

## E-BANKING SERVICES IN INDIA - A STUDY OF ICICI BANK AND CITIBANK

**Dr. Anita Bajaj,**

*Associate Professor, Deptt of commerce, PGDAV college (Eve),  
University of Delhi.*

### ABSTRACT

*The electronic banking has tried to reduce operational costs as compared to traditional banking in all its services rendered by them. To study the efficiency and effectiveness of online banking a comparative study was conducted relating to customer satisfaction of two private sector banks who have aggressively digitalised their services to ensure customer retention. A comprehensive study was conducted through the responses to the questionnaire filled by the respondents, regarding the increase in business for the banks on parameters of customer satisfaction and other services provided and problems faced by the customers during this process.*

### INTRODUCTION

E-Banking services, which have performed better than traditional banking, now are being incorporated at all three levels i.e. Branch, Regional & Head Office levels, as well as interconnected with other banks in India and overseas also, not only this, it also being extended to the big business houses & customers .E-Banking has good prospects in India and is being established speedily, at the same time it also has problems with regard to further expansion of services pertaining to other geographical areas and cyber security issues.

The main advantage of E-Banking is related to cost effectiveness. Initially to establish this system one has to put in huge investment infrastructure but afterwards there are many types of reduction of costs due to a lean staff, effective space utilisation, less paper work, time, and less repetition of entries .

Being a researcher on this subject it was significant that, the role of information technology in

banking sector and various services provided by E-Banking business should be studied. The changes in the banking scenario, quality of services and cost effectiveness, as well as problems related to E-banking & its future prospects should also be extensively researched.

The information was collected from the officials and staff of banks and customers related to ICICI Bank and CITI Bank. These two banks were selected by me for this study on the basis that, both have different types of services and are not involved in traditional banking. ICICI Bank is an Indian bank having branches in all the most important cities of India and CITI Bank being a foreign bank which has more overseas branches and NRI accounts in India.

The data from the relevant two banks were collected through a questionnaire which was used for my analysis and is furnished in tabular form as follows :

**Table-1**

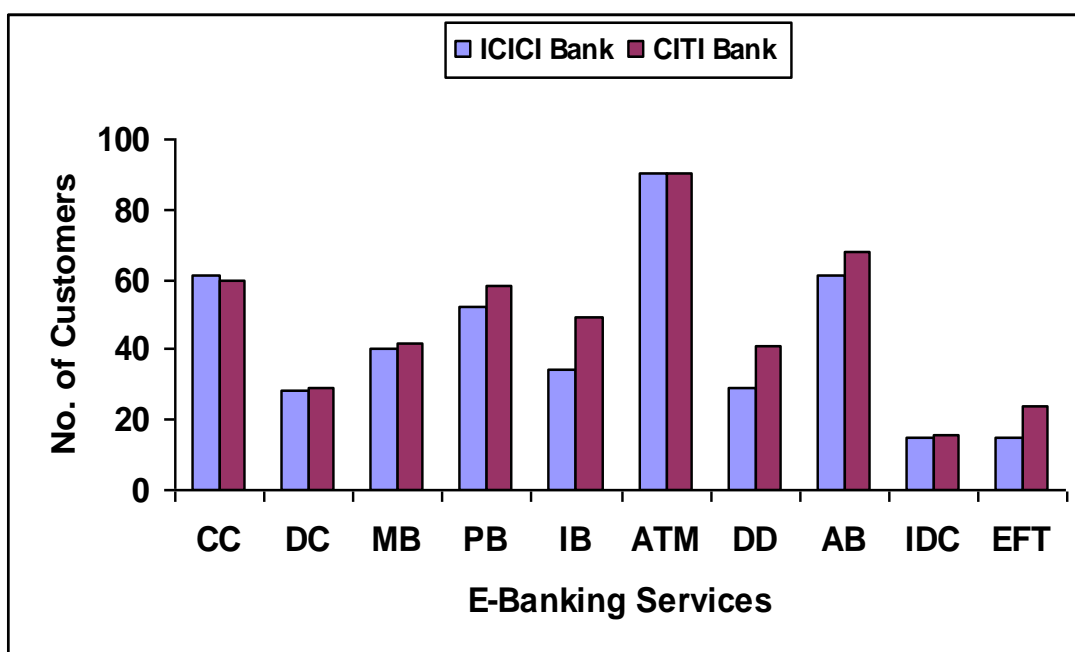
Number of customers using following E-Banking services regularly in ICICI Bank and CITI Bank

E-Banking Services	ICICI Bank (%)	CITI Bank(%)
Credit Card	62	60
Debit Card	28	29
M-Banking	40	42
Phone Banking	50	58
Internet Banking	34	49
ATM	90	90
Direct Deposits	29	41
Anywhere Banking	61	67
International Debit Card	15	16
Electronic Funds Transfer	15	24

Source - Survey work

In the above table it is found that a few E-Banking services of both the banks operated by the customer are equal in average i.e., ATM, Credit Card, Debit Card, M-Banking and International Debit Card while

the others have variation due to geographical area and customer status. The data of table 1 is presented below in graphical view.



