

E-Banking Facilities a Comparative Analysis of State Bank of India (SBI) & Industrial Credit & Investment Corporation of India Bank (ICICI)

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Abstract:

E banking is a global component in the economy. The role of banks has been and continues to be shaped by a number of mega trend the globalization of markets, the rise of nonbank competitors, the ongoing evolution and implementation of new technologies, and deregulation and disintermediation (i.e., the movement away from the middleman role played by banks between depositors and lenders). The purpose of the report is to provide a straightforward approach to understand the e-banking services provided by the two banks and how they are different from each other, which make one bank the best from the other. An effort is made to understand the expectations of the customers with the SBI and ICICI Bank.

INTRODUCTION

State Bank of India (SBI) is an Indian multinational, [public sector](#) banking and [financial services](#) company. It is a [government-owned corporation](#) with its headquarters in [Mumbai, Maharashtra](#). On April 1, 2017, the State Bank of India, which was India's largest bank, merged with five of its associate banks (State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore), and with the Bharatiya Manila Bank. This was the first ever large-scale consolidation in the Indian banking industry. With the merger, SBI became one of the 50 largest banks in the world (balance sheet size of ₹33 trillion, 278,000 employees, 420 million customers, and more than 24,000 branches and 59,000 ATMs). SBI's market share was projected to increase to 22 percent from 17 per cent. It has 198 offices in 37 countries; 301 correspondents in 72 countries. The company is ranked 232nd on the [Fortune Global 500](#) list of the world's biggest corporations as of 2016.

The bank descends from the [Bank of Calcutta](#), founded in 1806, via the [Imperial Bank of India](#), making it the oldest commercial bank in the [Indian subcontinent](#). The [Bank of Madras](#) merged into the other two "presidency banks" in British India, the [Bank of Calcutta](#) and the [Bank of Bombay](#), to form the [Imperial Bank of India](#), which in turn became the State Bank of India in 1955. The Government of India took control of the Imperial Bank of India in 1955, with Reserve Bank of India (India's central bank) taking a 60% stake, renaming it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India.

The State Bank of India has 20% market share in deposits and loans among Indian commercial banks. The State Bank of India emerged as a pacesetter, with its operations carried out by the 480 offices comprising branches, sub offices and three Local Head Offices, inherited from the Imperial Bank. Instead

of serving as mere repositories of the community's savings and lending to credit worthy parties, the State Bank of India catered to the needs of the customers, by banking purposefully. The bank served the heterogeneous financial needs of the planned economic development.

BRANCHES

The corporate center of SBI is located in Mumbai. In order to cater to different functions, there are several other establishments in and outside Mumbai, apart from the corporate center. The banks boasts of having as many as 14 local head offices and 57 Zonal offices, located at major cities throughout India. It is recorded that SBI has about 1000 branches, well networked to be customers throughout India.

ATM Services

SBI provides easy access to money to its customers through more than 8500 ATMs in India. The bank also facilities the free transaction of money at the ATMs of State Bank Group, which includes the ATMs of State Bank of India as well as the Associate Banks- State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Indore, etc. You may also transact

COMPANY PROFILE

State Bank of India is an India-based bank. In addition to banking, the Company through its subsidiaries, provides a range of financial services, which include life insurance, merchant banking, mutual funds, credit card, factoring, security trading, pension fund management and primary dealership in the money market. It operates in four business segments: Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Business. The Treasury segment includes the investment portfolio and trading in foreign exchanges contracts and derivative contracts. The Corporate/Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Mid Corporate Account Group and Stressed Assets Management Group. The Retail Banking segment consists of branches in National Banking Group, which primarily includes personal banking activities, include lending activities to corporate customers having banking relations with branches in the National Banking Group.

