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## **GRT** E- BANKING: A REFORM IN BANKING SERVICES

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**Abstract:-** Banking environment has become highly competitive today. To be able to survive and grow in the changing market environment banks are going for the latest technologies, that can help in developing learner and more flexible structure that can respond quickly to the dynamics of a fast changing market scenario, information technology enables sophisticated product development, better market infrastructure implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets.

E-banking is fast becoming a norm in the developed world, and is being implemented by many banks in developing economies around the globe. The implication is that banks need to increase their marketing efforts by initiating awareness programs to raise customer awareness and interest in internet banking. The main reason behind this success is the numerous benefits it can provide, both to the banks and to customers of financial services. E-Commerce creates new opportunities for business; it also creates new opportunities for education and academics. It appears that there is tremendous potential for providing e- business education. For e-commerce merchants, they can attract more consumers by providing a specific privacy policy in e-banking.

This can be concluded that as the various types of e-banking services provided by the banks there is an urgent need of spreading the awareness among the common people to use e-banking services so that they can make their day to day banking operations faster and more efficient, the advantage of e-banking are in providing convenience and flexibility for customers and for this e-banking provides the electronically base products.

**Keywords:** Banking environment , information technology.

### **INTRODUCTION:**

Indian banking industry, today is in the midst of an IT revolution. A combination of regulatory and competitive reasons has led to increasing importance of total banking automation in the Indian Banking Industry.

Information Technology has basically been used under two different avenues in Banking. One is Communication and Connectivity and other is Business Process Reengineering. Information technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets.

Reserve Bank has assigned priority to the up gradation of technological infrastructure in the financial system. Substantial progress has been made for developing a modern, efficient, integrated and secure payment and settlement system for the financial services sectors. Modernization of clearing and settlement through MICR based cheque clearing, popularizing electronic clearing services(ECS) and integration of RBT-EFT scheme with funds transfer schemes of banks, introduction of centralized funds management system (CFMS) are significant milestones in this regard.

### **ELECTRONIC BANKING:**

Electronic banking is one of the first things that come to mind when one thinks about the future of banking. It is generally assumed that electronic banking is new and that it will replace or supplement many channels of delivery of retail banking services. Banks as we all know are for the safety and security of our economic assets. A web customer can shop on any website, but payment will be through E-banking.

Online banking and internet banking services have established themselves in the US and other countries. In recent

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years, in India also banks have been offering NET banking facilities. Many other banks are working out strategies related to e-banking services. The opening of global (online) business doors and getting information with the click of the mouse only highlights the potential demand for internet connectivity.

E-banking is one of the e-commerce facilitating segments. The application of information technology in the banking sector is an excellent opportunity for the industry. But the technology should not be seen as mere aid to speed up processing and crumple costs but as an additional avenue for delivering services to online clients. This was why the growing popularity of the ATM did not result in the absence of bank branches; instead ATM moved to off-site locations and strengthened the position of banks giving the facility in the retail market.

### **OBJECTIVE OF STUDY:**

The objective of the paper is to know various e-banking services. Traditionally the relationship between banks and its customers has been on a one to one process. This process takes time to complete a single transaction and may results in frauds and mistakes. Modern banks cannot depend one to one process as the customer demands advanced services. While computerization of banks tries to satisfy expectations of the customer. It also reduces mistakes and frauds. So this paper makes an attempt that how banks are attracting the various customers and how the customers are feeling with this they are satisfied or not. With the services provided b the banks greater attention will be needed for customer satisfaction because it is most important and essential thing for the successful banking.

### **E-BANKING IN INDIA:**

Indian banks are still in the process of exploring the potentials of the internet as a medium for the banking s the technology heading towards more business, there are potential prospects of internet banking. Banking in India today not only provides information of its services or request services such as cheque books, Statement etc but also all banking activities efficiently with the help of E-banking.

According to lawence alphonso, corporate communications manager of satyam info way Ltd. A company into providing internet –based solutions for banking “you can request for transfer of funds from your own account to another account in the same name in the same branch and may extend it to another branch ( if they are networked )”. That is the extent of internet banking in India.

The biggest challenge before the Indian banking industry is that of changing their functioning and operations online with the internet and other IT based technology for banking. The last few years have probable seen the most significant changes in the Indian banking environment. The liberalization of interest rate regime and the proliferation of lending as an enabling force have made it possible for banks to come out with a host of innovative products and distribution strategies.

The recent liberalization trend and globalisation has brought many changes in business practices and economic systems in the world. Consequently, the banking sector and other financial institutions are also affected by new realities following globalization. Information technology made its presence felt in banks in India a few decades ago. But today, it is used as a potential support system. The software package used in banks work on standalone system and they are not integrated.

