



IMPACT OF E-BANKING IN TOURISM SECTOR

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Abstract : E-Banking is named as “Electronic Banking” which facilitates basic banking and financial services via internet. In today’s Digital era, it is defined as the use of mobile devices and other electronic gadgets to facilitates currency exchange, transfer of funds, and movement of tourism commerce around the world. This study focuses on to know about the growth of online or E-Banking users in worldwide or in India, and to study the impact of online banking in tourism sector. The particular study is conceptual as well as descriptive in nature based on secondary data. E-Banking has a significantly positive impact in tourism sector where it helps foreign tourists to get access of facilities such as currency exchange or money convertibility, transfer of Funds, Payment of Bills etc. There is a need to take various revolutionary steps to flourish the growth of tourism sector through establishment of Tourism Banks and online managing administration with other international banking facilities and packages.

Keywords: Online Banking, E-Banking, Virtual Banking, Digital Banking, Tourism Commerce, Tourism Banks

I. INTRODUCTION

E-banking, also known as virtual banking, digital banking, online banking, or internet banking, is what is referred to as "Electronic banking." If Simply said, it is the delivery of various banking products and services via electronic and telecommunications networks. A consumer can use his computer or smart phone to access his account and complete several transactions through e-banking.¹ E-Banking plays an important role in every sector of the economy. In tourism sector, e- banking is very much favorable for tourists in providing various banking and financial services. E-Banking provides services like ATM’s, Mobile banking, Internet banking, Tele-banking, Smart Cards, Electronic Clearing Services, Electronic Fund Transfer (EFT), Electronic Clearing Cards, Door-to-door banking and other ancillary services like Bill Payment, Fund Transfer, Investing and Shopping etc. E-Banking services are highly accessible and acts as a weapon to connect all over the world together. Online banking is a pleasant surprise for all sectors and especially for tourism sector. With the help of E-Banking , any type of inquiry or information, transition becomes easy and fast moving. It saves a time, provide discounts on payment and also facilitates transaction without any reference of bank branches from anywhere at any time.

Types of E-Banking :

1. Real Time Gross Settlement (RTGS) : RTGS is a safe and secure system for fund transfer. The system is available on all 365 days on 24x7 hours. This system provides the facility of real time transfer of funds to the beneficiary account. The RTGS system is primarily meant for large value transactions where minimum amount to be remitted through RTGS is ₹ 2,00,000/- with no upper or maximum ceiling. The transactions are processed continuously on a transaction-by-transaction basis throughout the day in RTGS.

2. National Electronics Funds Transfer System (NEFTS): Any individuals, firms and corporate maintaining their accounts with any member bank, participating in the NEFT system, can electronically transfer their funds to any individual, firm or corporate having an account with other banks in the countries participating in the NEFT system. There is no limit for transfer of funds is imposed by the RBI through NEFT system. The NEFT system is available round the clock throughout the year on all 365 days, i.e., on 24x7 hours. At present, NEFT operates in batches on half-hourly intervals throughout the day.

3. Electronic Clearing System (ECS) : Electronic Clearing System is used by various organizations or institutions for doing bulk payments of amount towards distribution of dividend, interest, salary/pension, and bill payments such as phone bills, power bills etc., or also for the collection of amounts in bul k towards telephone bills, electricity bills , water dues, cess or tax collections, loan installment repayments, periodic investments in mutual funds, etc.

4. Immediate Payment Services (IMPS) : IMPS provides an interbank electronically fund transfer services through mobile phones. Users can send up to **Rs. 5,00,000** to the beneficiary via IMPS. The IMPS payment service is available 24x7 hours and 365 days in a year.

5. Society for Worldwide Interbank Financial Telecommunication (SWIFT) : SWIFT payments are payment transactions using the SWIFT international payment network. This network provides a facility to send or receive international electronic payments. Also, SWIFT payments are sometimes referred to as international wire payments.

