

## **Economic Development of E-Banking and E-Commerce with reference of Nellore region (AP- India)**

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**Abstract:**This paper investigates the economic development towards E-Banking and E-Commerce. E-Commerce and E- Banking are inter related with one another, these two are giving the importance for the concept of Customer relationship management (CRM) with the view of making profits. The purpose of this study is to examine the economic development towards the Technological Changes in the System of “Electronic Banking”and “Electronic commerce”.

Banking activities were started in the year of 1770, with the name of BANK OF HINDUSTHAN; it was the first bank in Calcutta under the European management. It was liquidated in 1830 – 32. After that many changes are looked into the banking sector. Now banking Sector is trying to emerge the new trend of Satellite Banking. Electronic commerce (E-Commerce or EC) is an emerging concept that describes the process of buying and selling or exchanging of products, services, and information via computer networks including the Internet. It is the use of the Internet and the Web to transact business. Doing business online, typically via the Web. It is also called "E-Business", "E-Tailing" and "I-Commerce". E-Commerce implies that goods and services can be purchased online, whereas E-Business might be used as more of an umbrella term for total presence on the Web, which would naturally include E-Commerce (shopping) component. This Paper contains the Prospects and Emerging trends of E- Business and E-commerce in present.

Recently the pace of Globalization has dramatically increased. Unprecedented changes in communications, Transportation, & computer technology have given the new processes and made the world more independent than ever. Term Globalization encompasses a range of social, political & economical changes. Today we are in Era of Globalization. In world-wide MNC's are adopted the concept of Globalization as their first strategic choice, Advancement in technology facilitate too. Same holds are there for the banking Industry. Information technology has been a major driving force of economies world-wide during the last decades. Its impact has been rapidly felt in banking industry also. E-Commerce and E- Banking are inter related with one another; these two are giving the importance for the concept of Customer relationship management (CRM) with the view of making profits.

**Key Words:** Globalization, Economic Development, E-Banking, E-Commerce, Customer Relationship management

### **1. INTRODUCTION:**

Online banking is becoming an important aspect of the world wide commerce. Online banking provides banks a new and more efficient electronic delivery tool. Online banking includes various banking activities conducted for Home or Business, instead of at a physical bank location. Online banking focuses on the E-commerce from the perspective of customers and banks in India. Both E-Banking and E-commerce focuses on the concept of customer Relationship management with the view of making profits.

#### **1.1 E- BANKING:**

Electronic banking is the method of banking in which the customer conducts transactions electronically via internet. The use of computers is to carry out the banking transactions such as withdrawals transfer of funds etc. It means any user with a personal computer and browser can get connected to his banker's web site to perform any of the virtual baking functions. The term electronic covers the both computer and telephonic banking.

### **1.2 INDIAN BANKS HISTORY:**

Bank of Hindustan was the first bank in India. It was established in the year of 1770, under European management, it was liquidated in 1830-32. In 1786 General Bank of India was setup. At that time Calcutta was a active trading port in India. Mainly due to the trade of the British empire it become a banking centre. That time 3 preceding banks were setup under The British East India Company. Those were Bank of Calcutta (1806) Immediately become Bank of Bombay and Bank of Madras. These three were worked as the Central Banks of India for many years. These three banks were merged in 1921 to form the "Imperial Bank of India", and then became the State Bank of India in 1955. The Reserve Bank of India is the Central Bank of the country. Central Banks are a relatively recent innovation and most Central Banks as we know today, were established around the early 20<sup>th</sup> century. The Reserve Bank of India was set up on the basis of the recommendations of the Hilton Young Commission. The Reserve Bank of India Act, 1934 (II of 1934) provides the statutory basis of the functioning of the Bank, which commenced operations on April 1, 1935.

### **1.3 E- BANKING IN INDIA:**

- In 1991 there is entry of foreign banks; they brought new technology with them.
- ICICI bank kicked off online banking in the year of 1996, presently near 80% of its customers registered for online banking.
- 1996 to 1998 is marked as the adoption phase of online banking, while usage increased in the year of 1999.
- Internet policy increased by the banks board.