This is the age of internet banking. It is the time; Indian banks should start offering web- based banking services to the account holders. Online banking has proved successful in the international banking sector in other countries and has revolutionized the E-commerce industry. In India, also online banking is fast emerging as favorable, Chennai based Mega soft limited has launched a novel e- bank designated to cater to the needs of growing consumerism in India. E-bank is a suit of online or internet based banking publications that have been developed using emerging technologies with seamless integration and technical scalability.

Private Indian banks such as ICICI Bank, IDBI Bank and indusland bank have taken the lead to introduce internet based banking services in India. In fact, indusland was the first bank to setup a website after commercial internet became available in India in august 1995. ICICI bank followed soon after by setting its own website in February 1996. City bank and other banks also offer internet based banking services. Many banks like state bank group, canara bank, bank of Baroda, Dena bank, bank of Indian bank of Maharashtra, union bank of India and many other private banks are offering e-banking facilities to their customers.

**Internet usage and population statistics:**

Year	Users	Population	%	Usage source
1998	1,400,000	1,094,870,677	0.1%	ITU
1999	2,800,000	1,094,870,677	0.3%	ITU
2000	5,500,000	1,094,870,677	0.5%	ITU
2001	7,000,000	1,094,870,677	0.7%	ITU
2002	16,500,000	1,094,870,677	1.6%	ITU
2003	22,500,000	1,094,870,677	2.1%	ITU
2004	39,200,000	1,094,870,677	3.6%	C.I. Almanac
2005	50,600,000	1,112,225,812	4.5%	C.I. Almanac
2006	40,000,000	1,112,225,812	3.6%	IAMAI
2007	42,000,000	1,129,667,528	3.7%	IWS
2009	81,000,000	1,156,897,766	7.0%	ITU
2010	100,000,000	1,173,108,018	8.5%	IWS

Source: India: internet usage stats and telecommunications market report

**E-banking: its relevance for banks:**

The IBA's settlement in 1993 with the workmen unions resulted in large scale computerization in public sector banks.

The Rangarajan committee report laid down the criteria for selecting branches for computerization. Later, individual banks entered into agreements with their registered trade unions to facilitate computerization of these branches which could not be done as per the Rangarajan committee recommendations.

**Indian banking environment:**

Banks are embracing new and cost effective delivery channels. Banking system in India emphasizes the need for automated banking; value added services are being used as relationship enablers. ATM and data centres are becoming ubiquitous. Banks are forced to improve the service by value addition to avoid customer attrition.

Trends in the banking industries are leading to 24\*7\*365 online processing systems. Changes are expected in the area of clearing, especially in the electronic clearing services. India is very closely following the international directives related to accounting and risk management.

**INTERNET BANKING IN INDIA:**

The reserve bank of India constituted a working group on internet banking. The group divided the internet banking products India into 3 types based on the levels of access granted. They are:

**i) Information only system:**

General purpose information like interest rates, branch location, bank products and their features, loan and deposit calculations are provided in the banks website. There exits facilities for downloading various types of application forms. The communication is normally done through e-mail. There is no interaction between the customer and banks application system. No identification of the customer is done. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet.

**ii) Electronic information transfer system:**

The system provides customer specific information in the form of account balances, transaction details, and statement of accounts. The information is still largely of the 'read only' format. Identification and authentication of the customer is through password. The information is fetched from the banks application system either in batch mode or off-line. The application systems cannot directly access through the internet.

**iii) Fully electronic transactional system:**

This system allows bi-directional capabilities. transactions can be submitted by the customer for online update. This system requires high degree of security and control. In this environment, web server and application systems are linked over secure infrastructure. It comprises technology covering computerization, networking and security, inter-bank payment gateway and legal infrastructure.

**BENEFITS OF E-BANKING:**

Understanding e-banking is important for several shareholders and banking related organizations, since it helps to derive benefits from it. Therefore, it brings up unique types of challenges and requires innovative solution. Many banks and other organization have already implemented or are planning to implement e-banking because of the numerous potential benefits associated with it. Some of these major benefits are briefly described below:

**Automated teller machine (ATM):**

ATM is designed to perform the most important function of bank. It is operated by plastic card with its special features. The plastic card is replacing cheque, personal attendance of the customer, banking hour's restrictions and paper based verification. There are debit cards. ATMs used a spring board for electronic fund transfer. ATM itself can provide information about customers account and also receive instruction from customers-ATM cardholders. An ATM is an electronic fund transfer terminal capable of handling cash deposits, transfer between accounts, balance enquiries, cash withdrawals and pay bills. It may be on-line or off-line. The on-line ATM enables the customer to avail facilities from anywhere. In off-line the facilities are confined to that particular ATM assigned. Any customer processing ATM card issued by the shared payment network system can go to any ATM linked to shared payment networks and performs his transactions.

