

E - Banking in India: An Overview

Abstract

Banks are playing an important role in economic development of country. With the use of technology, the traditional banking systems become modern. Now a day E-banking become more popular than this tradition banking. E-banking is the cheapest way to providing banking services. Through internet facilities, banking is possible any time and anywhere in online baking there are also fear of security or identity theft but with some safety measures online banking may prove a boon to us.

Keywords: E-banking, India, Technology, Internet, Online.

Introduction

Technology has touched every aspect of our lives. Right from the moment we wake up to the moment we go back to bed at night, technology surrounds us. Either it may be shopping for groceries, paying bills, learning to play a new instrument, finding a plumber, getting food delivery or anything as technology offers a solution for almost everything we could possibly imagine. E-Banking is definitely not a stranger to technology. Online banking has made life simpler for every people around the world. E-banking also known as net banking or online banking, virtual banking, PC banking or mobile banking, is the facility provided by banks and financial institutions to their customers via internet. Internet banking arrived in India in the late 1990s. ICICI was the first bank to champion its usage and introduced internet banking to its customers in 1996. With lower internet costs and increased awareness about electronic media, online banking established itself only in 1999. In this banks provide services like online money transfer, bill payment, account opening and tracking account activity etc. through online banking. Most online payments are done via internet banking option. Now it has become the most convenient payment method for transferring money. Banking activity is no longer confined to the branches where a customer has to approach the branch in person, for cash withdrawal or cheque desposition or request for a statement of accounts. E-banking is the cheapest way to providing banking services. Now banking is possible at anytime and anywhere through internet facility. There is no longer necessary to visit banks or wasting time in long queues of bank branches. For busy executives, students, businessman and home makers online banking is a virtual blessing. Through e-banking a customer can access his account and make many transactions using his mobile phone or computer. E-banking is simply the use of electronic and tele communications network for delivering various banking services and products.

E-banking is a safe, fast, easy and efficient electronic and to carry out online banking services, 24 hours a day, and 7 day a week. For this all you need is the internet access and knowledge of online banking.

Popular Services under E-banking –

1. ATM (Automated Teller Machine)
2. Mobile Banking
3. Telephone Banking
4. Internet Banking
5. Smart Card
6. EFT System (Electronic Fund Transfer)
7. Door-step Banking
8. Tele Banking
9. Bill Payments
10. Fund Transfer
11. Shopping
12. Investing
13. Stop Payments
14. Request a deposite slip
15. View Transaction details
16. Request for check book, Account opening



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Research Methodolgy

This research paper is purely based on secondary data collected from various journals, books, articles, newspapers and Internet.

Objective of the Study

1. To Study Internet Banking
2. To Study Advantages and Disadvantages of E-banking

Type of E-Banking

According to U.S. Department of the treasury, there are three basic types of E-banking now in use.

1. Informational Internet Banking
2. Communicative Internet Banking
3. Transactional Internet Banking

Informational Internet Banking

This is the fundamental type of e-banking service that the bank offers through websites. In this level of service bank deliver information about their products and services to their customers. This is ment for marketing purpose only. It does not allow the customer to see or maintain accounts, nor allows the communication between bank and customers.

Communicative Online Banking

In this level, Internet banking allows some interactions the bank and customer. In this type, bank permit their customers to submit instructions or applications for different services. The customer can request for account inquiries, new account updates, loan or mortgages applications and electronic mail. Communicative online banking may connect with bank's main computer systems.

Transactional Online Banking

This is the most popular online banking. In this type of banking you have full control on your accounts. It includes deposits, withdrawals, transfer, updates and online payments. Relative the informational or communicational online banking, this system posses the highest security risk and must have strongest control.

Advantages of E-Banking

As financial technology progressed, traditional bank began to explore the option of offering online services. There is no doubt that online banking can be convenient. Wherever you turn on your computer or smart-phone, your bank is there waiting for you but there are other advantages and disadvantages as well.

Advantages to the Bank**Lesser chances of errors**

Since all work is performed electronically. So the chances of error are very less.

Lesser Paper work

All the record remain digitals. No more use of papers or pens for recording infromations.

Environment friendly

No paperwork means no more need of using papers. So simply its environment friendly.

i. Cost effective

ii. Online banking is the cheapest mode of banking.

iii. Customer friendly

iv. E-banking services are very loyal to their customers.

v. Permotion of schemes

vi. E-banking is an effective way of promoting various schemes of banks. It becomes a marketing tool.

Advantages to the Customers**Banking Anywhere**

With the use of online banking. Banking is possible anywhere in the world. There is no need to rush to the banks.

Banking Anytime

i. Now due to online baking services, you can approach to your account anytime. Banking is possible 24 hours a day and 7 day a week.

