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E-Banking

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Abstract

Electronic banking has many names like e banking, virtual banking, online banking, or internet banking. It is simply the use of electronic and telecommunications network for delivering various banking products and services. Through e-banking, a customer can access his account and conduct many transactions using his computer or mobile phone. In this article, we will look at the importance and types of e-banking services. Online banking, also known as internet banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services.

Keywords: e-banking, electronic payment, automatically

Introduction

Financial sector plays a key role in the economic growth of a country. Banks are most paramount part of the financial sector. Economic growth and development of any country is mainly influenced by the advancement of the banking sector in that particular nation. In the present era of technology demand of financial services is transmuting at a very expeditious haste. To meet these ordinate dictations adoption of incipient advanced technology in banking sector is obligatory to accommodate subsisting customer and to magnetize more customers withal. The banking sector is increasingly growing which facilitate the opportune utilization of financial resources, immensely colossal flow of investment, intermediation activities as well as operating in a rapidly innovating industry to facilitate its customers. The globalization exhaustively transformed the face of Indian banking industry from past few years. Banks have customarily been in the front position of exploiting technology to ameliorate their products/services and working competence. Over a long period of time banks have been utilizing electronic and telecommunication modes for distributing a wide range of value-integrated product/services. The transaction channels include private networks; public networks etc. and the devices include phone, computers, Automated Teller Machines (ATMs), etc. The extensive utilization of computers, laptops, tablet, mobile phones etc. make facile access to internet and World Wide Web. This form of banking is generally referred to as Electronic Banking, albeit the range of products and services offered by different banks vary considerably both in their content and sophistication. From the perspective of banking products and services being offered through internet, debit and credit cards, ATMs, mobiles, e-banking is nothing more than traditional banking services distributed through an electronic communication backbone. There are not many inventions that have transmuted the business of banking as expeditiously as the e-banking revolution. World over banks are reorienting their business strategies towards new

opportunities offered by e-banking. E-Banking has enabled banks to scale borders and thus bring about new opportunities.

Review of Literature

Areeba Toor, Mudassir Hunain, Talha Hussain, Shoaib Ali and Adnan Shahid (2016) ^[1] Customer satisfaction is basic for the ceaseless survival of any association around the globe. This examination work means to explore the effect of E-keeping money factors on consumer loyalty in Pakistan. Five administration quality measurements; dependability, responsiveness, affirmation, physical assets and sympathy, got from the SERVQUAL demonstrate with support of writing survey have been chosen as forecasters of consumer loyalty in E-keeping money. Examine outline of the review is quantitative. Information has been accumulated through effectively tried survey from E-saving money clients as respondents, from various urban communities of Pakistan. Consequences of the review have uncovered that there is pivotal relationship between administration quality measurements and consumer loyalty in E-saving money in Pakistan, with more weightage of unwavering quality, responsiveness and affirmation among the five measurements. Through this review we can presume that administration quality in E-managing an account prompts to fulfilled clients and consequently banks can increase aggressive advantage by offering better -quality administrations to their clients in today's emulous world
Alam, Soni and Dangarwala (2010) ^[2] the creators endeavored to find the components influencing a bank's choice to embrace Internet banking in Vadodara -Gujarat. Especially, it analyzed the relationship between the bank's reception choice and market attributes. The information for this review comprise the board information of banks in Vadodara, Gujarat covering the money related years 2000-2001 to 2008-2009. They presumed that the rate at which advancements are embraced by firms constitutes an

essential part of the procedure of innovative change. Examination of firm-particular and market-particular qualities, which impact choice to embrace advancements, has for quite some time been perceived as a critical zone of study. A comprehension of the components influencing this decision is basic both for financial experts concentrate the determinants of development and for the makers and creators of such advancements.

