

ROLE OF E- BANKING IN CURRENT SCENARIO

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Abstract— E-Banking is one of the latest approaches to provide comfort to the client regarding monetary transactions. Through E-Banking the bank wants to introduce the core concept of IT based Enabled Services (ITES). The major idea is to provide a series of services to the customer through the internet, and make the customer feel flexible in calling out simple tasks faster instead of making visit to the bank every time. Today, one of the surest most comfortable and less risk oriented faced by banking sectors the application of electronic commerce. E-banking is considered to have a substantial impact on banks' performance. The main reason behind this success is the numerous benefits it can provide, both to the banks and to customers of financial services. For customers it can provide a greater choice in terms of the channels they can use to conduct their business, and convenience in terms of when and where they can use E-banking. More and more people are adapting to this technique and the banking industry is bound to grow. The evolution of electronic banking started with the use of automatic teller machines and has included telephone banking, direct bill payment, electronic fund transfer and online banking. This research shows that the application of e-banking can help their local banks reduce operating costs and provide a better and fast service to their customer. It provides an insight into various aspect of E-banking.

Key words— E-banking, E-banks, E-commerce, E-marketing.

I. INTRODUCTION

The new millennium has opened a plethora of opportunities in information technology and has made tremendous impact in Banking. Banking scenario has been changed rapidly since 1990's. The banking industry recognizes that the internet must be secure to achieve a high level of confidence with both clients and business. Anywhere banking and anytime banking has become reality. E-banking refers to electronic banking. It is like e-business in banking industry. It means using electronic means to transfer funds directly from one account to another. E-banking is also called as "Virtual Banking" or "Online Banking". It refers to system that enables bank clients to access accounts general information and services through a personal computer. It provides the opportunity to harness technological power to handle more transactions, faster, more efficiently and with less man power. E banking has become very much popular now a day's throughout the globe. Now people are trying to learn more about the E-banking. Banks launched e-banking service and take effort to attract customer towards e-banking services like ATM, Net-banking, Mobile banking. Since banking plays a very important role in the economy of a nation, then there is truly a need to maximize and improve its features to be client friendly and easy to access. A bank performs many functions.

- Bank customers can transact banking tasks through online banking, including -
 - Fund transfer.

- Bill payment.
- Balance inquiry.
- Investment activity.
- Loan application.
- Downloading transaction information.
- Cash management.
- Other value-added services.
- A bank customer can perform non-transactional tasks through online banking, including –
 - 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.

Some financial institutions offer unique 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.

II. OBJECTIVES

This paper aims

1. Identifying the most widely used internet banking services.
2. To get the full acquaintance of the E- banking and its benefits for the customer.

III. ADVANTAGES AND DISADVANTAGES

Among the advantages of online banking include the following:-

- **Unlimited service day and night:** The services and various features of your bank is always available seven days a week and 24 hours daily. The most interesting thing here is that, everything can happen at just one click of your mouse.
- **Very convenient:** Online banking is a totally easy thing to do. In the comfort of your home or offices, you can do whatever monetary transactions you wish to do with your bank.
- **Security:** The client expects to provide a level of security that commensurate with the sensitivity of information and individual bank's risk tolerance.
- **Efficient and Effective:** E-Banking is both efficient and effective. With just one secure site, all your financial transactions can be managed orderly.

- **Smart:** Online banking is also ubiquitous or simply put smart. This enables you to do troubleshooting regarding any problem that may arise from your business.
- **No time constraint:** Online banking is also stress free because it never closes unlike the traditional banking that has cut-off time.
- **Easy to access via PC:** Using your personal computer, you can easily do various transactions with your bank in view of your business or any other personal or financial matters.
- **Easy way of payment:** Bill payments can also be handled properly and smartly. Instead of waiting for certain due dates, you can easily pay all your transactions using your computer and in coordination with your bank.
- **Easy transaction:** Another advantage is the speed of every transaction. Online transactions, compared to ATM or traditional banking, works faster. Thus business matters could benefit so much from this speed feature.

