby a user can execute banking transactions via the Internet. Electronic banking has become popular in many countries around the world, providing bank customers with the ability to check personal and business bank and credit card account balances online, view and print a list of recent transactions, and pay bills instantly. Money can be transferred immediately (or at a future date) from a customer's account to a business partner or to another of the customer's own accounts. In addition, account transaction details can be downloaded to a PC into a financial software package (such as Intuit Quicken or Microsoft Money) or a spreadsheet. As well as Internet banking, some banks also provide access to accounts through interactive digital television or via mobile phones.

Electronic distribution channels provide alternatives for faster delivery of banking services to a wider range of customers (Kaleem and Ahmad, 2008). E-banking is the newest delivery channel of banking services. The definition of e-banking varies amongst researchers partially because e-banking refers to several types of services through which a bank’s customers can request information and carry out most retail banking services via computer, television or mobile phone (Mols, 1998; Sathye, 1999). E-banking can also be defined as a variety of the following platforms:

3.2 HISTORY OF INTERNET BANKING

The concept of Internet banking has been simultaneously evolving with the development of the World Wide Web. Programmers working on banking data bases came up with ideas for online banking transactions, some time during the 1980's. The
creative process of development of these services was probably sparked off after many companies started the concept of online shopping. The online shopping promoted the use of credit cards through Internet. Many banking organizations had already started creating data ware housing facilities to ease their working staffs. The developments of these databases were widely used during the development of ATM's.

Sometime in 1980's, banking and finance organizations in Europe and United States started suggestive researches and programming experiments on the concept of 'home banking'. Initially in the 80's when computers and Internet were not so well developed, 'home banking' basically made use of fax machines and telephones to facilitate their customers. The wide spread of Internet and programming facilities created further opportunities for development of home banking.\(^4\)

In 1983, the Nottingham Building Society, commonly abbreviated and refereed to as the NBS, launched the first Internet banking service in United Kingdom. This service formed the basis for most of the Internet banking facilities that followed. This facility was not very well developed and restricted the number of transactions and functions that account holders could execute. The facility introduced by Nottingham Building Society is said to have been derived from a system known as Prestel, which is deployed by the postal service department of United Kingdom.

The first online banking service in United States was introduced, in October 1994. The service was developed by Stanford Federal Credit Union, which is a financial institution. The online banking services are becoming more and more prevalent due
to the well developed systems. Though there are pros and cons of electronic cash technology, it has become a revolution that is enhancing the banking sector.

### 3.3 ADVANTAGES OF INTERNET BANKING

There are many advantages of online Banking. The same flexibility can be observed even while closing an account. One can also apply for bank loans without personally visiting any local branch of the bank. Conventional banking has always been slow and time consuming, so much so that sometimes one need to wait several hours to process a simple transaction like clearing a check. But, Internet banking has tremendously reduced the time required to process bank transactions, thereby making banking faster and convenient. For the bankers this system is cost effective, as it has considerably reduced the administrative costs and paperwork related to the transactions.

Besides, banks can also cater to the needs of thousands of customers at the same time. All these factors have significantly increased the profit margins of commercial banks by lowering their operating costs. This has enabled them to offer acceptable interest rates on savings account and credit cards.

With the help of Internet banking, one can access any information regarding one’s account and transactions, any time of the day. This means that one need not depend on the office hours of the bank to obtain information. Therefore, one can regularly monitor the account as well as keep track of financial transactions, which can be immense help in detecting any fraudulent transaction. In addition to this, fund
transfers, both national and international, have also become faster and convenient with Internet banking. Nowadays, one can transfer funds from one account to another within a few minutes. Stock trading, bonds exchanging and other investments can be easily carried out with the help of Internet banking. All these features have made Internet banking ideal for people who make a number of financial transactions each day.

Online banking or Internet banking, offers the convenience of banking from anywhere, at any time of the day or night. It is a free facility provided by the banks to their customers. Expediting the payment of bills, helping people keep track of the balance in their account.

In addition to availing banking facilities for 24 hours a day, one can also receive other important information regarding banking policies, rates of interest offered on different types of bank accounts and formalities required in executing various transactions. With such information one can compare the services of different banks and opt for the one that satisfies the individual needs and requirements.

Online banking has recently been an ideal solution for a large category of customers, despite its disadvantages. It is credited with many advantages for consumers like

1. It is convenient.
2. It isn’t bound by operational timings.
3. There are no geographical barriers and the services can be offered at a minuscule cost (IAMAI’s, 2006).

