

A Review Paper on SWOT Analysis of E-Banking

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Abstract: *The e-Banking now a days has provided a platform where static and outdated information has no place. The days of 10:00 am to 5:00 pm banking services have gone. The banks are able to provide 24 X 7 hours banking services to the customers even at their doorsteps. The introduction of e-banking has although provided vast number of opportunities to customers and bankers but on other side has also posed some threats and limitations. This paper presents SWOT analysis of e-banking services.*

Index Words: SWOT, E-banking, Blockchain, IOT, Artificial Intelligence

Introduction:

E-banking is the use of internet in retail and wholesale banking services. It involves individual and corporate clients, and includes bank transfers, payments and settlements, documentary collections and credits, corporate and household lending, card business and some others.

E-Banking information architecture is modelled as client-server architecture. A client operating through a PC linked to Internet opens the special E-Banking site of his bank and then, using a set of special secure numbers, gets access to his bank accounts and has the opportunity to know the current balance, as well as to make all necessary payments and transfers from his personal accounts. OTP (One Time Password) is sent to the customers on their registered mobile numbers to secure the transaction. In some cases the bank provides customized software. The bank software program can also be utilized offline, for example for preparing the payment orders offline and then making the actual order online. The client receives all numbers separately, mainly by mail. The bank also provide clients with similar facilities in its premises so that clients can use the bank equipment such as an ATM or a special facility linked to the main terminal facility called Multimat, permitting them to effect the same account examination, payment and transfer operations without consulting the bank staff.

Rest of the paper is organised as: Section 3 presents Strength, Section 4 Weaknesses, Section 5 Opportunities and Section 6 threats

STRENGTH OF E-BANKING

From Customer's Perspective:

Although Internet banking has provided abundant of services, below mentioned are some of the major benefits to customers.

- 1) **On Demand Service:** the major strength of using e-banking is that customer can do any transaction at any suitable time. He/she is not bound to the timings of banks.
- 2) **Less Paper Work:** There is less formality and instant result. Moreover, the paper work is also reduced as the customers need not to fill the form for transfer/payments.
- 3) **Statements of all means available readily:** A customer can download monthly/weekly or even annual statements in the blink of an eye
- 4) **Disbursement of Funds throughout/outside the country:** A customer can easily transfer the money to any person, anywhere in the world
- 5) **Easy Payment of bills:** Any kind of utility bills - electricity, water and telephone etc., education fee, online shopping, funds transfer, reservation of tickets and brokerages in share market etc. can be paid quickly. So there is no need to wait in long queues.
- 6) **Customised Services:** The customer is able to customise the desired services as per his/her choice especially on Internet and mobile phones. The customers can change PIN/passwords easily. Even on ATM s/he is able to change her/his PIN for security purpose. So the deployed service delivery channels provide him more flexibility and customisation facilities as compared to the traditional channels.

From Banker's Perspective:

- 1) **Less Operational Cost:** The proper implementation of Electronic Banking System has been facilitating the banks to improve their productivity and efficiency by reducing their operational costs. In addition to above, the banks are also saving their costs in terms of deployment of additional manpower to handle complex banking operations because the machines have the capacity to replace the men which are engaged in doing hectic works such as processing of huge data, preparation of various types of reports and management of information.
- 2) **Increase in Productivity:** The deployment of Electronic Banking Solutions has been helping the banks to provide their services to various customers and this in turn has reduced the workload on employees to some extent. The banks have been deploying their excess manpower in new fields such as marketing of products, field survey and loan recoveries etc. This has enhanced the productivity of the banks
- 3) **Aids in Economic Development:** The deployment of Electronic Banking Services have been acting as economy development agents to the Governments because funds can be transferred instantaneously anywhere in India whenever required using EFT and RTGS etc.
- 4) **Less Rush at the counters:** Due to E-Banking, majority of works such as opening of new FD's, Transfer of funds, opening of PPF accounts etc. can be handled by customers themselves. So banks are relieved from such tasks and hence less crowded.