### **1.4 E- BANKING SERVICES:**

Banking services cover two tire structures. A basic tire of banking includes customer account inquiry, funds transfer and electronic bill payment. Second tire includes basic services plus one or more additional services like credit and debit cards, Demat holdings financial advice, foreign exchange trading, insurance, online trading, opening accounts, etc...

### **1.5 BENEFITS TO CUSTOMERS:**

- Convenient to use.
- There are no geographical barriers.
- Service can be offered at very low cost.
- Check your transactions at any time of the day and as many times as you want to.
- Getting e-statements from the bank.
- Time saving.
- 24×7 Availability.
- User friendly / easier.

### **1.6 EMERGING TRENDS IN E-BANKING:**

- Phone banking
- Online banking
- Banc assurance
- Core Banking Solutions
- Electronic banking solutions
- Electronic fund transfer
- Electronic data Interchange.
- Satellite Banking

### **1.7 E-COMMERCE:**

Electronic Commerce means commercial transactions conducted electronically, that is Buying and selling of goods and services over an electronic network, primarily the internet.

### **1.8 INTRODUCTION OF E-COMMERCE**

The year 1991 noted a new chapter in the history of the online world where E-Commerce became a hot choice amongst the commercial use of the Internet. At that time nobody had even thought that the buying and selling online or say the online trading will become a trend in the world and India also had a good proportion of this success.

### **1.9 IRCTC TEACHES INDIA TO BOOK TICKET ONLINE**

India first came into interaction with the online *E-Commerce via the IRCTC* (Indian Railway Catering and Tourism Corporation). The government of India experimented this online strategy to make it convenient for its public to book the train tickets. Hence, the government came forward with the IRCTC Online Passenger Reservation System, which for the first time encountered the online ticket booking from anywhere at any time. This was a boon to the common man as now they don't have to wait for long in line, no issues for wastage of time during unavailability of the trains, no burden on the ticket bookers and many more. The advancements in the technology as the years passed on have been also seen in the IRCTC Online system as now one can book tickets (Tatkal, normal, etc.) on one go, easy payments, can check the status of the ticket and availability of the train as well. This is a big achievement in the history of India in the field of online E-Commerce.

The acceptance of the E-Commerce on a large scale by the Indian people influenced other business players also to try this technique for their E-businesses and gain high profits. Though online shopping has been present since the 2000 but it gained popularity only with deep discount model of Flipkart. In a way it re-launched online shopping in India. Soon other portals like Amazon, Flip kart, Jabong, etc. started hunting India for their businesses.

*Online shopping* in its early stage was a simple medium for shopping with fewer options. The users can just place an order and pay cash on delivery. But, in last few years this field has been renovated to a high extent and hence fascinated many customers. Today, the online shopping has become a trend in India and the reason behind the adoption of this technique lies in the attractive online websites, user friendly interface, bulky online stores with new fashion, easy payment methods (i.e. secure pay online via gateways like PayPal or cash-on-delivery), no bound on quantity & quality, one can choose the items based on size, colour, price, etc.

### **1.10 ADVANTAGES OF E-COMMERCE:**

- Increased sales
- Decreased cost
- Providing products quotes
- Ease of transactions
- Broder Choice

### **1.11 GROWTH OF E-COMMERCE IN INDIA:**

India has an internet user base of about 243.2 million as of January 2014. India's E-Commerce market was worth about \$3.8 billion in 2009, it went up to \$12.6 billion in 2013. In 2013 the E-Commerce segment was worth of US\$2.3 billion. About 70% India's E-Commerce related is travel related. According to google India there were 35 million online shoppers in India in 2014 and it extended to cross 100 million mark by end of year 2016.

## **2. OBJECTIVES OF THIS STUDY:**

- To know about the various aspects of banking and how e-banking will helpful to customer development.
- To know the relationship of E-Commerce and E-Banking from the customer view.
- To know Customer preferences towards online activities and offline activities.
- To study the customer perception about E-Banking and E-Commerce
- To identify the areas to improve the quality of service.

