Summary and Conclusions
SUMMARY AND CONCLUSIONS

For the past three decades, India’s banking system has several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian banking system has reached even to the remote corners of the country. This is one of the main reason of India's growth process. The government's regular policy for Indian bank since 1969 has paid rich dividends with the nationalisation of 14 major private banks of India.

The first bank in India, though conservative, was established in 1786. From 1786 till today, the journey of Indian Banking System can be segregated into three distinct phases i.e. early phase from 1786 to 1969 of Indian banks; nationalisation of Indian banks and up to 1991 prior to Indian banking sector reforms and current phase of Indian banking system with the advent of Indian Financial & Banking Sector Reforms after 1991.

During phase-I, public has lesser confidence in the banks. As an aftermath deposit mobilisation was slow. Abreast of it the savings bank facility provided by the Postal department was comparatively safer. Moreover, funds were largely given to traders. Government took major steps in this Indian Banking Sector Reform after independence. It formed State Bank of India to act as the principal agent of RBI and to handle banking transactions of the Union and State Governments all over the country. On 19th July, 1969, 14 major commercial banks in the country was nationalised. Second phase of nationalisation of Indian Banking Sector Reform was carried out in 1980 with seven more banks. This step brought 80% of the banking segment in India under Government ownership. After the nationalisation of banks, the branches of the public sector banks of India rose to approximately 800% in deposits and advances took a huge jump by 11,000%.

Phase-III introduced many more products and facilities in the banking sector in its reforms measure. In 1991, the process of liberalisation of banking practices was started. The country is flooded with foreign banks and their ATM stations. Efforts are being put to give a satisfactory service to customers. Phone banking and net banking is introduced. The entire system became more convenient and swift. Time is given more importance than money. The IT saga in Indian Banking commenced from the
mid eighties of the twentieth century when the Reserve Bank took upon itself the task of promoting automation in banking to improve customer service, book keeping, MIS and productivity. This role played by the Reserve Bank has continued over the years.

Internet Banking means a kind of self help financial services provided by the bank for its clients by the medium of internet, including account information inquiry, account transfers and online payments, etc. Online Banking is the practice of making bank transactions or paying bills via the internet. Thanks to the technology and internet in particular, one no longer have to leave the house. One can shop online, communicate online and now one can even do banking online. Online banking allows account information, transaction information, instant fund transfer, cheques collection across cities and pay bills with the click of a mouse.

Despite the convenience, cost savings and high security of online banking, there are benefits of online banking like 24 hour a day access, a monthly cost savings and security that matches the security of banking in person. In addition to these benefits, many banks are trying to squeeze their clients into online banking in an effort to reduce their administrative costs. Many business owners are too busy during normal business hours to handle their banking needs, but with online banking they can access their accounts, print out statements and even transfer money without leaving the comfort of their home or office. In addition to its convenience, online banking also offers savings of both time and money.

The Software Packages for Banking Applications in India had their beginnings in the middle of 80s, when the Banks spurred on by RBI and the Rangarajan Committee Report, started computerising the branches in a limited manner.

The evolution of IT services outsourcing in the Indian banks has presently moved on to the level of Facilities Management (FM). Banks are now looking at business process management (BPM) to increase returns on investment, improve customer relationship management (CRM) and employee productivity.

However, Internet is not an unmixed blessing to the banking sector. Along with reduction in cost of transactions, it has also brought about a new orientation to risks. Operational risk, also referred to as transactional risk is the most common form of risk associated with internet-banking. It takes the form of inaccurate processing of transactions, non enforceability of contracts, compromises in data integrity, data privacy and confidentiality, unauthorized access / intrusion to bank’s systems and transactions etc. Security risk arises on account of unauthorized access to a bank’s
critical information stores like accounting system, risk management system, portfolio management system, etc. In addition to external attacks, banks are exposed to security risk from internal sources e.g. employee fraud.

Reputational risk is the risk of getting significant negative public opinion, which may result in a critical loss of funding or customers. Such risks arise from actions which cause major loss of the public confidence in the banks' ability to perform critical functions or impair bank-customer relationship. It may be due to banks’ own action or due to third party action. Legal risk arises from violation of, or non-conformance with laws, rules, regulations, or prescribed practices, or when the legal rights and obligations of parties to a transaction are not well established. Application of money laundering rules may also be inappropriate for some forms of electronic payments. Thus banks expose themselves to the money laundering risk. This may result in legal sanctions for non-compliance with 'know your customer' laws.

Traditional banking risks such as credit risk, liquidity risk, interest rate risk and market risk are also present in Internet banking. These risks get intensified due to the very nature of Internet banking on account of use of electronic channels as well as absence of geographical limits.

Compared to banks abroad, Indian banks offering online services still have a long way to go. Notwithstanding the above drawbacks, certain developments taking place at present, and expected to take place in the near future, would create a conducive environment for online banking to flourish.

