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editor@ijerst.com

Research Paper

E-BANKING SERVICES AT AXIS BANK

Geedipalli Manisha^[1] **MBA Student**

Dr G Sudhakar^[2] **PROFESSOR**

^[1,2]**MASTER OF BUSINESS ADMINISTRATION**

^[1,2]**Megha Institute of Engineering and Technology for Women, Sy. No. 7, Edulabad Road, Edulabad, Ghatkesar, Telangana.**

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ABSTRACT

Online banking is the demand of the time. It is no longer a “nice to have” but an “impossible to survive with” for all banks. Electronic banking is critical in the transformation drive of banks in areas such as products and services and how they are delivered to customers. Thus, it is seen as a valuable and powerful tool in the development, growth, promotion of innovation and enhancing competitiveness of banks. Given the significant role of electronic banking in the developmental drive of banks, information technology has been found to lead to improvement in business efficiency and service quality and hence attract customers as well as retain them.

1.1 INTRODUCTION OF THE STUDY

Modern banks play an important role in promoting economic development of a country. They collect savings of large masses of people scattered throughout the country. Which in the absence of banks would have remained ideal and unproductive? These scattered amounts are collected, pooled together and made available to commerce and industry for meeting the requirements. Banks provide necessary funds for executing various programs underway in the process of economic development.

As a servicing industry banks are customer oriented. Customers are the driven power of the bank and it earns profit by providing services to customers. Customers are the persons or institutions that deal with the bank. In general he who has an account in a bank will be treated as a customer of that particular bank.

To fulfill the demand and impress the customers most of the banks are trying to make their whole banking operation through online platform.

Electronic banking contributes significantly to the distribution channels of banks such as automated teller machine (ATM), Phone –banking, Tele- banking, PC-banking and now internet banking. In addition, transfer of funds, viewing and checking savings account balances, paying mortgages, paying bills and purchasing financial instruments and certificates of deposits processes have improved significantly as a result of internet banking. This implies that, Electronic banking has resulted in efficiency in service delivery in the banking sector because customers can transact business from one side of the country to another and from both long and short distance.

Electronic banking has transformed traditional banking practices to the extent that it has been found to create a paradigm shift in marketing practices resulting in positive performance in the banking sector.

1.2 NEED OF THE STUDY

All banks compete with each other to attract their customers in different ways through providing convenient, accessible and acceptable services or/and products to their customers. One of the most important of these services is the electronic services that have contributed significantly to increase the distance between customers and the bank.

E-banking was adopted by banks so as to improve their service delivery, decongest queues in the banking hall, enable customers withdraw cash 24/7, aid international payment and remittance, track personal

banking transaction, request for online statement, or even transfer deposit to a third party account. Despite the effort of banks to ensure that customers reap the benefits of e- banking, the banks are met with complaints from customers as regards, malfunctioning Automated Teller Machines (ATMs), network downtime, online theft and fraud, non-availability of financial service, payment of hidden cost of electronic banking like Short Message Services (SMS).

1.3 SCOPE OF STUDY

Banking sector is large and difficult area. A bank has different products, Services and customers. This study gives the perception of different class of customers of different age group towards internet banking. The outcome of this study will help the management of banks to know about the satisfaction levels of the customers using internet banking service and the areas in which they are lagging their customer service.

1.4 OBJECTIVES OF THE STUDY

Main objective

The general purpose of the study is to investigate the impact of electronic banking on customer satisfaction.

Sub objectives

- 1) Identify the Electronic banking services offered by banks and its usage by customer
- 2) Identify customers' level of satisfaction with service delivery given the introduction of electronic banking services
- 3) Identify the benefits to customers for using e- banking services.

