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## Research Article

# A COMPARATIVE STUDY ON THE EFFECTIVENESS OF E-BANKING SERVICES BETWEEN FEDERAL BANK AND BANK OF INDIA

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### ABSTRACT

The rapid infusion of technology mutated the banking sector triggering to a wide range of value added services apart from the traditional services. The use of technology in providing the banking services has become inevitable for the sustainability of all banks. The shift from traditional banking to E-banking has changed customer's expectations significantly. Customers use wide variety of services offered by banks irrespective of their age, education, occupation etc. The diverse needs of the customers has to be catered in the most feasible manner and effectively. Thus this study focus on the effectiveness of E-banking services in relation to convenience, security, cost, responsiveness and communication between Federal bank and Bank of India.

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### INTRODUCTION

Information Technology in banking industry enabled the banks to access, process, storage and dissemination of information electronically. Electronic banking is the means through which the services and various features of bank are always available in 7 days a week and 24 hours daily. Automated Teller Machines (ATMs), internet banking, mobile banking, and network banking are some of the e-banking services offered by banks. In order to survive and grow in the changing market environment, banks adopted to the latest technologies. Thus, they are able to offer the best solution and provide the support required for customers to achieve maximum value from the product or service. This technological revolution in banking sector has led to a sophisticated development in the payments and settlement systems.

#### Significance of the Study

The information and communication technology brought a far-reaching reforms in the banking sector. Electronic banking services had intervened the relationship between a bank and customer incredibly by providing the banking services at the click of a mouse. The dependency on technology made the banks to be extra cautious in managing and maintaining data. Trust and security are sine qua non in maintaining long lasting relationship with customers. Federal bank and Bank of India

are two leading banks in India one representing private sector banks and another representing public sector banks. Both of them offer wide variety of electronic banking services to their customers. A study on the effectiveness of E-banking services would enable to measure how far the banks are being able to provide its services to its customers.

#### Scope of the Study

The present study focuses on the effectiveness of E-banking services between Federal bank and Bank of India, leading private and public sector banks. For the study 60 respondents were taken through convenient sampling technique. The study focus on the effectiveness of E-banking services in relation to convenience, security, cost, responsiveness and communication between Federal bank and Bank of India.

#### Objective of the Study

To determine whether there is a significant difference in the level of effectiveness of E-banking services of Federal Bank and Bank of India.

#### Hypothesis of the Study

H<sub>01</sub>: There is no significant difference in the level of effectiveness of E-banking services of Federal Bank and Bank of India.

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**RESEARCH METHODOLOGY**

**Collection of data:** The study is based on both primary and secondary data. Primary data required for the study was collected with the help of questionnaire among the customers of the two banks. Secondary data were collected from journals and official websites of Federal bank and Bank of India.

**Selection of sample:** Convenience sampling method was used. A sample of 60 customers were selected comprising of 30 respondents each from Federal bank and Bank of India for the study.

**Tools of Analysis:** Statistical tools like Percentages, Friedman chi- square test were used for analysing the objectives of the study.

**Analysis**

General profile of the respondents

**Table 1** Age of the Respondents

Age	Federal Bank		Bank of India	
	Frequency	Percent	Frequency	Percent
Below 20	7	23.3	3	10
20-40	12	40	7	23.3
40-60	8	26.7	15	50
Above 60	3	10	5	16.7
Total	30	100	30	100

Source: Primary Data

The table1 shows the age of respondents using E-Banking Services of Federal Bank and Bank of India. Most of the respondents fall in the age category of 20-40 years in case of Federal Bank and Majority fall in the age category of 40-60 years in Bank of India. So Federal Bank users are of young category while Bank of India users are middle-aged.

**Table 2** Gender of Respondents

Gender	Federal Bank		Bank of India	
	Frequency	Percent	Frequency	Percent
Male	20	66.7	18	60
Female	10	33.3	12	40
Total	30	100	30	100

Source: Primary data

From the above table 2 in case of both banks male respondents are more than female respondents. There are 66.7% male users in Federal bank, while it is 60% in Bank of India. Female respondents are 33.3% and 40% in Federal Bank and Bank of India respectively.

**Table 3** Occupation of Respondents

Occupation	Federal Bank		Bank of India	
	Frequency	Percent	Frequency	Percent
Government Employee	6	20	15	50
Business Private Employee	10	33.3	5	16.7
Student	4	13.3	3	10
Homemakers	8	26.7	6	20
Total	2	6.7	1	3.3
	30	100	30	100

Source: Primary data

From the table it can be concluded that 33.3% of the customers of Federal Bank are business persons and 50% of respondents

of Bank of India are Government employees.26.7% of respondents are students in case of Federal bank while it is 20% in Bank of India. 13.3% of the respondents of Federal bank are private employees while in case of Bank of India it is 10%.

