

E-BANKING IN INDIA-A CRITICAL REVIEW ON E-BANKING SERVICES

A.SUNITHA

Research Scholar

JJT University, RAJASTHAN

ABSTRACT

Due to the widespread use of computer technologies in almost all aspects of life, organizations that are connected to the Internet started extending their services to their customers to include new applications and services that satisfy their customers' desires to make better businesses. One of these emerging applications is mobile banking. The term mobile banking (or m-banking) describes the banking services that the user can perform via a mobile device ubiquitously at anytime and from anywhere. In order for users to access their accounts, they need a mobile device and network connectivity. Therefore, sitting in front of a computer is not a requirement anymore; accessing accounts can occur while users are waiting their turn at the dentist clinic or relaxing at the beach. This paper explores the opportunities of using mobile technology in the electronic banking (e-banking) sector to enhance existing banking services by moving toward m-banking using mobile devices and wireless media that can provide opportunities for ubiquitous access to the banking services as mobile technologies can be used at anytime and from anywhere. The technical problems encountered while using the mobile devices presents some technical difficulties and challenges for the e-banking. The proposed system covers: the customer services (user interface) and the security aspects. In the user interface part, banking facility is provided to the user through the mobile device to implement banking transactions. The model provides customers with the services: billing payments, transferring of funds, viewing of customer's accounts and transactions, allowing the user to change his/her password and request a cheque book. The application takes into consideration security aspects; it satisfies the following security requirements: Authentication, Confidentiality and Authorization.

Key Words: e-banking, network, m-banking, confidential

INTRODUCTION

Internet banking (or E-banking) means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In internet banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would be a borderless entity permitting anytime, anywhere and anyhow banking.

The network which connects the various locations and gives connectivity to the central office within the organization is called intranet. These networks are limited to organizations for which they are set up. SWIFT is a live example of intranet application.

E-banking provides enormous benefits to consumers in terms of ease and cost of transactions, either through Internet, telephone or other electronic delivery. Electronic finance (E-finance) has become one of the most essential technological changes in the financial industry. E-finance as the provision of financial services and markets using Personal computer banking, Internet banking, virtual banking, online banking, home banking, remote electronic banking, and phone banking. PC banking and Internet or online banking is the most frequently used designations. It should be noted, however, that the terms used to describe the various types of electronic banking are often used interchangeably.

PC banking is a form of online banking that enables customers to execute bank transactions from a PC via a modem. In most PC banking ventures, the bank offers the customer a proprietary financial software program that allows the customer to perform financial transactions from his or her home computer.

The customer then dials into the bank with his or her modem, downloads data, and runs the programs that are resident on the customer's computer. Currently, many banks offer PC banking systems that allow customers to obtain account balances and credit card statements, pay bills, and transfer funds between accounts, Electronic communication and computation. In practice, e-finance includes e-payment, e-trading, and e-banking.

OBJECTIVES

1. To analyze the important of E-banking services in the bank transactions
2. To analyze the various E-banking services provided by the banks
3. To analyze the problems faced by the customers in using services

FUNCTIONS OF E-BANKING

At present, the personal e-bank system provides the following services:

i. INQUIRY ABOUT THE INFORMATION OF ACCOUNT

The client inquires about the details of his own account information such as the card's / accounts balance and the detailed historical records of the account and downloads the report list.

ii. CARD ACCOUNTS' TRANSFER

The client can achieve the fund to another person's Credit Card in the same city.

iii. BANK - SECURITIES ACCOUNTS TRANSFER

The client can achieve the fund transfer between his own bank savings accounts of his own Credit Card account and his own capital account in the securities company. Moreover, the client can inquire about the present balance at real time.

iv. THE TRANSACTION OF FOREIGN EXCHANGE

The client can trade the foreign exchange, cancel orders and inquire about the information of the transaction of foreign exchange according to the exchange rate given by our bank on net.

v. THE B2C DISBURSEMENT ON NET

The client can do the real-time transfer and get the feedback information about payment from our bank when the client does shopping in the appointed web - site.

vi. CLIENT SERVICE

The client can modify the login password, information of the Credit Card and the client information in **e-bank on net**.

vii. ACCOUNT MANAGEMENT

The client can modify his own limits of right and state of the registered account in the personal e-bank, such as modifying his own login password, freezing or deleting some cards and so on.

viii. REPORTING THE LOSS IF THE ACCOUNT

The client can report the loss in the local area (not nationwide) when the client's Credit Card or passbook is missing or stolen

TYPES OF E-BANKING

- Deposits, withdrawals, inter-account transfer and payment of linked accounts at an ATM;
- Buying and paying for goods and services using debit cards or smart cards without having to carry cash or a cheque book;
- Using a telephone to perform direct banking-make a balance enquiry, inter-account transfers and pay linked accounts;
- Using a computer to perform direct banking -make a balance enquiry, inter-account transfers and pay linked

Internet banking, sometimes called online banking, is an outgrowth of PC banking. Internet banking uses the Internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages, and purchasing financial instruments and certificates of deposit. An Internet banking customer accesses his or her accounts from a browser— software that runs Internet banking programs resident on the bank's World Wide Web server, not on the user's PC.

et Banker defines a "true Internet bank" as one that provides account balances and some transactional capabilities to retail customers over the World Wide Web. Internet banks are also known as virtual, cyber, net, interactive, or web banks.

Drivers of Change:

The Internet has leveled the playing field and afforded open access to customers in the global marketplace. Internet banking is a cost-effective delivery channel for financial institutions. Consumers are embracing the many benefits of Internet banking. Access to one's accounts at anytime and from any location via the World Wide Web is a convenience unknown a short time ago.

