MBA JOURNALS

Nolegein Journal of
Financial Planning & Management

ISSN: 2581-4087 (Online)
Volume 4, Issue 2, 2021
DOI (Journal): 10.37591/NJFPM

http://mbajournals.in/index.php/JoFPM/index

Review NJFPM

A Study on E-Banking and Traditional Banking Services and Comparison

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Abstract

This research work tries to clarify the differences between online and traditional banking. In the modern technological period, human life has gotten a lot easier than it used to be. Everything has been digitized as a result of technological advancements. Banking is also the most important of them all. Within the realm of technology, the financial system has advanced significantly since the 18th century. There are many advantages to technology. There have been several improvements in the banking business as a result of technological advancements. Every aspect of the banking system is computerized, from account opening to cash transfers via e-banking, which eliminates the need to visit banks and eliminates the need to wait in a long line for an extended period of time, allowing purchasers as well as banking institutions to work more efficiently and quickly. The RBI made several modifications to follow the necessary laws and regulations, guidelines, and instructions for banks and consumers, which helps to provide clients with privacy about their account and each transaction, when using online banking. However, due to a lack of awareness and education, only a small percentage of consumers are taking use of e-banking at this time (because technology demands knowledge to work it). In a lot of public sector banks, only a small percentage of the workforce is of working age. As a result, they have very little understanding about computerized banking/e-banking, and it takes a long time for them to complete any transaction. And these are the costs to the general public sector banks of spending a lot of money on training their employees on how to operate computers while also allowing the bank to handle any transaction. Aside from that, technology has always played a crucial role in the banking industry. Internet banking is gradually becoming a "must have" rather than a "nice to have" service. E-banking is nothing more than a traditional banking service distributed through a common economic communication backbone, based on the attitude, banking products and services are offered through internet debit and credit cards, mobile banking, and e-banking are all just a more typical banking service delivered via a network of economic communication. The impact of e-banking on traditional banking is the subject of this research.

***Keywords**:* E-banking, traditional banking, modern era of technology, amendments, the mandatory rules and regulations, guidelines, instructions

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Received Date: August 19, 2021
Accepted Date: August 26, 2021
Published Date: September 27, 2021

Citation: Sujatha D, Bhavani T. A Study on E-Banking and Traditional Banking Services and Comparison. Nolegein Journal of Financial Planning & Management. 2021; 4(2): 15-22p.

INTRODUCTION

Internet banking (or E-banking) is connecting to a bank's website using a personal laptop and a browser to execute any of the virtual banking tasks. The bank offers a consolidated web-enabled information system in the online banking system. All of the services that the bank makes available online are included in the menu. There will be no physical identification for any branch once the bank's branch offices are connected through terrestrial or satellite networks. It would be a borderless organization that allowed banking at anytime, anywhere, and in any way. The computer network is the network that links the many sites and gives property to the organization's headquarters. These networks are only visible to the organizations that they belong to. A real example of a computer network application is SWIFT. Customers benefit greatly from e-banking in terms of transaction simplicity and value, whether through the web, phone, or other electronic delivery methods. Electronic finance (E-finance) has become one of the most important technical developments in the financial industry. E-finance emerged as a result of the availability of financial services and markets, as well as the transmission and calculation of information. E-payment, e-trading, and e-banking are all examples of e-finance. These networks are only visible to the organizations that they belong to [1].

OBJECTIVES

1. To be aware of the most recent developments in the banking industry.
2. To draw attention to the problems that E-Banking and traditional banking face.
3. Investigate the factors that influence client uptake of internet banking.
4. To research and analyze online banking client satisfaction.

LITERATURE REVIEW

In this subject, India has only performed a few researches. The researcher analyzed numerous studies performed in India and overseas to choose the best area for conducting research that will benefit professionals and the country.

Shilpan Vyas: Impact of E-Banking on Traditional Banking Services [2, 3]

The definition, functions, kinds, advantages, and downsides of e-banking are discussed in their study paper titled "Impact of E-Banking on Traditional Banking Services". They demonstrate the influence of e-banking on traditional banking, as well as the risks involved, and come to the conclusion that e-banking is more secure than traditional banking.

Kasturi and Lee [4]

“Mobile Banking for the Unbanked” is a case study that delves into the inner workings of two African mobile banking companies: WIZZIT in South Africa and M-PESA in Kenya. It looks at the many aspects of strategy that lead to success in the unbanked market. It raises concerns about the model's applicability in different nations and contexts.

