Purva Mimaansa
A Multi-discipinary Bi-annual Research Journal
(Refereed Peer Reviewed)

Vol. 10, Special Issue March 2019
ISSN : 0976-0237
UGC Approved Journal No. 40903
Impact Factor 3.765

ROLE OF E-BANKING SERVICES IN ECONOMIC GROWTH OF INDIA

Monika*

Abstract

Government of India motivates people to shift towards Cashless Economy. This can be accomplished by use of internet, Debit cards, Credit cards, electronic payment gateway systems that includes National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) etc. in India[1]. In addition to above, increasing accessibility of Internet, wide spreading mobile technology adoption, and new applications like websites, social media and customer friendly mobile App provides a differently new and comfortable way for consumers to access financial transactions. The study of this paper mainly focus on to find role of E-Banking services in Digital India. The objectives of study are to identify Drivers of Digital Banking Transformation, contribution of Indian banks towards Digital India, facilities provided by Indian banks to make India cashless, Key barriers of Digital payment and to identify Threat for Indian banking. Increasing innovative Technology has become a tool that facilitates banks' organizational structures, business strategies, customer services and other related functions. Digitalization changes image of branch banking. Banking institutions are currently facing huge competition not only from each other but also from non-bank financial intermediaries (Mutual Funds, Paytm Money, Mobikwik) as well as from alternative sources of financing. Another great challenge faced by banking institutions today is the growing and varying needs and changing expectations of consumers in tandem with increased education levels, awareness in adapting new technology and growing wealth. Consumers are becoming increasingly selective and choosy and become more involved in their financial decisions. This paper examines the issues which are principally affecting the recognition of e- banking services amongst the customers and also specifies level of apprehensionabout security and privacy issues in Indian context.

Keywords – NEFT, RTGS

I. INTRODUCTION

Banking today is a thriving industry, focused on technological innovation. Internet banking has developed as the prime focus area in the "Digital Transformation" schema of banks. Digital Transformation in Banking Starts with Consumer Needs Like

1. Reward me for my business,

2. Simplify My Life by providing "anytime, anyplace" access to my balance,

3. Know me as a person,

4. Look out for me by providing me with wealth-building advice,

5. Anticipate My Needs by telling me what I am spending money on and how I can save.

***Research Scholar, Department of Computer Science And Applications SD College, Ambala Cantt;**
E-mail: monika.saini.393@gmail.com

Vol. 10, Special Issue March 2019
ISSN : 0976-0237
UGC Approved Journal No. 40903
Impact Factor 3.765

To satisfy these needs banks has to transform delivery channels. Electronic banking is one of the crucial innovation in the field of banking. Banking at early times were conducted in very traditional manner, there were no such innovations. The revolution in the field of Information technology led to the evolution of internet, which lead to E-Commerce continued by evolution of E-banking. With the help of technology customer conduct the banking activities anywhere in the world like ATM's Debit cards, phone banking, internet banking and Bank app etc. Digital India is a programpropelled by the Government of India to safeguard that Government services are made accessible to citizens electronically by improving online infrastructure and by increasing Internet connectivity or by empowering the country digitally advanced in the field of E-Banking. It was launched on 2 July 2015 by Prime Minister Narendra Modi[4]. The initiative consists of plans to connect rural areas with high-speed internet networks. Indian government has a prophecy to make 100 Smart Cities by 2022 and thus deliver almost all the services electronically to the citizens.

A new economic world is developed with the help of E-Banking where all the tasks are performed digitally[2]. Bank has developed innovative, multichannel apps to response and manage need of customer quickly and easily. In present scenario customers are "self-directed" and highly adapted to online world.

Digitalization in banking does not only mean online banking, internet banking, mobile banking or paperless banking rather it is the application of new technologies to transform the existing banking business model into a new banking business model. Hence, it's not only a new channel; rather it's a whole new way of renovating existing transaction-based banking into the experience-based banking. So that, banking can be easily accessed by customers anytime and from anyplace.

Use of technology in banking sector enables bank to serve their customer easier, faster and convenient way[3]. Evolving technologies have reformed the banking industry from paper and branch based banks to "digitized and networked banking services.

