ABSTRACT

Banking industry has traditionally been one of the most regulated ones in India. However, with opening up of the economy in most sectors, 1991 onwards, this industry has been no exception and has experienced a gradual phased deregulation. Several reforms have been initiated in this sector ranging from interest rate liberalisation to restructuring of the public sector banks to increased competition and hence efficiency. Banks today are expected to exhibit more discipline. In tune with this, the banking sector in India has undergone structural changes during the last decade. While previously there were mostly public sector banks (PSBs) providing vanilla-type plain services, today the sector is thriving with private banks, foreign banks and PSBs fighting it out in the streets with innovative approaches and services. To complete the competitive scenario, almost all global investment banks, hedge funds and private equity firms have been reaching out to corporate customers for investment funding.

This paper aims at forecasting what the banking industry in India would look like by 2010-12. It also analyses other factors and trends that would shape the industry, such as advent of technology or expected government policies.

Objectives of the Study

To study the net banking facilities offered by the banks to its customers
To study as to how much net banking has penetrated in the minds of the customers
To gain insights about functioning of net banking.
To explore the future prospects of net banking.

Research Methodology

Research is a process through which we attempt to achieve systematically and with the support of data the answer to a question, the resolution of a problem, or a greater understanding of a phenomenon. This process, which is frequently called research methodology.

Research Design

Descriptive research is used in this project report in order to know about cash management services to clients and determining their level of satisfaction.

Sampling Design

The method opted for taking samples was ‘Non-probability sampling’.

Mode of Data Collection

Primary Data: - The sources of primary data was a questionnaire and personal interviews.
Secondary data: - The sources of secondary data were internet, books and newspaper articles.

Method of Data Collection

Structured Questionnaire was used to collect the data. A questionnaire consists of a set of questions prepared to respondents for their answers. Because of its flexibility, the questionnaire is by far the common
INFORMATION TECHNOLOGY ACT, 2000

THE SECOND SCHEDULE

(See Section 91)

AMENDMENTS TO THE EVIDENCE ACT, 1872

(1 OF 1872)

1. In section 3, -

   (a) In the definition of “Evidence”, for the words “all the documents produced for the inspection of the Court”, the words “all the documents including electronic records produced for the inspection of the Court” shall be substituted;

   (b) after the definition of “India”, the following shall be inserted, namely:- “the expressions “Certifying Authority”, “digital signature”, “Digital Signature Certificate”, “electronic form”, “electronic records”, “information, secure electronic record”, secure digital signature” and “subscriber” shall have the meanings respectively assigned to them in the Information Technology Act, 1999’.

2. In section 17, for the words “oral or documentary”, the words “oral or documentary or contained in electronic form” shall be substituted.

3. After section 22, the following section shall be inserted, namely:-

   22A. when oral admission as to contents of electronic records are relevant,- oral admissions as to the contents of electronic records are not relevant, unless the genuineness of the electronic record produced is in question”,

4. In section 34, of the words “Entries in the books of account”, the words “Entries in the books of account, including those maintained in an electronic form” shall be substituted.

5. In section 35, for the word ”record” in both the places where it occurs, the words “record or an electronic record” shall be substituted.
6. For section 39, the following section shall be substituted, namely:-

“39. What evidence to be given when statement forms part of a conversion, document, electronic record, book or series letters or papers.-When any statement of which evidence is given forms part of a longer statement, or of a conversion or part of an isolated document, or is contained in a document which forms part of a book, or is contained in part of electronic record or of a connected series of letters or papers, evidence shall be given of so much and no more of the statement, conversion, document, electronic record, book or series of letters or papers as the Court considers necessary in that particular case to the full understanding of the nature and effect of the statement, and of the circumstances under which it was made.”

7. After section 47, the following section shall be inserted, namely:-

“47 A, opinion as to digital signature when relevant, - When the court has to form an opinion as to the digital signature of any person, the opinion of the Certifying Authority which has issued the Digital Signature Certificate is a relevant fact.”

8. In section 59, for the words “Contents of documents; the words “contents of documents or electronic records” shall be substituted.