OBJECTIVES OF THE STUDY

Keeping in view the above explained scenario, the present study was undertaken with the following specific objectives:

1. To evaluate the impact of Internet banking services on bankers' performance of each selected bank in terms of customer base, profitability, growth, physical traffic at bank premises, work pressure on staff, speed and correctness of work, customer relations, fraud control and on saving of currency deterioration.

2. To evaluate the Impact of Internet Banking services on bank’s customer satisfaction in terms of saving of time, convenience and security in each selected bank.
3. To have a comparison between the services provided by selected public sector, private sector and foreign banks.

4. To compare the impact of Internet banking services on bankers’ performance among these banks.

5. To compare the impact of Internet banking services on customer satisfaction among these banks.

6. To suggest various measures regarding Internet banking through which performance and customer satisfaction can be improved.

RESEARCH METHODOLOGY

In this study, a sample of 300 bankers and 870 customers was taken. They were drawn from selected public, private & foreign sector banks which are situated in the selected cities of Punjab. These selected cities are Ludhiana, Chandigarh, Patiala, Jalandhar and Amritsar. These cities are selected on the grounds that these are having maximum number of bank branches in Punjab. These are the oldest & premier cities of Punjab. The study is based mainly on primary data. To know the expert opinion of bankers regarding impact of internet banking on banks growth, profitability, reduction of cost, customer base, reduction of work pressure and queuing system and to assess the impact on customers’ satisfaction in terms of time, convenience and security, primary data were collected on two different specially structured pre-tested questionnaires through personal interview method. The secondary information pertaining to the history, development and organizational set up of the selected banks was obtained from annual reports and other published literature of banks such as monthly and weekly magazines, circulars, monthly information bulletins & websites etc. The primary data was analyzed by using advanced statistical techniques, such as Analysis of Variance (ANOVA), Z-test, t-test and chi-square test.

SALIENT FINDINGS OF THE STUDY

The Indian economy, which is one of the fastest growing economies in the world, is poised to maintain its leading position, despite the global financial crisis and economic slowdown. India has managed to beat the global financial turmoil due to sound regulation, prudent financial supervision and proactive policies. India’s growth is driven predominantly by domestic consumption and investment and the Indian banking system has no direct exposure to the US sub-prime mortgage assets or to the failed institutions. Thus, as also projected by the IMF, India will remain among the fastest growing economies in the world. In the first half of the year, high inflation and
spiraling crude oil prices were the major concerns, but the focus in the second half shifted to sustaining growth and maintaining stability. Real GDP growth is expected to moderate from 9.0% in 2007-08 to 6.5% - 6.7% in 2008-09. Agriculture and allied sectors are likely to grow by around 2.6% in 2008-09, which is only marginally lower than the average growth of 2.9 during 2000-01 to 2007-08, mainly due to stagnant food grains production. Industrial production was marked by a slowdown in the manufacturing sector. Inflation based on WPI rose from 7.7% at end-March 2008 to a high of 12.9% on 2nd August 2008, reflecting high international crude oil and commodity prices coupled with increase in price of manufactured products and primary articles. After remaining in the range of 10-12% between June and October 2008, inflation began to ease from November 2008 onwards to touch 0.26% by 28th March 2009, mainly reflecting the decline in prices of crude oil, metals, minerals and manufactured goods. The deceleration in economic growth globally was reflected in weakness in external demand for goods and services, besides decline in forex reserves and depreciation of the rupee against major currencies.

Deposit and lending rates of banks also moved more or less in tandem with key policy rates as interest rates initially firmed up during 2008-09 up to October 2008, and subsequently started declining after November 2008. However, a stable banking and financial sector, falling inflation and prompt co-ordinated policy action have helped India weather the crisis. On the upside, domestic demand especially from rural areas, and Government investment activity in the economy will help keep up the growth momentum, making India the second fastest growing economy in the world.

STATE BANK OF INDIA

The Operating Profit of the Bank for 2007-08 stood at Rs. 13,107.55 crore as compared to Rs. 9,999.94 crore in 2006-07, registering a growth of 31.08% The Bank has posted a Net Profit of Rs. 6729.12 crore for 2007-08 as compared to Rs. 4,541.31 crore in 2006-07, registering a growth of 48.18%. While Net Interest Income recorded a growth of 13.04% and Other Income increased by 28.52%. Operating Expenses increased by 6.64%.

The Bank has increased dividend to 215%. The Net Interest Income of the Bank registered a growth of 13.04% from Rs.15,058.20 crore in 2006-07 to Rs. 17,021.23 crore in 2007-08. This was due to growth in interest income on advances. The Net Interest Margin was at a healthy 3.07% in 2007-08.

The gross interest income from global operations rose from Rs. 37,242.33
crore to Rs. 48,950.31 crore during the year. This was mainly due to higher interest income on advances. Interest income on advances in India registered an increase from Rs. 22,872.66 crore in 2006-07 to Rs 32,162.68 crore in 2007-08 due to higher volumes.