Raja and Joe [5]

This research, titled "Global e-banking situation and banking system issues", attempts to investigate the various degrees of online banking services supplied by banks using secondary data. It also compares and contrasts traditional banking methods with online banking. It enumerates the numerous benefits of internet banking as well as the successful security measures implemented by various institutions. It also analyzes how E-banking can be useful for banking industry during this global financial meltdown.

Oliveira and Eric [6]

“The Case of Banking Services: Users as Service Innovators”; according to the report, non-bank companies created and implemented 55% of today's computerized commercial banking services for their own use, while individual service users developed and implemented 44% of today's computerized retail banking services. Self-services were nearly always established by users as manual predecessors to these services, manual procedures that performed tasks comparable to computerized services in our sample.

E-BANKING VS. TRADITIONAL BANKING

Traditional banking vs. e-banking: The banking industry is an important element of the economy. Ancient banks, according to Bjelica and Dejan (2010) [7], are believed to be money establishments that change money operations in terms of grouping deposits and issuing loans. On the other side, associate e-banking, for example, is made up of several distribution channels that may provide a wealth of information on trading (Karjaluoto) (2002a) [8]. Similarly, Daniel (1999) [9] defined e-banking as a bank's delivery system for providing information and services to clients via a variety of distribution policies that may be utilized with a variety of devices such as a web browser, mobile phone, and desktop, phone, or digital television. We prefer to believe that any payment that is completed via a bank or another comparable organization about any pretty legal issues falls inside the normal bank payment activities (Bjelica and Dejan, 2010) [7]. However, the internet may be a primary delivery route for e-banking, and its value to clients and banks is growing all the time (Karjaluoto, 2002; Mattila, 2001) [8, 10]. However, the payment transactions system does not just include money transfers, such as when someone hands over cash to a person. According to Bjelica and Dejan (2010) [7], each natural and legal person is on the side of the candidates, whereas the approved organizations for payment transactions are on the side of the approved organizations (banks, PTT exchange, savings banks). Take a look at the perspective of the beneficiaries. E-banking, on the other hand, is a computer-assisted delivery method for consumers via the internet and internal messaging channels (Daniel, 1999; Sathye, 1999) [9, 11]. "It refers to the delivery of retail and banking products and services through electronic channels", according to the Bale Committee report on banking direction (2008). "It refers to the electronic distribution of retail and financial products and services. In the broadest sense, electronic banking encompasses everything from direct deposit, ATMs, credit and debit cards, phone banking, electronic bill payment, and web-based banking". The e-banking movement, according to Karjaluoto (2002) [11], the shift in consumer behavior from traditional branch banking to e-banking has necessitated the development of new strategies for attracting new clients and retaining current ones. According to Ranaweera and Prabhu (2003) [12], companies should strive for a combined approach in which switch prices serve as a complement to customer satisfaction. Although client happiness may be a factor in client retention, switch prices are more likely to have an impact on client retention (Lee et al., 2001; Ranaweera and Prabhu, 2003) [13, 11]. Portal providers are likely to take the lion's share of banking revenues, as a result, banks may be authorized It took a lot more effort to manage and maintain.

PROCEDURE

Authentication

Encryption can help make transactions more secure, but it is also necessary to ensure that no one on either end of the transaction can change the data. There are two techniques to verify the message's integrity while doing so. One, type of verification is the secure Hash algorithm, which protects data from any potential modifications. In practice, the sender sends the data generated by the Hash algorithm. The receiver does an analogous calculation and compares the two to check that everything is in order. If the two outcomes in the International Journal of Applied Research are different, the message has been changed. The other type of verification is done by a 3rd party known as the Certification Authority, with the receiver's and sender's confidence in order to verify that the electronic money or digital signature they obtained is genuine.

Divisibility

Electronic money may be divided into many currency units, much as actual money. Electronic money, for example, necessitates keeping track of nickels and cents. For numerous basic bank transactions, internet banking has become the standard, at least to a point. And this is not always a bad thing: the easier and safer it is for consumers to check their accounts, move money from one account to another, and pay their bills, the more likely they are to actually do so and have a more ordered financial life. Because it is important to presume that just because online banking is a positive addition to the realm of consumer banking, however, this does not imply that direct online banks are a complete replacement for their brick-and-mortar counterparts. So, in what follows, we will look at what online banks must supply-and where they will fall short.