9. After section 65, the following sections shall be inserted, namely:-

“65A. Special provisions as to evidence relating to electronic record.-the contents of electronic records may be proved in accordance with the provisions of section 65B.

65B. Admissibility of electronic records-(1) Not with standing anything contained in this Act, any information contained in an electronic record which is printed on a paper, stored, recorded or copied in optical or magnetic media produced by a computer (here in after referred to as the computer output) shall be deemed to be also a document, if the conditions mentioned in this section are satisfied in relation to the information and computer in question and shall be admissible in any proceedings, without further proof or production of the original, as evidence of any contents of the original or any fact stated there in of which direct evidence would be admissible.
(2) The conditions referred to in sub-section (1) in respect of a computer output shall be the following, namely: -

(a) The computer output containing the information was produced by the computer during the period over which the computer was used regularly to store or process information for the purposes of any activities regularly carried on over that period by the person having lawful control over the use of the computer;

(b) during the said period, information of the kind contained in the electronic record or of the kind from which the information so contained is derived was regularly fed into the computer in the ordinary course of the said activities;

(c) throughout the material part of the said period, the computer was operating properly or, if not, then in respect of any period in which it was not operating properly or was out of operation during that part of the period, was not such as to affect the electronic record or the accuracy of its contents; and

(d) The information contained in the electronic record reproduces or is derived from such information fed into the computer in the ordinary course of the said activities.

(3) Where over any period, the function of storing or processing information for the purposes of any activities regularly carried on over that period as mentioned in clause (a) of sub-section (2) was regularly performed by computers, whether –

(a) by a combination of computers operating over that period; or

(b) by different computers operating in succession over that period; or

(c) by different combinations of computers operating in succession over that period; or

(d) in any other manner involving the successive operation over that period, in whatever order, of one or more computers and one or more combinations of computers, all the computers used for that purpose during that period shall be treated for the purposes of this section as constituting a single computer; and references in this section to a computer shall be construed accordingly.
4. In any proceedings where it is desired to give a statement in evidence by virtue of this section, a certificate doing any of the following things, that is to say,-

(a) identifying the electronic record containing the statement and describing the manner in which it was produced;

(b) giving such particulars of any device involved in the production of that electronic record as may be appropriate for the purpose of showing that the electronic record was produced by a computer;

(c) dealing with any of the matters to which the conditions mentioned in sub-section (2) relate,

and purporting to be signed by a person occupying a responsible official position in relation to the operation of the relevant device or the management of the relevant activities (which ever is appropriate) shall be evidence of any matter stated in the certificate; and for the purposes of this sub-section it shall be sufficient for a matter to be stated to the best of the knowledge and belief of the person stating it.

(5) For the purposes of this section,-

(a) information shall be taken to be supplied to a computer of it is supplied there to in any appropriate form and whether it is so supplied directly or (with or without human intervention) by means of any appropriate equipment;

(b) whether in the course of activities carried on by any official, information is supplied with a view to its being stored or processed for the purposes of those activities by a computer operated otherwise than in the course of those activities, that information, if duly supplied to that computer, shall be taken to be supplied to it in the course of those activities;

(c) a computer output shall be taken to have been produced by a computer whether it was produced by it directly or (with or without human intervention by means of any appropriate equipment.

*Explanation,* For the purposes of this section any reference to information being derived from other information shall be a reference to its being derived there from by calculation, comparison or any other process’.
10. After section 67, the following section shall be inserted, namely:-

“67A. Proof as to digital signature,-Except in the case of a secure digital signature, if the digital signature of any subscriber is alleged to have been affixed to an electronic record the fact that such digital signature is the digital signature of the subscriber must be proved.”

11. After section 73, the following section shall be inserted, namely:-

“73A. Proof as to verification of digital signature,- In order to ascertain whether a digital signature is that of the person by whom it purports to have been affixed, the court may direct-

(a) that person or the Controller or the Certifying Authority to produce the Digital Signature Certificate

(b) any other person to apply the public key listed in the Digital Signature Certificate and verify the digital signature purported to have been affixed by that person”.