II.**E-BANKING**

Electronic banking, likewiseacknowledged as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds unswervingly from one account to another, instead of by cheque or cash. Different forms of E-Banking:

Internet Banking- Internet Banking helps to manage many banking transactions online via PC.

Automated Teller Machines (ATM)- An automated teller machine(ATM) is an electronic computerized telecommunications device that permits a financial institution's customers to openly use a protected method of communication to access their bank accounts in order or make cash withdrawals and check their account balances without the necessity for a human bank teller.

Tele Banking- By dialing the given Telebanking number through a landline or a mobile from anywhere, the customer can access his account and by following the user-friendly menu, entire banking can be perform through Interactive Voice Response (IVR) system.

Credit Card-A credit card is a way to "pay later," means the things can be once purchased with the help of Credit Card and payment can be done later but there is always a limit of cash in credit card.

Debit Card- Debit cards appearlike similar to credit cards or ATM (automated teller machine) cards, but operate like cash or a personal check. Debit cards are different from credit cards. While a credit card is a way to "pay later," a debit card is a way to "pay now." When a debit card is used, the money is quickly deducted from the account. E-Cheque-An E-Cheque is the electronic type or depiction of paper cheque.

Vol. 10, Special Issue March 2019
ISSN : 0976-0237
UGC Approved Journal No. 40903
Impact Factor 3.765

III. BENEFITS OF E-BANKING

For Banks:

Price- In the long run a bank can save enough by not paying for intermediators or for managing branches. Also, it's quite cheaper to make transactions over the Internet.

Customer Base- The Internet opens up a space for banks to reach a whole new market because there are no defined geographic boundaries with the Internet. The Internet also gives a golden opportunity to small banks who want to add to their customer base[5].

Efficiency- Banks can become more efficient by providing Internet banking facilities to their customers. The Internet also provides the bank with an almost paper less system.

Customer Service and Satisfaction- Internet Banking not only permits the customer to have a wide range of services available to them but it also offers them a few services not offered at any of the branches. The person need not have to go to a branch where such service may or may not be provided. A person can take out the print out of information related to transactions, forms and applications via their Internet Banking Account and are able to search for information effectively instead of waiting in a queue at banks. With internet banking facilities, the banksare able to create better customer relations and satisfaction.

For Customers:

Bill Pay: Bill Pay is a service that can be accessed through Internet banking that allows the customer to set up bill payments. Customer can choose the person or company whom he wants to make a payment and Bill Pay will withdraw the money from his account and send the payee a paper check or an electronic payment

Other Important Facilities: E- banking gives better customer control over almost every aspect of managing his bank accounts. In addition to this, the Customers can Buy and Sell Securities, Check Stock Market Information, Check Balances, Check Currency Rates, See which checks are cleared,View Transaction History, Transfer Money, and avoid going to an actual bank. The best advantage is that Internet banking is free. At many banks the customer doesn't have to sustain anessential minimum balance. The second benefit is improved interest rates for the customer.

IV. CONCERNS WITH E-BANKING

Customer support – To impart better customer help, Banks have to create a whole new customer relations department. Banks must ensure that the customers receive assistance quickly if they need any help. Any major problems can destroy the banks reputation easily. By showing the customer that the Internet is reliable, banks are able to get the trust of customers in online banking.

Laws – The internet can be used anywhere across the world having no boundariesbut the law does. Companies must have their software placed in software market, creating a monopoly.

Security: Customer always have special concern over their protection and security. There are always a query that whether the transactions which they are doing are safe or not.

Other challenges: lack of sufficient knowledge from customers end, etc.

Vol. 10, Special Issue March 2019
ISSN : 0976-0237
UGC Approved Journal No. 40903
Impact Factor 3.765

V. E-BANKING GLOBAL PERSPECTIVE

The rise of Internet has initiated an electronic revolution in the global banking sector. The dynamic and adjustable nature of this communication channel as well as its ubiquitous reach has helped in powering a variety of banking activities. New banking intermediaries providing entirely new types of banking services have emerged as a result of innovative e-business models[6]. The Internet has appeared as one of the major distribution channels of banking products and services, for the banks in US and in the European countries.

