CHALLENGES AND OPPORTUNITIES OF E-BANKING IN INDIA

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ABSTRACT

The financial sector performs a significant part in a country's economic growth. Financial services are an economic lifeline. Significant prerequisite for economic growth is a stable and safe banking system. Indian banking sector is experiencing an IT revolution today. The Banks have been modernized by internet incorporation of banking bodies. The adoption of the internet banking strategy has helped both customers and banks alike. Taking into account the advantages, Banks around the world have embraced Internet banking and banking organizations in India, and that is no exception. Inside the Indian banking industry, bank competition has led to increased complete banking automation. Electronic Banking is a concept specific to Online banking, mobile banking, etc. The Bank needs to incorporate the central principle of electrical banking services based on IT. The Electronic Banking services are conducted on the client only, and these electronic banking services will be completely incorporated with the already in use core banking solution. The goal of this paper is to review and examine the development of Internet Banking in India.

INTRODUCTION

For today's organizations, information technology has become a critical tool. Banking institutions nowadays work in an atmosphere of strong globalization, liberalization, privatization and competition. Information Technology has implemented a new model for companies. Increasingly, it plays a major role in developing banking sector infrastructure. Indian banking industry has seen enormous innovations due to dramatic improvements in the IT. Online Banking refers to a program that enables specific clients to conduct financing activities on off-bank sites such as home, office and other locations via encrypted networks based on the Internet. Electronic banking by conventional banks allows consumers to make all daily businesses, such as fund transferences, inquiries of bank balances, payment of the bills and stop-payment requests, and some also provide applications for online loans and credit cards. The online banking service enables banks, through their registered clients, to access their account info. It allows clients to sign into the site of banks with the assistance of the documentation number delivered by the bank and PIN. The financial system validates the customer and gives approach to the desired amenities, their content varies greatly in the variety of products and services that each bank offers on the internet. With regard to technology, there has been tremendous growth, condensing the world to one global village and drastic changes in the financing sector.

LITERATURE REVIEW

A.J.Joshua, Moli P Koshy(2011), Many people in the sample are skilled in the use of the computer and internet. It is usually found that online banking, telebanking, and mobile banking users spend more time using digital technology than anti-customers of these facilities. The time spent on online activities, the amount of net use and the time of web surfing have been found to be significantly higher amongst consumers related to those of non-customers of technology that permitted self-service banking. It concluded that banks should prioritize those customers whose use of computers, web and other goods comparatively on the advanced side of technology.
Trivedi & Patel (2013) studied the issues users face when using electronic banking amenities in India. It found that maximum of the clienteles are aware of their bank's e-banking services. The study showed that, when using e-banking services, there is a substantial difference between the various problems listed. This also found that with the use of banking facilities, some issues impact more and some less. It settled that not all of the explanations for not using the electronic banking services are equally responsible.

Haq & Khan (2013) examined Indian Banking sector problems and prospects. The study found that after analyzing the characteristics of the population only twenty-eight per cent of banking customers used internet banking. There was no major association between age and cyber banking use, it found. It noticed that qualification plays the role in accepting online banking in terms of education and the respondents' profits. The survey indicated that it is time-needed that users' financial knowledge must be improved through various plans that banks should run to raise online banking awareness.

V. Rajarathinam and C.K. Mangalam (2013), have suggested that customers have been affected by issues such as prompt use, status symbol, banking, ease of use, protection and protection everywhere. The impact of the features varied according to user form. Users have specific competences in the use of internet banking. The higher their ability to manage online banking was perceived by users, the higher their frequency was when using internet banking. Sensible and inexperienced online banking customers had comparatively lower rates of fulfilment with the usage.

AIMS OF STUDY

- To analyze the present situation of Indian financing sector financial innovation.
- Identifying numerous e-banking facilities / products which India has adopted.
- To evaluate the problems that Electronic Banking faces.
- To understand the possibilities in Electronic Banking.

ELECTRONIC BANKING

Electronic banking is the phrase that indicates and covers the whole range of technology measures taking place in the financing industry. Electronic banking is a generalized concept that uses electronic networks for the provision of banking services and goods via telephones, cell phones, internet etc. The idea of e-banking and its scope are still in the temporary stage.

THREATS IN E-BANKING

- **Security Risk:** The security problem has been one of the main worries for the banks. Due to confusion and security issues a wide number of users fails to opt for electronic banking services. As per the IAMAI Report (2006), due to security issues, forty three per cent of Internet users do not use online banking in India. So that's a huge challenge for advertisers and makes customers comfortable about their security issues, which will further expand the use of online banking.

- **The Trust Factor:** Confidence is the greatest obstacle to online banking for most customers. Because of lack of faith in online security, customers prefer conventional banking. They assume that electronic transactions are dangerous and there could be fraud. Consumers are worried about the use of e-banking.
facilities, for example, did the transaction take place? Did I once or twice press the Transfer button? The ability of our customers to engage in a web merchant transaction is a big factor of trust.