## **3. METHODOLOGY:**

This study is conducted to study and analyse how E-Banking and E-Commerce services help to development of economy. The primary data was collected from the customers; a structured questionnaire was used as the main data gathering instrument. Secondary data was collected from books, journals, research papers, magazines and internet. A sample of 200 customers taken from the various locations in the NELLORE region of

Andhra Pradesh. Sampling method was used for collecting the data from the customers. The data analyses use percentage method and data was presented in the form of tables.

Data was collected over a period of one month commencing from the first week of November to second week of December 2016. A total of 200 Questionnaires were randomly administered to the customers, 153 were returned, which represents 76.5% are the total respondents or participants.

#### 4. DATA ANALYSIS AND INTERPRETATION:

##### 4.1 DISTRIBUTION OF RESPONDENTS ON THE BASIS OF DEMOGRAPHIC VARIABLES

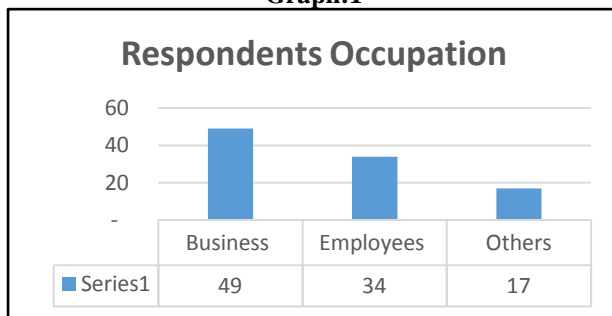
S.No	Demographic variables	Categories	Number of respondents & % of Respondents	
1	Occupation	Business	75	49
		Employees	52	34
		Others	26	17
2	Income of the respondents	Less than Rs. 15000/-	19	12
		Rs 15000 to Rs. 20000/-	27	18
		Rs 20000 to Rs. 25000/-	21	14
		More than Rs. 25000/-	86	56
3	Relationship with Bank	Savings account	18	12
		Salary Account	98	64
		Current Account	15	10
		Others	22	14
4	Willing for Internet Banking	Yes	126	82
		No	27	18
5	Frequency of using E-Banking services	Less than 5 Times	2	1
		5 - 10 times	15	10
		More than 10 times	136	89
6	Purpose of using E-Banking services	Business Transactions	16	10
		Balance Inquiry	25	16
		Online shopping	94	61.5
		Others	18	12.5
7	Why prefer E-Banking	Convenience	35	24.5
		Safe and secure	12	9
		Self service	12	8.5
		Easy to maintain	81	58
7.5	Why not prefer E-Banking	Security Threat	2	15
		Don't know how to use	3	23
		Prefer face to face	8	62
8	How knew E-Commerce Activities	By friend	65	42.5
		By Own	45	29
		By coaching	43	28.5
9	Why do you prefer E-Commerce	Save Time	69	51
		Convenient and facility	12	9
		Wide range of choosing		33
		Security	10	7
9.5	Why do not prefer E-Commerce	Difficulty	3	17
		Heard bad things about sites	12	66
		I don't find what I look for	0	-
		No internet facility	3	17
10	E-Commerce preferring without E-Banking services	Yes	49	33
		No	98	67
11	E-Commerce use to the	Yes	135	88

	customer (perception of respondent)	No	18	12
12	Level of computer literacy	Expert	79	52
		Advanced	50	32
		Beginners	15	10
		Don't know	9	6
13	Feeling about systems change of banking sector	Highly satisfied	130	85
		Satisfied	23	15
		Not satisfied	0	-
		Neutral	0	-
14	Feeling about E-Commerce activities	Highly satisfied	96	63
		Satisfied	57	37
		Not satisfied	0	-
		Neutral	0	-

#### 4.2 GRAPHICAL REPRESENTATION

##### 1. Graph for occupation of the respondents

Graph:1

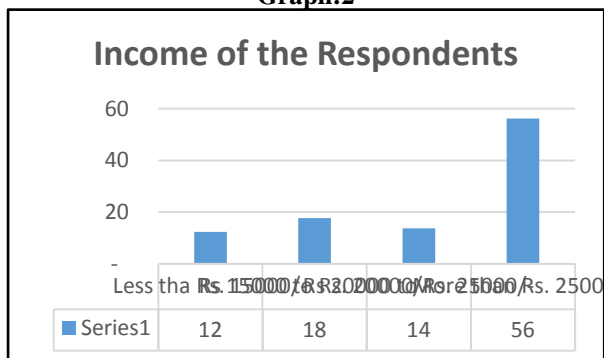


**Interpretation:**

From the graph 1 it can be observed that 49% of respondents from business environment, 34 % of respondents belonging to the Employee sector and 17% of people from others like students, housewives.