Khan (2008) ^[3] concentrated the exploration paper to concentrate the e-managing an account or web keeping money benefits in India. The utilization of web keeping money among clients is because of the changing way of life of individuals. The bank which moves quick and tries to catch the principal mover preferred standpoint can prevail in this division. Association amongst banks and its clients is diminishing because of the expansion of clients receiving web managing an account. The huge advances in innovation and the forceful infusion of data innovation had acquired an outlook change in banking operations. For the banks, innovation has risen as a key asset for accomplishing higher proficiency, control of operations, efficiency and productivity.

Importance of E-Banking

1. Lesser transaction costs – electronic transactions are the cheapest modes of transaction
2. A reduced margin for human error – since the information is relayed electronically, there is no room for human error
3. Lesser paperwork – digital records reduce paperwork and make the process easier to handle.
4. Reduced fixed costs – A lesser need for branches which translates into a lower fixed cost.
5. More loyal customers – since e-banking services are customer-friendly, banks experience higher loyalty from its customers.

Other Services

1. Bill payment

Every bank has a tie-up with different utility companies, service providers, insurance companies, etc. across the country. The banks use these tie-ups to offer online payment of bills (electricity, telephone, mobile phone, etc.). Also, most banks charge a nominal one-time registration fee for this service. Further, the customer can create a standing instruction to pay recurring bills automatically every month.

2. Funds transfer

A customer can transfer funds from his account to another with the same bank or even a different bank, anywhere in India. He needs to log in to his account, specify the payee's name, account number, his bank, and branch along with the transfer amount. The transfer is effected within a day or so.

3. Investing

Through electronic banking, a customer can open a fixed deposit with the bank online through funds transfer. Further, if a customer has a demat account and a linked bank account and trading account, he can buy or sell shares online too. Additionally, some banks allow customers to purchase and redeem mutual fund units from their online platforms as well.

4. Shopping

With an e-banking service, a customer can purchase goods or services online and also pay for them using his account. Shopping at his Internet banking is the system that provides the facility to the customer to conduct the financial and non-financial transactions from his net banking account. The user can transfer funds from his account to other accounts of the same bank/different bank using a website or an online application. The customer uses a resource and a medium to conduct financial transactions. The resource that a customer uses might be an electronic device like a computer, a laptop, or a mobile phone. The internet is the medium that makes the technology possible.

Features of Internet Banking

The customer using this facility can conduct transactional and non-transactional tasks including:

- The customer can view account statements.
- The customer can check the history of the transactions for a given period by the concerned bank.
- Bank, statements, various types of forms, applications can be downloaded.
- Viewing account balances
- Viewing recent transactions
- Downloading bank statements, for example in PDF format
- Viewing images of paid cheques
- Ordering cheque books
- Download periodic account statements
- Downloading applications for M-banking, E-banking etc.
- Bank customers can transact banking tasks through online banking, including:
 - Funds transfers between the customer's linked accounts
 - Paying third parties, including bill payments and third party fund transfers (see, e.g., FAST)
 - Investment purchase or sale
 - Loan applications and transactions, such as repayments of enrollments
 - Credit card applications
 - Register utility billers and make bill payments
 - Financial institution administration
 - Management of multiple users having varying levels of authority
 - Transaction approval process
- The customer can transfer funds, pay any kind of bill, recharge mobiles, DTH connections, etc.
- The customer can buy and sell on e-commerce platforms.
- The customer can invest and conduct trade.
- The customer can book transport, travel packages, and medical packages.

Some financial institutions offer special internet banking services, for example:

- Personal financial management support, such as importing data into personal accounting software. Some online banking platforms support account aggregation to allow the customers to monitor all of their accounts in one place whether they are with their main bank or with other institutions.

Advantages of Internet Banking

- The customers get permanent access to his/her bank anytime and anywhere.
- Transactions are safe and highly secure.
- Immediate funds transfer helps the user in time of urgent need.
- It saves valuable time of the users.

