

Analytical Study Of E-Banking Services of HDFC Bank in Nagpur

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Abstract

Online banking in simple terms means, it does not involve any physical exchange of money, but it's all done online, from one account to another, using the internet. Internet banking is just like normal banking, with one big exception. You don't have to go to the bank for transactions. Instead, you can access your account any time and from any time and from any part of the world, and do so when you have the time, and not when the bank is open. For busy executives, students, and homemakers, E-Banking is virtual blessing.

Keywords - E-Banking Services, HDFC Bank, Digital Banking, Online Banking

1. Introduction

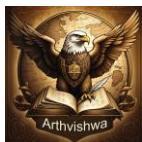
Online banking in simple terms means, it does not involve any physical exchange of money, but it's all done onlineally, from one account to another, using the internet. Internet banking is just like normal banking, with one big exception. You don't have to go to the bank for transactions. Instead, you can access your account any time and from any time and from any part of the world, and do so when you have the time, and not when the bank is open. For busy executives, students, and homemarkers, e-banking is virtual blessing. No more talking precious time off from work to get a demand draft made or a cheque book issued. Banks offer internet banking in tow main ways. An existing bank with physical offices can establish a web site and offer internet banking to its customers in addition to its traditional delivery channels.

A second alternative is to establish a “virtual,” “branchless,” or “internetonly” bank. The computer server that lies at the heart of a virtual bank may be housed in an office that serves as the legal address of such a bank, or at some other location. Virtual banks may offer their customers the ability to make deposits and withdraw fund via automated teller machines (atms) or other remote delivery channels owned by other institutions. Online system allow customers to plug into a host of banking services from a personal computer by connecting with the bank's computers over telephone wires the convenience can be compelling. Not only is travel time 12 reduced, but atm machines, telephone banking or banking by mail are

often unnecessary. And, technology continues to make online banking once attempted only by computer enthusiasts, easier for the average consumer. Banks use a variety of names for online banking services, such as pc banking, home banking online banking or internet banking. Can one imagine life without paper cash? Money has always been part of human emotions. Although it is difficult to imagine that all those years of savings at the bank is now just a whole bunch of bits and bytes, it is becoming a reality and the sooner people adjust to it, the better it is.

Evolution of e-banking:

The story of technology in banking started with the use of punched card machines like accounting machines or ledger posting machines. The use of technology, at that time, was limited to keeping books of the bank. If further developed with the birth of online real time system and vast improvement in telecommunications during late 1970's and 1980's it a resulted in a revolution in the field of banking with “convenience banking” as a buzzword. Through convenience banking, the bank is carried to the doorstep of the customer. The 1990's saw the birth of distributed computing technologies and relational data base management system. The banking industry was simply waiting for these technologies. Now with distribution technologies, one could configure dedicated machines called front-end machines for customer service and risk control while communication in the batch mode without hampering the response time on the front- end machine.



2. Company profile

HDFC Bank (Housing Development Finance Corporation) is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. It has about 87,555 employees and has a presence in Bahrain, Hong Kong and Dubai. HDFC bank is the second largest private bank in India as measured by assets. It is the largest bank in India by market capitalization as of February 2016. It was ranked 69th in 2016 brands top 100 most valuable global brands.

The HDFC bank was incorporated on August 1994 by the name of 'HDFC bank limited', with its registered office in Mumbai, India. HDFC bank commenced operations as a scheduled commercial bank in January 1995. The housing development finance corporation (HDFC) was amongst the first to receive an 'in principle' approval from the reserve bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian banking industry in 1994.

HDFC bank is headquartered in Mumbai. The bank at present has an enviable network of over 1416 branches spread over 550 cities across India. All branches are linked on an online real-time basis. Customers in over 500 locations are also serviced through telephone banking. The bank also has a network of about over 3382 networked ATMs across these cities. With its experience in the financial markets, a strong market reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in the Indian environment.

3. Rationale of The Research

Money is considered as the life line of an economy. It not only helps consumers in facilitating their transactions of goods and services but it also helps producers in meeting with their requirement of hiring the factors of productions to produce goods and services in the economy. Banks are the only institutions/ organizations which help both the consumers as well as producers in facilitating their activities. They provide the debit and credit facilities to their customers (consumers and producers). For sound and efficient functioning of the economy it is important that these services of debit and credit must be provided to customers at the lowest possible

cost in the most integrated manner to maintain pace with the ever-changing economic system.