##### 2. Graph for the Income of the respondent:

Graph:2



**Interpretation:**

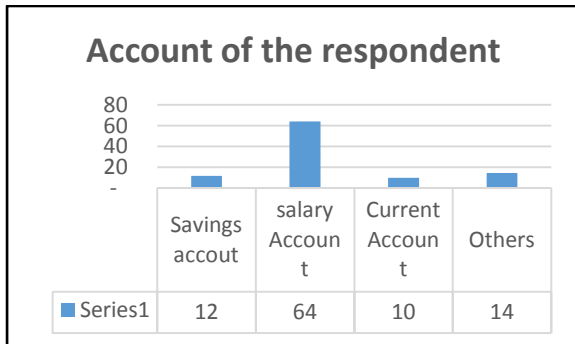
From the graph 2 we can find out that more respondents of study are of above 25000 per month.

##### 3. Graph for Respondents relationship with banks.

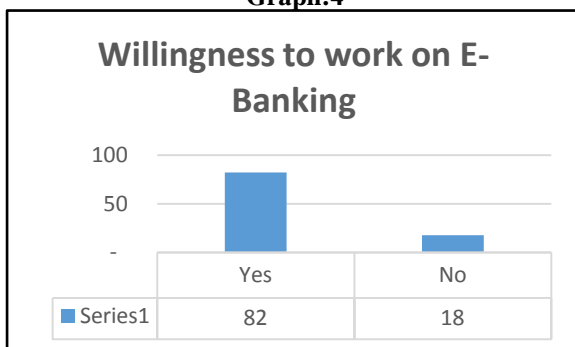
Graph:3

**Interpretation:**

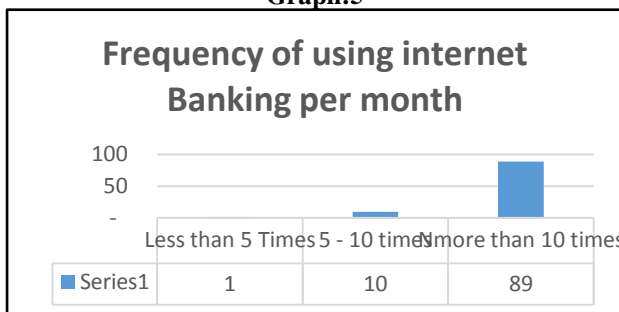
From the graph3 it can be observed that more respondents have the salary accounts in the banks, and it indicates that employees using Internet Banking and E-Commerce (online shopping) compare to others.



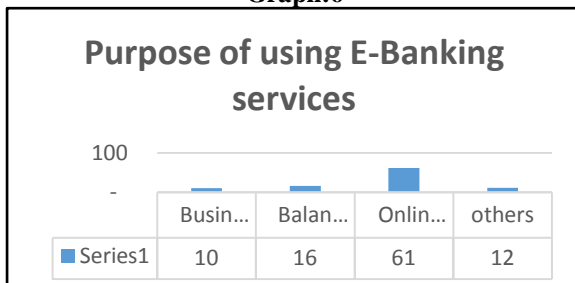
**4. Graph for willingness towards E-Banking  
Graph:4**



**5. Graph for Frequency of using E-Banking services:  
Graph:5**



**6. Graph for purpose of using E-Banking services:  
Graph:6**



**7. Graph for why prefer E-Banking:  
Grpah:7**

**Interpretation:**

From the graph4 it can be observed that, the percentage of willing people for the usage of E-banking is 82. It indicates more people are interested to E- Banking

