

# INTERNET BANKING-ARE WE READY FOR NON-CASH ECONOMY

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## ABSTRACT

A progressive change has occurred in our money related setup with digitalisation of the installment framework. Money Less (Transaction) Economy to battle dark cash, debasement, fake cash and fear financing. The Govt. means to move towards a Cash Less Transactions. The Cash-Less Transactions done through the charge card, plastic, net banking and other wellspring of Electronic installments. Electronic financial will be made Banking exchange to be simpler by conveying administrations closer to its Customers. India is an enthusiastic exertion to additional towards a cashless exchange economy by limiting the utilization of physical money. A money Less economy is feasible by advancing electronic cash instruments, creating monetary framework and spreading computerized exchange propensities among individuals. The motivation behind the paper is to look at how we can accomplish the development of a money less exchange in India, and to discover the difficulties and the conceivable measures to beat them.

**Key words:** Cash less Transactions, Black Money, Digital Payments, Corruption and Terror Financing.

## INTRODUCTION

Internet banking is an outgrowth of PC banking. Web based financial utilizations the Internet as the conveyance channel by which to lead banking action, for instance, exchanging reserves, paying bills, seeing checking and investment account adjusts, paying home loans, and acquiring monetary instruments and endorsements of store.

Cashless economy is characterized as a circumstance in which there is less money exchanges as a large portion of the exchanges are finished utilizing plastic cards or advanced versatile Wallets or Electronic techniques (e. Banking). The administration needs India to be a cashless economy; the move towards a cashless economy is a move towards more prominent responsibility towards the stream to cash, decrease in dark cash and carrying more individuals into the financial framework. A cashless economy is one in which every one of the exchanges are done through electronic channels, for example, charge/Mastercards, Immediate installment administrations (IMPS), National Electronic Funds Transfer (NEFT), and Real Time Gross Settlement (RTGS). The Indian

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Economy keeps on being driven by the utilization of cashless than 5 percent of all installments happen electronically. Electronic exchanges tries to drive the improvement and modernization of India's installment framework. The pith of the approach is to move the economy from a money based economy to a cashless one. Effective and present day installment framework is a key empowering influence for driving development and improvement. In India, the proportion of money to total national output is 12.42% in GDP; this is one of the most elevated on the planet. The legislature is working at different dimensions to lessen the reliance on money. To support and reinforce cashless economy it's critical to demonstrate the propensity for making e-installments. Indian economy decreasing the reliance on money is alluring for a few reasons. To control fake notes that could be adding to psychological oppression. It likewise influence the financial strategy of our nation and to dispose of the dark cash, controls unlawful exercises and so forth. RBI has likewise issued licenses to open new-age Small Finance banks and installments manage an account with are relied upon to give a push to monetary incorporation and bring inventive financial arrangements.

## INSTRUMENTS OF CASH LESS TRANSACTIONS

A Cash Less Transaction is increasingly straightforward as each exchange can be traced effectively as it leaves its impressions. The significant money less exchange technique are online exchange through NEFT and RTGS, credit and Debit cards, E-Wallets, Mobile Wallets, UPI applications. Purpose of offer (POS), Intermit Banking, Mobile Banking, Micro ATMS and Andhra Enabled installment framework and so on.

## THREE TYPES OF CASHLESS TRANSACTION OPTIONS VIA PREPAID PAYMENT INSTRUMENTS

### CASHLESS MODES

**Mobile wallet:** This is fundamentally a virtual wallet accessible on your cell phone. You can store money on the portable to make on the web or disconnected installments. Different specialist organizations offer these wallets through versatile applications, which you have to download on the telephone. You can move the cash into these wallets internet utilizing credit/plastic or Net banking. This implies each time you pay a bill or purchase online by means of the wallet, you won't need to outfit your card subtleties. You can utilize these to pay expenses, bills and make online buys.

**Plastic money:** This incorporates credit, charge and prepaid cards. The last can be issued by banks or non-banks and can be physical or virtual. These can be purchased and revived online by means of Net banking and can be utilized to make on the web or purpose of-offer buys, even given as gift vouchers.

**Net banking:** This does not involve any wallet and is simply a method of online transfer of funds from your

bank account to another bank account, credit card, or a third party. You can do it through a computer or mobile phone. Log in to your bank account on the Net and transfer.

## **FACILITIES AVAILABLE UNDER INTERNET BANKING IN INDIA:**

### **Following facilities are made available for customers under internet banking in India:**

#### **(i) Bill Payment Service:**

Bill payment service is a utility service of internet banking. Accordingly, each bank has tie-ups with various utility companies, service providers, insurance companies across the country.

#### **(ii) Fund Transfer:**

Internet banking has made provision for transfer of any amount of fund from one account to another of the same or any other bank. Accordingly, customers can send money anywhere in India. Once a customer logs in his account, he needs to mention the payee's account number, his bank and the branch.

#### **(iii) Credit Card Customers:**

Internet banking provides the facility of credit card to its customers. With internet banking, customers can not only pay their credit card bills online but also gets a loan on their cards.

