



NEW MARKETING MANAGEMENT OF ELECTRONIC BANKING SYSTEM IN INDIA

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ABSTRACT

This paper is purpose of only research. This topic covers new technologies position of over the years, especially in the later part of the 20th century, the Indian Banking Sector has undergone fast growth and with the advent of technological changes, Indian banks are adopting to the new environment. The two successive Committees on Computerization (Rangarajan Committees) were responsible for bank computerization in India. Over the years led by the initiatives of the Reserve Bank of India, banks in India have witnessed lot of changes into their banking operations duly supported by IT and communication revolution. Some important areas where the IT plays important roles are: Funds Transfer mechanism: ECS, EFT, RTGS, NEFT Clearing House operations: MICR, CTS Innovative on line e- banking services: Tele banking, Mobile banking, SMS banking, Credit/ Debit Cards, ATMs, Internet banking, Core Banking Solutions, etc.

KEYWORDS : New Marketing Management

IT and Communication Systems

The integration of computers and communication techniques has opened opportunities for banks to provide various innovative and customer friendly products/services and also to redesign their internal control systems. The data communication network systems play an important role in interface and interconnectivity of banks. With the fast changing technological supported world, banks in India have come a long way.

Networks in Banking System

As per the recommendations of the Saraf Committee, the Reserve Bank of India has set up a country wide data communication network for banks linking major enters of the country, known as INFINET (Indian Financial Network) and this network uses satellite communication with very small aperture terminals (VSATs) as earth stations.

Internet

The internet is a global network of networks. Computers with internet links can allow users to exchange data, information, messages, files, etc, with other computers across the globe through internet connectivity.

Internet Access Services

Some of the important services available on internet are: E-mail: Most popular and widely used application. Messages can be sent and received to/from any place in very quick time. It is user friendly and cost effective as well.

World Wide Web

This facility collates internet related resources and makes available the information. The access to this site assists user to source out a large variety of information.

SWIFT

Society for Worldwide Inter-bank Financial Telecommunications (SWIFT) is a co-operative non-profit making organization established under Belgian law with its head quarters at Brussels. SWIFT is wholly owned by its member banks. SWIFT is a paperless message transmission system.

SWIFT – important features:

1. Operates on 24x7 basis throughout the year
2. All messages are transmitted to any part of the world immediately
3. Message formats are standardized

4. Information is confidential and is protected against unauthorized disclosure
5. SWIFT assumes financial responsibility for the accuracy and timely delivery

SWIFT and banks:

1. SWIFT has become an integral part of banking system. SWIFT assist member banks
2. SWIFT transmit authenticated financial and non financial messages
3. SWIFT with its well-standardized and structured message formats have been offering a reliable system of message transmission
4. Banks use SWIFT platform to for transmission of financial and non financial messages covering international finance (settlement of forex deals), international trade (advising of LCs, amendments to LCs etc,)
5. Clearing House Inter-bank Payment System (CHIPS)

This is a clearing system run by New York clearing house.

CHATS provide the inter-bank transfer facilities in Hong Kong. CHATS provide same day inter-bank settlement, instant order confirmation and enquiry facilities.

E fund management



Sources: Google images

Banking operations over the years and decades have witnessed many changes and have been adopting from time to time new innovations.

ATMs Cts

IT revolution has paved way for banks to implement different

systems to handle funds management in banks.

This methodology is collectively recognized as Electronic Fund Management.

Electronic Clearing System (ECS) one of the earliest electronic forms of funds transfer is the Electronic Clearing System. ECS is a retail funds transfer system to effect payments (utility bills, dividends, interest, etc) ECS helps corporate, government departments, public sector undertakings, utility service providers to receive and/or pay bulk payments. ECS is divided into ECS (credit) and ECS (debit)

ECS

On receipt of the required mandate, the funds (payments/ receipts) can be handled by a bank through ECS. ECS (debit) is generally used by utility companies like electricity companies, telephone companies and other to receive the bill payments directly from bank accounts of their clients.

RTGS: Special features:

1. Real Time Gross Settlement helps banks to settle interbank and forex settlements
2. It also helps banks in handling big ticket funds transfers
3. Since RTGS it is routed through RBI platform, the credit risk is minimized (this is one of the main advantages in settlement of funds)
4. Unlike in case of cheque clearance, the drawer of the cheque cannot enjoy the float time (the date of issuance of cheque and the date on which it is received in inward clearing and debited by his banker) However, in the case of RTGS, the remitter's account is debited first and then only the funds are transferred
5. If all relevant details such as the beneficiary's name, account number, IFSC code of the receiving branch, name of the beneficiary bank, etc., are correctly furnished it would assist the remitting bank to effect the transfer quickly
6. As the name RTGS suggests, the transfer mechanism works on real time and, therefore, the beneficiary branch/bank should receive the funds immediately.