CC-Credit Card, DC-Debit Card, MB-Mobile Banking, PB-Phone- Banking. IB-Internet Banking, DD-Direct

Deposit, AB-Anywhere Banking, IDC-international Debit Card, EFT-Electronic Funds Transfer

**Table – 2**  
Increase of customer due to starting of banking services by both banks

Banks	Increase of Customer (%)
ICICI Bank	46
CITI Bank	46

Source: Survey work

Due to better performance and facilities of E-banking services provided by ICICI bank and CITI bank, the customers preferred to avail those and opened their accounts and also operated the

services which were not available in their existing banks. This resulted in the increase of acquisition of customers by 46%.

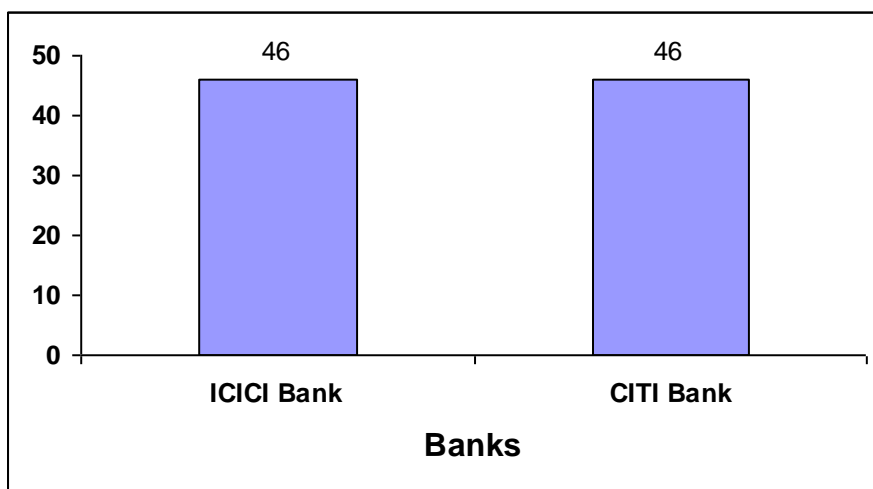


Table – 3

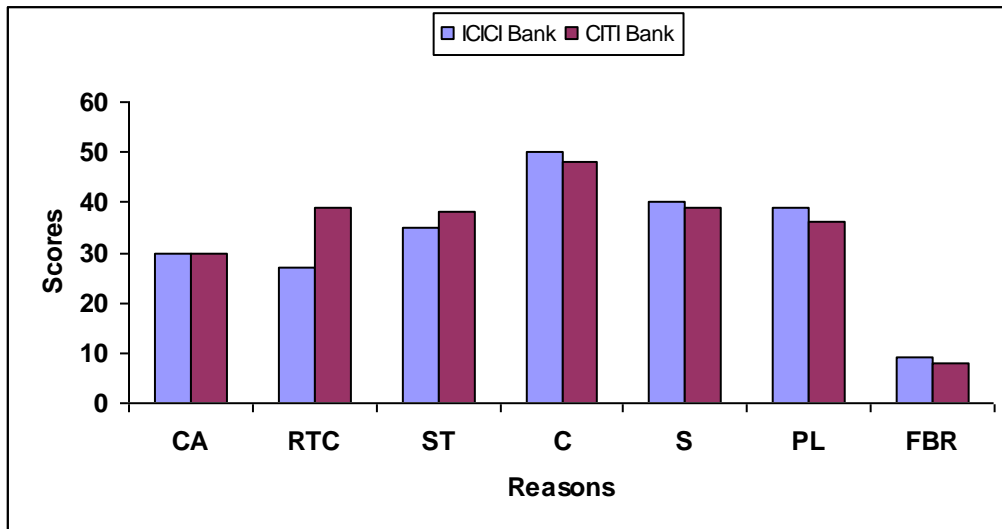
Ranking of reasons by which E-Banking is the need of hour of Banks

Reasons	ICICI Bank		CITI Bank	
	Source	Bank	Source	Bank
Competitive Advantage	30	V	30	V
Reduction Transaction Cost	27	VI	39	II
Saving Time	35	IV	37	III
Convenient	50	I	48	I
Security	40	II	39	II
Paper less	39	III	36	IV
Fulfill business requirement	9	VII	8	VI

Sources – Survey work

As per the above table it is assessed that the time is precious for the customer and it is essential to use E-Banking services which also include convenience,

security, less paper work and saving of time on priority basis.



CA-Comparative Advantage, RTC-Reduction Transaction Cost, ST-Saving Time, C-Convenient, S-Security, PL-Paper Less, FBR-Fulfill Business Requirement.

