

PROJECT REPORT ON  
A BRIEF STUDY ON DIGITALIZATION OF SBI BANKS IN  
KOHIMA

*Project report submitted to Nagaland University in partial fulfilment  
for the award of the degree of Bachelor of Commerce*

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2021

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Date: 08/05/2021

**DECLARATION**

I declare that the project report entitled “A BRIEF STUDY ON DIGITALIZATION OF SBI BANKS IN KOHIMA” submitted by me for the award of the degree of **Bachelor of Commerce** of Nagaland University is my own work. The project report has not been submitted for any other degree of this University or any other university.

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**CERTIFICATE**

We recommend that this Project be placed before the examiners for evaluation.

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# ACKNOWLEDGMENT

A Management project is an excellent opportunity for learning and self – development . I Would like to express my heartfelt gratitude to my mentor miss Ngiplon Rachel Chohwanglim , assistant professor of department of commerce for not only being a guide but also a mentor and for her valuable advice , encouragement , direction , assistance and for her tireless support during my project , without her cheering and invaluable insights into this project , the project work would not have been accomplished.

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# Chapter – 1 Introduction

## 1.1 Introduction

Digitalization is a process of converting information into a digital [ i.e computer – readable ] format , in which the information is organized into bits . Digital banking is the move to online banking where banking services are delivered over the internet .A Digital bank represents a virtual process that includes online banking and beyond .Banking industry has undertaken numerous regulatory, structural, and technological transformation on a world wide basis making the banking environment global and more integrated. Digitalization is one of the major macro – environment factors that affect today’s banks in terms of what they provide. Digital banking is a change of banking transaction from traditional system to online process. Here Banking services are given through internet .It gives faster and more comfortable services from the side of bank . Digital banking gives users their financial information through their laptops, mobile phone and ATM Facilities . In reality a digital banking facilitate all functional level of banking in all type of services platform. Digital banking refers to the act of performing banking and financial transaction without the use of physical cash, coins or bills .

Digitalization is of crucial importance to data processing , storage and transmission , because it ‘allows information of all kinds in all formats to be carried with the same efficiency and also intermingled ‘. Unlike analog data , which typically suffers some loss of quality each time it is copied or transmitted , digital data can , in theory , propagated indefinitely with absolutely no degradation . The reason digital banking is more than just a mobile or online platform is that it includes middleware solutions. Middleware is software that bridges operating systems or databases with other applications .

## **1.2 Review of literature**

The main objective of this paper is to review and summarize various studies which were made by different location across India on the impact of digitalization on rural banking system of India. The impact includes the awareness about banking system among rural people, their perception towards banking system and this digitalization in banking improves the rural life. Government took a mission to transfer society and make a new digitalized society. Digitalization is having an impact on Indian economy and as well as rural banking sector. The main focus of this review paper is to analyse the studies and outcomes of researches done by different researcher on how digitally empowered economy impacts on rural banking system and as well as rural economy

## **1.3 Objectives of study**

- To analyze awareness among customers using net banking service.
- To know about the net banking services provided by SBI bank.
- To know the cause why customers are using or not using net banking services.
- To know the confidence of the customer of SBI Bank in using this services.
- To study the popularity of the net banking of the customers of SBI bank.
- To get aware of various aspects of net banking.
- To build various solutions for drawbacks in net banking.
- To study the nature, growth and extent of digital banking .

## **1.4 Research Questions**

- How many customers use internet banking?
- What are the charges in internet banking?
- How much amount can I transfer by using internet banking?
- Do you educate your customers about internet banking services you provide?

- What are the benefits of SBI internet banking?
- How can I apply for SBI internet banking?
- Which type of fund transfer can be done on internet banking?