Also average yield on domestic advances increased from 8.67% in 2006-07 to 9.90% in 2007-08. Interest income on advances at foreign offices also increased due to higher volumes. Income from resources deployed in Treasury operations in India increased by 11.03% despite decline in average yield mainly due to higher average resources deployed. The average yield, which was 6.99% in 2006-07, declined to 6.92% in 2007-08. Total interest expenses of global operations increased from Rs.22,184.14 crore in 2006-07 to Rs. 31,929.08 crore in 2007-08. Interest expenses on deposits in India during 2007-08 recorded an increase of 45.56% compared to the previous year, whereas the average level of deposits in India grew by 22.09%. This resulted in increase in the average cost of deposits from 4.69% in 2006-07 to 5.59% in 2007-08.

Non-interest income stood at Rs.8,694.93 crore as against Rs.6,725.26 crore in 2006-07. During the year, the Bank received an income of Rs. 197.41 crore (Rs.598.12 crore in the previous year) by way of dividends from Associate Banks/subsidiaries and joint ventures in India and abroad.

There was marginal decline of 1.84% in the Staff Cost from Rs.7,932.58 crore in 2006-07 to Rs 7,785.87 crore in 2007-08. Staff Cost included an amount of Rs.575.00 crore towards wage arrears. Other Operating Expenses have also registered an increase of 23.94% mainly due to increase in expenses on rent, taxes and lighting, insurance, postage, telegrams and telephones, repair and maintenance, audit fees and miscellaneous expenditure. Operating Expenses, comprising both staff cost and other operating expenses, have registered an increase of 6.64%.

In State Bank of India, deposits, advances, total assets, net interest income, operating income, net profit, earning per share, and book value per share increased significantly during 2003 to 2007 at the compound growth rate of 9.48, 25.82, 10.65, 13.69, 8.97, 9.85, 9.86 and 16.73 per cent per annum respectively. But capital adequacy ratio and cost on deposits witnessed a significant decline during the same period. However, the income from other sources, operating expenses, operating profit, provisions, returns on assets and yield on advances remained stagnant during the period under study. This shows that, overall, the business indicators have shown
significant improvement in State Bank of India.

**PUNJAB NATIONAL BANK**

Since its humble beginning in 1895 with the distinction of being the first Indian bank to have been started with Indian capital, PNB has achieved significant growth in business which at the end of March 2009 amounted to Rs 3,64,463 crore. Today, with assets of more than Rs 2,46,900 crore, PNB is ranked as the 3rd largest bank in the country (after SBI and ICICI Bank) and has the 2nd largest network of branches (4668 including 238 extension counters and 3 overseas offices). During the FY 2008-09, with 39% share of low cost deposits, the bank achieved a net profit of Rs 3,091 crore, maintaining its number ONE position amongst nationalized banks. Bank has a strong capital base with capital adequacy ratio as per Basel II at 14.03% with Tier I and Tier II capital ratio at 8.98% and 5.05% respectively as on March’09. As on March’09, the Bank has the Gross and Net NPA ratio of only 1.77% and 0.17% respectively. During the FY 2008-09, its’ ratio of priority sector credit to adjusted net bank credit at 41.53% & agriculture credit to adjusted net bank credit at 19.72% was also higher than the respective national goals of 40% & 18%. PNB has always looked at technology as a key facilitator to provide better customer service and ensured that its ‘IT strategy’ follows the ‘Business strategy’ so as to arrive at “Best Fit”.

There was a significant increase in net interest income, operating income, operating expenditure, net profit and book value of share at the rate of 14.91, 9.21, 12.79, 15.81 and 24.14 per cent compounded annually respectively. However, stagnation or fluctuating trends could be seen in case of other income, operating profit, provisions, returns on assets, earnings per share, cost on deposit and yield from advances in the bank. Therefore, the bank should check/curb the stagnating or fluctuating trends in a number of performance indicators. However, there is also a need to check the significant increase in operating expenses.

**ICICI BANK**

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank,
the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses.

The ICICI Group was formed with the objective of supporting India’s growth and development. The Bank has transformed from a development bank to a diversified financial services group, this vision continues to form the core of all the bank does. The Bank partner the growth of Indian business and help individuals improve their quality of life, through convenient access to financial products and services. ICICI is focusing on the full spectrum of financial services needs, from banking in rural areas to banking for the Indian community overseas.

ICICI Bank’s corporate governance philosophy encompasses not only regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. ICICI Bank has formulated a Whistle Blower Policy for the ICICI Group. In terms of this policy, employees of ICICI Bank and its group companies are free to raise issues, if any, on reach of any law, statute or regulation by the Bank and on the accounting policies and procedures adopted for any area or item and report them to the Audit Committee through specified channels. This mechanism has been communicated and posted on the Bank’s intranet.

