

# Net banking

(Safety & security in net banking)

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**Abstract:** In today's era, one cannot think the success of any service industry including banking industry without the help of Information- technology. After demonetization 2016 people in India have started using Net banking at large scale. Financial transactions and payments can now be processed quickly and easily in fraction of seconds .but Still there are some people who are not using net banking system because- of safety & security issues.

This paper tries to understand what Net banking is, its importance in the current financial market situation. This paper tries to create awareness of net banking in unreached area. This paper tries to understand the opinion of different age groups about net banking. Through this research study tries to understand that still some people in India prefer to go for branch banking instead of Net banking. So this research study tried to find out loop holes in internet banking. The study adopted a primary quantitative data collection and a structured questionnaire was prepared and sent to various people to collect the response. Through this study we understood pros and cons of net banking & also tries to find out reason for using or not using net banking. This study is more on primary data & research. Overall the paper concluded with the positive as well as certain neutral answers which meant that due to non-availability of proper knowledge & safety measures, the people are reluctant to go for Net Banking although they wish to.

**Index Terms:** Net banking, Safety & security, banking sector

## Introduction: Net banking

In today's era, one cannot think about the success of any service industry including banking industry without information technology. It has increased the contribution of banking industry in the economy. Financial transactions and payments can now be processed quickly and easily in friction of seconds. Every second development in Information Technology (IT) and its acceptability by the commercial banks in India has enabled them to use IT extensively to offer their products and services to customers apart from just back office processes. Banks with latest information technology techniques are more successful in the cut throat competitive market in these days. Further, they can generate more and more business opportunities resulting in greater profitability.

E-banking can simply be defined as using Automated Teller Machines (ATM's) , telephones, internet and mobiles for doing day to day simple and advance transaction without being physically present in the bank , to use the services like making queries for account balance, making different type of payments like bills, mobile recharge, money transfer, filing income tax return electronically. In simple words, e-banking is concerned with doing all these transactions from home or office without visiting the branch; 24 hours, 7 days in a week by using ATM's , telephones, internet and mobiles etc for doing banking services.

### Various forms of e-banking:

**1. Internet banking:** Online or Internet banking is a way for customers of a bank to conduct a range of financial transactions through their online banking channel. Online banking gives you the freedom to bank where and when you want and is a very convenient way to stay on top of your finances.

Typical features and functions of online banking sites:

- View accounts
- View transactions
- Transfer money between accounts

- Pay money to someone
- Schedule bill payments
- View statements
- Manage Credit Cards

**2. Automated Teller machines (ATM) :** ATMs are electronic machines which are operated by customer himself to withdraw or deposit cash. ATM's are most heavily demanded and fulfil most of the needs of the customers without visiting the bank. ATM delivers multiple services 24x7, which is major cause of making it a success in the history of banking industry. In fact, e-banking services became profitable and successful due to various services delivered through ATM's. The management of ATM's involves loading of cash, arrangement of money with bank service of car that delivers cash, providing insurance for all areas such as theft of cash from ATM's.

**3. TELE banking:** In phone banking, banking transaction is done over the telephone. Customers of banks can get information about their accounts; make banking transaction like fixed deposits, money transfer, demand draft, collection and payment of bills etc by using telephones. As more and more people are using mobile phones, telephone banking is also possible with the help of mobile phones. Telephone banking satisfies the customer with fast, anytime transaction and account information via telephone access.

**4. Smart card:** A smart card looks identical to a credit card in size and shape but is completely different on the inside. On the inside it contains an embedded microprocessor. The microprocessor is under a gold contact pad on one side of the card. Smart cards provide identification, authentication, data storage and application processing.

**5. Debit Card:** A debit card is a plastic payment card that provides an alternative payment method to cash when making purchases. Depending on the store or merchant, the customer will swipe their card or insert it into the terminal to complete a transaction. The transaction is verified and processed after the customer enters the correct PIN and after signing the sales receipt. Customers who are not 'credit worthy', who find it difficult to obtain a credit card go for a Debit Card.

**6. Credit Card:** A credit card is a small plastic card issued to account holders to use a mode of payment. It allows the holder to purchase goods and services based on the holder's promise. The issuer of the card grants a line of credit to the card holder from which the holder can borrow money for payment.