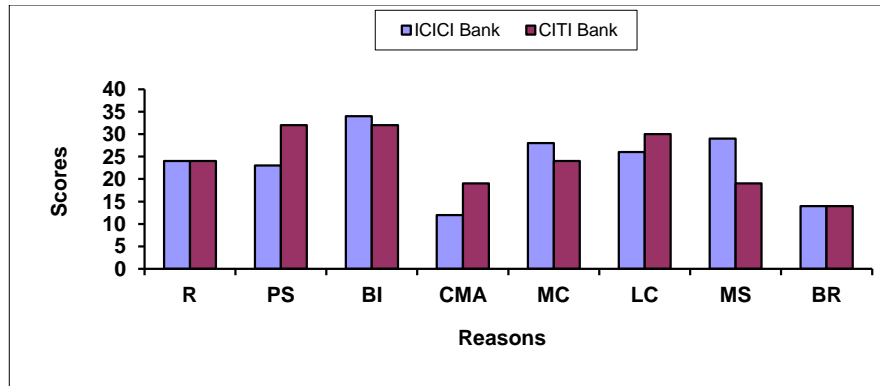
**Table – 4**  
Ranking of reasons by which the customer selects the bank through E-Banking services

Reasons	ICICI Bank		CITI Bank	
	Source	Bank	Source	Bank
Reliability	24	V	27	III
Prompt Service	23	VI	32	I
Better Infrastructure	34	I	32	I
Covered More Area	12	VIII	19	V
More Convenient	28	III	24	IV
Less Cost	26	IV	30	II
More Safety	29	II	19	V
Better Relationship	14	VII	14	VI

**Sources – Survey work**

As per the above table the customers have selected the ICICI Bank for operation due to their better infrastructure, safety, more convenience and reliability. While CITI Bank has better infrastructure

and prompt service, less cost and reliability as compared to other banks providing E-banking services.



R-Reliability, PS-Prompt Service, BI-better Infrastructure, CMA-Covered More Area, MC-More Convenient, LC-Less Cost, MS- More Safety, BR-better Relationship

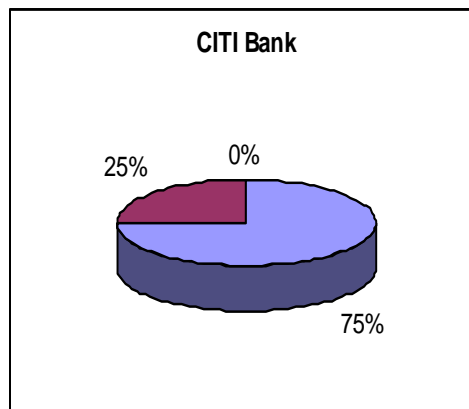
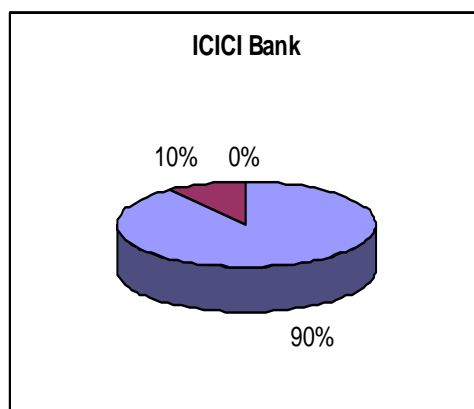
**Table – 5**  
Customer satisfaction with the service provided by the banks

Satisfaction Status	ICICI Bank (%)	CITI Bank (%)
Yes	90	75
No	10	25
Can not Say	—	—

Source: Survey work

90% of the customer are satisfied with the services of ICICI Bank while only 10% have their minor/casual problems. 75% of the customer are satisfied with the

service of CITI Bank while only 25% have their minor/casual problems.



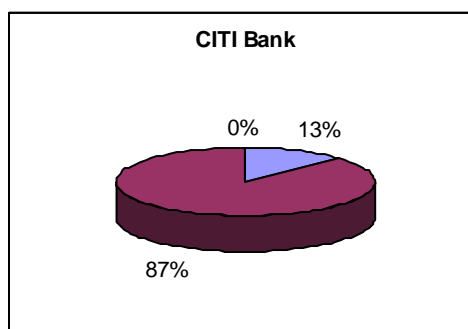
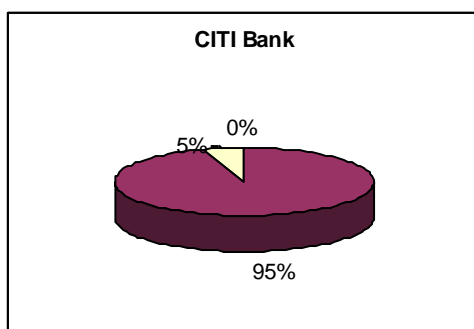
**Table – 6**  
Increase in business of Banks due to E-banking

Increase in Status	ICICI Bank (%)	CITI Bank (%)
Manifold	—	13
Doubled	95	87
Remain same	5	—

Source: Survey work

During the course of information collected from Bank staff the data furnished by them i.e. 13% mentioned that CITI Bank has flourished manifold .

The respondents feel it has doubled due to E-Banking is 95% and 87% as per ICICI Bank & CITI Bank respectively.