### **1.5 Research Methods**

Secondary sources

Websites

Journals

Internal Reports of the banks

Government reports

## Chapter – 2 Data Analysis and Interpretation

### 2.1 Introduction

Nagaland was constituted as the 16<sup>th</sup> state of the Indian union on 1<sup>st</sup> December 1963 , and having an area of 16579 square km . As per the 2011 census of India , the population of the state was 19, 80, 602 accounting for 0.16 per cent of total population of the state of India and has literacy rate of 80.11 per cent [ SEBI ,2013].

Banking network in the state is not large and wide . As per SBI Regional Business Offices , Dimapur , as on 30/ 06/2017 , a total of 28 banks , are operating in Nagaland , out of which 18 are nationalized / public sector commercial banks ,8 are national level, private sectors commercial banks , 1 state owned co- operative bank and one regional bank . The state bank has a total of 177 bank branches , of which 117 are of public sector and 29 are of private sector commercial bank ,10 are regional rural bank , and 21 are of co- operative bank . Out of the total of 177 bank branches operating in the state , 59 branches [ 33.33 per cent ] are located in Dimapur district , 42 branches [23.73 per cent ] in Kohima district and 25 branches [ 14.12 per cent ] in Mokokchung district . The remaining 9 districts of the state , together account for only 51 branches [28.81 per cent ]. This shows the poor networks as well as inadequate account banking services in the state .Banking sector has failed in reaching out to the core population of the state .

As far as the difficulties / problems faced by the operating banks in Nagaland , through opinion survey of bank managers and correspondence , it is known that the major problems faced by the banks are interrupted power supply ; lack of security for advancing loans ; remoteness restricting the wider coverage of branch networks ; external influences for sanctioning of loans . The moderate problems are frequent link failure ; shortage of manpower ; inconvenient branch location ; default in repayments of loans by the customers ; etc . The minor problem are inadequate customer relationships management ; lack of awareness programs for customers ; absenteeism ; social insecurity ; etc . The problems faced by the banks have consequences on the customer . This problems faced by the people in general and banking customers in particular are that majority of the state's population are deprived of banking services ;



customers are deprived of loans ; people are unaware of banking products /services and schemes , resulting in non eveline of available products / services ; they are deprived of the scope of sharing their grievances with the bank officials ; delay in service and non received of timely communication ; loss of time due to inadequate offsite ATMs , attempted faulty / cashless ATMs . All these point to the fact that banking sector has failed to fulfill the expectations of the people of the desired level.

## **2.2 ATM Service in Nagaland**

The number of ATMs installed in the state of Nagaland till 30 June , [ Survey of Bank Managers] shows a gloomy picture . It is only the SBI which has at least reasonable number [ 207] of ATMs , and that too most of them [173 or 83.57 per cent ] are located in the three districts of Dimapur ,Kohima , and Mokokchung . That means only 34 or 16.43 per cent are installed in all the remaining 9 districts .This indicated the lack of spread of ATMs in the state . Moreover , most of the items are on – site ATMs with few on off – sites [ opinion survey of bank managers ]. Again, in terms of population of the state the number of ATMs installed is only 0.015 per cent whereas , it is 0.017 percent for all India . Though there is not much gap in the percentage of ATMs in Nagaland compared to the all India percentage , the problem lies with the spread of ATMs in the state as most of the ATMs are located in the vicinity of the bank branch or in towns with no reach for the rural masses .

## **2.3 Internet Banking Services in Nagaland**

Internet banking is defined as the usage of internet and telecommunications network to deliver banking products and services to customers. It allows customers to conduct financial transactions on a secure website operated by their retail/ virtual bank .The common features are – account to account transfer , payment of bills to third parties ,fund transfer between customers own transactional accounts and saving accounts , investment purchase/sale loan applications , online statement , cheques link, balance enquiry , order for demand draft , etc .[ Joushua, 2009 , Malli , 2011 ]. There has been a steady growth in the use of IB in India with population penetration from 0.1 % in 1998 to 34.8 % in 2016 (<http://www.quora.com> ) . This penetration in IB Services in

India is expected to rise in the days to come with the increase in bank branches in the unbanked areas . IB has enhanced customer convenience and comfort , but at the same exposed customers to unforeseen frauds [RBI , 2010 ] .