4. It has no time limitation, i.e., banking transactions may be performed throughout the day, week and from any place they can have access to the internet.

5. It provides efficient cash management for interest optimisation.

6. It provides convenience in terms of the capital, labour time and all the resources needed to make a transaction.

7. It has assisted banks to increase in data collection, data management, and financial engineering that have improved the ability of potential creditors to assess the creditworthiness of potential borrowers and to price the risk associated with those borrowers through standardised mechanisms such as credit scoring (Ziqi and Michael, 2003; Carlson et al., 2000).

8. It removes geographical limitations for small and medium size banks, thereby paving ways for international operation without limits.

9. Immediate and tangible benefits offered to customers who use online banking and intangibility and difficult assessment.

10. The lower transaction handling fees, higher deposit rates, opportunities to win prizes and extra credit bonus points.
11. Allows customers to save time by conducting their transactions quickly without having to queue up.

12. To use paper documents thanks to websites that offer customers the opportunity to interchange electronic data or to communicate with bank staff since all important transaction details are laid out at the website.

13. Customers are no longer required to wait in those long and wearisome queues of the banks to request a financial transaction or statement.

14. It has made the opening of an account quite simple and easy and without much paperwork.

15. It is easy to open an internet account. Sitting in home or office one can open by answering a few questions. Security measures like usernames, passwords will be setup. Finally print and sign the form to complete the process.

16. Internet banking is cheaper. With no physical structure, virtual banks have low overhead. Banks that are backed by physical buildings encourage online banking with free bill paying services.

17. Internet banking allows comparing deals easily. One can go to different online banks and find out their interest rates and policies about checking and savings account. Also one can compare loan terms and credit card services at varied rates.
18. Internet banking customers can watch their daily balances. One can if a particular cheque has cleared the account or see when automatic deposits are made. All these services make cheque bouncing nearly a thing of the past.

19. Monthly statement can be reconciled by using one’s computer. Through internet banking account one can even see copies of cheques one has written.

20. There are better chances to catch fraudulent cases by checking the debits and deposits, one can notice if there is something that he did not do. Also if someone withdraws money from a person’s account, it will be known as soon as he logs into his account. Then the situation can be corrected much before one would notice it with conventional banking.

21. Internet banking is much more convenient than traditional banking. One can manage funds anywhere, anytime.

22. One can compare services offered by different banks. Financial products can be bought and loans can be applied online by comparing the options to get the best possible services. Insurance, stocks, bonds and other investments can be bought online from home or office independent of a financial intermediary like a stockbroker.

The greatest advantage of Internet banking perhaps lies in the fact that customers are no longer required to wait in those long and wearisome queues of the banks to request a financial transaction or statement. Another important advantage
of Internet banking is that it has made the opening of an account quite simple and easy and without much paperwork. The same flexibility can be observed even while closing an account. You can also apply for bank loans without personally visiting any local branch of your bank.

Conventional banking has always been slow and time consuming, so much so that sometimes you need to wait several hours to process a simple transaction like clearing a check. But, Internet banking has tremendously reduced the time required to process banking transactions, thereby making banking faster and convenient. For the bankers this system is cost-effective, as it has considerably reduced the administrative costs and paperwork related to the transactions. Besides, banks can also cater to the needs of thousands of customers at the same time. All these factors have significantly increased the profit margins of commercial banks by lowering their operating costs. This has enabled them to offer acceptable interest rates on savings account and credit cards.

With the help of Internet banking, you can access any information regarding your account and transactions, any time of the day. This means that you no longer have to depend on the office hours of your bank to obtain information. Therefore, you can regularly monitor your account as well as keep track of financial transactions, which can be of immense help in detecting any fraudulent transaction. In addition to this, fund transfers, both national and international, have also become faster and convenient with Internet banking. Nowadays, you can transfer funds from one account to another within a few minutes. You can easily carry out stock trading, exchanging
bonds and other investments with the help of Internet banking. All these features have made Internet banking ideal for people who make a number of financial transactions each day.

In addition to availing banking facilities for 24 hours a day, you can also receive other important information regarding banking policies, rates of interest offered on different types of bank accounts and formalities required in executing various transactions. With such information you can compare the services of different banks and opt for the one that satisfies your individual needs and requirements. It is easy to open an internet banking account. You sit, in the comfort of your home or office, and type in the answers to a few questions. You set up security measures that will be used to access your account, like usernames, passwords, etc. Then, all you need to do is print off and sign a form to send in to complete the process.

