

“E-business of Bank of Baroda”

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Abstract: As per IBA- India Banking Association, there are 16 Private sector Banks and 27 Public Sector Banks. Bank of Baroda is one of the oldest Public Sector Bank in India. The Total Business of BOB was Rs. 9, 65,900 crores in the financial year 2014. Gross profit and Net Profit was Rs 9,291 crores and Rs 4541 crores respectively. The present paper tries to study the E-Business of Bank of Baroda. The paper took a comparative study of three financial year i.e from 2012, 2013 and 2014. Ten Basic parameters of e-business was study to conclude the growth of the e-Business.

Keywords: BOB- Bank of Baroda, E-business- electronic business, E-Banking – electronic Banking, m-banking- Mobile Banking, RTGS – Real Time Gross Settlement, NEFT – National Electronic Funds transfer, ATM – Automatic Teller Machine, E-Gateway - Internet payment gateway.

I. Introduction

Bank of Baroda is celebrating One Hundred and Sixth Annual year of working, as on 31-March, 2014. It is one of the oldest Pubic sector Bank in India. To cope up with the Private Sector Banks and Foreign Banks, BOB has to work in modern ways to attract and retain their customers. E-commerce has played a vital role in the development of the Banking sector. BOB has adopted modern methods of Banking for development.

II. Objective Of Study

- To acquire knowledge about E-Business, E-Commerce and E-Banking
- To Study E-Business of Bank of Baroda
- To Analysis ten selected parameters of E-Business of Bank of Baroda for selected three financial years.

III. Research Methodology

The present study is based on Secondary Data which has been collected from various books, journals, newspaper, Government publication, websites, etc. For Analysis purpose three year Annual reports of Bank of Baroda was taken. Period of study is three years i.e from 2012, 2013 and 2014.

IV. Limitation

Since the present study is based on Secondary Data, hence the accuracy and reliability is not comparable with the primary data.

V. E-Commerce, E-Business And E-Banking

Information technology has transferred the way people work. E-commerce, E-Business and E-Banking has change the way of the institutions and firms to buys and sells product and services. E-Commerce, E-Business and E-Banking helps to conduct traditional commerce, Business and Banking transaction through new ways of transferring and processing information.

- E-Commerce- E-Commerce refers to the paperless exchange of business information using electronic data interchange, electronic mail, electronic fund transfer, world wide web and other network-based technology. There are three category of E-Commerce: (a) B2B –Business to Business (b) B2C – Business to Customer and (c) C2C – Customer to Customer.

- E-Business- A business organization may established itself as an electronic business, known as E-business or E-Biz by suitably re-engineering its processes so as to be a fully electronic business in terms of its interface with its trading partners as also with its customers. Aberdeen Consulting Group defines E-Business as “the automation of the entire spectrum of interactions between enterprises and their distributed employees, trading partners, suppliers and customers.

There are three category in E-Business (a) G2G – Government to Government, (b) G2C – Government to Customer, (c) G2E – Government to Employee.

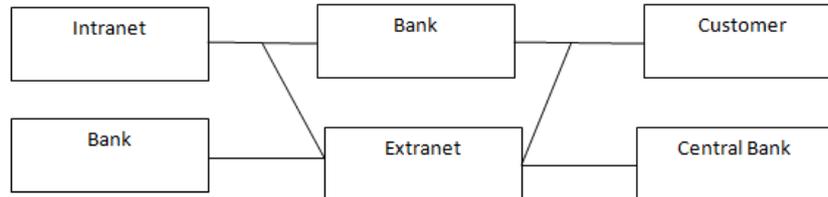
- E-Banking – Internet Banking allows any user with a PC and a browser to get connected to his banks website to perform any of the virtual banking functions and avail himself of any of the banks services. All

the services that the bank has permitted on the internet are displayed in a menu. Any services can be selected and further interaction is dictated by the nature of the service.

