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"A Study History, Concept Benefits ofE- Banking"

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*** Introduction:-**

Electronic commerce means selling product online via the web. Alsocalled "e- business" e-tailing "and –I –commerce."Althoughin most cases e-commerce and e-business are synononymous, e-commerce impels the goods; product can be purchased online,

E-banking refers to electronic banking. It is like e-business in banking industry. Online-banking is also called as "Virtual Banking" or "**E- Banking".**

E-banking is a result of the growing expectations of bank's customers. E-banking involves information technology based banking. Under this I.T system, the banking services are delivered by way of a Computer-Controlled System. This system does involve direct interface with the customers. The customers do not have to visit the bank's premises.

E-banking is an abbreviation for electronic banking. E-banking allows you to conduct bank transactions online, instead of finding a bank and interacting with a teller. Most U.S. banks offer e-banking, though the extent of the services may vary. For instance, some banks may offer unlimited bill pay options while others restrict online activity.

*__Key worlds__:-

E-commerce,E-banking, Online Banking, E-business, online, electronic, services,

Definition of E-Banking:-

1.A method of banking in which the customerconductstransactionselectronically via the Internet:*it's hard to beat e*-banking*for the 24-hour*convenience *it* offersInternet-literatecustomers.

2.E-banking refers to electronic banking. It is like e-business in banking industry. E-banking is also called as "Virtual Banking" or "**Online Banking**".

Objective of the study:-

The present paper has been prepared keeping in mind the following objectives.

1) To understand the History and Concept of Banking andBanking Online.

2) To understand the Features and **Benefits of Online Banking.**

Research methodology:-

All are athe data present study should have collected from s secondary source of data collection, like e-commerce related book's, webs journals, and other published or unpublished data.

E-Banking

E-Banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred as **Internet banking**, **Online banking**, **virtual banking** and by other terms.To access a financial institution's online banking facility, a customer with Internet access would need to register with the institution for the service, and set up some password (under various names) for customer verification. The password for online banking is normally not the same as for telephone banking. Financial institutions now routinely allocate customers numbers (also under various names), whether or not customers have indicated an intention to access their online banking facility. Customers' numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. The customer can link to the customer number any account which the customer controls, which may be cheque, savings, loan, credit card and other accounts. Customer numbers will also not be the same as any debit or credit card issued by the financial institution to the customer.

To access online banking, a customer would go to the financial institution's secured website, and enter the online banking facility using the customer number and password previously setup. Some financial institutions have set up additional security steps for access to online banking, but there is no consistency to the approach adopted.

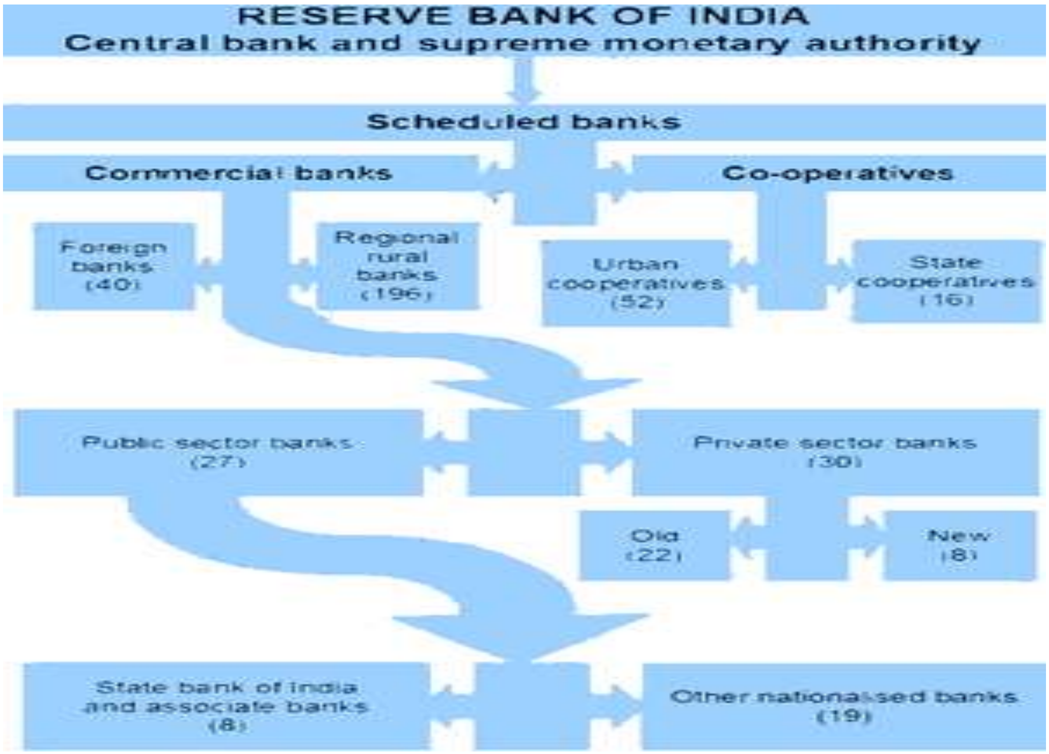
Features OF E- banking

Online banking facilities offered by various financial institutions have many features and capabilities in common, but also have some that are application specific. The common features fall broadly into several categories:

1. A bank customer can perform non-transactional tasks through online banking, including -
    a. viewing account balances
    b. viewing recent transactions
    c. Downloading bank statements
    d. viewing images of paid cheques
    e. ordering chequebooks
    f. Download periodic account statements
    g. Downloading applications for M-banking, E-banking etc.
2. Bank customers can transact banking tasks through online banking, including -
    a. Funds transfers between the customer's linked accounts
    b. Paying third parties, including bill payments and third party fund transfers
    c. Investment purchase or sale
    d. Loan applications and transactions, such as repayments of enrollments
    e. Credit card applications
    f. Register utility billers and make bill payments
3. Financial institution administration
4. Management of multiple users having varying levels of authority
5. Transaction approval process
6. Some financial institutions offer unique Internet banking services,

Banking in India

Structure of the organized banking sector in India. (Number of banks is in brackets)**Banking in India** in the modern sense originated in the last decades of the 18th century. The first banks were Bank of Hindustan (1770-1829) and The General Bank of India, established 1786 and since defunct



.The largest bank, and the oldest still in existence, is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India in 1955. For many years the presidency banks acted as quasi-central banks, as did their successors, until the Reserve Bank of India was established in 1935.

Nationalization in the 1960s

Despite the provisions, control and regulations of the Reserve Bank of India, banks in India except the State Bank of India (SBI), continued to be owned and operated by private persons. By the 1960s, the Indian banking industry had become an important tool to facilitate the development of the Indian economy. At the same time, it had emerged as a large employer, and a debate had ensued about the nationalization of the banking industry. **Indira Gandhi**, the then Prime Minister of India, expressed the intention of the Government of India in the annual conference of the All India Congress Meeting in a paper entitled "Stray thoughts on Bank Nationalization."The meeting received the paper with enthusiasm.

Thereafter, her move was swift and sudden. The Government of India issued an ordinance ('Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1969') and nationalized the 14 largest commercial banks with effect from the midnight of 19 July 1969. These banks contained 85 percent of bank deposits in the country.the Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the presidential approval on 9 August 1969.

A second dose of nationalization of 6 more commercial banks followed in 1980. The stated reason for the nationalization was to give the government more control of credit delivery. With the second dose of nationalization, the Government of India controlled around 91% of the banking business of India. Later on, in the year 1993, the government merged New Bank of India with Punjab National Bank.It was the only merger between nationalized banks and resulted in the reduction of the number of nationalized banks from 20 to 19. After this, until the 1990s, the nationalized banks grew at a pace of around 4%, closer to the average growth rate of the Indian economy.

Current period

All banks which are included in the Second Schedule to the **Reserve Bank of India Act, 1934** are Scheduled Banks. These banks comprise Scheduled Commercial Banks and Scheduled Co-operative Banks. Scheduled Commercial Banks in India are categorized into five different groups according to their ownership and/or nature of operation. These bank groups are:

1. State Bank of India and its Associates
2. Nationalized Banks
3. Private Sector Banks
4. Foreign Banks
5. Regional Rural Banks.

In the bank group-wise classification, IDBI Bank Ltd. is included in Nationalized Banks. Scheduled Co-operative Banks consist of Scheduled State Co-operative Banks and Scheduled Urban Cooperative Banks.

Growth of Banking in India of Scheduled Commercial Banks									
Indicators	**31 March of**								
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Number of Commercial Banks	284	218	178	169	166	163	163	169	151
Number of Branches	70,373	72,072	74,653	78,787	82,897	88,203	94,019	102,377	109,811
Population per Banks (in thousands)	16	16	15	15	15	14	13	13	12
Aggregate Deposits	₹17002 billion (US$280 billion)	₹21090 billion (US$340 billion)	₹26119 billion (US$420 billion)	₹31969 billion (US$520 billion)	₹38341 billion (US$620 billion)	₹44928 billion (US$730 billion)	₹52078 billion (US$840 billion)	₹59091 billion (US$960 billion)	₹67504.54 billion (US$1.1 trillion)
Bank Credit	₹11004 billion (US$180 billion)	₹15071 billion (US$240 billion)	₹19312 billion (US$310 billion)	₹23619 billion (US$380 billion)	₹27755 billion (US$450 billion)	₹32448 billion (US$530 billion)	₹39421 billion (US$640 billion)	₹46119 billion (US$750 billion)	₹52605 billion (US$850 billion)
Deposit as percentage to GNP (at factor cost)	62%	64%	69%	73%	77%	78%	78%	78%	79%
Per Capita Deposit	₹16281 (US$260)	₹19130 (US$310)	₹23382 (US$380)	₹28610 (US$460)	₹33919 (US$550)	₹39107 (US$630)	₹45505 (US$740)	₹50183 (US$810)	₹56380 (US$910)
Per Capita Credit	₹10752 (US$170)	₹13869 (US$220)	₹17541 (US$280)	₹21218 (US$340)	₹24617 (US$400)	₹28431 (US$460)	₹34187 (US$550)	₹38874 (US$630)	₹44028 (US$710)
Credit Deposit Ratio	63%	70%	74%	75%	74%	74%	76%	79%	79%