ICICI Bank continues to deploy technology for use in banking. Continued focus on leveraging technology has resulted in process efficiencies and enhanced convenience for customers. The emphasis on an enterprise view of technology has led to an architecture that is highly aligned to the changing business environment. During fiscal 2008, the bank augmented its traditional channels with offerings on the mobile and self-service transaction capability. With a view to enhance customer convenience and provide services on a continuous and location independent basis, the bank has enabled financial transactions through mobile phones.

Profit before provisions and tax increased by 35.5% to Rs. 79.61 billion in fiscal 2008 from Rs. 58.74 billion in fiscal 2007 primarily due to an increase in net interest income by 29.6% to Rs. 73.04 billion in fiscal 2008 from Rs. 56.37 billion in fiscal 2007 and an increase in non-interest income by 27.2% to Rs. 88.11 billion in fiscal 2008 from Rs. 69.28 billion in fiscal 2007, offset, in part, by an increase in non-interest expenses by 21.9% to Rs. 81.54 billion in fiscal 2008 from Rs. 66.91 billion.
in fiscal 2007. Provisions and contingencies (excluding provision for tax) increased by 30.5% during fiscal 2008 primarily due to a higher level of specific provisioning on non-performing loans, offset, in part by a reduction in general provision on loans. Profit before tax increased by 38.6% to Rs. 50.56 billion in fiscal 2008 from Rs. 36.48 billion in fiscal 2007. Profit after tax increased by 33.7% to Rs. 41.58 billion in fiscal 2008 from Rs. 31.10 billion in fiscal 2007.

Net interest income increased by 29.6% to Rs. 73.04 billion in fiscal 2008 from Rs. 56.37 billion in fiscal 2007, reflecting an increase of 27.6% or Rs. 711.07 billion in the average volume of interest-earning assets and an increase in net interest margin to 2.22% in fiscal 2008 compared to 2.19% in fiscal 2007. Non-interest income increased by 27.2% to Rs. 88.11 billion in fiscal 2008 from Rs. 69.28 billion in fiscal 2007 primarily due to a 32.2% increase in fee income and a 14.0% increase in treasury and other non-interest income. Non-interest expenses increased by 21.9% to Rs. 81.54 billion in fiscal 2008 from Rs. 66.91 billion in fiscal 2007 primarily due to a 28.6% increase in employee expenses and a 31.6% increase in other administrative expenses.

**HDFC BANK**

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalisation of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995.

The Bank has had a consistent dividend policy of balancing the twin objectives of appropriately rewarding shareholders and retaining capital to maintain a healthy capital adequacy ratio to support future growth. It has had a consistent track record of moderate but steady increases in dividend declarations over the last so many years with the dividend payout ratio ranging between 20% and 25%. In line with this, and in recognition of the robust performance during 2007-08, directors recommended a dividend of 85% for the year ended March 31, 2008, as against 70% for the year ended March 31, 2007. This dividend is subject to tax on dividend to be paid by the Bank.

The financial performance during the fiscal year 2007-08 remained healthy with total net revenues (net interest income plus other income) increasing by 50.7% to
Rs. 7,511.0 crores from Rs. 4,984.7 crores in 2006-07. The revenue growth was driven principally by an increase in net interest income. Net interest income grew by 50.7% primarily due to increase in the average balance sheet size by 39.8% and an increase in net interest margin from 4.0% to around 4.4%. The key driver in volumes was growth in advances. Margin expansion was contributed by increase in yields across all products partially offset by increase in time deposit costs.

The other income (non-interest revenue) increased by 50.6% to Rs. 2,283.2 crores primarily due to fees and commissions, profit/(loss) on revaluation / sale of investment and income from foreign exchange and derivatives income.

Operating (non-interest) expenses increased from Rs. 2,420.8 crores in 2006-07 to Rs. 3,745.6 crores in 2007-08, due to higher infrastructure and staffing expenses in relation to the expansion in the branch network, (including branches which were in the process of being set up and would be commissioned in the June 2008 quarter) and growth in the retail loan and credit card businesses. Operating cost to net revenues increased to 49.9%, from 48.6% in the corresponding year. Staff expenses accounted for 34.7% of non-interest expenses in 2007-08 as against 32.1% in 2006-07, due to an increase in staff strength and increase in average salary levels. A large portion of the increase has been in the direct sales infrastructure which stepped the pace of liability and card account acquisitions substantially during the year. Loan loss provisions and provision for standard assets increased from Rs. 861.0 crores to Rs. 1,216.0 crores in 2007-08 which was broadly in line with the increase in retail loans and the product mix across various loan products. The Bank also provided Rs. 264.4 crores as contingent provisions for tax, legal and other contingencies.