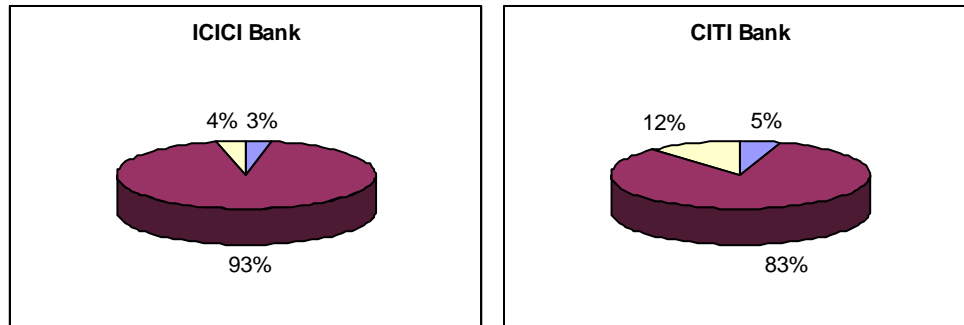
**Table – 7**  
Increase in efficiency of Banks due to E-banking

Increase in Status	ICICI Bank (%)	CITI Bank (%)
Manifold	3	5
Doubled	93	83
Remain same	4	12

Source: Survey work

During the course of information collected from Bank staff the data furnished by them i.e. 5% mentioned that CITI Bank has increased their efficiency manifold and 3% mentioned that ICICI Bank has increased their efficiency manifold, while

doubled due to E-Banking is 93% and 83% as per ICICI Bank & CITI Bank respectively. A few were not aware about the actual facts and thus for them it remained same 4% in ICICI Bank and 12% for CITI Bank.



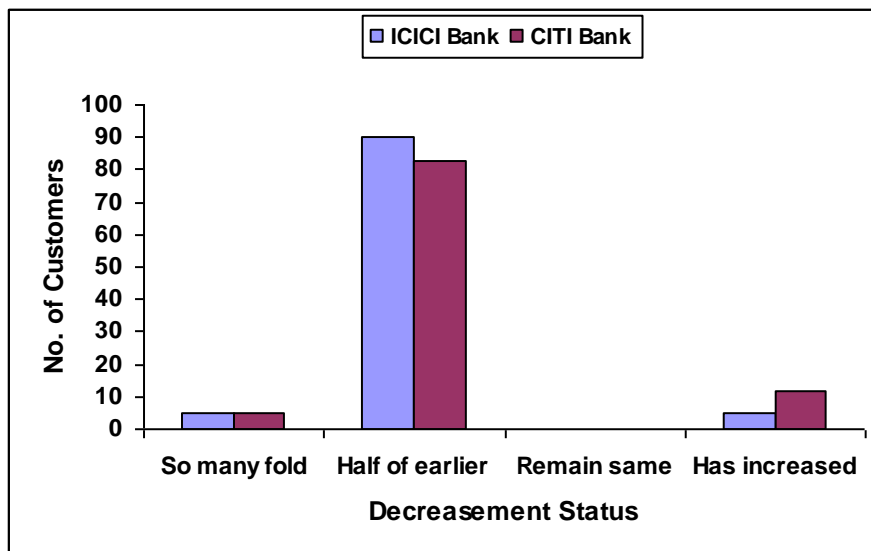
**Table – 8**  
Decrease in transaction cost of Banks due to E-banking

Decrease Status	ICICI Bank (%)	CITI Bank (%)
Manifold	5	8
Half of earlier	90	93
Remain same	—	—
Half increased	5	12

Source: Survey work

On reviewing the above data it was noted that as per 5% and 8% of each bank’s staff said that the transaction cost has decreased manifold, while 90% of ICICI and 93% of CITIBank quoted about reduction

by half. A few were not aware about the actual facts and responded for half increased manner was 5% and 12% respectively.



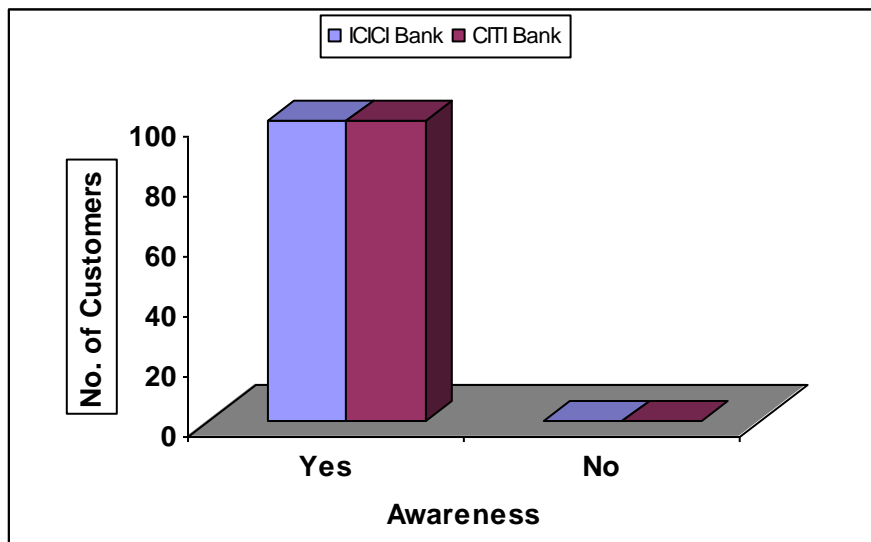
**Table – 9**  
Awareness of E-Banking

	ICICI Bank (%)	CITI Bank (%)
Yes	100	100
No	—	—

Source: Survey work

The above table shows that the 100% customer of both the banks are aware of E-Banking Services but not fully of all the E-Banking services provided by

banks as noted during of filling the questionnaire forms.