Internet banking is cheaper. With the advantage of having no physical structure to keep up, virtual banks have low overhead. They can afford to cut you a break by offering higher interest rates on your savings. They will also offer lower overdraft fees. Even banks that are backed by physical buildings encourage online banking with free bill paying services.

Internet banking allows you to compare deals easily. You can go to different online banks and find out their interest rates and policies about checking and savings accounts. You can learn what credit cards they offer, and at what rates. You can compare loan terms. You can check with the FDIC to check the banks’ credibility.
Internet banking customers can watch their daily balances. By going on the internet to the bank's website you can look at what is going on in your account any day or time. You can check your balance. You can find out if a particular check has cleared your account or see when automatic deposits are made. All these services make check bouncing nearly a thing of the past.

Your monthly statement can be reconciled by using your computer. You can download your bank data into a software program like Quicken or Microsoft Money. Then, with a few clicks of your mouse you can square up your account. Through your internet banking account, you can even see copies of checks you have written.

You have a better chance to catch fraudulent use if you have an internet banking account. When you check your debits and deposits, you will most likely notice if something is there that you did not do. If someone withdraws money from your account, you will know it as soon as you log on and look over your account. Then, you can work on correcting the situation long before you would even notice it with conventional banking.

Internet banking is much more convenient than traditional banking. You do not have to wait for the bank to open its doors. You do not have to drive to get there. If you are using internet banking for your office, you will not have to waste valuable time going to the bank. You can manage your funds anywhere, any time.
Internet banking is growing for a reason. People are getting accustomed to transacting business over the internet. They are enjoying the convenience and the control over their money that internet banking gives them.

The emergence of Internet has opened a wide variety of avenues and information to the common man, which he can access from the comfortable home setting. Along with the facilities like shopping, booking tickets, etc, Internet has also become a mode for banking. Internet banking was introduced in the early 80s and from that time it has been introduced, many people have started availing to its facilities. Now, one does not have to wait in long queues at the bank nor to pay bills at some shopping center or boutique. Internet banking gives a person facilities to view account statements, make money transfers from one account to the other, and also to pay bills like electricity, phone, etc. The best thing about Internet banking is that it is fast and is available to a person in any part of the world, at anytime he or she needs it.  

In today's busy world, when people do not have much time even for personal work, Internet banking appears as a boon. People who use online banking services believe that as their accounts can be accessed by user name and password that only they know, their money is in safe hands. Whatever information they need about their bank account is only a click away. However, like all good things, even Internet banking has certain disadvantages.
First lets start off with the advantages of online banking. First and foremost, online banking is very, very, very convenient. It will allow you to pay your bills and make transactions anytime during the day and the week. The bank will never close because you can access it through your laptop or computer. So, no matter in which country you are anywhere in the world, you can go online and handle your finances.

Secondly, online banking is very fast, effective and efficient. Over the Internet, you can make transactions that are typically executed and performed at a much faster pace than at ATM’s. Online banking services also give you the option of handling several different bank accounts from one site itself.

Most online banking sites are compatible with programs like Microsoft Money and Quicken, which makes management of assets more effective. We all know that Internet banking has made life much easier and banking much faster and more pleasant, for customers as well as bankers. One of the any advantages of Internet banking is that it is cost-effective and thousands of customers can be dealt with at once. The administrative work gets condensed drastically with Internet banking. Expenditures on bank stationery have gone down, which has helped raise the profit margin of the bank by a huge number. Customers reap the benefit of accessible account information round the clock, regardless of their location. They can reorganize their future payments from their bank account while sitting thousands of miles away. By using online payment services, they can electronically transfer money from their
bank accounts or receive money in their bank accounts within seconds. Customers can apply for a loan, can buy or sell stocks and can even open new accounts.

**Paying Bills Online**: Online banking provides people the facility of paying bills online from their checking account, money market account or credit card account or from their home equity line of credit. In order to avail this facility, people would have to set up payees or pay to accounts for which they would need a copy of their bills. Recurring payments can be made without delay, by making use of the facility of being able to set up pay to accounts, on completing a simple formality. One can schedule bill payments up to one year in advance. Online banking helps people keep their bill payment history in an electronic format, thus eliminating the need for paperwork. Some companies also dispatch bills directly to the customer's online banking service. However, not all companies offer e-bills. The customer can thus receive, view and pay e-bills or electronic versions of their paper bills.