NEFT is an innovative electronic media for effecting transfer of funds. Special features of

1. NEFT is a funds transfer system which enables a customer of a bank to transfer funds to another customer of another bank having account with any participating bank
2. NEFT allows both intra and inter-bank funds transfer within a city and across cities
3. Since it is in the form of e transfer, without any physical movement of instruments, funds can be transferred quickly
4. The beneficiary customer gets funds in his account on the same day or at the earliest on the next day depending upon the time of settlement
5. Both the originating and destination bank branches should be on NEFT platform
6. The correct details of IFSC, beneficiary's name, account numbers, etc., should be furnished to the originating bank.
7. The originating bank branch can keep track of the status of the NEFT transaction.
8. In case for any reason the destination branch is not able to afford credit to the beneficiary's account, destination branch/bank have to return the funds to the originating bank within two hours of completion of the batch through which the transaction was processed



Sources: Google images

Indian Financial System Code (IFSC)

IFSC is an alpha-numeric code that identifies a bank-branch participating in the RTGS/NEFT system. IFSC has 11 digit code and the first four alpha characters represents the bank, the 5th code is 0 (zero), which is reserved for future use and the last six digits are numeric characters represents the branch. Correct IFSC code is essential for identifying the beneficiary's branch and bank as destination for funds transfers. E.g. Syndicate Bank Cuffe Parade Branch, Mumbai- SYNB0005087

Automated Teller Machines (ATMs)

ATMs are used as a channel for cash management of individual customers. ATMs can be accessed by ATM card, debit or credit cards. To have access the customer (the card holder) needs to use his Personal Identification Number (PIN) issued by his/her banker and access password.

Internet Banking

Internet banking one of the popular e-banking modes has changed the banking operations and offer virtual banking services to the clients on 24 x 7 basis. It is also called as convenient banking, since the customer (account holder) can have access to his bank account from anywhere at any time, through the bank's web site. The customer is allowed online access to account details and payment and funds transfer facilities.

Core Banking Solutions (CBS)

Core Banking Solutions has helped banks to offer better customer service. It has also reduced the time and increased the efficiency. The Core Banking Solutions mainly work on the support of effective communication and good information technology.

Core Banking Solutions are computer based banking applications (software) which works on a platform. The computer software handles the different functions of the bank like, recording of transactions, updating the balances in the accounts based on the type of transactions, calculate interests and application of interest, charges etc.,

CBS is a back end system, and it processes daily banking transactions and updates the records accordingly. CBS helps the clients to operate their accounts from any CBS branch. CBS branch assist customers to handle their funds transfers in a quick turnaround time. It also assists the client to withdraw and deposit funds in other branches apart from the parent branch, where he maintains his account. Data Warehousing-

Computerization of Clearing of Cheques

MICR code consists of 9 digits as:

1. First three digits indicates CITY (identical to the first three digit of the postal pin code of the CITY (For example: in case of Mumbai, it would be 400))
2. Next three digits represents the Bank and each bank has been given a three digit code called bank code
3. Last three digits denote the branch code

Under this MICR system the computer program would read and sort out the cheques based on the codes, thereby, in quick turnaround time, the system is able to handle volume.

Cheque Truncation System (CTS)

Cheques are being used as a medium for exchange of funds, which play a key role in the funds management of customers and banks. The efficient cheque clearing system helps in settlement of receipts and payments.

Cheque truncation - Special features:

1. Bank customers would get their cheques realized faster

2. Quick realization helps in better cash management
3. In the long run, it would reduce the administrative costs for bank
4. Importantly this would assist banks' in reconciliation and also reduction in clearing frauds.

The global e-commerce activities include the interaction of traders with Banks and counterparties, manufacturers, service providers etc., Banks across the globe provide payments and settlements services thereby enable the rapid growth of global e-commerce. "e marketing" or cyber marketing is an important segment of e commerce.

Internet marketing:

Internet based marketing is an important segment in e commerce. It plays a vital role in the supply chain process of exchange of goods between the producer and consumer.

Interconnectivity: Internet is recognized as a network of networks. The search engines assist the user of the internet to have access to required information.

Interactivity: Internet not only allows access but also allows interface and interactivity among users. In view of this interface, it assists both the producer/manufacturer as well as customers to have better communication and choices.

Information:

The availability of large number of websites on the internet enables the customers to decide on price, choice of products, designs etc., On account of innovative methods of marketing the customers can have access to information covering wide range of areas.

Individual preference:

The interconnectivity, information and interface provided by the internet network assists the customer with wide choices. Based on his/her preference and capacity a customer can decide on his preference to choose and order.

Integrity:

With the changing time and requirements and on account of security issues and also to safe guard the users from cyber crimes, internet provides tools to check the authenticity of the data and its providers. In view of many fake offers & advertisements, the internet users should be cautious. They should not provide any sensitive information like details of PIN, passwords and other information to any unauthorized sites, not only to safeguard their interests, but also not to allow cyber criminals to have access to this information.

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