ICICI BANK

ICICI Bank started as a wholly owned subsidiary of ICICI Limited, an Indian financial institution, in 1994. Four Years later, when the company offered ICICI Bank's shares to the public, ICICI's shareholding was reduced to 46%. In the year 2000, ICICI Bank offered made an equity offering in the form of ADRs on the New York Stock Exchange (NYSE), thereby becoming the first Indian company and the first bank or financial institution from non-JapanAsia to be listed on the NYSE. In the next year, it acquired the Bank of Madura Limited in all-stock amalgamation. Later in the year and the next fiscal year, the bank made secondary market sales to institution investors. With a change in the corporate structure and the budding competition in the Indian Banking industry, the management of both ICICI and ICICI Bank were of the opinion that a merger between the two entities would prove to be an essential step. It was in 2001 that the merger between the two entities' would prove to be an essential step. It was in 2001 that the Boards of Directors of ICICI and ICICI Bank sanctioned the amalgamation of ICICI and two of its wholly owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. In the following year, the merger was approved by its shareholders, the High

Court of Gujarat at Ahmedabad as well as the High Court of Judicature at Mumbai and the Reserve Bank of India.

Present Scenario

ICICI Bank has its equity shares listed in India on Bombay Stock Exchange and the National Stock Exchange of Indian Limited. Overseas, its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE). As of December 31, 2008, ICICI is India's second-largest bank, boasting an asset value of rs.3, 744.10 billion and profit after tax Rs.30.14 billion, for the nine months, that ended on December 31, 2008

Branches & ATMs

ICICI Bank has a wide network both in Indian and abroad. In Indian alone, the bank has 1,420 branches and about 4,644 ATMs. Talking about foreign countries, ICICI Bank has made its presence felt in 18 countries- United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Financial Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. The Bank proudly holds its subsidiaries in the United Kingdom, Russia and Canada out of which, the UK subsidiary has established branches in Belgium and Germany.

COMPANY PROFILE ICICI Bank

ICICI Bank Limited (the Bank) is a banking company engaged in providing a range of banking and financial services, including commercial banking and treasury operations. It operates under four segments: retail banking, wholesale banking, treasury and other banking. The Bank's subsidiaries include ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Trusteeship Services Limited, ICICI Prudential Pension Funds, Management Company Limited, ICICI Home Finance Company Limited and ICICI Securities Limited.

Cross border transaction accentuates credit risk, since it is difficult to appraise an application for a loan from a customer in another country compared to a customer from a familiar customer base. Banks accepting foreign currencies in payment for electronic money may be subjected to market risk because of movements in foreign exchange rates.

Strategic Risk

This risk is associated with the introduction of a new product or service. Degree of this risk depends upon how well the institution has addressed the various issues related to development of a business plan, availability of sufficient resources to support this plan,

LITERATURE REVIEW

In May 2018 Stephen F. Bored had studied about the "Is the saving and Loan." This article tells about the saving and loan crisis. Proposed solutions are discussed in the context of the industry as it currently stands. With a somewhat similar liability structure to that of banks (mainly short-term deposits), the asset structure of S&Ls is quite different. Whereas banks assets consists of short-term loans, S&L assets consists largely of long-term loans, such as home ownership mortgages. Therefore, in the absence of adequate hedging measures, S&Ls are more vulnerable to interest rate risk, which can lead to lower profits when interest rates rise.