**Table 4** Annual Incomes of Respondents

Annual income	Federal Bank		Bank of India	
	Frequency	Percent	Frequency	Percent
Below 25000	9	30	12	40
25000-50000	7	23.3	8	26.7
50000-75000	8	26.7	6	20
Above 75000	6	20	4	13.3
Total	30	100	30	100

Source: Primary data

Respondents with annual income below 25000 are 30% and 40% in Federal bank and Bank of India respectively. In Federal bank 26.7% of respondents have annual income between 50000 -75000, while in case of Bank of India it is 20%. 26.7% of the respondents of Bank of India have income between 25000 and 50000 while in Federal Bank it is 23.3%.

**Table 5** Most Preferred E-Banking Service

E-Banking services	Federal bank		Bank of India	
	Mean	Rank	Mean	Rank
ATM cum debit/credit cards	2.73	1	2.43	1
Internet banking	1.87	2	2.10	2
Mobile banking	1.40	3	1.47	3

Source: Primary data

Table 5 shows that use of ATM card service is prevalent among customers (mean values are 2.73 and 2.43) in both banks and the least rank is for mobile banking (mean value is 1.40 and 1.47 respectively).

**Table 6** Duration of using E-Banking Services

Period	Federal Bank		Bank of India	
	Frequency	Percent	Frequency	Percent
Less than 1 year	5	16.7	10	33.3
1-2 year	15	50	12	40
2-3year	7	23.3	5	16.7
More than 3 year	3	10	3	10
Total	30	100	30	100

Source: Primary data

From the table shown above it can be deduced that half of the respondents in Federal bank and 40%of respondents in Bank of India uses e-banking services for a period of 1-2 years. 16.7% of the respondents of Federal bank have been using e-banking services for less than 1 year while in case of Bank of India it is 33.3%. 23.3% of the respondents of Federal Bank have been using the services for 2-3 years while it is 16.7% in case of Bank of India.

**Table 7** Purpose of using E- Banking Services

Purpose	Federal Bank		Bank of India	
	Mean	Rank	Mean	Rank
To get account related information	1.73	3	1.93	3
To make bill payments	3.43	1	3.50	1
To transfer funds	3.13	2	2.67	2
Others	1.70	4	1.90	4

Source: Primary data

From the above table 7 it can be concluded that most of the people use internet banking of both banksto make bill payments mean value 3.43 in case of Federal Bank and mean value 3.50 for Bank of India. Services are used to transfer fund mean value 3.13 and 2.67 for Federal bank and Bank of India respectively. Thus the services are used for the same purposes in both Banks.

**Table 8** Effectiveness of Convenience in using E-Banking Services

Factor	Effectiveness	Federal Bank		Bank of India	
		Frequency	Percent	Frequency	Percent
Customized service	Least effective	-	-	-	-
	Less effective	-	-	-	-
	Neutral	5	16.7	12	40
	Effective	5	16.7	8	26.7
	Highly effective	20	66.7	10	33.3
	Total	30	100	30	100
Time saving	Least effective	-	-	-	-
	Less effective	-	-	-	-
	Neutral	-	-	5	16.7
	Effective	5	16.7	5	16.7
	Highly effective	25	83.3	20	66.7
	Total	30	100	30	100
Place utility	Least effective	-	-	5	16.7
	Less effective	-	-	-	-
	Neutral	2	6.7	5	16.7
	Effective	10	33.3	5	16.7
	Highly effective	18	60	15	50
	Total	30	100	30	100

Source: Primary data

From the table above, it can be concluded that 66.7%of respondents from Federal bank and 33.3%of respondents from Bank of India have the opinion that, customized service provided by their respective banks are highly effective. In case of time saving 83.3% and 66.7%)of respondents from Federal Bank and Bank of India respectively, feel highly effective. Half of the respondents from Bank of India and 60% of respondents from Federal Bank feel highly effective place utility in e-banking services.