- Intranet and Extranet Procurement- Intranet is used for the transactions that are internal to a bank, between the bank and its branches and subsidiaries. Extranet is used to permit a bank to have full control over the users of intranet and the information to be transmitted.

The Extranet-Intranet-Internet relationship that exists in the process of E-Banking is presented in the following figure- 1.

Chart no-1. Micro Model of E-Banking.



Source:- Banking, Theory, Law and Practices; by Gordan and Nataraja, Himalaya Publishing house Pg-453.

VI. RBI Guidelines For Internet Banking:-

The RBI has issued guidelines for Internet banking, covering the following:-

1. Technology and Security standards:-

The need for the banks to define security policies has been emphasized. Although the use of Public Key Infrastructure (PKI) has been suggested, the use of atleast 128 bit SSC for server authentication and for securing browser to web server communication has been mandated.

2. Legal Issue:-

The asymmetric cryptosystem as advocated in the Income Tax Act, 2000 has been recommended as the security procedure for digital signatures for authenticating electronic records. Other methods of authentication have been highlighted as a sources of legal risk. The RBI has also warned against the enhanced risk of liability to customers, on account of breach of secrecy, denial of services, etc caused by the hackers or other attacks.

3. Regulatory and Supervisory Issues:-

The following guidelines apply for the issues:

- (a) Internet banking services can only be offered to the Account holders of the bank and only Indian local currency products,
- (b) All banks that offer transactional services on the internet will do so after obtaining approval from the RBI.
- (c) Any breach or failure of security systems is to be reported to the RBI
- (d) Interbank payment gateways can only be setup by those institutions that are members of the cheques clearing systems in the country.

VII. E-Business Of Bank Of Baroda:-

BOB e-business department provides different types of Alternate Delivery Channels (ADC) for improved customers interaction, reduce operational cost and to develop new business opportunity. The ATMs, Internet Banking (Baroda Connect), Mobile Banking, RTGS/NEFT, Phone Banking, Internet Payment Gateway (IPG), Contact Centre's, etc are few of them. In the Financial year 2012-13 BOB introduced various different types of Debit Cards, like Maestro PIN Debit Card and RuPay Debit Card and Baroda Travel Easy US Dollar Travel Card. There is a significant progress in the e-business of BOB; the research paper tries to study the performance of some selected section under the e-business department of BOB for the financial year 2012, 2013 and 2014.

Table 1. Performance of various sections under the E-business department of BOB.

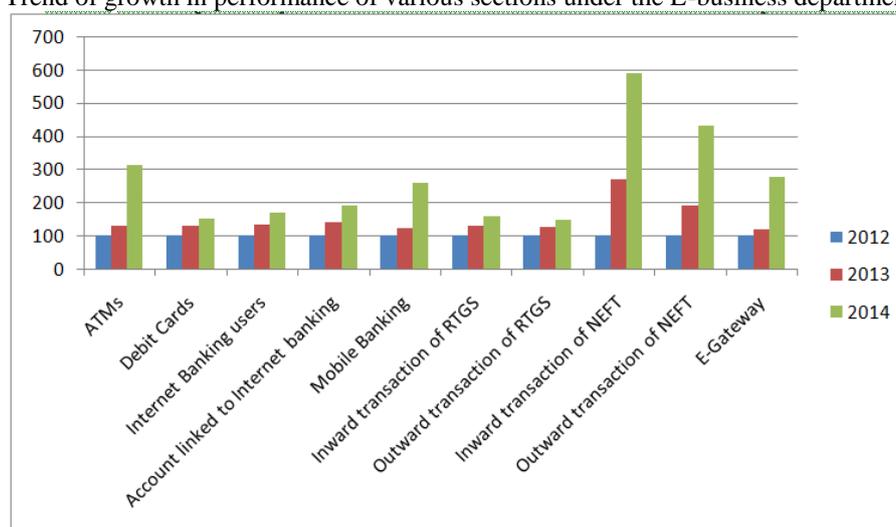
Sr.No	Parameters	31/13/2012	Percent	31/03/2013	Percent	31/03/2014	Percent
1.	Numbers of ATMs	2,012	100	2,630	130.72	6,254	310.83
2.	Numbers of Debit Cards Issued (in lakhs)	80.44	100	103.76	128.99	121.90	151.54
3.	Numbers of Internet Banking users	8,10,430	100	10,76,635	132.84	13,68,000	168.80
4.	Numbers of Accounts linked to internet Banking	32,49,216	100	45,79,969	140.96	61,79,000	190.16
5.	Baroda M-	5,00,000	100	6,07,000	121.4	12,95,000	259

