A CRITICAL REVIEW ON ADOPTION OF E- BANKING SERVICES

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Abstract

Financial sector plays an important role in the economic development of a country. Banking is the lifeline of an economy. After the effect of demonetization, digital cash has been the hotcake among the citizens of India. Digital cash and online transactions in the current market scenario have a great effect on e-banking and digital banking. E-banking comprises mainly of electronic funds transfer and usage of online banking services. E-banking plays a major role in the present banking functionality. Electronic banking is inferred to be safe and secured, compared to physical banking. E-banking ensures qualitative banking operations compared to traditional banking. However, it has its own limitations and challenges when we talk about security, on the contrary. The discussion throughout the paper revolves around the challenges that Indian banks are facing in term of e-banking, opportunity to increase awareness and measures adopted for safe and secure e-banking.

Keywords: E-banking, Opportunities, Challenges, Safe banking.

Introduction

E-Banking also known as online banking or virtual banking or internet banking is a system which enables banking transactions like transfer of funds, payment of loans and EMIs, deposit and withdrawal of cash virtually with the help of internet.

The nature of banking system has shifted after financial “big bang” of mid 1970s and mid 1980s in the U.S.A and the U.K financial markets respectively. The working of the commercial banks reflects such changes. Transformation of commercial banking in turn is a reflection of alteration of international credit system and greater integration of global economy. Indian banks offer to their customers following e-banking products and services:
Automated Teller Machines (ATMs), Internet Banking Mobile, Banking Phone Banking, Telebanking, Electronic Clearing Services, Electronic Clearing Cards, Smart Cards, Door Step Banking, Electronic Fund Transfer and debit/credit cards.

Internet Banking refers to a system allowing individual customers to perform banking activities at off-bank sites such as home, office and other locations via internet based secured networks.

**Review of Literature**

**Trivedi & Patel (2013)** analysed the problems faced by customers while using e-banking facilities in India. It observed that most of the customers know about the e-banking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using e-banking services. It also found that some problems affect more and some problems affect less in use of banking services.

**Rajarathinam and Mangalam (2013)** has indicated that users were influenced by factors such as quick direct access, ease of use, anytime anywhere banking, status symbol, safety and security. The influence of the factors varied from the type of users. Consumers have different levels of competency in internet banking usage.

**Sournata, Mattila and Munnukka (2005), Al-Sabbagh and Molla (2004)**

They believe there are relatively few empirical analyses of the impact of electronic banking on customers. As Internet banking is a relatively new concept in banking service delivery, not many studies are available in Indian context. Most of the studies that the authors have gone through are not in the Indian context.

**Karjaluoto et al. (2002)** found that Internet banking users in the Finnish market were generally highly educated and relatively young. Demographic factors affect online banking behavior.

**Objectives of the Study**

- To study the opportunity to increase e-banking awareness
- To analyze the challenges and risk factor involved in e-banking
- To enlighten the measures adopted for safe banking
Research Methodology

The paper is descriptive in nature that is to describe the challenges and opportunities of e-banking in India. This research paper is studied on the basis of secondary data referred from various research articles, journals, books, websites and certified journal publications.

Opportunities Related To E-Banking

1. Increasing Internet Users & Computer Literacy: To use internet banking it is very important or initial requirement that people should have knowledge about internet technology so that they can easily adopt the internet banking services.

2. Initiatives Taken By Government Agencies For Financial Literacy: Financial literacy and education play a crucial role in financial inclusion, and inclusive growth.

3. Competitive Advantage: The Implementation of e-banking is beneficial for bank in many ways as it reduces cost to banks, improves customer relation increases the geographical reach of the bank, etc.

4. Untapped Rural Markets: Contributing to 70% of the total population in India is a largely untapped market for banking sector. In all urban areas banking services entered but only few big villages have the banks entered.

5. Multiple Channels: Banks can offer so many channels to access their banking and other services such as ATM, Local branches, Telephone/mobile banking, video banking etc. to increase the banking business.

6. Worthy Customer Service: Worthy customer services are the best brand ambassador for any bank for growing its business. Every engagement with customer is an opportunity to develop a customer faith in the bank.

7. Internet Banking: It is clear that online finance will pickup and there will be increasing convergence in terms of product offerings banking services, share trading, insurance, loans, based on the data warehousing and data mining technologies.
8. **Retail Lending**: Recently banks have adopted customer segmentation which has helped in customizing their product folios well. Thus retail lending has become a focus area particularly in respect of financing of consumer durables, housing, automobiles etc.

**Challenges of E-Banking**

**Low Broadband Internet Penetration**: India has one of the lowest broadband connectivity penetration rates in Asia as compared to Japan, Taiwan, Korea and Singapore. While the bigger cities such as Mumbai, Delhi, Chennai, and Bangalore have relatively better broadband penetration rates, PC users in smaller cities and towns still use dial-up options to connect to the Internet.

**Customers' Preference for Traditional Branches**: There are thousands of highly active traditional bank branches in India's crowded cities and major towns. Office workers take longer lunch breaks to finish banking activities and transactions at these branches rather than conduct them online.

**Fear of Online Threats/Scams**: Ubiquitous and prevalent online threats about hackers, identity theft, stolen passwords, viruses, worms and spy ware tend to make customers wary just like in any other country.

**Impersonal**: Transacting on the internet can be very impersonal. In other words, you only do business with the use of a computer.

**Difficult for first timers**: Opening an account could also take time as some sites ask for numerous personal details including a photo identification which can inconvenience the potential customer. Because of this complexity, they may be discouraged to use internet banking service.

**Security fraud**: Many people shy away from internet banking because of the security threat. They can't help but worry about this aspect what with news on fraudulent bank transactions that pop up every now and then.

**Regulation and Legalities**: Internet banking makes it possible for banks and their customers to do business from anywhere in the world. The global approach to banking that internet banking permit makes it extremely difficult for regulatory authorities to enforce finance laws.
Measures To Be Taken For Safer E-Banking

- Password
- Usage of public computers
- Confidentiality
- Regular check is must.
- Anti-virus
- Disconnect the internet connection when not in use

Conclusion

Finally the study concludes that with the passage of time E-banking has gained the momentum in the Indian context. Most of the banks have implemented E-banking facilities which are beneficial to both i.e., banks and the customers. Though there are many challenges and hurdles in the smooth implementation of E-banking system in India but at the same time E-banking is having a bright future. The use of ATMs, Debit and Credit has become a good source of usage of information technology and has paved a way for Digitalization. There are challenges of Infrastructure, Security, Awareness; Literacy plaguing it is undoubtedly the best alternative to traditional branch banking.

References