

E-banking in India: Issues and Opportunities

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Abstract - Demonetization has resulted in increase in digital transactions in the country. Online cash transactions have a great impact on e-banking in India. Different forms of e-banking include Internet banking, ATM, Telebanking, Smartcard, etc. It mainly comprises of transfer of funds electronically and use of different types of online banking services. E-banking plays an important role in present banking system in India. It is referred to as easy banking transactions as compared to physical banking transactions. E banking brought the qualitative improvements in banking operations as compared to traditional banking. However, it has its own issues related to security aspects. The present study explains the issues that banks are facing in India in terms of online banking, opportunity to increase the awareness for safe and secure e- banking.

Key Words: E-banking, Issues, Opportunities, security.

I. INTRODUCTION

In today's globalized world, economy has gone through many changes one of the most important change that affected the economy a lot is the "Internet-based transactions". Considering the importance of internet banks have started investing in this new market. Increasing use of technology in banking field has brought about many changes in banking industry. Different banking transactions such as online payment, fund transfer, stock trading, etc. can be conducted electronically with the help of internet. The use of internet is increasing at a rapid pace in banking sector. Many commercial banks have introduced many services through internet banking.

E-banking is also referred to as online banking or internet banking. It is system which facilitates different banking transactions like fund transfer, Payment of EMI, cash deposit and cash withdrawal virtually through internet. E-banking services are the most used services by the Indian citizens after the demonetization effect. E-banking includes different services such as internet banking, SMS banking, ATM, Mobile banking, Debit/Credit Cards, etc. in simple words in e-banking customer can conduct the banking transactions 24*7 by using the electronic media.

Objectives:

- To study various e-banking facilities adopted by the banks in India
- To analyze issues involved in the e-banking transactions
- To find out the opportunity for development of e-banking in India.

II. RESEARCH METHODOLOGY

The present study is of descriptive nature where data is collected with the help of primary as well as secondary sources. Primary data is collected with the help of

structured questionnaire and secondary data is collected from different journals, research articles and web sites.

Sample Size: 50

Benefits of E-Banking:

- Helps to cater to a large segment of customer base.
- Helps to reduce operational costs.
- It offers the advantage of flexibility to the customers.
- Helps to save the time involved in performing banking transactions.

III. ISSUES INVOLVED IN E-BANKING IN INDIA

Despite of increase in level of technology in the country, e-banking services are not much developed in India. Different issues related to cultural factors, industry and workplace have affected the growth of e-banking in India. following are the some of the issues that e-banking in India is facing.

- Lack of safety: one of the biggest threats that affect the growth of e-banking in India is that it is not safe and secure all the time. Sometime technical issues may result in loss of data.
- High initial cost: e-banking requires higher initial cost in the form of installation cost, cost of Hardware, Software, Modem, Computers, Maintainance of equipment cost, etc.
- Lack of experts: lack of experts and professionals to perform the e-banking transactions also affected the development of e-banking in India.
- Lack of proper infrastructure: proper infrastructural facilities which are required to conduct e-banking transactions are not available in India.
- Regulations and legal formalities: e-banking offers the advantage of flexibility, but in India there are

many rules and conditions that customer needs to fulfill for using e-banking services. All such rules and regulations affect the development of e-banking in India.

- Competition: increasing competition in Indian banking sector has brought many challenges before the banks which affected the e-banking services in India.

IV. OPPORTUNITIES RELATED TO E-BANKING IN INDIA

Despite of many issues there are certain factors which encourage the marketers for using e-banking. They are as follows:

- Large number of internet users: to use e-banking it is very important that person should have the basic knowledge about the computer and internet. The rapid increase in the number of internet users in India has created a big opportunity for development of online banking services in the country.
- Government Initiative: In India Government has taken different steps for creating awareness related to e-banking under the financial literacy programme. Various Government organizations like RBI, SEBI, IRDA, etc. have played an important role in providing training and education to the customers for the use of internet banking.
- Competitive advantage: use of e-banking services offered competitive advantage to the banks over the other banks. Benefits of e-banking created many opportunities for banks to conduct their banking business in an effective manner.

