

A STUDY ON INTERNET BANKING AND COST REDUCTION IN TRANSACTIONS WITH REFERENCE TO AXIS BANK

^{#1}Mrs. P. NIVEDITA, *Assistant Professor,*

^{#2}TALARI DHEERAJ, *PG Student,*

Department of MBA,

J.B. INSTITUTE OF ENGINEERING & TECHNOLOGY (AUTONOMOUS), HYDERABAD.

ABSTRACT: This research examines the ways in which Axis Bank has benefited from online banking, both in terms of convenience for clients and cost savings for the institution. Customers save time and energy by not having to visit branches as frequently due to the widespread availability of digital services. Online money transfers, bill payments, and account management have greatly reduced processing times and administrative expenses. Customers love it when they can access their money whenever they want, without any hassle or waiting in line. Reduced paperwork, streamlined procedures, and human error all work to the bank's advantage. The number of transactions has increased dramatically since online banking gained popularity, demonstrating its usefulness. Cybersecurity threats and uneven access to digital resources are still recognized in the report. Internet banking always finds methods to save money and increase operational efficiency for everyone, so it offers ways to make it more secure and to bridge the digital gap.

Keywords: Internet Banking, Digital Banking, Customer Convenience, Operational Savings, Electronic Payments

1. INTRODUCTION

Internet banking, which is also generally referred to as online banking, is a relatively new service that is also usually referred to as online banking. The terms internet banking and net banking are also used interchangeably to refer to online banking. Individuals could be able to monitor their financial situation online rather than physically going to a bank site for minor transactions. This is a possibility that is possible. Users are able to access their accounts from any device, including mobile phones and laptops, provided that they have successfully finished the process of establishing an account and have used their customer ID and password. This feature is available to users who have successfully completed the procedure. By utilizing this web-based platform, the process of managing accounts, transferring money, paying bills, and applying for loans is simplified. When it comes to applying for loans, it is also made easier. It is possible for you to have a banking experience that is free of any issues at any time of the day or night, regardless of the time of day. Internet banking not only helps users save time and effort, but it also provides financial benefits as well, not only to the customers of financial institutions but also to the institutions themselves. Customers may find that internet banking is financially beneficial to them. The presence of people, physical places, and administrative paperwork are all necessary components of any standard banking system. There is no way to build such a system without these elements. The automated nature



of online transactions, on the other hand, results in a reduction in both costs and errors. This is one of the distinguishing characteristics of online transactions. Not only does this kind of automation make it possible to provide more services, but it also makes it possible to considerably enhance the efficiency of operations and the expenses that are involved with transactions. A financial management system that is more efficient, secure, and cost-effective will be beneficial to customers, while institutions will experience a smoother operation. Customers will reap the benefits of financial management systems. As a tool that not only helps consumers have a better experience, but also helps businesses reduce their expenses and ensure that they continue to make continuous profits, internet banking has become increasingly important in this day and age of digital technology. It is a tool that not only offers individuals with an improved experience. This is due to the fact that internet banking makes use of the internet in order to carry out financial interactions.

PROBLEM STATEMENT:

Customers sometimes voice their displeasure with electronic banking for reasons such as lengthy processing times for transactions, high service charges, and the quick obsolescence of traditional banking. Because they cause unnecessary delays, higher banking fees, and the inability to do routine financial tasks, these errors can be especially inconvenient for middle-class families and small companies that depend on frequent transactions. Instantaneous, low-cost, basic, straight forward, and easily-understood financial solutions are necessary due to the world's fast pace of development. Customers can now access and manage their accounts whenever and whenever they please, thanks to the development of internet banking. There's no longer any need to physically visit a branch. Although the product seems to be easy to use, some users are apprehensive because they are worried about security, don't comprehend the technology, or don't have the necessary resources. Banking organizations, on the other hand, care deeply about the security, reliability, and use of their online platforms. The savings should trickle down to the bank and its clients as a result of less physical infrastructure and paperwork. This research delves at the possibility that internet banking could lower transaction costs, which would be advantageous for banks and their clients both.