**Table – 10**  
Ranking of advantages of Banking for customers of Banks

Reasons	ICICI Bank		CITI Bank	
	Source	Bank	Source	Bank
24 × 7 Banking facility	76	II	94	I
Banking at our convenience	50	III	53	III
Anywhere anytime banking	83	I	69	II
More Safe	27	IV	21	IV
Less cost	13	V	20	V
No paper formalities	10	VII	11	VIII
Less time consuming	11	VI	12	VII
No Harassment	3	IX	2	X
No need to carry bundle of paper	9	VIII	15	VI
Transparency	—		4	IX

Sources – Survey work

The above table reveals that customers prefer ICICI as first choice due to its branch in the most of Indian

cities in comparison to CITI Bank. Banking at our convenience remained at third position in case of



both banks on the contrary the 24 × 7 banking facility stood at 11nd and 1st position respectively.

The other advantages of E-Banking remained same with a marginal difference.

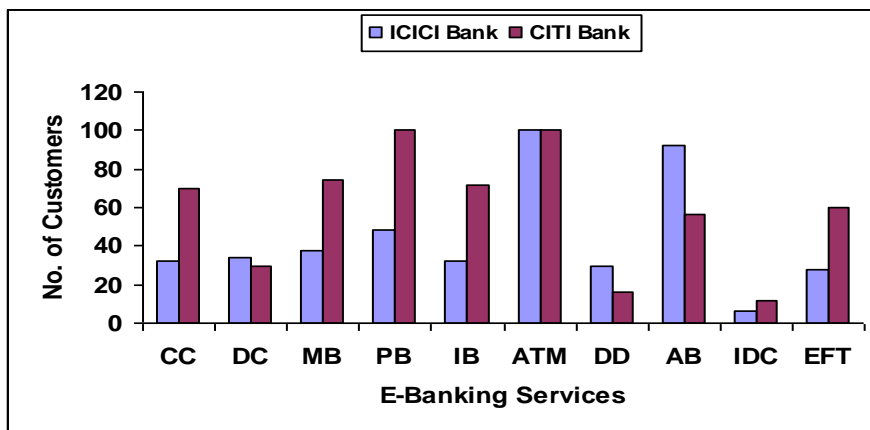
**Table-11**  
Service of E-Banking used by the customers

E-Banking Services	ICICI Bank (%)	CITI Bank(%)
Credit Card	32	70
Debit Card	34	30
M-Banking	38	74
Phone Banking	48	100
Internet Banking	32	72
ATM	100	100
Direct Deposits	30	16
Anywhere Banking	92	58
International Debit Card	6	12
Electronic Funds Transfer	28	60

Source - Survey work

The above table defines that ATM service is being used by 100% customers of both the banks. Secondly 100% phone service is used by CITI Bank due to overseas branches and NRI accounts and 92% in case of anywhere banking at ICICI Bank being Indian bank with large number of branches. Credit Card, Debit Card, Mobile Banking, Direct Deposit and Electronic Funds Transfer and Internet Banking services are

used by ICICI Bank customers with in the percentage of 25% to 50% as per their requirements and segments while these have very much variation as per CITI Bank data. The other services i.e. Phone Banking, Anywhere Banking and International Debit Card have the difference of almost double or half due to various factors i.e., mobilization, business, import-export trade etc.



CC-Credit Card, DC-Debit Card, MB-Mobile Banking, PB-Phone- Banking. IB-Internet Banking, DD-Direct

Deposit, AB-Anywhere Banking, IDC-international Debit Card, EFT-Electronic Funds Transfer

**Table – 12**

Customer satisfaction with the service/facilities of E-Banking provided by the banks

Satisfaction Status	ICICI Bank (%)	CITI Bank (%)
Yes	60	68
No	4	8
Can not Say	36	24

Source: Survey work

60% and 68% customers of both the banks respectively are satisfied with the service/facilities while 4% and 8% are dissatisfied due to no personal touch. Secondly 36% and 24% did not say on the

subject as they were themselves not aware about the complete knowledge of services/facilities provided by the banks.

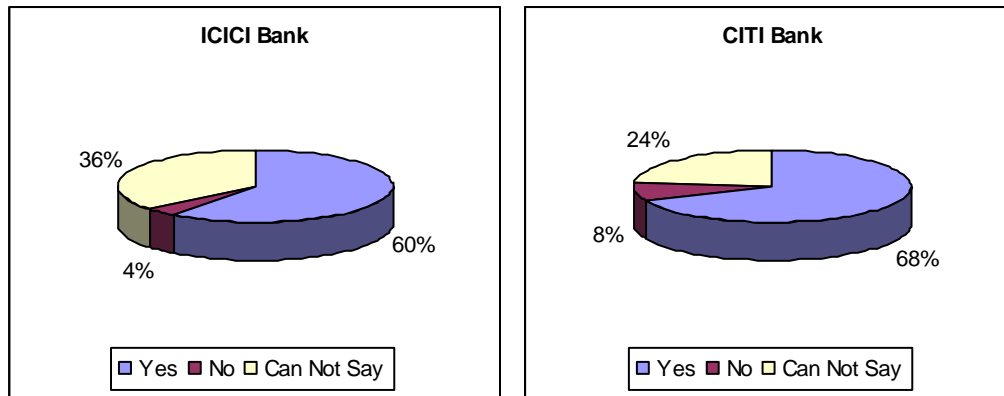


Table – 13(a)

