



E- Banking In India: Challenges And Prospects

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Abstract

Banking sector plays an essential function inside the financial development of a rustic. Banking is the lifeline of an financial system. A strong and healthful banking gadget is crucial requirement for monetary growth. Indian banking enterprise, today is looking at an IT revolution. The implementation of internet in banking corporations has modernized the banks. It has benefited each the customers in addition to banks. E Banking in India has visible a number of adjustments because of era and innovation. Arrival of card, advent of digital Clearing carrier, creation of digital funds transfer and idea of online banking and cellular banking are the numerous novelties which came about in banking zone. E-Banking is a commonplace time period encompassing net banking, smartphone banking, cellular banking etc. through E-Banking the bank desires to introduce the center idea of IT based Enabled offerings. on the equal time, it changed into completely different from conventional banking gadget. it is greater convenient to the human beings to make debit and credit score. one of the motives for e-banking gaining momentum in India is the growing internet penetration amongst human beings. humans these days choose the usage of digital medium for banking because of lot of blessings related to it. however it has additionally placed forth some issues and challenges that regarding in cyber crime like information robbery, phishing, credit score card fraud and so forth. So on this paper, an attempt has been made to give an outline of e banking in India and numerous issues and challenges dealing with within the banking industry.

Keywords: E –Banking, Internet, Economy, Technology, Busines, Service.

Introduction

Financial institution always plays an important role in the economy of any country. It is important for every country because it meets the credit needs of every segment of society. Information technologies have become an indispensable tool for organizations today. Today, banks operate in this world, in a liberalized, privatized and competitive

environment. IT offers new business models. It plays a significant role in the development of banking services. The Indian banking sector has witnessed tremendous growth due to changes in information technology. Electronic banking has many advantages. It provides a platform for trading anytime, anywhere. Customers can access their earnings anytime, anywhere using the website or credit card without worrying about bank appointments or banking account hours. It maintains the relationship between the bank and its customers. Although e-banking faces many challenges and problems due to technology. In India, the Reserve Bank of India has emphasized its responsibility to ensure that payments and settlements are secure, efficient, interconnected, authorized, valid and in line with and in compliance with international standards. The vision is to promote electronic payments to create a cashless society in India. The Reserve Bank of India is playing a significant role in ensuring various measures to promote the development of e-banking in India.

Current Status Of E-Banking In India

Internet banking has become an integral part of the Indian banking system. The concept of e-banking started in India recently. Traditional business models (e.g. corporate banking) were prevalent until the 1990s, but non-commercial banking services started thereafter. Credit to ICICI Bank for online deposits in India. Citibank and HDFC Bank later launched internet banking services in 1999. The Government of India enacted the Information Technology Act, 2000, which came into force on October 17, 2000, providing legal recognition to e-commerce and other e-commerce activities. The Bank continues to monitor and review the laws and other regulations related to e-commerce to ensure that e-commerce can improve health and that e-commerce related issues do not pose a threat to financial stability. According to a report by the Reserve Bank of India in January 2016, there are 1,96,079 ATMs and 1,337,310 ATMs in India. To cope with the increasing competition, Indian banking companies have taken many initiatives and e-banking is one of them. The competition is particularly tough for public companies as new companies are being set up and foreign banks are taking the opportunity to tap into energy companies. Indian banks offer the following products and services to their customers: Automated Teller Machines (ATMs), Internet Banking, Mobile Banking, Telephone Banking, Telephone Banking, Electronic Clearing Services, Electronic Clearing Cards, Smart Cards - Home Banking - Electronic Money Transfer - In order to be more competitive, commercial banks in India have adopted various strategies to enhance their banking services and gain competitive advantage. Some of the initiatives taken by Indian banks in internet banking are as follows: Indian banks have recently introduced cashless withdrawal facility. This feature allows customers to send money to any person through internet banking or ATMs using the recipient's mobile phone. X 7 services have integrated distribution systems such as internet, telephone and mobile devices. Many Indian banks use Online Tax Accounting

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System (OLTAS) for tax collection on behalf of the Central Board of Direct Taxes, Government of India. ICICI Bank has launched a 24/7 e-system to provide a one-stop service for all banking transactions. It offers facilities like cheque deposit machines and electronic kiosks where customers can access online banking services. ICICI Bank has also launched e-locking systems for its customers. It is a virtual system provided by ICICI Net Banking that helps customers to securely store copies of important documents like legal documents, contracts, policies and more important certificates. ICICI Bank offers various rewards to its customers who spend money online for the first time. The bank has a presence on social media like Facebook and Twitter to target its large customers and tweets and comments about the bank's products and services will be published round the clock by potential customers. After banking on Facebook and Youtube, SBI takes another step into advertising by opening a Twitter account.

