



Analysis of Current Scenario of E-Banking in India

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Abstract:

The e-banking system in India has grown tremendously with both government policies of digitization and the growing trend of smartphones and internet connectivity. Over the past few years, the Government of India's initiatives such as Digital India and Pradhan Mantri Jan Dhan Yojana have encouraged the shift towards a cashless economy and thus fuelled the growth of e-banking. Accelerated adoption online banking users has seen a huge increase in the number of from 76 million to 341 million since 2016 by the end of 2024 in India. Also, adoption online banking users has increased from just 82 million to 470 million during the same period. In 2016-17, upi transactions worth one lakh crore rupees were completed in India. In which there was an increase up to 18 lakh crore rupees by the year 2018-19. Further, by 2021-22, the number of UPI transactions in the country has finally increased to Rs 126 lakh crore.

Keywords: *E-Banking, Traditional Banking, Online Banking Users, Unified Payments Interface (UPI), Internet Banking.*

Introduction:

E-banking is a historical change in the banking sector in today's advanced era. The biggest change of e-banking is the dynamism in the banking sector, through e-banking customers get many banking facilities at home, saving time, any financial transaction can be done quickly, conveniently and securely through mobile, internet. So today the entire society has shifted towards e-banking. The present article reviews the concept of e-banking, types of e-banking services, differences between traditional banking and banking and the current scenario of progress of e-banking in India.

Review of Literature:

A few of literature has been reviewed for the purpose of the study. Relevant reviews of research articles are discussed below:

Mandeep Singh and others(2019): In the article E-banking scenario in India by Mandeep Singh, Dinesh Kumar, Amandeep Kaur, the concept of net banking, importance and function of net banking, problems faced in using net banking in India and current status of net banking in India have been reviewed. According to him, the classification of e-banking in India based on the functioning of internet banking is mainly classified into three different types namely information only system, electronic information transfer system and fully electronic transaction system.

Atharva Dhamale& Others (2019): In an article titled 'A Study of E-banking in India: Trends of Popularity' reviewed the e-banking trends based on a survey interview of 500 respondents. It was observed that 68% of the bank customers are using e-banking and the highest usage of e-banking service is 32% for online payment.

Jyoti Bathra, Dr. Usha Porwal(2020): conducted a comparative study on traditional banking and e-banking in Indore district in which they filled a questionnaire from 200 respondents and found the following findings. The traditional bank users are not fully satisfied with the electronic banking system. Traditional banks have not provided enough facilities to their customers by online bank organizers. Instantly, e-bank customers are getting many benefits like ATM, internet banking, credit card, mobile banking, POS, SMS banking and many buying or selling options. The study concludes that majority of customers are adopting e-banking due to many positive issues.

Sandhya S (2021): published a research Article on **A Study on SBI Customers' Satisfaction Towards E-Banking Services** in which he filled a questionnaire from 100 respondents of State Bank of India and found the following findings. Majority (76%) of the respondents are male. As the present study shows, most of the customers of SBI are related to purchase of goods and services performance activities through e-banking services. Majority of the respondents expressed the opinion that ease of processing benefits are provided by e-banking services.

Objectives:

The following objectives have been set for the present study.

1. To understand the concept of e-banking.
2. To study the difference between traditional banking and e-banking.
3. To study the types of e-banking services.
4. To review the progress of e-banking scenario in India.

Research Methodology:

The present study is descriptive in nature, secondary data source has been used

for it. For this data has been collected from sources like relevant reference books, Economics Survey of India, Reserve Bank of India Bulletin, and various bank progress reports on banking in India, quarterlies, magazines, newspapers and websites. Data is the core of the analysis.

Limitations of Study:

The present study is relies on secondary data and the findings of the study are derived from the various reports such as Economic Survey of India, Government of India and Various institutions.

Analysis and Discussion:

The following analysis and discussion explain the scenario of E-Banking n India.

1. History of E-Banking:

Initially, the nature of e-banking was limited to online transactions only. However, with advances in technology, the landscape has expanded to include a range of services, from mobile banking apps to various payments that are becoming contactless. Today e-banking is not just a convenience; It has become a lifestyle of the modern world.

E-banking was first introduced to the world in 1994 by Stanford Federal Credit Union launching the first internet banking website. Online banking really took off in the 1990s, along with the advent of internet banking in India in the late 1990s. ICICI was the first bank to introduce internet banking to its customers in 1996. With the low cost of internet and increased awareness of electronic media, online banking was established only in 1999. Online banking facility was first introduced in 1996 by ICICI Bank.

2. Meaningof E-Banking:

E-banking means that the letter 'E' in banking is used for electronic. The full form of banking is electronic banking. Generally,

banking business done using electronic means is called e-banking.