On the other hand, the following are the disadvantages of online banking:-

- First is the slow processing from the moment you entered a financial transaction with your bank via the computer. Usually the bank will require you to submit certain documents like an identification card, signature and the like. Not only will the bank online require you to submit documents but also to provide special power of attorney in cases where you want to do transactions together with your spouse. A concrete example is when you want to manage all your wealth and resources together as a couple and you wish to view it online. Certain technical procedures regarding online banking may be taxing too and complicated.
- Another disadvantage is the so-called learning curve. This means, banking online especially in locating the sites may be complicated and hard to find.
- Another disadvantage is bank site changes. If this occurs, the bank will require you to re-enter all your information again and other related data.
- Finally is the trust aspect. Online banking should be entered very carefully if you wish to enjoy your financial life.

IV. TOOLS OF ELECTRONIC BANKING

A number of services are being offered through electronic banking. It is quite difficult to measure the extent of such services, but an effort has been made by classifying these services into two categories. Firstly, to judge the impact of e-banking through different websites, services being offered by the banks have been categorized into informational and transactional services. Secondly, the extent of these services has been measured through ATM services offered by the banks.

A. ATM

An (ATM) also known as an automated banking machine (ABM) that enables the clients of a financial institution to perform financial transactions without the need for a cashier,

human clerk or bank teller. Most ATMs are connected to interbank networks, enabling people to withdraw and deposit money from machines not belonging to the bank where they have their accounts or in the countries where their accounts are held (enabling cash withdrawals in local currency). Although ATMs were originally developed as just cash dispensers, they have evolved to include many other bank-related functions.

B. Smart card

A smart card, chip card, or integrated circuit card (ICC) is any pocket-sized card with embedded integrated circuits. Smart cards can provide identification, authentication, data storage and application processing. Smart cards may provide strong security authentication for single sign-on (SSO) within large organization. Financial institutions worldwide are developing new methods to maintain and expand their services to meet the need of increasingly sophisticated and technically smart customer, as well as to meet the emerging payment needs of electronic commerce. Traditional credit cards are fast evolving into smart cards as consumers demand payment and financial services product that user friendly, convenient and reliable.

C. Debit card

An electronic card issued by a bank which allows bank clients access to their account to withdraw cash or pay for goods and services. This type of card, as a form of payment, also removes the need for checks as the debit card immediately transfers money from the client's account to the business account. The major benefits to this type of card are convenience and security. Debit cards are also considered to be a safer form of payment as a code is required to access the account funds, while checks can be easily stolen. Debit cards are also known as check cards. Debit cards look like credit cards or ATM cards, but operate like cash or a personal check.

D. Mobile banking

Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as a mobile phone or personal digital assistant. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information. The following services can be availed through the Mobile banking application:

- Funds transfer (within and outside the bank).
- Immediate Payment Services.
- Enquiry services (Balance enquiry/ Mini statement).
- Demat Account Services.
- Requests (Cheque book request/Generate OTP).
- Bill Pay (Utility bills, credit cards, Insurance premium), Donations, Subscriptions etc....

E. Credit card

The word credit originated from the Latin word *credo* meaning Trust. A credit card is a payment card issued to users as a system of payment. It indicates an opinion on the future ability to the issuer to make timely payment of principal and interest of fixed income security. A credit card allows small short-term loans to be quickly made to a customer who need not calculate a balance remaining before every transaction.

Credit card enables a card holder to purchase goods, dine in a restaurant, stay in a hotel or travel without making immediate payment the bank makes payment to the establishment concerned. The payment is accommodated for the card holders for a specific period of time, say for forty-five days. It enables the card holder to purchase goods and services without cash at select places. Credit cards can also offer reward points which may be redeemed for cash, products, or airline tickets.

F. Tele banking

Telebanking is carrying out financial transactions using telephones. Telephone banking is a service provided by a bank or other financial institution, that enables customers to perform financial transactions over the telephone, without the need to visit a bank branch. From the bank's point of view, telephone banking reduces the cost of handling transactions by reducing the need for customers to visit a bank branch for non-cash withdrawal and deposit transactions. Information / Services available through Phone Banking

- Information about Products and Services.
- Information about Account Balance and Transactions.
- Information about status of Cheque Issued or Deposited.
- Information about ATM and Branch locations.
- Information / Issues on usage of - ATM, Internet Banking or Mobile Banking.
- Request for Cheque Book etc.....

