



# A COMPARATIVE ANALYSIS OF NATIONAL ELECTRONIC FUNDS TRANSFER (NEFT) IN INDIA: WITH SPECIAL REFERENCE TO ICICI BANK AND HDFC BANK

Rahul Pandagre<sup>1</sup>  
Prof. D. K. Nema<sup>2</sup>  
Dr. Bhawana Rewadikar<sup>3</sup>  
Department of Commerce  
Doctor Harisingh Gour Vishwavidyalaya  
(A Central University)  
Sagar, Madhya Pradesh, India

**Abstract:** *Internet is the 8<sup>th</sup> wonder on this earth, and through internet the banking becomes easy and smooth. The banking through the internet called E-Banking. This paper comes with the comparative study of NEFT service of two enormous private sector banks i.e., ICICI and HDFC bank. The study is mainly based on the e-service provided by these banks and secondary data of five consecutive financial years have been collected through the government websites and had been examined and analyzed. The study is based on the bank wise performance of above-mentioned private sector banks which was analyzed on the performance of NEFT total outward debits, NEFT Received Inward Credit, and share of respective banks in the totals for the time duration of 2016-17 to 2020-21. The parameters selected for the measurement of performance were Number of transactions & Amount in rupees, whereas the conclusions were drawn on*

<sup>1</sup> Rahul Pandagre is Research Scholar, Department of Commerce, Dr. Harisingh Gour Vishwavidyalaya, Sagar (Madhya Pradesh) India.

<sup>2</sup> Dr. D. K. Nema is Professor, Department of Commerce, Dr. Harisingh Gour Vishwavidyalaya, Sagar (Madhya Pradesh) India.

<sup>3</sup> Dr. Bhawana Rewadikar is Assistant Professor, Department of Commerce, Dr. Harisingh Gour Vishwavidyalaya, Sagar (Madhya Pradesh) India.

*the basis of Growth Rate, Mean, Compounded Annual Growth Rate, standard deviation, coefficient of variation and percentage analysis of the five years data of respective banks.*

**Keywords:** E-banking, E-services, NEFT, ICICI Bank, HDFC Bank.

## 1. Introduction:

The word e-banking refers to the banking through internet. Virtual banking, Digitalized banking, online banking and web banking are some of the synonyms of e-banking. Now a days, the maximum portion of the country is using internet and it is observed that in the pandemic situation the graph of internet users increases, similarly the usage of e-banking services increased in the country. That creates the digitalized atmosphere in the country. In today's time people are becoming more techno-friendly which leads to more flexibility towards the online financial transactions. In the year 2016 (November) when demonetization took place in the country; it seems that the online financial transactions took growth in a tremendous way as well as the internet users also increases simultaneously. In the pandemic situation (year 2020) onwards the graph of use of e-banking goes in upward direction. After pandemic, E banking has been used as strategic tool by banking sector to attract as well as to retain the Indian customers. Due to advancement of technology, the automation in this industry has revolutionized the whole banking sector which leads to tremendous growth and development of e-banking services.

### 1.1 ICICI Bank:

In India, ICICI Bank is a leading private sector bank which offers wide range of banking services for corporates as well as for retail customers. This bank was founded on 5<sup>th</sup> January 1994 (Vadodara) and it has been serving net banking since 1996. ICICI has network of 5,288 branches with 13,723 ATMs all over India and cross border it is working in 17 countries. This bank offers digital wallets which are known as ICICI pockets and it launched ICICI stack which serve online facilities.

## 1.2 HDFC Bank:

HDFC Bank is India's largest private sector bank by assets as well as tenth largest by market capitalization (as of April 2021). HDFC bank was the first one to get an "in Principle" approval from RBI to set up a bank in private sector. It was founded in 1994 (Headquartered in Mumbai) and started its net banking services from 1999. As on September 2019 HDFC is working in 5314 branches with 13514 ATMs across 2768 cities in India. All branches are connected with an online real time base.

## 1.3 E-Banking:

E-banking is the digitalized form of performing the personal or commercial banking transaction, using an electronic gadget with internet connectivity. It involves the fund transfer facilities, utility bill payments, checking account statements, applying for different kinds of loans, etc. The notion of e-banking has helped to eliminate bank branch queues and the scope of e-banking's is still considerably broader.

