

# E- BANKING CHALLENGES AND OPPORTUNITIES IN INDIAN BANKING SECTOR

<sup>1</sup> S.Umamaheswarl ,<sup>2</sup> Dr.D.Pathmapriya

<sup>1</sup> Assistant professor,<sup>2</sup> Assistant professor

<sup>1</sup> Department of Commerce with CA

<sup>1</sup> SNMV College of arts and Science , Coimbatore

**Abstract :** Our India is improving Digitalization in all the sectors. It makes easy cash transactions all over the places. The Online money transaction was started in the year 1994, it helps many business people to transact their payment from one party to the other party it makes the business people to transfer the money with in a small period of time. But most of the small investors are not using e-banking because of their incomes. In this study attempt to e-banking challenges and opportunities in Indian banking sector. The study has depends on primary data's by 200 samples user of e-banking and secondary data. The finding of the research most of the users felt greatest advantage of e-banking services is time consuming and cashless transaction.

**IndexTerms-** E-banking, challenges,advantages, opportunities.

## I. INTRODUCTION

Now a day's E- banking plays an important place in the Large, Medium and small level of business people. It makes the business people to transaction their money to the one industry people to the other industry people and one customer or more than number of customers. Business people find out the use of the e-banking by the way of time saving, easy transaction, avoid to waiting in the banks, easily getting money from the loan amount to the bank and also getting money from the other relative persons etc., There are different types or sectors under e-banking services. The major services offered are Internet banking, SMS banking, ATMs, and mobile banking, e-cheques, and debit/credit cards. It give the accurate and proof transaction to one person to the other person. We get major benefit fro the banking sector is e-banking only and the customers of the banking sector gets lots of benefits. It creates lot of customers by opening the account the banking sector. The major benefit of the Indian economy is to avoid black money transactions in all type of business and also the business people can may the Tax payment in a truthful way to the Indian Government. The Banking sector faces many challenges and opportunities in the customers and the government.

E-Banking, also known as online baking or virtual banking or internet banking is a system which enables banking transactions like transfer of funds, payment of loans and EMIs, deposit and withdrawal of cash virtually with the help of internet. It is one among the extended features which banking institutions provide, in addition to traditional banking.The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services.

### ADVANTAGES OF E-BANKING

**The Convenience:** Online banking sites and apps are typically available 24 hours a day and can be accessed from anywhere with a decent internet connection. Bank branches, on the other hand, are open limited hours and are becoming scarcer as more banking customers shift their business to the internet.

**Better Terms and Conditions:** Many online-only banks offer better rates than their brick-and-mortar rivals, and some banking chains offer better terms on online-first accounts than on traditional alternatives. This is partly due to the reduced cost of servicing online-only customers.

**Time Saver:** This is the greatest advantage to our generation as we are not able to spend a lot of time for anything. Time management is one of the greatest challenges in our busy lives. e- Banking enables us to carry on banking transactions within minutes, not disturbing our routine.

### CHALLENGES OF E-BANKING

**Acceptance of Customer:** Proper understanding of the customer is the major aspect of the E-banking. It is known that computer literacy in India is yet very low and is problems in fast acceptance of internet. Attitude of the Indian customer needs to be changed by giving awareness about technical terms in internet banking.

**Costly Technology:** In connection with Startup cost e-banking is huge at initial level for acquiring personal computer and other equipment's; oneself to do online banking is still not with reach of the middle class & upper middle class customers

**Security:** Security is one of the most significant challenges for online banking marketers. This is because, in the past, if a robber was going to steal a person's bank savings, he or she would have to break into the bank vault, and make a daring escape with the money.

**Transaction Difficulty:** It can be significantly more difficult and time consuming to deposit or withdraw money from an online bank. Not only do online banks often have significantly fewer ATM's than their traditional counterparts, but it also can simply take longer amounts of time for deposits to be processed and put into a bank account

## OPPORTUNITIES OF E-BANKING

**Increasing Internet Users & Computer Literacy:** To use internet banking is very important or initial requirement that people should have knowledge about internet technology so that they can easily adopt the internet banking services. The fast increasing internet users in India can be a very big opportunity and banking industry should encash this opportunity to attract more internet users to adopt internet banking services.

**Competitive Advantage** The benefit of adopting e-banking provides a competitive advantage to the banks over other players. The Implementation of e-banking is beneficial for bank in many ways as it reduces cost to banks, improves customer relation increases the geographical reach of the bank, etc. The benefits of e-banking have become opportunities for the banks to manage their banking business in a better way.

**Multiple Channels:** Banks can offer so many channels to access their banking and other services such as ATM, Local branches, Telephone/mobile banking, video banking etc. to increase the banking business.

**Retail Lending:** Recently banks have adopted customer segmentation which has helped in customizing their product folios well. Thus retail lending has become a focus area particularly in respect of financing of consumer durables, housing, automobiles etc., Retail lending has also helped in risks dispersal and in enhancing the earnings of banks with better recovery rates.