In June 29, 2001, Joshua Rosner had studied about the Housing Loan in the New Millennium. A Home without Equity is Just a Rental with Debt. They studied about the prospects of the U.S. housing/mortgage sector over the next several years. Based on our analysis, we believe there are elements in place for the housing sector to continue to experience growth well above GDP. However, we believe there are risks that can materially distort the growth prospects of the sector. Specifically, it appears that a large portion of the housing sector's growth in the 1990's came from the easing of the credit underwriting process. Such easing includes. The drastic reduction of minimum down payment levels from 20% to 0% a focused effort to target the "low income" borrower. The reduction in private mortgage insurance requirements on high loan to value mortgages. The increasing use of software to streamline the origination process and modify/recast delinquent loans in order to keep them classified as "current". Changes in the appraisal process which has led to widespread over appraisal/over-valuation problems. If these trends remain in place, it is likely that the home purchase boom of the past decade will continue unabated. Despite the increasingly more difficult economic environment, it may be possible for lenders to further ease credit standards and more fully exploit less penetrated markets. Recently targeted populations that have historically been denied homeownership opportunities have offered the mortgage industry novel hurdles to overcome. Industry participants in combination with eased regulatory standards and the support of the GSEs (Government Sponsored Enterprises) have overcome many of them. If there is an economic disruption that causes a marked rise in unemployment, the negative impact on the housing market could be quite large. These impacts come in several forms. They include a reduction in the demand for homeownership, a decline in real estate prices and increased foreclosure expenses. These impacts would be exacerbated by the increasing debt burden of the U.S. consumer and the reduction of home equity available in the home. Although we have yet to see any materially negative consequences of the relaxation of credit standards, we believe the risk of credit relaxation and leverage can't be ignored. Importantly, a relatively new method of loan forgiveness can temporarily alter the perception of credit health in the housing sector. In an effort to keep homeowners in the home and reduce foreclosure expenses, holders of mortgage assets are currently recasting or modifying troubled loans. Such policy initiatives may for a time distort the relevancy of delinquency and fore closure statistics. However, a protracted housing slowdown could eventually cause modifications to become uneconomic and, thus, credit quality 31 statistics would likely become relevant once again. The virtuous circle of increasing homeownership due to greater leverage has the potential to become a vicious cycle of lower home prices due to an accelerating rate of foreclosures.

In December 2002 Melissa B. Jacoby had studied about the investment Risk beyond a Subprime Crisis: The Role of Delinquency Management. They studied that Public investment in and promotion of homeownership and the home mortgage market often relies on three justifications to supplement shelter goals: to build household wealth and economic self-sufficiency, to generate positive social-psychological states, and to develop stable neighborhoods and communities. Homeownership and mortgage obligations do not inherently further these objectives, however, and sometimes undermine them. The most visible triggers of the recent surge in subprime delinquency have produced calls for emergency foreclosure avoidance interventions (as well as frontend regulatory fixes). Whatever their merit, I contend that a system of mortgage delinquency management should be an enduring component of housing policy.

Furtherance of housing and household policy objectives hinges in part on the conditions

under which homeownership is obtained, maintained, leveraged, and - in some situations- exited. Given that high leverage or trigger events such as job loss and medical problem play significant roles in mortgage delinquency independent of loan terms, better origination practices cannot eliminate the need for delinquency management. One function of this brief essay is to identify an existing rough framework for managing delinquency. Legal scholarship should no longer discuss mortgage enforcement primarily in terms of foreclosure law and instead should include other debtor-creditor laws such as bankruptcy, industry loss mitigation efforts, and third-party interventions such as delinquency housing counseling. In terms of analyzing this framework, it is tempting to focus on its impact on mortgage credit cost and access or on the absolute number of homes temporarily saved, but my proposed analysis is based on whether the system honors and furthers the goals of wealth building, positive social psychological states, and community development. Because those ends are not inexorably linked to ownership generally or owning a particular home, a system of delinquency management that honors these objectives should strive to provide fair, transparent, humane, and predictable strategies for home exit as well as for home retention. Although.

RESEARCH METHODOLOGY

Research

Research is defined as human activity based on intellectual application in the investigation of matter. The primary purpose for applied research is discovering, interpreting, and the development of methods and systems for the advancement of human knowledge on a wide variety of scientific matters of our world and the universe. The term research is also used to describe a n entire collection of information about particular subject.

Methodology

Methodology is the method followed while conducting the study on a particular project. Through this methodology a systematic study is conducted on the basis of which the basis of a report is produced. It is a written game plan for conducting Research. Research methodology has many dimensions. It includes not only the research methods but also considers the logic behind the methods used in the context of the study and explains why only a particular method or technique has been used. It also helps to understand the assumptions underlying various technique and by which they can decide that certain techniques will be applicable to certain problems and other will not. Therefore in order to solve a research problem, it is necessary to design a research methodology for the problems as the some may differ from problem to problem. The methodology adopted for studying the objectives was surveying the in-house customers of these two banks in the city of Delhi.