#### Benefits of E- Banking

- E-banking helps in reducing the cost of delivering the services to the customers.
- E-banking help to reduce marketing efforts of bank. as they can do promotion Through websites.
- It reduces the use of paper money that helps the central bank in printing less paper notes.
- E-banking delivers 24x7 services to customer.
- Easy access to account information in quick time.
- Payment can be made online for the purchase of goods and services.
- Customer can get the details of saving, current, fixed deposits available in their account balance.

## Review of Literature

There are substantial amount of studies conducted at the Indian level and international level but, very few works have focused on the Internet banking, its usage, safety measures and its perceptions, attentiveness level, satisfaction levels, attitudes and behavior of the internet banking, security issues, and financial frauds. Additionally, studies relating to the Internet banking security specifically in the Southern Region of Tamil Nadu are extremely limited. The present study is an attempt to bridge this research gap by studying Internet banking security among the selected Indian Bank customers.

**Pooja Malhotra & Balwinder SINGH (2009)** In their research paper “The Impact of Internet Banking on Bank Performance and Risk: The Indian Experience”. The paper describes the current state of Internet banking in India and discusses its implications for the Indian banking industry. Particularly, it seeks to examine the impact of Internet banking on banks’ performance and risk. Using information drawn from the survey of 85 scheduled commercial bank’s websites, during the period of June 2007, the results show that nearly 57 percent of the Indian commercial banks are providing transactional Internet banking services. The univariate analysis indicates that Internet banks are larger banks and have efficiency ratios and profitability as compared to non-Internet banks. Internet banks rely more heavily on core deposits for funding than non-Internet banks do. However, the multiple regression results reveal that the profitability and offering of Internet banking does not have any significant association, on the other hand, Internet banking has a significant and negative association with risk profile of the banks.

Several studies bring out the importance of security in Internet banking. Broderick and Vicharapornpuk (2002) studied the importance of customer role in designing and providing quality service in Internet banking. **Guraau (2002)** analyzed the state of affairs of online banking and its services. The study also pays attention more towards the virtual banking system. Karjaluto, Mattila, and Pento (2002) made an attempt to determine those factors that influence the formation of consumer attitude toward electronic banking. **Hutchinson and Warren (2003)** studied the financial service of electronic commerce, Internet Banking and its benefits to the customers. In the study, internet banking security measures and various techniques for privacy of customers’ data has been discussed. Rotchanakitumnuai and Speece (2003) in their research work found that corporate customers do not accept electronic form of banking, which can assist banks to implement this self-service technology more efficiently in the various banking transactions. **Lympero and Chaniotakir (2004)** evaluated the allusion of Internet – banking technology and the existence of different distinct factors which affect the market. Li and **Worington (2004)** in their working paper described linkage between internet banking and electronic activities in the business and industrial events.

## Research Methodology

### Research:

A survey was undertaken to find out the reach of Net banking. This was to understand the perception of people towards net banking & it’s use.

**Research methodology:** The task of data collection was conducted by circulating online Questionnaires through Google forms.

**Primary data** refers to the data that is freshly collected as per the needs and requirements. Primary data helps to find out what is actually going on in the minds of the consumers. **Secondary data** refers to the data that is already available, maybe in the form of articles published in newspapers, research papers or through various other sources. The application of both primary and secondary data helps to get appropriate results of our research.

**Sample size-** 50 responses were recorded to find appropriate results.

### Tools used in survey-

- 1) Questionnaires through Google form

### Objectives of the Study

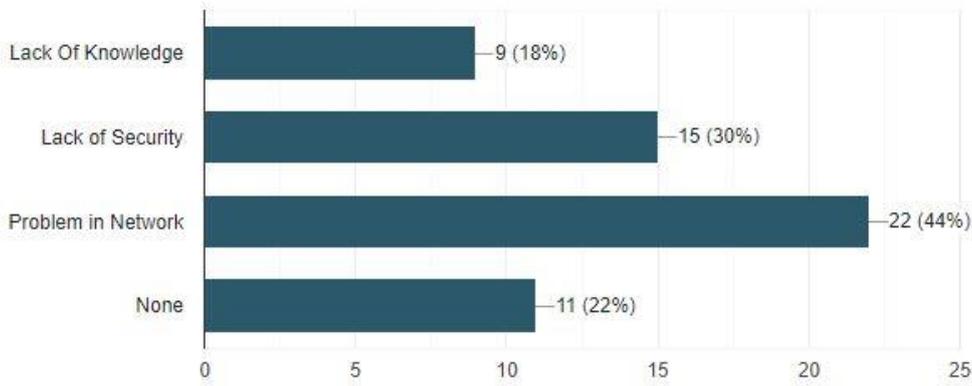
The objectives of the present study are –