Out of 28 banks operating in Nagaland , data on in internet banking could be obtained for only 20 banks as some of the bank officials denied the information . For these 20 Banks the number of users of internet banking services in the state are 52,830 , which is 2.67 % of state's population ; whereas it is 34.8 % for all India . This shows that Internet banking users in the state is still very low compared to the average of India .

#### **2.4 Mobile Banking Services in Nagaland**

According to Joushua (2009 ) , mobile banking refers to the provisioning and availability of banking and financial services through mobile technology . It is another addition to the technological – enabled banking services . According to Malli ( 2011 ) , it provides services on a/c information transfer , deposits , payments , withdrawal , etc . Now – a – days , all the commercial banks are providing mobile banking facility to their customers . As the mobile phone penetration in India is quite high , mobile banking has immense potential as a cost of effective method of conducting banking transactions by the customers including the rural population . Mobile Banking can be provided as a value – added service for the existing customers and at the same time it has the potential to be used as a means to bring into the banking fold the unbanked and under banked segment of the population . Data on the number of mobile banking users could be obtained for 20 banks in Nagaland The Data for all India could not be accessed , for which comparison is not possible . Mobile Banking users in the state is yet to pick up in large scale .

#### **2.5 Tele Banking Services in Nagaland**

Telephone banking is a service provided by a financial institution that allows its customers to perform transactions over the telephone . It is another form of technology – enabled banking providing banking services in the self – service mode through the telephones to its customers . A customer can carry out transactions by accessing his / her account through telephone at any time or from any place with the

same tele banking PIN . With the exception of cash withdrawals and deposits , it offers virtually all the features of an ATM [ Malli , 2011 ] . Tele banking is not very popular in India .In Nagaland tele banking users could be obtained for only 3 banks which have a total of 322 users . Due to lack of data comparison could not be made.

## **2.6 Debit and Credit Cards**

The data on debit card users could be obtained for 20 banks only . These 20 banks have a total of 10, 56 ,965 uses in the state which is 53. 37 % of the state's population. The data on credit card users could be obtained for only 10 Banks . which has a total of 9,290 users accounting for 0.47 % of the population IT is interesting to note that out of the total , Axis bank alone has 6007 users of credit cards in the state . State bank customers has the freedom to bank anytime , anywhere , through internet banking , mobile banking and ATM debit card facilities . We can draw cash from any ATM without any charge . Other bank customers can use our ATM without charge from the customer . By availing mobile banking facility of SBI , we can do balance enquiry , transfer fund , top – up recharge , demat account operation , bill payment , request for cheque book , block ATM card in case of loss ATM card etc .

By availing internet banking facility , customers enquiry , pay bills , at home and open your own fixed deposit account ,etc . PC / Laptop with internet connection required for availing this facility . Bank may be roped in by government of Nagaland for collection of utility bill. SBI credit card for convenient shopping , booking air/ train tickets , hotels , etc .

## **2.7 Business Performance of SBI in Nagaland**

Credit Deposit (CD) ratio of the state bank in Nagaland stands at 42 % vis –a- vis 33 % of all banks in Nagaland . However , whole state CD ratio is net truly reflective of the banks performance in various stages district and backward area of the state . Bank has set – up cell dedicated to high net worth individual ( HNI at kohima , kohima bazaar and Lerie branch for providing personalized services to HNI customer . Bank is planning to set up an HNI branch in Dimapur shortly . Loan given to the people of Nagaland stands at Rs 935.22 crores against deposits of Rs 2233.18 crores .For

financial inclusion State bank has already appointed 14 Business facilitators . There is a plan of making all village development boards / village councils business correspondents covering banking facility for all the population in rural areas of Nagaland . Bank has also engaged on outsourced agency for engage and training up BCs for covering about 146 villages . Bank has opened 40000 accounts during this financial year (FY) covering large number of students and farmers .

