

## ROLE OF E-PAYMENTS TRANSACTIONS WITH 'REFERENCE TO ICICI BANK

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### ABSTRACT

Electronic payment can be aptly defined as the mother of all IT based banking facilities. Electronic payment can be described as the utilization of the latest information technology infrastructure for providing various financial services by financial institutions.

Electronic payment provides advantages like twenty-four-hour access to banking facilities and account information. These facilities can be availed through user friendly interfaces that are easy to understand and operate.

An Electronic Payment system facilitates acceptance of electronic payments for online transactions. Also known as a sample of Electronic Data Interchange (EDI).

E- commerce payment systems have become increasingly popular due to the wide spread use of the internet-based shopping and banking. Over the years, credit cards have become one of the most common forms of payment for e-commerce transactions.

**Keywords:** E-Payments, Banking Industry, Customer quality, Customer Satisfaction.

### 1. INTRODUCTION

The Indian banking sector has been growing successfully, innovating and trying to adopt and implement electronic payments to enhance the banking system. Though the Indian payment systems have always been dominated by paper-based transactions, e-payments are not far behind. Ever since the introduction of e- payments in India, the banking sector has witnessed growth like never.

According to a survey by celent, the ratio of e-payments to paper-based transactions has considerably increased between 2004 and 2008. This has happened as a result of advances in technology and increasing consumer awareness of the ease and efficiency of internet and mobile transactions. Electronic payment has gained a lot of curiosity among bankers and more and more of them in India have started to implement the same in their day to day working. This new way of doing business is more efficient and convenient to both the banking system and the customers.

An e-payment system is a way of making transactions or paying for goods and services through an electronic medium, without the use of checks or cash. It's also called an electronic payment system or online payment system.

The electronic payment system has grown increasingly over the last decades due to the growing spread of internet-based banking and shopping. As the world advances more with technology development, we can see the rise of electronic payment systems and payment processing devices. As these increases, improve, and provide ever more secure online payment transactions the percentage of check and cash transactions will decrease.

One of the most popular payment forms online are credit and debit cards. Besides them, there are also alternative payment methods, such as bank transfers, electronic wallets, smart cards.

Every country has a financial system of its own that serves as backbone of its entire development. A financial system is a set of institutional arrangements through which financial surplus in the economy is mobilized from surplus units and transferred to deficit spenders.

The financial system of any country consists of banking and non - banking financial institutes, these institutes are providing various types of financial services to the customers. In the financial services, financial clearing and fund transfer service is most important service than other services.

### MODES OF E - PAYMENTS

E-payment methods could be classified into two areas as:

- Credit payment systems
- Cash payment systems.
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## 1. CREDIT PAYMENT SYSTEMS

- **Credit Card** — A form of the e-payment system which requires the use of the card issued by a financial institute to the cardholder for making payments online or through an electronic device, without the use of cash.
- **E-wallet** — A form of prepaid account that stores user's financial data, like debit and credit card information to make an online transaction easier.
- **Smart card** — A plastic card with a microprocessor that can be loaded with funds to make transactions; also known as a chip card.

## 2. CASH PAYMENT SYSTEMS

- **Direct Debit** - A financial transaction in which the account holder instructs the bank to collect a specific amount of money from his account electronically to pay for goods or services.
- **E-Check** - A digital version of an old paper check. It's an electronic transfer of money from a bank account, usually checking account, without the use of the paper check.
- **E-cash** is a form of an electronic payment system, where a certain amount of money is stored on a client's device and made accessible for online transactions.
- **Stored-value card** - A card with a certain amount of money that can be used to perform the transaction in the issuer store. A typical example of stored-value cards are gift cards.

## 2. REVIEW OF LITERATURE

UNNINTHAN (2001) described the impact of e-banking adaptation on Australian and Indian banking sectors with the help of qualitative and quantitative analysis. The researcher found that Australia had a strong platform for e-banking growth with 37.7 per cent of population willing to engage in e-banking mostly in urban areas due to literate young working population with discretionary income. However, India by comparison was played by weak infrastructure, low PC penetration and consumer reluctance in rural sector. But the professionals are compelling the government and bureaucracy in the country to support and develop new initiatives at a faster speed of internet banking. However, in both the countries, e-banking was a successful strategic weapon for banks to remain profitable in a volatile and competitive market place

YAKHLEF (2001) evaluated the services provided through internet and website. The researcher explored the major services of Swedish banks provided via internet. The objective of the study was to see whether internet banking services were compliment or competitive to brick and mortar bank branches. The results of the study indicated that although internet banking provided more safe, convenient and efficient services to the customers, yet as far as personal contact and direct information was concerned, brick and mortar was preferable than internet. Internet has reduced number of branches of banks, added value to the customers, attracted new customers and developed more customized services but at the same time it also requires huge investment, infrastructure and trained employees of bank. So, internet was not a substitute rather compliment of brick and mortar concept.

AKI (2002) highlighted the impact of technology in banking sector. New technologies cannot replace the branch network, but these can support old methods of delivering the services. The author evaluated the structural change in Finnish banking sector from the period 1993 to 2002 which showed that 42 per cent of households have internet connection with banks and 90 per cent have mobile banking services.