BENEFITS OF INTERNET BANKING

Some banks have begun to offer online-internet banking to their clients, a practice that benefits all parties involved. The convenience of being able to access accounts at any time, as well as the ability to conduct transactions without having to visit a local branch, entices a number of individuals to join.

Some benefits of internet banking but are not restricted to, involve:

Customer's Convenience

Direct banks are accessible from anyplace with an internet connection. They are also open 24 h a day, 365 days a year, but if an internet connection is not available, customer service is typically available around the clock through telephone. At the press of a few buttons, real-time account information and balances are available, making banking easier, faster, and simpler. Furthermore, updating and administering an instant account is simple; it only takes a few minutes to change the address, order additional checks, and is reported for market interest rates [9].

More Efficient Rates

Direct banks can pay higher interest rates on savings and charge cheaper mortgage and loan rates due to a lack of significant infrastructure and administration costs.

Furthermore, certain accounts are often created with no minimum deposits and have no minimum balance or servicing costs.

SERVICES

Direct banks typically have more complex websites that offer a more extensive set of features not seen on traditional bank websites. Financial planning tools, functional budgeting and forecasting tools, loan calculators and equities trading platforms and investment analysis tools are just a few examples. They also provide free online bill payments and online tax forms.

- **Mobility**

Mobile banking is a feature of internet banking. New apps are being developed in real time to expand and improve the capabilities of smart phones and other mobile devices.

- **Transfers**

Electronic transfers are frequently used to automatically fund accounts from a normal checking account. The majority of direct banks offer unrestricted transactions at no charge, including those to and from other financial institutions. They will also accept user-authorized direct deposits and withdrawals, such as automated bill payments and salary deposits.

- **Easy to Determine**

Online accounts are simple to set up and require no more information than a traditional checking account. Some provide the option of entering the user's information online or downloading and sending in the forms. If the user has a problem, he has the option of sending an email or phoning the bank directly.

- **Internet Banking is also Environmental Friendly**

Internet banking is also environmentally friendly. Electronic transmissions eliminate the need for paper, reduce automobile traffic, and are practically pollution-free. They also get rid of the necessary equipment.

- **Fund Transfer**

Using an online fund transfer method, efficiently manages the supply chain network. We will be able to transfer funds in real time across all bank branches.

COMPARISION OF E-BANKING AND TRADITIONAL SERVICES

Request

Make a banking request online. Downloading of account statements as an excel file or document. Customers can also submit the next requests online: Registration for account statements by e-mail daily/weekly/fortnightly/monthly basis.

1. Order for cheques;
2. Cheque book replenishment;
3. Demand Draft/Pay-order;
4. Opening of fixed time deposit account;
5. Opening of Letter of credit;
6. Customers can Integrate the System alongside his own ERP;
7. Bill Payment through Electronic Banking;
8. The Electronic mall;
9. Effecting Personal Investments through Electronic Banking;
10. Investing in Mutual funds; and
11. Initial Public Offers Online.

Transactions made through e-banking are more cost-effective than those made through a branch or even over the phone. This may turn yesterday's competitive advantage, a large branch network, into a comparative disadvantage, allowing e-banks to undercut traditional banks. This is something that is frequently brought up because of the “beached dinosaur” idea. E-banks are simple to set up, and new participants can come in at any time. These newcomers will not be hampered by "old-world" institutions, customs, or structures. Rather, they are becoming more filmable and responsive. E-banking gives customers a lot more options. The goal is for customers to be less likely to stick with a brand. It is feasible for portal providers to obtain the largest part of banking earnings. Banks may, in fact, become licensed wedding brokers. They could only bring two people, such as a buyer and a seller, or a remunerator and a receiver. Monoclines, experts in their specialty, have become the source of the product. Even though this may be a lengthy and time-consuming approach, old banks may only be left with payment and settlement activity.[14] It is possible for old banks to understand how difficult it is to evolve. Not only would they be unable to make financial acquisitions without the ability to provide shares, but they will also be unable to get more capital from the exchange. E-banking is simply banking delivered through a different medium. It just gives customers with another simple option for their convenience (just as ATMs did). Expertise in Scandinavia (probably the world's most sophisticated e-banking region) appears to confirm that "clicks and mortar" banking has a long history. Customers require full-service banking via many delivery channels in the long run, which is why "Martini Banking" was created (any time, any place, anywhere, anyhow). The old banks are beginning to fight back. Associate e-start-up bank costs square measure considerable. Establishing a e-start-up bank is certainly a quite costly because it necessitates significant promotional expenditures as well to the purchase of high-priced technologies (as security and privacy square measure key to gaining client approval). Retail banking only becomes lucrative after an enormous critical mass is attained, according to e-banks. As a result, a number of e-banks are restricting themselves to offering a specialized service to the top crust. E-banking transactions require an interface to communicate with banking clients. All electronic transactions are carried out through a set of interfaces. Electronic banking delivery channels are defined as electronic devices that move with clients and connect with various financial industries. Table 1 gives the comparison of traditional and internet banking.[15]

