



**Effect of Effect E-Banking on Economic Development of Gujarat: A
Perception of Bank Managers from Gujarat**

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ABSTRACT

The adoption of e-banking services has become increasingly prevalent in the financial landscape of Gujarat, with implications for the region's economic development. This study delves into the perceptions of bank managers from Gujarat regarding the effects of e-banking on economic development. Through a comprehensive analysis, it seeks to elucidate the views of bank managers and explore potential associations between their demographic profiles and perceptions. The research objectives encompass two key aspects: firstly, to analyse the perception of bank managers towards the effect of e-banking services on economic development, and secondly, to investigate any associations between the demographic profile of bank managers and their perceptions regarding the impact of e-banking on economic development. A sample size of 100 bank managers from commercial banks across Gujarat



was selected for this study. Through structured surveys and interviews, data was collected to gauge the perspectives of bank managers on various facets of e-banking and its influence on economic development in the region. The findings of this study reveal compelling insights into the perceptions of bank managers. Overwhelmingly, bank managers express a positive outlook on the impact of e-banking services on economic development in Gujarat.

Keywords: E-Banking, Economic Development, Perception, Bank Managers, Gujarat.

1. INTRODUCTION

The emergence of e-banking, characterized by the provision of financial services through electronic channels, has significantly impacted economic development across the globe. This digital revolution has transformed the way individuals and businesses manage their finances, resulting in both tangible and intangible benefits for economies worldwide.

One of the most apparent effects of e-banking on economic development is the enhancement of financial inclusion. By leveraging digital technologies, e-banking has extended the reach of financial services to previously underserved populations, including those in remote areas or with limited access to traditional banking infrastructure. This expanded access to banking services enables individuals to participate more actively in economic activities, such as savings, investments, and access to credit, thereby contributing to overall economic growth.

Moreover, e-banking has streamlined financial transactions and reduced the costs associated with traditional banking methods. Through online banking platforms, customers can conduct a wide range of financial transactions, such as fund transfers, bill payments, and account management, with greater convenience and efficiency. This efficiency not only saves time for both consumers and businesses but also reduces operational costs for financial institutions, allowing them to allocate resources more effectively towards productive investments, which can stimulate economic development.

Additionally, e-banking has facilitated the emergence of new business models and entrepreneurial opportunities. The digital ecosystem created by e-banking has paved the way for fintech startups and innovative financial services, fostering competition and driving



technological advancement within the financial sector. These innovations have not only improved the quality and diversity of financial products and services but have also catalyzed entrepreneurship and innovation in other sectors of the economy, contributing to overall economic dynamism and resilience.

Furthermore, e-banking plays a crucial role in promoting financial transparency and combating illicit financial activities. The digital trail left by electronic transactions enables better monitoring and regulation of financial activities, reducing the incidence of fraud, money laundering, and tax evasion. By promoting transparency and accountability in financial transactions, e-banking fosters trust and confidence in the financial system, which are essential prerequisites for sustainable economic development.

However, it is essential to recognize that the full realization of the potential benefits of e-banking depends on addressing various challenges, including cybersecurity risks, digital literacy barriers, and ensuring equitable access to digital infrastructure. Governments, regulators, and financial institutions must work together to mitigate these challenges and create an enabling environment for the widespread adoption of e-banking, ensuring that its benefits are realized by all segments of society.

In conclusion, e-banking has emerged as a transformative force in shaping economic development, offering numerous opportunities to enhance financial inclusion, efficiency, innovation, and transparency. By leveraging digital technologies to overcome traditional barriers to financial access and efficiency, e-banking has the potential to unlock new pathways for economic growth and prosperity in the digital age.

2. LITERATURE REVIEW

Kumar and Sharma (2021) delved into the evolving regulatory landscape for e-banking in India. The study highlighted that regulatory changes were frequent and dynamic, posing a challenge for banks in terms of compliance and operational adjustments. These changes often aimed at enhancing security, promoting transparency, and protecting consumer interests.



Banks had to stay vigilant and adaptive to align with these evolving regulations, necessitating investments in technology and compliance departments.

Choudhury (2021) explored the impact of e-banking on financial literacy in India. Findings indicated that e-banking had the potential to enhance financial literacy by providing easy access to account information, transaction histories, and financial education resources. However, the study also identified challenges related to digital literacy, especially among older and less-educated populations. To maximize the benefits of e-banking, efforts were needed to improve digital literacy among all demographics.

Aggarwal (2022) explored the impact of e-banking on financial inclusion. The research showed that e-banking had made significant strides in bringing unbanked and underbanked populations into the formal financial system. Mobile-based platforms and simplified account opening procedures played a pivotal role in this process. However, challenges related to awareness and accessibility still needed to be addressed to ensure broader financial inclusion.