Deposits, advances, total assets, net interest income, other income, operating income, operating expenses, operating profit, provisions, net profit, earning per share and book value per share experienced significant increase at the rate of 32.83, 41.21, 35.91, 43.64, 37.88, 41.53, 43.39, 39.85, 74.77, 30.54, 26.91 and 27.63 per cent compounded annually respectively. However, capital adequacy ratio witnessed stagnation in HDFC Bank during 2003 to 2007. Though the trends in business indicators are encouraging in HDFC Bank, but the bank ought to focus on checking the increasing trend in operating expenses and provisions. However, there might be positive correlation between operating expenses and operating profit in HDFC Bank during the period under study. The stagnation in capital adequacy ratio of the bank also needs attention.
CITIBANK

Citigroup Inc. (Citigroup and, together with its subsidiaries, the Company, Citi or Citigroup) is a global diversified financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers. Citigroup has more than 200 million customer accounts and does business in more than 100 countries. Citigroup was incorporated in 1988 under the laws of the State of Delaware. The Company is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (FRB). Some of the Company’s subsidiaries are subject to supervision and examination by their respective federal and state authorities.

CITI Bank witnessed significant increase in deposits, advances, total assets, operating income, operating expenses, earning per share and book value per share at the compound growth rate of 15.28, 25.18, 14.29, 9.02, 11.00, 16.80 and 5.46 per cent per annum respectively while there was a significant decline in capital adequacy ratio at the CGR of –2.50 per cent per annum in CITI Bank during 2003-2007. However, operating profit, provisions and net profit remained fluctuating during the same period resulting in turning the positive growth rate insignificant. It shows that CITI Bank needs to check the ups and downs in operating profit, provisions and net profit, and also curb the increasing trend in operating expenses.

STANDARD CHARTERED BANK

Standard Chartered was formed in 1969 through a merger of two banks: The Standard Bank of British South Africa, founded in 1863, and the Chartered Bank of India, Australia and China, founded in 1853. Both companies were keen to capitalise on the huge expansion of trade and to earn the handsome profits to be made from financing the movement of goods between Europe, Asia and Africa.

Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt was Rs. 50,358 thousands on 31.3.2008 against Rs. 189,802 thousands on 31.3.2007. Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds came to be Rs. 90,055 thousands on 31.3.2008 against nil on 31.3.2007.
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security was Rs. 4,645,261 on 31.3.2008 against Rs. 2,107,270 thousands on 31.3.2007. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers worked at Rs. 8,708,539 thousands and Rs. 8,482,465 thousands on 31.3.2008 and 31.3.2007 respectively. Bridge loans to companies against expected equity flows/issues was Rs. 380,000 thousands on 31.3.2008. Total Exposure to Capital Market was of the order of Rs. 13,874,213 thousands on 31.3.2008 against Rs. 10,779,537 thousands on 31.3.2007.

Standard Chartered Bank experienced significant increase in deposits, advances, total assets and earning per share during 2003-07 at the rate of 26.15, 28.28, 29.79 and 22.87 per cent compounded annually respectively. However, capital adequacy ratio remained stagnant during the same period.

Overall, it can be said that as far as deposits are concerned, private banks are the front runner, followed by foreign banks and public sector banks. In case of advances and total assets, a similar pattern could be observed. The earning per share increased at the highest rate of growth in HDFC Bank, followed by Standard Chartered Bank, CITI Bank, ICICI Bank, State Bank of India and Punjab National Bank. The public sector banks should evolve new attractive policies and plans to keep pace with the competition with the private banks.

IMPACT OF INTERNET BANKING SERVICES ON BANKERS’ PERFORMANCE

- Majority i.e. 50.67 percent of the selected bank officers are from public sector banks, followed by 37.33 percent from private banks while only 12.00 percent of the selected bank officers belong to the foreign banks. This, by and large, corresponds to the number of banks in each sector in Punjab.

- 100 percent of the trained bank officers in foreign banks were of the view that they have got benefit of the training. This proportion is 93.02 percent in public sector banks and 83.33 percent in private sector banks. The value of chi-square indicates that there is significant association between banking sector and benefits of the training. This reveals that the quality of training as well as the bank officers in foreign banks is better than those in private sector banks.
• There is 100 percent agreement among bank officers on the increased impact of Internet banking services on customers’ base. It indicates that Internet Banking Services result in the increase in customers’ base of the banks. It may be due to time saving technique of the Internet Banking which can be operated at any time and at any place.

• The most common reason of increased impact of Internet Banking is its convenience for the customers in each banking sector. However, its extent is significantly higher in foreign banks (80.56%) as compared to public sector banks (48.68%) and private sector banks (54.46%). The second major reason of increased impact of Internet banking on customers’ base came to be the time saving technique in public sector banks (26.97%) and private sector banks (39.29%) while it came to be the Internet banking safer and secure in foreign banks (66.67%).

• In public sector banks, majority i.e. 60.53 percent of the selected bank officers observe that the bank expenses decreased with the introduction of internet banking as compared to the non-internet banking era. As much as 27.63 percent of them are of the view that there seems to be no impact of internet banking on bank expenses. However, 11.84 percent noted the increase in bank expenses after the introduction of internet banking services in public sector banks. In private sector banks, the highest proportion, i.e. 44.64 percent of the bank officers observe no impact of internet banking on bank expenses, followed by 42.86 percent who report a decrease in the bank expenses. However, 12.50 percent of them report increase in bank expenses after introduction of internet banking there. In foreign banks, the highest proportion i.e. 44.44 percent of bank officers observe a decline in the bank expenses after the introduction of internet banking services.

