



E-BANKING: EVOLUTIONS AND PROSPECTUS

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ABSTRACT

Over the precedent decades, the need to use information and communication technology has increase rapidly in various countries around the world. It has been employed in financial services and activities and banks are the pivotal parts of the economic sector in Indian economy. Information and communication technology has been employed in financial services as well as banking sector, to get better services. Web is shifting the industry of banking, having the main effects on banking associations. E-banking is one in every of the rising trends within the Indian banking and is enjoying a novel part in reinforcement the banking sector and up service eminence and productivity of banks. Today's banks are shifting their services towards smart phones from buildings (branches). These are some services NEFT, RTGS, UPI, ECS, POS and card based services etc. This paper attempts to understand the concepts and evolution of e-banking in India. Further, the paper will discuss the trends and prospectus associated with e-banking. The study is based on secondary data which is together from research paper, journals, reports articles etc.

KEYWORDS: E-banking, Evolution, Financial Sector, Service Quality



1. INTRODUCTION

Over the precedent decades, the need to use information and communication technology has increase rapidly in various countries around the world. It has been employed in financial services and activities and banks are the pivotal parts of the economic sector in Indian economy. Information and communication technology has been employed in financial services as well as banking sector, to get better services. Web is altering the industry of banking, having the main effects on banking associations.

Banking has gained increasing popularity in recent years through electronic channels and this system popularly known as ‘e-banking’. E-banking is one in every of the rising trends within the Indian banking and is enjoying a novel part in reinforcement the banking sector and up service eminence and productivity of banks. It provides group of advantages that improve customers’ contentment and to achieve out consumers all the way through several routes in terms of higher eminence of service assistance such as ATMs, telephone, net and wireless channels that square measure currently on the market to the clients to perform their banking transactions additionally to the conformist branch banking and at the alike time allows the banks increase a lot of enhancement over alternative competitors.



Fig:-1



REVIEW OF LITERATURE

Mookerji (1998) explained to facilitate internet banking is speedy appropriate well-liked in India. Although, it is at bring to a standstill in its evolutionary phase. They anticipate that a huge complicated and highly cut-throat internet banking marketplace will build up in future.

Suresh Chandra B (2015) observed the electronic banking revolution in India in his paper. The research paper highlighted the evolution of NPCI in electronic banking in India with the help of t-test accessed the contribution of NPCI (National Payment Corporation of India). The study shows the significant difference in paper clearing, NEFT, cards, retail electronic clearing. Through the study it is evident that formation of NPCI in India is very helpful to increasing the electronic banking.

Srivastava (2016) studied on variance analysis of satisfaction level in usage pattern of debit cards. The study was based on primary data that was obtained from online questionnaires from 82 respondents. The Microsoft and SPSS were used for the study. The aims of the study is to check the usage pattern of debit cards through user at some selected usage point like, withdrawn of money through ATM, online transaction , purchases of goods from shops, purchases of goods online, transfer of money to other accounts. ANOVA Analysis was performed. The ANOVA study shows that the usage satisfaction level did not differ significantly among 5 groups. Torkey's Post Hoc Test also shows that there is no significance difference across the mean satisfaction level in usage of debit cards at various usage points.

Capgemini (2016) deliberate top 10 trends in banking – 2017, to know and look at the trends that are expected to oblige the dynamics of the banking ecological unit in the close to potential and decorated the increasing development of banks focusing on improvement, by leveraging fresh technologies.

Abbigeri & Shettar (2018) discussed the changing trends in payments in their research paper. The paper studied many aspects of payments like paper based mode, electronic payment mode, major five mobile payment wallet of India, migration from cheque based payment to digital mean. The study shows that cashless economy direction gives help in growth and development of economy in India.



2. OBJECTIVES OF THE STUDY

- To understand the concepts of e-banking in India.
- To study the evolutions and prospectus of e-banking in India.

3. RESEARCH METHODOLOGY

The study is predicated on descriptive analysis and numerous secondary data sources and includes totally different literatures reviews, in print sources of information together from a mixture of research papers, journals and magazines, numerous issues of RBI and additionally includes websites of banks.

4. E-BANKING EVOLUTIONS IN INDIA

In Modern scenario E-banking is influential the financial services industry. From now on, it is crucial to be aware of systematically the growth of E-banking. “In a broader perspective, electronic banking is defined as the provision of banking services via means other than traditional physical branches” (Liao et al., 1999). In UK and USA, it is introduced in 1920s. Through electronic funds transfers and credit cards it became considerably widespread throughout sixties. The web-based banking concepts came into existence in Europe and USA within the starting of nineteen eighties.

E-Banking has developed into an essential component of banking system in India. The idea of e-banking is of fairly recent place to begin in India. Until the near the beginning 90’s conventional model of banking i.e. branch based mostly banking was extensive, other than subsequent to that non-branch banking services were taking place. The Indian government enacted the IT Act, 2000, with consequence from the seventeenth Oct 2000. To look at unlike aspects of net banking RBI established a committee on net banking and at the moment in banks enforced net banking in India

ICICI Bank initiated internet banking in India and later in 1999 internet banking services followed by HDFC Bank and Citibank.



What is e-banking?

Daniel (1999) defines “electronic banking ‘as the release of bank’s information and services by banks to customers via a range of delivery platforms that can be used with dissimilar terminal devices such as personal computer (PC) and a mobile phone with browser or desktop software, cell phone or digital television’. RTGS, NEFT, ECS, Credit cards/Debit cards and Smart cards, ATMs and Mobile banking are integrated in e-banking”.

