

E-BANKING MANAGEMENT IN INDIA

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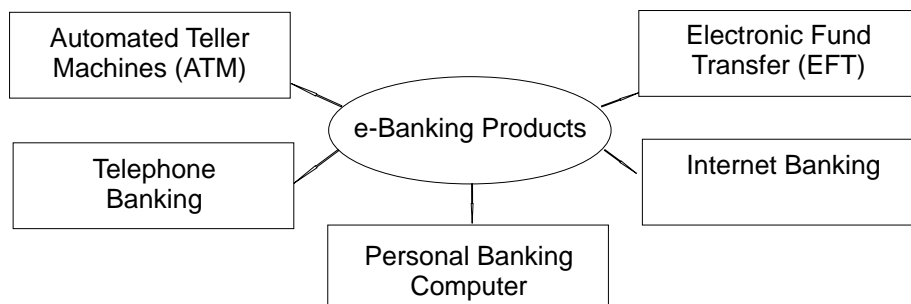
Abstract :E-bank is the electronic bank that provides the financial service for the individual client by means of Internet. Electronic banking have various advantages which add value to customers' satisfaction in terms of better quality of service offering along with that bring competitive advantages. The term e-banking refers to any banking activity which is accessed by the electronic means. The electronic banking system addresses numerous emerging trends like customers' demand for anytime, anywhere service, product time-to-market necessities and increasingly complex back-office integration challenges. The banking sector of all types i.e. private, public, cooperative banks have all been in the race for the deployment of e-banking services.

Here, the paper provides an understanding of the role of e-banking in Indian banking system in special regards to its productivity, information technology in improving customer service, profitability and maintenance etc., in banks to a large extent. This research paper shows that how e-banking applications are helping banks to reduce the operating costs and provide better and fast services to the customers. The research objectives are to analyze that how e-banking results in time and cost savings for banks and customers and also to study the latest trends in banking technology and its workings in present banking scenario. The objective of the paper is to explore the various problems faced by the banks in channelizing various e-banking models. Paper also focuses on various challenges ahead to the banks towards e-banking and measures taken into consideration.

Keywords: E-banking, Functions, Advantages & disadvantages, E-banking products, Challenges

INTRODUCTION

There are not many inventions that have changed the banking business as quickly as the e-banking revolution has come up. The revolution in the IT has definitely made tremendous impact on every aspect of the Indian banking sector. The manual process is been converted into electronic means for doing transaction processing. Banks all over the world have been effectively deploying e-banking services as an inventive resource to achieve speed, efficiency, cost reduction, customer service and competitive advantage. Technology enabled products and delivery channels offer value to customers providing them with anywhere, anytime, anyway banking to the customers. Even in a developing country like India the banks have comprehended that in order to remain modest and provide the best services to their customers they need to have the latest technology in place. These technological changes have been pioneered in India by foreign sector and private sector banks but now it is seen that the traditional banks in the public sector are also increasingly pursuing technology.



E-banking Management in India

Through the way of emergence of e-banking products it is possible to do banking services at lower cost. This is because of the intense competition has forced banks to rethink the way they operated their banking business. Many customers are adopting various e-banking products and services provided by the banks. Banks has to be prepared to offer these facilities tactfully as the future base customers are more tech savvy and computer literate.

1)Automated Teller Machines (ATM): The ATM was one of the earliest banking products, with Tillie-the-teller, the first ATM, being introduced in the mid 1990's. ATM is an electronic machine, which operated by the customer himself to make deposits, withdrawals and other financial transaction. ATM facility available to the customer 24 hours a day. This is a plastic card carrying a personal Identification number in it.

2)Electronic Fund Transfer (EFT) System: EFT (Electronic Fund Transfer) is the new facility provided to the Exporters for submitting the license fee through the Internet without visiting the Bank for the payment. This procedure is being proposed to facilitate payments through electronic means. The facility shall be available only for electronically filed applications.

3)Internet Banking: Here banks are providing their services through the net i.e. over the internet . This are very recent approach adopted by many banks in India.

4)Telephone Banking: Telephone is undertaking a host of banking related services including financial transactions from the convenience of customers chosen place anywhere across the globe and any time of day and night has now been made possible by introducing on-line Telebanking services.

5)Personal computer banking: PC banking is also a fast growing area in electronic banking. PC banking lets customer access information on their accounts through a dial up connection with their bank. Customers can perform basically all the transactions that are available with telephone banking.

WHAT IS E-BANKING ?

In simple words, Electronic banking implies provision of banking products and services through electronic delivery channels. Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer (PC) banking, Internet banking, Virtual banking, online banking, Home banking, and Remote electronic banking. It should be noted, however, that the terms used to describe the various types of electronic banking are often used interchangeably. In other words, it is a process of delivering banking products & services through electronic channels such as telephone, internet, cell phone etc. The concept and scope of E-banking is still evolving. Several initiatives taken by the Government of India as well as the Reserve Bank of India (RBI) have facilitated the development of E-banking in India. As a regulator and supervisor, the RBI has made considerable progress in consolidating the existing payment and settlement systems, and in upgrading technology with a view to establishing an efficient, integrated and secure system functioning in a real time environment, which has further helped the development of E-banking in India.

REVIEW OF LITERATURE

The paper mainly focuses on four sections dealing with four aspects of E-banking i.e. ATM, Internet banking, Mobile banking and Credit cards. Where the opportunities and challenges offered by e-banking can only be met fruitfully if banks assemble different dimensions services including banking, broking, insurance, channel delivery, sales culture, back office processes and knowledge management under one corporate name. The paper concludes that ICT infrastructure facilities are also not well developed and the banks are unable to extend the e-banking services, therefore, good infrastructure need to be developed.