**Interpretation:**

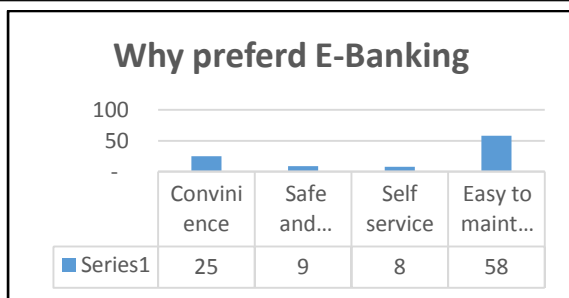
From the graph 5 it can be observed that 89% of people using E-Banking more than 10 times per month. It indicates people using Internet Banking more time

**Interpretation:**

From the graph 6 it can be observed that, most of people using E-Banking for online shopping (E-Commerce). So, it indicates the relationship of E-Banking with E-Commerce.

**Interpretation:**

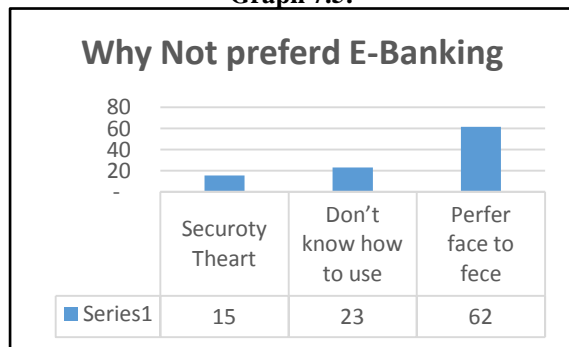
Form the graph 7 it is observed that 58 % of respondents prefer the E-Banking for easy



maintain, easy to maintain have the factors of time saving, security, on hand process & no need to go to the bank physically

**7.5 Graph for why respondents are not prefer the E-Banking services:**

**Graph 7.5:**

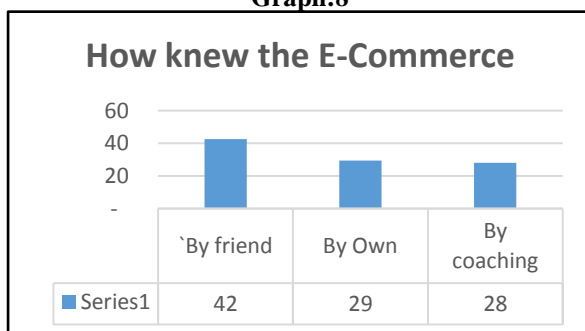


**Interpretation:**

From the graph 7.5 it can be observed that most of people prefer the face to face banking instead of the net-banking, it indicates people do not aware of E-Banking.

**8. Graph for how knew the E-Commerce activities:**

**Graph:8**



**Interpretation:**

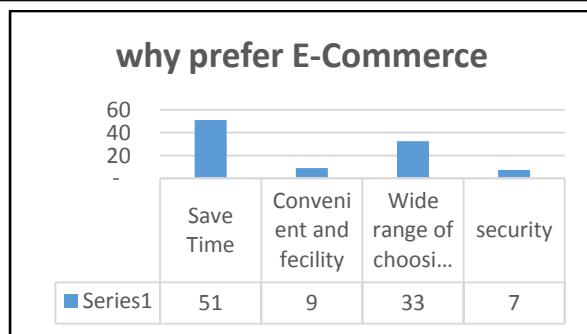
This graph indicates the % of respondents how they knew E-Commerce activities to do themselves. More people knew by friends.

**9. Graph for why do you prefer E-Commerce:**

**Graph:9**

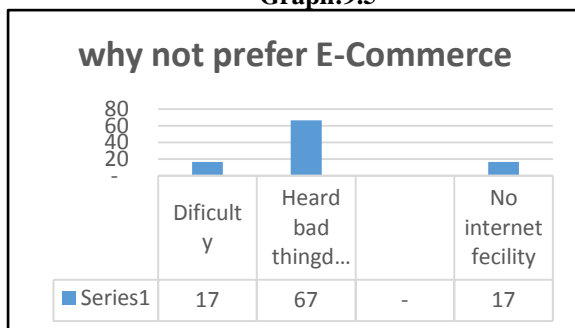
**Interpretation:**

From the graph 9 it can be indicated that most of the people using E-Commerce for save time & wide range of choosing.