Electronic banking offers its services to its prospective customers through various forms such as:

a) RTGS (Real Time Gross Settlement):- Real Time Gross Settlement systems is a finance transfer system in which transmit the cash takes position on or after single bank to a different bank on a “real time” and on “gross basis”. In this system completion in real time means payment transaction is not subjected to some to come time and gross settlement means the transaction is complete on one to one starting point lacking bundling or netting with at all other operation.

RTGS transactions are settled as soon as they are processed, on one occasion processed outflow are finishing and unalterable. RTGS systems are used in favour of highly values that have need of instant clearing.

b) National Electronic Fund Transfer (NEFT):- NEFT is the largely popular and high-flying transaction system in India. It was launch in Nov 2005. NEFT is provides the facility of transfer the money from one bank to another on a one to one basis with easily and securely. It is not like RTGS on real time basis, but it is a “net” transfer feature, which is executed in hourly batches follow-on in a times interval.

c) Cards Based Clearing System:- In India, plastic money segment is single of the best ever upward segment. Card payment form is a primary element of electronic payment inside India, for the reason that clients create several payments on their card paying their bills, transferring money and shopping. In 1998, debit card were introduced in India and they have been increasing in figures and encompass nearly $\frac{3}{4}$ of the whole figure of card in spread. Credit card entered in bazaar solitary decade prior to debit cards and they have made known a somewhat slower augmentation than debit cards. Mainstream of credit cards purchases move towards from expenses on ornaments, dining and shopping.



d) Electronic Clearing Services:- Electronic Clearing Services (ECS) is an electronic form of payments/receipts for transactions with the intention of facilitates mass transfer of cash from one bank account to lots of bank accounts or vice versa, that are repetitive and periodic in nature like monthly quarterly/half –yearly/yearly etc.

ECS have two variants – ECS Credit, ECS Debit.

e) Mobile banking

Mobile technology is well accepted and broadly available at an affordable price. It is also appropriate for banking and payment services. Internet banking has helped the customers by access their account anytime, anywhere, at any place. Clients can check their account details, get their banks statement, and perform many transactions in the comfort of their home or office. Mobile phone usage has seen a likely to explode increase in India is the last decade.

The most important cause that mobile banking makes in excess of net banking is that mobile banking enables everywhere, anytime banking. Consumers can manage their account on the go at the same time as waiting at the bus stop, roving, at home, at work place.

Nowadays, mobile banking has turn out to be one of the majority essential channels for banks to supply their clients enhanced and also cut down on working costs. Banks are just beginning their initiations so that mobile services convene with consumer hope and get better returns expansion strategies.



Table 1 – Current Scenario of Payments

| Item | Volume (Lakh) | | | Value (₹ Crore) | | |
|--------------|---------------|---------|---------|-----------------|--------------|--------------|
| | 2017-18 | 2018-19 | 2019-20 | 2017-18 | 2018-19 | 2019-20 |
| RTGS | 1,244 | 1,366 | 1,507 | 11,67,12,478 | 13,56,88,187 | 13,11,56,475 |
| NEFT | 19,464 | 23,189 | 27,445 | 1,72,22,852 | 2,27,93,608 | 2,29,45,580 |
| ECS Cr | 61 | 54 | 18 | 11,864 | 13,235 | 5,145 |
| ECS Dr | 15 | 9 | 1 | 972 | 1,260 | 39 |
| Credit Cards | 14,052 | 17,626 | 21,773 | 4,58,965 | 6,03,413 | 7,30,895 |
| Debit Cards | 33,434 | 44,143 | 51,239 | 4,60,070 | 5,93,475 | 8,04,870 |

1. RTGS system includes customer and inter-bank transactions only.

2. The figures for cards are for payment transactions at point of sale (POS) terminals and online.

Source: RBI Annual Report

Table 1 shows the various payments indicator includes high volume transactions and retail payment transaction as per RBI report. We can see that there is a growth in RTGS and NEFT in 2019-20 as compared to 2017-18. Debit cards are more popular in people as there transaction volume is higher than credit cards.

Advantages-

- Permanent access to the bank
- Lower dealing prices / all-purpose price reductions
- Get in touch with anyplace
- Less time intense
- Terribly protected and safe methodology
- Safety of account



Challenges-

- Communication across an insecure open channel such.
- The mainly severe menace faced by e-banking is that there is loss of information because of technical faults because it isn't protected and secures each time.
- Not have of readiness in banks and customers within the acceptance of recent technological changes.
- Lack of appropriate infrastructure for the e-delivery channels.
- The ability to adopt international technology to native necessities and to construct up society sustain for e-finance.
- Created several innovative challenges for bank managing and regulative and super ordinate powers that be.

5. CONCLUSION

The banking segment reforms have been brought the noteworthy improvements in the pecuniary force and the competitiveness of the banking system of India. The e-banking revolution has primarily modified the business of banking by scaling borders and transfer concerning new opportunities. Therefore, banks ought to optionally technology to extend penetration, improve their potency, deliver cost-efficient product and services, offer quicker, convenient customer service and thereby, contribute to the taken as a whole growth and progress of the nation. However, there are some negative problems like fraud and phishing attacks, banks should fret concerning the attitudes of shoppers with relevancy acceptance of on-line banking. Overall we can say that in future e-banking will not only be good enough method of banking but will be favoured method of banking for the reason that of the penetration of ICTs in banking vision.



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