Online Transaction

Customer now can withdraw cash from any branch of bank or ATM by using online technology. If you are a bank account holder, you can easily access the bank's websites using your username and password and carry on transactions.

Convenient

Online banking is convenient for every customer's wheather he or she is a student or businessman or housewife. With the knowledge of online banking, you can access your account, make transactions, purchases online goods if you are a bank account holder. Banking is possible even if banks are closed.

Time Saver

Online banking is a time saver process. Now no need to visit to banks and stand in endless queues of banks. E-banking enables us to carry on transactions with is minutes, without disturbing our routine.

Flexibility

ii. E-banking with its service like 24x7, ATM and mobile banking is flexible to the customers.

Disadvantages of E-banking**Security and Identify theft concerns**

Online banking sites and mobile apps are using latest and updated security protocols, you might be able to transfer money between accounts or pay bills. But it looks so risky with a bank which is not present physically and the risk increases when a large sum of money are involved. There always a fear of what will happen with your money if a website suddenly fold up. There is also a fear of identity theft, because your account can be hacked if some one gain unauthorized access to your account via stolen password. So a large group of internet user refuses to opt for e-banking facilities due to lack of security or certainty.

Lack of Interaction with personal Banker

If you go to a physical bank a relation between banker and customer develops but it you deal with online bank, nobody is there to talk to you if there appear any financial problems. This is the major drawback of online banking.

The trust factor

Customer preffered to deal with conventional banking because online security is not trustworthy. There are always a fear of frauds during online transactions. While using online banking many

questions arises in mind for example – Did transaction go through ? Did I push the transfer button once or twice ? There is always a fear of hackers, identity theft, stolen passwords. Viruses, worms or spyware tend to make customers worry.

Lack of Better Broadband Internet Connectivity

Broadband connectivity in India is not as good as in other countries like Japan, Taiwan, Korea and Singapore. Bigger cities like Mumbai, Delhi, Chennai and Bangalore have relatively better broadband connectivity as compared to small cities and towns. Secondly, if server goes down you might no longer have any access to your account.

Customer's Preference for Traditional Bank Branches

In India, there are lots of highly active traditional bank branches in crowded cities and towns. Office worker take longer lunch break to finish there transactions and banking activities at these traditional branches instead of conduct them online.

Security Fraud

Many people shy away from internet banking because of security risk. They can't help but worry about this aspect what this news on fraudulent bank transactions that pop up every now and then.

Difficulty for first time users

For a first time user, it may be hard or may take some time to go through a website of online bank. Even it also take some time to open an account as some sites ask for many personal details including photo identification. Because of these complexity, they may discouraged to use this online banking service.

A Limited Scope of services

It is true that you can make deposits, check account balances and pay bills with online bank services but there are some limitations also. You can open a new account or apply for loans with making initial applications, but in most cases you will need to visit a branch to sign form and show identity documentation. In the same way, you can transfer money to checking account or debit card in order to make purchases, if you need cash, you will have to visit a branch office or nearby ATM.

Measures to be taken for safer E- Banking

In a traditional bank, we have to stand in long queues for transaction. On the another side transaction through E-banking is very fast and convenient. However we have to take some cares for safe and secured online banking services.

Password change

For a safe E-banking we need to change our password at regular intervals so that none can hack our accounts. It is better to make a password as a combination of upper and lower letters, numbers and special characters.

Use of personal computers

It is advisable to use your personal computers for online transaction. Even the Bank experts never recomand use of cyber cafes and libraries for net-banking because the chance of password traced or seen by others is high in such places. If you have to use public computer you should clear all cache and delete browsing history and also delete all the files from computer after use.

Confidentiality

You should beware of that no bank will ask for any confidential informations via phone or e-mail. We have to beware of apparent phone calls from bank or an email requesting such details. Do not give out login informations. Even it is not advisable sharing login credentials for friends and family.

Check your account routinely

After making any transactions online you must check your account. Verify whether the right amount has been deducted from accounts if you see any discrepancies in the amount immediately inform the bank.

Antivirus software

In order to protect your computer from new viruses, ensures that you always use licensed antivirus software. There are also many free antivirus software available but they may fail to protect your computer from new viruses. In addition, you will get notifications for updates in the software periodically.

Conclusion

E-banking is becoming a popular and cheapest way to providing banking services to customers. The concept and scope of E Banking is still evolving. While e-banking has improved efficiency and convenience it has also faced several challenges like, trust factor, security risk, privacy risk, less awareness among. Consumers about e-banking considering the challenges and risk related to e-banking the government of India along with various government agencies is making an effort to make e-banking more safe, secure and reliable. The RBI has been preparing to upgrade itself as a regulator and suppressor of the technologically dominated financial system.

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