

HISTORICAL & CONTEMPORARY PERSPECTIVE OF E-BANKING

PUNAM KABRA, DR. PRADIP D. GHORPADE

Abstract: Now a days the banking transactions can be done while sipping tea, with all ease at home, work or while travelling. New electronic systems and especially the Internet business development in the last century led to change in cultural exchanges, economic and social communities. Internet has changed the dimensions of competition in the retail banking sector. The paper aims to provide an overview of the electronic banking service highlighting various aspects of e-banking. e-Banking offers many advantages both to corporate and individual clients but electronic banking is not without certain challenges and issues in terms of security and interest of customers.

Keywords: Benefits, E-banking, Initiatives by Government, Services

Introduction: Banking is the lifeline of an economy. The present and future of any economy depends upon the success and development of banking. The objective can't be achieved with the traditional banking as now is the age of technology. Indian banking industry, today, is in the midst of an IT (Information Technology) revolution. The competition among the banks has led to the increasing total banking automation in the Indian banking industry.

e-Banking is a service that provides customers the opportunity to gain access to their accounts, execute transactions, and obtain information on financial products and services through internet.

Objective: The objective of this paper is to explain the changing banking scenario. An attempt is made to understand the significance of e-banking.

1. To study the e-banking facilities which are offered by the banks to its customers.
2. To encourage people for e Banking.
3. To identify various e-Banking products.
4. Initiatives by Bank and Government in India.

History:

Banking Evolution: The banking industry is originated from 4000 years ago in place such as Babylon, Mesopotamia and Egypt, where grain and other valuable commodities were stored and receipts gave as proof of sale on purchases. In 1600's, bank using cheques as a medium of exchange and mid-1900's, the bank started the use of telegraph technology to transfer money from one location to another.

In 1770, first bank established in India named as Bank of Hindustan. Second bank, The General Bank of India, was established in India in 1786.

e-Banking Evolution: The term e-banking became popular in the early 1980's referring to using a computer to access banking service via a phone line. E-banking first appeared in New York in 1981, the early electronic banking services were basic, covering services like viewing bank statements and paying bills online without being a full transaction banking service.

e-Banking is fairly new in India. In early 1990, ICICI bank became the first bank which started e-banking. Citibank and HDFC Bank followed with internet banking services in 1999. Several initiatives have been taken by the Government of India as well as the Reserve Bank to facilitate the development of e-banking in India.

"Thank God, in joy & sorrow, to deposit & borrow, Banks Are There, Otherwise, The question would be funny, to keep & get money, How & Where?"

Said by Montek Singh Ahluvaliya, Deputy Chairman of the Planning Commission of Republic of India indicating importance of Banks.

Services provided by e-Banking: The new technologies like e-banking have broken the paradigm of branch banking. Now day's banks are constantly searching for ways to improve profitability. Indian commercial banks have adopted several initiatives and e-banking is one of them. Indian banks offer to their customers following e-banking products and services:

- Automated Teller Machines (ATMs)
- Internet Banking
- Mobile Banking
- Phone Banking
- Telebanking
- Electronic Clearing Services
- Electronic Clearing Cards
- Smart Cards
- Door Step Banking
- Electronic Fund Transfer

Benefits of using e-Banking: Using Internet banking is beneficial for both i.e. Costumers as well as banks.

Benefits for Costumers:

- Less waiting time:- It offers less waiting time
- Ease and Convenience:- Internet banking is considered as more efficient in term of ease of use and access
- 24*7 Availability:- costumer can access their banking facilities and services all around the clock i.e. 24 hours and 365 days from anywhere anytime.

- Self service channel:- customers don't have to depend on the bank's staff
- Save time and money:- it will save time, save fuel, do away from traffic, save the environment in term of reducing the use of motor vehicles and reduce waiting time.
- e-commerce:- the e commerce has developed largely in recent years and e- banking has helped in flourishing it.

Benefits for Banks:

- Increased Profitability:- banks have better operating efficiency ratios and profitability
- Cost effective mechanism:- self service channel to the consumers helped the banks to cut their workforce
- Reach where there is no branch:- Internet banking has expanded their geographical reach.
- Improve Customer relationship:- good relationship with the customers may help to make customer loyalty, customer retention and a useful tool for improving customer satisfaction
- Eco-friendly image:- Internet banking cuts down the paper usage and reduces pollution as people do not have to travel physically.

Cyber crime: The improvement of online banking and its increased use by consumers worldwide has made this service a privileged target for cyber criminals

Phishing and Pharming are modern online banking cyber crimes used for financial gain.