## **2.8 Advantages of Internet Banking**

Internet banking has several advantages over traditional banking which makes operating a bank account simple and convenient . Internet banking allows you to conduct various transactions using the bank's websites and offers several advantages. Some of the advantages of internet banking are :-

- Internet banking account is simple and easy to operate .
- Internet banking is quite convenient as you can easily pay your bills , transfer funds between account , etc . Now you do not have to stay in a queue to pay off your bills , also you don't have to keep receipts of all the bills as you can now easily view your transactions .
- Internet banking is available all the time i . e 24 \*7 . You can perform your task from anywhere and at anytime , even in night when the banks is closed or on holidays . The only thing you need to have is an internet connection .
- You can avail the banking services round the clock throughout the year . Most of the services offered are not time restricted ; you can check your account balance at any time and transfer funds without having to wait for the bank to open .
- Using the services offered by online banking is simple and easy . Many find transacting online a a lot easier than visiting the branch for the same.
- You need not leave your core behind and go stand in a queue at the bank branch . You can complete your transaction from wherever you are . Pay utility bills , recurring deposits account installments , and other using online banking .

- You can complete any transaction in a matter of a few minutes via internet banking . Funds can be transferred to any account within the country or open a fixed deposit account within no time on net banking .
- When you make a transaction at the bank branch , you will receive an acknowledgement receipt . There are possibilities of you losing it .In contrast , all the transaction you perform on a bank's internet banking portal will be recorded .You can show this as proof of the transaction if need be . Details such as the payees name , bank account number , the amount paid , the date and time of payment , and remarks if any will be recorded as well .
- A Client can monitor his / her spending via a virtual wallet through certain banks and applications and enable payments .
- The speed of transaction is faster relative to use of ATMs or customary banking .
- The credit cards and debit cards enables the customers to obtain discounts from retail outlets .
- E- Banking helps the bank to provide efficient ,economic and quality service to the customers . It helps the bank to create new customer and retaining the old ones successfully .

## **2.9 Disadvantages of internet banking**

If you prefer face to face customer service or handle large amounts of cash , you may prefer a retail bank instead of an online – only bank . Additionally , while online banks offer more competitive rates and lower fees , they typically don't have the same breadth of offerings as most retail banks . With some exceptions , online banks offer a limited scope of banking products as follows –

- An uninterrupted internet connection is a foremost requirement to use internet banking services . If you don't have access to the internet , you cannot make any use of any facilities offered online . Similarly , if the bank servers are down due to any technical issues on their part , you cannot access net banking services .

- No matter how much precautions banks take to provide a secure network , online banking transaction are still susceptible to hackers .Irrespective of the advanced encryption methods used to keep the user data safe , there have been cases where the transaction data is compromised . This may cause a major threat such as using the data illegally for the hacker's benefit.
- There are people in India who have been living lives far away from the web of the internet . It might seem the whole new deal for them to understand how internet banking works . Worse still, if there is no body who can explain them on how internet banking works and the process flow of how to go about it . It will be very difficult for inexperienced beginners to figure it out for themselves.
- Every internet banking account requires the password to be entered in order to access the services . Therefore, the password played a key role in maintaining integrity. If the password is revealed to others, they may utilize the information to devise some fraud . Also, the chosen password must comply with the rules stated by the banks . Individuals must change the password frequently to avoid password theft which can be a hassle to remember by the account holder himself .
- E – Banking requires high initial start up cost . It includes internet installation cost , cost of advanced hardware and software modems, computers and cost of maintenance of all computers .
- One of the biggest disadvantages is the question of security. People worry that their bank accounts can be hacked and accessed without their knowledge or that the funds that they transfer may not reach the intended recipients .
- Face to face meeting is better in handling complex transactions and problems . Banks may call for meetings and seek expert advice to solve issues .
- Understanding the usage of internet banking is difficult for the users at first go .Though there are some sites which offer a demo how to use internet banking , but all does not offer this facility . So , a person who is new to internet banking might face some difficulty .
- Internet banking requires 24 hours supportive environment , support of qualified staff . Bank has to spend a lot of training to its employees . Shortage of trained and qualified staff is a major obstacle in internet banking activities .