**Credit cards/ debit cards:**

The credit card holder is empowered to spend wherever and whenever he wants with his credit card within the limits fixed by his bank. Credit card is a post paid card. Debit card, on the other hand, is a prepaid card with some stored value. Every time a person uses this card, the internet banking house gets money transferred to its account from the bank of the buyer. The buyers account is debited with the exact amount of purchases. An individual has to open an account with the issuing bank which gives debit card with a personal identification number (PIN). When he makes a purchase, he enters his PIN on shops PIN pad. When the card is slurped through the electronic terminal, it dials the acquiring bank system- either master card or VISA that validates the PIN and final out from the issuing bank whether to accept or decline the transactions. The customer can never overspend because the system rejects any transaction which exceeds the balance in his account. The bank never faces a default because the amount spent is debited immediately from the customer's account.

**Smart card:**

Banks are adding chips to their current magnetic stripe card to enhance security and offer new service, called smart cards. Smart cards allow thousands of times of information storable on magnetic stripe cards. In addition, these cards are highly secure, more reliable and perform multiple functions. They hold a large amount of personal information, from medical and health history to personal banking and personal preferences.

**Bill payment service:**

You can facilitate payment of electricity and telephone bills, mobile phone, credit card and insurance premium bills. A search bank has tie-ups with various utility companies, service providers and insurance companies, across the country. To pay your bills, all you need to do is complete a simple one-time registration for each biller. You can also set up standing instructions online to pay your recurring bills, automatically. Generally, the bank does not charge customers for online bill payment.

**Fund transfer:**

You can transfer any amount from one account to another of the same or any another bank. Customers can send money anywhere in India. Once you login to your account, you need to mention the payee's account number, his bank and the branch. The transfer will take place in a day or so, whereas in a traditional method, it takes about three working days. ICICI bank says that online bill payment service and fund transfer facility have been their most popular online services.

**Credit card customers:**

With internet banking, customers can not only pay their credit card bills online but also get a loan on their cards. If you lose your credit card, you can report lost card online.

**Railway pass:**

This is something that would interest all the aam Janta. Railways have tied up with ICICI bank and you can now make your railway pass for local trains online. The pass will be delivered to you at your doorstep. But the facility is limited to Mumbai, Thane, Nasik, Surat and Pune.

**Investing through internet banking:**

You can now open an FD online through funds transfer. Now investors with interlinked demat account and bank account can easily trade in the stock market and the amount will be automatically debited from their respective bank accounts and the shares will be credited in their demat account. Moreover, some banks even give you the facility to purchase mutual funds directly from the online banking system.

Nowadays, most leading banks offer both online banking and demat account. However if you have your demat account with independent share brokers. Then you need sign a special form, which will link your two accounts.

**SHOPPING:**

With a range of all kind of products, you can shop online and the payment is also made conveniently through your account. You can also buy railway and air tickets through internet banking.

**Challenges for E-commerce in banking:**

Internet based e-commerce has besides, great advantages, posed many threats because of its being what is popularly called faceless and borderless. Some examples of ethical issues that have emerged as a result of electronic commerce. All of the following examples are both ethical issues and issues that are uniquely related to electronic commerce.

**a) Privacy:**

Privacy has been and continues to be a significant issue of concern for both current and prospective electronic commerce customers. With regard to web interactions and e-commerce the following dimensions are most salient:

- 1) Privacy consists of not being interfered with, having the power to exclude; individual privacy is a moral right.
- 2) Privacy is "a desirable condition with respect to possession of information by other persons about him/himself on the observation/ perceiving of him/himself by other persons".

**b) Security concerns:**

In addition to privacy concerns, other ethical issues are involved with electronic commerce. The internet offers unprecedented ease of access to a vast array of goods and services. The rapidly expanding arena of "click and mortar" and the largely unregulated cyberspace medium have however prompted concerns about both privacy and data security.

**c) Other ethical issues:**

Manufacturers competing with intermediaries' online "disintermediation," a means eliminating the immediacies such as retailers, wholesalers, outside sales reps by setting up a website to sell directly to customers.

Disintermediation includes-

- (1) music being downloaded directly from producers
- (2) authors distributing their work from their own web sites or through writer co-operatives.

**CONCLUSION:**

Banking environment has become highly competitive today. To be able to survive and grow in the changing market environment banks are going for the latest technologies, that can help in developing leaner and more flexible structure that can respond quickly to the dynamics of a fast changing market scenario, information technology enables sophisticated product development, better market infrastructure implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets.

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