**Electronic Funds Transfer**: Online banking allows the facility of electronic transfer of funds between a number of accounts maintained with the same bank. Generally, people can transfer money from their checking or their savings account to the following: credit cards, line of credit and investment account. People can also transfer money from their personal account to the personal account of others, assuming that the accounts are maintained with the same bank. Customers can also opt to transfer funds from their personal account, maintained with a bank, to the
accounts maintained in other financial institutions. Withdrawals and deposits are thus facilitated by electronic fund transfers.

*Other Facilities*: One can access one's account from anywhere in the world and view the current balance in the linked accounts. The system of linked accounts allows the bank to transfer funds from the customers savings account to cover the overdrawn checking and credit card account. Viewing the balances in linked accounts helps a person keep a check on spending habits. Stopping payments on checks, re-ordering checks, requesting copies of paid checks, savings and checking account statements are some of the other facilities of online banking.\(^8\)

Banking around the clock is no longer a remote possibility. But the banks don't have to keep their branches open 24 hours a day to provide this service. This is one of the biggest advantages of Internet banking.

One doesn't have to go to the bank's branch to request a financial statement. You can download it from your online bank account, which shows you up-to-the-minute updated figures.

Another advantage of Internet banking is that it is cost-effective. Thousands of customers can be dealt with at once. There is no need to have too many clerks and cashiers. The administrative work gets reduced drastically with Internet banking. Expenditures on paper slips, forms and even bank stationery have gone down, which helps raise the profit margin of the bank by a surprisingly large number.
As far as customers are concerned, their account information is available round the clock, regardless of their location. They can reschedule their future payments from their bank account while sitting thousands of miles away. They can electronically transfer money from their bank accounts or receive money in their bank accounts within seconds.

You can apply for a loan without visiting the local bank branch and get one easily. You can buy or sell stocks and other securities by using your bank accounts. Even new accounts can be opened; old accounts can be closed without doing tedious paperwork. Especially with the increasing acceptability of digital signatures around the world, Internet banking has made life much easier and banking much faster and more pleasant, for customers as well as bankers.

Internet Banking provides detailed information on Internet Banking, Advantages Of Internet Banking, Internet Business Banking, US Internet Banking and more. Internet Banking is affiliated with Best Internet Banks.

Banking used to be painfully slow, and in some ways, it still is. You still have to wait for a check to clear, and you will find most banks keep the same hours that they did years ago. However, now that you can get on your computer and do some of the things you need, many things in the world of banking can work faster. The advantages of Internet Banking are many, but you do have to think about the few downfalls as well. Overall though, it is a step in the right direction.⁹
One of the advantages of Internet banking is that you can see your accounts at any time. Before this type of service, you had to keep meticulous records, but even then, some things would go through and you would not know about it until the next business day. If you get paid on Friday, for example, you may not know when your check clears. That could mean waiting until Monday to get your money. With Internet banking, the advantage is that you can see when it goes through without waiting for the bank to open.

Another of the advantages of Internet banking is the ability to move money from one account to the other in a matter of seconds. This used to be something you had to do over the phone, but it was harder to do. When calling on the phone, you have to enter your account information each time, and the menu to get there could be time consuming. With Internet banking, you simply get into your account with your password and do what needs to be done with a few clicks of the mouse. Depending on your bank, many transfers are instant.\textsuperscript{10}

3.4 \hspace{1em} PROFILE OF THE SELECTED BANKS

3.4.1 \hspace{1em} STATE BANK OF INDIA

The evolution of the State Bank of India can be traced back to the first decade of the 19th century. It began with the establishment of the Bank of Calcutta in Calcutta,
on June 2, 1806. The bank was redesigned as the Bank of Bengal, three years later, on January 2, 1809. It was the first ever joint-stock bank of British India, established under the sponsorship of the Government of Bengal. Subsequently, the Bank of Bombay (established on April 15, 1840) and the Bank of Madras (established on July 1, 1843) followed the Bank of Bengal. These three banks dominated the modern banking scenario in India, until when they were amalgamated to form the Imperial Bank of India, on January 27, 1921.

The All India Rural Credit Survey Committee proposed the take over of the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. Subsequently, an Act was passed in the Parliament of India in May 1955. As a result, the SBI was established on July 1, 1955. This resulted in making the State Bank of India more powerful, because as much as a quarter of the resources of the Indian banking system were controlled directly by the State. Later on, the State Bank of India (Subsidiary Banks) Act was passed in 1959. The Act enabled the State Bank of India to make the eight former State-associated banks its subsidiaries.