Changed/Opened new account by the customer in any other bank

Banks	ICICI Bank (%)	CITI Bank (%)
ICICI Bank	54	20
CITI Bank	20	60
AXIS Bank	16	2
IDBI Bank	4	8
HDFC Bank	6	10

**Table – 13(b)**

Ranking of reasons by which the customer select the bank through E-Banking services

Reasons	ICICI Bank		CITI Bank	
	Source	Bank	Source	Bank
Reliability	9	V	9	V
Prompt Service	13	III	24	IV
Better Infrastructure	26	I	60	I
Covered More Area	22	II	26	III
More Convenient	6	VI	6	VII
Less Cost	10	IV	26	III
More Safety	10	IV	29	II
Better Customer Relationship	4	VII	7	VI

**Sources – Survey work**

In course of collecting the data it was observed that the customer have either shifted their accounts fully/partially or the new customer preferred opening their accounts with the banks which have e-Banking services as per table 13[b] instead of traditional banks.

Further it was also noted that there are common customers who have accounts in ICICI Bank, CITI Banks and Other Banks as per their requirements.

**Table – 14**

Comparison in cost of E-Banking Services and Traditional Banking services of both Banks

Banks	Yes	No	
		E-Banking is Costlier	E-Banking is Cheaper
ICICI Bank	12	32	56
CITI Bank	6	6	88

**Source – Survey work**

In certain cases of E-banking services they are costly due to investment in infrastructure, overhead expenses i.e. establishment, communication and office space. This was also dependent upon the valuation of cost in different segments and countries based on their volume of business.

in India for the masses and have become popular by which the overhead cost has decreased in comparison to traditional banking. It can also be presented that usage of services by customers depend upon their volume and the total charges averaged out.

The customer who replied that E-Banking is cheaper were mostly based on the services available

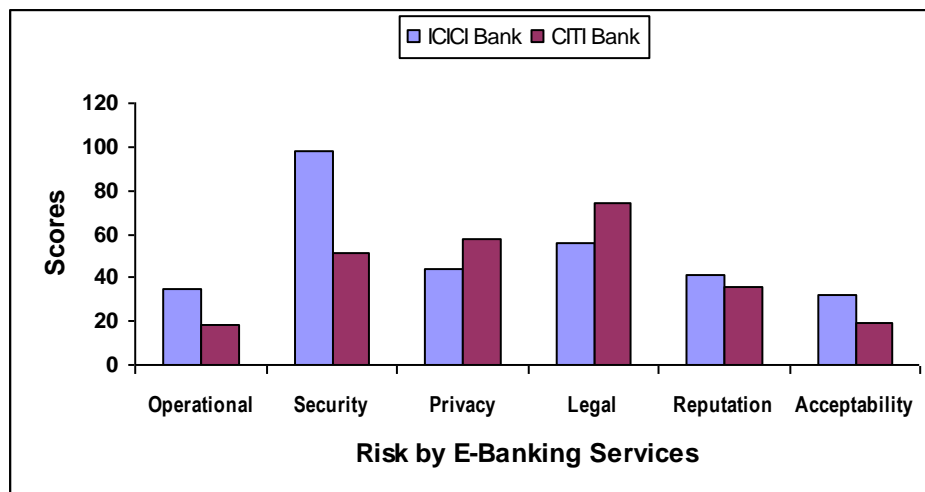
**Table – 15**  
Ranking of Risk by E-Banking in Banks

Risk	ICICI Bank		CITI Bank	
	Source	Bank	Source	Bank
Operational	35	V	18	VI
Security	98	I	51	III
Privacy	44	III	58	II
Legal	56	II	74	I
Reputation	41	IV	36	IV
Acceptability	32	VI	19	V

**Sources – Survey work**

Some customers who are maintaining their accounts with banks having the E-Banking services have found security risks in their operations. On analysis of the data of ICICI Bank’s customers they feel that the security is a major risk, not only this they also feel

unsecured in the manner of operational, legal, reputation and acceptability risks. CITI Bank customers are much worried about legal matters as it is a foreign bank.