## II. REVIEW OF LITERATURE

**A.J.Joshua, Moli P Koshy(2011)**, in this study majority of the respondents have computer and internet access and they are also mostly proficient in using them. The users of internet banking, tele banking and mobile banking are in general found to be spending more hours using computers and internet than non-users of these service. It concludes that banks can target those customers whose usage of computers, internet and other technology products are relatively on the higher side.

**VijayakumarRajarathinam and charndra Kumar Mangalam(2013)**, has indicate that users were influenced by factors such as quick direct access, ease of use, anytime anywhere banking, status symbol, safety and security. The influence of the factors varied from the type of users. Consumers have different levels of competency in internet banking usage. The higher the consumers felt about their competency in handling internet banking, higher was their frequency in usage of internet banking.

## III. OBJECTIVES

- [1] To know demographic profile of respondents
- [2] To study the opportunities to increase e-banking awareness
- [3] To analyses the challenges and risk factors of e-banking.

## IV. RESEARCH METHODOLOGY

This study basis of primary data collected using the structured questionnaire from the 200 respondents and used convenient sampling methods. The secondary data referred from various journals, newspaper, and websites.

## V. ANALYSIS AND INTERPRETATION

**Table 1. Demographic profile of the respondent  
Gender profile of Respondents**

	No . of Respondents	Percentage
Male	123	61.50
Female	77	38.50
	200	100

### Age of Respondents

	No . of Respondents	Percentage
20-30	55	27.50
30-40	73	36.50
40-50	43	21.50
50 above	29	14.50
	200	100

### Education qualification of Respondents

	No . of Respondents	Percentage
Post Graduate	66	33.00
Under Graduate	103	51.50
Higher School	20	10.00
Other	11	5.50
	200	100

### Income of the Respondents

	No . of Respondents	Percentage
Less than 10,000	27	13.50
20,000 -30,000	62	31.00
30,000 – 40,000	70	35.00
40,000 above	41	20.50
	200	100

The above table1. Demographic profile of the respondent shows that most of the male users and aged (30-40) their monthly income is 30,000 and educated to under graduated level respondent is mostly used e-banking services of the transaction.

**Table 2. Usage of e- banking services**

	<b>No . of Respondents</b>	<b>Percentage</b>
Daily	54	27.00
Once in a week	78	39.00
Once in a Month	46	23.00
Every 6 Months	12	6.00
Never	10	5.00
	200	100

The table 2.Shows e- banking services by different users. In most of the user transact using e-banking services once in a week that is 39% and 27 % of users used in every single day.

**Table 3. Methods of e-banking transaction**

	<b>No. of Respondents</b>	<b>Percentage</b>
Mobile banking	25	12.50
Net Banking	26	13.00
Transfer of funds	46	23.00
Payment of credit	23	11.50
Online Shopping	80	40.00
	200	100

Above the table.3 analysis that usage of e-banking services, most of the respondents e-banking using online shopping transaction and transfer of funds to one person to another person.

**Table 4. Advantages of e-banking services**

	<b>No. of Respondents</b>	<b>Percentage</b>
Cashless transaction	68	34.00
Security	35	17.50
Flexibility	20	10.00
Time saving	17	38.50
	200	100

The table.4 shows that advantages of e-banking services. In this analysis 38.5% of the respondents feel time savings is greatest advantage of e-banking services and 34% of respondents cashless transaction.

**Table5.Challenge's of e-bankingservices**

	<b>No.ofRespondents</b>	<b>Percentage</b>
Awareness	32	16.00
Availability	23	11.50
Safety and Security	72	36.00
Compatibility	35	17.50
Usage	13	6.50
Network Issues	25	12.50
	200	100

In this table.5 shows that challenges of e-banking services. The respondents of 36% feel safety and security is main challenges of the e-banking services. It is the drawback of e-banking services.

## V.CONCLUSION

In this study based the users of e-banking services are increasing as their income and education. Most of the user using e-banking services for online shopping. The transaction cost is low compared to other transaction.The challenge of e-banking services such as safety and security risk, privacy risk, trust factor and less awareness among consumers about e-banking services. Government of India along with various government agencies is making an effort to make e-banking more safe. We expect all the small investors and users also use this e- banking system from coming years

## REFERENCES

1. ICICI Bank Website, "ICICI bank launches Pocket by ICICI bank", Accessed January 25, 2015, <http://www.icicibank.com/aboutus/article/icicibank-launches-pockets-byicicibank.html>
- 2.Vyas DS. E-banking and E- commerce in India and USA. 2009.
- 3.Saraswathyamma KP, Panicker MS. Senior citizens' acceptance of information communication technology: A study of e-banking in India, Journal of Information Technology and Economic Development. 2013; 4(1):1-8.
4. Servon LJ, Kaestner R. Consumer financial literacy and the impact of online banking on the financial behavior of Lower-Income bank customers, The Journal of Consumer Affairs. 2008; 42(2):271-305.