Security of Internet Banking

The financial information of a customer is important. This is the reason a customer trusts financial institutions. The financial institutions keep it on a high priority that the security of customers' accounts shouldn't face a breach. The financial institutions are using two types of security methods to make internet banking safe and secure:

Use of PIN/TANs

Under this system, a PIN is used to login and TANs are used to conduct transactions. TANs are one time passwords. TAN is sent to the customer via SMS on registered mobile number that corresponds with the login user id. It is valid for a short time frame.

Internet banking is conducted using web browsers with SSL enabled websites, so encryption is not an important issue. It also uses signature verification as a base. Under this method, the transactions done by the customer are signed and encrypted digitally. The smart cards or any other memory storable medium can be used to store keys for signature generation and encryption.

Popular services under e-banking in India

- ATMs (*Automated Teller Machines*)
- Telephone Banking
- Electronic Clearing Cards
- Smart Cards
- EFT (*Electronic Funds Transfer*) System
- ECS (*Electronic Clearing Services*)
- Mobile Banking
- Internet Banking
- Telebanking
- Door-step Banking

Different types of online financial transactions are:

National Electronic Fund Transfer (NEFT)

National Electronic Funds Transfer (NEFT) is a nation-wide payment system facilitating one-to-one funds transfer. Under this Scheme, individuals, firms and corporates can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the Scheme. Individuals, firms or corporates maintaining accounts with a bank branch can transfer funds using NEFT. Even such individuals who do not have a bank account (walk-in customers) can also deposit cash at the NEFT-enabled branches with instructions to transfer funds using NEFT. However, such cash remittances will be restricted to a maximum of Rs.50,000/- per transaction. NEFT, thus, facilitates originators or remitters to initiate funds transfer transactions even without having a bank account. Presently, NEFT operates in hourly batches - there are twelve settlements from 8 am to 7 pm on week days (Monday through Friday) and six settlements from 8 am to 1 pm on Saturdays.

Real Time Gross Settlement (RTGS)

RTGS is defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis (without netting). 'Real Time' means the processing of instructions at the time they are received rather than at some later time; 'Gross Settlement' means the settlement of funds transfer instructions occurs individually (on an instruction by instruction basis). Considering that the funds settlement takes place in the books of the Reserve Bank of India, the payments are final and irrevocable. The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is 2 lakh. There is no upper ceiling for RTGS transactions. The RTGS service for customer's transactions is available to banks from 9.00 hours to 16.30 hours on week days and from 9.00 hours to 14:00 hours on Saturdays for settlement at the RBI end. However, the timings that the banks follow may vary depending on the customer timings of the bank branches.

Electronic Clearing System (ECS)

ECS is an alternative method for effecting payment transactions in respect of the utility-bill-payments such as telephone bills, electricity bills, insurance premia, card payments and loan repayments, etc., which would obviate the need for issuing and handling paper instruments and thereby facilitate improved customer service by banks / companies / corporations / government departments, etc., collecting / receiving the payments.

Immediate Payment Service (IMPS)

IMPS offers an instant, 24X7, interbank electronic fund transfer service through mobile phones. IMPS is an emphatic tool to transfer money instantly within banks across India through mobile, internet and ATM which is not only safe but also economical both in financial and non-financial perspectives.

Objectives of IMPS

- To enable bank customers to use mobile instruments as a channel for accessing their banks accounts and remit funds
- Making payment simpler just with the mobile number of the beneficiary
- To sub-serve the goal of Reserve Bank of India (RBI) in electronication of retail payments
- To facilitate mobile payment systems already introduced in India with the Reserve Bank of India Mobile Payment Guidelines 2008 to be inter-operable across banks and mobile operators in a safe and secured manner
- To build the foundation for a full range of mobile based Banking services.

Conclusion

E-banking is a borderless entity permitting anytime, anywhere and anyhow banking. This facilitates us with all the functions and many advantages as compared to traditional banking services. During this step of the process, controls that could mitigate or eliminate the identified risks, as appropriate to the organization's operations, are provided. The goal of the recommended controls is to reduce the level of risk to the IT system and its data to an acceptable level.

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