

CHALLENGES AND SUGGESTIONS FOR INDIAN E-BANKING

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ABSTRACT

Information revolution led to the evolution of internet which leads to e-commerce continued by evolution of e-banking. E-banking brings a major change in the field of banking. E-banking means doing financial transactions by using electronic means. For everyone e-banking services became the part of their routine life whether it is for making online payments, for transfer of money from one account to another or for paying electricity bill, water bill etc. No doubt, e-banking services makes our life easier, comfortable and convenient as compared to traditional banking which was time consuming, accessibility limited to working hours and physical presence also required. But then also people face a lot of problems while making online payments. This paper discusses emergence of e-banking, benefits of e-banking. The main aim of this research paper is to explore the challenges faced by people while using e-banking and suggestions to overcome the challenges. For this study, primary method of data collection was used. A sample size of 50 respondents was taken to conduct the studies who are users of e-banking services. The data was collected by using questionnaire. The results of the study states that 90% of the people use e-banking for conducting their financial transactions. They face a lot of problems while using e-banking in terms of security, fraud, transaction difficulty, high transaction cost etc. The study concludes that in spite of all these challenges 81.3% respondents find e-banking more convenient as compared to traditional banking.

KEYWORDS: E-Banking, traditional banking, challenges in e-banking

INTRODUCTION

Banking is a financial institution that creates credit; manage cash and other financial transaction. It provides safe place to people to store their money and also gives money to needy persons in the form of loans. In the late 1980s, the term online became popular and it referred to the use of terminal, keyboard and TV to access the banking system. Online banking was first introduced in the 1981 in New York, United States. Online banking known as e-banking, mobile banking, home banking, internet banking etc. E- Banking brings a major change in the field of banking.

E-banking means where customers conducts banking transactions with the help of internet. Basic banking transactions like paying bills, transferring money, online payments can performed by just one click. In our survey we find out that 44.9% respondents use e-banking mainly for making online payments. 38.8% respondents use e- banking mainly for transferring money from one A/C to another A/C. 10.2% respondents use e-banking mainly for their recharges in phone, TV etc. and 6.1% respondents use e-banking for bill payment. Traditionally, to access banking facilities people have to visit the banks during working hours but internet banking is available 24 hours and there is no need of physical presence. Traditionally banking consumes a lot of time because customers have to visit the banks to check bank balances or transfer amount from one account to another but internet banking does not consume time because customer can access their account from anywhere and anytime with the use of internet. Internet banking is very convenient, easy, time saving unlike traditional banking. Although e-banking offers many advantages to the people but it also without certain challenges and issues in terms of security, fraud, privacy etc.

LITERATURE REVIEW

DRIGA and ISAC studied various aspects of e-banking including its advantages and certain challenges and issues in terms of security and interest of customers. They discuss about the emergence of e-banking and the types of electronic banking services like home banking, PC banking, internet banking and mobile banking. They also studied the international trend in e-banking. They concluded that e-banking increases customer satisfaction as customer can connect to bank anytime and anywhere. E-banking is preferred by customer as compared to visiting branches and in near future it will overcome traditional banking.

CHAVAN studied the internet banking and its benefits and also the challenges in e-banking. He used the secondary source of information which includes journals, articles and papers. He studied the report of internet and mobile association of India (IAMAI) about the preference of IB. he concluded that e-banking brings new opportunities and has benefits to banks and customer but it also has traditional banking risk also. Developing countries also face difficulty in implementing e-banking as compared to developed countries.

INGLE and PRADESHI studied about the nature of internet banking and also the challenges and opportunities of IB in India. They discuss the emergence of banking in India and also e-banking. They also discuss the growth in internet banking. They concluded that the customers should be educated related to internet banking and security. There should be effective complaint management system. Most of the developed nation should prefer this mode of banking.

SULAIMAN, LIM C.H. and ALICE WEE studied the adoption of e-banking in Malaysia. They analyze the local banks websites using a model. They collected the data of 542 respondents out of which 50% were e-banking adopters and rest went to the bank counters and ATM machines. They describe the e-banking products used by them like saving A/C, current A/C etc. The research concluded that e-banking adopters find it easy and convenient and they are using it between six months to 2 years. They also concluded that e-banking has high level of adoption among young persons.

OBJECTIVES OF THE STUDY

To get the full acquaintance of internet banking

To know the benefits of e-banking

To know the challenges in e-banking

To know the solutions of the problems faced by e-banking

RESEARCH METHODOLOGY

Primary data collected from 50 respondents using online questionnaire. The responses are analyzed and presented through pie chart in this research paper.

