

ROLE OF E-BANKING IN CURRENT SCENARIO

Kavunthi Karunakaran, Associate Professor and Head in Mathematics

Shri Nehru Maha Vidyalaya College of Arts and Science, Coimbatore

Abstract:

Online banking, also known as internet banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. Internet banking software provides personal and corporate banking services offering features such as viewing account balances, obtaining statements, checking recent transaction and making payments. Around 1994, banks saw the rising popularity of the internet as an opportunity to advertise their services. Initially, they used the internet as another brochure, without interaction with the customer. Early sites featured pictures of the bank's officers or buildings, and provided customers with maps of branches and ATM locations, phone numbers to call for further information and simple listings of products. Role of E banking in current Scenario of India. ... Internet Banking and Mobile Banking made it convenient for customers to do their banking from geographically diverse places. Banks also sharpened their focus on rural markets and introduced a variety of services geared to the special needs of their rural customers.

Key words : Internet banking, e-banking, online banking, e-services, e-commerce, e-marketing.

Introduction :

The usage of e banking by the enterprises came into existence in mid 90's. e banking came into existence in greater numbers because of low operating costs. First it is in the form of ATM's and phone transactions. Recently it transformed to internet a new channel between customers and

banks which benefits both. The main aim of e-banking services is to provide the customers a much faster services with low cost. From the last twenty years, banking sector has chosen a new method of banking based on the progress of information technology. In addition to these customers, transaction and communication abilities are fastened based on information technology. The progress of electronic banking started with use of automatic teller machines and afterwards it developed to online banking. In the future it will be done in mobile phones (wap-enabled). Anyway online banking continues to be the best for financial transactions.

Importance of e-Banking:

E banking provides many advantages for banks and customer's. e-banking has made life much easier and banking much faster for both customers and banks.

Main advantages are as follows.

- It saves time spent in banks
- It provides ways for international banking.
- It provides banking throughout the year 24/7 days from any place have internet access.
- It provides well-organized cash management for internet optimization
- It provides convenience in terms of capital, labour, time all the resources needed to make a transaction.
- Taking advantage of integrated banking services, banks may compete in new markets, can get new customers and grow their market share.
- It provides some security and privacy to customers, by using state-of-the-art encryption and security technologies.

About e-banking :

Electronic funds transfer means computer systems are used to perform financial transactions electronically. The EFT is used for electronic payments and customer initiated transactions where the cardholder pays using credit or debit card.

The transaction types are, Withdrawal, deposit, interaccount transfer, inquiry, administrative transactions that covers non financial transactions including PIN change. Electronic Fund Transfer transactions needs authorisation and a means to match the card and card holder. EFT transactions require the cardholder's PIN to sent online in encrypted form for validation by the issuer of the card. Other information may include the card holders address or the CVV2 security value printed on the card.

Electronic funds transfer transactions are activated during e-banking procedures. The different methods of e-banking are

- “Online banking
- Short message service banking
- Telephone banking
- Mobile banking
- Interactive -TV banking”

Of all the above procedures online banking plays an important role and maximum used by the account holders. now, discussing the above one by one.

Online banking:

Online banking also called as internet banking, allows the customers to use all the banking services from a computer which has internet access. The customer can perform financial transactions on a secure website operated by the bank. Online banking offers features such as bank statements, loan applications, funds transfer, e-bill payments and account aggregation allows customers to monitor all their accounts in one place.

Telephone Banking:

Telephone banking is a service provided by the banks which provides customers to perform transactions on phone. All the telephone banking systems uses automated answering system with keypad response or voice recognition capability. To

prove their identity customers must provide a numeric or verbal password or answering the questions asked by the call center representative. In telephone banking customer can't withdraws and deposits cash but can do all the other transactions.

Mostly there will be a customer care representative to which the customers speak, although this feature is not guaranteed. The customer care representatives are trained to do what are available at the branch like chequebook orders, address change, debit card replacements.

Sms Banking:

SMS banking is a service permitting banks to do selected banking services from the users mobile by the sms messaging. SMS banking services have push and pull messages. Push messages are sent by the banks for alerting customer about new offers, marketing messages, alerts to events happening in customer's account such as large amount of withdrawals from ATM or credit card etc. Pull messages are those that are sent by the customer to bank for having some information or to perform a transaction in their account. Examples include account balance enquiry, requesting for current exchange rates and for new offers that are launched. The customer has a choice to select the list of services he need to be informed. This can be done by integrating to internet banking or speaking to the customer care representative of the bank call centre.

Interactive -TV banking:

Interactive TV is a service that allows users to interact with TV content as they view it. It is also called as iTV or idTV. If the customer subscribes to a cable television service some banking facilities like balance enquiry, funds transfer between accounts, bills payment are made available all the way through TV. Most of the major banks in UK have experimented banking services through cable and satellite TV companies.

Global Scenario of E-banking :

In 2001, approx. 60% of e-business in the U.K. was concentrated on financial services sector with zero fold increase of the British e-business. Around one-fifth of Finnish and Swedish bank customers are using banking online, while in US online banking is

growing at an annual rate of 60 per cent and the number of online accounts are expected to reach 15 millions by 2003. In Europe, the internet is accelerating the reconfiguration of the banking industry into three separate entities: production, distribution and advice. Several banks in Asia have started offering E-banking services, most of them are offering basic services like developed countries in the US and European countries. In Asia, many customers are concerned about security. Products available so far tend to be unexciting and in the wake of Asia's recent economic crisis, many smaller banks have been preoccupied with the more urgent issue of survival.