#### **(iv) Railway Pass and Online Booking:**

Through Internet banking facility to issue Railway pass is also available. Indian Railways has tied up with ICICI bank for this purpose and one can now make railway pass for local trains online.

#### **(v) Investing through Internet Banking:**

Through Internet banking, opening a fixed deposit account has become easier. A customer can now open an FD account online through funds transfer. Online banking can also be a great friend for lazy investors.

#### **(vi) Recharging Prepaid Phone:**

Through Internet banking, recharging of prepaid phone has also become possible. It is no longer needed to rush to the vendor to recharge prepaid phones as and when talk time runs out.

## LITERATURE REVIEW:

Following the blast of new innovations, for example, the web and cell phones by and by, e-banking has additionally been the focal point of various scholastic papers Adoption, discernment and use of web banking by shoppers is one of the themes vigorously inspected in e-banking writing.

**Aladwani, (2001)** Potential clients referenced Internet security, web based financial guidelines, consumers' protection, and bank's notoriety for being the most significant future difficulties of web based financial selection. Polatoglu and Ekin, (2001) Perceived hazard was one of the main considerations influencing buyer selection, just as consumer loyalty of web based financial administrations.

**Centeno (2004)** contends that speed, the accommodation of remote access, 7/24 accessibility and value motivators are the primary inspiration factors for the buyers to utilize web banking. Durkin, (2008) takes note of that the straightforwardness of the items offered by means of web banking encourages the selection of web banking by purchasers.

**Guerrero, (2007)** analyze the use of web banking by Europeans and their outcomes demonstrate that responsibility for budgetary items and administrations, demeanor towards funds and trust in the web as a financial channel impact clients' use of web banking.

**Calisir and Gumussoy (2008)** think about the shopper view of web banking and other financial channels and report that web banking, ATM and telephone banking substitute one another.

**Maenpaa (2008)** look at the purchaser impression of web banking in Finland and their discoveries demonstrate that commonality has a directing job in the discernment.

**Dhanajay. B. Furthermore, Suresh Chandra B. (2015)** They have clarified in their article entitled on " The Electronic Banking Revolution in India". This article surveys that electronic installment framework has advanced in the ongoing year in such huge numbers of nations and India too. The RBI was its vision articulation has set the target to advance electronic installment and less money economy.

**Pream Kumar (2015)** In his article "An examination of Growth example to money less Transaction framework". This article audits that the cashless exchange framework is achieving its development step by step in India and markets become globalized and the development of banking plan an ever increasing number of the general population moves from money less exchange.

**Jain, P.M.(2006)** In his article "E-installments and e-banking, opined that e-installments will ready to check dark "An Analysis of Growth example of cashless exchange framework. Exploiting innovation, Quick installments and settlements will guarantee ideal utilization of accessible assets for banks, money related establishments, business houses and regular resident of India. He additionally called attention to the requirement for e-installments and methods of e-installments and correspondence Networks.

### **OBJECTIVES OF THE STUDY:**

- To analyse the growth of cash less Transaction in India.
  - To findout the challenges of cash less Transaction and to suggest the possible measures to overcome them.
- Research Methodology: This study is based on secondary sources of data/information. Deferent books, Journals, newspaper, and relevant websites have been consulted in order to make the study made an attempts to examine the growth and, challenges of cashless transactions in India.

### **CAN THE INDIAN ECONOMY GO CASHLESS**

#### ✓ **Barriers to digital payment options**

- Acceptance Infrastructure

Point-of-Sale (POS) terminals penetration in India is amongst the lowest in the world. While that is a collective grievance being addressed by ecosystem players and the RBI has planned a fund (Acceptance Development Fund) to improve numbers, it's a long term play.

- **Internet Availability**

While India is the second biggest smartphone market in the world yet mobile internet usage is low hence digital only payment solutions do not find a firm footing in the ecosystem despite consumer/merchant readiness.

- **Consumer Behavior**

Consumers have known no other way to pay other than cash which is now. It's trusted and is learned behavior. The learning curve with digital methods is steep especially with low literacy levels and internet access being a privilege which deters a switch over.

- **Government Backing and Policy Support**

Immediate surcharge removal on all forms of payments by plastic on all government institutions including airports, insurance providers, hospitals, restaurants, ticketing should be the first priority for the government to incentivize use of non-cash methods

- **Financial Literacy**

Lack of Knowledge about basics in how to use banking services, debit cards, security of PIN/Card, linking mobile number with a bank account and how to use a card instead of cash, use of wallets on smartphones for payments.

- ✓ **Enablers for the transformation**

- Good digital development ecosystem to develop smart technologies to facilitate this transformation in the future
- Competitive Landscape in telecom and banking industry to push the spread of cheap internet connectivity to rural and remote areas and inclusion of more people in the financial systems
- **Government Initiatives** - Jan Dhan Yojana, Issuance of Payment Bank licenses, Launch of BHIM app, Direct Benefit transfer scheme, Adhaar Enrolment

- ✓ **Other Developing Country Examples**

- Brazil - Banks in Brazil took deposit and withdrawal transactions into retail shops that exist in every village and neighborhood.

