

## ROLE OF IT TOOLS IN BANKING

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### Abstract

*In the 1990 the banking sector in India saw greater emphasis in technology and innovation. Banks began use to technology to provide better quality of service to customer at greater speed. E-banking is playing a important role in daily lives of human being. Internet is slowly gaining popularity in India. E- banking delivery of product and service to customer. At present time every banks have their own ATM machines ,Internet services etc. Electronic banking comes in banking sector payment system should be flexible. E-banking service reduced paper work for bank employee. Banks are survive in the competitive world they uses the service provide by electronic banking. E-banking provide service ATM, Debit card, Credit card, Mobile banking, Tele- banking ,Home banking , Electronic fund transfer( EFT) etc. In brief the study leads to conclude that technology are developing rapidly. E- banking is beneficial for bank to stay competition. E- banking play very important role to handle this customer effectively and reduce the work burden of staff.*

**Introduction** Banking system has play important role in every country economy. Banks has also grow our technology when bank service or meet to customer demand to opt the new change. Today modern banking not only look for way to attract but also to retain the customer and gain competitive advantages over their competitors. Electronic banking means that electronic exchange of money from one account to another account using the internet. Electronic banking is just like normal banking but both terms are different. Normal banking means physical exchange money one account to another account. Electronic banking use no need go bank for transactions. You can access your account anytime to or any part of the world. Banks offer internet banking in two ways. When existing banks with physical office can establish a website and offer internet banking to its customers in addition to its delivery channels. Electronic banking is a safe, fast, easy and efficient electronic service that enable you access to bank account and to carry out online banking services. E-banking individuals and corporate customers can access accounts, transact business, transfer funds or obtain information on product and services through electronic media without any paper transactions. Increased productivity and cutting of transaction cost benefits of e-banking. Uses of e-banking service you save your time by carrying out banking transactions at one place, any time ,from your home or office all you need is internet access. E-banking provide facility to customers report loss of credit card ;stop payments on a cheque, advise change of address and other routine actions. E- banking service effective for the customers to use. E- banking provide service to one branch offices of banks are inter connected through satellite links , there would be no physical identity for any branch.

### Objective of the study

1. To study concept of e-banking .
2. To study tools of e-banking.
3. To study benefits of e-banking.

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- **Electronic banking** - Electronic banking is a safe, fast, easy and efficient electronic service that enables you access to bank account and to carry out online banking services 24 hours a day and 7 days a week. E-banking save your time by carry out banking transactions at any place and at any time either home or office all you need internet access. E- banking use the web browser for the user interface and the internet for data transfer and download of software so that reducing maintenance costs. E-banking provides current information your account. We can access banking service 24 hours a day. Primary services provide e-banking transferring money own account, easy withdrawn money your account, paying bills, checking balance own account, loans, share trading. Through e- banking allows you to pay invoices to finish and foreign recipients easily and securely. E –banking as such is free of charge but commissions and fees accordance with the service tariff will be levied an order and other transactions carried out through electronic banking.
- **Literature review: Uppal & Chawla, (2009)** study about “ E –Delivary Channel-based Banking Services: An Empirical study customers perceptions about e- banking services” highlighted about the customer perceptions about e- banking services in India. The research methodology included survey of 1200 respondents in Ludhiana and respondents included public, private and foreign bank sector. The present study investigated the customer perceptions regarding the necessity of e- banking services, bank frauds, future of e- banking, preference regarding the use of e-channels and the problems faced by e- banking customers. The study depicted that customers of all bank groups are interested in e- banking services but at the same they face problems like inadequate knowledge, poor knowledge, lack infrastructure and difficulty they face in opening an account. The paper thus framed suitable strategies like customer education, seminars, proper meeting, proper installation of ATM machines, proper networking and infrastructure facilities etc.
- **EI-Sherbinl et al (2007)** investigated through his study on, “Bank customer behavior perspectives towards internet banking services in Kuwait” the customers perspectives of internet banking, their perceived importance for it, usage patterns and problems rising on its utilization. The paper discussed the strategic implications of the research findings. Empirical data were gathered from bank customers in Kuwait to achieve the research objectives. All bank customers in Kuwait were considered as population of research interest. The results showed the perceived importance of internet banking services by customers, current and potential use of internet banking services in Kuwait and problems perceived by bank customers in using internet banking. The research paper main hypothesis tested that to five services that were considered relative important in Kuwait banks were “ Review account balance “, “ Obtain detailed transactions histories, “Open accounts “. Pay bills “and transfer funds between own accounts.
- **Akinici et al.(2004)** studied on, “Adoption of internet banking among sophisticated consumer segments in an advanced developing an understanding of consumers attitudes and adoption of internet banking among sophisticated consumers. The research methodology utilized random sample of academicians demographic, attitudinal and behavioral characteristics of internet. Banks users and non users for investigation. The analyses revealed significant differences between the demographic profiles and attitudes of users and non users. Internet banking users were further investigated and three sub segments were defined according to a set of banks selection criteria. Finally based on the similarities between various web-based bank services, four homogeneous of services were defined.

- **Tools of Electronic Banking**

- **ATM (Automated Teller Machines)**

Automated teller machines used for performing some of the banking functions such as the withdrawal of cash or the deposit of cash / cheque etc by using an ATM card. The committee headed by DR. C Rangarajan recommended the setting up of ATM in India. ATM were located at airports, railways stations, hospitals, important commercial centres as well as banks branches for use by the customers. Banks provide cards to the customers with their ATM card with unique personal identification number (PIN). Whenever a customer performs a transaction, the person has to key in the PIN which is validated by the ATM before the machine permits any transaction. The PIN has to be kept secret by the customer. Because customer prevent for misuse and fraudulent activities in the event of loss of the card. Banks use ATM structures to provide innovative and value added services to customers such as fund transfer bill payment services mobile phone recharge and so on.

