

“E-BANKING IN INDIA”

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ABSTRACT

In today's, most of the banking happens while you are sipping tea or taking an important call. ATMs are at your doorstep. Banking services are read for 24×7. There are more plastic money in your wallet then physical notes. A huge part of this change because of use of IT. In today competitive environment, banks operate in a highly globalized, liberalized, and privatized. In order to exists in this environment banks have to use IT. Indian banking industry has witnessed of tremendous developments because of sweeping changes that are taking place in the IT. E-banking has developed from an environment. The objective of this paper is to study the development of Indian banking industry through the adoption of technology. The paper also emphasizes the adoption of technology by Indian banks they faced problem and suggestions are made to remove these problem. This paper states that e-banking will be desirable medium of upcoming year for banks.

KEYWORDS: E-banking, Information technology.

INTRODUCTION:

Today's organisation useful tool is a information technology. Currently competitive environment banks operate in a highly globalized, liberalized, and privatized. In order to exists in this environment banks have to use IT. Day by day information technologies have improving the services or products of banking industry in India. Indian banking industry has witnessed of tremendous developments because of sweeping changes that are taking place in the IT. E-banking has developed from an environment. Modern technology is identify for a most of the disease that the banking sector faces today. Present time, India is a relative unbank country as the credit-to-GDP ratio is one of the lowest in the developing countries. So Indian banks are facing the dual challenge of high growth trajectory and increasing penetration. With the help of technology Indian banks can kill two birds with one stone. Extensive progress took place in the area of technology which has reduced the world to a global village and bright remarkable changes in banking industry. Branch banking conception in the brick and mortar mode has been transformed into click and order channel style.

E-banking:

Electronic banking has many names like, virtual banking, online banking, internet banking or e-banking. E-banking is on which signifies and encompasses the sphere of technology capabilities that have taken place in the area of banking. E-banking is simply the use of electronic and telecommunications network for distributes various banking services and products. Through e-banking customer can open his account and operates many transactions helping with mobile phone and computer. E-banking reducing the need for customers to visit a bank branch for transactions. Instead you can open your account from any time at anywhere. E-banking is normally the use of electronic channel to fund transfer from one account to another account directly, rather than by cheque or cash. So it is also known as Electronic Fund Transfer (EFT).

Characteristics of E-banking:

1. Transfer of fund easily.
2. Payments of bills.
3. It can check the balance of accounts.
4. It provides doorstep services.
5. Better construction with customer relationship.
6. Mobile banking
7. Online purchase of goods and services
8. Easy to search past transaction and balance.
9. Statement the transaction history.
10. No geographical barriers.
11. It provide innovative banking products.
12. Services can be offered low cost.

Objectives of the Study:

- To study various services or products of electronic banking adoption by banks in India.
- To study and analyse the problem faced by banks in adoption of E-banking and make recommendations to overcome these problem.

Research methodology:

Researcher has collected secondary data for this study. Secondary data was collected through various journals, research papers with the help of internet, etc.,.

E-banking in India:

India is still in the initial stage of development in e-banking.

Increase in competition and transition in technology bank have converted the lifestyle. In India, ICICI was the first bank to introduced internet banking in 1996. Internet lover cost and awareness about electronic media, online banking established itself, other banks like Citibank and HDFC bank followed e-banking in 1999. The governments of India as well as the reserve bank have been taken several initiatives to development of e-banking in India. From a legal perspective, government of India enacted the Information Technology Act, 2000, which provided legal recognition to electronic transaction. The RBI is reviewing and monitoring legal aspect of e-banking continuous basis.

To cope with the problem of increasing competition, banks have adopted several initiatives and e-banking is one of them. The competition has been especially tough for the public sector banks as the newly established private sector and foreign banks are leaders in the adoption of e-banking. Indian banks offer to their customer following e-banking products and services

1. Automated Teller Machine(ATM)
2. Telephone banking
3. Electronic clearing cards(ECC)
4. Electronic fund transfer (EFT) system
5. Smart card
6. Mobile banking
7. Internet banking
8. Telebanking
9. Doorstep banking

1. Automated Teller Machine (ATM):

ATM is cash machine. ATM can be placed at any location but frequently seen at near or inside banks, shopping central malls airports, railways stations, metro stations, petrol/gas station restaurants and other location. Customers can perform financial transaction in cash withdrawals, deposits, view the status of his account, and order a new cheque book without need for direct interaction with bank staff.