Online Payment Apps :

Google Pay : Google Pay is also known as G-Pay. Google Pay is a kind of digital wallet and payment platform developed by Google. It enables users to make payment or operate transactions with the help of Android devices in store and on any supported websites or mobile apps.

Paytm : The biggest online payment system in India is Paytm, that allows its users to send money for free to anyone else who has a Paytm wallet. Additionally, it assists users in paying utility bills, purchasing cinema tickets, and using a variety of services offered via applications developed by partners.

Phonepe : PhonePe is a mobile payment platform from which users can transfer money, can recharge phone no., pay utility bills, etc. Phonepe enables it's working on the Unified Payment Interface (UPI) system.

BHIM : Bharat Interface for Money (BHIM) is an app that make simple, easy and quick payment transactions using Unified Payments Interface (UPI).

II. REVIEW OF LITERATURE

(Yadav et. al, 2021) in their paper titled as "Online Banking impact in Tourism Service Industry" attempts to study about the present scenario of online banking and it's importance in tourism sector. Their study is conceptual in nature based on secondary data. In their study, they concluded that online banking is very much favorable to keep money portable and safe. Also, Government and RBI needs to enhance online banking services and for the growth of tourism.

(Banna et. al, 2021) in their chapter studied about the functions of banking and financial intermediaries in promoting the travel and hospitality sectors and accelerating Bangladesh's socio-economic development. Researchers employed secondary sources of data for analysis in this study. The conclusions of this study states that the banks and other financial institutions must develop and include tourists-friendly goods and services.

(Hosain et. al, 2020) in their study discussed about the travel industry and banking possibilities of Bangladesh and comparing with neighbor nations. Their study promotes the use of SWOT Analysis to improve managerial skills, reduce financing costs, overcome obstacles, and increase productivity. Also, it underlines the functions of commercial banks for the improvement of travel industry.

III. OBJECTIVES OF THE STUDY

1. To study about the growth of online banking users worldwide.
2. To study about the growth of online banking users in India.
3. To know the importance of Tourism Sector in Economic Development.
4. To study the impact of online banking on Tourism Sector.
5. To do the SWOT Analysis of online banking in Tourism Sector.

IV. RESEARCH METHODOLOGY

This study is conceptual as well as descriptive in nature and based on secondary data collected through various websites, research papers, journals, newspapers, articles etc.

