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## **Public Sector Banks in India and E-Banking**

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### **ABSTRACT:**

In recent technological environment, innovation in information and communication technology has provided lots of benefits to customers, bank management, business organisation and other related stakeholders. It has been blessing since last decades as far as time, speed and cost of delivery is concern. The propagation of Information and Communication Technology is helping the Public Sector Bank by providing e-services through internet banking channel. Widespread technological innovation and telecommunications results new financial distribution means from ATMs, telephone banking to PC banking and Internet Banking is the latest in the series of technological wonders of the recent past. The offering of e-services through internet banking enables the bank customers, bank officials and bank stakeholders to perform a range of banking operation effectively and efficiently.

The electronic revolution launches the concept of ‘**Anywhere**’ and ‘**anytime**’ banking and say good-bye to huge account registers, paperwork and traditional window banking system. This revolution also plays significant role in acceptance of extremely cost effective delivery channels as compared to other existing channels. This Research paper will help the banks, to retain the existing bank customer and to convert the potential users to actual internet banking users. With increasing in competition, the banks are focusing more on customer happiness through eminence and innovative e-services. The Public Sector Banks are mostly customer driven and their survivals in competitive environment largely depend upon best quality of service provided. This best quality of services furnished by the Public Sector banks is the most influencing factor which helps to maintain future position in the market. This study covers wide variety of best quality e-services like various mode of billing payment, transfer of fund, viewing of customer’s account details, transaction performed, balance enquiry etc.

This research paper will introduce, all-round e-services offered by various Public Sector Banks by means of Internet Banking Channel along with its advantages, limitations and their management.

**KEYWORDS:** E-banking, E-services, Public Sector Bank, Internet Banking Services/Channels.



## INTRODUCTION

The major backbone of any economy is its banking system. Country's economy cannot be developed without healthy banking system. The growth of banking system indicates the growth of that particular country. There are three major primary function of the banking system i.e.

1. Operation of the payment system.
2. Taking care of people's money.
3. Providing loan to business and individuals.

Since inception of banking system to till date it has following phases,

1. Pre-independence phase (Period 1786 to 1947)
2. Post-Independence phase (Period 1947 to till date)

The post-independence phase also divided into following three categories,

1. Pre-nationalisation phase (Period 1947 to 1969)
2. Post nationalisation phase (Period 1969 to 1991)
3. Liberalisation phase (Period 1991 to till date)

During all above period, this banking system was truly paper based and therefore it was completely dependent on physical movement of papers and customers also. The customers have to visit at branch for each and every financial activity. In short we can say that, it was time consuming and restricted banking system. That's why now it is called as **Traditional Banking System**. There are following disadvantages under the traditional banking system,

1. Time consuming banking system, need to stand long queue to deposit or withdrawing cash from account.
2. Took long time to clear the cheque that means a cheque from north India being cleared in one month in south India.
3. Compulsory to operate an account from same location and same branch.
4. Required to present physical in the bank for any type of operation.
5. Outstation banking activity bears extra cost on the shoulder of account holders.
6. Apart from this there are many cases of misplacing banking instruments, clearance issue etc.

But during the LPG era this environment started to change, when there was advancement in Internet and communication technology (ICT). This technology started to kick off traditional services bit by bit by means of **Internet Banking system**. This banking offered various innovative services not only to customers but also for the banks.

## OBJECTIVE OF THE STUDY

The primary objective of this research paper is to enlighten e-services provided by Internet banking system and to analyse the magnitude of Internet Banking system in recent competitive environment.



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## RESEARCH APPROACH

The key source of the information in this research is the secondary data. An extensive literature review was conducted to understand the complete concept of Internet banking. This review covered multiple research articles from the reputed National and International journals, websites and its related issues.

## CONCEPTUAL FRAMEWORK OF INTERNET BANKING SYSTEM

This is also known as online banking, e-banking or virtual banking. It incorporates the new concept of transactions that is an electronic payment system. The e-banking system provides lots of benefits to the customers and business organisation. It enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. E-banking implies provision of banking products and services through electronics delivery channels. Here the entire stakeholder uses a computer terminal and a browser to get connected to the banks website. Through this website bank can access his/her account and can performed allowed e-banking function. There are two ends of these types of banking system i.e. Front end and Back end. The front end is the interface enabled with all kind of functions in menu forms which allowed to access by the banks while the back end enables to access to the banks centralised database systems as requested through front end system. The most important aspects of Internet Banking system are the internet, wireless communication network, computer terminals and centralised database system. This banking system conquers the weakness of traditional banking system and permitted 24x7 anytime and anywhere banking. It has inflamed the role of banking sector in the economy. This banking system has multiple advantages to banks, business organisation and customers, over traditional banking system. It includes

1. Time saving banking i.e. 24x7 (anywhere, anytime banking).
2. Electronics transfer of fund within very short duration of time from anywhere in the world at any corner of world.
3. No need to visit your bank to operate account or to get account information.
4. One can operate his/her account from anywhere in the world, at any movement of time.
5. Very Cost effective in terms of time and money.

