

## **Impact of Online Shopping On Banking Industry: A Study with Special Reference to Delhi/NCR**

Dr. Mohd. Shoeb

---

### **ABSTRACT**

*In the current era of globalisation, technology advances at a breakneck pace. Humans will find it easier to complete all of their tasks as technology advances. Information technology is one of the technological advancements. The internet is the most rapid and dominant development in information technology. The internet's progress is now being utilised in a variety of fields. The banking industry is another industry that benefits from the advancement of internet information technology. The bank allows consumers to serve themselves through self-service, which makes transactions easier. Current banking services must be able to adapt to the mobility of customers, which necessitates the use of a companion device known as advise mobile. Mobile banking is one application that has recently become a source of concern. Mobile banking, often known as M-banking, is a banking service given by banks to assist the smoothness and ease of financial activities, as well as the effectiveness and efficiency with which consumers do various transactions. This study is an example of explanatory research that employs a quantitative methodology. Multiple linear regression were employed as hypothesis tests. The regression test results show that mobile banking has a significant positive effect on consumer behaviour, and online purchasing has a large positive effect on consumer behaviour as well.*

**KEY WORDS:** *Globalization, Information technology, Banking services, Mobile banking*

---

### **I. INTRODUCTION**

Online shopping is a type of electronic commerce that allows customers to buy goods or services from a seller directly over the Internet using a web browser. Consumers may simply access multiple websites through computers, laptops, tablets, and smart phones, and buy the products of their choice without much wait, thanks to search engines.

As a result of the Internet and the World Wide Web, commerce is becoming more accessible (WWW). With the continuous shift to Internet (or Online) banking in many economies, fundamental changes are influencing the global banking industry as part of this trend. E-business has been steadily emerging as a new industry over the previous decade, and is now widely defined as internet-based business that includes not only buying and selling things, but also serving consumers and cooperating with business partners<sup>1</sup>. In recent years, the banking industry has followed this trend, which is frequently referred to as e-banking, which refers to all banking transactions conducted through internet apps. Customer acceptability and happiness, privacy concerns, profitability, operational risks, and competition from non-banking organisations are some of the primary problems discussed in recent e-banking literature. Online banking, in addition to prior electronic banking delivery technologies such as Automated Teller Machines (ATMs) and telephone transaction processing centres, gives banks a new and more efficient electronic delivery tool<sup>2</sup>. While ATMs were first launched in the early 1980s as a cost-cutting measure, telephone call centres were built in the 1990s to handle simple transactions and provide additional client services from a distance.

E-banking has been considered as a step forward from prior electronic delivery technologies, allowing the banking industry to expand its business.

While internet banking provides institutions with a new distribution channel to increase competition in the global banking market, assessing its success in terms of banking products and services is difficult. For example, it is claimed that early commitment to the Internet as a delivery channel has benefited or damaged banks in general. Similarly, De Young<sup>5</sup> found that banks with an Internet presence were significantly less lucrative and had lower business volumes, with any cost savings resulting from lower physical overheads being outweighed by non-interest expenses, particularly marketing to attract new customers. Internet-only banking, on the other hand, may still be a viable business strategy. In this case, the researcher has attempted to analyse such difficulties in the context of India through this research.

### **II. STATEMENT OF THE PROBLEM**

The e-banking business is currently confronted with a number of significant challenges and issues. The first, and certainly most crucial, concern is security. Customers are understandably wary of providing their bank account number or paying an invoice over the internet. The quality of delivery service, which includes both delivery speed (i.e., short advance time required in ordering) and delivery reliability (i.e., delivery of

items/services on time), is a challenge facing the e-banking industry and e-business in general, and it caused many e-business failures in the earlier dot.com era. The issue of customer unfamiliarity with the internet, which is particularly prevalent among senior folks, has recently gotten some attention, because many customers perceive they are at a disadvantage and are wary of doing business online.

Based on early e-banking experience, it has been anticipated that, in order to be long-term successful, an e-business' operations must compete differently than their traditional company opponents. That is, an e-banking operation's strategic positioning decision must build its own distinct competitive advantages over traditional business competitors and consistently retain consumers. In the e-banking sector, there are currently two approaches: creating a distinct (from its traditional office) internet e-bank (i.e., virtual bank) that conducts all transactions online, or adding an online banking portion to the services already provided by its primary bank office. Both systems offer benefits and drawbacks that must be addressed in practise.