## 1.4 National Electronic Funds Transfer (NEFT):

NEFT stands for National Electronic Funds Transfer. It is an electronic funds transfer arrangement which has been introduced by Reserve Bank of India in November, 2005. The objective of NEFT system is to create an electronic fund transfer system to facilitate an economical, reliable, secure, and efficient system for funds transfer and clearing in banking sector throughout India, and to alleviate the strain on the paper-based payments system and clearance mechanism. Through NEFT any individuals, firms and corporates can electronically transfer their funds from any bank any branch to any individual, firm or corporate having an account with any other bank or other branch in the whole country, actively participating in the Scheme. As per RBI the operating hours for NEFT is round the clock throughout the year on all days, i.e., on 24x7x365 basis.

There are no charges for inward transactions of NEFT at destined bank. But the outward transactions are subject to four different charges. (With effect from January 01, 2020)

- For transactions up to ₹ 10,000 not exceeding ₹ 2.50 (+ Applicable GST)

- For transactions above ₹ 10,000 up to ₹ 1 lakh: not exceeding ₹ 5 (+ Applicable GST)
- For transactions above ₹ 1 lakh and up to ₹ 2 lakhs: not exceeding ₹ 15 (+ Applicable GST)
- For transactions above ₹ 2 lakhs: not exceeding ₹ 25 (+ Applicable GST).<sup>4</sup>

## 2. Review of Literature:

(Rajendram & Sudha , 2019) Financial performance is a road to measure the effectiveness of bank to utilize its assets to increase the income. This paper is based on the financial performance of HDFC bank which provide wholesale banking, retail banking, personal loans, loans against property & net banking. For the purpose of this study five-year data i.e., from 2015 to 2019 has been analyzed by ratio analysis, position of cash, fixed asset ratio, proprietary ratio and all to draw the conclusions. This study focuses on the liquidity as well as solvency position of the bank as well as tried to find the changing trend of bank. With the help of above-mentioned ratios researcher drawn conclusion that the financial performance of HDFC was strong during the period of study it was satisfactory.

(Raval, 2017) RTGS and NEFT makes easy to exchange funds from one account to another in same or even in different banks. This research focuses on the banking transactions through RTGS and NEFT with reference to opinion of employees as well as customers. Study was conducted in Bank of India situated in Gujarat. And this study concluded that consumers and employees are satisfied with the services of RTGS and NEFT facility as the transfer of funds become easy and less time taking.

## 3. Objective:

- To Examine the NEFT transaction of ICICI bank and HDFC bank in India.
- To Analysis the NEFT transaction of ICICI bank and HDFC bank in India.
- To Compare the growth of NEFT transaction of ICICI bank and HDFC bank in India.

<sup>4</sup> <https://m.rbi.org.in/Scripts/faqview.aspx?Id=60>

#### 4. Research Methodology:

<b>Nature of the study</b>	Analytical & Descriptive in Nature
<b>Area of the study</b>	All branches of ICICI and HDFC Banks, present in India.
<b>Duration of study</b>	The duration of study is 2016 to 2021
<b>Population</b>	All branches of respective banks present in India. ICICI approx. 5239 and HDFC approx. 5604 Branches.
<b>Sample size</b>	All branches of ICICI and HDFC Banks, present in India.
<b>Data source</b>	The data used for the study is collected through various secondary sources such as authentic government website and portal, Annual Reports of RBI, Monthly reports of Reserve Bank of India.
<b>Processing of data</b>	The classification, tabulation and processing of data has been done through MS-Excel 2019
<b>Statistical tools &amp; techniques</b>	Tabular analysis, Arithmetic Mean, Standard Deviation, Co-efficient of variation, Growth Rate and Compound Annual Growth Rate, Percentage analysis.

#### 5. Analysis and Interpretation of Data:

The secondary data associated to National Electronic Funds Transfer (NEFT) is collected from the Reserve Bank of India monthly report, published on its official website. The data is analyzed on the basis of Arithmetic mean, Standard deviation, Co-efficient of variation, Growth rate Compound annual growth rate and Percentage analysis.

