

E banking in India

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Abstract

*With the revolutionary changes in the communication engineering the way banks used to operate has changed due to advent of internet in banking institutions. The implementation of internet in banking organizations has modernized the banks. The internet banking approach has benefited both the customers as well as banks. Today a considerable volume of the banking happens while you are sipping coffee or attending an important call. ATM's are at your doorstep. Banking services are accessible 24*7. There are more smart cards in your wallet than currency notes. Banks today operate in a highly globalized, liberalized, privatized & a competitive environment. The accounting in Banks is brought on par with Global standards. The income recognition and asset classification norms were introduced with this purpose. There is a move to merge the Banks and make them bigger with the concept of "too big not to fail". In short the Banking industry is passing through a challenging period. In order to survive in this environment banks have to use IT and explore the possibilities of incorporating the same in all spheres of day to day Banking. The objective of the present paper is to study & analyze the progress made by Indian banking industry in adoption of technology.*

Introduction

The adoption of Technology has improved the accuracy, transparency accessibility and easiness of Banking. The implementation of technological advantages in the Banking Industry can be broadly classified into two. 1. The changes made within the Banking system for easy, speedy and accuracy of transactions. The usage of SWIFT, RTGS, NEFT, CTS clearing for quick collection of cheques and Networking of branches under core banking solutions etc come under this category. 2. The facilities provided for the customers for easy and 24x7 access to banking...Net Banking, Mobile Banking, ATM etc come under this category. It is increasingly playing a significant role in improving the services in the banking industry. Tremendous progress took place in the field of technology which has reduced the world to a global village and consequential changes in the banking industry. The Core banking solutions widely known as CBS was started in the beginning of this century. The new generation banks like ICICI, HDFC etc which started functioning in India in the immediate past have adopted technology in the beginning stage itself. The satisfaction level it has made to the Indian customers by quick delivery of services etc threw a challenge to the Public Sector Banks and old Private Banks. To retain their client base they had to change and adopt the new system. In CBS all the branches and offices of a Bank are networked through computers with a central server and customers were able to transact from any of the branches. NEFT, RTGS and SWIFT are the systems for transferring funds from accounts to accounts through electronic platform. SWIFT is for international transactions. The CTS (Cheque truncation System) clearing has been introduced in INDIA a few years back in which the clearance of cheques for the customers is centralized at a few major centres like Chennai, Mumbai, Delhi and Calcutta. In this procedure the facsimile of a cheque is sent to the clearing centre online and cleared within the shortest time.

E banking

E-banking can simply be defined as using Automated Teller Machines (ATM's), telephones, internet and mobiles for doing day to banking- simple and advanced transaction without being physically present in the bank, to use the services like making queries for account balance, making different type of bill payments, mobile recharge, money transfer, filing income tax return etc., electronically. In simple words, e banking is concerned with doing all these transactions from home or office 24 hours, 7 days in a week by using ATM's, telephones, internet and mobiles phones etc. E-banking technology is gaining all-round adoption across developed and developing countries. The use of e banking in the delivery of banking products and services to their customers has become an essential aspect of modern banking system. There is tremendous increase in the number of customers adopting e-banking and the number is increasing day by day.

Evolution of e-banking:

E-banking came into being in UK and USA prior to other nations. It became prominently popular during 1960s through electronic funds transfers and credit cards. The concept of web-based banking came into existence in Europe and USA in the beginning of 1980s. It has been estimated that around 40 percent of banking transaction would be done through Net.

Benefits of E-banking:

E-banking helps the customers as well as banks by overcoming the drawbacks of manual system as computers are capable of storing, analyzing, consolidating, searching and presenting the data as per the requirement of customers and banks with a lot of speed and accuracy. It is less expensive than manual handling.

E-banking Services in India

E-banking is a term that includes the entire information technology revolution that has taken place in the banking industry .E banking simply refers to the use of electronic channels like phone, mobile, internet etc for delivery of their services to their valuable customers. It increases the efficiency in the area of effective payment by enhancing the delivery of banking services in quick time. E-banking has helped banks to retain the current customers, increase customer's satisfaction, acquire further share in the markets and reduce the costs of delivering service to the customers. Delivery of services has gained increasing popularity through electronic platform. It provides alternative way for delivery of services in a faster way to the customers. Various numbers of services are being offered by banks through electronic banking. It is quite difficult to measure the extent of such services, but an effort has been made by classifying these services into following categories.

Automated Teller Machines (ATM's)

Automatic teller machines have transformed the concept of banking in India. It has eliminated the requirement of standing in long queue and filling of forms for routine banking transaction. Now customers of banks can access their money with the insertion of an ATMcard. An automated teller machine (ATM) is an electronic computerized device that allows banks' customers to directly use a secured method of communication to access their bank accounts. Entry of Automated teller machines (ATM's) has changed the office atmosphere of the branches of banks. There is no need for a customer to visit branches for their day to day banking transaction like cash deposits, cash withdrawals, balance enquiry, dropping cheque etc. Electronic channels have opened new avenues for banks. ATM's are electronic machines which are operated by customer himself to withdraw or deposit cash, mobile recharge, fund transfer, balance enquiry etc. Cash deposit machines are also available. In this category Bank note acceptor and single note acceptor are available. The distinction is in single note acceptor each note is to be fed into the machine whereas in the other case bulk cash in specified denominations are accepted. The recycler which accepting cash for deposit sorting the note and dispensing as an ATM is the latest addition to this category.