• The highest proportion i.e. 38.16 percent of the bank officers in public sector banks observe 10 to 20 percent growth in banks’ business with internet banking services, followed by impact up to 10 percent (19.74%), 20 to 30% (18.42%) and 30 to 40% (17.11%). There are only 3.95 percent of them who reported an increase of more than 40 percent in banks business after introduction of internet banking while only 2.63
percent of them observe no impact of internet banking on banks’
business. In private sector banks, the highest proportion i.e. 42.86
percent of the selected bank officers reported an increase of 10 to 20
percent in banks business after the introduction of internet banking,
followed by 20 to 30 percent (21.43%) and 30 to 40 percent (19.64%).
In foreign banks, as much as 27.78 percent of the bank officers observe
30 to 40% growth in banks business, followed by 22.22% each
observing a growth of 20 to 30 percent and more than 40 percent in
business of the banks.

- Decreased cost due to internet banking came to be the most commonly
  reported reason for increased business growth in all sectors of banking
  industry. However, this is significantly higher in private sector banks
  (50.91%) as compared to the public sector banks (37.84%). The
  increased customers’ base due to better services as a reason for
  increased business growth is reported by 22.97 percent, 27.27 percent
  and 17.65 percent of bank officers in public, private and foreign banks
  respectively, which are statistically at par.

- As high as 86.84 percent of bank officers in public sector banks,
  100.00 percent in private sector banks and 94.44 percent in foreign
  banks are of the opinion that Internet banking has helped in reducing
  the long queues in front of or in the premises of banks for different
  banking operations. This shows that a considerable number of
  customers are not used to visit the banks for updating their accounts
  and for getting information for different deposit and loan schemes.
  They are used to get all these information through internet banking
  services.

- As high as 89.47 percent of bank officers in public sector banks, 100
  percent in private sector banks and 94.44 percent in foreign banks were
  of the opinion that internet banking caused to increase the speed of
  work in their banks. This is, truly speaking the picture of modern
techniques helping in increasing the labour productivity and hence the
speed and efficiency. This shows that banks should not hesitate to
adopt modern techniques of banking operations, particularly in the era
of global competition.

- All the bank officers agree that there is an increase in the correctness and exactness in work with the introduction of internet banking. There is almost a similar extent of agreement in all the sectors of banking industry under study. It came to be 1.08 (agree) in public sector, 1.21 (agree) in private sector and 1.06 (agree) in foreign sector banks.

- There was no significant difference in time taken to resolve the complaints in every sector of banking industry. In every sector, it was just 1 week taken to resolve the complaints regarding internet banking services in particular as well as banking operations in general. Same was the trend regarding convenience of the internet banking services provided to the customers.

- In public sector banks, the most common reasons came to be the convenience of the internet banking (2.33), and time saving internet banking technique (2.95), followed by increased speed of work in banks due to internet banking (4.07), increased customers base (4.59), and more accuracy in work (4.77).

- In private sector banks also the most common reason for preferring internet banking to customers is its convenience (2.73) and the least common reason is reduction in long queues of customers in the banks.

**IMPACT OF INTERNET BANKING SERVICES ON BANK CUSTOMERS’ SATISFACTION**

- In private sector banks, the highest proportion i.e. 46.75 percent of customers belong to the age group of 26-35 years, followed by the youngest age group (41.25%) and 36-45 years (10.00%). Only 2.00 percent of them belong to the age group of 46-55 years. In foreign banks, the highest proportion i.e. 42.86 percent of customers belong to the youngest age group, followed by 26-35 years (35.71%) and 36-45 years (21.43%). None of the customers in foreign and private banks belong to the oldest age group of above 55 years while it is 1.75 percent in public sector banks.

- The analysis further reveals that the highest proportion, i.e. 59.50 percent of customers of public sector banks are having secondary standard of education while it is post-graduate level in private sector banks (52.75%) and foreign banks (50.00%).
The highest strata i.e. 28.75 percent of customers in public sector banks is having family income of Rs. 10,000 or less than it, while it is Rs. 10,001 to Rs. 15000 in private sector banks (27.00%) and Rs. 25,001 to Rs. 50,000 in foreign banks (32.86%).

In public sector banks, the most common reason of preference for a bank came to be wider branch network (1.55), followed by convenience (2.48), better services provided by the bank (2.91) and lesser charges on banking operations (3.06). The least commonly reported reason is observed to be more working days (4.22), followed by longer working hours (3.69), co-operative staff and better location of branches (3.34), better interest rate (3.21), better facilities at the bank (3.16) and nearness to the residence (3.06).