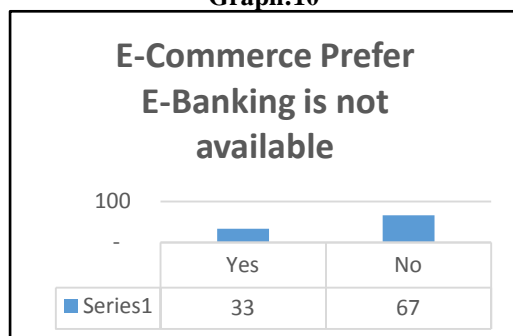
9.5 Graph for why not preferring E-Commerce services:

Graph:9.5



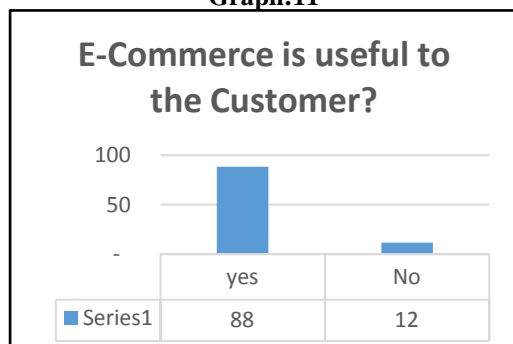
10. Graph for whether people prefer E-Commerce if E-Banking is not available:

Graph:10



11. Graph for E-Commerce is useful to the customers?

Graph:11



12. Graph for Level of computer literacy of the respondents:

**Interpretation:**

From the graph 9.5 we can find out that most of people don't prefer the E-Banking services for the reason of heard bad things about the sites.

**Interpretation:**

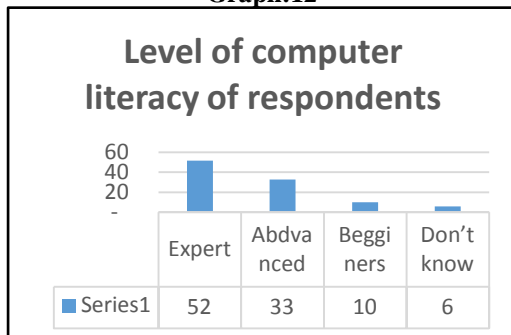
Form the graph 10 it can be observed that, most of people not accepting the E-Commerce service if E-Banking is not available. That means E-Banking shows lot of impact on the E-Commerce activities.

**Interpretation:**

From the graph 11 it can be Find out that the E-Commerce is useful to the customers in the way of satisfying of customer's needs and wants.



Graph:12

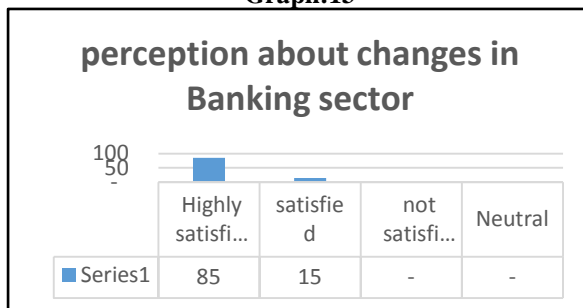


**Interpretation:**

This graph indicates that all respondents have knowledge about the computer.

**13. Feeling about changes in Banking sector:**

Graph:13

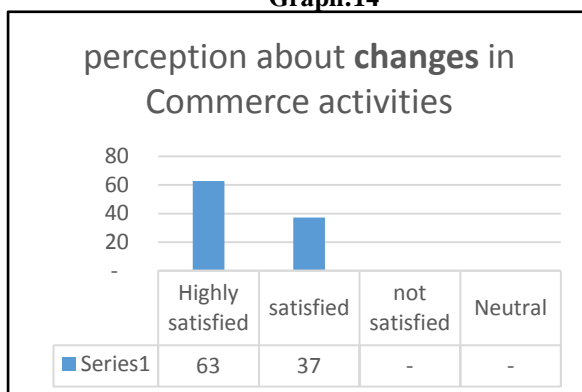


**Interpretation:**

This graph indicates that all respondents are satisfied with the changes in banking sector like E-Banking, Phone Banking, providing ATMs etc.