If it takes ten seconds for an ATM transaction as compared to more than a minute for a counter transaction then it can be said that number of customer serviced in a day will be much more via ATM's. Flexible payment methods and user friendly banking services are now available for the customers. Foreign banks in India, public sector banks and Private Banks are vying with each other incorporating the Latest and advanced technology. Out of all these e-banking services, automated teller machines are most heavily demanded and fulfill most of the needs of the customers without visiting the bank. ATM delivers multiple services 24x7, which is major reason of making it a success in the history of banking industry. In fact, e-banking services became profitable and successful due to various services delivered through ATM's. The management of ATM's involves Procurement and installation of machines, loading of cash, providing insurance against theft of cash from ATMs protecting the customers against cyber frauds etc.. These alternative delivery channels have great impact on Indian banking system. The prevalent service providers in the area of ATMs are VISA, MASTER and RUPAY –National Payment Corporation of India.

Telephone Banking/Tele Banking/Phone Banking

Phone banking, tele banking or telephone banking is all the same. In phone banking, banking transaction is done over the telephone. Customers of banks can get information about their accounts; make banking transaction like fixed deposits, money transfer, demand draft, collection and payment of bills etc by using telephones. As more and more people are using mobile phones, telephone banking is also possible with the help of mobile phones. Telephone banking satisfies the customer with fast, anytime transaction and account information via telephone access. Telephone banking system uses technology that keeps the cost of delivering the service very low. On the other hand, customers can do the banking work directly from their homes or from their office desk, without being stuck in traffic and without standing in queue for hours and without the need to visit a bank branch or automated teller machine... They can dial in and get the current account information. For using telephone banking facilities, a customer must first register with the bank's branch for availing the service and a password is set for customer verification. Password may or may not be same as in internet banking. For using telephone banking, customer has to dial special phone number set up by the bank. Most telephone banking services use automated phone answering system with phone keypad response or voice recognition capability.

Internet/ online banking

E-banking has been prevailing in India around sometime in the form of automated teller machine. Thereafter, a new delivery channel has emerged that benefits both banks as well as customers i e Internet banking or online banking is simply an extension to traditional banking, which uses internet both as a medium for receiving instructions from the customers and also delivering services to them. Internet banking, as a medium of delivering the banking services to customers and as a strategic tool for the development of banking business, has gained wide acceptability in all developed nations and is quickly spreading in developing nations like India with more and more banks entering the fray. The success of internet banking operation totally depends upon the well designed and safe website of the bank. It should be informative, functional, user-friendly and most importantly, secured. Internet Banking lets clients handle many banking transactions via their personal computer. For instance, one may use his/her computer/laptop to view his/her account balance, enable NEFT /RTGS transfer between accounts and pay bills electronically

Mobile banking

Mobile banking is extended form internet banking in which the mobile phone is used for data communication instead of a computer. It is user friendly and less costly. It is also suitable for banking and payment services and provides huge opportunity to extend financial services to each and every individual irrespective of the place where one is available...The limitation of internet banking is the requirement of personal computer/laptop/. Mobile banking surpasses this limitation. Mobile phone usage has seen an explosive growth in India in the last decade. The main reason that mobile banking score over internet banking is that mobile banking enables anywhere, anytime banking in real sense. Customers do not need to have an access of internet connection to make a transaction from his account. Customers can use their account on the go while waiting at the bus stop, travelling, at home, at work place... The recent introduction of Unified payment interface (UPI) enable a customer to transfer funds using his mobile phone to any other bank who has activated this facility in a comparatively easier way. UPI enables a person for requesting for funds from another user through this application. If the other person accepts the request fund will be transferred to the account of the person who made the request. .

Challenges and threats. Pilferage of data, Hawking, frauds etc are the threats faced by the Banks and customers while depending more on E-Banking. This is controlled by adopting more stringent ways to encrypt the data and also by educating the customers not to divulge their personal information like ATM pins, passwords etc. The ATM and credit cards now converted into EMV chip cards which cannot be easily duplicated. Two or more factor authentications using the mobile phone as medium are introduced for safe e- banking. The procedure is sending one time passwords etc to the account holder through his mobile phone for authentication of each transaction.

Conclusion

E-banking is delivery of banking services through electronic channels. ATM's, internet banking, mobile banking, phone banking and all such e-banking services. All the commercial banks these days are providing these services to their customers. No doubt Indian banks are making sincere efforts for the adoption of advanced technology and installation of e-delivery channels but still masses are wary of the concept. Banks are making sincere efforts to popularize the e-banking services and products. Younger generation is accepting the convenience and benefits of e banking. Government of India wants to reduce the cash transactions in day to day life by more people adopting online transactions. In years to come, e-banking will not only be acceptable mode of banking but will be preferred mode of banking.