



A STUDY OF E-SERVICES OF BANKS

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ABSTRACT:

E-banking means electronic banking which is popularly known as anywhere banking. Electronic banking, also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash. New Information technology has taken important place in the future development of financial services, especially banking sector transition are affected more than any other financial provider groups. Increased use of mobile services and use of internet as a new distribution channel for banking transactions and international trading requires more attention towards e-banking security against fraudulent activities. The development and the increasing progress that is being experienced in the Information and Communication Technology have brought about a lot of changes in almost all facets of life. In the Banking Industry, it has been in the form of online banking, which is now replacing the traditional banking practice. Although it is proving boon to all sectors especially to all types of customers and financial sector but its growing use without awareness has also attracted many crimes and frauds. Through this paper, it is tried to discuss about growth of E-banking along with growing challenges of risk & Insecurity. Emphasis is given on awareness to be given to E-banking users and establishment of more security measures to avoid chances of misappropriation of funds and cybercrimes. Online banking has a lot of benefits which add value to customers' satisfaction in terms of better quality of service offerings and at the same time enable the banks gain more competitive advantage over other competitors. This paper discusses some challenges in an emerging economy and benefits of E-banking.

Keywords- *E-banking, customer satisfaction, cybercrimes, mobile banking*

INTRODUCTION:

The fast advancing global information infrastructure (including information technology and computer networks such as the Internet and telecommunications systems) enables the development of electronic commerce. The revolution of information technology has influenced almost every facet of life, among them is the banking sector. The introduction of electronic banking has revolutionized and redefined the ways banks were operating

at a global level. As a direct consequence of the emergence of the 'digital economy', the balance of power seems to be shifting to the customers. Customers' are increasingly demanding more value, with goods customized to their exact needs, at less cost, and as quickly as possible. So the banks, be it domestic or foreign are investing more on providing on the customers with the new technologies through e banking. PC banking, mobile banking, ATM, electronic funds transfer, account to account transfer, paying bills online, online tenements and credit cards etc. are the services provided by banks. Also the feature which is commonly unique to internet banking includes importing data into personal accounting software.

OBJECTIVES:

1. To study E-services offered by banks
2. To study the pros and cons of E-services of banks

E-BANKING:

In simple words, e-banking implies provision of banking products and services through electronic delivery Channels. Electronic banking has been around for quite some time in the form of automatic teller machines (ATMs) and telephone transactions. In more recent times, it has been transformed by the internet – a new delivery channel that has facilitated banking transactions for both customers and banks. For customers, the internet offers faster access, is more convenient and available around the clock irrespective of the customer's location. Electronic banking involves many different types of transactions, rights, responsibilities and sometimes it involves fees. Following are some services provided by banks through internet, Electronic Fund Transfer, Mobile Banking, Lost or Stolen of Credit or debit cards, Overdraft for one time debit card transaction and ATM cards, Limited stop- payment privileges etc..

ELECTRONIC FUND TRANSFERS:

Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology in place of checks and other paper transactions. EFT's are initiated through devices like cards or codes that let you, or those you authorize, access your account. Many financial institutions use ATM or debit cards and Personal Identification Numbers (PINs) for this purpose. Some use other types of debit cards that require your signature or a scan.

Here are some common EFT services:

ATMs are electronic terminals that let you bank almost virtually any time. To withdraw cash, make deposits, or transfer funds between accounts, you generally insert an ATM card and enter your PIN. Some financial institutions and ATM owners charge a fee, particularly if you don't have accounts with them or if your transactions take place at remote locations.

Direct Deposit lets you authorize specific deposits — like paychecks, Social Security checks, and other benefits — to your account on a regular basis. You also may pre-authorize direct withdrawals so that recurring bills — like insurance premiums, mortgages, utility bills, and gym memberships — are paid automatically.

Pay-by-Phone Systems let you call your financial institution with instructions to pay certain bills or to transfer funds between accounts. You must have an agreement with your institution to make these transfers.

Personal Computer Banking lets you handle many banking transactions using your personal computer. For example, you may use your computer to request transfers between accounts and pay bills electronically.

Debit Card Purchase or Payment Transactions let you make purchases or payments with a debit card, which also may be your ATM card. Transactions can take place in-person, online, or by phone. The process is similar to using a credit card, with some important exceptions: a debit card purchase or payment transfers money quickly from your bank account to the company's account, so you have to have sufficient funds in your account to cover your purchase. This means you need to keep accurate records of the

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dates and amounts of your debit card purchases, payments, and ATM withdrawals. Be sure you know the store or business before you provide your debit card information to avoid the possible loss of funds through fraud. Your liability for unauthorized use, and your rights for dealing with errors, may be different for a debit card than a credit card.

Electronic Check Conversion converts a paper check into an electronic payment in a store or when a company gets your check in the mail. When you give your check to a cashier in a store, the check is run through an electronic system that captures your banking information and the amount of the cheque. You sign a receipt and you get a copy for your records. When your check is given back to you, it should be voided or marked by the merchant so that it can't be used again. The merchant electronically sends information from the check (but not the check itself) to your bank or other financial institution, and the funds are transferred into the merchant's account.

MOBILE BANKING:

Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through mobile device such as mobile phone or tablet. The earliest mobile banking was offered over SMS, a service known as SMS banking. With the instruction of smart phones with WAP support enabling the use of the mobile web in 1999, the first European bank started to offer mobile banking to this platform to their customers. It uses the mobile connectivity of telecom operators and therefore does not require internet connection. With mobile banking, users of mobile phones can perform several financial functions conveniently and securely from their mobiles. You can check your account balance, review recent transactions, transfer funds, pay bills, locate ATM's, deposit cheques, manage investments, etc. Mobile banking is available round the clock 24/7/365, it is easy and convenient and an ideal choice for accessing financial services for most mobile phone owners in rural areas.