Challenges Facing E-Banking

Security: The risk of sending personal information and fear of identity theft are among the main factors deterring customers from opting for online banking services. Most consumers believe that using online banking services makes them vulnerable to identity theft. According to the research, customers are concerned about their privacy and believe that banks can compromise their personal information by using their information for business and other purposes. Banks are not able to publish accurate information about the use, benefits and convenience of online banking. Lack of knowledge about new technologies and their benefits is one of the biggest obstacles to the development of electronic banking

Security Risks: Security issues have become a major concern for banks. Many customers are reluctant to opt for electronic banking facilities due to uncertainty and security issues. Therefore, this is a big challenge for marketers and at the same time satisfying consumers regarding their security concerns.

Trust Factor: For most customers, trust is the biggest factor affecting online commerce. Traditional banks are preferred by customers due to lack of trust in online security. They believe that online commerce is risky and therefore fraud can occur. **Empowering the Public:** In developing countries, most of the e-finance initiatives in the past have been the result of a joint effort between the private and public sectors. In the absence of the public resources to implement these activities, collaboration between the public, private sectors and various institutions such as the World Bank is essential to build public support for e-financial schemes.

Using Global Technology: In developing countries, many consumers do not trust or have access to appropriate technology that can enable electronic payments. **Competition:** State-owned enterprises and commercial enterprises face competition from foreign banks and newly established banks. Competition in the banking sector brings many challenges to

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companies, such as products, new strategies and channels, new business opportunities, sales management and organization, processes to be managed, asset and risk management. Banks limit their administrative work by transforming manpower into power machines, i.e. banks reduce manpower and achieve maximum efficiency through power machines. Skilled and professional workers will be used and skilled workers will be deployed. Achieve and maintain high standards of service and quality while preserving value and returns to the business owners. Technology management is a major challenge for the Indian banking sector as early adopters of technology have a competitive advantage.

Availability of Employee Services: In today's era, banks need to provide various services like business with financial capabilities, modernization options, computerization and new technology, better customer service, internal control and management, strong leadership etc. Therefore, banks need to be able to provide customer service to customers who come with high expectations.

Prospects of E Banking

Untapped Rural Market: The rural market, which constitutes 70% of India's population, is largely untapped. Banking services have reached all urban areas but only a few large villages have access to banks. So the bank needs to cover all the remaining villages as most of the Indians still live in rural areas.

Many avenues: The bank can provide many avenues to access its financial institutions and other services like ATMs, local branches, phone/mobile banking, video banking etc. to develop the banking industry.

Qualified Customer Service: Qualified Customer Service Qualified customer service is the best representative for the bank to grow its business. Every contact with the customer is an opportunity to build trust in the bank. As competition increases, customer service has become the basis for measuring the performance of banks.

Online Business: It is clear that online finance will increase due to data storage and data search, and the products and services provided by the company, business, insurance and lending will be similar. Banking services will become normal whenever and wherever and will need to be updated. This update will include banks that offer more online banking services for traditional banking services.

Debtor Bank Accounts: Banks have recently adopted customer segmentation which has helped them fine-tune their products. Therefore, the credit market has emerged as a focus area especially in areas like financial stability, real estate, automobiles etc.

Indian Consumers: The Indian financial sector is growing with its local relevance and is trying to integrate international standards with the Indian society and is showing good and positive results for Indian banks. The biggest opportunity in the Indian market today is the Indian consumer. Demographic changes in income and cultural changes in lifestyle

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expectations are changing the profile of Indian consumers. This is and will continue to be the main driver of future economic growth.

Developing internet and computer skills of people:The most important thing or the most important thing for using internet banking is that people should be familiar with internet technology so that they can easily accept internet banking services. The rapid growth of internet users in India will be a great opportunity. The banking sector should seize this opportunity to attract more internet users to accept online banking services. Financial literacy and education play a significant role in financial inclusion and economic growth. A study shows that financial literacy has a positive impact on online banking. If customers do not receive financial education, they will avoid using the new online service without changing their traditional banking methods. Many government agencies like Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Investment Development Authority of Ireland (IRDA) and many other investors have conducted various financial studies. They run university courses on a variety of subjects, including online trading,

Conclusion

E-banking in India is an irreplaceable technology that is set to gain momentum in the coming years. With the digitalization of the Indian economy and the drive to make India a cashless society, e-banking is set to gain momentum. Many banks in India, including State Bank of India, HDFC and ICICI, charge fees above the transaction limit. While this is mostly for cash withdrawals, many banks are still struggling to get rid of the cash surplus that came with demonetization in 2016. However, this step will promote online commerce and virtual commerce in India. The youth have adapted to this change and are seeing this economic change as a convenience rather than a challenge. The Reserve Bank of India and the Information Technology Act, 2000 have played a significant role in preserving and protecting e-banking in India.

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