	connect(Mobile banking)						
6.	Numbers of Inward Transactions of RTGS – per day	7,720	100	9,929	128.61	12,057	156.17
7.	Numbers of outward Transaction of RTGS- per day	9,338	100	11,713	125.43	13,754	147.29
8.	Numbers of Inward transaction of NEFT- per day	28,376	100	76,361	269.10	1,66,772	587.72
9.	Numbers of outward Transaction of NEFT – per day	13,211	100	25,092	189.93	56,684	429.06
10.	Baroda E-Gateway (Internet payment gateway) turnover in crores	42.60	100	50.85	119.36	118.33	277.77

Source: - Compiled from annual report of Bank of Baroda.

Graphical representation of the above calculation and analysis is presented in Chart 1.

Chart 1. Trend of growth in performance of various sections under the E-business department of BOB.



VIII. Findings

For the study purpose Ten Parameters are taken into consideration to understand the trend of growth in E-Business of Bank of Baroda. From the above table analysis the following findings are drawn:-

- i. There is tremendous increase in the e-business of BOB in almost all the selected parameters.
- ii. Among the ten parameters selected it is concluded that NEFT Inward and NEFT Outward shows more increase as compare to other parameter.
- iii. Number of ATMs is at third position in showing the growth in the year 2012 the ATMs was just 2012 which increase to 6254 in the year 2014, showing a growth of 310.83 percent.
- iv. E-Gateway transaction is at fourth position. It shows a growth of 277.77 percent
- v. Mobile banking now a days are very famous among the customers. It shows a increase of 259 percent. In the year 2012 it was 5,00,000 which increase to 12,95,000 in the year 2014 .
- vi. Internet banking shows a slow growth of 90.16 percent. Number of Accounts linked to internet banking increased to 61,79,000 in the year 2014 from 32,49,216 in the year 2012
- vii. Number of internet banking users show a increase of merely 68.80 percent.
- viii. RTGS Inward and RTGS Outward shows very less growth in the past three preceding years. RTGS Inward and RTGS Outwards shows increase of 56.17 percent and 47.29 percent respectively.
- ix. Number of Debit Cards also shows very less growth as compare to other parameters. It increases from 80.44 lakhs in 2012 to 121.90 lakhs in 2014.
- x. E-Business of Bank of Baroda is at growing stage. Still many efforts need to be taken to improve their E-Business.

Rank	Parameters
1.	NEFT Inward
2.	NEFT Outward
3.	Number of ATMs
4.	E-Gateway
5.	Mobile Banking
6.	Number of Accounts linked to Internet Banking
7.	Number of Internet Banking Users
8.	RTGS Inward
9.	Number of Debit Card
10.	RTGS Outward

IX. Suggestion

- i. Seminars should be organized by the Banks for their customers.
- ii. Pamphlets should be printed and circulated to all branches managers and customers. To understand the benefit of E-Business.
- iii. A separate department should be open in all bank branches to create awareness of importance of Mobile Banking, Internet Banking, ATMs and Debit Cards.
- iv. To compete with other foreign banks and private banks it is very important to change BOB traditional way of working with the modern way of working.
- v. Some Schemes should be started to attract the customer to use E-banking.

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