- **Benefits of ATM**

- **To the customers**

To 24\*7 access availability.

Less time for transactions.

Security or privacy in transactions.

Easy withdrawn money any time or anywhere.

Any branch/ anywhere banking enabled.

- **To the bank**

Cost of setting up ATM is less than setting up a branch.

Less hassle in handling cash.

ATM serve cross selling of the bank products.

Enables the bank to display products on the screen therefore ATM used for publicity media for the bank.

- **Credit card**

A credit card is a small plastic card issued to user as a system of payment. It allows to user to buy goods and service based on user or holders promise to pay for these goods and services. Credit card has the name and the account number of the holder embossed on it. In addition upto date which the card is valid will also be embossed and specimen signature panel on the reverse. The card issuer should normally get the card holder to sign on the specimen signature panel in his presence. The card issuer grants a line of credit to the customer from which the user can borrow money for payment to a merchant or as a cash advance to the user. Every months cardholders have option paying back entire amount of outstanding or minimum 2 or 3 percent of outstanding balance. Banks also given the grace period of month or more granted no interest will be charged on the loan. If one payment is not made on time the account would be delinquent after predetermined period. A credit card different for the charge card credit card allows to consumer continuing balance of debt subject to interest being charged. Charge card requires the balance to be paid in full each month.

- **Debit card**

A debit card is a plastic card that provides the cardholder electronic access to his or her bank account /at a financial institution. If credit card advocate ' pay later' debit card signify 'pat now' . Debit card through which the customer own account with the card issuer is debited immediately to the extent of the transaction value. Further the debit card does not allow the customer to borrow nor does it provide revolving credit. Customers who prefer debit cards do so because they do not want to go into debt for their necessary purchases. The debit card behind which there is a magnetic strip is inserted into the machine by the customers at the time of billing foe purchases made. There are two types of debit system followed at the point of payment one a 'signature based' card where the customer swipes the card and sign the sales receipt and the second a 'PIN based' transaction. The pin is known only to the cardholder and the issuing bank. Once the PIN is entered the machine automatic call to banks checks the balance in the customer account and reduced the balance to extent of the transaction value. The merchant account is credited for the transaction value.

- **Electronic Fund Transfer (EFT)**

Electronic fund transfer system was introduced by RBI in 1997 as inter city , intra city and inter bank,intra bank fund transfer. Electronic funds transfer the funds one bank branch to other branch from on city to another. EFT process pre- authorized debits or credits from one bank account to another within a 48 hour period. Electronic fund transfer given the instruction to maintain there account which are carried out automatically at pre appointed dates. First customer have to sign a form that authorizes the bank to deduct their payment on certain date. According to billing cycle the amount of customers bill is debited for customer account and deposited into the payees account.

- **Mobile Banking**

Mobile banking is important service provided by the banks. The customers use there service with help of a cell phone. The bank will install particular software and provide a password to customer utilize this service. The service free of charge with this facility customer on his /her mobile screen can check his bank balance or order a demand draft , stop cheque payment ,request for a cheque book, look at current interest rate of bank.

- **Internet Banking**

Internet banking means any user or customer with personal computer and browser can get connected to his bank website and perform any service possible through electronic delivery channel. All services offer by bank are listed on the bank websites with the popularity of personal computer and easy access to internet and world wide web (www). Banks use of internet channel for receiving instructions and delivering their products and services to their customers.

- **Tele- Banking**

Tele –banking services is based on the voice processing facility available with the bank computers. The customer of the bank will be able to call anytime and enquire balance or transaction history and to transfer fund between accounts. In this system bank computer is connect to a telephone link with modem. The voice processing facility provided in the software identifies the caller by keyword and provide him services with suitable reply. Foreign bank now offering very advanced touch tone telephone answering services when customer call directly to

department concerned of the bank. It also allows the customer to leave a message for the concerned desk or department if person is not available. In this system service representative his or her voice mail postbag in which message stored and retrieved upon his return to the desk.

- **Home Banking**

Banking customers are more technologically sophisticated than ever before customers perform a number of transactions from their home or office. They can check their balance and transfer the funds with the help of a telephone. With less time available to conduct routine banking business more and more of them have become comfortable with the idea of using machines for a wide range of banking services

- **Benefits of Electronic banking**

- **For Banks**

Banks can become more efficient by providing internet access for their customers. The internet provides the bank with paperless system.

The operating cost per unit services is lower than for the banks.

Electronic banking provide better customer service and satisfaction.

Electronic banking services uses small bank who to add to their customer base.

Online purchases.

Easier expansion

Attract more customer.

Better customer relations.

- **For Customers**

Customer can obtain funds at any time from ATM machines.

Customer easily transfer the funds from one place to another place electronically.

Convenience to customers as they are not required go to the banks premises.

The credit card and debit card enables the customer to obtain discount from retail outlets.

Abolishing the uses of paper.

Cost reducing transfer fees.

- **Conclusion**

In brief the study leads to conclude that technology are developing rapidly. Electronic banking is beneficial for bank to stay competition. Electronic banking play important role to handle this customer effectively and reduce the work burden of staff. Successful introduce of electronic banking will expedite the economic and social progress of the country. Main objective introduction of electronic banking removing the development gap between developed and under developed countries. In the world banking, the development in information technology has an enormous effect on development of more flexible banking services. Electronic banking services are new and the development and diffusion of these technologies by financial institutions is expected to result in more efficient banking system.

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