Large (or super-large) national banks with most of their headquarters located in larger cities and urban areas are leading the current wave of e-banking applications, according to reports. And the majority of published e-banking research papers focus on those larger banks' e-banking applications. The issues of e-banking applications of smaller and community banks located in rural and distant locations, on the other hand, have not been adequately investigated in published study. As a result, the researcher conducted this investigation to discover answers to the following questions: Internet Banking Service Awareness, Internet Banking Service Rating and Ranking, Internet Banking Services and Features Available Performance Rating of Internet Banking Services available, Serviceability of Internet Banking Services available, Reasons for Not Using Internet Banking Services available, and Internet Banking Users Profile are the four basic inquiry services on the Internet Banking Services.

### III. SIGNIFICANCE OF THIS STUDY

It is apparent that the stages of e-banking application and development fluctuate for different banks around the country due to varying financial and human resource situations. To summarise, many local smaller banks located in small towns and rural areas have two key challenges in launching and maintaining e-banking services: a lack of financial resources and a lack of technical knowledge.

All Indian banks are currently constructing world-class information technology infrastructure. When banks spend a lot of money on technology, they have to make sure that the services they offer match the needs of their customers. Without a thorough understanding of client preferences, whatever technological investments banks undertake will result in a loss of both money and customer base. As a result, the current study will have numerous ramifications for bankers in terms of better understanding client preferences and assisting banks in achieving higher levels of customer satisfaction. As a result, more research, particularly an empirical study on the development of e-banking applications, appears to be required. Furthermore, many research on e-banking and internet banking from the standpoint of customers have been published in various other countries, but the number of studies on this topic in the Indian context is limited. As a result, this research is important in bridging the gap.

### IV. REVIEW OF LITERATURE

**Sulistiyono Soegoto, Dedi & Ilhamuddin, Agil & Putri, Amirah. (2020).** Currently, e-commerce is a new trend in the world of buying and selling that unites sellers and buyers who are very far away but can still trade safely and quickly also certainly easier with internet banking. The purpose of this study is to analyze how internet banking can significantly influence the development of e-commerce, which can actually reduce or not change the development of e-commerce in Indonesia. Internet banking is one of the tools that can increase e-commerce for consumers or vice versa, internet banking can reduce or does not significantly increase the amount of consumers in e-commerce. The method used in this research was the Case Study research method that aims to explain what is being investigated in this case and examine how this case can occur and develop in today's society. The results of this study found that internet banking can increase sales and expansion of research because with internet banking all customers experience difficulties such as far from nearby ATMs or banks and therefore can only be overcome with smartphones and a stable internet connection. Therefore, internet banking greatly facilitates payments in e-commerce transactions. This research is used to show how internet banking can have a real influence on e-commerce development.

**Farida, Mamik & Subroto, Wasposito. (2019).** The development of information technology is used in various sectors including the banking sector and shopping media. This study aims to determine the effect of mobile banking and online shopping on consumer behavior of students of the economics faculty of Universitas Negeri Surabaya. The number of research samples is 102 students who have used mobile banking and online shopping services. This study is a type of explanatory research that use a quantitative approach. The hypothesis test used is multiple linear regression and F-test. Based on the results of the regression test, it can be concluded that mobile banking has a significant positive effect on consumer behavior and online shopping also has a

significant positive effect on consumer behavior. From the results of the F-test, it can be concluded that mobile banking and online shopping have a joint effect on consumer behavior by 47.6%, while the remaining 52.4% is influenced by other variables.

**Nedumaran, Dr & Kaleeswaran, Baladevi. (2017).** The Online Banking Services are increasing day by day in the banking sector in India. In this paper aims to examine the Online Banking Services of the Banking Sectors in India. In this study used to collected data from primary and secondary sources which are collected from Bank Managers, Website and other sources. The Online Banking Services such as ATM-Automated Teller Machine, Personal Computer Banking, Phone Banking and Mobile Banking, Email Banking. The researcher concludes that through effective regulation, creating awareness of the Banking Customers.

**Ahmed, Aqeel & Rezaul, Karim & Rahman, Muhammad. (2010).** Financial industry is a heart of every robust economy, if it collapses so will the economy and it is absolutely evident from current recession in UK, and in turn, Information Technology has become the heart of banking sector. Investment and reliance in e-banking innovation by its providers to offer their services makes it essential to understand how various aspects of consumer behaviour affect the innovation and respond to service quality. Within this context this paper has undergone a critical literature review of previous researchers with an objective to examine the impact of e-banking on consumer's behaviour to e-service quality. To further this, since increased adoption of internet as a delivery channel contributes a gradual reduction in overhead expenses (Marketing, IT and Staff), this paper also consists of a critical review of peer reviewed, scholarly and organizational literature regarding the impact of e-banking on banks' performance to examine if banks have successfully achieved customer's satisfaction, by providing high level of quality service through online delivery channel, besides operating cost minimization and revenue maximization.