The State Bank of India emerged as a pacesetter, with its operations carried out by the 480 offices comprising branches, sub offices and three Local Head Offices, inherited from the Imperial Bank. The corporate center of the SBI is located in Mumbai. In order to cater to different functions, there are several other establishments in and outside Mumbai, apart from the corporate center. The bank boasts of as many as 14 local head offices and 57 Zonal Offices, located at major cities throughout India. It is
recorded that the SBI has about 10000 branches well networked to cater to its customers throughout India.

The SBI provides easy access to money to its customers through more than 8500 ATMs in India. The Bank also facilitates the free transaction of money at the ATMs of the State Bank Group, which include the ATMs of the State Bank of India as well as the Associate Banks – the State Bank of Bikaner and Jaipur, the State Bank of Hyderabad, the State Bank of Indore and so on. You may also transact money through the SBI Commercial and International Bank Ltd by using the State Bank ATM-cum-Debit (Cash Plus) Card.11

3.4.2. CANARA BANK

Widely known for customer centricity, the Canara Bank was founded by Shri Ammembal Subba Rao Pai, a great visionary and philanthropist, in July 1906, at Mangalore, then a small port town in Karnataka. The Bank has gone through the various phases of its growth trajectory of over a hundred years of its existence. The growth of the Canara Bank was phenomenal, especially after nationalization in the year 1969, attaining the status of a national level player in terms of geographical reach and clientele segments. The eighties were characterized by business diversification for the Bank. In June 2006, the Bank completed a century of operation in the Indian banking industry. Today, the Canara Bank occupies a premier position in the comity of Indian banks. With an unbroken record of profits since its inception, the Canara Bank has several firsts to its credit.
Over the years, the Bank has been scaling up its market position to emerge as a major Financial Conglomerate with as many as nine subsidiaries/sponsored institutions/joint ventures in India and abroad. As at September 2012, the Bank has further expanded its domestic presence, with 3650 branches spread across all geographical segments. Keeping customer convenience at the forefront, the Bank provides a wide array of alternative delivery channels that include 3184 ATMs, covering 1182 centres. Several IT initiatives have been undertaken during the year, which include Funds Transfer through the Interbank Mobile Payment Services (IMPS) in ATMs, the ASBA facility to net banking users, the E-filing of tax returns and the facility for viewing details of tax deducted at source, the Terminals at 223 branches for customers to use net banking, SMS/e-mail alerts for all transactions through ATM, net banking, POS, mobile banking, online payments irrespective of amounts, online loan applications and tracking facility, generation of automatic pass sheets through e-mail and automatic renewal of term deposits. Under Government business, the Bank has implemented Internet based application for the UGC Maulana Azad National Fellowship Scheme, the Web portal for the National Scheme for Girl Child Secondary Education, the Electronic Accounting Systems of e-Receipts-Customs (EASeR-C) for collection of customs duty and e-payment of commercial taxes module for UP, Karnataka, Delhi and Tamil Nadu.  

3.4.3 INDIAN OVERSEAS BANK
In 1937, Thiru, M. Ct. M. Chidambaram Chettiar established the Indian Overseas Bank (IOB) to encourage overseas banking and foreign exchange operations. The IOB started up simultaneously at three branches, one each in Karaikudi, Madras (Chennai) and Rangoon (Yangon). It then quickly opened a branch in Penang and another in Singapore. The bank served the Nattukottai Chettiars, who were a mercantile class that at the time had spread from Chettinad in Tamil Nadu state to Ceylon (Sri Lanka), Burma (Myanmar), Malaya, Singapore, Java, Sumatra, and Saigon. As a result, from the beginning the IOB specialized in foreign exchange and overseas banking. Due to the war, the IOB lost its branches in Rangoon, Penang, and Singapore.

The Indian Overseas Bank (IOB) is a major bank based in Chennai (Madras), with more than 2650 domestic branches, three extension counters and six branches overseas as of March 31, 2012. The Indian Overseas Bank has an ISO certified in-house Information Technology department, which has developed the software that 2650 branches use to provide online banking to customers; the bank has achieved 100 per cent networking status as well as 100 per cent CBS status for its branches. The IOB also has a network of about 1433 ATMs all over India and its International VISA Debit Card is accepted at all ATMs belonging to the Cash Tree and NFS networks. The IOB offers Internet Banking (E-See Banking) and Mobile Banking and is one of the banks that the Government of India has approved for online payment of taxes. The bank's business has more than doubled in the last four years. The net profit for the year ended March 31, 2012 stood at Rs 1,050.13 crore. The total income stood at Rs 19,578.13 crore as against Rs 13,326.56 crore registered during the same period last financial year. For the full year, the total business grew by 24 per cent to Rs 3,21,707 crore from Rs
2,59,020 crore. The IOB has planned to achieve total business of Rs 3,85,000 crore to Rs 4,00,000 crore this fiscal.\textsuperscript{13}