DOCUMENTATION OF RESULTS

The conclusions of the threat assessment (threat sources and vulnerabilities identified, risks assessed, and proposed controls offered) should be documented in a very detailed report or presentation.

Table 1. Comparison of Traditional and Internet Banking.

Basis of Difference	Traditional Banking	Internet Banking
Presence	Banks exist physically for serving the customers,	Internet banks do not have physical presence as services are provided online.
Time	It consumes a lot of time as customers have to visit banks to carry out bank transactions like, checking bank balances, transferring money from one account to another.	It does not consume time as customers do not have to visit banks to check bank balances or to transfer money from one account to another. Customers can access their account readily from anywhere with a computer and internet access.
Accessibility	People have to visit banks only during the working hours.	Internet banking is available at any time and it provides 24 h access.
Security	Traditional banking does not encounter e-security threats.	Online banking is the tempting target for hackers. Security is one of the problems faced by customers in accessing accounts through internet.
Finance Control	Customers who often travel abroad cannot pay close attention and control of their finances.	Customers who often travel abroad can have greater control over their finances.
Expensive	Customers have to spend money for visiting banks.	Customers do not have to spend money for visiting banks. They can avoid bank charges that may be charged for certain teller transactions or when they pay bills electronically directly from their account to the merchant. It helps to save money on postal charges.
Cost	The cost incurred by traditional banks includes a lot of operating and fixed costs.	Such costs are eliminated as the banks do not have physical presence.
Customer Service	In traditional banks, the employees and clerical staff of the bank can attend only few customers at a time.	In online banking, the customers do not have to stand in queues to carry out certain bank transactions.
Contact	Customers can have face to face contact in traditional banking.	Customers can have only electronic contacts.

RESEARCH METHODOLOGY

Students, scholars, researchers, instructors, and professionals in all disciplines of study where research is necessary for academic success can benefit from the book. The underlying information and technique for doing research are quite important. Fundamentals of research methodology and data collection seek to provide researchers with the required processes and recommendations and postgraduates, who are more frequently confronted with the questions of where to begin and what to do at each step. It serves as a textbook for both academic researchers at various levels and supervisors overseeing researchers at various levels. Data was collected, analyzed, compared, and the results were interpreted in accordance with the literature.

SOURCES OF INFORMATION

Secondary Data

Secondary data is information collected from books and articles from the papers and internet.

CONCLUSION

In comparison to the internet banking system, the results of this survey reveal that conventional bank customers are not entirely happy. Traditional banks did not give their customers with the same level of service as online bank organizers provided. For example, e-bank customers benefit from ATMs, internet banking, credit cards, and a variety of purchasing and selling options. As a result, the majority of consumers are switching to an electronic banking system. The key drivers of e-banking banking acceptance include usefulness, perceived simplicity of use, customer knowledge, and perceived risk.

This research achieves the intended result, however it has one flaw. According to the findings, the majority of clients accept e-banking due to a number of advantages. We came to the conclusion that the system's worth, ease of use, and understanding of online banking and its hazards were the most important factors. Those are genuine reasons to use an online banking system. Customers are more likely to adopt internet banking as a result of these reasons.

These studies provide for a quick entry into the commercial sector in any circumstance. This approach is likely to be widely used in the e-banking industry. As a result, the procedure will give a new access point into the active system, which will help to improve the traditional banking system.

E-banking has grown in importance, allowing customers to conduct business at any time, from any location. When compared to traditional banking services, this provides us with all of the features as well as several benefits. Controls that may reduce or eliminate the identified risks, as applicable to the organization's activities, are supplied during this phase of the approach. The proposed measures are designed to limit the risk to the IT system and its data.

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