The parameters selected for the measurement of performance were Number of transactions and amount for NEFT outward debit (*table no. 1.0.0 and table no. 1.1.0, 1.2.0,*), and NEFT received inward credit (*table no. 2.0.0 and table no. 2.1.0, table no. 2.2.0*), Tabulation of data and its interpretation is mentioned below:

**Table No. 1.0.0: National Electronic Funds Transfer (NEFT) Outward Debit****Amount (In ₹ Million)**

NEFT Outward Debit								
	ICICI BANK				HDFC BANK			
Years	No. of Transactions	GR	Amount	GR	No. of Transactions	GR	Amount	GR
<b>2016-17</b>	132427838		8267367		212972315		15987763	
<b>2017-18</b>	170549756	29%	11821355	43%	287063721	35%	26078555	63%
<b>2018-19</b>	216349537	27%	15616432	32%	338868194	18%	33195249	27%
<b>2019-20</b>	228808517	6%	16180303	4%	378895978	12%	36535602	10%
<b>2020-21</b>	297572341	30%	19746815	22%	400098660	6%	35177504	(4%)
<b>CAGR</b>	<b>22.43%</b>		<b>24.32%</b>		<b>17.07%</b>		<b>21.79%</b>	
<b>MEAN</b>	209141597.8		14326454		323579773.6		29394935	
<b>S.D.</b>	62516137.19		4400829		75359455.68		8509116	
<b>C.V.</b>	30%		31%		23%		29%	

Source: Reserve Bank of India- <https://rbi.org.in/Scripts/NEFTView.aspx- date-01/03/2022>: time: 01:00PM

The above table revealed the bank wise performance of two private sector banks that is ICICI & HDFC bank, the performance of these banks was measured on the basis of NEFT total outward debits for the time duration of 2016-17 to 2020-21. For the average number of transactions of HDFC (323579773.6) are more than the number of transactions of ICICI Bank (209141597.8). The Average amount of NEFT outward debit of HDFC bank (29394935) million was more than the amount of ICICI Bank (14326454) million. In term of standard deviation then it is more in number of transaction (75359455.68) as well as in amount for HDFC Bank (8509116). This measurement indicates that there is less consistency and more variability in NEFT in number of transactions and amount. For amount of NEFT in HDFC Bank the coefficient of variation is highest (29%), this represent that there is less consistency and more variability in HDFC bank as compared to ICICI bank. In terms of growth rate then the growth rate of ICICI bank for number of transactions declined in initial years from 2016-17 to 2019-20 and then increased on 2020-21 (30%). The same thing happened with HDFC bank declined in initial years and raised up in 2020-21. Coming to the compound annual growth rate, so the data shows that the growth rate of amount of ICICI bank for NEFT is satisfactory in rupee terms that is 24.32% as compared to NEFT of HDFC bank (21.79%). Same results drawn for ICICI in number of transactions where the CAGR was 22.43% and 17.7% for HDFC Bank.

**Table No. 1.1.0: National Electronic Funds Transfer (NEFT) Outward Debit of ICICI Bank and Total**

**Amount (In ₹ Billion)**

NEFT Outward Debit - ICICI Bank						
Years	No. of Transactions (MM)			Amount (Bn)		
	ICICI Bank	Total*	%	ICICI Bank	Total*	%
2016-17	132	1621	8.17%	8267	120040	6.89%
2017-18	171	1946	8.76%	11821	172229	6.86%
2018-19	216	1219	17.75%	15616	227936	6.85%
2019-20	229	2744	8.34%	16180	229456	7.05%
2020-21	298	3093	9.62%	19747	251309	7.86%
<b>Mean</b>	<b>209.2</b>	<b>2124.6</b>	<b>9.85%</b>	<b>14326.2</b>	<b>200194</b>	<b>7.16%</b>
*Total no. of transactions and amount of all the banks in India						

Source: Reserve Bank of India- <https://rbi.org.in/Scripts/NEFTView.aspx- date-01/03/2022>: time: 02:00PM

The above table shows the no. of transactions in million and amount in ₹ billions of NEFT outward debit of ICICI bank and total no. of transactions in million and amount in ₹ billions of NEFT outward debit of all the banks present in India. Percentage analysis express the percentage share of respective bank in total no. of transactions and amount. In term of no. of transactions, its seems that it was gradually increase in the financial years 2016-17 to 2018-19 i.e., 8.17% to 17.75%, then it was decrease in financial year 2019-20 to 8.34% and again it took hike to 9.62%. While coming to amount it was decreases in initial financial years from 6.89% to 6.58% in the financial year 2018-19 and then rises gradually from 7.05% to 7.86%. The mean percentage of ICICI bank is 9.85% in terms of no. of transactions and 7.16% in terms of amount.