Initially, banks advertise their core capabilities i.e., products, services and advice through Internet. Then, they invade into the e-commerce market as providers/distributors of their own products and services. In recent times, due to improvement in Internet security and the rise of relevant protocols, banks have discovered that they can play their important role as financial intermediators and facilitators of complete commercial transactions via electronic networks mainly through the Internet. Some banks have carefully chosena new way of creating a direct web presence while other banks have chosen for either being an owner of financial services centric electronic marketplace or being contestants of a non-financial services centric electronic marketplace.

The shift towards electronic delivery of banking products and services is occurring partly as a result of consumer demand and partly because of the increasing competitive environment in the global banking industry. The Internet has changed the behavior of customers who are appealing more customized products/services at a lower price. Moreover, new competition from pure online banks has put the profitability of even established brick and mortar banks under pressure[7]. However, a very less number of banks have got success in evolvingoperativepolicies for fully developing the opportunities offered by the Internet. For banks to describe what new markets to provide and choose what products/services to offer there is a necessity for a clear and concise Internet commerce strategy.

Banking transactions had already initiated through the Internet way back in 1995. The Internet delivered an ideal platform for commercial exchange, helping banks to achieve new levels of efficiency in financial transactions by strengthening customer relationship, encouraging price discovery and increasing the reach. Electronic finance providesenough opportunities for banks to broaden their client base and elucidate their business while the customers received value in the form of savings in time and money.

Global E-banking industry is accompanied by the following sections:

E-banking Scenario- It explains the actual state, prospects, and issues related to E-banking in Asia with a focus on India, US and Europe. It also focuses on the impact of E-banking in the banking industry structure.

E-banking Strategies- It points at the key strategies that banks must implement to derive maximum value through the online channel. It also brings reference for those banks, which are planning to build online businesses.

E-banking Transactions- It examines how Internet has radically transformed banking transactions. It focuses mainly on cross border transactions, B2B transactions, electronic bill payment and presentment and mobile payments. In spite of all the hype, E-banking has been a non-starter in several countries[8].

E-banking Trends- It explains the innovation of new technologies in banks.

Vol. 10, Special Issue March 2019
ISSN : 0976-0237
UGC Approved Journal No. 40903
Impact Factor 3.765

VI. CONCLUSION

Through the above deliberation, the role of E-Banking in enhancing economic growth of India is discussed. Firstly, it is discussed what are the different schemes in which e-banking is used. In a brief introduction to E- Banking its different types and benefits are discussed. The internet has played a vital role in the establishment of E- Banking in today's society. Even the various initiatives taken by Government of India has also resulted in the growth of E-Banking. Now-a-days it is very easy to purchase products online, transfer money from one account to another etc. and all this has become possible only with the help of increase in E- Banking trends. The various secured apps launched by Government and the various apps of respective banks make the transactions very easy. The pen-paper work is reduced and even the headache of going to banks again and again for very small transactions has also been reduced. The credit cards and debit cards have even make the transactions very easy as they can be used anywhere for shopping, for purchase of goods, for paying bills etc. Internet banking is also a secure medium for various transactions. So, E-Banking has resulted in the growth of Indian Economy a lot because of the ease of transactions which has been provided to the users by the methods of E-Banking.It will create a huge impact on ease of banking and promote transparent transactions that will give push for sustainable and economic growth.

VII REFERENCES

[1] ChandrawatiNirala, " Role of E-Banking services towards Digital India"

[2] Narasimham Committee Report on Banking Sector Reforms. (1998). Bombay: Reserve Bank of India.

[3] Govt. of India (1991a) Report of the Committee on Financial System, Ministry of Finance, December.

[4] Lal Roshan, SalujaRajni. "E-BANKING: THE INDIAN SCENARIO", Asia Pacific Journal of Marketing & Management Review. 2012.

[5] https://www.ukessays.com/essays/information-technology/importance-of-e-banking.php

[6] Shukla R, "E-Banking Problems and Prospects", IJMBS Vol.1,Issue 1 Mar-2011.

[7] Taufeeq A, "E-Banking Concept", ISSN 2277-3339, Vol.1 No.10 ,June-July 2016-17.

[8] An introduction to computers and their application in banking – by T.N. Srivastava, McMillan Publications.