**14. Graph for feeling about changes in Commerce activities:**

Graph:14



**Interpretation:**

From the graph 14 we can understand that people are satisfied with the changes of Commerce activities also.

**5. FINDINGS:**

The following findings are observed from the above study of the economic development of e-banking and e-commerce

- In this study 83% (49+34)of the respondents from the business people and employees, others are only 17%.
- 56% of the respondents get above Rs. 25000/- salary or profit.
- 64% of the respondents have salary accounts in the banks.
- 82% of respondents have the willingness of Internet Banking for their transactions.
- 89% of the respondents use Internet Baking more than 10 times a month.
- 61% of the respondents are usingE-Banking for the purpose ofonline shopping only.
- 58% of the respondents are using E-Banking, because it is easy to maintain.
- 42% of the respondents were known about E-Commerce through friends, 28% were by coaching and remaining by own.

- 51% (135 Members) of the respondents using E-Commerce for saving their time, 88% of the total respondents are using Internet Banking.
- 67% (18 Members) are not using Internet Banking because of heard bad things about Sites, 12% of the respondents are not using Internet Baking due to lack of awareness.
- 67% of the respondents are not willing to use E-Commerce without E-Banking.
- 88% of the respondents are saying that E-Commerce is useful to the customers.
- 52% of the respondents are experts in computer literacy, 33% are advanced, 10% are beginners and 6% of the respondents don't know how to work on computers,
- 85% are the respondents are highly satisfied with the systems change in the Banking sector.
- 63% of the respondents are highly satisfied with the E-commerce activities.

### **CONCLUSION & RECOMONDATIONS:**

From the above study it can be found that nowadays most of the people are using E-BANKING and E-COMMERCE tremendously because these two are user friendly and easy to maintain also. It Indicates the DEVELOPMENT OF ECONOMY, some of the respondents, who are not aware of the E-Banking and E-Commerce those people not accepting the technological changes in the Banking sector and E-Commerce activities, because those are from the rural areas of the Nellore District (but they are all literates). Hence, the bank personnel who are located in the rural areas are should guide the rural people how to do their banking works easily.

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### **Questionnaire:**

**Name:**

**Age:**

**Gender:**

**Place:**

1. Occupation of the respondent.
  - Business
  - Employee
  - Others: \_\_\_\_\_
2. Income of the respondent.
  - Less Than Rs. 15000
  - Rs. 15000 - Rs. 20000
  - Rs. 20000- Rs. 25000
  - Above 25000
3. Relationship with bank
  - Savings Account
  - Salary Account

- Current Account
  - Other: \_\_\_\_\_
4. Are you using internet banking?
- Yes
  - No Why: \_\_\_\_\_
5. How frequently do you use the E-Banking Service?
- Less than 5 Times
  - 5- 10 times
  - More than 10 times
6. For what purpose you frequently use the E- Banking Service
- For Business Transaction
  - For balance Inquire
  - Online shopping
  - Others: \_\_\_\_\_
7. Why do you prefer E-Banking Service?
- Convenience (24 Hours supporting)
  - Safe and secure
  - Self service
  - Easy to maintain banking transactions activities.
- 7.5. If don't use E- banking Service, Why?
- Security Threat
  - Don't know how to use
  - Prefer face to face banking
8. How you Knew E-Commence activities.
- By Friends
  - By Own
  - By Coaching
9. Why do you prefer E-commerce?
- Save Time
  - Convenient and facility
  - Wide range of choice
  - Security
- 9.5 If You do not use E-commerce, why?
- Difficulty
  - Heard bad things about sites
  - I do not find what I look for
  - No internet availability
10. Are you preferred E-Commerce if E-Banking is not available?
- Yes
  - No
11. According to you E-Commerce is Useful to the Customer
- If Yes, \_\_\_\_\_

- If No, \_\_\_\_\_
12. Level of computer literacy
- Expert
  - Advanced
  - Beginners
  - Don't know how to operate computer
13. How do you feel in the changing of Banking system?
- Highly satisfied
  - Satisfied
  - Not satisfied
  - Neutral
14. How do you feel with e-commerce activities according to you?
- Very satisfied
  - Satisfied
  - Not satisfied
  - Neutral