V. ONLINE BANKING USERS AROUND THE WORLD

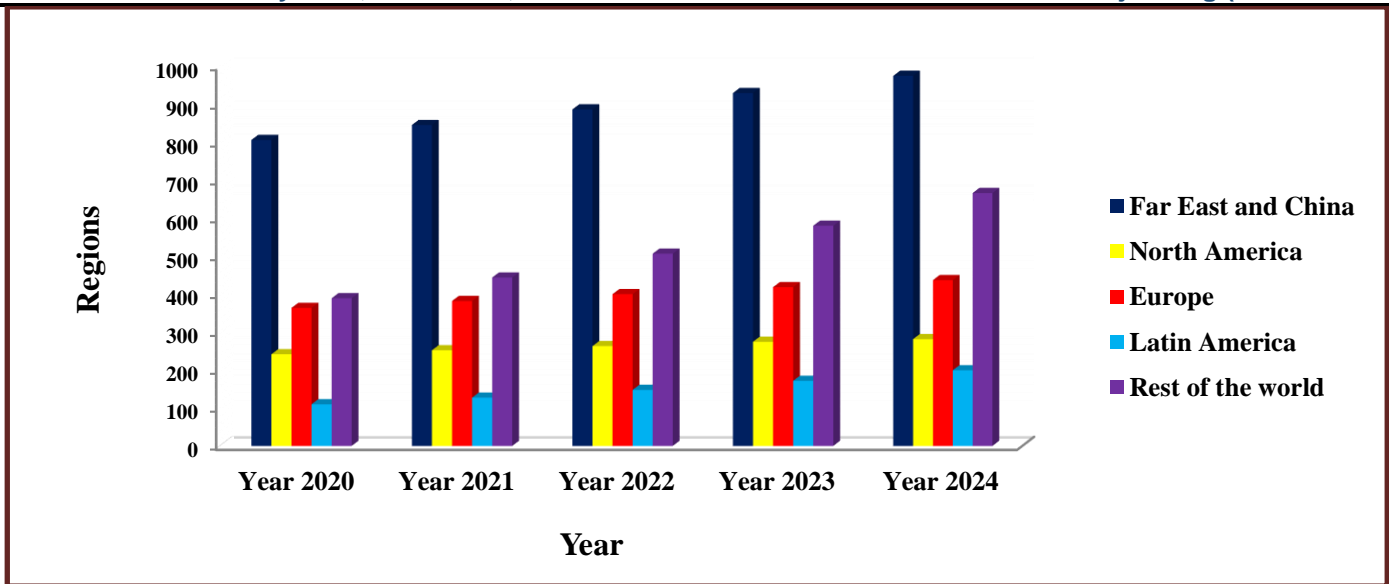
According to Finder's Digital Banking Report, Brazil is leading with 43% of Digital or online bankers having an account in 2022 followed by India with 26%, Ireland with 22%, Singapore with 21%, Hongkong with 20%, UAE with 19%, Mexico with 17%, Spain with 17% and South Africa with 15%. On the other hand, USA has the smallest i.e., 8% of youth having a digital/online bank account followed by Philippines and Malaysia both with 13% and also Portugal and Germany with 14%. As per the survey, Mexico is expected to have a increase in online banking users with 20% and UAE is very much close enough to reach 22% of online banking users followed by Philippines with 21 points and India with 19 points.

Table 1.1 No. of online banking users in various regions worldwide in 2020 with the estimate from the year 2021-2024 (in millions)

Regions	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
Far East and China	805.1	844.4	885.6	928.9	974.3
North America	240.1	250.5	261.4	272.7	279.6
Europe	361.7	379.9	398.1	416.4	435
Latin America	109	126.4	146.7	170.4	198
Rest of the world	387.3	441.8	504.9	578.5	664.9

Source : <https://www.statista.com/statistics/1228757/online-banking-users-worldwide/> , Statista Research Department, June 10, 2022 (16/01/2023 11:20PM) (Online Banking Users Worldwide by Region 2020, 2022)

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Table 1.1 depicts the number online banking users in various regions worldwide in 2020 with the estimate from 2021-2024 (in millions) where Far East and China has significant number of online banking users as compared to other regions of the world. In the year 2020, East and China have 805.1 million of online banking users which are much higher than the other regions of the world and expected to reach nearly about 1 Billion in the year 2024. Despite the fact, In 2020, Asia was the region with the largest internet banking market and largest online banking penetration rate have been observed in European Countries, where South Korea has ranked 6th with a penetration rate of 74%.