Explanation,- For the purposes of this section, “Controller ”means the controller appointed under sub-section (1) of section 17 of the Information Technology Act, 1999.

12. After section 81, the following section shall be inserted, namely:-

“81A. Presumption as to Gazettes in electronic forms.-The court shall presume the genuineness of every electronic record purporting to be the official Gazette, or purporting to be electronic record is kept substantially in the form required by law and is produced from proper custody”.

13. After section 85, the following sections shall be inserted, namely:-

“85A, Presumption as to electronic agreements,- The court shall presume that every electronic record purporting to be an agreement containing the digital signatures of the parties was so concluded by affixing the digital signature of the parties.

85B.Presumption as to electronic records and digital signatures,-(1) in any proceedings involving a secure electronic record, the court shall presume
unless contrary is proved, that the secure electronic record has not been altered since the specific point of time to which the secure status relates.

(2) In any proceedings, involving secure digital signature, the court shall presume unless the contrary is proved that -

(a) the secure digital signature is affixed by subscriber with the intention of signing or approving the electronic record;

(b) except in the case of a secure electronic record or a secure digital signature, nothing in this section shall create any presumption relating to authenticity and integrity of the electronic record or any digital signature.

85C. Presumption as to Digital Signature Certificates. – The court shall presume, unless contrary is proved, that the information listed in a Digital Signature Certificate is correct, except for information specified as subscriber information which has not been verified, if the certificate was accepted by the subscriber”.

14. After section 88, the following section shall be inserted, namely:-

“88A presumptions as to electronic message.- The court presume that an electronic message forwarded by the originator through an electronic mail server to the addresses to whom the message purports to be addressed corresponds shall not make any presumption as to the person by whom such message was sent.

Explanation.- For the purposes of this section, the expressions “addressee” and “originator” shall have the same meanings respectively assigned to them in clauses (b) and (z) of sub-section (1) of section 2 of the Information Technology Act, 1999.”

15. After section 90, the following section shall be inserted, namely:-

“90A. Presumption as to electronic records five years old.- where any electronic record, purporting or proved to be five years old, is produced from any custody which the court in the particular case considers proper, the court may presume that the digital signature which purports to be the digital signature of any particular person was so affixed by him or any person authorized by him in this behalf.
Explanation.- Electronic records are said to be in proper custody if they are in the place in which, and under the care of the person with whom, they naturally be; but no custody is improper if it is proved to have had a legitimate origin, or the circumstances of the particular case are such as to render such an origin probable.

This explanation applies also to section 81A.”

16. For section 131, the following section shall be substituted, namely:-

“131. Production of documents or electronic records which another person, having possession, could refuse to produce,- No one shall be compelled to produce documents in his possession or electronic records under his control, which any other person would be entitled to refuse if they were in his possession or control, unless such last-mentioned person consents to their production”.

THE THIRD SCHEDULE

(See Section 92)

AMENDMENTS TO THE BANKER’S BOOKS EVIDENCE ACT, 1891

(18 OF 1891)

1. In section 2 –

(a) for clause (3), the following clause shall be substituted, namely:-

‘(3) “bankers’ books’ include ledgers, day –books, cash-books, account – books and all other books used in the ordinary business of a bank whether kept in the written form or as printout of data stored in a floppy, disc, tape or any other form of electro –magnetic data storage device”

(b) for clause (8), the following clause shall be substituted, namely:-

‘(8) “certified copy” means when the books of a bank, -

(a) are maintained in written form, a copy of any entry in such books together with a certificate written at the foot of such copy that it is a true copy of such entry, that such entry is contained in one of the ordinary books of the bank and was made in the usual and ordinary course of business and that such book is still in the custody of the bank, and where the copy was obtained by a mechanical or other process which in itself ensured the accuracy of the copy, a
further certificate to that effect, but where the book from which such copy was prepared has been destroyed in the usual course of the bank’s business after the date on which the copy had been so prepared, a further certificate to that effect, each such certificate being dated and subscribed by the principal accountant or manager of the bank with his name and official title; and

(b) consist of printouts of data stored in a floppy, disc, tape or any other electro-magnetic data storage device, a printout of such entry or a copy of such printout together with such statements certified in accordance with the provisions of section 2A’.