- Customary banking allows creation of a personal touch between a bank and its client . A personal touch with a bank manager can enable the manager to change terms in our account since he / she has some discretion incase of any personal circumstantial . It can include reversal of an undeserved service charge .

## **2.10 YONO SBI**

YONO(You Only Need One ) its an app by the state bank of India that provides multiple services in one place and hence eliminates the need for multiple apps in your phone . So whether its banking or life style , you can do it all using the YONO app .

The app has over 80 e-commerce companies that include online shopping , flights , train tickets ,taxi booking online education and holiday packages under its umbrella .Not just that , it has make mobile banking easy to with services such as digitally opening a bank account , fund transfers , cash less bill payments , applying and availing loans in real time . You can even initiate the cash withdrawal process using your smart phones . You don't need a debit card for this . All you have to do is install the app registered and login to set a 6 digit YONO cash pin for withdrawing money from SBI ATM s , designated as YONO cash points . Once the transaction done, you also get a notification with a reference number VIA SMS on your mobile phones .

Here is a list of things you can do using the YONO app:

- Buy groceries , electronics , fashion , order food and book tickets .You can get exclusive discount and offers for SBI customers . You can also book your favourite car on YONO and get amazing offers.
- Check your account balance , create a fixed deposit and add a beneficiary for fund transfers .
- Make a immediate fund transfer to a newly added beneficiary upto RS 10000.
- Link all your SBI entity in one app like credit cards ,life insurance, general insurance , travel insurance , accident insurance , SIP ,mutual funds and other investment . You can even purchase all this using the app .

- Get an overview of your expenses by checking the spend analysis provide by the app that automatically tags and categories your expenses .
- Get pre- approved personal loans upto RS 5 lakhs , 24\*7 using the app and portal without any documentation .
- Get overdraft against your fixed deposits to get overdraft facility on the go .
- Request cheque book , debit card , block debit card and stop cheques using just one app.

### **YONO by SBI Nagaland**

SBI is the among the largest retail banks in the world . SBI Online is India's most and the world 's 5<sup>TH</sup> Most visited banking site . 80% transactions at any time / digital channels . Digitalization of services on YONO Platform , contact centre in self – service mode . Service request on YONO platform ( mobile , e- mail addition / update , cheque and debit card related request , etc ) are digitalized . SBI launched YONO cash facility , here at SBI Dimapur ( Nagaland ) main branch complex . The facility will enable its customers to withdraw cash from ATM machine without using an ATM / DEBIT CARD . The same has been launched at over 16500 SBI ATMS across the country . YONO cash facility in Dimapur was inaugurated by regional manager , Dimapur , Poagin Hoakip and AGM, SBI Dimapur branch.

At present , 25 selected ATMs across Dimapur ,Kohima and kiphire have been enabled and the same will be rolled out in districts shortly.The facility will also have prevent card cloning as YONO cash transactions will not only include any physical ATM card wage .Currently , there are 2.5millions users across India who are registered on YONO app board 250 million users in next two years



### **2.11 Findings of the study**

1. The study found out that digital transaction in SBI namely NEFT and mobile transaction show strong relationship with money in calculation.
2. The study also stated that, in SBI digital transaction is having long learn relationship with money.
3. The study found out that mobile transaction is having influence on profitability of SBI banks, whereas NEFT & RTGS is absorbed to be not having influence on profitability of SBI bank.
4. The study found that in both banks (SBI & HDFC) that NEFT an mobile transactions are pushing business profitability towards upward direction.