- Customer Awareness: Consumer knowledge of the e-banking facilities and procedures in the Indian scenario is still at the lower hand. Banks are unable to disseminate sufficient information about the internet banking usage, advantages and service. Less knowledge of emerging technologies and their benefits is one of the most widely rated barriers to e-banking growth.

- Privacy risk: The danger that private information is exposed and concerns of identity fraud are one of the key factors that keep customers from opting for internet banking services. Many customers believe they are vulnerable to identity fraud when using online banking services. Customer worries about their privacy in the study, and fear that the Bank would infringe on its privacy by using its information without consumer permission for marketing and other secondary purposes.

- Strengthening the public support: Throughout the context of most e-financing ventures throughout developing countries, collaboration between the private and public sectors has been the result. If the government sector has no funds to execute the projects, it is crucial for public and private sector collaborative efforts, along with multifaceted agencies such as the World Bank, to encourage government support for e-financing initiatives.

- Accessibility of Personnel services: At present, banks are expected to offer financial resources for many services, such as social banking, selective upgradation, automation and creative mechanization, improved customer service, efficient management culture, inner management and control, sufficient productivity, good organizational culture, etc.

- Application of global technology: Adequate infrastructure level and the development of human resources are important before evolving countries can use universal technology to meet their local needs. Many consumers in emerging countries are either afraid or lack access to the required e-payment infrastructure.

- Non-Performing Assets: NPAs are yet another banking sector challenge. Vehicle credits and unsafe loans are the non-performing assets, which have raised interest rates, payment limits and increasing property prices, exceeding 50% of the banks’ retail portfolio.

- Struggle: Publicly owned banks and business banks are competing with international and new private sector banks. Banking sector rivalry poses many challenges to banks, including product placing, new ideas and networks, evolving market movements, strategically and functionally oriented cross-selling of ads, assets and risk. By converting employees into computer power, banks restrict their administrative folio by raising manual work and performing complete machine work. Professional and skilled manpower is to be used and focused workers will be named oriented to the results.

- Handling Technology: Production or acquisition of the appropriate technology, its optimum implementation and its maximization is necessary for achieving and sustaining high quality of service and performance while remaining cost-effective and providing shareholders with a sustainable return. Early technology adopters thus gain major technological advancements.

CHANCES IN ELECTRONIC BANKING

- Unused Rural Markets: A largely untapped demand for the banking sector amounts to 70% of India's total population. Banking services have reached all urban areas, but the banks have reached only few major villages. In other towns, so banks have to touch as most Indians still live in countryside areas.

- Numerous Channels: Banks can provide so many banking networks and other facilities like the ATM network, local branches, mobile / telephone banking, video banking and so on in order to upsurge the financing operation.
• **Competitive Advantage:** The electronic banking has many advantages which gives the banks a strategic edge over others. E-banking is very good for banks because it lowers costs to banks, strengthens customer interaction, expands the bank's geographical reach and so on. The advantages of e-banking have been motivating banks to improve their regulation of their banking operations.

• **Increasing Internet Users & Computer Literacy:** It is necessary or original to have a knowledge of internet technology in order to easily take on Internet banking services for the use of internet Banking. Online customers can be a big chance in India fast-growing and the banking sector should take up this chance to draw more online users for internet banking.

• **Worthy Customer Service:** Each bank’s best brand ambassador for its growth is customer services. Budding partnership with the client is an opportunity to build the client's trust in the bank. As customer services increase competition, they have become the foundation for measuring banks' results.

• **Internet Banking:** It is evident that the electronic financing of the banking facilities, share tradings, insurance and loans on the basis of data storage systems and data mining technology would be gradually convergent. In any case where banking is popular and needs to be upscaled, banks may start up different online banking services other than outdated banking services.

• **Market Advancing:** Banks just embraced the segmentation of customers that has helped to tailor their product folios well. This makes retail lending a priority especially on finance for consumer durables, homes, vehicles, etc., and also helps spread risks and raise the income of banking with better rates of recuperation. Retail lending has become a priority of interest.

**CONCLUSION**

The internet banking term has been attentive to the Indian background over time. Most banks have developed e-banking facilities, as both banks and consumers profit from these facilities. The banks face many problems and there are plenty of prospects with the banks. The face of Indian banks is transformed by various financial developments such as Automated Teller Machines, Real Time Gross Settlement, debit and credit cards, telephone banking etc. This has prompted bankers to variation their strategic stance from "conventional banking to banking comfort" and "mass banking to class banking," which is a shift in perspective from the seller market to the buyers' market in the industry. The move has also improved the bank accessibility of a common man in line with his varied demands and needs. In the next few years e-banking is not only acceptable but is also favored.

**REFERENCES**