In private sector banks, bank being nearer to the residence (2.21) is the most commonly reported reason of preference for a bank, followed by better facilities at the bank (2.52), wider branch network (2.65), co-operative staff (2.78), convenience (2.88) and better services at the bank and longer working hours (3.03). Better location of the branches came to be the least reported reason for preferring a bank by the customers (3.94), followed by more working days (3.68), better interest rates (3.55) and lesser charges (3.16).

In foreign banks, the highest ranked reason came to be better services provided by the bank (1.00), followed by more working days (1.36), co-operative staff (1.91), long working hours (2.23) and convenience to the customers (2.64). The lowest ranked reason of preference for a bank is observed to be the lesser charges (5.21), followed by wider branch network (4.12), better location of branches (4.00), better interest rates (3.20), nearness to the residence (3.14) and better facilities (3.00).

83.25 percent of the customers of public sector banks are satisfied with the banking services while it is 90% percent for private sector and 96% for foreign bank customers.

Most commonly reported reason of satisfaction with the public sector banks is, good and timely service (2.39), followed by good interest
rates (2.70) and better provision of services (2.89). The least ranked reasons of satisfaction among customers of public sector banks came to be extra working hours (3.99), followed by lesser charges (3.56), co-operative staff (3.38) and quick/efficient services (3.09).

In private sector banks, co-operative staff (2.49), good and timely service (2.50), good interest rates (2.71) and better provisions (2.72) are the most commonly reported reasons of satisfaction while quick/efficient services (4.28), lesser charges (3.33), and extra working hours (3.33), secure the least place of importance in terms of reasons of satisfaction.

In foreign banks, the customers are satisfied mainly due to extra working hours (1.77), good and timely service (1.79), co-operative staff (1.93) and better provisions (2.64). The reasons like quick/efficient services (3.38), good interest rates (3.50) and lesser charges are the sub reasons of satisfaction with the bank services.

- In public sector banks, the customers are used to use internet banking service mainly due to its time saving nature (1.37), followed by easy to operate (2.56) and status symbol (2.74).

In private sector banks, the major reason of using internet banking services came to be again its time saving nature (1.06), followed by easy to operate (2.54) and increase in status (3.06).

In foreign banks, the most common reason of using internet banking services is found to be its easiness to operate (1.64), followed by its time saving nature (1.79) and increase in status (2.29).

- In public sector banks, friends/colleagues are the most common source (2.26) of getting knowledge about internet banking services. This source is followed by advertisements in bank premises (2.66) and bank officials (2.69).

In private sector banks, the most common source of knowledge about internet banking services, is advertisements in bank premises (2.58), followed by bank officials (2.63) and friends/colleagues.

In foreign banks, it is the friends and colleagues (1.57) who are the best source of knowledge about provision of internet banking services.
It is reported by 78.00 percent in public sector, 96.25 percent in private sector and 100.00 percent in foreign banks that online account information facility is most common. However, the provision of online account information is significantly more in foreign banks than that of private banks. It is again higher in comparison to public sector banks. This most common facility is followed by transfer of funds within the bank, which is reported by significantly the highest proportion i.e. 100.00 percent in foreign banks followed by 82.50 percent in private sector banks and 63.50 percent in public sector banks.

The majority of customers in all the banks i.e. 69.50 percent in public sector banks, 66.25 percent in private sector banks and 64.29 percent in foreign banks, reported that their banks use to charge for using internet banking services. When asked whether these charges affect their decision to use the internet banking services, again majority of them responded positively. This proportion came to be 66.00, 60.75 and 65.71 percent in public, private and foreign sector banks.

Mean level of importance of internet banking services in the choice of a bank is found to be 1.79 i.e. 59.67% percent in public sector banks whereas the same is 1.71 (57.00%) in case of private sector banks and 2.00 (66.67%) in case of foreign banks. Though the overall level came to be reasonably important in all the banks but it is significantly higher in foreign sector banks as compared to private sector banks as indicated by the t-value i.e. 2.35.

It is evident that in public sector banks, the level of satisfaction of customers with internet banking services is only 0.47 i.e. 23.50 percent which overall indicates that the customers of public sector banks are neither satisfied nor dissatisfied with the internet banking services. In private sector banks, the customers are satisfied at the level of 1.28 i.e. 64.00 percent which indicates that customers of private sector banks are somewhat satisfied with the internet banking services. In foreign banks, the mean level of satisfaction among customers came to be 1.52 i.e. 76.00 percent indicating an overall highly satisfactory level with the internet banking services there.
54.00 percent of customers of public sector banks have read the banking norms regarding internet banking services, while this proportion came to be 52.00 percent and 57.14 percent in private sector banks and foreign banks respectively.

There is a low level of agreement among customers belonging to different banks. It came to be 0.57 (28.50%), 0.63 (31.50%) and 0.71 (35.50%) in public, private and foreign banks respectively. The overall extent of agreement is found to be ‘moderately agree’ in all sectors of banking industry under study. The non-significant t-values also confirmed the similar level of agreement in all the banks.