## E-SERVICES OFFERED BY PUBLIC SECTOR BANK THROUGH INTERNET BANKING:

At present e-services provided by various Public Sector Banks are as follows:

1. **Manage Accounts:** With this service one can get all your account related information i.e. a customer can view transaction history for any period of time, account balance information, information account balance.



2. **Funds Transfer:** This can be done in two ways i.e. Internal Fund Transfer of own banks account within same bank & transfer of fund into other banks account i.e. third party payment system. The modes of payment system are Immediate Payment Services (IMPS), National Electronic Funds Transfer (NEFT) and Real-time gross settlement (RTGS).
3. **Online Payment Services:** Most frequently used services are pay utility bills & credit card Payments, recharge prepaid mobile/DTH Connection, payment of electric bills, insurance premium payments etc. A customer can set up standing instructions to pay recurring bills automatically. This facilitates all kind of online payment services.
4. **Scheduled Payment System:** One can set up scheduled payment after certain interval of time or recurring payment by selecting particular date with this facility. The system will automatically transfer payment to beneficiary account as per provide schedule.
5. **Opening and closing of FD account:** Through this functionality a customer can open or closed his/her FD without visiting to branch.
6. **Cheque book Request:** One can request to bank, to send client cheque book with a single click by seating in-front of computer system.
7. **Cheque status enquiry:** With this facility customer has right to stop or hold his delivered cheque at any movement of time.
8. **Open PPF & SSY account:** This facilitate the client online opening of Public Provident Fund or Suknya Samrudhi Yojna Account by providing required information as per bank or Govt. of India guidelines.
9. **Open OD account against FD:** One can avail Overdraft facility against his/her fixed deposit account.
10. **Transaction of foreign exchange:** The customer can operate the foreign exchange, cancel orders and can make inquiry about the information of the transaction of foreign exchange according to the exchange rate provided by bank.
11. **Client Services:** The customer can modify his/her login password and transaction password as well as can set transaction limit of his/her account with this facility. This will also help to set up limit of Credit Card.
12. **UPI Payment system:** Unified Payment Interface is very recent service provided though internet banking gateway. This is a **payment** system that permits you to transfer money between any two parties, allows online shopping payment and other utility payment.



13. **Demat Services:** The customer can open Demat account which allows easy access to his/her holdings and transactions from anywhere using Internet Banking. With this services Internet banking facilitates effortless conversion of shares from physical holdings to electronic units along with simplified transfer, settlement, and overall management of shares.

## **PUBLIC SECTOR BANKS**

The Public Sector banks are those banks in which the more than 50% of stakes are held by the Indian Government and the shares of these banks are listed with stock exchange. The following are the Public Sector Banks in India:

1. Punjab National Bank ( Merged with Oriental Bank Of Commerce and United Bank Of India)
2. Indian Bank( Merged with Allahabad Bank)
3. State Bank of India
4. Canara Bank( Merged with Syndicate Bank)
5. Union Bank of India( Merged with Andhra Bank and Corporation Bank)
6. Indian Overseas bank
7. UCO Bank
8. Bank of Maharashtra
9. Punjab and Sind Bank
10. Bank of India
11. Central Bank of India
12. Bank of Baroda

## **LIMITATIONS**

Apart from various achievements this banking system has certain limitations, The most of banking system related operation are depend on technology required during the execution of transaction. If technology fails this cannot work anyway.

1. Customer need to keep their login credential very confidential. Little leniency may cause heavy losses.
2. We all kwon that the technology cannot have general intelligence or decision making power, and hence the customer has to take precautions accordingly.
3. In this banking system customer has not as much of contact with banking professional as all need will be fulfill by sitting in-front of computer system. This leads to lack of personal-banker relationship.

## **PRECAUTION TO BE TAKEN WHILE AVAILING E-SERVICES**

As per directives of Reserve Bank of India, the customer can protect themselves while using e-services by adopting some precautionary measures in day to day life i.e.



1. Try to not log on from public computers and be alert when you login through public network or other computer system.
2. PIN, OTP, login & transaction password should be top secret. Don't discuss it with anyone, if ask, even not with banks professionals too.
3. Do not respond to fake call/e-mails or do not provide any personal information. Do not visit suspicious sites.
4. Your password should be complex it must have to comprise with numbers and symbols. And should be change regularly.
5. Make sure that your home computer must have antivirus software.
6. Monitor your transaction regularly.
7. Report immediately to bank and cyber cell if you believe that someone is trying to commit fraud.

## CONCLUSIONS

The e-services offered through internet banking system by Public Sector Banks in India have revealed following observations,

1. Internet banking system is a system that facilitates anywhere and anytime banking.
2. In this recent competitive environment almost all public sector banks offered best to best e-services and update the same as time changes.
3. Internet banking system change the concept of bank driven banking system to customer driven banking system.
4. The Public Sector Banks facilitates us with wide variety of e-services and provide many advantages as compared to traditional banking services.

This conclude that the e-services provided through the internet banking by public sector banks are blessings to all as far as time and cost of delivery is concerned.

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