Kenya - In Kenya, the mobile-phone operator Safaricom has developed a network of 30,000 stores through which its customers can cash in and out of their M-PESA mobile wallet accounts. That's 200 times the number of branches operated by the largest bank in the country. 17 million Kenyans — about three-quarters of the adult population — can send or receive money via cell phone

## **IMPLEMENTATION FOR MOVING ON PATH OF GOING CASHLESS (IN CONTEXT OF INDIA):**

- Payment banks
- Electronic Fund Transfer Systems
- Mobile Wallets
- Internet Banking
- Banking cards

- Banks pre-paid cards
- Point of sale
- Mobile Banking

## CHALLENGES OF CASHLESS TRANSACTION IN INDIA

Some of the challenge which stand in the way of India becoming a cashless transaction there are.

**1. Cyber Security:** In October 2016 the details of over 30 lakh debit cards was feared to have been exposed at ATMs. It was believed that the card and PIN details might have been leaked due to which customers were advised to challenge the PIN of their ATM-cum-debit cards. Stringent steps issuing new cards were also taken so these are cyber-crimes is very dangerous to use the cashless transaction.

**2. Network Connectivity:** Since the day demonetization was announced, people are trying to use more of card transactions to save that dreaded trip to the bank and to save the last penny of the hard cash in hand. So many people have faced trouble standing in line to pay for a transaction at a shop when the card machines have stopped working due to an overload on the network. Connectivity issues must be resolved before dreaming about a cashless society.

**3. Internet Cost:** The Internet cost in India is still substantially high. There is no Wi-Fi at public places and if people do not get their monthly data packs recharged, there is no way they can be connected to make online payments. In order to convince people to do cashless transactions, the cost of the internet should be lowered and free Wi-Fi should also be provided at public places.

**4. Charges on Cards Online Transactions:** Heard of convenience charges of course we would have it we do online transactions. These are additional charges that are levied by the vendors when they offer an online payment facility but when the government is forcing us to go cashless should not this compulsory seen on online transaction be taken off. So charges of cards are main problem of cashless transaction.

**5. Non-Tech-Survey:** The new generation is glued to their phones and gadgets, computer literacy among the people in the over50 age group is still now so not many people are comfortable using computers are mobile phones and depend on their children when it comes to using computers are mobile phones and depend on their children when it to educate people on how to use phones for transactions

### Governments Rural Push For Cashless Economy

In an attempt to encourage poor and illiterate people in rural areas to make digital payments, the government is promoting Aadhaar Pay which ensures financial transactions by just using fingerprint.

### **INDIA IS TAKING A STEP ON THE ROAD TO CASHLESS ECONOMY:**

- The government has been working hard to promote digital payment systems. So far, it seems to be working: the government has reported a 400- 1,000% increase in digital transactions since the demonetization
- The National Payments Corporation of India, together with the RBI, has launched UPI (“united payment interface”)
- The “Digital India Initiative” has been set up to provide internet access and comprehensive mobile phone coverage across India, helping over a billion people to get online and utilize digital payment techniques.
- The RBI has been promoting a biometric authentication system for banking.
- The Aadhar Enabled Payment System (AEPS) can be used to open a Bank Account using just an identification number and fingerprint.

### **STEPS TAKEN BY RBI AND GOVERNMENT TO DISCOURAGE THE USE OF CASH:**

Government is also promoting mobile wallets. Recently, the RBI had issued certain guidelines that allow the users to increase their limit to Rs 1, 00,000 based on certain Know your customer verification. Various incentives offered by government to promote digital India on Cashless India:

- On digital transactions up to rupees 2000, Service Tax of 15% waived off
- Digital purchase of fuel through credit cards, mobile wallets or e-wallets, discount of 0.75% •Free accident insurance worth rupees 10 lakh on account of online ticket buyers
- On purchase of new LIC policies online via its site, 8% discount is offered.

Government has introduced various technologies like BHIM (Bharat Interface for Money) app to transact between each other as well as with other merchants. In addition to government or RBI, Companies are also participating in combating of cybercrimes. Microsoft opened full scale cyber security Center called Cyber security Engagement center (CSEC) in India. This centre monitors how viruses are spreading , from where cyber attacks are originating and helping customers to tap pool of security specialists.

### **CAPACITY BUILDING AND AWARENESS FOR CASHLESS ECONOMY:**

1. Impart education related to the digital payment ecosystem, its tools, benefits and processes
2. Inform and educate citizens about Digital India - cashless, faceless and paperless



3. Encourage citizens especially in rural and semi urban areas to use digital payments as well as other products and services offered by Digital India

4. DigiShala Programme Portfolio

## CONCLUSION

A cashless economy is secure, it is clean. We have a leadership role to play in taking India towards an increasingly “digital economy”. Thus, as citizens and youths of India it is in our hands to promote this magnificent India encouraged by our PM Mr. Narendra Modi who has a bright vision towards the upcoming of future India. Big success and it will help to attain vision of “**DIGITAL INDIA**” “Coming together is a beginning; keeping together is progress; Working together is success



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