Extent of agreement on encouraging friends/relatives to do business with a particular bank is only 0.47 i.e. 23.50 percent revealing ‘neither agree nor disagree’ attitude of the customers of public sector banks. It is 0.74 i.e. 37.00 percent in private sector banks which indicates that customers moderately agree to encourage friends/relatives to do business with private banks. In foreign banks, the extent of agreement came to be 1.07 i.e. 53.50 percent indicating again a moderate agreement on encouraging friends/relatives to do business with foreign banks.

In public sector banks, the customers neither agree nor disagree i.e. they are indifferent towards informing the other customers of the bank about complaint regarding services offered by the bank. The extent of agreement is only 0.16 i.e. 8.00 percent. The extent of agreement is 0.56 i.e. 28.00 percent among customers of private sector banks which indicates that customers moderately agree to give information to other customers of private sector banks about complaints regarding services offered by these banks. In foreign sector banks, the customers agree to the extent of 1.29 (64.50%) i.e. to the moderate extent to inform other customers of these banks about complaints related to the services offered by the banks.

The customers of public sector banks have very thin consent on switching over to other competitive banks if more attractive plans are offered by them. In private sector banks, the extent of agreement on
Switching over to other competitive banks is found to be 0.62 (31.00%) which indicates that the customers of private sector banks moderately agree on switching over to other banks in case more attractive plans are offered by the latter. In case of foreign bank customers, the extent of agreement came to be very high of the order of 1.71 (85.50%) which highlights that the customers of foreign banks strongly agree to switch over to other banks if more attractive plans/schemes are offered by them.

- The extent of agreement on continuing business with the bank even if the bank increases the service charges is found to be miserably low in all the banks. It is only 4.65 percent and 10.70 percent i.e. neither agree nor disagree in public sector and foreign banks respectively. Moreover, it is found to be -0.25 percent in private sector banks which shows that customers of private sector banks moderately disagree on continuing with the bank.

- As much as 32.00 percent of the customers of public sector banks and 33.50 percent of private sector banks reported to have faced problems while using internet banking services while this proportion is only 7.14 percent in foreign banks. On the other hand, majority i.e. 68.00, 66.50 and 92.86 percent of the customers of public sector, private sector and foreign banks respectively have not faced any problem in using internet banking services.

- Online complaint was made by 50.52, 58.82 and 100.00 percent in public sector, private sector and foreign banks respectively. The proportion of complainants, who made complaints by personally visiting the bank, is found to be 53.61 percent in public sector banks, 50.98 percent in private sector banks and 40.00 percent in foreign banks while 26.80, 18.63 and 20.00 percent of complainants in public sector, private sector and foreign banks respectively made complaints in writing regarding problems faced during the use of internet banking services. Thus, online mode of complaint, is more common in foreign banks.

- 37.25 percent, 23.75 percent and 14.29 percent of customers of public
sector, private sector and foreign banks respectively have faced the problem of internet banking technology breakdown. Though the proportion of customers facing problem of technology breakdown is low in all the banks but it is significantly lower in foreign banks as compared to public sector and private sector banks.

- The average time period score came to be the highest of the order of 1.54 in public sector banks, which indicates that it takes 1 to 2 weeks in public sector banks to solve the complaint. This sector is followed by private sector banks where, on the overall, 1 week is taken to solve the complaint while it is only 0.43 i.e. less than one week in foreign banks.

FUTURE SCOPE OF THE STUDY

The electronic banking system is in its infant stage in the State of Punjab and it has to travel a long way to become a close associate of common man. Every best effort was made to carry out the research within its stated objectives, scope, research design and methodology. But there may be some gray areas which are still uncovered because no study is an end in itself. Here are some of the limitations of the present study and its future scope which may act as guidelines for interested researchers or scholars.

1. The present study is based on the information/data collected on customers and bank branches in the selected five cities of Punjab. So there are many other cities which are totally uncovered in this study. In this way, it provides opportunities to the researchers and scholars to explore such areas to get the comprehensive picture of internet banking in the uncovered areas.
2. In the present study, only two types of people have been studied (1) bank employees (2) bank customers. Further customers can be individual customers or corporate customers. So, future studies can be based on segregation of customers.
3. The primary data collection is based on the customers' and bank officers'/managers' responses towards their respective questionnaires. Despite sincere efforts, it was found that bank employees and customers still tried to maintain secrecy in revealing the information. Hence, it is possible that some vital information/data may be missing or biased. A formal study with the approval of state level banking
committee can provide a better and more realistic picture of internet banking in the state of Punjab.

4. The scope of the present study is limited to selected 6 banks i.e. SBI, PNB, ICICI, HDFC, Standard Chartered bank and Citibank. A future study can be made by taking other banks into consideration.

5. In internet banking, transactions with the bank are made with the help of computers and internet. There are security issues involved in making these transactions. So, very interesting and valuable studies can be done on security and other related risks in internet banking.