Other services provided by bank.

- Online share trading.
- Fund transfer.
- Online account opening.
- Bill payment.
- Loan facility.
- Online booking.
- Tax payment.

V. LITERATURE REVIEW

E-banking include: customer acceptance and satisfaction, privacy concerns, profitability, operational risks, and competition from nonbanking institutions (Boss et al., 2000; Smith, 2006; Hwang et al., 2007; Shin, 2008). Between 1995 and 2003, e-banking increased eightfold (Hogarth and Anguelov, 2004).

E-banking defined as „,the delivery of banking services through the open-access computer network directly to customers' home or private address'". Simpson (2002) suggests that e-banking is driven largely by the prospects of operating costs minimization and operating revenues maximization. A comparison of online banking in developed and emerging markets reveal that in developed markets lower costs and higher revenues are more noticeable. Karjaluo (2002) electronic banking is a construct that consists of several distribution channels. DeYoung (2005) analyze the performance of Internet-only banks versus the brick and mortars in the US market and find strong evidence of general experience effects available to all start-ups. Between late 2002 and early 2005, use of online banking increased 47%, a clear evidence that e-banking is associated with better household

financial management (Smith, 2006). For the past two decades, the banking sector has chosen a new service channel based on the progress of information technology - the Internet- to respond to the changes in customer preferences and needs, increased competition from non-banks, changes in demographic and social trends, and government deregulations of the financial service sector Byers, R.E. and Lederer, P.L. (2001)

E-banking links business to customers no matter their geographical location. It allows companies to make new business contacts from different global business alliances, test new products and services, and make market research and other enquiries all at a minimal cost both financial and otherwise (Shin, 2008). The adoption of new IT applications is influenced largely by factors related to overall organizational attitudes and culture as well technical and infrastructural elements Shah.M and Clarke.S. (2009).

Additional research was conducted by Khorshid and Ghaneh Khorshid, S. and Ghane, H. (2009) and in their article on ranking the challenges of e-banking identified for managers of banks; customers' privacy, security, and customers' trust as issues arising. For customers; reputation of bank, regulations and laws, and easy accessibility were seen as the main challenges for the development of e-banking.

The survey also estimates around 2.4 million E-commerce users, which included internet banking users. An estimated 4.6 million Indian internet users are availing internet banking services as of 2007(Kothari, 2007)

This paper describes an empirical study of investigating recent trend and development of the application of e-banking (banking though internet) in a typical developing country – Bangladesh, and its economic impact on local financial institutions. E-banking provides enormous benefits to consumers in terms of the ease and cost of transactions (Liu, 2008). it can be thought of as a service that allows customers to use some types of computers to access account-specific information and possibly conduct transactions from a remote location – such as at home or at the workplace (Saleh and Andrea, 2002)

A more recent e-banking development is wireless internet applications of banking sometimes called m-banking (mobile banking) (Choi et al., 2006; Scornavacca and Hoehle, 2007).

With the combination of two most recent technological advancements – internet and mobile phone, a new service (mobile data service) is thus enabled and 118 J. Yang and K.T. Ahmed the first such wireless internet commercial transaction is performed by the banking industry (Barnes and Corbitt, 2003).

E-banking also can increase competition among banks, and allows banks to penetrate new markets and thus expand their geographical reach. Some even see e-banking as an opportunity for countries with underdeveloped financial systems to leapfrog into advanced stages (GAO and Owolabi, 2008). Customer in such countries can access services more easily from banks outside one's own country through wireless communication systems, which are developing more rapidly than traditional 'wired' communication networks (GAO and Owolabi, 2008).

VI. RESEARCH METHODOLOGY

The research survey was answered by a mix group of people among the customers of the Banks. The survey was conducted through questionnaires to a group of people and only 100 respondents filled in our survey that focused on gathering information about awareness, usage of and expectations about the internet banking. In this study convenience-sampling method is used, thus the respondents were randomly selected.

A. Research Question:

This study is aimed at finding out whether the respondents are aware about internet and banking services and whether they use their knowledge of hassle free banking or they are abided by habits customs and routines.