After 2010, banking in India was generally fairly mature in terms of supply, product range and reach-even though reach in rural India still remains a challenge for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. The Reserve Bank of India is an autonomous body, with minimal pressure from the government.

With the growth in the Indian economy expected to be strong for quite some time-especially in its services sector-the demand for banking services, especially retail banking, mortgages and investment services are expected to be strong. One may also expect M&As, takeovers, and asset sales.

Adoption of banking technology

The ITrevolution has had a great impact on the Indian banking system. The use of computers has led to the introduction of online banking in India. The use of computers in the banking sector in India has increased many fold after the economic liberalization of 1991 as the country's banking sector has been exposed to the world's market. Indian banks were finding it difficult to compete with the international banks in terms of customer service, without the use of information technology. The RBI set up a number of committees to define and co-ordinate banking technology. These have included:

1. In 1984 was formed the Committee on Mechanisation in the Banking Industry (1984) whose chairman was Dr. C Rangarajan, Deputy Governor, Reserve Bank of India. The major recommendations of this committee were introducing MICR technology in all the banks in the metropolises in India.This provided for the use of standardized cheque forms and encoders.
2. In 1988, the RBI set up the Committee on Computerisation in Banks (1988)headed by Dr. C Rangarajan. It emphasized that settlement operation must be computerized in the clearing houses of RBI in Bhubaneshwar, Guwahati, Jaipur, Patna and Thiruvananthapuram. In 1994, the Committee on Technology Issues relating to Payment systems, Cheque Clearing and Securities Settlement in the Banking Industry (1994) was set up under Chairman W S Saraf. It emphasized Electronic Funds Transfer (EFT) system, with the BANKNET communications network as its carrier. It also said that MICR clearing should be set up in all branches of all those banks with more than 100 branches.
3. In 1995, the Committee for proposing Legislation on Electronic Funds Transfer and other Electronic Payments (1995) again emphasized EFT system.

The total number of automated teller machines installed in India by various banks as of end June 2012 .The new private sector banks in India have the most ATMs, followed by off-site ATMs belonging to SBI and its subsidiaries and then by nationalized banks and foreign banks, while on-site is highest for the nationalized banks of India.

Tips for E- Banking

Internet banking comes with its share of flaws and it is essential to be aware of precautions that can help you avoid landing in any undesired scenario:

a) Do not use shared computers when accessing your account
b) Do not access your bank account using vital passwords at internet parlors or any other public places to avert the hazard of data being duplicated.
c) Modify your password frequently.
d) Contact your bank instantaneously if you doubt any changes in your banking password.
e) Always log-off from your Internet banking account and close the internet browser after accessing the information.

In the present scenario, every Indian bank has this facility of internet banking. Currently most of the banks are extending their reach in rural areas to attract more customers. This gives the country's entire population to get benefited with the technology advancement. The initiation of Banks to educating people the benefits of internet banking onto the new system.

Benefits of E- Banking

The benefits of this facility for the customers are unending. Internet banking in India is a welcome change for the customers and a money-spinning delivery network for the financial institutions. Mentioned below are some of the advantages of Internet banking in India:

1. The customer can access his account anytime and from any part of the world,
2. Attracts new customers
3. Facilitate the offering of more services
4. No monthly payments are required to forfeit for availing this service,
5. Free of charge bill reimbursement and refunds on ATM surcharges,
6. Attractive interest rates on CDs, savings, etc.,
7. Credit card service at minimal charges,
8. Simple online submissions for personal accounts, loans and credits,
9. Increase customer loyalty
10. Provide services offered by competitors

11. Reduce customer attrition
12. High-tech technical advancements in the form of intrusion detection systems (IDS) to virus control equipments have made Online Banking system fool proof and hazard free. However, regardless of the fact it is vital on the part of every customer to undertake few precautionary measures while transacting online.

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