In other words, the business of providing bank services using modern tools of information technology is called e banking.

3. Difference between Traditional Banking and E-Banking:

A notable point for comparison and difference between these two systems of

banking is that traditional banking, conservatively tries to reduce costs in various ways, electronic banking is proactive and futuristic and it electronic banking, provides services and tries to improve its performance, increase customer satisfaction and income services so the main goal in electronic banking.

Traditional Banking	Electronic Banking
Proven offer limited coverage Traditional bank system does not provide proper marketing tool. The traditional bank system is a more time-consuming process. Traditional banking methods do not fully screen banking transactions. Traditional bank system requires bank officers to process paper which increases both time and cost.	E-banking practices include home/office based global reach. Marketing of e-banking products / schemes provides easy online access. E-banking has no limitations as there is no need to stand in huge queues. Marketing of e-banking products / schemes provides easy online access. Fraud and errors can be reduced by inter-branch transaction switching system. Time can be reduced in e banking system or everything requires some distance and huge paper work. E-banking provides cashless banking, plastic money (ATM, credit card available).

4. Types of E-Banking Services:

- a. **Internet Banking:** Internet banking enables bank customers to perform various financial and non-financial operations online. The internet banking facility has to be accessed by visiting the official website of the bank and logging into your account.
- b. **Mobile banking:** Many large and small banking institutions have introduced their own dedicated mobile applications. These apps are available for both iOS and Android platforms. Bank account holders can easily download this app and complete transactions.
- c. **ATM:** Automated Teller Machines (ATMs) are one of the most popular services offered under e-banking.
- d. **Electronic Data Interchange:** Electronic data interchange is a new technology that replaces the traditional paper-based method of information

exchange between organizations by adopting a standardized electronic format.

- e. **Credit cards:** Credit cards are issued by banks after looking at your credit history and score. With this card, you can withdraw the pre-approved amount and repay it in a lump sum or in different EMIs. You can also shop nearby with this card.
- f. **Debit card:** It is one of the most common types of e-banking services. They are linked to bank accounts and make it easy to. Shop at POS terminals, Make transactions online and Withdraw money from ATMs etc.
- g. **Electronic Funds Transfer:** The term is used to describe the electronic transfer of funds from one bank to another. It includes NEFT, RTGS, IMPS and Direct Debit etc.:

- h. Point of Sale (POS):** Point of sale is the time and place at which the customer uses the plastic card to pay for the goods or services they purchase or receive.

5. Growth of online banking users in India:

In real sense, the development of e-banking system has taken place since the demonetisation of 2016. The growth and development analysis of banking system in India can be seen as follows.

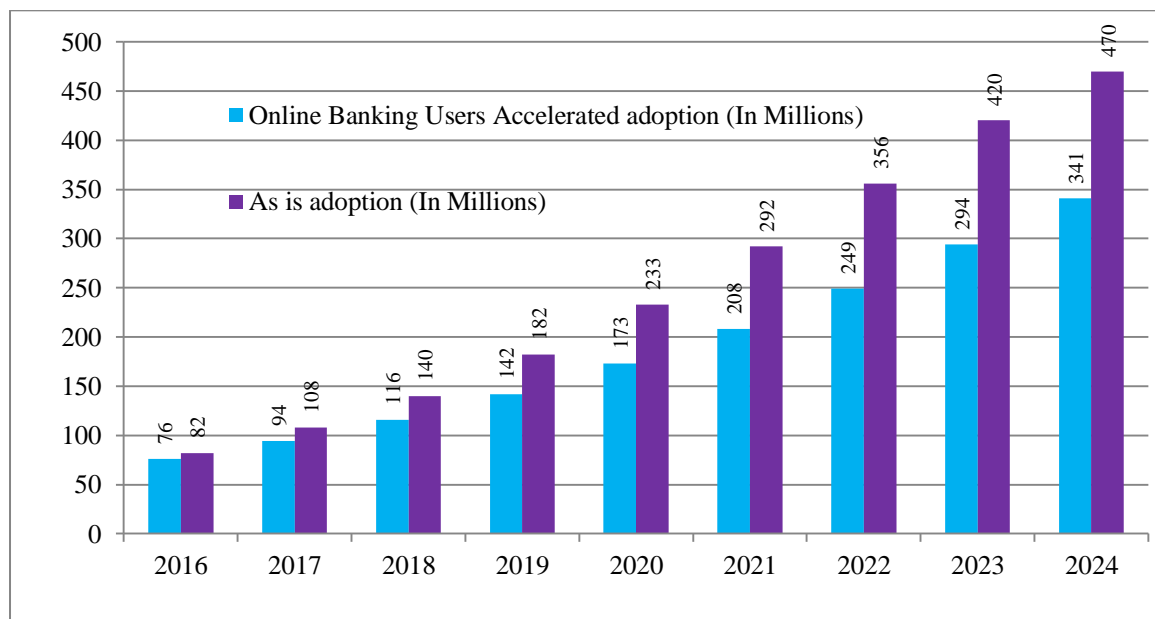
1. Online Banking Users in India:

Details of online banking usage in India are as follows.