Hypothesis of the study

Based on the study problem this study aim to test the following hypothesis

H₀: There is no significance difference among age group with respect to type of online banking service opted

H₁: There is significant difference among age group with respect to type of online service opted

1.5 RESEARCH METHODOLOGY

Nature of study

This is descriptive study and analytical study

Nature of data

Primary data and secondary data

Sources of data

This study uses data collected through questionnaire method and data available from google on internet banking

Sample design

Nature of population

Customers who avail internet banking services in Thrissur town are taken

Sample unit Thrissur town

Method of sampling

Simple random sampling

Size of sample

Sample collected from 50 respondents through questionnaire method

Tools for analysis

- Percentage analysis
- ANOVA

REVIEW OF LITERATURE

INTRODUCTION

This chapter seeks to analyze relevant research documentation and findings essential to improve this research and its capacity to analyze the concerns it seeks to accomplish. Several researches have been carried out on online banking and it is important to examine them in relation to this research topic. This will enhance effectiveness and stimulate an all-inclusive analysis and discussions of critical issue in relation to the topic under consideration.

CONCEPTUAL REVIEW

A conceptual framework is an analytic tool with several variations and contexts. It can be applied in different categories of work where an overall picture is needed. It is used to make conceptual distinctions and organize ideas.

Online banking

Online banking is the practice of making bank transactions via the Internet. Online banking allows us to make deposits, withdrawals, pay bills etc all with the click of a mouse. Online Banking is one of the few web applications where benefits to customers and banks are already widely proven. It is now no longer a “nice to have” but an “impossible to survive without” for all banks. Online 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 transfer & payment, online payment, agency services, etc.

The benefits are many.

For the online banking customer, the convenience factor rates high. No longer does a person have to wait for the bank statement to arrive in the mail to check account balances. One can check the balance every day just by logging onto one's account. In addition to checking balances and transactions, one can catch discrepancies in the account right away and deal with them swiftly. The best part is that this can be done anywhere! As long as one has Internet access, one can practice online banking.

Since bills are paid online, the necessity of writing checks, affixing postage and posting the payment in the mail is eliminated. Once the amount is entered and the payee is checked off, the funds are automatically deducted from the payer's choice of account. Since the cost to the bank is minimal, the cost to the consumer, in many cases, is also minimal. While there is usually a fee for online banking, it can be extremely low. Those who partake in online banking all agree it's worth every penny. Online banking also eliminates paper waste, which is a plus not only for those who have to handle all the paper work, but also for the environment.

INDUSTRIAL PROFILE & COMPANY PROFILE

3.1 INDUSTRIAL PROFILE

As per the Reserve Bank of India (RBI), India's banking sector is sufficiently capitalised and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well.

Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry.

The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level five in the Faster Payments Innovation Index (FPII).

Market Size

The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions. As of July 2020, the total number of ATMs in India increased to 209,989 and is further expected to increase to 407,000 by 2021.

Public sector banks' assets stood at Rs. 72.59 lakh crore (US\$ 1,038.76 billion) in FY19.

During FY16-FY20, credit off-take grew at a CAGR of 13.93%. As of FY20, total credit extended surged to US\$ 1,936.29 billion.

During FY16-FY20, deposits grew at a CAGR of 6.81% and reached US\$ 1.90 trillion by FY20. Credit to non-food industries increased 3.3% y-o-y, reaching US\$ 1.26 trillion on February 28, 2020 and US\$ 1.42 trillion on March 13, 2020.

3.2 COMPANY PROFILE

Axis Bank India, the first bank to begin operations as new private banks in 1994 after the Government of India allowed new private banks to be established. Axis Bank was jointly promoted by the Administrator of the specified undertaking of the

- Unit Trust of India (UTI-I)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation Ltd.

Also with associates viz. National Insurance Company Ltd., the New India Assurance Company, The Oriental Insurance Corporation and United Insurance Company Ltd.