2. After section 2, the following section shall be inserted, namely:-

“2A. Conditions in the printout.-A printout of entry or a copy of printout referred to in sub-section (8) of section 2 shall be accompanied by following namely:-

(a) a certificate to the effect that it is a printout of such or a copy of such printout by the principal accountant or branch manager; and

(b) a certificate by a person in-charge of computer system containing a brief description of the computer system and the particulars of-

(A) the safeguard adopted by the system to ensure that data is entered or any other operation performed only by authorized persons;

(B) the safeguard adopted to prevent and detect unauthorized change of data;

(C) the safeguard available to retrieve data that is lost due to systemic failure or any other reasons;

(D) the manner in which data is transferred from the system to removable media like floppies, discs, tapes or other electro-magnetic data storage devices;

(E) the mode of verification in order to ensure that data has been accurately transferred to such removable media;

(F) the mode of identification of such data storage devices;

(G) the arrangements for the storage and custody of such storage devices;
(H) the safeguard to prevent and detect any tampering with the system; and

(I) any other factor which will vouch for the integrity and accuracy of the system.

(c) a further certificate from the person in-charge of the computer system to the effect that to the best of his knowledge and belief, such computer system operated properly at the material time, he was provided with all the relevant data and the printout in question represents correctly, or is appropriately derived from the relevant data.”

THE FOURTH SCHEDULE
(See Section 93)

AMENDMENT TO THE RESERVE BANK OF INDIA ACT, 1934
(2 OF 1934)

In the Reserve Bank of Act, 1934, in section 58, in sub-section(2), after clause(p), the following clause shall be inserted, namely:-

“(pp) the regulation of fund transfer through electronic means between the banks or between the banks and other financial institutions referred to in clause (c) of section 45-1, including the laying down of the conditions subject to which banks and other financial institutions shall participate in such fund transfers, the manner of such fund transfers and the rights and obligations of the participants in such fund transfers; “.
QUESTIONNAIRE – “CLIENT’S PERSPECTIVE”

PART – A

PERSONAL DETAILS

1. Name: ________________________________________________

2. Age:
   - □ Below 25
   - □ 25 - 35
   - □ 35 - 45
   - □ Above 45

3. Sex:
   - □ Male
   - □ Female

4. Occupation:
   - □ Student
   - □ Professionals
   - □ Employed
   - □ Others

5. Industry:
   - □ Insurance
   - □ Banking
   - □ Software/IT
   - □ Education
   - □ Others

6. Educational Qualification:
   - □ Upto H.Sc.
   - □ Graduates
   - □ Professionals
   - □ Others

7. Monthly earnings:
   - □ Below 10,000
   - □ 10,000 – 20,000
   - □ 20,000 – 30,000
   - □ Above 30,000

8. How often do you surf the internet?
   - □ Daily
   - □ Monthly once
   - □ Weekly once
   - □ Occasionally
9. What type of Internet connection are you using?
   □ Broadband    □ Lease line
   □ Dial-up      □ GPRS

10. Please rank the following according to your personal needs:
    (1- Most used, 2 - Frequently used, 3 - Commonly used, 4 - Seldom, 5 - Never)

    □ E-mail
    □ On-line shopping
    □ E-banking
    □ Information searching
    □ Chatting
    □ E-billing
    □ Forums

PART – B

BANKING BEHAVIOUR

1. Name of your prime bank ________________________________

2. Your Prime bank is a
   □ Public sector bank
   □ Private sector bank
   □ Foreign bank

3. Do you have Transactions with multiple banks?
   □ Yes          □ No

4. Does your prime bank have Core Banking banking/Anywhere banking facility?
   □ Yes          □ No          □ Not sure

5. How many times you have done your banking transactions through e-deliver channels like ATM, internet etc .. in the past three months?
   □ Once in a month
   □ Once in a week
   □ Four times per week
   □ Daily
   □ Twice in a month
6. What is your perception on E-banking channels viz. Internet, Mobile banking, ATMs etc to carry out your banking transactions than going to branch?
   - Very much uncomfortable
   - Somewhat uncomfortable
   - Not sure
   - Somewhat comfortable
   - Very much comfortable