STATEMENT OF STUDY

Information Technology has brought revolution in Indian banking industry. Government is working diligently since years in encouraging, educating and acquainting the citizens with computer knowledge due to which there is a large possibility to see a bright future for e-banking products in Indian banking sector. Bank customers are becoming very demanding and it is extensive use of technology that enables banks to satisfy adequately the requirement of customers. In the study, Researcher tried to examine the various facets of e-banking services. Hence, providing banking services through e-banking at high level will change the working pattern of Bankers as well as the customers in terms of Customer Service and Banking Services. The study will help to analyze the customer satisfaction and contribution of e-banking in present

E-banking Management in India

scenario; it will also include the current acceptance of banking with technology in the society and willingness to adopt it further.

OBJECTIVES OF THE STUDY

- 1)The Primary objective of the research paper is to get the full acquaintance of the internet banking and its benefits.
- 2)To evaluate the impact of e-banking on service quality in banking sector in India.
- 3)To understand the latest trends in the banking technology.
- 4)To highlight the various challenges that the e-banking system is currently facing and suggestions to tackle the problems.
- 5)To identify various e-banking product and services adopted by Indian Banks.
- 6)To know the challenges in E-banking.

RESEARCH METHODOLOGY

The nature of the study is based on analytical and exploratory basis. The data for the present study is collected mostly from the secondary data. Various published annual reports of Reserve bank of India and other selected official websites, Books, magazines, journal, Newspapers/unpublished articles, Internet websites are used for the purpose of the study.

STATUS OF E-BANKING SERVICES IN INDIA

Indian can be said to be on the threshold of a major banking revolution with net banking. About 1 Per cent of Internet users did banking online in 1998. It increased to 16.7 percent in March 2000 and by 2003 approximate 90 lakhs users were doing banking online. The introduction of ATMs in banks has transformed banking by providing banking services “ANY TIME & ANYWHERE BANKING” to the customer. The customer is saved the risk or bother of carrying hard cash or travelers' cheque while travelling. It has also given cost savings to banks. From the secondary sources, it has found that the overall percentage of Public bank in providing on-site ATM is 34012 and Off-site is 24818. Private sector banks ATM branches on-site is 13249 and off-site is 22830, foreign banks on-site is 284 and off-site is 1130. It can be witness that foreign banks are really working hard to reach the goal of providing more and more ATM branches.

FUNCTIONS OF E-BANKING

- 1.Inquiry about bank account
- 2.The transaction of Foreign exchange.
- 3.Client service
- 4.Account management
- 5.Reporting the loss.

BENEFITS OF E-BANKING

The main benefits of e-banking for corporate customers are as follows:

- 1.Reduced cost
- 2.Increase comfort & time saving-without physical interaction with the bank.
- 3.Quick & continuous access to information.
- 4.Better cash management.
- 5.Convenience.
- 6.Speed.

CHALLENGES TO E-BANKING IN INDIAN BANKING SECTOR

Managing technology is a key challenge for the Indian banking sector. The nationalize banks and commercial banks have the competition from foreign and new private sector banks. Competition in banking sector brings various challenges before the banks such as product positioning, innovative ideas and channels, new market trends, cross selling at managerial and organizational part. Banks are restricting their administrative aspects by converting manpower into machine power i.e. banks are decreasing manual powers and getting maximum work done through machine power. Skilled and specialized man power is to

E-banking Management in India

be utilized and result oriented targeted staff will be appointed. Some of the challenges that the banks are facing today are:

- 1) Changing needs of customers.
- 2) Regulatory reforms.
- 3) Restructuring and reorganizing banks' setup.
- 4) Closing down or merging of some bank branches.
- 5) Maintaining high quality assets.
- 6) Management-related problems.
- 7) Problems of technology up-gradations.
- 8) Maintaining shareholder value & faith.

The Indian banking sector is faced with multiple challenges such as increased competition, rising customer expectations, and declining customer loyalty. The banking industry is also changing at a phenomenal speed. While at the one end, we have millions of savers and investors who still do not use a bank, another segment continues to bank with a physical branch and at the other end, the customers are becoming familiar with ATMs, e-banking, and cashless economy. This shows the huge potential for market. Banks are setting up alternative delivery channels to contain operating costs like off-site. ATMs, internet banking, tele-banking, outsourcing, centralized transaction processing, etc. No doubt, the benefits of technology have brought a sea-change in the outlook of modern banking.

SUGGESTIONS

There are several suggestions towards making e-banking stronger in terms of service provider channel. Indian banking system is keen in adopting easier way of doing banking work through electronic mode. The banking system and customers are pleased with the new system coming in an innovative form, where they can do their banking transaction through electronic way. The following are the suggestions:

- a) RBI should take more initiative to promote the e-banking concept by providing proper infrastructure required by it.
- b) Government should try to literate the rural masses regarding the e-banking concept.
- c) E-banks should create awareness among people about e-banking products and services and as well seminars and workshop should be organized to literate consumers about the use of e-banking products and services.
- d) Government should initiate in making huge investments for building the infrastructure.
- e) Proper Staff should be appointed in order to provide skill to the new users.

CONCLUSION

The banking sector in India has undergone significant transformation in the past. However, the numerous challenges faced by banks such as increasing competition, pressure on spreads, and systemic changes to align with international standards have necessitated a re-evaluation of strategies and processes in order to remain competitive in this dynamic environment. As per the census records, only 30.1 per cent of the rural households are availing banking services. One of the reasons may be non-availability of bank branches in the neighborhood. Banks have to think outside the boundaries of current practices, products, services, organizations, and industries as per the environment needs. Thus the new business environment brings a premium on creativity and innovation more than ever before. This helps for innovative solutions. The government and the RBI should work in co-ordination & try to bring some research work in the banking sector.

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