Overdrafts for One-Time Debit Card Transactions and ATM Cards:

If you make a one-time purchase or payment with your debit card or use your ATM card and don't have sufficient funds, an overdraft can occur. Your bank must get your permission to charge you a fee to pay for your overdraft on a one-time debit card transaction or ATM transaction. They also must send you a notice and get your opt-in agreement before charging you.

LIMITED STOP-PAYMENT PRIVILEGES:

When you use an electronic fund transfer, the EFT Act does not give you the right to stop payment. If your purchase is defective or your order isn't delivered, it's as if you paid cash: It's up to you to resolve the problem with the seller and get your money back. One exception: If you arranged for recurring payments out of your account to third parties, like insurance companies or utilities, you can stop payment if you notify your institution at least three business days before the scheduled transfer. The notice may be written or oral, but the institution may require a written follow-up within 14 days of your oral notice. If you don't follow-up in writing, the institution's responsibility to stop payment ends. Although federal law provides limited rights to stop payment, financial institutions may offer more rights or state laws may require them. If this feature is important to you, shop around to be sure you're getting the best "stop-payment" terms available.

ADDITIONAL RIGHTS:

The EFT Act protects your right of choice in two specific situations: First, financial institutions can't require you to repay a loan by preauthorized electronic transfers. Second, if you're required to get your salary or government benefit check by EFT, you can choose the institution where those payments will be deposited.

For More Information and Complaints

If you decide to use EFT, keep these tips in mind:· Take care of your ATM or debit card. Know where it is at all times; if you lose it, report it as

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soon as possible. · Choose a PIN for your ATM or debit card that's different from your address, telephone number, Social Security number, or birthdates. This will make it more difficult for a thief to use your card. Keep and compare your receipts for all types of EFT transactions with your statements so you can find errors or unauthorized transfers and report them.

Make sure you know and trust a merchant or other company before you share any bank account information or pre-authorize debits to your account. Beaware that some merchants or companies may process your check information electronically when you pay by check. Read your monthly statements promptly and carefully. Contact your bank or other financial institution immediately if you find unauthorized transactions and errors.

MERITS OF E-BANKING SYSTEM:

From Point Of View of Banks

1. **Very low set-up cost:** -From point of view of banks, E-banking system involves a very low set-up cost. Installation of this system attracts a very low investment by keeping in view area and numbers of transactions involved in banking.
2. **Capacity to cater to very large customer base:** - E-banking system helps bank to cater requirements of large customers at one place. It can handle many customers at single point of time. It involves multitasking and save time of banking officials.
3. **Saves a lot of operational cost. Adds to baseline:-** As a large customer base is served at same time by banks, so it saves a lot of operational cost like stationary, paperwork, less employees requirements etc. thus a bank can add many more features in its baseline and schemes for customer and enjoy high profitability.
4. **Banks can offer a lot of personalized services to their customers:-**By using e-banking banks can add variety to their products by providing personalized services as per their specifications and requirements.
5. **Reduction of burden on branch banking:** -It reduces the burden of workload on branches and helps them in managing their affairs coolly.

From Point Of View of Customers

1. **Convenient:** -It is very easy and convenient to use e-banking for customers.
2. **Round the clock availability:** - E-banking system provides services to customer round the clock. It is not bound by operational timing and customers' can enjoy banking services at any time.
3. **No geographical barriers:** -It is not restricted by geographical barriers i.e. a customer can operate its accounts from anywhere in the world.
4. **Minimizes cost for customers:** -By using e-banking banks can add variety to their products by providing personalized services as per their specifications and requirements. Hence it minimizes cost for customers.
5. **Helps in managing customer account at anytime, anywhere:** - customers can check and operate their bank account and transaction at any time or any number of times in a day.

DEMERITS OF E-BANKING:

1. Understanding the usage of internet banking might be difficult for a beginner at the first go. Though there are some sites which offer a demo on how to use internet banking, but all does not offer this facility. So a person who is new to internet banking might face some difficulty.
2. You cannot have access to internet banking if you don't have an internet connection.
3. Security of transactions is a big issue. Your account information might get hacked by unauthorized people over the internet.
4. Password security is a must. After getting your net banking password, do change it and memorize it otherwise your account maybe misused by someone who gets to know your password inadvertently.
5. You cannot use internet banking, in case; the bank's server is down.
6. Another issue is that sometimes it becomes difficult to note whether your transaction was successful or not.

CONCLUSION:

It is concluded that Electronic banking, which is also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash. New Information technology has taken important place in the future development of financial services, especially banking sector transition are affected more than any other financial provider groups. Increased use of mobile services and use of internet as a new distribution channel for banking transactions and international trading requires more attention towards e-banking security against fraudulent activities.

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SUGGESTIONS:

Below mentioned are a few suggestions for the users of E-services of banks

1. Make sure your transmissions are encrypted before doing any online transactions or sending personal information.
2. Do not send sensitive data via e-mail (unless you know it is encrypted).

3. Change all passwords and PIN codes received via e-mail that is not encrypted.

4. Make sure you are on the right website.

Be “password smart” (use mix of letters and numbers; change pw regularly; keep your pw and PIN codes to yourself; avoid easy to guess pw like first names, birthdays, anniversaries, social security numbers...)

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