7. How secure you feel with your financial information available and managed over Internet?
   - Very much insecure
   - Somewhat insecure
   - Not sure
   - Somewhat secure
   - Very much secure

8. “Information Technology has increased the Gap between the bank and the client”.
   - Very much untrue
   - Somewhat untrue
   - Not sure
   - Somewhat true
   - Very much true

9. “Introduction of technology in banks has improved the service level of banks”.
   - Very much untrue
   - Somewhat untrue
   - Not sure
   - Somewhat true
   - Very much true

10. Do you feel personal contact between bank and the client is necessary?
    - Very much untrue
    - Somewhat untrue
    - Not sure
    - Somewhat true
    - Very much true

11. Do you agree with electronic channels viz. Internet, Mobile banking, ATMs etc will completely replace branches?
    - Very much untrue
    - Somewhat untrue
    - Not true
    - Somewhat true
    - Very much true
12. Have you changed your bank transaction in the last 5 years?
   □ Yes        □ No

   If yes, because of
   □ Specific request for a service was denied
   □ IT based services not available with previous bank
   □ Suggestion of a friend, customer, business partner etc.
   □ General Service level of previous bank was not up the expectations
   □ Attracted by advertisements of my present banker

13. Benefits of e-banking:
    (Please mark an (“X”) for your answers)

<table>
<thead>
<tr>
<th>Benefits of using E-banking</th>
<th>Degree of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
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<tr>
<td></td>
<td>Agree</td>
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<tr>
<td></td>
<td>Somewhat Agree</td>
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<tr>
<td></td>
<td>Disagree</td>
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<tr>
<td></td>
<td>Strongly Disagree</td>
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<tr>
<td>Improve the bank’s image</td>
<td></td>
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<tr>
<td>Improve competitive position in the market</td>
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<tr>
<td>Reduce operating and administrative cost</td>
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<tr>
<td>Reduce the cost &amp; saves the time of clients’</td>
<td></td>
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<tr>
<td>Provide faster, easier and reliable services</td>
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</tbody>
</table>
PART-C

E-SERVICES OFFERED BY CURRENT BANK

1. What are the technology-based services your bank has?

<table>
<thead>
<tr>
<th>Technology-based services</th>
<th>Do you have?</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATM card</td>
<td>Yes</td>
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<tr>
<td>Credit card</td>
<td>Yes</td>
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<tr>
<td>Debit card</td>
<td>Yes</td>
</tr>
<tr>
<td>Internet banking</td>
<td>Yes</td>
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<tr>
<td>ATM banking</td>
<td>Yes</td>
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<tr>
<td>Mobile banking</td>
<td>Yes</td>
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<td>Depositary services</td>
<td>Yes</td>
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<tr>
<td>Investment advisory services</td>
<td>Yes</td>
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<tr>
<td>Multi city cheques</td>
<td>Yes</td>
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</tbody>
</table>

2. Services rendered by present bank:

<table>
<thead>
<tr>
<th>Services</th>
<th>with present Bank</th>
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<tbody>
<tr>
<td>Salary credit</td>
<td>Yes</td>
</tr>
<tr>
<td>Savings account</td>
<td>Yes</td>
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<tr>
<td>Current account</td>
<td>Yes</td>
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<tr>
<td>Fixed deposits</td>
<td>Yes</td>
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<tr>
<td>Safe deposit locker</td>
<td>Yes</td>
</tr>
<tr>
<td>Demand drafts</td>
<td>Yes</td>
</tr>
<tr>
<td>Funds transfer</td>
<td>Yes</td>
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<tr>
<td>Bills payment</td>
<td>Yes</td>
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<tr>
<td>Housing loans</td>
<td>Yes</td>
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<tr>
<td>Car loans</td>
<td>Yes</td>
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<tr>
<td>Two wheeler loans</td>
<td>Yes</td>
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<tr>
<td>Personal loan</td>
<td>Yes</td>
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<tr>
<td>Business loans</td>
<td>Yes</td>
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<tr>
<td>Term loan</td>
<td>Yes</td>
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<tr>
<td>Mortgage Loan</td>
<td>Yes</td>
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</table>
3. Services rendered by other bank:

