

# AN APPROACH TO E – BANKING SERVICES BY SMALL FINANCE BANKS IN GUJARAT

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## Abstract

The modern approaches of banking transactions are broadly evaluated. The small finance banks are taking baby steps towards their progress. It is necessary to evaluate their services and customers' perceptions towards e – banking services. The research is conducted as a pilot research for using of e – banking services by the customers of small finance banks in Gujarat. The focus is made for only two services which is primarily used by the customers of any of the banks. An application of Chi-square test and descriptive statistics is used to conclude the results. It is observed that the small finance banks are competent to offering their services in network banking.

**Keywords:** E – banking, Small Finance Banks, Chi –square test

## INTRODUCTION

Bank is type of financial institution which fundamentally provides services such as accepting deposit and providing loan facilities to their customers. A Reserve Bank of India (RBI) is the central body that has been taking care of the banking industry in our country. Over the past few years our banking industry has gone through several changes in which recent change has been coming out of concept Small Finance Banks.

### POLICY ON SMALL FINANCE BANKS

The Reserve Bank has, therefore, decided to license differentiate banks and guidelines on licensing of Small Finance Banks (SFBs) and payments banks were issued in November 2014. SFB introduced in the Indian Banking Structure in the year 2015 to cater the specific requirement of niche customers. The objectives of licensing Small Finance Banks were stated to be as follows:

(a) provision of savings vehicles, and (b) supply of credit to Small Business units; small and marginal farmers; micro and small industries; and other unorganized sector entities, through high technology-low cost operations, where “small” refers to the kind of customer the bank deals with (Rajan, 2016). Small Finance Banks have the flexibility to operate all over India, against the earlier models of RRBs and LABs which had geographical restrictions.

### SMALL FINANCE BANKS

Small Finance Banks are the physical banks its aim is to provide basic banking service of acceptance of deposits and lending to borrowers in the priority sectors like those working in agriculture, small enterprises and low income earners. Small banks are likely to meet credit and remittance needs of small businesses, farmers, micro and small industries, unorganized sector, low income households and migrant work force through high technology-low cost operations. During the year 2015, RBI gives license to 10 applicants to set up Small Finance Banks in India. These banks intend to make stronger Financial Inclusion and extending basic banking services in the country.

In the year 2015, RBI has initiated a financial inclusion policy by setting up a different type of bank in our country. RBI has issued a provisional license for ten companies on September 17, 2015 to operate as Small Finance Bank in India. Capital Finance Bank is the first bank that started as a Small Finance Bank in the country. They began operations with 47 branches on April 24, 2016.

## CONCERN REVIEWS

1. Anderson et al. (1994) Entry of new types of banking in the globalized financial climate of the nation, has cleared way, both for sufficient chances and versatile difficulties. Every one of the banks currently face a fierce opposition in each regard, both from homegrown and unfamiliar players. This opposition has constrained the banks to concentrate completely on client care and fulfillment. As it is the nature of administration, that will decide the piece of the pie and productivity of a bank in the times to come.

2. Daikh J. (2015) analyzed that the association between shopper dependability and purchaser endurance. The inspiration driving this assessment is to think about the association between buyer dependability and customer immovability and apply its relationship into all the market undertakings including things and organizations, particularly in cash related associations. Central model data was assembled from assets and students at Johnson and Wales University things being what they are, public and worldwide students. The hypothesis of the assessment is made as H1: There is a basic positive association between client

steadfastness and purchaser devotion. A t-test with the expectation of complimentary models is used to address the hypothesis. The trading of the assessment showed that there is a colossal positive association between client dependability and buyer steadfastness, regardless, it is fundamental to totally grasp that the devotion which is the essential goal of each and every industry is challenging to achieve and is nothing however hard to be come to by undertakings in light of the customer faithfulness which is challenging to arrive at free from any other person, and the organization quality too. There are various elements that can impact the customer commitment, for instance, the strange condition of competition among the current associations and the most streamlined game plan of mechanical progress. These reasons exhibit that associations ought to lock in considering the way that dedication is a transitory issue, the current reliable client wouldn't be the upcoming undaunted client.