VI. GROWTH OF ONLINE BANKING USERS IN INDIA

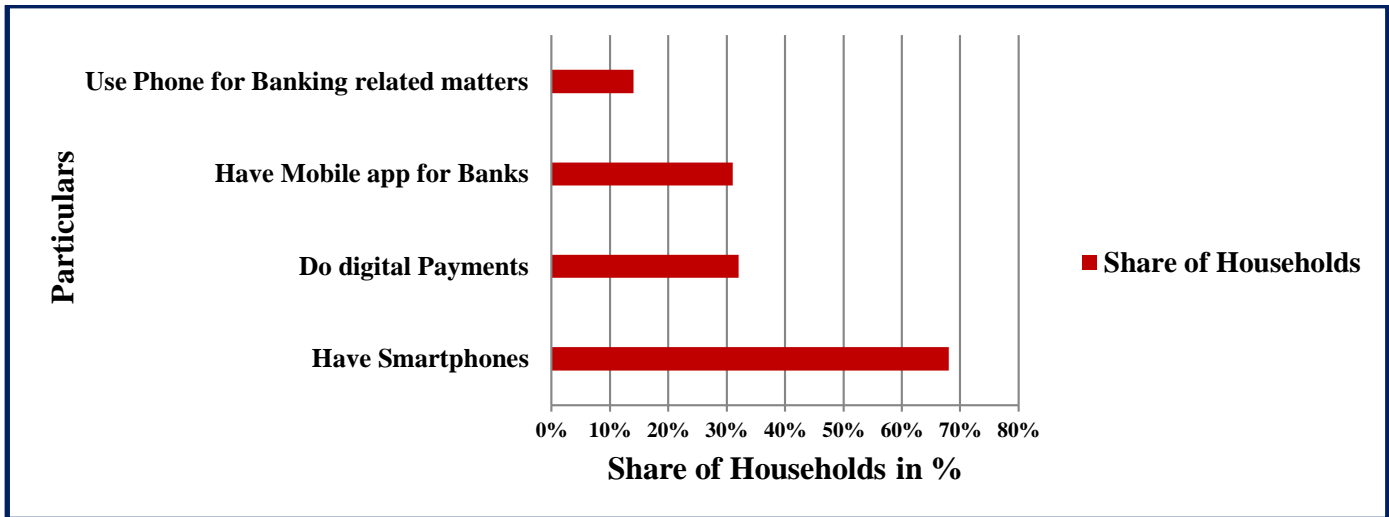
In India, craze of Online Banking has been increased after the implementation of demonetization on 8th November 2016, where government has demonetized the bank notes of all Rs. 500 and Rs. 1000 of Mahatma Gandhi Series with the exchange of new bank notes of Rs. 500 and Rs. 2000. Government has also given support to banking sector through various schemes such as Pradhan Mantri Jan Dhan Yojana to connect individuals with bank accounts or to enhance financial inclusion in remote areas. Now-a-days, India is in the midst of a digital revolution where internet users are not limited upto search or social networking, now they are moving towards more mature or responsible activities like online shopping and banking. It is to be noted that 70 % of internet users who belongs to urban areas are highly digitally influenced during their purchase for financial products, which means that users are utilizing at least one digital channel or platform during their journey to purchase certain financial product. In this era of digital adoption or revolution, online banking and financial services are much larger than the other categories of services like consumer electronics or travel. According to a report composed or drawn up by Facebook and Boston Consulting Group (BCG), during current digital drive in India, it was expected that the number of online banking users will get double and will also reach up to 150 million mark by the year 2020, where 45 million urban online banking users are active in India in the year 2017.⁸

Table 1.2 Online Banking Users in India in 2020 in %

Particulars	Share of Households
Have Smart phones	68%
Do digital Payments	32%
Have Mobile app for Banks	31%
Use Phone for Banking related matters	14%

Source: <https://www.statista.com/statistics/1249581/india-status-of-online-banking-adoptio/>, Statista Research Department, Sep 29, 2022 (16/01/2023 11:20PM)

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Source: <https://www.statista.com/statistics/1249581/india-status-of-online-banking-adoption/>, Statista Research Department, Sep 29, 2022 (16/01/2023 11:20PM)