**Table 9** Effectiveness of security in transactions

Factor	Effectiveness	Federal Bank		Bank of India	
		Frequency	Percent	Frequency	Percent
Money safety	Least effective	7	23.3	-	-
	Less effective	-	-	-	-
	Neutral	3	10	8	26.7
	Effective	5	16.7	10	33.3
	Highly effective	15	50	12	40
	Total	30	100	30	100
Protection from fraud	Least effective	-	-	-	-
	Less effective	-	-	-	-
	Neutral	4	13.3	8	26.7
	Effective	10	33.3	10	33.3
	Highly effective	16	53.3	12	40
	Total	30	100	30	100
Privacy	Least effective	3	10	-	-
	Less effective	-	-	-	-
	Neutral	20	66.7	23	76.7
	Effective	5	16.7	5	16.7
	Highly effective	2	6.7	2	6.7
	Total	30	100	30	100

Source: Primary data

Security is one of the main concerns of users of e-banking transactions. 50% and 40% of respondents from Federal Bank and Bank of India feel effective money safety during transactions. In case of protection from fraud53.3%of respondents from Federal Bank and 40% of respondents from

Bank of India feel high effectiveness. Respondents feel neutralopinion regarding the effectiveness of privacy to transactions.

**Table10** Cost Effectiveness

Factor	Effectiveness	Federal Bank		Bank of India	
		Frequency	Percent	Frequency	Percent
Commission for fund transfer	Least effective	2	6.7	4	13.3
	Less effective	8	26.7	5	16.7
	Neutral	10	33.3	13	43.3
	Effective	2	6.7	1	3.3
	Highly effective	8	26.7	7	23.3
	Total	30	100	30	100
Bill collection and payment transaction charges	Least effective	2	6.7	-	-
	Less effective	3	10	5	16.7
	Neutral	10	33.3	15	50
	Effective	5	16.7	5	16.7
	Highly effective	10	33.3	5	16.7
	Total	30	100	30	100
Charges for using ATM services.	Least effective	-	-	-	-
	Less effective	-	-	2	6.7
	Neutral	2	6.7	15	50
	Effective	8	26.7	3	10
	Highly effective	20	66.7	10	33.3
	Total	30	100	30	100

Source: Primary data

Users of e-banking services are very much concerned about cost effectiveness. In Federal bank, 26.7% of respondents feel commission charged for fund transfer is highly effective while 33.3%have no opinion. In Bank of India 23.3% of respondents feel high effectiveness in the commission charged for fund transferring while 43.3 % have no opinion.33.3% of respondents from Federal Bank feel high effectiveness in charges made by bank for bill collection, while in Bank of India it is 16.7%.

**Table 11** Effectiveness of Responsiveness

Factor	Effectiveness	Federal Bank		Bank of India	
		Frequency	Percent	Frequency	Percent
Problem handling	Least effective	-	-	-	-
	Less effective	2	6.7	4	13.3
	Neutral	6	20	8	26.7
	Effective	8	26.7	8	26.7
	Highly effective	14	46.7	10	33.3
	Total	30	100	30	100
Prompt services	Least effective	-	-	-	-
	Less effective	-	-	4	13.3
	Neutral	2	6.7	10	33.3
	Effective	6	20	6	20
	Highly effective	22	73.3	10	33.3
	Total	30	100	30	100
Rapid retrieval of information required	Least effective	-	-	-	-
	Less effective	-	-	-	-
	Neutral	4	13.3	10	33.3
	Effective	8	26.7	5	16.7
	Highly effective	18	60	15	50
	Total	30	100	30	100

Source: Primary data

Table11 shows the effectiveness of responsiveness of banks. 46.7% of respondents from Federal bank and 33.3% from Bank of India feel that the bank's ability in problem handling is highly effective. In case of prompt services, 73.3% of respondents from Federal Bank and 33.3% of respondents from BOI opined that the services are highly effective. The respondents opined that the effectiveness of retrieval of information is highly effective in case of both banks.

**Table12** Effectiveness of communication

Factor	Effectiveness	Federal Bank		Bank of India	
		Frequency	Percent	Frequency	Percent
Status of transactions	Least effective	-	-	-	-
	Less effective	-	-	-	-
	Neutral	-	-	5	16.7
	Effective	5	16.7	5	16.7
	Highly effective	25	83.3	20	66.7
	Total	30	100	30	100
Updated technology	Least effective	-	-	-	-
	Less effective	-	-	2	6.7
	Neutral	2	6.7	5	16.7
	Effective	5	16.7	3	10
	Highly effective	23	76.7	20	66.7
	Total	30	100	30	100
Simple and easy procedure to do transactions	Least effective	-	-	-	-
	Less effective	1	3.3	-	-
	Neutral	1	3.3	6	20
	Effective	4	13.3	6	20
	Highly effective	24	80	18	60
	Total	30	100	30	100

Source: Primary data

83.3% of respondents from Federal bank and 66.7% of respondents from BOI opined that the communication regarding the status of transaction provided are highly effective. 76.7% and 66.7% of respondents from Federal Bank and Bank of India agreed that the respective bank's e-banking services contain highly efficient updated technology for communication purposes. 80% of respondents from Federal bank and 60% of respondents from Bank of India feels easiness and simplicity in using e banking transactions.