1. To understand the problems faced by customers while using internet banking services.
2. To create awareness about safety & security measures need to be taken in net banking.
3. To provides information about action needs to be taken in net banking frauds

### Analysis of the primary data collected through google forms

#### What are the problems you are facing while using e- payment ?

50 responses



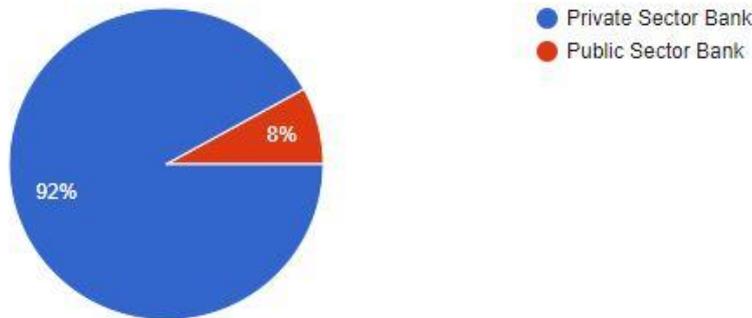
#### Age

50 responses



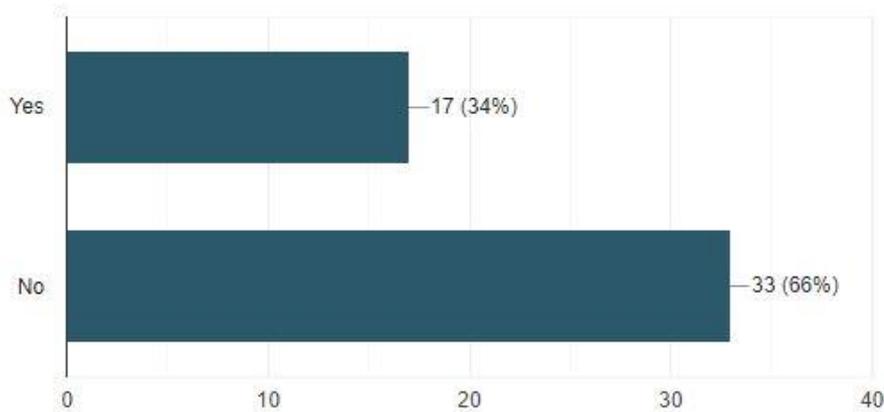
### Which category of the banks do you consider as most technologically advanced?

50 responses



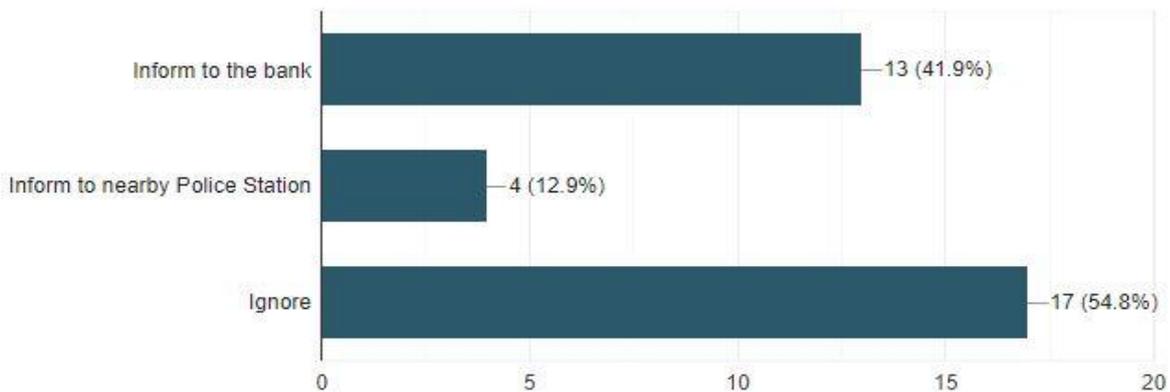
### Have you ever received any Fake call like inquiry for OTP Number, Account No. etc?