VII. IMPORTANCE OF TOURISM IN ECONOMIC DEVELOPMENT

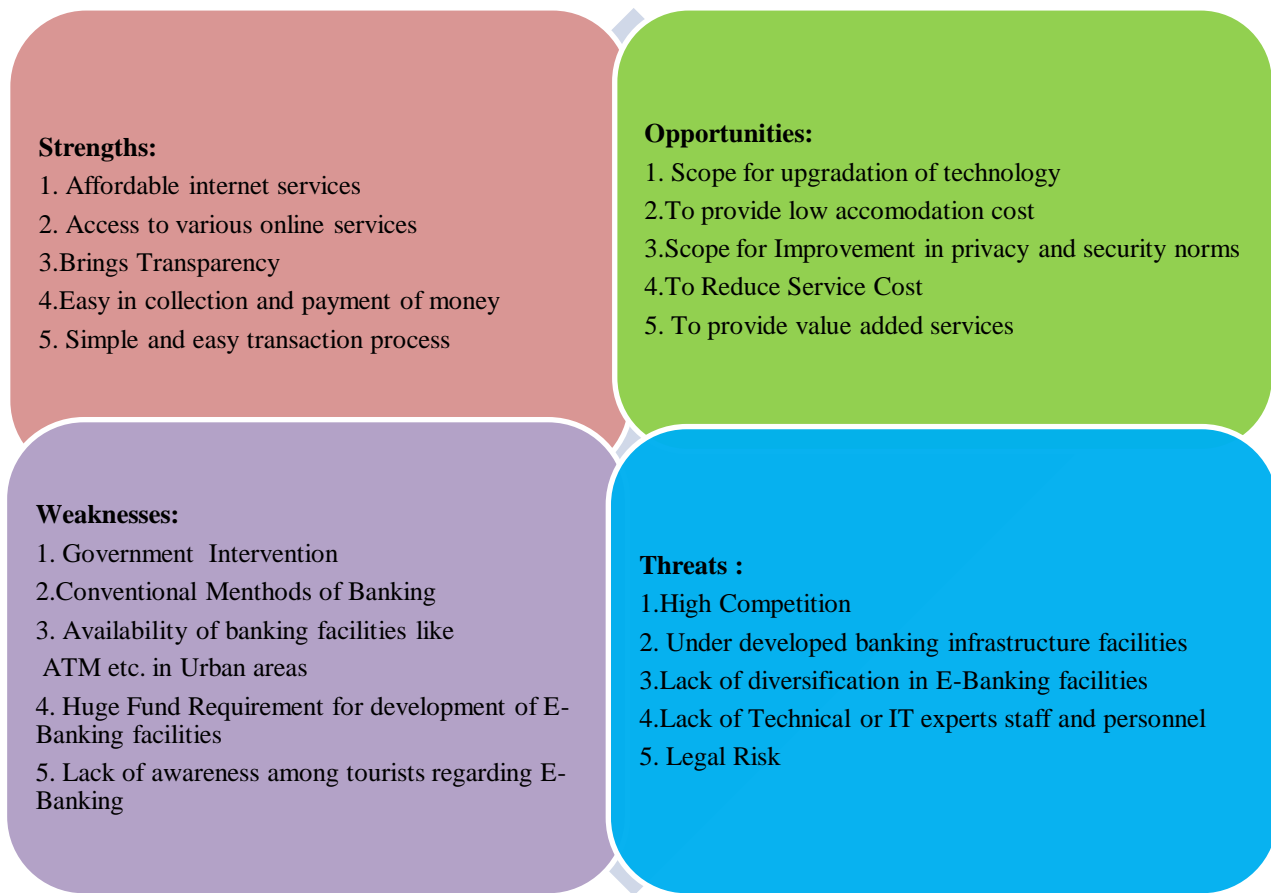
Tourism is vital for the success of the many economies around the world. Tourism boosts the revenue of the economy, creates job opportunities and develop infrastructure of a country. Tourism sector helps in development of basic infrastructure facilities like Health, Electricity, Water, education, financial and banking services etc. which helps in modernization or social and financial advancement in the society. Tourism sector is an essential function within the financial framework of any financial system of an economy. Tourism sector also helps to encourage and improve healthcare facilities for the improvement of standard of living in various districts and regions of the country. Tourism sector also encourages the cultural exchange between different nations of the world which creates a chance to develop modern society through cultural exchange that creates an opportunity to improve infrastructure and make availability of basic financial or banking services for better living. Tourism sector helps in development of basic infrastructure facilities like Health, Electricity, Water, education, financial and banking services etc. which helps in modernization or social and financial advancement in the society. Tourism has proved its importance as a major sector that has an effect on nation's economic development over the years. Tourism sector accelerates the growth of economy through employment, and boost in GDP by capital formation, investments, exports of products and services or revenue generation by earning foreign exchange etc. It proves that basic Financial and banking services are the pillars to accelerates the growth of economy through tourism sector and bring financial or social advancement with modernization into society as well as in world's economy.