WEAKNESS OF E-BANKING

- 1) **Lack of interaction:** There is a lack of direct interaction with staff of bank. In case, If any problem arises during net banking, the customer feels inconvenient and hence are discouraged to use it freely.
- 2) **Higher Maintenance and initial setup cost:** There is huge investment involved in hardware and software setup . Moreover, even after making investments, the technology becomes obsolete very frequently, a higher maintenance cost has to be spent regularly, which becomes difficult for small banks.
- 3) **Fear of insecurity:** Most of the customers are reluctant to use e-banking, as they have a fear of failures of transactions , and they think there is lack of robust security measures .
- 4) **Vulnerable to loss of data:** There is a possibility of loss of data due to technical fault/system crash. However,backup methods are there, but still there is a need to be careful and banks should employ staff to take the backups after every transaction.
- 5) **Vulnerable to cyber attack:** Highly secured mechanism needs to be built up and deployed to save the customers from the cyber attacks. Security measures such as bio-metric, digital signatures should be made mandatory to use e-banking
- 6) **Training to customers:** There is large sector of customers, who are not net savvy and are not comfortable to use online services .Banks should hold practical training sessions for such customers and should provide a manual to them to help them come out of the situation if they got stuck somewhere while doing e-banking

OPPORTUNITIES

IT field is growing rapidly and new technology is available very fastly. New Technologies has opened a door of opportunities to the banks as they can deploy them to provide improved services, bring efficiency ,transparency and even in better decision making. Some of the opportunities are shortlisted below:

1) Using IOT:

Internet of Things is the latest technological development in IT field.It is the interconnection of things that communicate and transfer information with each other using internet.The things can be CCTV camera, Wearables (e.g wrist watches), smartphones,or any thing. These things capture the information and transfer them to other things (e.g computer) and can help in decision making. IoT senses and gathers data in the 'physical' world and converts the data into actionable, digital output. This technology can also gather other insights, such as user waiting time in banks, therefore banks can improve their customer service on-site hiring more staff to liaise with customers. Banks can use IOT in Risk and Fraud Detection. E:g If a person wants to obtain a loan from banks, Data generated by IOT through electronics, sensors, s/w, wearable, spending patterns, general image of customer in market , changes in working capital can be used to access financial health and hence creditworthiness of a customer.

2) Using Artificial Intelligence:

AI involves 'the ability of machines to emulate human thinking, reasoning and decision - making'. E:g 'intelligent assistant' powered by AI could let you interrogate your bank accounts and credit card data and helps you manage your spending and budgets. AI also help users to save small amounts of money with no effort. It connects to current account and the AI learns your spending habits, allowing it to automatically deposit small amounts of money into your linked savings account on a regular basis .

3) Using Blockchain:

Blockchain technology is a very practical solution to the problem of storing, authenticating and protecting data.

A blockchain is a distributed ledger technique in which all the members participating in the network share transaction information between the parties. That is, blockchain is a distributed database that maintains a continuously growing list of data records that are hardened against tampering and revision, even by operators of the data store's nodes. Modern electronic payment systems rely on trusted, central third parties to process payments securely. This innovation made trading more convenient . In the financial sector, such as interbank payment and global financial transactions, we use a closed distributed ledger. Because of the nature of finance, reliability, stability and efficiency are priorities, blockchains based on a closed distributed ledger, where only authorized personnel can participate, are preferred[4].

THREATS:

- 1) **Weak Communication System:** Most of the banks in the country currently employs communication system which is vulnerable to breakdown. There is a need of strong and secure communication system which should be available 24 hours a day such as VSAT, Leased line connections etc.
- 2) **Lack of Awareness regarding cyber Laws:** People hesitate to use e-banking services as they have a fear of fraudulent activities. This is because of unawareness about legal framework of cyber laws. This can be bridged by spreading awareness level among customers by conducting regular seminars, advertisements in televisions, newspapers, articles in magazines and be a part of curriculum in school/colleges/university level education etc.
- 3) **Poor Integration of E-banking services with other services:** To make efficient use of e-Banking Service as an integral service to customers, it is needed that banks and Government agencies/ departments should collaborate with each other. This is the integration of eGovernance service with Electronic Banking Service such as online deposit of challans, revenue fees and utility bill payments etc. This will lead into synergy in the system.
- 4) **Organisational, Operational and Legal Risks: The e-banking is prone to various types of risks such as :**
 - a. **Organisational Risk:** With the introduction of technology, the distribution of work has affected .It can result in poor distribution of manpower and financial resources. A good management information system should be employed to overcome such risks.
 - b. **Operational Risks:** E-banking services are prone to operational risks such as loss of data due to human error, server breakdown, system failure, wrong entry of information etc. There is need to deploy certain control mechanisms to check the continuity of services, data flow and recovery of system in case of system failure etc.

- c. **Legal Risks:** The financial institutions which offer eBanking services, both informational and transactional, have a higher level of compliance risks such as uncertainty over legal jurisdictions and legal binding of electronic agreements etc. risks can be mitigated by compliance with legal framework such as Information Security Act 2000 .

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