V. FINDINGS

1. How often do you use online banking services?

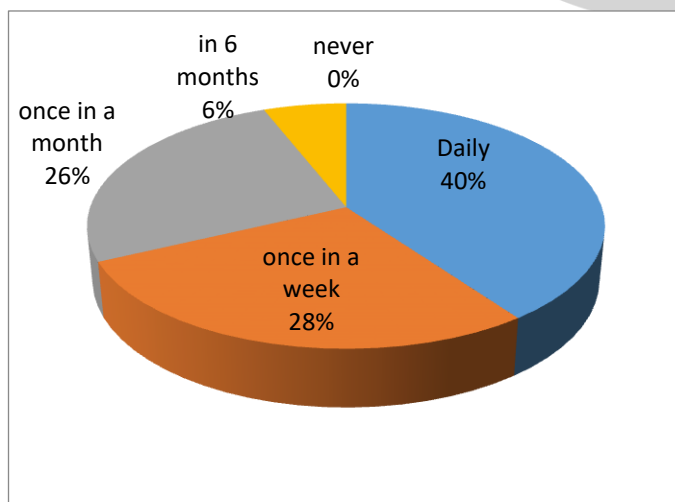


Fig. 1 online banking services by customers

The above pie-chart shows the use of online banking services by customers. From the above it is clear that 40% of customers use online banking services once in a week where as 28% of total customers use online banking services on every single day.

2. Which type of online banking services do you use?

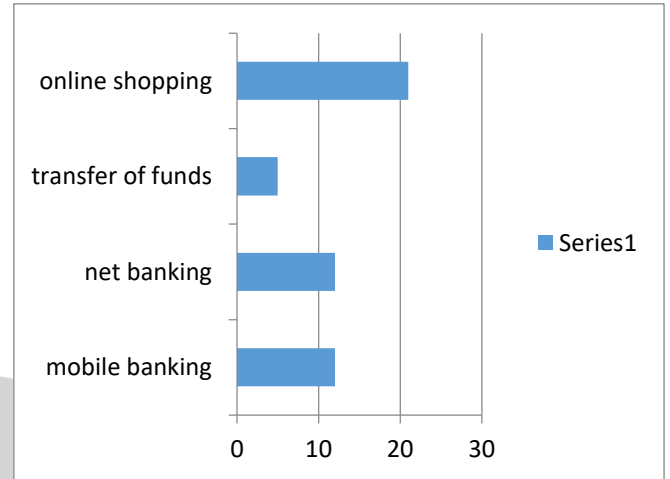


Fig. 2 online banking services that are used by the customers.

The above bar diagram explains the online banking services that are used by the customers.

3. What do you think are the benefits of online banking?

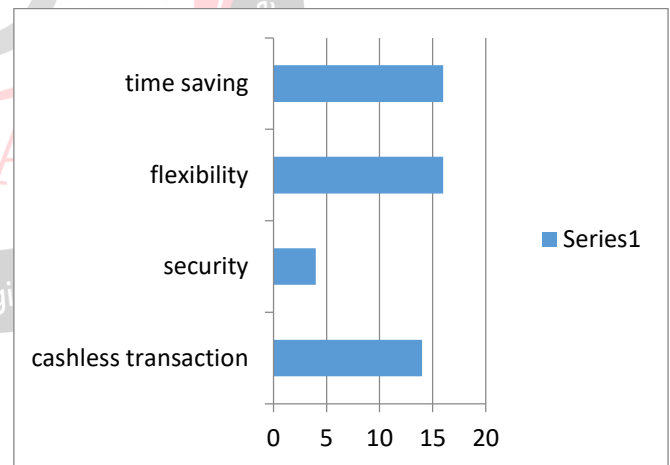


Fig. 3 different advantages that online banking offers

The above bar diagram explains the different advantages that online banking offers. From the above it is clear that most of the customers think time saving and flexibility as the biggest advantage of online banking services.

VI. CONCLUSION

From the study we can conclude that e-banking is the need of today's competitive economy. Though there are many issues involved in e-banking services in India but at the same time it has many opportunities in Indian market. In India e-banking services can be developed by following the

technological developments. Government and Banks are taking many Steps for development of e-banking in India. Therefore, in near future e-banking services will become a most acceptable banking method than traditional banking operations.

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