Table No.1: Online Banking Users

Sr. No.	Years	Accelerated adoption (In Millions)	As is adoption (In Millions)
1	2016	76	82
2	2017	94	108
3	2018	116	140
4	2019	142	182
5	2020	173	233
6	2021	208	292
7	2022	249	356
8	2023	294	420
9	2024	341	470
10	2025	394	508

Source: IAMAR, BCG Analysis



A review of the above table and graph shows that in the 2016, the number of accelerated adoption online banking users in India was only 76 million, while the number of adoption users was 82 million. Further, in 2020, the number of accelerated adoption online banking users was 173 and adoption was 233.

The number of Accelerated adoption online banking users in India will grow to 341 million by 2024, while the number of adoption users will increase to 470 million in the same year.

2. UPI transaction in India:

Actually, as of now the most used e-banking platforms in India include Unified

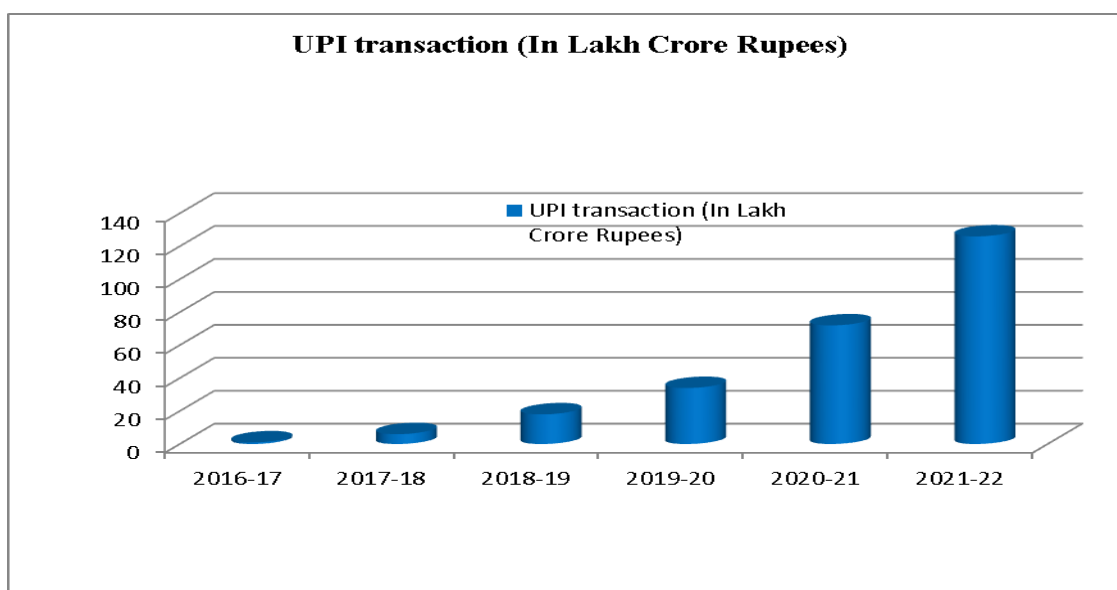
Payments Interface (UPI), and internet banking. Internet banking is widely used in India by uco Bank, State Bank of India, and

HDFC Bank, and mobile wallets such as Phone Pay, Paytm and Google Pay.

Table No. 2: UPI transaction

Sr. No.	Years	UPI transaction (In Lakh Crore Rupees)
1	2016-17	1
2	2017-18	6
3	2018-19	18
4	2019-20	34
5	2020-21	72
6	2021-22	126

Source: Economic Survey 2023



A review of the above table no.2 and graph shows that the In 2016-17, UPI transactions worth Rs 1 lakh crore were completed in India. By 2018-19, the number of UPI transactions in India had increased to Rs 18 lakh crore. Further, by 2021-22, the number of UPI transactions in the country has finally increased to Rs 126 lakh crore. In FY 2021-22, UPI accounted for 52 percent of the total 8,840 crore financial digital transactions in India, with a total value of Rs. 126 lakh crores. In FY 2018-19, UPI accounted for only 17 percent of the total 3,100 crore digital transactions in the country.

Conclusion:

Payments through Unified Payments Interface (UPI) accounted for 52% of all digital transactions in India in financial year 2021-22. In India, UPI is one of the fastest-adopting technologies launched in the last six years.

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