OBJECTIVES OF THE STUDY

- To study about the factors that affects the customer perception towards e-banking of SBI and ICICI bank.
- To know about the current and future prospects of E-Banking to the customers.
- To find out the major problems faced by the customers while using e-banking facilities.

NATURE

The methodology adopted to achieve the project objective involved descriptive research method. The information required for fulfilling the objective of study was collected from various primary and secondary sources.

TYPE OF RESEARCH

This study is DESCRIPTIVE in nature. It helps in breaking vague problem into smaller and precise problem and emphasizes on discovering of new ideas and insights.

RESEARCH DESIGN

Research design constitutes the blue print for the collection, measurement and analysis of data. The present study seeks to identify the extent of preferences of E- Banking over traditional banking among service class. The research design is descriptive in nature. The research has been conducted on customers of SBI and ICICI Bank within Delhi. For the selection of the sample convenient sampling method was adopted and an attempt has been made to include all the age groups and gender of every class.

RESEARCH INSTRUMENT

The instrument used for gathering data was questionnaire. To get further insight in to the research problem, interview regarding their buying practices too was made. This was to cross check the authenticity of the data provided. To supplement the primary data and to facilities the process of designing inference, secondary data was collection from published sources like magazines, journals, newspapers etc.

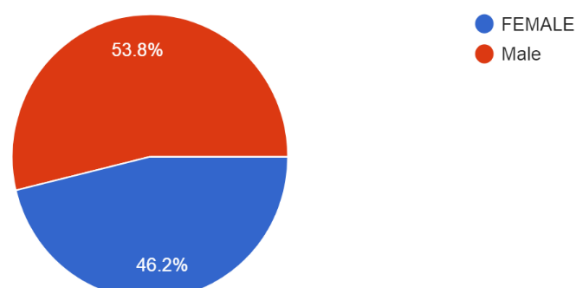
SAMPLE DESIGN AND SIZE

In this research project Descriptive research design is used. Judgment and Convenience sampling method will be used to get the information about online banking. This method is used because we are interested in exploring gender, age, or occupation disparities in terms of online banking in the population. Forconducting this re search, a structured questionnaire is prepared and sample of 150 customers is taken from SBI and ICICI bank.

ANALYSIS (TABULATION, GRAPHS, CHARTS) DATA ANALYSIS & INTERPRETATION

GENDER

119 responses

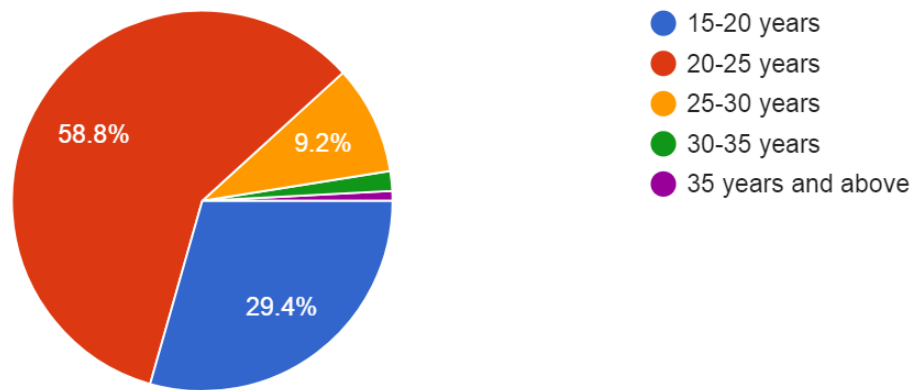


Options	Respondent
Male	53.8%
Female	46.2%

Interpretation: The results shows that majority of respondents i.e 53.8% are males who are using the E-banking facilities and 46.2% are the female who are using E-banking facilities. Female are not using this facilities because they have less knowledge about the internet and they trust face to face interaction more. So it shows that E-banking is more famous among male.