2. REVIEW OF LITERATURE

Dr. A. Kumar 2021 The big move toward digitalization in banking has made transaction handling costs go down by a lot. Financial organizations have been able to save operational expenses by reducing the requirement for physical infrastructure thanks to internet banking platforms. Operations are much better now that tedious tasks may be automated and customer support solutions powered by AI are in place. Customers are happier and more productive as a result of the shift to digital banking, which is available 24/7. Customers and financial institutions alike have benefited from the decline in transaction fees brought about by the widespread adoption of safe online payment methods. Another perk of digital banking is the real-time processing of transactions, which significantly reduces both costs and wait times. Since more and more transactions are taking place online rather than on paper, printing and mailing documents has become more cost-effective. Finally, contemporary banks have proven that online banking is a prudent financial move.



S. R. Patel 2022 Banks are using artificial intelligence (AI) as a key tool to reduce processing expenses. By reducing the likelihood of losses, artificial intelligence (AI) techniques aid banks in rapidly detecting fraud. Chatbots and virtual assistants powered by AI can efficiently and accurately respond to consumer inquiries, doing away with the necessity for costly human engagement. Predictive analytics can help save money by making better use of resources and managing risks. Artificial intelligence (AI) powered credit rating systems have reduced financial losses and defaults by making loan decisions more accurate. In order to ensure that rules are followed without excessive human oversight, compliance checks are performed automatically. With the use of AI, banks can more easily personalize their clients' experiences, which in turn increases customer retention and decreases attrition. Artificial intelligence (AI) has improved service, boosted earnings, and reduced expenses for financial institutions.

M. T. Sharma 2023 The advent of blockchain technology has revolutionized the financial sector by facilitating low-cost, secure, decentralized transaction processing. It is common for transactions to be more expensive in traditional banking systems due to the high number of intermediaries. Blockchain technology eliminates intermediaries, allowing users to send money directly to each other, hence lowering transaction costs. Mistakes and scams are less likely to occur on the blockchain because records are permanent and accessible to everyone. Costs associated with resolving conflicts are thereby reduced. Smart contracts eliminate the need for human intervention in the implementation of agreements, thereby reducing administrative costs. Doing business across borders is typically difficult due to taxes and delays; however, blockchain technology makes this process quicker and cheaper. By doing away with human intervention and a mountain of paperwork, blockchain technology further reduces costs.

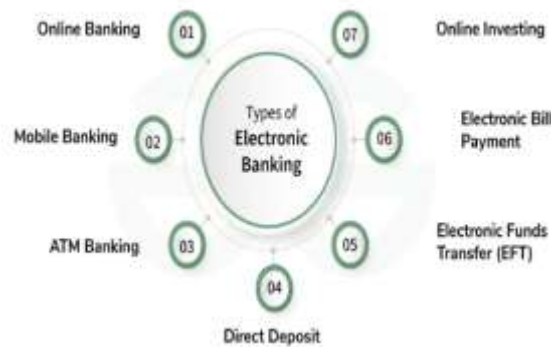
L. V. Rao 2024 Traditional banks are becoming more expensive compared to new, online-only institutions. Since neobanks exclusively conduct business online, they are exempt from the expenses associated with operating physical branches. Because they don't need to invest as much in infrastructure, neobanks can provide their consumers with better interest rates and reduced costs. Thanks to technological advancements, neobanks are now able to operate more efficiently, leading to more production at cheaper cost. By providing clients with tailored financial products, neobanks utilise data analytics to keep its clients pleased. Neobanks are able to swiftly adapt to their customers' evolving needs because they do not rely on outdated systems. Customers who are comfortable with technology are more likely to utilize a bank that prioritizes user-friendly digital platforms. Banking services are getting more accessible and affordable as neobanks mushroom in the modern digital era.

Calderon et al. (2025) This research examines the effects of digital payments on the efficiency of financial transactions. With the advent of digital payment methods, transaction times and costs were reduced by 66.7%, while transaction volumes and frequency were boosted by 150%. There was an increase of 40.6% in customer satisfaction and an 80% decrease in the number of errors. The benefits of digital payments, particularly their speed and precision, are highlighted by these data. Digital purchasing can significantly reduce expenses and improve operational efficiency, according to the report. Thus, this lends credence to Transaction Cost Theory. The impact of digital payment systems on the



convenience and velocity of monetary transactions is discussed extensively in the paper. Research shows that accepting payments online improves consumer satisfaction, cuts expenses, and streamlines financial operations.