**Table No. 1.2.0: National Electronic Funds Transfer (NEFT) Outward Debit of HDFC Bank and Total**

**Amount (In ₹ Billion)**

NEFT Outward Debit - HDFC Bank						
Years	No. of Transactions (MM)			Amount (Bn)		
	HDFC Bank	Total*	%	HDFC Bank	Total*	%
2016-17	213	1621	13.13%	15988	120040	13.32%
2017-18	287	1946	14.75%	26079	172229	15.14%
2018-19	339	1219	27.80%	33195	227936	14.56%
2019-20	379	2744	13.81%	36536	229456	15.92%
2020-21	400	3093	12.94%	35178	251309	14.00%
<b>Mean</b>	<b>323.6</b>	<b>2124.6</b>	<b>15.23%</b>	<b>29395.2</b>	<b>200194</b>	<b>14.68%</b>
*Total no. of transactions and amount of all the banks in India						

Source: Reserve Bank of India- <https://rbi.org.in/Scripts/NEFTView.aspx- date-01/03/2022: time: 02:00PM>

The above table shows the no. of transactions in million and amount in ₹ billions of NEFT outward debit of HDFC bank and total no. of transactions in million and amount in ₹ billions of NEFT outward debit of all the banks present in India. Percentage analysis express the percentage share of HDFC bank in total no. of transactions and amount. In term of no. of transactions, its seems that it was gradually increase in the financial years 2016-17 to 2018-19 i.e., 13.13% to 27.80%, then it was decrease from financial year 2019-20 to 13.81% to 12.94%. While coming to amount it was increases and decreases in zig-zag mode in all the financial years. Initially it was seen hike from 13.32% to 15.14% in the financial year 2017-18 and then goes down to 14.56%, rises in 2019-20 to 15.92% and again falls in 2020-21 from 15.92% to 14.00%. The mean percentage of HDFC bank is 15.23% in terms of no. of transactions and 14.68% in terms of amount.



**Table No. 2.0.0: National Electronic Funds Transfer (NEFT) Received Inward Credit  
Amount (In ₹ Million)**

NEFT Received Inward Credit								
	ICICI BANK				HDFC BANK			
Years	No. of Transactions	GR	Amount	GR	No. of Transactions	GR	Amount	GR
2016-17	103126675		9106982		126878012		16190376	
2017-18	121212910	18%	13933543	53%	151596362	19%	23700668	46%
2018-19	143027374	18%	18763105	35%	180754639	19%	31250724	32%
2019-20	165129367	15%	19131015	2%	207296877	15%	55170571	77%
2020-21	191520985	16%	21635896	13%	259599132	25%	38043097	(31%)
<b>CAGR</b>	<b>16.74%</b>		<b>24.15%</b>		<b>19.60%</b>		<b>23.81%</b>	
<b>MEAN</b>	144803462		16514108		185225004		32871087	
<b>S.D.</b>	34972462.65		4991586		51414783		14907925	
<b>C.V.</b>	24%		30%		28%		45%	

Source: Reserve Bank of India- <https://rbi.org.in/Scripts/NEFTView.aspx- date-01/03/2022>: time: 01:00PM

This table represents the bank wise performance of two private sector banks i.e., ICICI and HDFC bank. The criteria to measure performance was the NEFT received inwards credit for the period of 2016-17 to 2020-21. The analysis shows that average number of transactions of HDFC (185225004) are more than the average number of transactions of ICICI bank (144803462). The average amount of NEFT inwards credit of HDFC (32871087) million is higher than the average amount of ICICI which is 16514108 million. Coming to the standard deviation of number of transactions of HDFC bank (51414783) so it is more than ICICI bank (34972463) as the standard deviation for ICICI and HDFC bank in terms of Amount was 4991586 and 14907925 respectively. This represents that HDFC bank has more variability and less consistency in NEFT for both the things i.e., number of transactions and amount. In terms of Growth Rate, so it was declined in ICICI from 2016-17 to 2020-21 in number of transactions and similar effect seen for the growth rate amount which was also declined from 53% in 2017-18 to 13% in 2020-21. The compound annual growth rate analysis represents that growth rate is satisfactory in ICICI bank which was 24.15% as compared to CAGR of HDFC bank that was 23.81% in term of Amount and in terms of number of transactions CAGR of HDFC bank has 19.60% which is higher than CAGR of ICICI bank for number of transactions i.e., 16.74%.