Thus, a bank's Internet presence transforms from 'brouchware' status to 'Internet banking' status once the bank goes through a technology integration effort to enable the customer to access information about his or her specific account relationship.

The six primary drivers of Internet banking includes, in order of primacy are:

- I. Improve customer access

- II. Facilitate the offering of more services
- III. Increase customer loyalty
- IV. Attract new customers
- V. Provide services offered by competitors
- VI. Reduce customer attrition

How E-Banking Can Ease Life (Practical Uses):

Penalty due to non-payment of bill is not new to anyone of us. And quite obviously, who likes the long procedure of writing a cheque, standing in a long queue and then ensuring that the particular amount is available in your bank account? Indian banks are trying to make your life easier. Not just bill payment, you can make investments, shop or buy tickets and plan a holiday at your fingertips. In fact, sources from ICICI Bank tell us, "Our Internet banking base has been growing at an exponential pace over the last few years. Currently around 78 percent of the bank's customer base is registered for Internet banking."

To get started, all you need is a computer with a modem or other dial-up device, a checking account with a bank that offers online service and the patience to complete about a one-page application, which can usually be done online. You can avail the following services.

Bill payment service:

Each bank has tie-ups with various utility companies, service providers and insurance companies, across the country. You can facilitate payment of electricity and telephone bills, mobile phone, credit card and insurance premium bills.

To pay your bills, all you need to do is complete a simple one-time registration for each biller. You can also set up standing instructions online to pay your recurring bills, automatically. One-time standing instruction will ensure that you don't miss out on your bill payments due to lack of time. Most interestingly, the bank does not charge customers for online bill payment.

Fund transfer:

You can transfer any amount from one account to another of the same or any other bank. Customers can send money anywhere in India. Once you login to your account, you need to mention the payee's account number, his bank and the branch. The transfer will take place in a day or so, whereas in a traditional method, it takes about three working days.

Credit card customers:

Credit card users have a lot in store. With Internet banking, customers cannot only pay their credit card bills online but also get a loan on their cards. Not just this, they can also apply for an additional card, request a credit line increase and God forbid if you lose your credit card, you can report lost card online.

Railway pass:

This is something that would interest all the people. Indian Railways has tied up with ICICI bank and you can now make your railway pass for local trains online. The pass will be delivered to you at your doorstep. But the facility is limited to Mumbai, Thane, Nasik, Surat and Pune. The bank would just charge Rs 10 + 12.24 per cent of service tax.

Investing through Internet banking:

Opening a fixed deposit account cannot get easier than this. You can now open a fixed deposit online through funds transfer. Online banking can also be a great friend for lazy investors.

Now investors with interlinked demat account and bank account can easily trade in the stock market and the amount will be automatically debited from their respective bank accounts and the shares will be credited in their demat account.

Moreover, some banks even give you the facility to purchase mutual funds directly from the online banking system. So you need not worry about filling those big forms for mutual funds, they will now be just a few clicks away. Nowadays, most leading banks offer both online banking and demat account. However if you have your demat account with independent share brokers, then you need to sign a special form, which will link your two accounts.

Recharging prepaid phone:

Now you no longer need to rush to the vendor to recharge your prepaid phone, every time your talk time runs out. Just top-up your prepaid mobile cards by logging in to Internet banking. By just selecting your operator's name, entering your mobile number and the amount for recharge, your phone is again back in action within few minutes.

Shopping at fingertips:

Leading banks have tie ups with various shopping websites. With a range of all kind of products, you can shop online and the payment is also made conveniently through your account. You can also buy railway and air tickets through Internet banking.

Internet banking versus traditional method:

In spite of so many facilities that Internet banking offers us, we still seem to trust our traditional method of banking and is reluctant to use online banking. But here are few cases where Internet banking will turn out to be a better option in terms of saving your money. 'Stop payment' done through Internet banking will not cost any extra fees but when done through the branch, the bank may charge you Rs 50 per cheque plus the service tax.

Through Internet banking, you can check your transactions at any time of the day, and as many times as you want to. On the other hand, in a traditional method, you get quarterly statements from the bank and if you request for a statement at your required time, it may turn out to be an expensive affair. The branch may charge you Rs 25 per page, which includes only 30 transactions. Moreover, the bank branch would take eight days to deliver it at your doorstep.

If the fund transfer has to be made outstation, where the bank does not have a branch, the bank would demand outstation charges. Whereas with the help of online banking, it will be absolutely free for you. As per the Internet and Mobile Association of India's report on online banking 2006, "There are many advantages of online banking. It is convenient, it isn't bound by operational timings, there are no geographical barriers and the services can be offered at a miniscule cost."

Security Precautions:

Customers should never share personal information like PIN numbers, passwords etc with anyone, including employees of the bank. It is important that documents that contain confidential information are safeguarded. PIN or password mailers should not be stored, the PIN and/or passwords should be changed immediately and memorized before destroying the mailers.

Customers are advised not to provide sensitive account-related information over unsecured e-mails or over the phone. Take simple precautions like changing the ATM PIN and online login and transaction passwords on a regular basis. Also ensure that the logged in session is properly signed out.

CONCLUSION

E-banking is a borderless entity permitting anytime, anywhere and anyhow banking. This facilitates us with all the functions and many advantages as compared to traditional banking services. During this step of the process, controls that could mitigate or eliminate the identified risks, as appropriate to the organizations operations, are provided. The goal of the recommended controls is to reduce the level of risk to the IT system and its data to an acceptable level

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