3. Danijela V. (2015) analyzed the buyer faithfulness impact on keeping cash organizations and relationship organization Innovation. This paper has inspected the meaning of the buyer unwaveringness and relationship organization in corporate system of a financial association, bank from Serbia. For that goal are shown the middle assessments of the buyer unwaveringness record and speculations, on which the arrangement of the investigation is based. The investigation covering 700 development clients of by the bank by an inconsistent testing. Essential revelations maintained the importance and the possible impact of the Satisfaction client ask about results on stoop of future organizations, headways in things and relationship organization of the bank has gotten Client Experience Standards after the audit, and what's more Corporate Social Performance approach as construction reports for support enduring upgrading of clients conditions, admittance to monetary organizations, relationship organization and social commitment of the foundation, and obligation to the overall population.

4. Kesavan (2015) has said that national bank of the nation is giving exceptionally inventive and adaptable monetary administrations to its clients by all methods of advancement. Yet at the same time execution can be improved through consumer loyalty and furthermore by taking care of client's prerequisites in a more compelling way. The RBI has for the most part centered around the inventive as well as advancement of lower pay gathering's government assistance side and furthermore government assistance of the general public. The CSR strategy of the bank is actually quite imaginative and is extremely vital in nature up to a degree. Yet, it is seen that banks in India are moving towards maintainability through imaginative assistance and adaptable activities and contributions. The example considered here for investigation has made this statement obviously. That the pace of advancement instrument embraced by RBI and pertinent Banks has upgraded. In any case, this Era of creative component is most likely going to be an extraordinary test in close and impending future for banks in the country.

5. Lohitkumar, Rafi and Rabbani (2016) have said that Payment Bank assume significant part in financial area in light of its have there is no limitation on the pay levels of the people who wish to open records in installment banks, the individuals who have pay accounts in standard ledgers can likewise open a record in an installment bank. People can utilize the installment financial balance to make every day or month to month cash exchanges, either through check card or through portable. This can likewise assist guard against charge with checking extortion, since you can keep a more modest equilibrium in these records. In an installment bank, KYC standards might be rearranged and charges might be lower, says Ajay Srinivasan, chief, Crisil Research. "Installments banks will focus on the non-banking populace. Thus, they could have indulgent KYC standards. Additionally, as they will be more innovation escalated, their expenses would be lower than ordinary banks."

## RESEARCH METHODOLOGY

The research methodology is the blue print of any of the research. It shows the base of outcomes of the entire research. This research is carried out to examine the perception of the customers of small finance banks in Gujarat region. Thus, the design is exploratory in nature. The main objective of this research is to examine the perception of consumers towards e-banking services offered by small finance banks functioning in Gujarat. For this context total 106 respondents are to be approached who are dealing with small finance banks. Their responses towards the services availed by them. They have been inquired on five likert scale bases towards their services availed. They respond as strongly disagree, disagree, neutral, agree and strongly agree. Total two E - banking services are to be asked for their responses. Their results are examined with testing of Chi-square test. Following table is discussed with hypothesis:

H01: There is no significance difference between availing e-banking services offered to the customers by the small finance banks in Gujarat.

### 3.1 DATA ANALYSIS

The collected information of all 106 respondents for their availing services for using of mobile banking and internet banking are with their standards of agreement are presented in table 1 as follows:

Table 1 Availing of E- Banking services by Customers of Small Finance Banks

	Mobile Banking	%	Internet Banking	%
Highly Disagree	3	3	2	2
Disagree	4	4	1	1
Neutral	10	9	1	1
Agree	68	64	74	70
Strongly Agree	21	20	28	26