**Table No. 2.1.0: National Electronic Funds Transfer (NEFT) Received Inward Credit of ICICI bank and Total****₹ Amount (In Billion)**

<b>NEFT Received Inward Credit of ICICI bank and Total</b>						
<b>Years</b>	<b>No. of Transactions (MM)</b>			<b>Amount (Bn)</b>		
	<b>ICICI Bank</b>	<b>Total*</b>	<b>%</b>	<b>ICICI Bank</b>	<b>Total*</b>	<b>%</b>
<b>2016-17</b>	103	1621	6.36%	9107	120040	7.59%
<b>2017-18</b>	121	1946	6.23%	13934	172229	8.09%
<b>2018-19</b>	143	1219	11.73%	18763	227936	8.23%
<b>2019-20</b>	165	2744	6.02%	19131	229456	8.34%
<b>2020-21</b>	192	3093	6.19%	21636	251309	8.61%
<b>Mean</b>	<b>144.8</b>	<b>2124.6</b>	<b>6.82%</b>	<b>16514.2</b>	<b>200194</b>	<b>8.25%</b>

\*Total no. of transactions and amount of all the banks in India

Source: Reserve Bank of India- <https://rbi.org.in/Scripts/NEFTView.aspx- date-01/03/2022>: time: 02:00PM

The above table shows the no. of transactions in million and amount in ₹ billions of NEFT Received Inward Credit of ICICI bank and total no. of transactions in million and amount in ₹ billions of NEFT Received Inward Credit of all the banks present in India. Percentage analysis express the percentage share of respective bank in total no. of transactions and amount. In term of no. of transactions, its seems that it was increases and decreases in zig-zag mode in all the financial years. i.e., 6.36% to 6.23% in 2017-18, 11.73% in 2018-19 and 6.02% and 6.19% in 2019-20 to 2020-21 respectively. While coming to amount it was increases gradually in all financial years from 7.59% to 8.61%. The mean percentage of ICICI bank is 6.82% in terms of no. of transactions and 8.25% in terms of amount.

**Table No. 2.2.0: National Electronic Funds Transfer (NEFT) Received Inward Credit of HDFC bank and Total****Amount (In ₹ Billion)**

<b>NEFT Received Inward Credit of HDFC bank and Total</b>						
<b>Years</b>	<b>No. of Transactions (MM)</b>			<b>Amount (Bn)</b>		
	<b>HDFC Bank</b>	<b>Total*</b>	<b>%</b>	<b>HDFC Bank</b>	<b>Total*</b>	<b>%</b>
<b>2016-17</b>	127	1621	7.82%	16190	120040	13.49%
<b>2017-18</b>	152	1946	7.79%	23701	172229	13.76%
<b>2018-19</b>	181	1219	14.83%	31251	227936	13.71%
<b>2019-20</b>	207	2744	7.55%	55171	229456	24.04%
<b>2020-21</b>	260	3093	8.39%	38043	251309	15.14%
<b>Mean</b>	<b>185.4</b>	<b>2124.6</b>	<b>8.73%</b>	<b>32871.2</b>	<b>200194</b>	<b>16.42%</b>

\*Total no. of transactions and amount of all the banks in India

Source: Reserve Bank of India- <https://rbi.org.in/Scripts/NEFTView.aspx- date-01/03/2022>: time: 02:00PM

The above table shows the no. of transactions in million and amount in ₹ billions of NEFT Received Inward Credit of HDFC bank and total no. of transactions in million and amount in ₹ billions of NEFT Received Inward Credit of all the banks present in India. Percentage analysis express the percentage share of HDFC bank in total no. of transactions and amount. In term of no. of transactions, its seems that it was increases and decreases in zig-zag mode in all the financial years. i.e., 7.82% to 7.79% in 2017-18, 14.83% in 2018-19 and 7.55% and 8.39% in 2019-20 to 2020-21 respectively. While coming to amount it was increases initially in the financial year 2017-18 and then slightly decreases in 2018-19 to 13.71% from 13.76% and took hike in 2019-20 to 24.04% and then goes down to 15.14%. The mean percentage of HDFC bank is 8.73% in terms of no. of transactions and 16.42% in terms of amount.