3. TYPES OF ELECTRONIC BANKING



Online Banking: Customers are able to access their account information, make transfers, finish transactions, process payments, and more using online banking. You can pay bills, manage your accounts, and do business online, and it also improves security, ease, and access. Customers can monitor their spending and account balances in real time using online banking.

Mobile Banking: With mobile banking, customers can manage their accounts, monitor transactions, make payments, and transfer funds all from the convenience of their phones or other portable devices. You may access your bank accounts whenever and wherever you like using mobile banking, which was designed to be easy to use while overseas. Biometric authentication is a security feature that adds ease to mobile banking.

ATM Banking: Customers have the convenience of being able to view their account balances, transaction histories, make payments, and transfer funds with the use of automated teller machines (ATMs). You can use ATM networks around the clock to access traditional banking services, such as making deposits, withdrawals, and account inquiries. An additional perk of ATM banking is the ability to withdraw cash using your phone rather than a card.

Direct Deposit: Direct deposit makes people's financial lives easier by allowing them to receive their paychecks, government benefits, and other funds directly into their bank accounts. The elimination of paper checks and the automation of income payments on a regular basis streamline financial processes. By eliminating the possibility of late or stolen checks, direct deposit guarantees timely payments.

Electronic Funds Transfer (EFT): To facilitate electronic payments and the transfer of funds between financial institutions or other entities, EFT services provide a secure environment for customers to manage their money. Users are able to securely transfer funds across their accounts online by logging in with their login credentials or credit card. EFT services simplify financial management with features including real-time transfers and transaction summaries.

Electronic Bill Payment: The convenience of electronic bill payment allows clients to easily meet their financial obligations by paying their bills digitally using the internet or mobile apps. It provides a convenient method for customers to pay their bills online, including

energy bills, credit card bills, loan payments, and more. To save time and effort, you can usually plan ahead and make monthly payments using most electronic bill payment systems.

Online Investing: You can use electronic payments to invest in stocks, bonds, and mutual funds online. People are able to trade the financial markets more efficiently and rapidly with the use of electronic platforms. With the educational resources, strategic guidance, and portfolio management tools offered by online investing sites, consumers are also better able to make prudent financial decisions.

TECHNIQUES OF COST REDUCTION

Budgetary control: To improve efficiency and cut costs, businesses should compare actual expenditure with budgeted amounts and make adjustments as necessary.

Simplification: Productivity gains and cost reductions take center stage when companies pare down their product offerings and inventory. It streamlines company procedures, reduces costs, and makes costs more efficient.

Standard costing: Companies employ variance analysis as a cost-cutting measure to identify discrepancies between actual and planned expenditure. In this way, they can identify regions with significantly varying costs and determine the source of such variations.

Value analysis: The goal of value analysis, sometimes known as value engineering, is to determine the optimal production method and design for a product in order to minimize overall production costs without sacrificing quality or effectiveness.

Design improvement: Companies may improve their manufacturing processes, the quality of their products, and their bottom lines by focusing on product improvement.

4. BENEFITS OF EFFECTIVE COST REDUCTION

Increased profitability: Total expenses go down and profit margins are greater as a company cuts costs. As a result, the company becomes more lucrative quickly. Businesses may boost their bottom lines while maintaining low production costs and good product quality by identifying and eliminating inefficiencies.

Improved competitive advantage: Because they can maintain low pricing or provide better goods and services at the same price point, companies with lower costs have a significant advantage over their competitors. Businesses with solid cost structures are more resilient in the face of pricing pressures and market fluctuations.

Sustainability initiatives: Businesses may save money and do their part for the environment by implementing sustainable programs, which can be enhanced in a number of ways. Energy efficiency, trash reduction, and route optimization all lead to financial savings and less environmental impact.