50 responses



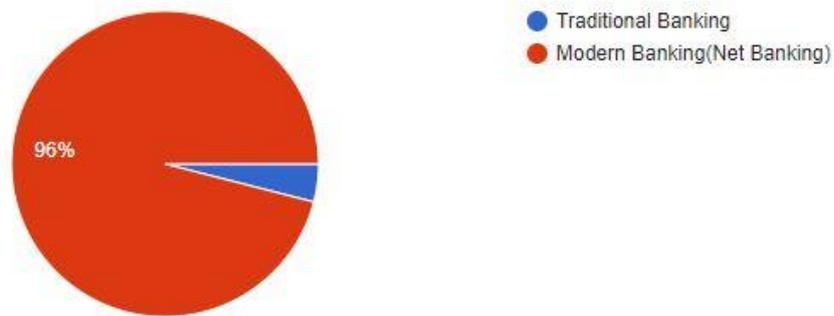
### If yes then what Action you have taken against this calls?

31 responses



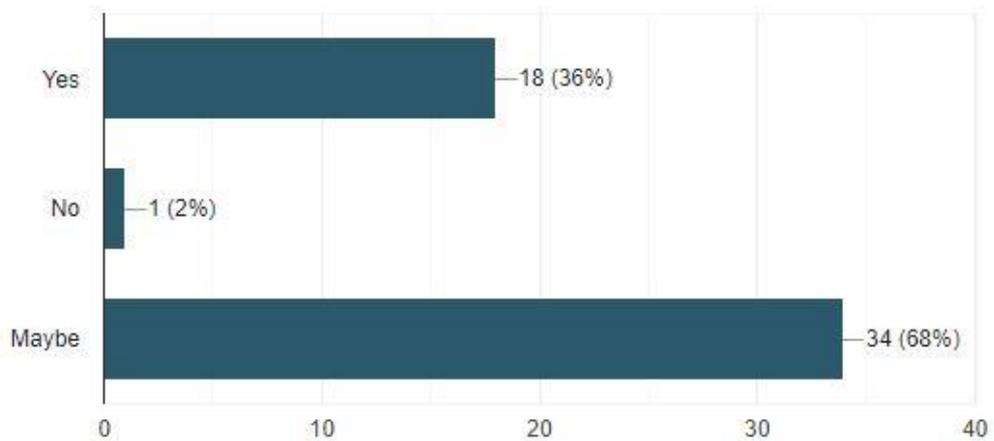
### Which type of banking facility do you feel is more Convenient ?

50 responses



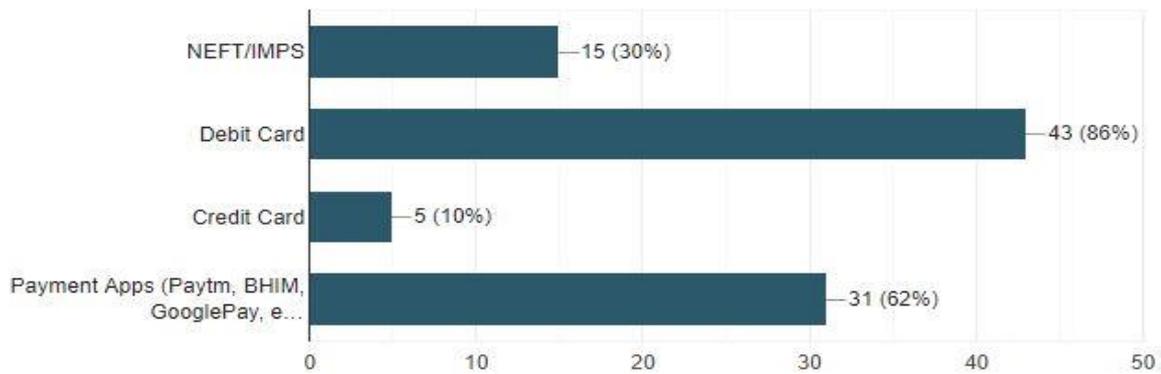
### 10. Do you think online payment system is safe?

