



E- Banking in State Bank of India

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INTRODUCTION

After liberalization and globalization banking has also witnessed a rapid shift like any other industrial and service sector. Banks felt the need to upgrade their customer service to a much higher level in order to survive in this competitive environment. As it is said, change is the only certainty and it is through change that banking could survive.

Technology has played a pivotal role in the evolution of banking sector through speed creation, accuracy and efficiency of operation and reduction in transaction cost.

At the click of a mouse various banking functions can be done for which we had to visit banks physically. Online banking or Electronic banking had made it much easier for customer to use banking services, and it can be called "Anywhere, Anytime and Anyplace banking".

OBJECTIVES

1.To understand the concept of online banking and its importance for bank as well as its customers.

2 .To know about the various aspects of net banking of State bank of India.

METHODOLOGY

This research paper is based on secondary data which will be collected from various sources.

SCOPE OF STUDY

The study is made taking into consideration of whole of State bank of India. It would cover all applications of online banking in State Bank of India. We would be able to know the strengths and weakness of Online banking.

NEED OF THE STUDY

Through this study we would be able to know the working of Online banking of State bank of India and its importance as well as its limitations.

In recent years banks of all types have started the use of online banking in their operations. As the internet has becomes more and more popular, the usage of Online banking is expected to increase considerably.

E- Banking

E-Banking implies provision of banking products and services through electronic delivery channel. It means banking done through electronic systems for customer's transactions (front office computerization) and/or internal accounting and book keeping (back office computerization), instead of using the traditional manual systems of



banking. Customers can inquire information and carry out banking services such as account balance enquiry, inter account transfer and bill payment through the Internet .

Advantages of E- Banking :

- 24/7 banking – E-banking has removed the time constraints from banking. The consumers can withdraw cash or get banking facility immediately at anytime .
- No Queue in Electronic Banking as in traditional banking
- Applications for a majority of popular services can be made Online i.e.-loans, saving, accounts, mortgages etc.
- Transaction speed is higher.
- The operating cost per unit service is lower for the banks.
- The customer can obtain cash at any time from ATM machine.
- Convenience: it is very convenient for customers.
- Better rates : Banks gain a lot as they do not have to take large area for office and employ less staff.
- Internet banking is good for the environment as it cuts down the usage of paper, reduces pollution as people do not have to travel physically.
- Ease of monitoring – a client can monitor his/her transactions on his/her pc or mobile.

Disadvantages of E- banking

- The citizen pay for the internet connection costs when using the service.
- No personal interaction between the customer and the bank employee.

• The customers have to visit the ATM machine or bank to withdraw cash.

• Security concerns involved

• Banks with complicated sites can be awkward to navigate.

State Bank of India:

State Bank of India reach within the country is unparalleled. State Bank of India is the largest commercial bank group in India, in terms of branch network, resources and manpower. As of December 2013, it has 17,000 branches including 190 foreign offices making it the largest banking network and has 32, 777 A.T. M's as of September 30, 2013.

The Imperial Bank of India which was established in 1921 was nationalized in 1955 and renamed as State Bank of India. Thereafter in 1959, subsidiary banks of the State Bank were nationalized. These include State Bank of Bikaner and Jaipur , State Bank of Mysore, State Bank of Patiala, State Bank of Travancore and State Bank of Hyderabad. In 1990's SBI branches used Traditional Manual procedure but overtime few changes were brought in their procedures. State Bank of India started using computers for their Back end operation for MIS reconciliation and fund settlement process.

The development of Online State Bank of India has been gradual. The computerization in Indian banks can be traced back to 1966,the Indian Banks Association (IBA), along with the Exchange Bank's Association signed the first wage settlement with the union which provided for using IBM for ICT Accounting Machines for inter branch reconciliation, agency accounts, salary and provident fund accounts etc.

In 1970's State Bank of India installed a few ledger posting machines at some



specialized branches and also a mainframe computer. The State Bank of India was losing market share to private sector banks that had implemented more modern centralized core processing system. The bank was itself at a competitive disadvantages with respect to both the global banks (Citi, Standard chartered, HSBC) and the private banks such as ICICI banks and HDFC bank, which had a single centralized core banking system in India so that customers can do work with any branch. State Bank of India undertook computerization effort in the 1990's to automate its branches.

Computerization improved the efficiency & accuracy of the branches but the implementation restricted customers to their local branches. State Bank of India also lost its customer and as a result, State Bank of India engaged KPMG peat Marwick (KPMG) in 2000 to develop a technology strategy in 2000, SBI with the help of KPMG began the largest implementation of a centralized core banking system ever undertaken in the banking industry together first only 3,300 branches of the bank were taken.

In 2008 more than 6500 branches 95% of business went on core banking solution and Internet Banking facility for corporate customers was also launched.

State Bank of India won three IDRBT Banking Technology Excellence Award 2013 for "Electronic Payment Systems," "Best Use Of Technology For Financial Inclusion," And "Customer Management And Business Intelligence" in the Large bank category.

E-Banking Services provided by State Bank of India

Personal Online Banking :-

Products and Service :

Payments/Transfer

1) Fund Transfer :-you can avail a number of services through online banking like :-

Transfer funds within your own accounts.

Transfer funds to third party account in the same bank.

Make an inter bank funds transfer to any account held in any bank.

2) Inter bank transfer:- Enables electronic transfer of funds from the accounting of the remitter in one bank to the account of the beneficiary maintained with any other bank branch.

3) Credit card (VISA) :- Bill pay is a special service that allows you to transfer money online from your State Bank of India account to any VISA Debit or Credit card issued in India.

4) IMPS Payment :- is an instant interbank electronic fund transfer service through mobile phones. It is also being extended through other channels such as ATM, Internet Banking etc.