## 6. Findings:

1. As per the analysis done in table 1.0.0 which was based on NEFT outward debit it has been found that HDFC bank has a greater number of transactions as well as in terms of amount also, HDFC bank is ahead of ICICI bank.
2. As per the analysis done in table 1.1.0 which was based on NEFT Outward Debit of ICICI Bank and Total of all the banks in India reveals the mean percentage of ICICI bank 9.85% in terms of no. of transactions and 7.16% in terms of amount.
3. As per the analysis done in table 1.2.0 which was based on NEFT Outward Debit of HDFC Bank and Total of all the banks in India reveals the mean percentage of HDFC bank 15.23% in terms of no. of transactions and 14.68% in terms of amount.
4. As per the analysis done in table 2.0.0 which was based on NEFT received Inward credit, it has been found that HDFC bank has a greater number of transactions as well as amount also.
5. As per the analysis done in table 2.1.0 which was based on NEFT received Inward credit of ICICI Bank and Total of all the banks in India reveals the mean percentage of ICICI bank 8.62% in terms of no. of transactions and 8.25% in terms of amount.

6. As per the analysis done in table 2.2.0 which was based on NEFT received Inward credit of HDFC Bank and Total of all the banks in India reveals the mean percentage of HDFC bank 8.73% in terms of no. of transactions and 16.42% in terms of amount.

## 7. Conclusion:

It is imperative that banking sector is keeping up the pace in catching technology changes which in turn improve the performance of banks. This paper thoroughly analyzed the growth of E- banking services with the help of NEFT outward debits, NEFT received inward credits and share of respective banks in the totals, of selected private sector banks i.e., HDFC bank & ICICI bank from 2016-17 to 2020-21. From the findings of analysis volume, growth rate and value of above-mentioned parameters it has been concluded that overall HDFC bank is showing satisfactory results and the performance of HDFC is better than ICICI. Apart from their comparisons in providing e banking services, as the banking sector is moving towards digitalization, the future of E banking seems bright and transformative.

## Reference:

1. Balakrishnan, C. (2019). A study on Financial performance of ICICI Bank. *Cikitusi Journal for Multidisciplinary Research*, 694-701.
2. Kotecha , P. (2019). Comparative study of NEFT, RTGS, & IMPS. *international Journal of Research in all subjects in Multi Language*, 23-26.
3. Lal, D. R., & Saluja, D. R. (december 2012). E-Banking: The Indian Scenario. *asia pacific journal of marketing & management review*, Vol.1(4), 16-25.
4. Monisha, Bhudhiraja, K., & Kaur, J. (2017). Electronic Banking in INdia: Innovations,Challenges and Opportunities . *International Journal of Engineering Research & Technology* , 1-8.
5. Rajendram , P., & Sudha , B. (2019). A study on Financial Analysis and Performance of HDFC Bank. *Studia Rosenthaliana(A journal dor the Study of research)*, 37-49.
6. Raval, B. (2017). A study on Inter Banking Transaction Through NEFT & RTGS in Bank of India. *Indian Journal of Applied Research*.

7. Vasan, M., & Senthil, B. (2018). A study of Payment and settlement system in Indian Banking Sector. *REsearch Magma : An International Multidisciplinary Journal*, 1-8.
8. Vimla, V. (2015). An evaluative study on Internet Banking Security among Selected Indian Bank Customers. *Amity Journal of Management Research*, 63-79.
9. Timilsina, S., & Rao, C. (2019). A Comparative Study of NEFT and IMPS as Retail Payments Instruments in India. *Think India*, 22(14), 9672-9681.
10. Abid, S. (2016). Electronic Payment System: An Evolution in Indian Banking System. *IOSR Journal Of Economics And Finance*, 7(2), 25-30.
11. Reserve Bank of India- <https://rbi.org.in/Scripts/NEFTView.aspx- date-01/03/2022>
12. <https://m.rbi.org.in/Scripts/faqview.aspx?Id=60>