<table>
<thead>
<tr>
<th>Services</th>
<th>with other Banks</th>
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<tbody>
<tr>
<td>Salary credit</td>
<td>Yes</td>
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<td>Savings account</td>
<td>Yes</td>
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<td>Current account</td>
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<td>Fixed deposits</td>
<td>Yes</td>
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<td>Safe deposit locker</td>
<td>Yes</td>
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<td>Demand drafts</td>
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<td>Term loan</td>
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<td>Mortgage Loan</td>
<td>Yes</td>
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# PART – D

## SATISFACTION LEVEL ON E-BANKING

<table>
<thead>
<tr>
<th>PARAMETERS</th>
<th>Very much dissatisfied</th>
<th>Dissatisfied</th>
<th>Neutral</th>
<th>Satisfied</th>
<th>Very much satisfied</th>
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<tr>
<td>EMPLOYEES LEVEL</td>
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<tr>
<td>Staffs’ knowledge</td>
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<td>Employees’ dress and Appearance</td>
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<tr>
<td>Pleasing manners</td>
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<td>Friendly staff willing to help</td>
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<td>Ease of contacting branch manager</td>
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<td>SERVICE LEVEL</td>
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<tr>
<td>Personal attention</td>
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<td>Quick/prompt service</td>
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<td>Accuracy/absence of errors</td>
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<td>Confidentiality</td>
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<td>Good complaint handling</td>
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<tr>
<td>PARAMETERS</td>
<td>Very much dissatisfied</td>
<td>Dissatisfied</td>
<td>Neutral</td>
<td>Satisfied</td>
<td>Very much satisfied</td>
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<tr>
<td>Clear communication between bank and customer</td>
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<td>Dependability</td>
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<td>Timely service</td>
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<td>No-breakdown of machines/services</td>
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<td>Prompt response to customer requests</td>
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<tr>
<td>Minimum waiting time to complete a transaction in branch</td>
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<tr>
<td>Delivering what is promised</td>
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</tbody>
</table>

<p>| TECHNOLOGY LEVEL                              |                        |              |         |          |                     |
| Connectivity to other banks ATMs              |                        |              |         |          |                     |
| User friendly ATMs                            |                        |              |         |          |                     |
| Easy connectivity                             |                        |              |         |          |                     |
| Secured Internet banking                      |                        |              |         |          |                     |</p>
<table>
<thead>
<tr>
<th>PARAMETERS</th>
<th>Very much dissatisfied</th>
<th>Dissatisfied</th>
<th>Neutral</th>
<th>Satisfied</th>
<th>Very much satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Error free internet banking</td>
<td></td>
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<tr>
<td>User friendly internet banking</td>
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<td>Secured ATM banking</td>
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<td>Error free ATM banking</td>
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<td>User friendly ATM banking</td>
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<td>Secured Mobile banking</td>
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<td>Error free Mobile banking</td>
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<tr>
<td>User friendly Mobile banking</td>
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</tbody>
</table>
## EXPECTATIONS & SUGGESTIONS ON E-BANKING

<table>
<thead>
<tr>
<th>Expectations &amp; Suggestions about E-banking</th>
<th>Degree of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>Government should tighten rules and regulations to avoid e-frauds.</td>
<td></td>
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<tr>
<td>Government should promote e-bank through proper media.</td>
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<tr>
<td>Demos and clear-cut instructions are needed from the banks.</td>
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<tr>
<td>Banks should include multi-languages on website, catalog and brochures.</td>
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<tr>
<td>Government should enable low income groups to surf net at lowest rates.</td>
<td></td>
</tr>
<tr>
<td>Banks can increase the services to increase the clients’ access.</td>
<td></td>
</tr>
</tbody>
</table>
INTERVIEW SCHEDULE – “BANKER’S PERSPECTIVE”