4. Objectives

- To know about various e-services provide by the HDFC bank.
- To analyze the factors affecting the e-services.
- To study and to make banking user aware various e-banking risk like identify theft etc.
- To study the most preferred e-banking service offered by HDFC bank.
- To identify service quality dimension of HDFC which needs improvement.

5. Hypothesis

- There is no significant relationship between age of the respondents and types of account hold in HDFC bank.
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6. History of e – banking

The precursor for the modern home online banking services were the distance banking services over online media from the early 80s. The term online become popular in the late 80s and refers to the use of a terminal, keyboard and tv (or monitor) to access the banking system using a phone line. “home banking” can also refer the use of numeric keypad to send tones down a phone line with instructions to the bank. Online services started in New York in 1981 when four of the city's major banks (Citibank, Chase Manhattan, Chemical and Manufacturers Hanover) offer home banking services using the videotext these banking services never become popular except in France where the use of videotext (Minitel) was subsidized by the telecom provider and the UK, where the PESTLE system was used. The UK's first home online banking services were set up by the Nottingham Building Society (NBS) in 1983. The system used was based on the UK's PESTLE system and used a computer, such as the BBC Micro, or keyboard connected to the telephone system and television set.

The system (known as ‘home link’) allowed on-line viewing of statement, bank transfers and bill payment. In order to make bank transfers and bill payment, a written instruction giving details of the intended



recipient had to be sent to the nbs who set the details up on the home link system. Typical recipient were gas, electricity and telephone companies and accounts with other bank. Details of payments to be made were input into the nbs system by the account holder via pestle. A cheque was then send by nbs to the payee and an advice giving details of the payment was send to the account holder. Bacs was later used to transfer the payment directly. Stanford federal credit union was the first financial institution to offer online internet banking services to all of its members in oct, 1994.

7. Pre-E-Banking Scenario in India

Traditional banking traditionally the relationship between the bank and its customer has been on a one-to-one level via the branch network. This was put into operation with clearing and decision-making responsibility for the overall clearing network, the size of the Branch network and the training of staff in the branch network. The bank monitored the organization's performance and set the decision-making parameters, but the information available to both branch staff and their customers was limited to one geographical location. Traditional banking structure on it adoption the Indian banking sector woke up to the world of technology in early 1990's.

The banking sector in India has been dominated by public sector banks, who hold between them more than 80% of total asset base. New 15 private sector banks and foreign banks have tended to concentrate their efforts more on the top 23 centers which house the cream of the country's urban customers. These banks have taken the which house the cream of the country's urban customers. These banks have taken the lead in technology adoption and have succeeded in building up a substantial base of technology savvy, high-end customer making and observation about the adoption of technology by the bank, P.C. Narayan, vice-president (it and retail banking) of global trust bank ltd, says. "the rate of adoption of it by foreign and private sector banks in country has been significant over the internet phenomenon worldwide. A number of banks in the public sector have also accelerated the pace of it deployment largely

because of the competitive pressure brought upon them by private sector banks and foreign banks".

Though in the beginning the employees resisted computerization (especially in nationalized banks), the management finally succeeded in convincing its employees about the benefit and need for adoption of technology. Says P. Seshadri Rao, a financial consultant based in Hyderabad, "the basic reason for getting the nod for computerization was the competition from private banks. Once the gates were opened to the private sector to operate banks, they started with a bang, thereby forcing nationalized banks to reconsider their way of doing business. A other official in Delhi echoes the same sentiments: "needless to say, competition from foreign banks was one of the motivation factors for us to switch to computers. But housekeeping scored over everything else.

Maintaining books and regular tasks like computing interest at the end of the calendar year yeas tedious. The quantum of database was so huge that computerization was the only way out. "banks would have certainly started downing their shutters had banking software not taken over the reins." 16 in sharp contrast, most of the private banks like GTB, HDFC, and HDFC started their operations with the use of technology. And with these new banks wooing the customers by offering what was till then an unknown phenomenon-customer service-the Nationalized banks were forced to take remedial steps. "the compulsion for private banks to adopt a very high level of it was driven by their desire to contain their operating cost at the lowest levels and at the same time be able to offer a wide variety of product and services in quickset possible time." Observes Narayan. Commenting on the reasons for public sector banks being laggards in the adoption of technology,

State bank of India managing director Sitarama Murty says: "the private banks started with a clean slate. They hired technology savvy people. On the other hand, public sector banks didn't have those advantages. We need to follow the public sector bank's rules and regulation while hiring people. We can't appoint computer professional in the top management directly."