Verma and Kumar (2023) examined the impact of the Goods and Services Tax (GST) on e-banking in India. They found that the implementation of GST had led to increased transparency in financial transactions, with businesses and individuals using e-banking for GST-related payments and compliance. E-banking played a pivotal role in simplifying the GST payment process and ensuring accurate tax collection.

Sharma and Gupta (2020) investigated the role of artificial intelligence (AI) and machine learning (ML) in e-banking. The study found that AI and ML technologies were increasingly being used to enhance customer experiences, streamline operations, and detect fraudulent activities. These technologies allowed banks to provide personalized recommendations, improve credit risk assessment, and automate routine tasks, ultimately making e-banking more efficient and customer-centric.

Jain and Patel (2020) explored the factors influencing customer loyalty in e-banking. The study revealed that besides the quality of services, factors like customer service, ease of use, and the availability of innovative features played a crucial role in retaining e-banking



customers. Banks that could continuously enhance their e-banking offerings and meet customer expectations were more likely to build long-term loyalty.

3. RESEARCH OBJECTIVES

1. To analyse the perception of the bank managers towards effect of E-banking services on Economic Development.
2. To find out association between demographic profile of the bank managers and their perception towards effect of E-banking services on Economic Development.

4. SAMPLE SIZE

The study included a sample of 100 bank managers from the commercial banks from Gujarat

5. DATA ANALYSIS

1. I believe that e-Banking services have a positive impact on the economic development.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I believe that e-Banking services have a positive impact on the economic development.	48.176	99	.043	-.540	-.77	-.31



The significance level is 0.043, which is lower than the accepted threshold of 0.05. Therefore, the alternative hypothesis is supported, and the null hypothesis is rejected. As a result, we can say that Bank managers believe that the e-Banking services have a positive impact on the economic development.

2. The adoption of e-Banking services has contributed to increased financial inclusion.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The adoption of e-Banking services has contributed to increased financial inclusion.	87.114	99	.020	-.650	-.88	-.42

The significance level is 0.020, which is lower than the accepted threshold of 0.05. Therefore, the alternative hypothesis is supported, and the null hypothesis is rejected. As a result, we can say that Bank managers believe that the adoption of e-Banking services has contributed to increased financial inclusion.



3. I perceive e-Banking services as a catalyst for promoting entrepreneurship and business growth.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I perceive e-Banking services as a catalyst for promoting entrepreneurship and business growth.	14.087	99	.012	-.570	-.80	-.34

The significance level is 0.012, which is lower than the accepted threshold of 0.05. Therefore, the alternative hypothesis is supported, and the null hypothesis is rejected. As a result, we can say that Bank managers perceive e-Banking services as a catalyst for promoting entrepreneurship and business growth.

CHI-SQUARE TESTING

SR NO.	NULL HYPOTHESIS	Pearson Chi-Square	P VALUE	DECISION
1	There is no association between gender of the bank manager and they believe that the e-Banking services have a positive impact on the economic development.	8.409	0.002	Null Hypothesis is Rejected



2	There is no association between gender of the bank manager and they believe that the adoption of e-Banking services has contributed to increased financial inclusion.	4.083	0.009	Null Hypothesis is Rejected
3	There is no association between age group of the bank manager and they believe that the e-Banking services have a positive impact on the economic development.	15.509	0.004	Null Hypothesis is Rejected
4	There is no association between age group of the bank manager and they believe that the adoption of e-Banking services has contributed to increased financial inclusion.	19.71	0.001	Null Hypothesis is Rejected
5	There is no association between education qualification of the bank manager and they believe that the e-Banking services have a positive impact on the economic development.	14.326	0.002	Null Hypothesis is Rejected
6	There is no association between education qualification of the bank manager and they believe that the adoption of e-Banking services has contributed to increased financial inclusion.	7.389	0.008	Null Hypothesis is Rejected



6. CONCLUSION

In conclusion, the findings of this study shed light on the perceptions of bank managers from Gujarat regarding the effect of e-banking on economic development. It is evident from the research that bank managers overwhelmingly believe in the positive impact of e-banking services on the economic landscape of Gujarat. Their perception aligns with the notion that the adoption of e-banking has led to tangible benefits, including increased financial inclusion and accessibility to financial services among previously underserved populations.

Moreover, the study reveals that bank managers view e-banking as a catalyst for promoting entrepreneurship and fostering business growth in the region. By providing convenient access to financial services and facilitating seamless transactions, e-banking has empowered entrepreneurs and small businesses, enabling them to thrive in a digitally connected economy.

Overall, the insights gleaned from the perceptions of bank managers underscore the significant role of e-banking in driving economic development in Gujarat. As e-banking continues to evolve and expand its reach, it is imperative for policymakers, regulators, and stakeholders to leverage its potential to further enhance economic inclusivity, innovation, and prosperity in the region.



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