3.4.4 ICICI BANK

The ICICI Bank was originally promoted in 1994 by the ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. The ICICI Bank is India's second-largest bank with total assets of Rs. 4,736.47 billion (US$ 93 billion) on March 31, 2012 and profit after tax Rs. 64.65 billion (US$ 1,271 million) for the year ended March 31, 2012. The Bank has a network of 2,895 branches and 10,021 ATMs in India, and has a presence in 19 countries, including India. The ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management. The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in the United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in the United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. Our UK subsidiary has established branches in Belgium and Germany. ICICI Bank's equity shares are listed in India on the Bombay Stock Exchange and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE).\textsuperscript{14}

3.4.5 AXIS BANK LIMITED
The Axis Bank Limited is an Indian financial services firm headquartered in Mumbai, Maharashtra. It had begun operations in 1994, after the Government of India allowed new private banks to be established. The Bank was promoted jointly by the Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I), the Life Insurance Corporation of India (LIC), the General Insurance Corporation Ltd., the National Insurance Company Ltd., The New India Assurance Company, The Oriental Insurance Corporation and the United India Insurance Company. The UTI-I hold a special position in the Indian capital markets and have promoted many leading financial institutions in the country. As on the year ended March 31, 2012, the Axis Bank had an operating revenue of ₹134.37 billion and a net profit of ₹42.42 billion. The Axis Bank (erstwhile UTI Bank) opened its registered office in Ahmedabad and corporate office in Mumbai in December 1993. The first branch was inaugurated in April 1994 in Ahmedabad by Dr. Manmohan Singh, then the Honorable Finance Minister. The Bank, as on March 31, 2012, is capitalized to the extent of rest. ₹4.132 billion with the public holding (other than promoters and GDRs) at 54.08 per cent.

The Bank's Registered Office is situated in Ahmedabad and its Central Office is located at Mumbai. The Bank has an extensive network of more than 1600 branches (including 169 Service Branches/CPCs as on March 31, 2012). The Bank has a network of over 10000 ATMs (as on March 31, 2012). The Axis Bank operates one of the world’s highest ATM sites at Thegu, Sikkim (at a height of 13,200 feet above sea level) and has the largest ATM network among the private banks in India.15

3.4.6. TAMILNAD MERCANTILE BANK LIMITED
The history of the Tamilnad Mercantile Bank (TMB) dates back to 1921. The thought of establishing a bank for the Nadar business community was first proposed at the annual meeting of the Nadar Mahajana Sangam held at Tuticorin in 1920. The bank was originally registered on May 11, 1921 as the Nadar Bank Limited under the Indian Companies Act, 1913. M. V. Shanmugavel Nadar was elected as the first Chairman on November 4, 1921. The bank was opened to the public by T. V. Balagurusamy Nadar on November 11, 1921 in Ana Mavanna Building at South Raja Street, Tuticorin.[4] The bank was registered on May 11, 1921 as "The Nadar Bank Ltd".

In 1947 the bank had only four branches: Tuticorin, Virudhunagar, Madurai and Sivakasi. The bank had opened a branch at Colombo in 1937 but had closed it in 1939.[2] The bank opened its first branch in India but outside the state of Tamil Nadu in 1976 at Bangalore.

The first new fully computerized branch opened at WGC Road, Tuticorin, on December 9, 1984. The bank established its first currency chest in 1993 at Madurai and has industrial finance branches at Coimbatore, Chennai and Secunderabad. The Bank has launched its ATM Card on November 11, 2003.

The TMB is a bank head-quartered in Tuticorin in Tamil Nadu, India. The TMB was founded in 1921 as the Nadar Bank, but changed its name to the Tamilnad Mercantile Bank in November 1962 to widen its appeal beyond the Nadar community. For the financial year 2009-2010, the bank reported a net profit of ₹184.53 crores. The bank currently has 288 full fledged branches all over India, nine regional offices and 11 Extension Counters, two Mobile Banking branches, six central processing centres, two
Currency Chests and 344 Automated Teller Machines. The TMB has plans to open branches in Colombo, Singapore and Malaysia to serve the Tamil community living in those countries.16

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