B. Sample size:

Sample sizes of 100 respondents were selected for this study.

The respondent profile who participated in the study is given below.

C. Data Collection:

Data will be collected from both primary and secondary sources of information.

D. Primary Source:

All necessary information about the study has been collected from personal contact and discussion by using of Questionnaire method.

Type of data : Primary
Data collection method : Questionnaire

E. Secondary sources:

Data has been collected from both internal and external sources such as personal records, annual reports, web links etc.

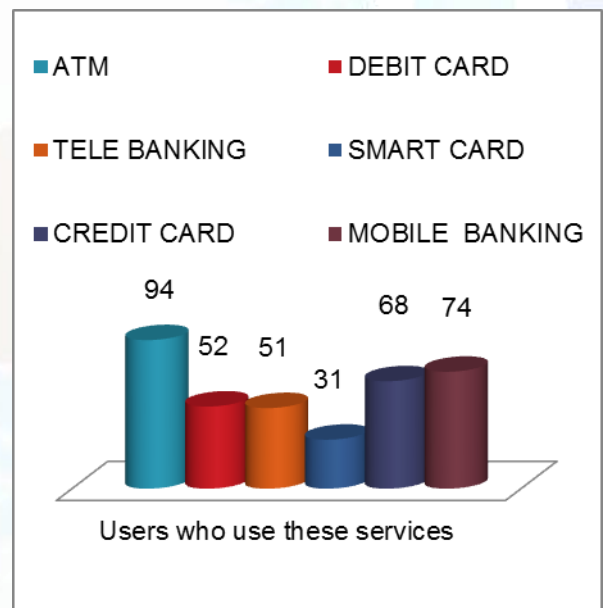
VII. DATA ANALYSIS AND FINDING

The Following table describes the demographic profile of the respondents which consists of gender, age, level of education. From a total of 100 questionnaires received. According to our analysis of the demographic characteristics of the respondents we can say that, 36% of the respondents are between the ages of 20 and 29 and 29% is between the age of 30 and 39. 15% of the respondents are between the ages of 40 and 49, 14% of the respondents are between the ages of 50 and 59. Then the remaining 6% is higher than the 60 years old. Within the respondents 45% are female and remaining 55% is male. If we check the education level of the respondents we can say that, 45% hold Bachelor Degree, 35% hold Master degree & 20% hold PhD, it is found that Bachelor degree respondent are using highest e-banking.

	Internet banking Users	Percentage
Gender		
Male	55	55%
Female	45	45%
Age		
20-29	36	36%
30-39	29	29%
40-49	15	15%
50-59	14	14%
60-69	6	6%
Education		
Bachelor	45	45%
Master	35	35%
PhD	20	20%

Finding shows that there is no any significance difference between Awareness of e-banking & usage of e-banking.

Services	Atm	Debit card	Tele banking	Smart card	Credit card	Mobile banking
Users who use these services	94	52	51	31	68	74



- Finding shows that all consumers are using WWW more than a one Year.
- 88% consumers are visit 1-4 times in a month & 12% consumers are never visit branch of the Bank.
- There is 76% consumer are using ATM for 1-4 times in a month.& 18% consumer are use over period of 12 months & 6% consumers are never use ATM.
- There is 34% consumers are using debit card for 1-4 times in a month & 18% consumers are using 5-8 times in a month & 48 % respondents are not using a debit card services.
- There is 32% consumers are using tele-banking for 1-4 times in a month & 19% consumers are using 5-8 times in a month & 49% respondents are not using a tele-banking services.

- There is 19% consumers are using smart card for 1-4 times in a month & 12% consumers are using 5-8 times in a month & 69% respondents are not using a smart card services.
- There is 32% consumers are using credit card for 1-4 times in a month & 36% consumers are using 5-8 times in a month & 32% respondents are not using a credit card services.
- There is 46% consumers are using mobile banking for 1-4 times in a month & 28 % consumers are using 5-8 times in a month & 26% respondents are not using a mobile banking services.
- Main reason for visiting a bank branch is to make a Deposit with highest % is 40 %.

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