


FEATURES AND PROBLEMS OF ELECTRONIC BANKING IN INDIA

Dr. Gajanan T. Waghmare

M.COM, SET, UGC- NET, DTL, GDC&A, DLL&LW, STP, Ph.D. , HOD, U.G. ,P.G.,POST-PG Dept& Research Centre of Commerce & Management . PNM. Swami Ramanand Teerth Marathwada University, Nanded.

Abstract :

Now-a-days banking is known as Innovative Banking. Developments in Information technology have given a rise to innovations in the product & servicedesigning and their supply in the banking sector and finance industries, customer services and satisfaction are their centre point of all the efforts. With the advent of online banking, electronic funds transfer and other similar products & services for funds transfer within quick time which was impossible a few years age. With networking and inter connection new problems are taking place related to security, privacy and confidentiality to e-banking transactions. For Conclusion, the banking sector have a need to prepare a new business model by management and customer services, satisfaction with a variety of products, services and controlled cost to stay in the long run.

Key words: *Electronic Banking, ETF, ATM, Worldwide Markets, Online Payments, Internet Security, etc.*

Copyright © 2022 The Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0) which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

Introduction :

The conventional functions of banking are confined to accept deposits and to lend money through loans and advances. Now-a-days banking is known as innovative banking. Use of Information technology has given rise to innovations in the product and service designing and their delivery in the banking sector and finance industries, customer services satisfaction are their principle work. Present banking scenario has come up with a lot of new initiatives which are oriented to provide a better customer service and facilities with the help of information technology. Banking sector focuses the larger economy its linkages to all sectors make it representative for what is going on in the economy. Indian banking sector, presently has the same sense of opportunity that is evidence in the Indian banking market and economy. The current developments in the worldwide markets offer too many opportunities to the banking sector. In today's competitive banking word improvement day by day in customer services is the most significant tool for their growth and development. Banking company offers so many changes to access their banking and other services. Banks are playing an important role in the economic development country. Economic development of a country involves investment in various sectors of the economy. The bank collect small savings from the public for investment in various projects. In general banking the banks perform various agency works for their customers and helps



economic development of the country. The purchase and sales of investment securities, equity & preference shares, making payments, receiving subscription funds and collect utility bills for the Government department. Therefore banks are saving time and energy of their busy customers. Bank also arranges foreign exchange for the business transactions of customer with other countries. Banking sector is not only collecting funds but also serve as a financial guide to the customer for the investment of their money.

Electronic Banking :

Electronic Banking in simple terms means, it does not involve any physical exchange of money, but it's all done electronically, from one account to another, using the Internet. Internet banking is just like normal banking, with one big exception. You don't have to go to the bank for transactions. Instead, you can access your account any time and from any part of the world, and do so when you have the time, and not when the bank is open. For busy executives, students, and homemakers, e-banking is a virtual blessing.

Electronic Banking is also known as Internet Banking is the latest in the series of technological wonders of the recent past. ATMs, Tele-Banking, Internet Banking, Credit Cards and Debit Cards have emerged as effective delivery channels for traditional banking products. Banks know that the Internet opens up new horizons for them and moves them from local to global frontiers. IB refers to systems that enable bank customers to get access to their accounts and general information on bank products and services through the use of bank's website, without the intervention or inconvenience of sending letters, faxes, original signatures and telephone confirmations.

It is the types of services through which bank customers can request information and carry out most retail banking services such as balance reporting, inter-account transfers, bill-payment, etc., via telecommunication network without leaving their home/organization. It provides universal connection from any location worldwide and is universally accessible from any internet linked computer. Information technology developments in the banking sector have sped up communication and transactions for clients. It is vital to extend this banking feature to clients for maximizing the advantages for both clients and service providers. Internet is the cheapest delivery channel for banking products as it allows the entity to reduce their branch networks and downsize the number of service staff. The navigability of the Website is a very important part of IB because it can become one of the biggest competitive advantages of a financial entity. Bankers consider 'minimizes inconvenience', 'minimizes cost of transactions' and 'time saving' to be important benefits and 'chances of government access', 'chances of fraud' and 'lack of information security' to be vital risks associated with electronic banking. Due to increase in technology usage the banking sector's performance increases day by day. IB is becoming the indispensable part of modern day banking services.

E-Banking and Its facilities:

E-banking becomes popular during 1960, through **Electronic Funds Transfer** and **Credit Cards**. The concept of web-based banking came into existence in **Europe** and **USA** in the beginning of **1980**.