## **V. OBJECTIVES OF THE STUDY**

- 1) To evaluate the adoption of e-banking and internet banking services provided by banks among customers.
- 2) To ascertain the usefulness / benefits of e-Banking / Internet Banking services in Indian context.

## **VI. RESEARCH METHODOLOGY**

The current research is entirely based on primary data. The data gathering sample is made up of bank customers in the Delhi/NCR region. The data was collected using a well-designed and well-defined questionnaire that included statements assessing several aspects of e-banking / online banking, as well as questions measuring demographic features of the sample respondents. The questionnaire includes items on a 7-point Likert type scale to get customers' opinions on various elements of e-banking / online banking. The surveys were delivered to a random sample of bank customers in the study area, and the researcher collected the completed questionnaires in person. With 700 questionnaires distributed, the researcher received only 435 completed surveys, resulting in a response rate of 62.14 percent. While reviewing the collected questionnaires, several were discovered to be missing needed information. After discarding the questionnaires with insufficient information, the study kept 360 questionnaires (51.43 percent of the total sample) with complete information.

### **6.1 STATISTICAL TECHNIQUES**

Appropriate statistical techniques are applied to analyse the collected data. Reliability / Item analysis with Cronbach Alpha Coefficient is used to examine the collected data for reliability and validity. The data's central tendency is assessed using descriptive statistics such as Mean, Standard deviation, and so on.

### **6.2 DATA INTERPRETATION**

The opinion data on various elements of e-banking / internet banking were obtained from randomly selected respondents among the population of public and private sector banks' customers in the Delhi/NCR region to discover the variables promoting the adoption of e-banking among bank customers. The opinion data on e-banking / internet banking adoption is given to statistical analysis such as the t-test, one-way ANOVA (F-test), and Canonical correlation, with the results presented in tables and analysed in detail.

**TABLE-1.1:  
REASONS FOR ADOPTING E-BANKING / INTERNET BANKING [IB]**

<b>Reasons for Adopting</b>	<b>Mean</b>	<b>SD</b>
IB is more convenient than in-branch banking	4.94	0.99
IB is more reliable than in-branch banking	5.13	1.02
IB transaction can be done faster than in-branch banking	5.07	1.15
IB allows easier maintenance of transaction activities than in-branch banking	5.04	1.08
IB is safer and more secure than in-branch banking	4.97	1.43
IB gives better overview of finances IB has made banking easy	5.08	1.19
Like to use new technologies	5.63	1.05
Use IB for better rate offers and charges only	5.71	0.98
	5.36	1.28

All statements are sorted based on the mean perception score to gain an understanding of which reason is more commonly considered for adoption. According to the ranking order, "like to use new technologies" is the most important reason for bank customers to adopt e-banking, followed by "IB has made banking easy" and "Use IB for better rate offers and charges only." Overall, bank customers consider all 9 reasons, but the first three primary reasons for e-banking adoption are "Like to use new technologies," "IB has made banking easy," and "Use IB for better rate offers and charges only."

**TABLE-1.2:  
CRITERIA FOR E-BANKING / INTERNET BANKING**

<b>Criteria for Consideration</b>	<b>Mean</b>	<b>SD</b>
Familiarity with the bank	4.39	1.68
Ownership of the bank-Local	4.50	1.56
Ownership of the bank-Overseas	4.57	1.66
Size of the bank	5.21	1.61
Reputation of the bank	5.14	1.54
Variety of services offered by the bank	5.60	1.36

According to the data, respondents' average perceptions range from 4.39 for "Familiarity with the bank" to 5.60 for "Variety of services given by the bank." The average score for these two elements is 4.50 for "Bank Ownership-Local," 4.57 for "Bank Ownership-Overseas," 5.14 for "Bank Reputation," and 5.21 for "Bank Size." While the mean score for "Variety of services supplied by the bank" was in the "very important" level, "Familiarity with the bank" was in the "moderately important" area, and "important" for the remaining four criteria. According to the ranking based on mean score, "variety of services supplied by the bank" is the most important factor for bank customers to choose e-banking services, followed by "size of the bank" and "reputation of the bank." As a result, "Variety of services offered by the bank" is a very important criteria, while "Size of the bank," "Reputation of the bank," "Ownership of the bank-Overseas," and "Ownership of the bank-Local" are also important criteria, while "Familiarity with the bank" is neither unimportant nor important for bank customers to consider when adopting e-banking / internet banking.