E-BANKING AND ITS EMERGENCE

Electronic banking or e-banking means where companies, organization, individual conduct their transactions with banking institutions with the help of internet. When financial institutions took initiative to provide the banking services electronically then at that time customers were hesitant to conduct their financial transactions over the web. But due to ease, time saving, convenience, accessibility customers adopts e-banking. In our survey we find out the 90% of the respondents used e-banking to carry out their transactions.

The precursor for the modern home loan banking services were the distance banking services over the electronic media from the early 1980s. The term ONLINE became popular in the late 1980s and referred to the use of terminal, keyboard and TV to access the banking system using a phone line. Online services started in New York in 1981 when four major banks (Citibank, chase manhattan, chemical and manufacturer handover) offered home banking services by using the videotext system.

E-banking made life more easier and banking services more faster for both customers and banks as well unlike the traditional banking where banking is limited in going and visiting the banks for various purposes like depositing and withdrawing the cash, requesting for account statements etc. during working hours. But now, due to e-banking it is very easy to perform the transactions by just one mouse click. There is no need to visit the banks. E-banking saves time, very simple, easy, faster and efficient than the traditional banking. In our survey, 81.3% respondents find e-banking more convenient as compared to traditional banking.

Challenges of E-banking

1. **Security Risk:** - The first major challenge in e-banking is security risk. People get concerned that e-banking is secure or not because cyber criminals only need personal information to steal money. Due to this, people rely more on traditional banking. According to our survey, **29.2%** of respondents find security issue in online banking. Traditional banking is more secure for them.
2. **Fraud:** - In e-banking, fraud is done by using online technology to transfer money to different bank accounts. According to our survey, **7.8%** of respondents consider fraud as a major challenge in e-banking out of which **2.6%** think that sites use personal data of the customers to various firms for their business use and also to political parties for their election purpose.
3. **Transaction difficulty:** - Transaction through e-banking are time consuming and difficult to proceed. According to our survey, almost half of the respondents i.e. **47.9%** find transaction difficulty in e-banking. They find that it takes longer time to deposits to be processed and put into bank account.
4. **High Transaction Cost:** - Transaction cost is the cost charged during the transaction conducted online. The transactions cost charged by the banks are very high that it became a problem for the customer. Our survey analyzed that **12.5%** of the respondents find high transaction cost a major issue in e-banking.
5. **Other:** - other includes most of the time server not responding. Server problem occur due to the heavy loads on the sites. According to our survey **5.2%** of the respondents face problem of down server which creates a difficulty in their transactions.

Benefits of E-banking

E-banking means bank provides services electronically to their customers. It makes life easier due to the following:

- **Accessibility:** E-banking is available 24*7. Online payments, electronic transfer of fund from one a/c to another, checking account transaction etc. can be done anytime anywhere unlike the traditional banking which is limited only to working hours.
- **Time saving:** E-banking saves a lot of time. There is no need to visit the banks for conducting the transaction. In E-banking, the transaction can be conducted from anywhere and at any time. So, it saves a lot of time.
- **Reduces paper work:** E-banking reduces the paper work. It cuts down the usage of paper which is good for environment. Traditionally, every transaction involves a lot of paper. But e-banking reduces it.
- **Mobility:** E-banking can be done from anywhere as long as you have internet connection.

- **Real time account information:** With the help of Internet account can be accessed anytime. The up to date real time information of the money in the account is available which allows the customers to manage the money in better way.

Suggestions

There are various challenges faced by e-banking in India. These challenges include security risk, fraud, transaction difficulty, server down etc. Also people are not aware of e-banking and they are not using it. According to our survey, 10% of the respondents do not use e-banking. Rest 90% face the above problems. These respondents had given the suggestions to overcome these problems.

- 35.4% of the total respondents suggest that it should be more secure so that people don't hesitate to use it.
- 27.1% of the respondents suggest that the platform should be interactive. It must be two way communications.
- 18.8% of the respondents suggest that the transaction cost must be low.
- 16.7% of the respondents suggest that the information should be kept private of the customer.
- Rest of the respondents suggests that the money they send should be revert back within an hour.

Conclusion

E-banking is becoming popular now days. People are moving from traditional banking to e-banking due to various benefits like accessibility, time saving, cost saving etc. People are becoming aware of it and adopting it. A survey of 50 respondents had been done out of which 90% use e-banking over traditional banking and 81% find e-banking more convenient than the traditional banking. E-banking faces various challenges in terms of security risk, fraud, transaction difficulty etc. But they can be overcome by providing more security, privacy, interactive platform etc. Therefore, despite its challenges e-banking is gaining popularity among people and is being adopted by people.