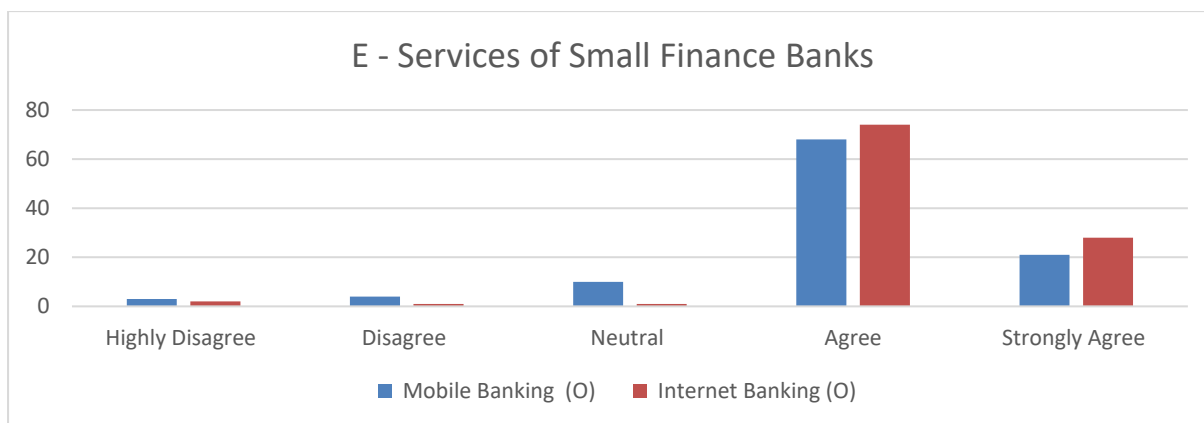


Figure 1 E- Services of Small Finance banks

The five likert scale is presenting the nominal scaling for the responses. It is observed that the customers of Small Finance Banks are agreed and strongly agreed that they have been facilitate with both types of services. It shows that the small finance banks are facilitating the customers with e-services. Moreover, the customers are also agreed that they are using the services. It is observed that 64% of the respondents are using mobile banking services and 70% are agreed that they are using internet banking. In all the agreement level of customers are presenting that total 84% users are agreeing that they are using mobile banking services. On second hand, the responses for using of internet banking is 96% of total respondents.

The discussion shows that the users are well facilitate and they are aware with the modern trend of e-banking services of small finance banks. The small finance banks are having limited expansion, but the research is showing that they are having higher activation towards the customers. The responses are examined for only two e-banking services for limited responses. Thus, more relevantly it is necessary to examine the results by testing the inferential statistics. The nature of responses is qualitative thus, spearman's chi-square test is the best fit tool to examine the results at 5% level of significance. The laired hypothesis is tested as follows:

	Mobile Banking (O)	Internet Banking (O)	Mobile Banking (E)	Internet Banking (E)	Mobile Banking (O -E)	Internet Banking (O -E)	Chi Square for Mobile Banking	Chi Square for Internet Banking
Highly Disagree	3	2	21.2	21.2	-18.2	-19.2	15.62	17.39
Disagree	4	1	21.2	21.2	-17.2	-20.2	13.95	19.25
Neutral	10	1	21.2	21.2	-11.2	-20.2	5.92	19.25
Agree	68	74	21.2	21.2	46.8	52.8	103.31	131.50
Strongly Agree	21	28	21.2	21.2	-0.2	6.8	0.00	2.18
	106	106	106	106	<b>Chi - Square</b>		138.81	189.57

The calculated values of Chi-square test are computed 138.81 for mobile banking services whereas it is found 189.57 for using of internet services. The significant value of chi-square is measure at 5% level of significance and  $(n - 1 = 5-1 = 4)$  is 9.48. The computed values of chi-square are found higher than the significance value thus the null hypothesis is rejected at 5% level of significance. It is said that there is a significance difference between availing e - banking services offered to the customers by the small finance banks in Gujarat.

## CONCLUSION

The research is conducted as a pilot research for using of e - banking services by the customers of small finance banks in Gujarat. The focus is made for only two services which is primly used by the customers of any of the banks. The results are concluded that the users are well aware about the use of e-banking services. Majority of

the account holders of small finance banks are using Mobile banking and internet banking. The small finance banks are having limited expansions. But by looking in to the recent enforcement the banks are providing the e – banking services to their customers. This my help to both customers as well as the bank itself for betterment.

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