ICT has had both inter-sectoral and intra-sectoral impact. The author concluded that main goals of management of technology were to improve customer satisfaction, reduce cost and develop new methods to collect and analyze the customer information.

ALU ET AL. (2002) reviewed that information technology was rapidly changing the banking industry. The study evaluated the impact of IT on the banking industry in Nigeria. The analysis was done through a structured questionnaire and out of 260 respondents, 86 per cent agreed that IT was really helping the banks, 83.1 per cent agreed that IT had a great positive impact on services rendered by the banks and 66.5 per cent disagreed that IT influenced services rendered by the banks.

The study revealed that IT had appreciable effect on banks' productivity, cashier's work, banking transactions, bank patronage, bank service delivery and customers' services. This affects the growth of banking industry because now customers can withdraw money from any branch of their bank. The study also revealed that telephones, computer systems, LANs were available and being used by all the banks, while WANs, EFT and wireless phones were available in some of the banks.

To make an effective use of e-banking, there should be adequate supply of power and that's the major deterrent of e-banking technique used in Nigeria.

**GURAU (2002)** analyzed the situation of online banking in USA and Europe. The author described that there were more than 1500 websites of banks all over the world. Most of banks in USA had internet presence, while in Europe, most of banking websites were from UK, Germany, Spain, Italy and France. The author also found that in 2005, 46 distribution channels used by banks included 10 per cent internet banking, 65 per cent multi-channel, 10 per cent telephone banking and 15 per cent through bank branches, whereas in 1998, it was only 15 per cent direct banking and 85 per cent in branch banking.

#### **RESEARCH GAP:**

The study revealed that IT had appreciable effect on banks' productivity, cashier's work, banking transactions, bank patronage, bank service delivery and customers' services

#### **OBJECTIVES:**

- ❖ To Know about Banking Industry Profile
- ❖ To Analyze the prospect of Electronic payment in banks and financial institutions in India.
- ❖ To Study the relationship between the bank and the customers that will embrace the implementation of latest technology in banking in India.
- ❖ To Evaluate the impact of Electronic payment on the operations of financial institutions in the country.
- ❖ To Examine the effect of electronic on bank-customer relationship.
- ❖ To Seek to examine the challenges facing the implementation of Electronic payment in country.

### **3. RESEARCH METHODOLOGY**

#### **Need For the Study**

The Indian economy is emerging as one of the strongest economies of the world with the GDP growth of more than 8% every year. This has given a great support for the development of banking industry in the country. Due to globalization, competition among the banks has drastically been increased. As India has a substantial upper- and middle-class income hence the banks have immense opportunities to increase their market shares.

#### **Scope Of The Study:**

The Scope of the study is confined to the Banking Industry. The Scope of the study is confined to the Topic "Electronic Payments Transformation". The scope of the study is confined to Opinions, Usage of E- Payments from a various Respondents by Considering the 100 as the Sample Size.

#### **Methodology**

Research is defined as a careful consideration of study regarding a concern or a problem using scientific methods. According to the American sociologist Earl Robert Babbie, "Research is a systematic inquiry to describe, explain, predict and control the observed phenomenon. Research involves inductive and deductive methods."

#### **TYPE OF RESEARCH - QUANTITATIVE RESEARCH**

Qualitative research is a structured way of collecting data and analyzing it to draw conclusions. Unlike qualitative research, this research method uses a computational, statistical and similar method to collect and analyze data. Quantitative data is all about numbers.

### **4. DATA COLLECTION METHODS**

Data is a set of values of qualitative or quantitative variables. Pieces of data are individual pieces of information. While the concept of data is commonly associated with scientific research, data is collected by a huge range of organizations and institutions, including businesses, governments and non-governmental organizations.

#### **Data collection: There are two types of data**

##### **PRIMARY DATA**

Primary data can be collected either through experience or through survey. Those which are collected a fresh and for the first time thus happen to be original in character that is called primary data.

My Source of Personal Data is Collected through and a Structured Questionnaire and Telephonic Interview.

##### **SECONDARY DATA**

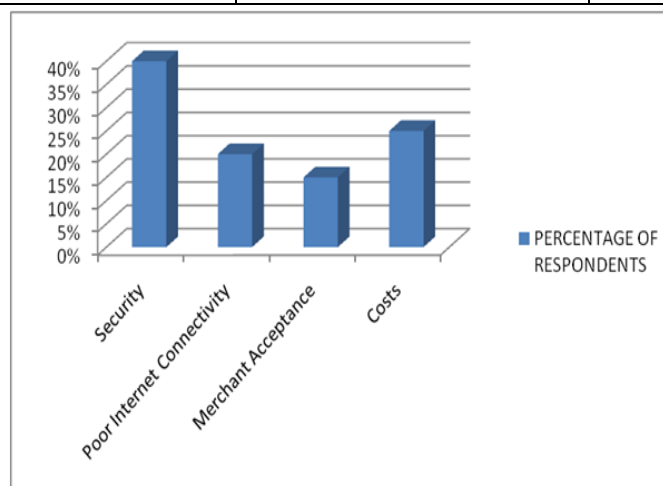
Secondary data refers to data that was collected by someone other than the user. Hence it is also known as Second Hand Data.