**TABLE-1.3:  
QUALITY OF SERVICES PERFORMED IN THE BANKS VIA E-BANKING / INTERNET BANKING  
– COMPARISON BETWEEN PUBLIC AND PRIVATE SECTOR BANKS**

<b>Services</b>	<b>Public</b>		<b>Private</b>		<b>t Value</b>
	<b>Mean</b>	<b>SD</b>	<b>Mean</b>	<b>SD</b>	
Balance Enquiry	4.87	1.43	4.72	1.35	0.99 <sup>NS</sup>
Deposits using ATM	4.43	1.70	4.47	1.52	-0.19 <sup>NS</sup>
Withdrawals using ATM	5.19	1.45	5.73	1.04	-3.51 <sup>***</sup>

Credit Card Facilities	4.81	1.65	5.04	1.39	-1.29 <sup>NS</sup>
Debit Card Facilities	4.96	1.31	5.35	1.18	-2.70***
Internet Banking	4.67	1.64	5.49	1.20	-4.76***
Telephone Banking	4.38	1.63	4.67	1.54	-1.61 <sup>NS</sup>
e-Transfer of Funds	4.53	1.64	5.42	1.21	-5.16***
User friendliness of e-Banking	4.98	1.42	5.44	1.19	-2.99***
Reasonableness of Cost	4.91	1.51	4.92	1.47	-0.08 <sup>NS</sup>
Security of Transactions	4.92	1.50	5.17	1.56	-1.42 <sup>NS</sup>
Adequacy of Knowledge provided by bank	4.85	1.45	4.99	1.66	-0.79 <sup>NS</sup>
Promptness in attending grievances	4.66	1.66	4.96	1.66	-1.60 <sup>NS</sup>
Ability to pay bills online	4.57	1.49	4.46	1.44	0.64 <sup>NS</sup>
Deposits using ATM	4.34	1.71	4.64	1.52	-1.59 <sup>NS</sup>
Withdrawals using ATM	5.01	1.40	5.53	1.25	-3.36***
Credit Card Facilities	4.79	1.63	4.78	1.44	0.08 <sup>NS</sup>
Debit Card Facilities	5.03	1.45	5.68	0.98	-4.33***
Internet Banking	4.87	1.32	5.45	1.02	-4.11***
Telephone Banking	4.38	1.37	4.99	1.31	-3.95***
e-Transfer of Funds	4.73	1.47	5.17	1.19	-2.76***
User friendliness of e-Banking	4.70	1.48	5.22	1.22	-3.28***
Reasonableness of Cost	4.55	1.65	5.23	1.48	-3.75***
Security of Transactions	4.52	1.38	5.18	1.54	-4.03***
Adequacy of Knowledge provided by bank	4.50	1.57	4.81	1.55	-1.73*
Promptness in attending grievances	4.40	1.55	4.81	1.89	-2.21**

The mean scores for all conducted services in public sector banks, save "balance enquiry," are lower than those in private sector banks, as shown in the table. There is no significant difference between public and private sector banks in terms of services like balance enquiry because the t-value computed for the difference in group means is not significant at the required hypothetical level. Similarly, insignificant t-values reveal that there is no discernible difference in the services provided by public and private sector banks, such as "Deposits via ATM," "Credit card facilities," and so on.

"Telephone banking," "Affordability in cost," "Security of transactions," "Adequacy of knowledge offered by the bank," and "Promptness in responding to grievances" are some of the terms used.

Private sector banks, on the other hand, outperform public sector banks in areas such as "Withdrawals via ATM" (t = -3.51, p 0.01), "Debit Card Facilities" (t = -2.70, p 0.01), "Internet Banking" (t = -4.76, p 0.01), "e-Transfer of Funds" (t = -5.16, p 0.01), and "User friendliness of e-Bank In short, private sector banks provide much superior services than public sector banks in areas such as "ATM withdrawals," "Debit Card Facilities," "Internet Banking," "e-Transfer of Funds," and "User friendliness of e-Banking."

At the same time, t-values for all services other than the three mentioned are significant at the required hypothetical level. That is, the status of services such as ATM withdrawals, Debit Card Facilities, Internet Banking, Telephone Banking, e-Transfer of Funds, User friendliness of e-Banking, Reasonableness of Cost, Security of Transactions, Adequacy of Knowledge provided by bank, and Promptness in attending grievances provided by private sector banks is significantly better than the status of services provided by public sector banks via e-banking / internet banking to bank customers.