## CHAPTER -3

### Conclusion

The introduction of new technology has been changing the attire of technology is aiding globalization an integration of financial markets across the globe . Customer 's expectations for new products and alternative delivery channels has been rising . Banks are under pressure to offer today , what customer has been expecting tomorrow . Thanks to innovations and new technologies , banks today offer the customers a choice to conduct his business across the counter , over phone or via a computer . The introduction of new instruments such as ATMs , retail electronic fund and electronic clearing services , have help in developing effective , efficient and speedy payments and settlement system .

Electronic banking , which is the modern technology which is offered by the banks to there customers so that they can conveniently conduct there banking transactions at a time that suits them and can access there bank account for 24 hours a day and 7 days a week .

Because of these technologies , banks are being able to reach there customers anywhere at any time compared to banks abroad , Indian banks offering online services still have along way to go. For online banking to reach a critical mass, there has to be sufficient number of users and the sufficient infrastructure in place so as to developed the concept of digital banking in the Indian market , which is gradually being accepted by the people of the country as whole .

Even , in a country like India , there is a need for providing better and customized services to the customers. Banks must be concerned about the attitudes of customers with regard to acceptance of online banking .

There is no doubt that the banking sector in India has become more competitive with the advent of digitalization and the digital Indian program for ensuring better customers service ,there by attaining the goal of cash less economy .From the study it can be said that the digital innovations are creating a new picture of banking services all together. The digitalization in banking has started shifting the cash and paper based banking to cash less and paper less banking. However ,there

is a still a long way to cover by encountering the challenges with possible solution and encashing the available opportunity.

The YONO platform of the state bank of India has a significant technology upgrade giving the bank a technology edge . It provides powerful financial tools and merchant partners deals to the bank customers through the mobile phone application ,allowing better customer engagement .YONO is a successful fintech start up and SBI can leverage it by converting it into a subsidiary , thereby getting more smaller banks to provide their features using the platforms . The pilot YONO branches can become future centres for improving digital banking awareness

The state bank has been a pioneer in agricultural finance in the country it has been providing direct as well as in direct credit facilities to farmers , artisans , marginal farmers , and weaker sections of rural areas .

The state bank has been playing a vital role in financing large scale industries . But its contribution in supplying loans and advances , in providing equity funds , in modernization , in helping to supply inputs , in marketing , etc, to small scale industries and small business has been immense. No other commercial banks in the country is in a position to compete with it .

The state bank has been highly successful in its objectives in opening a network of branches in rural and semi- urban areas. It has established itself as the largest commercial bank of the country.

The banking today is re- defined is redefined and re-engineered with the use of information technology and it is sure that the future of banking will offer more sophisticated services to the customer with the continuous product and process innovation . Thus there is a change In basic assumptions from the seller's market to buyers market in the industry and finally it affected at the banker's level to change there approach from ‘conventional banking to convenient ‘ and ‘mass banking to class banking’. The shift has also increased the degree of accessibility of a common man to bank for his variety of needs and requirements.

It will be the customer preference which will drive the industry . Customer with new expectation and the need to build trusted relationships are forcing incumbents seek value proposition . Digital adoption and moving away from cash would not be easy but the one who will address this problem efficiently and provide new solution and bring new innovation will maximize the opportunities and will emerge as the winner.

Studying the project I came to know that internet banking is clearly the way forward for the state bank of India . It provides comforts to the customer at the same time it provides cost cutting to SBI by eliminating physical documentation. Internet banking saves times of banks as well as those of customers.

Study states that internet banking provides greater reach to customers . Feedback can be obtained easily as internet is virtual in nature . Customer loyalty can be gain . Personal attention can be given by bank to customer also quality service can be served . Bank should know that no service is perfect , however a system of such type will need to be very secure .This is a system which holds account details and customers wealth . If such a system was not trusted and not reliable than SBI would face serious loss and would lose business.

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