EVOLUTION:

UTI was established in 1964 by an Act of Parliament; neither did the Government of India own it nor contributes any capital. The RBI was asked to contribute one-half of its initial capital of Rs 5 crore, and given the mandate of running the UTI in the interest of the unit-holders. The State Bank of India and the Life Insurance Corporation contributed 15 per cent of the capital each, and the rest was contributed by scheduled commercial banks which were not nationalized then. This kind of structure for a unit trust is not found anywhere else in the world. Again, unlike other unit trusts and mutual funds, the UTI was not created to earn profits.

In the course of nearly four decades of its existence, it (the UTI) has succeeded phenomenally in achieving its objective and has the largest share anywhere in the world of the domestic mutual fund industry. " The emergence of a "foreign expert" during the setting up of the UTI makes an interesting story. The announcement by the then Finance Minister that the Government of India was contemplating the establishment of a unit trust caught the eye of Mr. George Woods, the then President of the World Bank. Mr. Woods took a great deal of interest in the Indian financial system, as he was one of the principal architects of the ICICI, in which his bank, First Boston Corporation Bank, had a sizeable shareholding. Mr. Woods offered, through Mr. B.K. Nehru, who was India's Executive Director on the World Bank, the services of an expert. The Centre jumped at the offer, and asked the RBI to hold up the finalization of the unit trust

Proposals till the expert visited India. The only point Mr. Sullivan made was that the provision to limit the ownership of units to individuals might result in unnecessarily restricting the market for units. While making this point, he had in mind the practice in the US, where small pension funds are an important class of customers for the unit trusts. The Centre accepted the foreign expert's suggestion, and the necessary amendments were made in the draft Bill. Thus, began corporate investment in the UTI, which received a boost from the tax concession given by the government in the 1990-91 Budget. According to this concession, the dividends received by a company from investments in other companies, including the UTI, were completely exempt from corporate income tax, and provided the dividends declared by the investing company were higher than the dividends received.

Table 4.1: Showing age wise classification

Age	percentage	Count
21-31 years	36	18
31-40 years	50	25

41-50 years	10	5
51 years and above	4	2

Source: primary data

The above table shows 36% of the respondents are from the age group 21 -31 years, 50% of them are between 31-40 years, 10% are in between 41-50 years category and only 4% of them are included in the 51 years and above category

