



## ONLINE BANKING -AN OVERVIEW

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**ABSTRACT**

Online banking was first introduced in the early 1980s in New York, United States. Four major banks — Citibank, ChaseBank, ChemicalBank and ManufacturersHanover — offered home banking services. Chemical introduced its Pronto services for individuals and small businesses in 1983, which enabled individual and small-business clients to maintain electronic check book registers, see account balances, and transfer funds between checking and savings accounts. Pronto failed to attract enough customers to break even and was abandoned in 1989. Other banks had a similar experience.

Online banking is an electronic banking system that enable customer of a bank or other financial institution to conduct a wide range of financial transaction through the financial institutions web site. Internet banking portal provide personal banking core banking that gives us complete control over all banking demands online such as looking bank account balance, recent transaction. , make bill payment mini transaction etc.

**KEYWORDS :** MONLINE BANKING , FEATURES, ADVANTAGES,DISADVANTAGES**HISTORY OF ONLINE BANKING**

The concept of online banking has been simultaneously evolving with the development of the world wide web. Programmers working on banking data bases came up with ideas for online banking transactions, sometime during the 1980s. The creative process of development of these services were probably sparked off after many companies started the concept of online shopping. The online shopping promoted the use of credit cards through Internet. Many banking organizations had already started creating data ware housing facilities to ease their working staffs. The development of these databases were widely used during the development of ATM's.

Sometime in 1980s, banking and finance organizations in Europe and United States started suggestive researches and programming experiments on the concept of 'home banking'. Initially in the 80's when computers and Internet were not so well-developed, 'home banking' basically made use of fax machines and telephones to facilitate their customers. The widespread of Internet and programming facilities created further opportunities for development of home banking.

In 1983, the Nottingham Building Society, commonly abbreviated and referred to as the NBS, launched the first Internet banking service in United Kingdom. This service formed the basis for most of the Internet banking facilities that followed. This facility was not very well-developed and restricted the number of transactions and functions that account holders could execute. The facility introduced by Nottingham Building Society is said to have been derived from a system known as Prestel that is deployed by the postal service department of United Kingdom. The first online banking service in United States was introduced, in October 1994. The service was developed by Stanford Federal Credit Union, which is a financial institution. The online banking services are becoming more and more prevalent due to the well-developed systems. Though there are pros and cons of electronic cash, it has become a revolution that is enhancing the banking sector.

**ONLINE BANKING**

Online banking can be defined as a facility provided by banking and financial institutions that enable the user to execute bank related transactions through Internet. The biggest advantage of Internet banking is that people can expend the services sitting at home, to transact business. Due to which, the account holder does not have to personally visit the bank. With the help of Internet banking many transactions can be executed by the account holder. When small transactions like balance inquiry, record of recent transaction, etc. are to be processed, the Internet banking facility proves to be very handy. The concept of Internet banking has thus become a revolution in the field of banking and finance. Online banking

facilities typically have many features and capabilities in common, but also have some that are application specific. The common features fall broadly into several categories:

I. A bank customer can perform non-transactional tasks through online banking, including:

- Viewing account balances
- Viewing recent transactions
- Downloading bank statements, Viewing images of paid cheques
- Ordering cheque books
- Download periodic account statements
- Downloading applications for M-banking, E-banking etc.

II. Bank customers can transact banking tasks through online banking, including:

Fund transfers

- between the customer's linked accounts
- Paying third parties, including bill payments and third party fund transfers)
- Investment purchase or sale
- Loan applications and transactions, such as repayments of enrolments
- Credit card applications
- Register utility billers and make bill payments

III. Financial institution administration

IV. Management of multiple users having varying levels of authority Transaction approval process

**ADVANTAGES**

There are some advantages to using e-banking both for banks and customers:

- Permanent access to the bank
- Access anywhere using mobile or computer
- Less time consuming and we need not to go directly to the bank
- Very safe and secure method
- Less time consuming, online systems are rapidly quick.
- You do not have to wait in a long line or run along from pillar to post to get your job done.
- Anything that needs to be done can be done quickly and easily. For instance, let's say the day's agenda is to pay bills, transfer cash, and deposit cash.
- Without online systems, these tasks may take you more than 4 to 5 hours. With online banking, the same tasks will require a maximum of an hour.
- You can monitor your cash flow and other transactions and stay abreast of the latest techniques with a mere click of a button.

- The rates offered in online banking systems are much more convenient and friendly.

### ONLINE BANKING ISSUES

For carrying out banking transactions through the Internet, one needs to have some basic knowledge about computers and the Internet, which to some extent, limits the number of people willing to avail this facility. Many people who are not comfortable with computers and the Internet, find it difficult to use this service.

Therefore, online banking can be time-consuming for the beginners. Moreover, some people find it difficult to trust a completely mechanized system for carrying out their financial transactions. In many instances, a simple mistake like clicking a wrong button, may create a big problem. So, many individuals continue to worry and wonder if they have properly executed the transactions while availing the online banking facility.

However, this uneasiness can be avoided by printing the transaction receipt and keeping it with oneself, until the bank statement is received. While banking through the Internet, you have to be careful about the security of your internet bank account. The security of your account depends to a great extent on the security of your computer, and the password.

If information regarding your password or the pin number, and the banking transactions are leaked, hackers can gain access to your account. This can lead to unauthorized and criminal transactions being conducted without your knowledge. By the time you get receive your bank statement and detect such transactions, it may be too late.

So, you have to make sure that the banking session is secure, as in many instances you may encounter proxy websites. These proxy websites can easily access your bank account, if they can crack your user name, and the password or the pin number. Sometimes, internet banking can be time-consuming and tedious, as many websites take a long time to get started.

Your internet bank account may also take considerable time to get activated. Sometimes, you may encounter technical difficulties and connectivity problems while conducting the banking transactions. Of course, there is a customer care department in almost every bank to look into such matters, but you may not be able to get the necessary assistance on time due to the congestion in the internet and telephone network. But in normal banking, you can converse with a bank official to sort out the problem.

But nowadays, many banks have taken adequate measures to ward off the problems related to the security of the banking transactions carried out through the Internet. Customers can also follow some simple precautionary measures to avoid such problems. They should always refrain from disclosing the password to anyone. They should also change their passwords at regular intervals, and install antivirus software. Nowadays, online banking tutorials are provided by many banks to familiarize people with this service. You can avail this facility to use the Internet effectively for making your day-to-day financial transactions.

The reason that not many people have started using e-banking is because they do not trust the services of the bank through the net. Some human beings prefer to trust others like them and may have some difficulty in trusting a machine, especially in the matters of money. They may always have a doubt about whether their money is safe, while being processed through e-banking.

A few cases of forgery have been reported in online banking. There are some fraud or proxy websites, which can hack information (user name and password) entered by a person for some transaction, and later misuse it. In such cases, people lose their money without knowledge, and by the time they get the bill, huge losses may have been incurred.

Another disadvantage of e-banking is that it may take some time to get the internet account started, as it requires a lot of paperwork. Some people avoid using e-banking services, because they find it difficult to understand.

### CONCLUSION

Now a days increase in the use of mobile phone and other devices expand the scope of online banking. People are not ready to go for a bank and wait for long time for banking transaction. So most of them are mainly depend upon online services. During the busy schedule all of them prefer for short cuts, we know that the services of online banking can be available at any time and at any place the requirement is that we have mobile or computer and an internet. In the coming years the number users opt for online shopping will increase.