- **Phishing** is an electronic fraud technique tricking a user into giving confidential personal information, such as passwords, social security numbers, credit card numbers and other personal information.
- **Pharming** is similar to phishing but more sophisticated. It is an electronic fraud technique in which users are directed to a fake version of the web site, identical to the legitimate one, when they try to access their bank's website.

Initiatives taken by the Govt of India for developing the e-Banking: For growth and development and to promote e-banking in India the Indian Government and RBI have been taken several initiatives.

- The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce.
- The Reserve Bank monitors and reviews the legal requirements of e-banking on a continuous basis to ensure that challenges related to e-banking may not pose any threat to financial stability of the nation.
- Dr. K.C. Chakrabarty Committee including members from IIM, IDRBT, IIT and Reserve Bank prepared the IT Vision Document- 2011-17
- The Reserve Bank is striving to make the payment systems more secure and efficient. It has advised banks and other stakeholders to strengthen the security aspects in internet banking.
- On the recommendations of the Damodaran Committee, the guidelines were induced by RBI that provide internet banking as totally secured and protected, zero-liability against loss for any customer induced transaction & multi-lateral arrangements among banks to deal with internet banking frauds.
- The Basel Committee on Banking Supervision's (2001) has defined risk management principles for electronic banking.

Conclusion: Customer satisfaction and customer service delivery are key element for banks to ascertain customer acquisition, retention and increase bank profitability. No doubt Indian banks are making sincere efforts for the adoption of advanced technology and installation of e-delivery channels but still masses are wary of the concept. Banks are making sincere efforts to popularise the e-banking services and products. Younger generation is beginning to see the convenience and benefits of e-banking. Nevertheless, branch banking is still preferred by customers when it comes to getting banking advice. In years to come, e-banking will not only be acceptable mode of banking but will be preferred mode of banking.

e-Banking is a borderless entity permitting anytime, anywhere and anyhow banking. This facilitates us with all the functions and many advantages as compared to traditional banking services.

References:

1. *Imran Sayed, A Study On Post-Purchase Cognitive Dissonance; Business Sciences International Research Journal ISSN 2321 – 3191 Vol 3 Issue 1 (2015), Pg 36-39*
2. *Imola Driga, Claudia Isac, e-Banking Services – Features. Challenges & Benefits, Annals of the University of Petroșani, Economics, 14(1), 2014*
3. *Shilpan Vyas, Impact of E-Banking on Traditional Banking Services*
4. *Ms. Divya Jain and Ms. Mamta, E-banking in India*
5. *Shiferaw-Mitiku Tebeka ,Ushadevi K.N, Determinants of foreign Direct investment in; Business Sciences International Research Journal ISSN 2321 – 3191 Vol 2 Issue 1 (2014), Pg 149-152*

- 6. Vikas Chauhan, Dr. Vipin Choudhary, Internet Banking: Challenges and Opportunities in Indian Context, Chauhan & Choudhary, Apeejay - Journal of Management Sciences and Technology 2 (3), June - 2015
- 7. Devika Swamy, Rajeshwari Chettiar, Strategies of Knowledge Management in E- Business; Business Sciences International Research Journal ISSN 2321 – 3191 Vol 3 Issue 2 (2015), Pg 1-3
- 8. Dr. Roshan Lal, Dr. Rajni Saluja, e-Banking: The Indian Scenario, Asia Pacific Journal of Marketing & Management Review, Vol.1 (4), December (2012)
- 9. Dadabhoy K. Bakhtiar (2013) "Barons of Banking" Random House.
- 10. Andrade, C "Banking products and services" in Indian institute of banking and Finance, Mumbai.
- 11. Karamjit Kauri, Rajneesh Electronic Banking in India: Innovations, Challenges and Opportunities, International Journal of Management and Commerce Innovations ISSN 2348-7585 (Online) Vol. 2, Issue 1, pp: (86-93), Month: April 2014 - September 2014
- 12. Jatana, R., Uppal, R.K. (2007). E-banking in India: Challenges and opportunities. New Century Publications.
- 13. Singh, K. (2012). E-banking in India: Progress and Prospects. Lambert Academic Publishing. www.wikipedia.org
- 14. Priyanka B.Dave, The Significance of Training, incentives; Business Sciences International Research Journal ISSN 2321 – 3191 Vol 2 Issue 1 (2014), Pg 144-148

Punam Kabra/Research Scholar/Dept. of Commerce/Gondwana University/Gadchiroli/Maharashtra/
Dr. Pradip D. Ghorpade/HOD – Dept. of Commerce/Shivaji Mahavidyalaya/Gadchiroli/