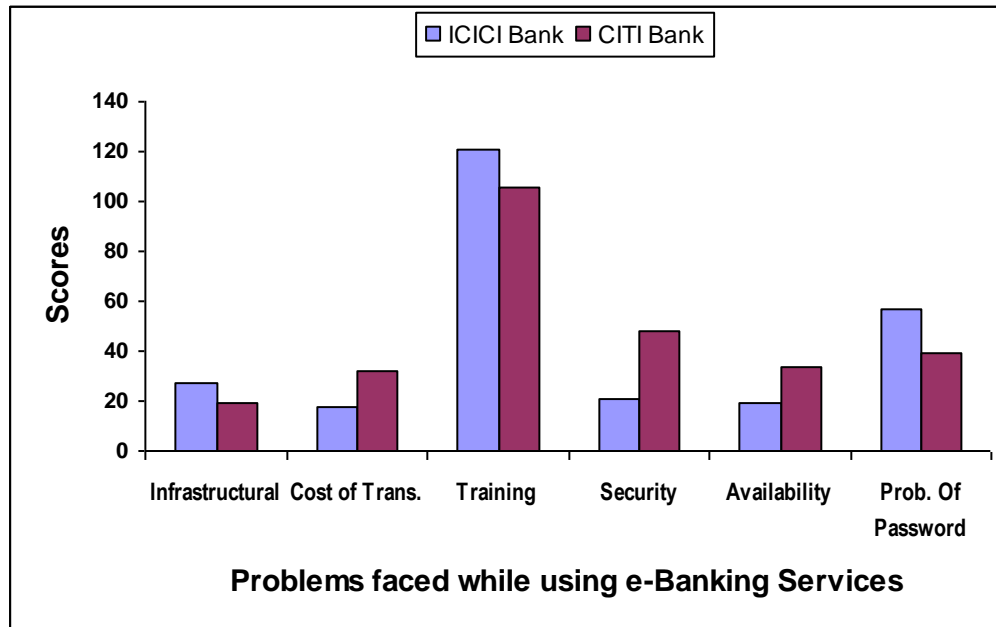
**Table – 16**  
Ranking of problems faced while using E-Banking services in Banks

Risk	ICICI Bank		CITI Bank	
	Source	Bank	Source	Bank
Infrastructural	27	III	19	VI
Cost of Transaction	18	VI	32	V
Knowledge/Training	121	I	106	I
Security	21	IV	48	II
Availability	19	V	34	IV
Problem of Password	57	II	39	III

**Sources – Survey work**

The main problem is knowledge of services and proper training for smooth and proper operations. To overcome this hurdle, suitable action as per the

problem is required essential for growth and prosperity for the banks and their customers.



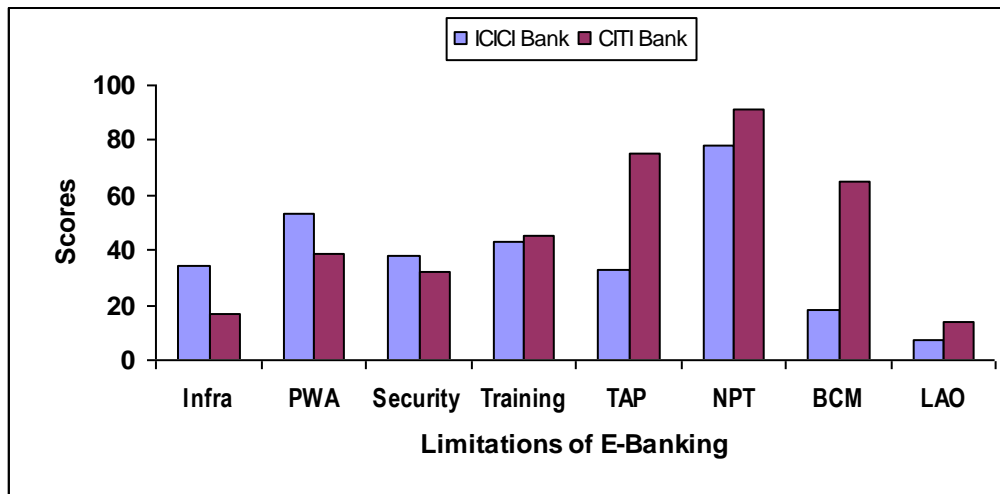
**Table – 17**  
Limitations of E-Banking in Banks

Limitations	ICICI Bank		CITI Bank	
	Source	Bank	Source	Bank
Infrastructural	34	V	17	VII
Public Awareness Attitude	53	II	39	V
Security	38	IV	32	VI
Training	43	III	45	IV
Traditional Approach of people	33	VI	75	II
No Personal Touch	78	I	91	I
Banking for Class not for Mass	18	VII	65	III
Limited Area of Operation	7	VIII	14	VIII

**Sources – Survey work**

In the above table it is concluded that E-Banking has some limitations. In this regard it is found that personal touch from the bank to its

customers is the main limitation of E-Banking for both the banks, followed by the public awareness attitude, customer training,



PWA- Public Awareness Attitude, TAP- Traditional Approach of people, NPT- No Personal Touch, BCM- Banking for Class not for Mass, LAO-Limited Area of Operation

traditional approach of people, banking for classes not for masses, limited area of operation are some of the aspects in ranking for ICICI Bank and CITI Bank

**Table – 18**  
Ranking of improvements needed in E-Banking services in Banks

Improvements Needed	ICICI Bank		CITI Bank	
	Source	Bank	Source	Bank
Reduction of Cost	61	IV	67	IV
More area to be covered	90	I	70	III
More security measures	73	II	74	II
Easy accessible	68	III	80	I

**Sources – Survey work**

The table shows that there must be improvement in E-Banking services provides by the banks. The ICICI Bank need to visualise the customer requirement efficiently. Then bank must be improve their security systems for E-Banking services such as passwords which cannot be hacked. The bank must improve their accessibility for mass customers, thus reducing the cost of operation. In the view of CITI

Bank the bank must improve their accessibility for mass customers. The bank must ensure utmost security in their day to day operations and mitigate lossess incurred by the customers if their account is hacked or in case of electronic process faults. The bank should provide for more customer acquisition to gain more business while implementing this the cost will automatically reduce.