5) NRI Trade Funds Transfer

E-Deposits

1) e-TDR/e STDR – The minimum tenure for a term deposits 7 days and the maximum is 10 years.

2) e-TDR/e STDR under Tax saving scheme.

3) State Bank of India Flexi Deposit.

4) E-Annuity Deposit Scheme.

5) E-Recurring Deposit.

Smart Cards :-

1) Top up BMRCLS card.

2) Gift Card.



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| 3) State Bank Virtual Card. | 6) Online SB Account Application. |
| 4) Smart pay out card. | 7) Smart pay out card. |
| State Bank collect. | 8) State Bank Virtual card. |
| Bill payments | 9) Online fixed Deposit under Income Tax Savings scheme. |
| Western Union service. | 10) Tax Payments. |
| NPS Contribution. | Corporate Internet Banking :- |
| Power jyoti fee collection (PUL) | Provides features to administer and manage non personal account online. |
| Value Added Services :- | |
| 1) E-ticket | 1) Saral, Vistaar and Vyapaar customer can now open and manage their term Deposit Account. |
| 2) Pay Tax using ATM cum Deposit Card. | 2) Smart Payout cards :- A type of prepaid card for CINB users. A general purpose reloadable prepaid cash for corporate users has been introduced. |
| 3) SSC and UPSC online fee collection. | 3) Facility to top up the variants of prepaid cards via e-z pay cards, smart cards, Imprest cards, Achiever cards and UAE express cards is now available. |
| 4) Online shopping. | 4) Merchant Payment are now easier etc. |
| 5) Mutual funds Investment. | Other Services :- |
| 6) Top up SBI Debit cum Transit card. | 1) SBI life Suraksha plus. |
| 7) Viewing of Tax credit Statement form (26 AS) | 2) SBI e-file. |
| 8) State Bank of India Fx Trade currency future trading. | 3) Foreign Travel/EZ pay/ Gift cards. |
| 9) Pension slip Enquiry. | 4) Mobile Banking services. |
| 10) TDS Enquiry. | 5) NRI Services. |
| 11) Maharashtra Government Professional Taxes (DTRC & PTEC) Payment. | 6) Online SBI global. |
| New Services :- | 7) SBI Express Remit. |
| 1) Mobile / DTH Services. | 8) EDFS/EVFS |
| 2) E-Annuity Deposit. | 9) SBI F.A.S.T. |
| 3) Buy Affordable E-life Insurance cover. | 10) Secure card Transactions. |
| 4) Block ATM card. | |
| 5) Internet Banking on mobile. | |
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SBI Insta Pay/OXI Pay :-

SBI Oxi Pay :-

- 1) Mobile Top up.
- 2) DTH Recharge.
- 3) Toll Recharge.
- 4) Broadband Recharge.
- 5) Bill (Utility) payments.
- 6) Movies, Music & Sports.

SBI-Insta Pay (Via Billdesk) :-

- 1) Utility Bills (electricity, telephone, mobile phone, gas)
- 2) Credit Card Bills.
- 3) Insurance Premium.
- 4) Magazine Subscription.
- 5) Donation to religious or charitable organizations.
- 6) Mobile / DTH Recharge

Problems faced by customers :-

- 1) Insecurity and Lack of assurance: - Many Customers do not feel secure when making transaction through credit card, EFT, Internet banking and mobile banking service because of increased cyber frauds. As the customers are not assured about security they do not want to use more of online banking.
- 2) Lack of responsiveness :- Often bank does not take responsibility about wrong transaction, frauds so the responsibilities lies on the shoulder of customers that they take appropriate caution while using online banking.
- 3) Complicated process :- Some customers feel that it is better to use physical services

provided by the bank than to do online services because they feel it is a very complicated process.

4) Perceived risk :- The impersonal nature of online banking has make it risky for the customers using e-banking Research indicates that trust has a critical influence on user's willingness to use online banking.

5) Poor Problem handling service:- Problem handling service are not sufficient. If a customer's complain his grievance should be solved as quickly as possible some customers argue that sometimes employees do not respond to their complaints.

6) Response :- Most times when customers send problem through e-mail their queries are not answered very promptly.

7) Some Employees are also not properly trained or have adequate knowledge regarding online banking so they cannot guide the customers.

Suggestions

Bank need to highlight the benefits of Internet banking and should make the interface easy to use for customers. Bank should enhance security such as encryption, firewall and user protection and authenticity. But providing a risk free online transaction environment is difficult the banks should try to focus on the prevention of fraud and identity theft.

Proper training should be given to the customers to use online banking and bankers should adopt right strategies to attract different age group to give then training using online banking services.

Customer should be taught that they should not use their e-banking from cyber cafe and unsecured wireless network it then becomes a cause of theft and fraud. Customers



should be able to distinguish between forged website and original website.

Bank should recommend customers to install antivirus in their PC's so that during online banking services they are safe.

If banks upgrade their sites it should be easier to use there are nowadays tutorials of SBI available online for learning online banking. But bank should take steps to give practical training to customers.

Conclusion

Banking sector has witnessed tremendous development in last few years. The trend towards electronic banking in India was started by private bank like ICICI bank but the public sector was lagging behind. State bank of India was losing its market share. So State Bank of India started e banking partly because as a result of consumer demand and partly because of the increasing competitive environment in the global context.

The technological advancement in banking sector has helped everybody whether customers or bank employees. State bank of India the largest bank in terms of branch network has effectively implemented e-banking and was able to retain its customers and expand its customer's base.

Some Customers who use traditional banking think it is more secure and trustworthy as there is personal interaction so State Bank of India should provide for practical training program about online banking. Banks should promptly solve the problems faced by customers. However there are some security issues, but if banks address them quickly then e-banking can gain a strong hold.

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