Following that, e-Banking user friendliness, Debit Card Facilities, and Transaction Security are the other three services that performed exceptionally well in banks, according to bank customers' expectations, in that order. Other than the aforementioned services, as well as "Deposits using ATM" and "Telephone Banking," all other bank services are excellent. Bank services such as "Deposits by ATM" and "Telephone Banking" are rated as "excellent," suggesting that they meet the expectations of bank customers.

## VII. CONCLUSION

In conclusion, there is a substantial variation in the quality of e-banking / online banking services supplied by private and public sector banks. Customers' opinions on the benefits and usefulness of e-banking / internet banking, as well as their "intention to use e-banking / internet banking in the future," reveal four major benefits: "Save time and money," "Provide accurate, relevant, and up-to-date information," "Flexible and easily accessible with convenience," and "Assists to share the experience with bank and other customers more efficiently." The most preferred benefit is "flexibility and simple accessibility with convenience," followed by "Providing accurate, relevant, and up-to-date information" and "Saving time & Cost Less," and the perceived status of the above benefits is related to the respondents' education and family income. There is a large disparity in the perceived degree of benefits of e-banking / IB between public and private sector banks, as well as between non-users and users of e-banking / IB, as evidenced by this. Furthermore, bank customers frequently advise others to utilise e-banking / internet banking because it is handy for loan transactions, paying bills with available cash in accounts, placing orders to purchase and sell shares, and creating the most up-to-date reports on banking transactions.

## REFERENCES

- [1]. Sulistiyo Soegoto, Dedi & Ilhamuddin, Agil & Putri, Amirah. (2020). Effect of Internet Banking on E-Commerce. 10.2991/aebmr.k.200108.007.
- [2]. Farida, Mamik & Subroto, Waspodo. (2019). Effect of Mobile Banking and Online Shopping on Consumer Behavior. *International Journal of Educational Research Review*. 4. 154-161. 10.24331/ijere.517977.
- [3]. Nedumaran, Dr & Kaleeswaran, Baladevi. (2017). *IMPACT OF ONLINE BANKING SERVICES: A STUDY*.
- [4]. Ahmed, Aqeel & Rezaul, Karim & Rahman, Muhammad. (2010). E-Banking and Its Impact on Banks' Performance and Consumers' Behaviour. 238-242. 10.1109/ICDS.2010.46.
- [5]. Adityo, B. (2011). Analysis of the effect of trust, ease and quality of information on purchase decisions online on the kaskus site.
- [6]. Ayu, I. & Upadianti, A. (2018). The role of trust mediates risk perception of intention to use mandiri mobile banking in denpasar city. *E-Jurnal Manajemen Unud*, 7(5): 2621-51.
- [7]. Consultant, Duwi. (2011). Analysis of multiple linear regression. accessed November 20, 2018 from <http://duwiconsultant.blogspot.com/2011/11/regresi-berganda.html>
- [8]. Saputri, D.Y., Rurukayah, Indriayu, M. (2018). Need assessment of interactive multimedia based on game in elementary school: A challenge into learning in 21st century. *International Journal of Educational Research Review*, 3(3), 1-8
- [9]. Edwar, M., Diansari, R.A.A. & Winawati, N.F. (2018). The factors that affecting the product purchasing decision through online shopping by students of Surabaya state university. *International Journal of Educational Research Review*, 3(4), 54-64.
- [10]. Fatimah, Nur and Susanti. (2018). the effect of financial accounting learning, financial literacy, and financial income of students of the faculty of economics, University of Muhammadiyah Gresik. *Accounting Education Journal*, 6(1), 48-57.
- [11]. Fita, S. (2018). Fintech's penetration to financing: Threats or opportunities for banking? Accessed November 20, 2018 from <https://katadata.co.id/telaah/2018/11/19/penetrasi-fintech-ke-pembanaan-ancaman-atau-peluang-for-banks>
- [12]. MoshrefJavadi, H.M., Dolatabadi, H.R., Nourbakhsh, M. & Poursaeedi, A. (2012). Analysis of factors affecting on online shopping behavior of consumers. *International Journal of Marketing Studies*, 4 (5), 81-98.
- [13]. Jayasuriya, Nisha Anupama & SM Ferdous Azam. (2017). The impact of social media marketing on brand equity: A study of fashion -wear retail in Sri Lanka. *International Review of Management and Marketing*, 7 (5): 178-83.
- [14]. Khomalasari, Devi Ida. Influence of Benefit Perception, Perception of Ease of Use on the Use of Mobile Banking Services Through Attitude as Interviening.