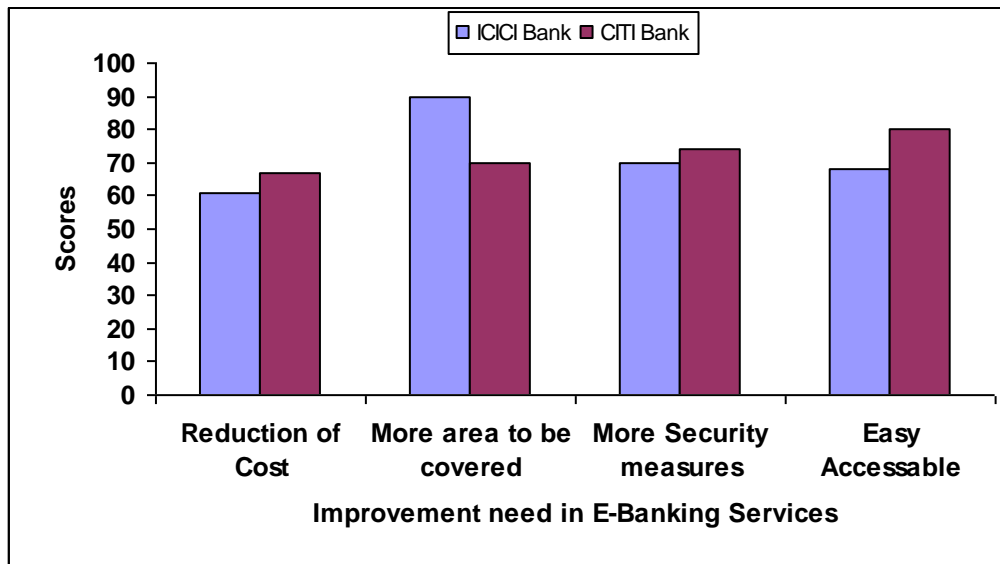


Table – 19

Future of E-Banking in India

Status	ICICI Bank (%)	CITI Bank (%)
Excellent	12	14
Very Good	26	20
Good	46	54
Can not say	16	12

Source: Survey work

On the basis of above table the future of E-Banking in India is very prospective and favourable in respect of both the banks having more than 84% in good,

very good and excellent position and 16% are elusive and cannot say anything.

Table – 20

Percentage of opening/continuing the account in same bank with the same level of E-Banking services provided by Banks

	ICICI Bank (%)	CITI Bank (%)
Yes	42	40
No	20	24
Can not say	38	36

Source: Survey work

More than 40% customers are interested to maintain/operate with these two banks while 20% to 24% have changed their mind for operation due to their individual preferences,

volumes of entries and distance from their places. Finally more than 36% did not respond properly in this regard as they are not satisfied and are indec

E-Banking plays a vital role in banking industry in India. In the study of ICICI Bank and CITI Bank it is concluded that the E-Banking services are more convenient. The services of E-Banking is playing a vital role in changing the definition of banking. In this manner the tables are showing that more customers feel convenient with E-Banking services, due to which they can avail Credit Card facility for making risk free life. E-Banking can be done even through Phone Banking, Mobile Banking, Internet Banking and also helps in checking their bank statements, view their accounts summary, online statement, check status of transactions. ATM service helps the customer for making the payment done at any time and anywhere.

E-Banking provides more security and less risk to the customer and reduces the paper work and helps in fulfilling the business requirements. E-Banking is reliable for banking transactions and banks are giving prompt services with better infrastructure. Customer acquisition and customer retention are possible with digitalization of banking services. E-Banking services help to satisfy the customer which increases the profitability in business and improves the efficiency of the bank also. Due to E-Banking, transaction cost of banks have decreased. The major advantage of E-Banking is to help the customer to avail the services of banks 24 hours in a day and 7 days in a week. It gives the services anywhere, any time which helps the customer to do transactions at any time from any

branch of the bank. The services are more safe with less paper work which helps to save the customer's time.

Better customer relations and reliability improve the business of the banks. Quality service is a major factor for improvement in the business of banks. Customer is free to choose the banks (providing E-Banking services) according to their requirements. Modern customers need less risk but more convenience which is possible through anywhere any time banking.

## BIBLIOGRAPHY

1. Bhasin T.M. "E-Commerce in Indian Banking" ., Authors Press, 2003.
2. Seybold Patricia B. with Ronni T. Marshak "E-Commerce.com" , Pen-Times, New Delhi, 2000.
3. Diwan Parag & Sunil Sharma "Electronic Commerce-A Managers Guide to E-Business", Vanity Books International, New Delhi, 2003.
4. Khubchandani B.S., Raju Beri "Practice and Law of Banking" for Macmillan India Ltd., 2006.
5. Johri Amit & B.S. Jauhari "Role of Computers in Banking Operation System" , Globe Offset Printers, New Delhi, 1994.
6. Anver Daniel "The E-Business (R) Evolution-Living and Working in an Interconnected world", 2000.