Computerization of the branches, especially in semi-urban and rural areas, is still a far cry for public sector banks. "this calls for huge investments and retraining of staff. I think these factor are inhibiting most of the banks to take technology to rural areas. But since it is becoming an integral and inevitable part of the banking system, rural banks' computerization should also happen very soon," comment a senior official with Andhra Bank. Explains P.K. Seshadrinathan, CTO of SSI Technology: "the key obstacles to introduction of it are non- integration or non-networking of branches, and a lack of corporate network. Computerization has been introduced but each branch acts as an island. And, of course, cultural/social issues continue to pose problem. Overcoming these obstacles, therefore, would be the biggest challenge by itself". However, the nationalized banks have taken to computerization in right earnest. 17 today most of them have their own in-house it department which not only takes care of deployment and implementation issues but is also into developing specific and customized application for the bank. From other, everyone is expanding its it division and making huge investment to develop the division as a profit centre by itself. According to an other official, "it makes more sense to have our own division which understand our needs and comes out with a solution. It is not just costeffective but also useful for a bank to have a separate division that takes care of it in totality." Faced with deregulation, privatization and globalization , the indian banks are slowly looking at various options to stay ahead in the rat race. This has resulted in the following recent trends: phone banking this means carrying out of banking transaction through the telephone. A customer can call up the banks help line or phone baking number to conduct transaction like transfer of funds, making payments, checking of account balance, ordering cheques, etc.

8. Research Methodology

A research design is the specification of

methods and procedures for acquiring the information needed. It is the overall operational pattern or framework of the project that stipulates what information is to be collected from which source by what procedures. Research design denotes the description of the research design. The aim was to collect relevant information, which fulfill our requirement and can be analyzed at a later stage of study without any problem. This was to be done in minimum expenditures and least efforts and in a set period of time. The major purpose of descriptive research is description of the state of affairs as it exists at present. In social science and business research we quite often use the term ex post facto research for descriptive research studies example, frequency of shopping, preferences of people, or similar data.

Convenience sampling is used in exploratory research where the researcher is interested in getting an inexpensive approximation of the truth. As the name implies, the sample is selected because they are convenient. This non-probability method is often used during preliminary research efforts to get a gross estimate of the results, without incurring the cost or time required to select a random sample.

9. Sources of Data Collection

There are several ways of collecting the appropriate data which differ considerably in context of money, cost, time and other sources at the disposable of the researcher. These are two types of data.

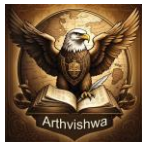
Primary data

Primary data are those which are collected afresh and for the first time, and thus happen to be original in character. In case of descriptive research, researcher performs survey whether sample survey or census survey, thus we obtain primary data either through

- Primary data collected by discussing with questionnaire.
- Primary data collected by discussing with company officer.

Secondary data

Secondary data are those which have



already been collected by someone else and have already been passed through statistical process. In this project report, both types of data have been used. Mainly, secondary data is used such as annual reports.

10. Data Analysis and Interpretation

The findings of the study reveal significant insights into customer perceptions and the performance of online banking services across public and private sector banks. It is evident that public sector banks are making notable progress, especially in expanding access to online banking services. However, customer interactions suggest that Indian consumers remain conservative and cautious toward adopting online banking, reflecting a general sense of risk aversion.

The study emphasizes the urgent need for banks to focus on developing innovative, customized banking products, improving service quality, and implementing faster problem-resolution mechanisms to build customer confidence and satisfaction. Although both public and private banks are competing in this space, HDFC Bank has emerged as a more reliable option in the eyes of customers, attributed to its expert services and attractive schemes.

In smaller cities, the lack of proper guidance before opening online banking accounts highlights an untapped market with significant growth potential. The observed variation in satisfaction levels among HDFC Bank customers regarding online services further validates the hypothesis that service quality plays a critical role in shaping customer satisfaction in the online banking sector.

11. Conclusion

The study highlights several key observations regarding online banking services in public and private sector banks. It was found that public sector banks are progressing better than private sector banks in certain aspects. Through customer interactions, it became evident that Indian customers are generally conservative and risk-averse when it comes to online banking. There is a clear need for banks to introduce innovative, customized products,

offer superior customer service, and adopt faster problem-solving techniques to enhance customer satisfaction and retention. Both public and private sector banks are competing actively; however, HDFC Bank is perceived as more reliable due to its expert services and attractive schemes. In smaller cities, customers often open online banking accounts without proper guidance, highlighting the growing scope for expert-driven services in this sector. The research also indicates a difference in the level of satisfaction among HDFC Bank customers regarding online services, supporting the acceptance of the hypothesis that service quality impacts customer satisfaction.

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