**Testing of Hypothesis**

H<sub>01</sub>: There is no significant difference in the level of effectiveness of E-banking services of Federal Bank and Bank of India.

**Table 13** Test statistics

Name of Bank	Summated Mean	Chi-Square Value	P Value
Federal Bank	21.44		
Bank of India	17.55	293.034	0.000

Source: Primary data

Test results show that there is significant difference in the level of effectiveness of e-banking services offered by Federal Bank and Bank of India since the p value of the variable is less than 0.05 in both cases. Thus the null hypothesis is rejected and concluded that there is difference in the level of effectiveness of E-banking services of Federal Bank and Bank of India.

**Findings**

1. Most of the respondents fall in the age category of 20-40 years in case of Federal Bank and Majority fall in the age category of 40-60 years in Bank of India. So Federal Bank users are of young category while Bank of India users are middle-aged.
2. There were 66.7% male respondents in Federal bank, while it is 60% in Bank of India.
3. 33.3% of the customers of Federal Bank are business persons and 50% of respondents of Bank of India are

Government employees. 26.7% of respondents are students in case of Federal bank while it is 20% in Bank of India.

4. Respondents with annual income below Rs.25000 were 30% and 40% in Federal bank and Bank of India respectively. In Federal bank 30% of respondents have annual income between Rs.25000 and 50000, while in case of Bank of India it was 26.7%.
5. The most preferred E-banking service was ATM card service and the least rank was for mobile banking for both banks.
6. Half of the respondents in Federal bank and 40% of respondents in Bank of India use e-banking services for a period of 1-2 years. 16.7% and 10% of respondents have been using e-banking services for more than 3 years in Federal Bank and Bank of India respectively.
7. Most of the people use internet banking of both banks to make bill payments followed by the purpose to transfer fund
8. 66.7% of respondents from Federal bank and 33.3% of respondents from Bank of India have the opinion that customized services provided by their respective banks are highly effective.
9. 83.3% and 66.7% of respondents from Federal Bank and Bank of India respectively, opined that the e-banking services are highly effective in terms of time utility.
10. 60% of respondents from Federal Bank and 50% of respondents from Bank of India opined that place utility provided are highly effective
11. 50% and 40% of respondents from Federal Bank and Bank of India feel effective money safety during transactions.
12. In case of protection from fraud 53.3% of respondents from Federal Bank and 40% of respondents from Bank of India feel high effectiveness.
13. Respondents feel neutral opinion regarding the effectiveness of privacy to transactions.
14. In Federal bank, 26.7% of respondents feel commission charged for fund transfer is highly effective while 33.3% have no opinion.
15. In Bank of India 23.3% of respondents feel high effectiveness in the commission charged for fund transferring while 43.3 % have no opinion.
16. 33.3% of respondents from Federal Bank feel high effectiveness in charges made by bank for bill collection, while in Bank of India it is 16.7%.
17. 46.7% of respondents from Federal bank and 33.3% from Bank of India feel that the bank's ability in problem handling is highly effective.
18. In case of prompt services, 73.3% of respondents from Federal Bank and 33.3% of respondents from BOI opined that the services are highly effective.
19. The respondents opined that the effectiveness of retrieval of information is highly effective in case of both banks.
20. 83.3% of respondents from Federal bank and 66.7% of respondents from Bank of India opined that the communication regarding the status of transaction provided are highly effective.
21. 76.7% and 66.7% of respondents from Federal Bank and Bank of India agreed that the respective bank's e-

banking services contain highly efficient updated technology for communication purposes.

22. 80% of respondents from Federal bank and 60% of respondents from Bank of India feels easiness and simplicity in using e banking transactions.
23. The hypothesis testing showed that there is significant difference in the level of effectiveness of e-banking services offered by Federal Bank and Bank of India since the p value of the variable is less than 0.05 in both cases.

## CONCLUSION

Tech-based banking services provide wide array of services to its customers to strengthen its customer service. The present study was conducted to analyze the effectiveness of E-banking services between the customers of Federal Bank and Bank of India. The study revealed that the services of Federal bank was used mainly by youth on the other side Bank of India users were middle aged.

It was found that the customers of both banks prefer ATM card services compared to other E-banking services offered. The purpose of using E-banking services of both banks was to make bill payments. The study revealed that the E-banking services offered by Federal Bank was more effective than Bank of India. Thus, there were significant difference in the level of effectiveness of e-banking services offered by Federal Bank and Bank of India.

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