In India e-banking is of recent origin. The traditional model for growth has been through branch banking. Only in the early 1990s has there been a start in the non-branch banking services. The new private sector banks and the foreign



banks are handicapped by the lack of a strong branch network in comparison with the public sector banks. Many banks have modernized their services with the facilities of computer and electronic equipments. The electronics revolution has made it possible to provide ease and flexibility in banking operations to the benefit of the customer. The e-banking has made the customer say good-bye to huge account registers and large paper bank accounts. The e-banks, which may call as easy bank offers the following services to its customers:

- Credit Cards/Debit Cards
- ATM
- NEFT
- EFT (Electronic Funds Transfer)
- DeMAT Accounts.
- Mobile Banking.
- E- Transfer & Pay Bill.
- Internet Banking.
- EDI (Electronic Data Interchange).

Problems Before Electronic Banking.

1. A Customer may have to face some risky transaction & frauds.
2. Failure or interruption of power supply cause to break down in e-banking.
3. Financial Loss of heavy income at times of settlement of higher magnitude.
4. Cost for training the staff may not be profitable.

Features of Electronic Banking.

1. Easy Electronic Fund transfer facility.
2. Better Efficiency in Customer relationship management.
3. Making the Payments of bills like electricity, telephone bills, and mobile recharge.
4. It introduces virgin & innovative banking products & services.
5. It can view of balance of accounts and statements;
6. E-banking can bring doorstep services.
7. Bank online 24 hours a day, 7 days a week and 52 weeks a year.
8. Balance and transaction history search
9. Transaction history export
10. Order mini statements
11. Mobile banking
12. Pay Anyone payments Multi Payments
13. SMS banking services.



Impact of IT on Banking System:

The banking system is slowly shifting from the Traditional Banking towards relationship banking. Traditionally the relationship between the bank and its customers has been on a one-to-one level via the branch network. This was put into operation with clearing and decision making responsibilities concentrated at the individual branch level. The head office had responsibility for the overall clearing network, the size of the branch network and the training of staff in the branch network. The bank monitored the organization's performance and set the decision making parameters, but the information available to both branch staff and their customers was limited to one geographical location.

Benefits of E-banking:

To the Customer:

- Anywhere Banking no matter wherever the customer is in the world. Balance enquiry, request for services, issuing instructions etc., from anywhere in the world is possible.
- Anytime Banking – Managing funds in real time and most importantly, 24 hours a day, 7days a week.
- Convenience acts as a tremendous psychological benefit all the time.
- Brings down “Cost of Banking” to the customer over a period a period of time.
- Cash withdrawal from any branch / ATM
- On-line purchase of goods and services including online payment for the same.

To the Bank:

- Innovative, scheme, addresses competition and present the bank as technology driven in the banking sector market
- Reduces customer visits to the branch and thereby human intervention
- Inter-branch reconciliation is immediate thereby reducing chances of fraud and misappropriation
- On-line banking is an effective medium of promotion of various schemes of the bank, a marketing tool indeed.
- Integrated customer data paves way for individualized and customized services.

Conclusions:

E-banking is a generic term for delivery of banking services and products through electronic channels, such as the telephone, the internet, the cell phone, etc. The concept and scope of E-banking is still evolving. It facilitates an effective payment and accounting system. . While E-banking has improved efficiency and convenience, it has also posed several challenges to the regulators and supervisors. Several initiatives taken by the government of India, as well as the Reserve Bank of India (RBI), have facilitated the development of E-banking in India. The government of India enacted the IT Act, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce. The existing regulatory framework over banks has also been extended to E-banking. It covers various issues that fall within the framework of technology, security standards, and legal and regulatory issues.


Reference:

1. Ogilvie, M., *Bank and Customer Law in Canada* (Toronto: Irwin Law, 2007)
2. E. Gordon, Dr. K. Natarajan, *Financial Markets & Services* (Himalaya Publishing House, Mumbai)
3. R. K. Uppal, RimpilJatana, *E-Banking in India – Challenges & Opportunities* (Western Books Corporation)
4. Website of various Banks.
5. Ray Vareen, *A Green Dream*, 4P's of Business and Marketing 21st November, 2014.
6. Leslie D'monte, *It's time for Green Banking*, Business Standard, 21st May, 2015.
7. RitwikMukharjee, *SBI launches green policy for paperless banking*, Financial Chronicle, 27th August, 2010.
8. Laudon and Traver, text book on E-Commerce (2013).
9. P T Joseph, text book on E-Commerce in India.
10. Zorayda Ruth Andam (2012) "e-Commerce and e-Business" in e-ASEAN task force.

Cite This Article:

Dr. Gajanan T. Waghmare, (2022). *Features And Problems Of Electronic Banking In India. Aarhat Multidisciplinary International Education Research Journal, XI (II),111-115*