AGE GROUP

119 responses

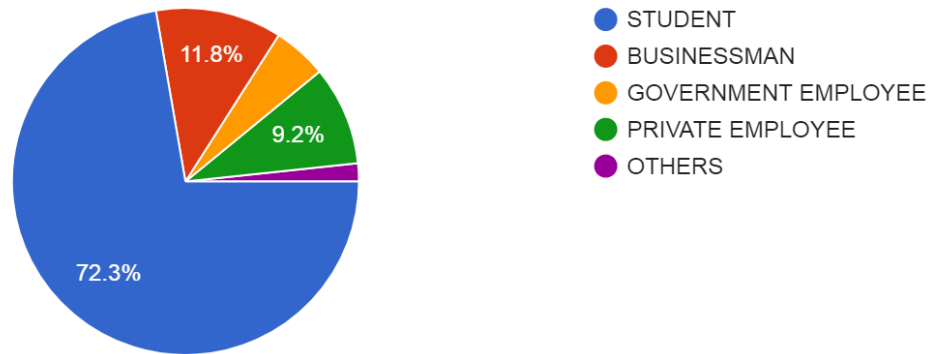


Option available	Respondent
15-20	29.4%
20-25	58.8%
25-30	9.2%
30-35	0%
35years and above	0%

Interpretation: The results shows that majority of respondents i.e. 58.8% falls under the category of 20-25 years and 29.4% falls under the below 15-20 years it shows that E-banking is mainly famous among youngsters as they are the major users of E-banking and least comes under above 3 years.

PROFESSION

119 responses



Option Available	Respondent
Student	72.3%
Businessman	11.8%
Government Employee	0%
Private Employee	9.2%
Others	0%

Interpretation: In above research the research questions asking about the profession, most of the candidate are student. The result shows that majority of respondents that are using E-banking are Students i.e 72.3% they are using E-banking facilities. And the results shows that majority of respondents that are using E-banking are Businessman i.e. 11.8% they are using E-banking facilities because its results in time saving. And 9.2% respondents are working in Private Employee.

FINDINGS

1. In the users ratio SBL Bank has more number of customers of e-bank accounts than the ICICI Bank.
2. More banks are connecting to the software companies to run the e-banking service. In these services SBI Bank is in the top in proving the services.
3. The services used by most of the customers are checking the current balance of there account, order a chequebook, and pay bills, online trading, seeking product rate information and inter country transfers.
4. Most of the people feel safe while disclosing their details on net.
5. The most important factor that the people consider while opening an online bank account is convenience & easy and quick.
6. The best e-banking service is provided by the SBI bank.

LIMITATIONS

Are we know the objectives and the importance of study it is compulsory for us to have knowledge about the limitations of the study. The limitations are as follows:

1. The study is confined only to NCR city and not the customers around the world
2. Time factor is the main limitations of the study.
3. The methods used in this project are random sampling methods and the result obtained may not be fully accurate and believable.
4. The research has been centered to only 50 customers rather than millions of people.
5. Some of the customers are not interested to give the accurate information about the bank.
6. This study is based on the figure available and the information given by the customers.

CONCLUSION

At last I want to conclude that the best E-banking service is provided by the SBI Bank while comparing it with the ICICI Bank. That means the public sector bank is progressing than the private sector bank. This is a great achievement for the bank and for the nation. The respondents took keen interest in filling the questionnaire and made my research fruitful, banks should also look for increasing their online services.

Banks are providing free internet banking services also so that the customers can be attracted. By asking the bank employees we came to know that maximum numbers of internet bank account holders are youth and business man. E-Banking is an innovative tool that is fast becoming a necessity. It is a successful strategic weapon for banks to remain profitable in a volatile and competitive marketplace of today. If proper training should be given to customer by the bank employees to open an account will be beneficial secondly the website should be made friendlier from where the first time customers can directly make and access their accounts. In future, the availability of technology to ensure safety and privacy of e-transactions and the RBI guidelines on various aspects of internet banking will definitely help in rapid growth of internet banking in India.

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