My Secondary Data is collected from Text Books and Websites

### DATA ANALYSIS & INTERPRETATION:

#### Reason For Adopting A Cashless Payment System

Observation	No. Of Respondents	Percentage
Security	40	40%
Poor Internet Connectivity	20	20%
Merchant Acceptance	15	15%
Costs	25	25%
<b>TOTAL</b>	<b>100</b>	<b>100%</b>

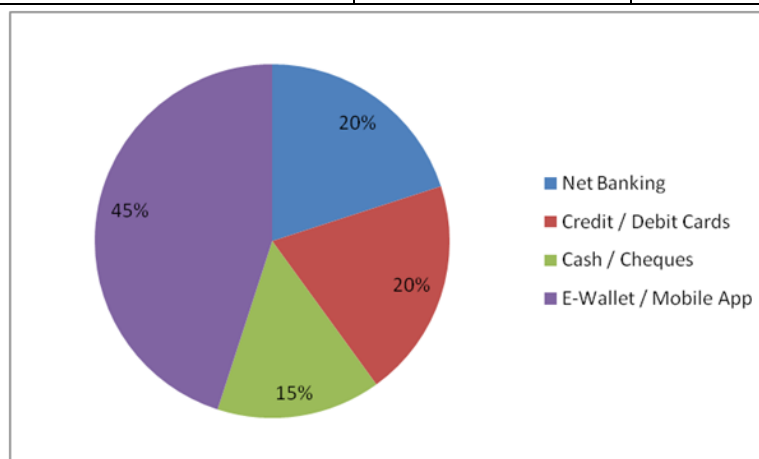


#### Interpretation:

The above table shows that out of 100 people, 40% of the people choose cashless payment for Security, 20% because of Poor Internet Connectivity, 15% Merchant Acceptance and 25% for Cost.

#### Most Commonly Used E-Payment Mode After Demonetization

Observation	No. Of Respondents	Percentage
Net Banking	20	20%
Credit / Debit Cards	20	20%
Cash / Cheques	15	15%
E-Wallet / Mobile App	45	45%
<b>TOTAL</b>	<b>100</b>	<b>100%</b>

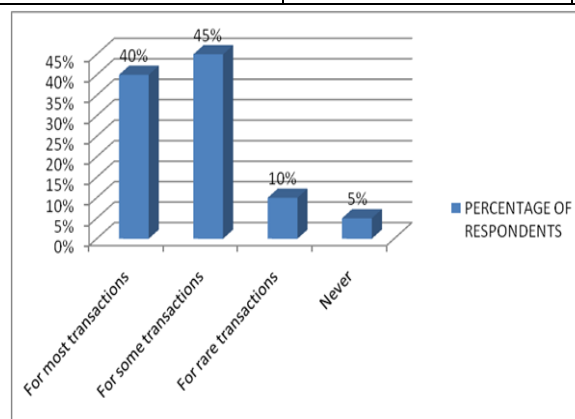


#### Interpretation:

The above table reveals that out of 100 respondents, 20% prefer Net Banking, 20% choose Debit/Credit Cards, 15% of them go for Cash and Cheques whereas 45% i.e. majority of them opted for E-Wallet and Mobile Apps.

**Probability Of Using Cashless Payments If Notes Come Back Into Circulation**

Observation	No. Of Respondents	Percentage
For most transactions	40	40%
For some transactions	45	45%
For rare transactions	10	10%
Never	5	5%
<b>TOTAL</b>	<b>100</b>	<b>100%</b>



**Interpretation:**

The above table indicates that from 100 respondents, 40% of the people say that they choose cashless transactions, 45% of them say for some transactions and 10% for rare transactions and 5% of the people say that they never go for the cash less transactions.

**5. CONCLUSIONS**

Now Indian banking system has undergone a significant transformation over time in terms of diversity and innovation. The developments in information and communication technology resulted in numerous innovations in the payment system of India. There are a variety of electronic clearing options are available in banking system. But these options are to limit than demand of bank customers in India. In the sense of rural India these facilities are not provided enough level by the banking institutions due to lack of ICT connectivity and other infrastructural facilities.

Based on this study, the opinion of the sample respondents among the bank customers the various aspects of e-banking / internet banking services provided by public and private sector banks are evaluated using appropriate statistical techniques.

It is concluded from the results of the study that the usage of ATM, Telebanking and Internet banking are perceived as important and the use of these services is associated with socio-economic and demographic characteristics of the respondents.

Though, most of the customers prefer manual banking over e- banking, the customers tend to use e-banking / internet banking and adoption of e-banking and internet banking services among the bank customers is significantly influenced by the number of times visiting the banks as well as the number of banking transactions per month. Most of the services through e-banking / internet banking performed by both public and private banks are beyond the expectation of the customers.

Similarly, the various services provided by both public and private sector banks are more than adequate for customers. It is concluded finally that there is significant difference between public and private sector banks in respect of both services provided and services performed via e-banking / internet banking.

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