However, if the banks handle the basic features of online banking like fund transfer, balance enquiry, bill payments then chances of success are there (Pasa and Sharman, 2002). In 2001, over 50 per cent of the banks in US were offering e-banking services. In spite of the rapid growth in the number of banks offering e-banking, only a minority of banks in the US offered transactional e-banking. A bank is considered as offering transactional e-banking if its customers can transact business over the internet. Thus, every bank having a website is not deemed as offering e-banking. On the customers' side, most customers prefer to use banks that offer e-banking, so usage pattern could change suddenly (Furst et al., 2002). In European countries, the local market is being intensified by globalization. In these countries, the basic objective of banks is to position oneself as "state of the art factory" capable of issuing high volume products and services to customers at best price.

The internet is making the market more transparent. Through online market places, customers and banks can instantly obtain accurate information about the products and services. New entrants do not possess bricks and mortar networks, but can use direct channels, such as internet to reach their target clients (Lange and Blandin, 2002). In India, approx. one per cent of high and middle income group banking customers conducted banking on the internet in 2000 compared to 5 to 6 per cent in Singapore and South Korea. In 2001, it has been observed that more than 20 major banks were either offering e-banking services at various levels or planned to do so in the near future. Some of the private sector banks, viz. ICICI Bank, HDFC Bank, Indusind Bank, IDBI Bank, AXIS Bank, and SBI Bank are offering various e-banking services to their custom

Two of the biggest advantages to online-only banking are the high interest rates and low fees. Online-only banks don't pay overhead for physical branches or the employees to staff them. Instead, they pass those cost savings on to customers in the form of higher interest rates and lower fees. These banks offer most of the same advantages online as a traditional bank, but online-only banks have no physical branch locations.

Five Advantages of Online Banking

- Pay Your Bills Online. ...
- View Your Transactions. ...
- Transfer Money Between Accounts. ...
- Mobile Banking. ...
- Syncing With Your Money Applications.

Conclusion :

A bank account is not only about saving money, it's also about managing money. Opening an account is a smart move - it means that you can access a service that helps you control your money, and which may help you borrow at some time in the future, if you need to do so.

The mobile and wireless market has been one of the fastest growing markets in the world. The arrival of technology and the escalating use of mobile and smart phone devices, has given the banking industry a new platform. Connecting a customer anytime and anywhere to their money and needs is a must have service that has become an unstoppable necessity. This worldwide communication is leading a new generation of strong banking relationships. The banking world can achieve superior interactions with their public base if they accommodate all their customer needs. They have a unique challenge to keep their customer alliances and keeping up with the new technologies, and competitive strategies that other banks also have to offer the public. Conveniences of services plus outside locations like ATMS are crucial to every banks success. Meeting all challenges including safety and security are perfect examples of good banking strategies.

In order for the financial institutions to effectively grow they must embrace the new technologies and customize them to suit their economic success and the public's success. Online banking is certainly here to stay. Online banking is

a necessity for the bank's that we studied and others in order for them to stay in business. While its existence doesn't necessary give them a competitive edge because it is so common place, it is truly a cost of doing business. As a tool of modern living and as a lifestyle aid, it is absolutely indispensable. The fact is that many services that are now being offered with online banking are almost impossible to do conveniently with regular banking. As we venture into the future, the internet will undoubtedly continue to change the banking industry.

REFERENCES

- 1.R.K. Uppal & Rimpi Jatana, E-Banking in India – Challenges and Opportunities(2007), New Century Publications.2.
- 2.Dr.R.Krishnaveni, D.Divya Prabha (2005), “The Impact of Globalization on Banking Industry”, South Asian Journal of Social Political Studies, Vol 6, No 1, Dec 2005, pp 75-80.3.
- 3.Moli P.Joshi, Joshua A.J. (2005), “Expectations and Perceptions of Service Quality in Old and New Generation Banks”, Indian Journal of Marketing, Volume XXXV, No.9, Sep 2005, pp 6-11.4.
- 4.Indian banks and the global challenges - by Shri V. Leeladhar, Deputy Governor, Reserve Bank of India, at the seminar organised jointly by the Indian Merchants' Chamber and the Indian Banks' Association in Mumbai on January 31, 2006.5.
5. eCommerce – Concepts, Models, Strategies, CSV Murthy, Himalaya Publishing House.6.
6. eCommerce : An Indian Perspective , 2nd Ed. PT Joseph, SJ.7.
7. Basics of eCommerce – Legal & Security issues ISBN 81-203-2432-38.
8. Aderonke, and Charles. (2010). An Empirical Investigation of the Level of Users' Acceptance of E-Banking in Nigeria. Journal of Internet Banking and Commerce, Vol. 15 (1).
- 9.Akram.J, Jasim.M and Hassan.A. (2011). Evaluating the Impacts of Online Banking Factors on Motivating the Process of E-banking. Journal of Management and Sustainability, Vol.1 (1)

#####