



A STUDY OF E-BANKING

PROF. ATKARI ASHWINI VIJENDRA

Hon. Balasaheb Jadhav Arts, Commerce & Science Collage, Ale, Pune

ABSTRACT-

Internet technologies have a great potential for changing fundamentally the banks and the banking industry. The opportunities, which the e-banking services and technologies offer to the banking sector in order to fulfil existing customer needs and to attract new prospective customers, are the driving forces for banks in order to design, develop and operate their own e-banking systems. This paper examines the challenges and opportunities of e-banking for the Greek banking sector, during the e-commerce era, and also presents the results of a survey of banking executives working at banks offering e-banking services. The main findings demonstrate that banks expand to e-banking services in order to remain competitive, to keep track with technological developments and to benefit from the lower cost of e-banking transactions. The major problems they face are the low response rate from customers and the implementation of security and data protection mechanisms. The relatively low Internet usage, the non-familiarity with technologically advanced devices and problems regarding security and privacy are the main factors that have a negative influence on the adoption of e-banking services by customers in Greece.

KEYWORDS-

Internet Banking, Internet Banking adoption, innovation diffusion.

INTRODUCTION –

E-banking is an arrangement between a bank or a financial institution and its customers that enables encrypted transactions over the internet. Short for electronic banking, E-banking has various types that cater to customers' different requirements, which can be resolved online.

E-banking is a product designed for the purposes of online banking that enables you to have easy and safe access to your bank account. E-banking is a safe, fast, easy and efficient electronic service that enables you access to bank account and to carry out online banking services, 24 hours a day, and 7 days a week.

E-banking is an online banking service that allows customers to access their bank account and make payments from anywhere in the world. It



also provides other services like bill payment, fund transfers, and e-banking. Individuals, as well as businesses, can use e-banking. Some banks offer e-banking services for free, while others charge a monthly fee or annual subscription cost.

OBJECTIVES-

1. To study the present position of E-Banking in Indian banking Sector.
2. To discuss the future of E-Banking in India.
3. To understand the popularity and awareness of online banking services among the customers.

METHODOLOGY-

The present study is explanatory in nature and is based on secondary data. The data used for the study has been collected from annual reports of RBI (Reserve Bank of India) and Reports on trends and progress of banking in India. The secondary data is also collected from websites of RBI, reputed journals and newspapers.

SCOPE OF STUDY-

The scope of e-banking includes the following aspects:

1. **Convenience and Accessibility:** E-banking allows customers to access their accounts and perform various financial transactions from anywhere, anytime, as long as they have internet access. This level of convenience has significantly transformed the way people manage their finances.
2. **Account Management:** Customers can check their account balances, view transaction history, and download account statements online, eliminating the need to visit physical bank branches for routine tasks.
3. **Fund Transfers:** E-banking enables customers to transfer funds between their own accounts, to other accounts within the same bank, or to accounts in other banks using services like NEFT, RTGS, or IMPS.
4. **Online Bill Payments:** Customers can pay their utility bills, credit card bills, loan EMIs, and other payments through online banking platforms, saving time and effort.
5. **Mobile Banking:** The rise of smartphones has given rise to mobile banking applications, allowing customers to access banking services on their mobile devices. Mobile banking also includes features like mobile wallets and mobile-based payment options.
6. **Online Shopping and Payments:** E-banking facilitates secure online shopping and payments through debit cards, credit cards, or digital wallets, making it convenient for customers to make purchases without cash.
7. **Investment and Trading:** Many banks offer online investment services, allowing customers to buy/sell stocks, mutual funds, and other financial products through their e-banking platform.
8. **Loan Applications:** Customers can apply for loans, such as personal loans or home loans, through e-banking platforms, simplifying the application and approval process.



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9. Customer Support: E-banking often provides online customer support, allowing customers to get assistance through chat, email, or other electronic means.

LITERATURE REVIEW-

E-banking is an innovation when new information technologies merge into traditional banking services. Operating costs minimization and revenue maximization are the major drivers that boost e-banking services (Sannes, 2001; Reibstein, 2002). E-banking service is basically a self-service by customers, so for banks, it requires less resources and lower transaction and production costs (Southard and Siau, 2004; Witman and Poust, 2008). A study about the e-banking over 1999–2006 shows that the application of e-banking can improve banks' performance in terms of the growth in assets, reduction in operating expenses and portfolio enhancement (Dandapani et al., 2008). Even in 1990s, Sraeel (1996) emphasises that creating virtual banking will not only create a new service delivery channel, but also lead to value creation to both banks and customers (Hwang et al., 2007; Murphy, 2007). AmatoMcCoy (2005) further argues that customers will be attracted to e-banking when the advanced e-banking services like e-transfer and e-bill options are available. Through interviewing banks in a small island and examining their e-banking websites from 2004 to 2006, Jenkins (2007) indicates that those banks were using e-banking as an assurance to their customers to maintain a competitive quality of service.

