

E- BANKING IN THE INDIAN SCENARIO

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ABSTRACT:

Banks today operate in a highly globalized, liberalized, privatized and a competitive environment. Indian Banking industry has witnessed a tremendous development due to sweeping changes that are taking place in the information technology. Electronic banking has emerged from such an innovative development through the internet banking facilities. The objective of the present paper is to study and analyze the progress made by Indian banking industry in adoption of technology. The study is secondary based and pure analytical in nature. The progress in e-banking in Indian banking industry is measured through various parameters such as computerization of branches, Automatic Teller Machines, Transactions through Retail Electronic Payment Methods etc., The paper also highlights the challenges faced by Indian banks in adaption of technology and recommendations are made to tackle these challenges. The paper concludes that in years to come e-banking will not only be acceptable mode of banking but preferred mode of banking.

Keywords – E-Banking, Information Technology Automated Teller Machines.

INTRODUCTION:

E-Banking is the term that signifies and encompasses the entire sphere of technology initiatives that have taken place in the banking industry. E-banking is a generic term making use of electronic channels through telephone, mobile phones, internet etc., for delivery of banking services and products. The concept and scope of e-banking is still in the transitional stage. E-banking has broken the barriers of branch banking.

Leaders in the adoption of e-banking. Indian banks offer to their customers following e-banking products and services:

- Automated Teller Machine (ATMs), Internet Banking
- Mobile Banking, Phone Banking
- Telebanking, Electronic clearing services
- Electronic Clearing cards, Smart cards
- Door Step Banking, Electronic Fund Transfer

OBJECTIVES OF THE STUDY:

1. To know about various e-banking services/products adopted by Indian Banks
2. To identify and analyze the progress made by Indian banking industry in adoption of technology
3. To analyze the challenges faced by Indian banks in adoption of technology and make recommendations to tackle these challenges.

RESEARCH METHODOLOGY:

The study is secondary based in analytical in nature. Statistical and mathematical tools such as simple growth rate, percentages and averages are used. The sources of data are report on trends and progress of banking in India published by Reserve Bank of India, Mumbai. The parameters of the study are computerization of branches, Automated Teller Machines and Transactions through Retail Electronic Payment Methods such as Electronic Clearing Services (ECS).

FEATURES OF E-BANKING IN INDIA:

A Bank customer can perform some non-transactional tasks through online banking including viewing account balances, recent transactions, Register utility billers and make bill payments, downloading bank statements for example in PDF format, Viewing images of paid cheques, ordering cheque books, download periodic account statements, Downloading applications for M-banking, E-banking etc., Bank customers can transact banking tasks through online banking, National Electronic Fund Transfer, loan applications and transactions such as repayment of enrolments.

TYPES OF E-BANKING:

INFORMATIONAL WEBSITES:

Such services are known as first level banking. Through such services bank provides marketing information regarding banking products and services on a standalone server. It has very low degree of risk as there is no connection between server and bank.

COMMUNICATIVE WEBSITES:

In this system there is very less scope of communication between banking system and e-banking users. This communication is only to the extent of e-mail, account balance enquiry, loan application or static file updates. This system is not having fund transfer facility.

ADVANCED TRANSACTIONAL WEBSITES

This form of E-banking enables e-banking users to transfer their fund electronically, make payment of utility bills and conduct other banking transaction online. Use of Information and Communication Technology (ICT) is the latest mode of managing data electronically.

BENEFITS TO CONSUMERS:

- Customers account is extremely accessible with an online account. Customer can withdraw at anytime through ATM that are now widely available throughout the country. Besides withdrawing cash customers can also have mini banks statements, balance inquiry at these ATM.
- Through Internet Banking customer can operate his account while sitting in his office or home. There is no need to go to bank in person for such matter. E-Banking has also greatly helped in payment to utility bill. Now there is no need to stand in long queues outside banks for this purpose.
- All services that are usually available from the local bank can be found on a single website. The growth of credit card usage also owes greatly to E-banking. Now a customer can shop worldwide without any need of carrying paper money with him. Banks are available 24 hours a day seven days a week and they are only a mouse click away.

THREATS OF E-BANKING ARE AS FOLLOWS:

1. The most common way of hoaxing with the information is the cracking login and passwords of e-banking users.
2. Denial of Services: high trafficking of queries result into jamming computer network.
3. Data Diddling: Information and data can change in an unauthorized way. It can result receiving higher amount bill rather than actual amount to be paid by customers.

4. **Session Hijacking:** Hijacking becomes unauthorized intermediary between the customer and the server. The hijacker can hijack the data and restricts it to reach the relevant destination.

RECOMMENDATIONS

The following are certain recommendations to popularise ebanking services/ products:

Create awareness about e-banking: Banks should create awareness among people about e-banking products and services. Customers should be made literate about the use of e-banking products and services.

Special arrangements by banks: Special arrangements should be made by banks to ensure full security of customer funds. Technical defaults should be avoided by employing well trained and expert technicians in field of computers, so that loss of data can be avoided. Banks should use latest technologies with timely updates to secure customers valuable money from the hands of hackers.

Specialised training: Employees of banks should be given special technical training for the use of e-banking, so that they can further encourage customers to use the same.

Organising seminars and workshops: Seminars and workshops should be organised on the healthy usage of ebanking especially for those who are ATM or computer illiterate.

Cater to need of customers: E-banking services should be customised on basis of age, gender, occupation etc so that needs and requirements of people are met accordingly.

Proper infrastructure: Government should make huge investments for building the infrastructure.

Security arrangements by customers: Customers should never share personal information like PIN numbers, passwords etc with anyone, including employees of the bank. Documents that contain confidential information should be safeguarded. PIN or password mailers should not be stored, the PIN and/or passwords should be changed immediately and memorised before destroying the mail. Take simple precautions like changing the ATM PIN and online login and transaction passwords on a regular basis. Ensure that the logged in session is properly signed out.

CONCLUSION:

Indian banks is making sincere efforts for the adoption of advanced technology and installation of e-delivery channels. Banks are making sincere focus and efforts to popularize the e-banking services and products to their customers. In years to come e –banking will not only be acceptable mode of banking but will be preferred mode of banking. Through e-banking customers can process any banking transaction without even visiting bank branch at anytime anywhere and this is known as “anywhere banking”. Providing e-banking is no more considered as an additional feature of a banking institution, but now it is becoming an essential feature of a bank.

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