Fig 4.1 Showing age wise classification

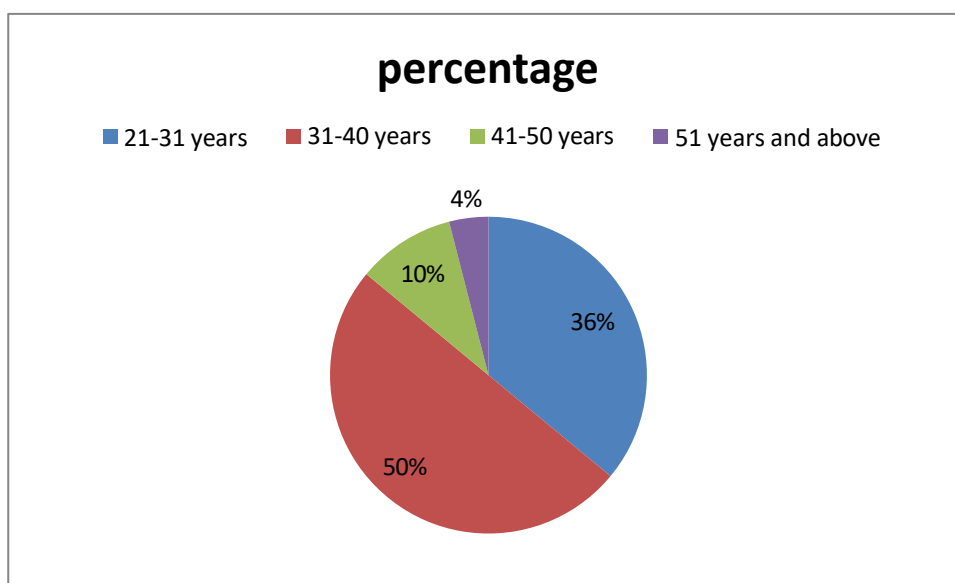


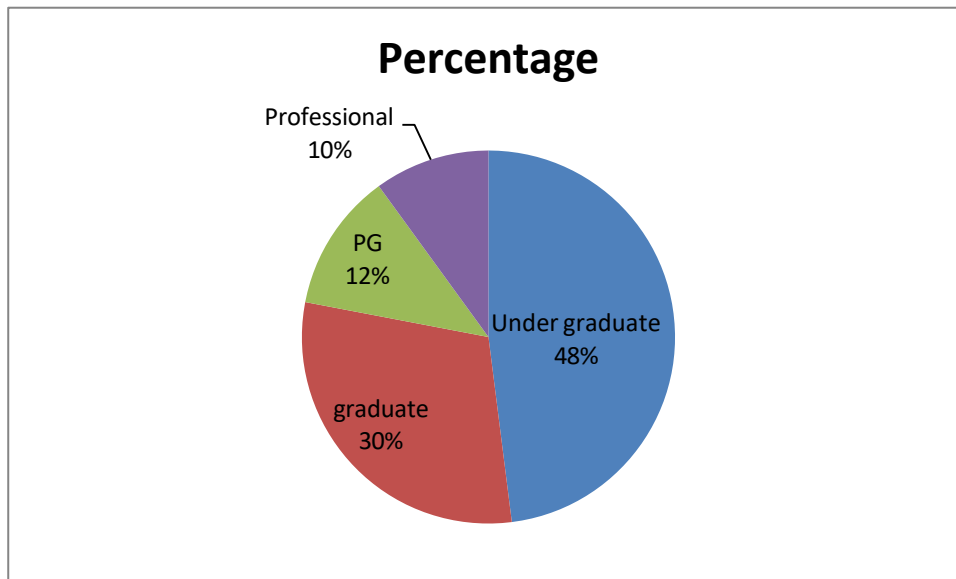
Table 4.2: Showing education

Education	Percentage	Count
Under graduate	48	24
graduate	30	15
PG	12	6
Professional	10	5

Source: primary data

Above table shows 48% of the respondents are under graduates, 30% of them are graduate, 12% of them are pg and 10% of them are professionals.

Fig 4.2 Showing educational classification



5.1 Findings

1. 100% of the respondents are internet banking users.
2. Majority of the users selected their bank based on their excellent service.
3. Majority of the customers were aware of the online banking services offered by their bank
4. Most of the customers have opened only savings account for their banking needs
5. Half of the respondents are not regular users of internet banking and use it monthly or in a period which extends to more than a month.

5.2 Suggestions

- Fool proof websites are to be created so that the customers will be able to navigate easily through the website because some of the respondents found online banking to be complicated.
- The bank can ensure the security of online banking by building strong firewalls to protect from hackers and viruses.
- More promotional strategies can be adopted by the bank to make the customers aware of the online services offered by banks because not all the respondents had full awareness.
- Server crashes and slow speed in working was the main problem faced by the respondents, banks can use adaptive technologies to create better servers which won't crash during heavy server traffic.
- Most of the respondents preferred clearer/simpler service instead of rewards so it is better to keep on improving service to provide them hassle free banking experience for more convenient banking.

5.3 Conclusion

This study was conducted to know about the impact of internet banking services on customers and their satisfaction towards the services offered with reference to Thrissur town. It is clear from this study that

all the respondents are users of internet banking services. There are a wide variety of banking services offered online and all the respondents are users of one or the other service.

Majority of the respondents uses internet banking service for online purchase and payment. People prefer internet banking for better convenience and to make banking a hassle free process. Clearer service has made an impact on users to promote internet banking compared to manual banking. So we can clearly understand that internet banking plays a tremendous and very important role for the growth of the banking sector.

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