PART – A

1. Name of the bank ________________________________

2. Your bank is a
   ☐ Public sector bank
   ☐ Private sector bank
   ☐ Foreign bank

3. Does your bank have Core Banking/Anywhere banking facility?
   ☐ Yes               ☐ No

4. How many times a customer is connecting with your banking transactions through e-deliver channels like ATM, internet etc.. in a month?
   ☐ 1 – 5 times
   ☐ 6 – 10 times
   ☐ Above 10 times

5. Are the customers comfortable with the idea of electronic banking channels like ATMs, on-line banking etc to carryout your banking transactions?
   ☐ Very much comfortable
   ☐ Not sure
   ☐ Uncomfortable
   ☐ Very much uncomfortable

6. How secure the customers feel with your financial information available and managed over Internet?
   ☐ Very much secure
   ☐ Not sure
   ☐ Somewhat insecure
   ☐ Very much insecure

7. “Introduction of technology in banks has improved the service level of banks”. Is it true?
   ☐ Somewhat untrue
   ☐ Not sure
   ☐ Somewhat true
   ☐ Very much true

8. Do you feel personal contact between bank and customer is necessary?
   ☐ Somewhat untrue
   ☐ Not sure
   ☐ Somewhat true
   ☐ Very much true
9. Do you agree electronic channels like ATM, Internet etc will completely replace branches?

- [ ] Somewhat untrue
- [ ] Not sure
- [ ] Somewhat true
- [ ] Very much true

10. Whether any customer changed his transaction from your bank other bank in the last 5 years?

- [ ] Yes  
- [ ] No

If yes, because of:
- [ ] Attracted by advertisements of present banker
- [ ] Specific request for a service was denied
- [ ] Suggestion through friend/customer/business partner
- [ ] IT based services not available with previous bank
- [ ] General Service level of previous bank was not up to the expectations

11. Benefits of e-banking to the customers in bankers perspective:

(Please mark an (“X”) for your answers)

<table>
<thead>
<tr>
<th>Benefits of using E-banking to the customers</th>
<th>Degree of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>Reduce operating and administrative cost</td>
<td></td>
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<tr>
<td>Improve bank’s image</td>
<td></td>
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<tr>
<td>Improve competitive position in the market</td>
<td></td>
</tr>
<tr>
<td>Provide faster, easier, more reliable services</td>
<td></td>
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<tr>
<td>Reduce the cost and saves the time of customers</td>
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</tbody>
</table>
PART – B

TECHNICAL REVIEW

1. Do you offer Net banking facility?
   a.) Yes   b.) No

2. How many customers utilize Net banking facility?
   a.) 10%-20% of the whole population
   b.) 21%-30% of the whole population
   c.) 31% & above

3. Do you offer Mobile banking facility?
   a.) Yes   b.) No

4. How many customers utilize Mobile banking facility?
   a.) 10%-20% of the whole population
   b.) 21%-30% of the whole population
   c.) 31% & above

5. Do you offer ATM banking facility?
   a.) Yes   b.) No

6. How many customers utilize ATM banking facility?
   a.) 10%-20% of the whole population
   b.) 21%-30% of the whole population
   c.) 31% & above

7. How does the bank connect to the Internet/vendors?
   a.) VPN   b.) BROADBAND   c.) V-SAT   d.) DIAL-UP

8. Is the bank's web site reviewed legally?
   a.) Yes   b.) No

9. How often is virus protection software updated on servers and workstations?
   a.) every month   b.) every week
   c.) every day

10. Is there any provision available to prevent the system from Hackers legally?
    a.) Yes   b.) No

11. Does management keep up-to-date on addressing newly disclosed security threats to the computer operating system and application software?
    a.) Yes   b.) No
12. Is the Board fully informed of the risks involved with electronic banking legally?
   a.) Yes    b.) No