Present position of E-Banking in Indian banking Sector

According to a survey conducted on online payments in India in 2020, 31 percent of the households stated that they had mobile banking apps in their smartphones. However, 32 percent of the households stated that they used digital payments in their everyday life. 20 Nov 2023

Indian banks offer to their customers the following e-banking products and services viz. Automated Teller Machines (ATMs), Internet Banking, Mobile Banking, Phone Banking, Tele banking, Electronic Clearing Services, Electronic Clearing Cards, Smart Cards, Door Step Banking, and Electronic Fund Transfer.

Future of E-Banking in India

E-banking plays a vital role in the present banking functionality. Electronic banking is inferred to be safe and secured, compared to physical banking. It ensures qualitative banking operations compared to traditional banking. E-banking in India is still in the early stages of growth and development.

As customers demand more personalized services, personalized banking is set to become the norm in the banking industry. Banks will analyze customer data using AI and machine learning algorithms, allowing them to provide personalized services based on individual preferences and behaviors.

Popularity and awareness of online banking services among the customers.

The many advantages of online banking have contributed to its rapid rise in popularity. Some of the primary benefits include the following: Internet banking is convenient since it eliminates the need for users to physically visit a bank in order to view



their accounts and make financial transactions.

74 respondents (61.67%) having medium level of awareness. Only 18 respondents (15%) are low rate of awareness about e-filing. In short majority of respondents are belongs to medium awareness of e- banking.

E-BANKING ADVANTAGES-

- **Convenience:** E-banking makes it very easy for users to do different financial activities. People don't need to go to the bank to access their bank accounts; they can do it at any time while sitting in their homes. Finding time in a busy schedule to go to the bank to check on account balances, interest rates, successful money transfers, and other updates might take a lot of work. For the convenience of its customers, banking systems have created virtual banking systems that may be accessed from any location and at any time. There are several reasons why a banking holiday prevents the transfer of your money. By offering services around-the-clock, 365 days a year, online banking systems have made things easier. It resolves issues that customers faced with the previous banking system. There is no need to stand in line for money transactions or deportations.
- **Faster Service:** People don't have to wait in line to pay their bills or transfer money thanks to this system, which offers quick service. Instant money transfers between accounts are possible with internet payment options.
- **Higher Interest Rate:** Online banking services offer their users higher interest rates. It has decreased the operational costs of banks, enabling them to provide better interest rates on consumer deposits.
- **Service Quality:** Internet banking has raised the level of client service. Using online banking to make payments is quick, secure, and effortless. Using e-banking apps, customers may keep track of all account-related transactions.
- **24-7 Facility:** Customers have access to e-banking services around-the-clock, seven days a week, 24 hours a day. Customers can access banking services and products a **Liquidity:** It gives customers access to more readily available finances. They can conveniently withdraw cash from ATMs at any time and from any location.
- **Discounts:** The ability to take advantage of numerous discounts is another significant benefit of using online banking services. People benefit from several discount programs in stores that accept credit or debit cards.
- **Transfer assistance:** The virtual banking system makes it simple to transfer money 365 days a year. You don't have



to limit yourself to carrying out transactions during business hours; you have 24 hours to do as you choose.

- **Surveillance service:** Customers have access to an updated passbook at any time to manage their financial plans and keep track of their transactions.
- **Paying bills online:** Because it offers a feature to pay any sort of bill, including energy, water supply, telephone, and other services, you don't need to stand in line to pay your bills.

CHALLENGES IN E-BANKING –

Below are some of the challenges handled by the banks due to digitalization

- **Privacy:** One of the important factors that customers are afraid when selecting E-banking services are, the risk of disclosing private information.
- **Security:** Customers want their transaction to be confidential. But there is constantly a chance of someone retrieving the information.
- **Competition:** Nationalized banks and commercial banks have to contest with private sector banks and international banks. The competition brings various challenges before the banks such as innovative ideas, creative concepts, consumer patterns and the like.
- **Unskilled Professional:** Skilled and specialized manpower has to be appointed to perform E-banking activities.
- **Technological Changes:** Technology keeps on changing. As technology changes more banking services are getting digitized. It becomes difficult for end users to learn all these technological changes.
- **Cybercrime:** Cybercrime is the use of digital instruments for illegal purposes. One can do such crime sitting comfortably in front of a computer or mobile screen. The risk has increased to both the bank and the customer.

Conclusion-

Banking business and Banking process is quicker than before and more dependable. Maintenance and recovery of documents and records have become much quicker and easier. Electronic banking has improved the core banking system. It has presented more lucidity in banking. The scope of frauds in banks is minimized through the use of passwords, dual verification in virtual banking. Technology also leads to compete among the banks which lastly offer better facilities to people. Technology will last to change and new ideas like augmented



reality will further readdress the banking services. Banks should be able to catch the new technologies with a sense of top priority.

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Book-

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