VIII. IMPACT OF ONLINE BANKING IN TOURISM SECTOR

E-Banking has a very significant and positive impact on Tourism Sector through which economy can grow stronger such as the inflow of tourists money. In today's digital world everything is connected with internet and for tourism sector it's a blessing. When tourists visited from one place to the other, online banking helps tourists or visitors to book their tickets for travel, or for vehicles and use internet for lodging and boarding, E- Visa, E-Passport facilities, etc. They can also use e-banking services to get their hotels, restaurants and lodges booked for their accommodation and for online shopping, without any problem they get what they need on heavy discounts with safe and secure transaction process. E- Banking services attracts individuals or tourists for their easy and simple transaction process and also saves a lot of time. For foreign tourists online banking provides various benefits like they have access to their bank account from anywhere in the world, it is simple and easy to understand transaction process, they can never get out of pocket because only single device mobile or smart phone is required to carry, issuance of travelers cheques on discount, no fear of security or theft and foremost important facility i.e., currency convertibility/exchange is very much easier through online banking. Today, each and every economy is moving towards cashless and advanced economy, this has made tourism sector and all other related sectors to make facilities such as reservations, bookings and settlement of payments bills online or cashless. Through innovation, advancement and modernization, various IT forms solutions have been generated in the computerized form to overcome with the issue of going cashless such as development of payment apps, e-wallets, ATM, Credit card etc. which has made the digital transactions easier and secure. It is noted that the lending facilities for providing loans or funds to needy customers and for small or medium size enterprises (SME) are available, thus, there is a need to also integrate banking norms to integrate tourism friendly products and services so that lending facilities can also be made available for tourists. This partnership among banks and tourism industry will facilitates the promotion and development of tourism sector.

IX. SWOT ANALYSIS OF ONLINE BANKING IN TOURISM

SWOT analysis will help to identify the Strengths, Weaknesses, Threats and Opportunities associated with the Online Banking in Tourism sector.



X. SUGGESTIONS

1. Development of basic banking and financial infrastructure by central banks and government.
2. Development of Tourism Banking Facilities to maximize the development of tourism and hospitality sector.
3. Establishment of specialized banks for Tourism and online managing administration for flourishing tourism banking.
4. Appointment of highly skilled technical or IT experts staff.
5. Conducting awareness programmes for digital banking in tourists places.
6. Improvement in ICT based online banking tools.
7. Providing facilities like Lending packages, Discount packages, currency packages, Ease in currency convertibility/exchange and international banking facilities at an affordable cost.

XI. CONCLUSION

Online Banking serves as a time saving operation and accessible mode to deal with basic banking and financial transaction around the world. Now a days, it is becoming a “Nice to have” rather than “Need to have”. E-Banking is a satisfactory mode to keep money safe and portable especially for foreigners visited from one place to another, they can easily transact with a single device from anywhere. Various services such as tickets booking, currency convertibility, transfer of funds, payment of bills and other banking facilities, whatever they need they get without any problem in one go. There is a need to improve a lot in field of Digital Banking, where RBI and government both needs to take necessary actions such as proper online managing administration, conduction awareness programmes, hiring skilled IT professional staff, facility of currency convertibility at an affordable cost and also need to establish Tourism Banks for the development of tourism banking. Without sufficient online banking and financial services, it will become difficult to continue tourism movement effectively around the world.

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