50 responses



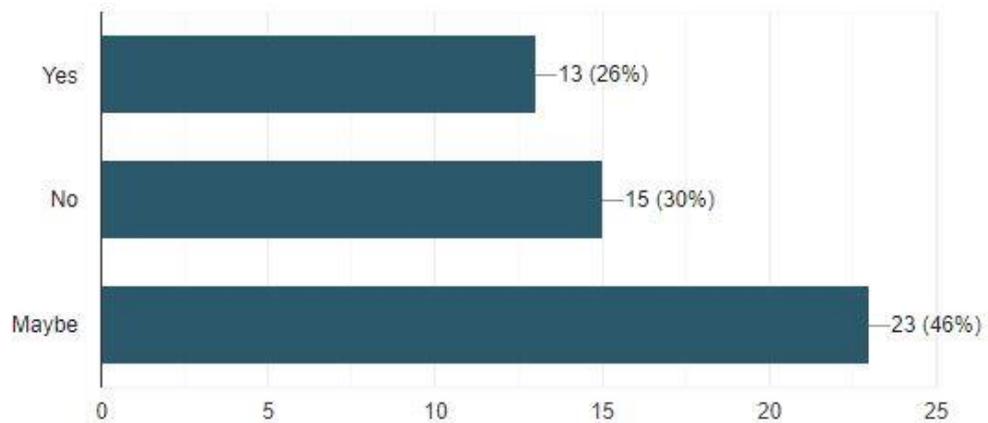
### Which Online Payment System you use on regular basis?

50 responses



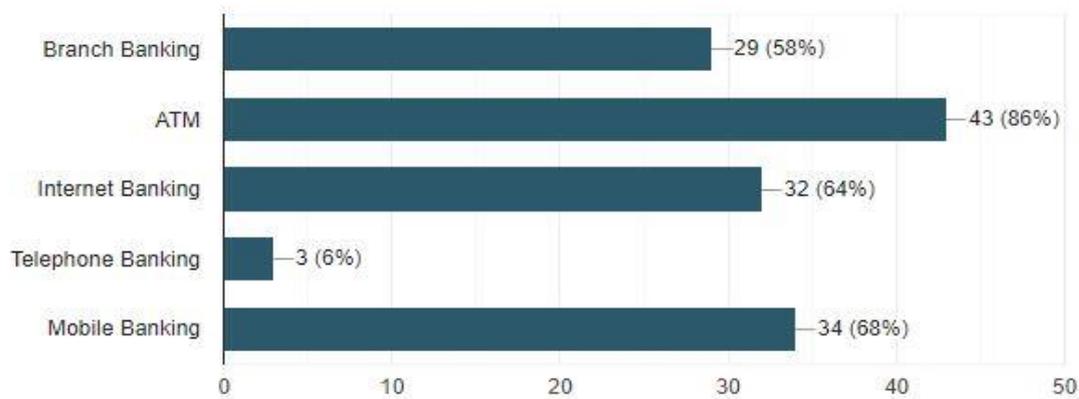
### Do you think e-payment system can completely Replace with existing payment system??

50 responses



## What all Banking Services do you use?

50 responses



## Suggestions based on the research

### Measures to Ensure Security

Security is an essential part of any transaction that takes place over the internet. Customer will lose his faith in net banking if its security is compromised. Following are the essential requirements for safe e-payment transaction.

1. Confidential: information should not be accessible to unauthorized person. It should not be intercepted during transaction.
2. Joint action need to be taken by customer, bank & police at the same time.
3. Encryption, digital signatures, Antivirus these tools can be used as pre safety measures.
4. Change your password regularly.
5. Avoid free wi-fi while using Net banking.

## Conclusion

To sum up, the current study analyzed the Internet banking customers in the Coimbatore district to understand various aspects of Internet banking services, and the concerns on security measures by the consumers. The outcome of the research work on the Internet banking helped to identify the precautionary checklist open to for a number of issues in the internet banking era. Furthermore, a supreme and powerful security policy employed by the banks and legislation instituted by local or state Governments should be in use and obligatory in order to improve security in Internet banking systems. In addition, the banks should provide enhanced, new and improved hi-tech security measures such as Internet scam protection, hacking detector and anti-virus protections, etc. These upgrades can provide better discretion to both existing and prospective Internet banking customers.

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Research through Google Forms-

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