13. Which risk will affect more legally?
   a.) Compliance risk
   b.) Transaction risk
   c.) Strategic risk

14. Has the bank encountered any computer-related crime?
   a.) Yes    b.) No

15. What future plans, changes or other services are you contemplating to offer on your web site within the next twelve months?
   a.) Training for the employees from IT personnel
   b.) Additional services to the customers
   c.) Simplification of operating procedures

16. What services are customers being charged for and how much?
   a.) Online brokerage service
   b.) To create an account
   c.) To access key information in online services
   d.) For bill payment service

17. Does the bank have a legally written contract with the vendor?
   a.) Yes    b.) No

18. Did legal counsel review the vendor contract?
   a.) Yes    b.) No

19. Have you had any problems with the vendor?
   a.) Yes    b.) No
   If yes, give details________________________.

20. Does the manager have power to access the customer password legally?
   a.) Yes    b.) No

21. Do IT personnel participate in legal and non-legal training programmes?
   a.) Yes    b.) No

22. Is e-banking training provided to other officers and employees of the bank?
   a.) Yes    b.) No

23. Are income and expense items, related to electronic banking, included in the annual Budget?
   a.) Yes    b.) No
24. Does Management established programs and/or procedures for the following?  
   a.) Yes    b.) No  
   If yes, for what  
   a.) Customer service  
   b.) Customer complaints  
   c.) Customer demands  
   d.) Customer education  

25. What are all the reasons for offering E-banking?  
   a.) To satisfy customers request  
   b.) To gain more profit  
   c.) To retain the exist customers  
   d.) To attract more new customers  
   e.) Convenience of the customers  

26. What are all the reasons choosing present vendor?  
   a.) Quality of service  
   b.) Specialization  
   c.) Installation and maintenance cost  
   d.) Experience  

*******************
instrument used to collect primary data. Close ended as well as open ended questionnaire were used in my market research

**Findings**

Most of the respondents were aware of the net banking and all the services provided under net banking. Public sector bank, State Bank of India has the largest customer base but the private banks are also catching up and after State Bank of India. HDFC has the highest customer base. Multi-national banks are also making their presence noticeable in the Indian scenario.

Few respondents felt that disclosing their details is safety but still there were a lot people who felt unsafe in disclosing and feared their personal information may be used by some other person.

**Suggestions**

To prevent online banking from remaining an expensive additional channel that does little to retain footloose customers, banks must act quickly.

The first and most obvious step they should take is to see to it that the basic problem fuelling dissatisfaction have been addressed.

In addition, to meet the challenge of online brokerage and other new entrants, banks would need to add “supermarkets” selling products such as mortgage, mutual funds and insurance.

The banks should take up responsibility of educating the customers and all the benefits of internet banking.

There is a need felt for the banks to promote the online banking services and proper promotional activities are not taking place.

Banks need to appeal to customers who may not be technologically sophisticated, and should not require an engineering degree to get started or use the service.

**Conclusion**

The invention of banking by technology has created an information age and commoditisation of banking services. Banks have come to realise that survival in the new e-economy depends on delivering some or all of their banking services on the internet while continuing to support their traditional infrastructure.

The rise of net banking is redefining business relationships and the most successful banks will be those that can truly strengthen their relationship with their customers. Technology is altering the relationships between banks and its internal and external customers. The incremental costs incurred for expansion and diversification are also more beneficial. But on the flipside, it is associated with risks such as reputation risk, security risk, cross-border risk and strategic risk, which are unique to Net Banking. Banks need to have an effective disaster recovery plan along with comprehensive risk management tool is significant not only to the bank but also to the banking system as a whole. Internet has created plenty of opportunities for players in the banking sector.

While the new entrants have the advantage of latest technology, the good-will of the established banks gives them a special opportunity to lead the online world. By merely putting existing service online won’t help the banks in holding their customer close. Instead, banks must learn to capitalize their customer’s different online financial-services relationships.

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