Increased investment opportunities: More capital is available for expansion when expenses are kept low through the use of efficient procedures. This can be achieved through strategic mergers and acquisitions, the development of innovative technology, and the exploration of untapped markets.

Improved cash flow management: Reducing spending reduces cash flow since less money is leaving the company. This ensures that companies may fulfill crucial obligations, like as paying suppliers or operating their day-to-day operations, without relying excessively on external financing.

Improved financial reporting: More precise and understandable financial reporting is the result of effective cost-cutting measures. As expenses decrease, key financial metrics such as operational cash flow, net income, and gross margins improve. These metrics are essential for stakeholders to understand the group's success and sustainability.

Improved stakeholder confidence: Businesses that actively seek out ways to reduce expenses demonstrate to their stakeholders—including investors, employees, and customers—that they are fiscally responsible and run efficiently. Because of this, members have faith in the group's capacity to continue operating and succeed in the long run.

5. ANALYSIS AND DISCUSSION

INTERNET BANKING SERVICES AT AXIS BANK

- **Account Management:** Monitor financial accounts such as loans, credit cards, savings, and checking accounts; verify balances and obtain statements.
- **Fund Transfers:** You can transfer funds between your Axis Bank account and other banks' accounts using NEFT, RTGS, IMPS, or UPI.
- **Service Requests:** Requesting checkbooks or demand drafts, changing personal details like address or PAN, or stopping check payments are all possible with a few clicks.
- **Investment Services:** Maintain a watchful eye on your investments, submit IPO applications, and attend to your fixed savings.
- **Bill Payments & Recharges:** Online bill paying, phone top-ups, and purchases are all made much simpler with integrated payment methods.

MOBILE BANKING SERVICES

"OPEN BY AXIS BANK" APP

- **Comprehensive Services:** More than 250 banking services are at your fingertips, including bill payment, international money transfers, and UPI integration.
- **User-Friendly Interface:** For trouble-free banking, use a modern UI.
- **Instant Account Opening:** To open a digital savings account, you can use video know your customer (KYC) instead of physical documentation.
- **Exclusive Offers:** Find out about exclusive sales and promotions that are tailored only to app users.

"AXIS GO" APP

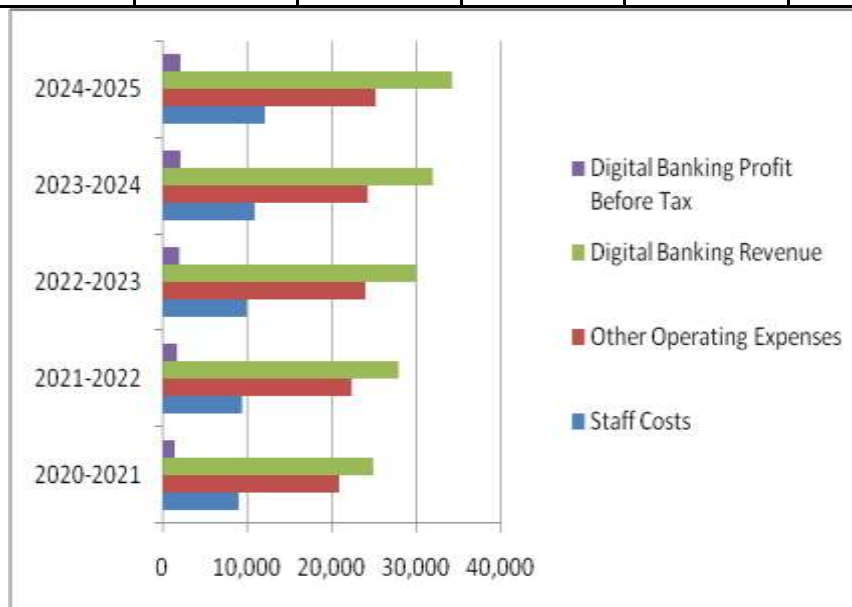
- **Hassle-Free Onboarding:** You may open an account quickly and easily without ever having to set foot in a physical location.
- **Digital Access to Products:** With this program, customers may apply for loans, credit cards, and more in no time at all.
- **Advanced Tools:** A more streamlined procedure is possible with the help of EMI calculators and application status tracking tools.