2. Internet Banking:

As the banking sectors has been constantly innovating and advent of technological development specially in the area of telecommunication and information technology, once such innovation is internet banking. It is electronic payment system that enables customers of banks to conduct a range of financial services through internet website/Portala. Internet banking software provides corporate and personal banking services that offering features such as checking account balances, obtaining statements, make payments and checking recent transaction.

3. Mobile banking:

Banks or other financial institution are provided of mobile banking service. Banks allows its customer can conduct financial transactions and inquiries through mobile device such as a Smartphone or tablet unlike the related internet banking it uses software also called an app provided by the bank for purpose of mobile banking. It is usually available on 24 hour basis. Some financial institutions have restrictions on accessed accounts through mobile banking as well as limit on the money that can be transacted. Mobile banking services is divided in to two categories.

A. **SMS based:** banks provides some facility like they send messages called notifications or alerts to customers mobile phones using SMS messaging.

B. **Menu based:** The customer can download and installs application on your phone. Whenever customers need any sort of information, he select application and request from menu and sends the request to proscribed number. The bank sends back the result to him.

4. Phone banking:

In this, customer must first register with the service. They would be provide a customer number and they may be set up their own password for customer verification. Customers would authenticate their identity through customer number. The service can be providing using automated system using voice recognition capability (VRC), Dual-tone multifrequency signaling (DTMF) or by live customer representatives. Telebanking is two parts:

A. **Public enquires:** Banks have special enquiry number (cell centre). Customers call this number and get general information about banking services.

B. **Private enquiry:** Customer or account holder obtained specific information by using personal identification number (PIN) and customer ID.

5. Electronic clearing cards:

Recently people are not use physical cash because e-cash is used in place of physical cash. Electronic clearing system such as and credit card and. Debit card. Credit card is a payment card issued to holder. Credit cards holder buys goods and services with specified limits of amounts plus the other agreed charges. Debit card are also mode of exchange. It permits 'anywhere, anytime accesses' to the card holder from their personal account. A consumer having a debit cards doesn't requires physical cash. The main difference between both of them is that debit card is a pre-paid and credit card is post-paid.

6. Electronic fund transfer:

Electronic funds transfer (EFT) are system provides facility to electronic fund transfer from one account to another account, either within a on financial institution or across multiple institutions through computer based systems without the international of a bank branch.

Importance of E-banking:

We will look at the importance of e-banking for banks, individual customers and business separately.

A. Banks point of view:

1. Lesser transaction costs.
2. A reduced in human error.
3. Digital records are reducing paper works so it is helpful for environment.
4. Lesser need of bank branches so that reduced fixed costs.
5. More loyal customers.

B. Customer point of view:

1. Customer can access his account from anywhere at any time.
2. Lower cost and time per transaction.
3. Geographical barriers are reduced.

Challenges or problems of E-banking:

Following problem in the way of Indian banking sector.

1. The main problem faced by e-banking is that it is not safe and secures all the time. Some technical defaults may be loss the data of customer.
2. People are less awareness about internet and new technology.
3. Illiterate and lack of computer knowledge among people.
4. English language is a barrier among people.
5. In banks there are limited trained workers.
6. People wants to receipt and contact with bankers.
7. Lack and limitation of regulation and laws regarding e-banking.
8. There are various risk including in e-banking such as: legal risk, managerial risk, security risk, money laundering risk, etc.

Suggestions:

1. Banks should create awareness among people to e-banking and educated the customer about e-banking.
2. Banks should create awareness and educated about e-banking products and services.
3. All banks must follow a standard and keeping security of customer funds.
4. Technical defaults should be avoided time to time by well trained technicians in field of computers so that loss of confidential of data can be avoided.
5. Banks must develop anti money laundering (ALAM) technology for reporting and querying because reduces in money laundering risk.
6. Banks must have an internal complain system to adopt a fraud free culture of banking.
7. Banks should be organised seminars and workshops especially for who are ATM or computer illiterate.
8. Banks must adopt broad e-banking network so that the remote bad rural areas of the country can take advantage of e-banking.

Conclusion:

In India, e-banking is in a initial stage. No doubt Indian banks are efficient efforts for the adoption of technology and e-delivery channels but still people are careful of the concept of e-banking. Banks are efficient efforts to popularize the e-banking products and services. Younger generation is aware and accepts of benefits of e-banking. In year to come, e-banking will not only be allowable mode of banking but also will be desired mode of banking.

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