Comparative Channel Cost Analysis (2025) AT AXIS BANK

Channel	Cost per Transaction (₹)	% of Total Transactions	Annual Cost (₹ crore)
Branch	42	15%	472.5
ATM	18	25%	337.5
Internet Banking	3	35%	78.8
Mobile Banking	2.5	25%	56.3

Financial Metrics OF AXIS BANK FROM FY 2021–2025 (₹ Cr)

Metric	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Staff Costs	9,000	9,500	10,000	10,933	12,193
Other Operating Expenses	21,000	22,500	24,000	24,280	25,307
Digital Banking Revenue	25,000	28,000	30,000	32,000	34,320
Digital Banking Profit Before Tax	1,500	1,800	2,000	2,200	2,198

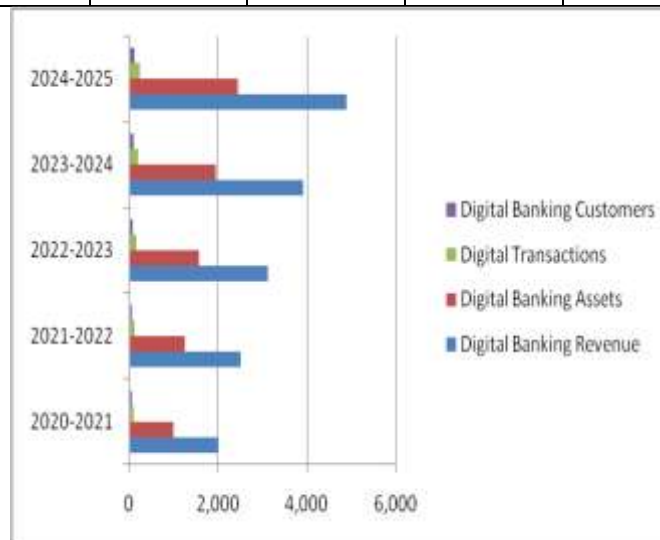


DISCUSSION: From 2020-2021, 2024-2025, and 2026-27, Axis Bank's personnel costs rose from ₹9,000 crore to ₹12,193 crore. This was due to higher salaries and stable staffing. Operating expenses grew from ₹21,000 crore to ₹25,307 crore due to increasing operational expenditures. The rise in digital banking revenue from ₹25,000 crore to ₹34,320 crore highlights the growing importance of digital platforms. Digital banking's earnings before taxes only increased slightly from ₹1,500 crore to ₹2,198 crore. Expenses are preventing profitability from rising as fast as income.

AXIS BANK INTERNET BANKING SEGMENT PERFORMANCE (FY 2021–2025)



Metric	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Digital Banking Revenue	2,000	2,500	3,125	3,906	4,883
Digital Banking Assets	1,000	1,250	1,563	1,953	2,441
Digital Transactions	100	125	156	195	244
Digital Banking Customers	50	62.5	78.1	97.6	122



DISCUSSION: Digital banking income at Axis Bank rose from ₹2,000 crore to ₹4,883 crore in 2020-2021, 2024-2025, and beyond. The value of digital banking assets increased significantly, from ₹1,000 crore to ₹2,441 crore. Their value rose from ₹100 crore to ₹244 crore as digital procedures grew. Digital banking users climbed from 50 crore to 122 crore, showing that digital services are growing in popularity.

6. CONCLUSION

In conclusion, online banking has transformed financial transactions by increasing their accessibility, effectiveness, and simplicity for individuals worldwide. Instead than visiting a branch, customers may now perform all their banking online. This modification cut operating costs like personnel, paperwork, and branch maintenance, lowering transaction costs for consumers and banks. Due to their speed and accuracy, digital transactions reduce errors and costs. Automation with online banking lowers transaction costs and boosts efficiency. Transparency, security, and precise record-keeping reduce financial fraud. Companies and individuals can better manage their finances and enhance earnings as transaction costs reduce. Online banking combines money and technology education with savings. Lower prices and better efficiency are expected as digital banking technology advances.

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