



A Review on –E banking services provided by Nationalized and private sector Banks in India.

KEYWORDS

Electronic banking, Information Technology, RTGS, NEFT.

Ms.Megha A.Jain

Assistant Professor, DVVPF'S IBMRD,Savitribai Phule Pune University, Ahmednagar,, Maharashtra ,India

Dr.G.H.Barhate

Associate Professor,Head of Dept.of Commerce and research, Center,C.D.Jain College of Commerce, Ahmednagar,, Maharashtra ,India.

ABSTRACT *As the Government of India is supporting for cashless economy, these gives boost to the use of e banking services in India. E banking plays very important role for development of banking sector. Banking in our country has become more innovative than the traditional banking system. Developments in Information technology and Changing priorities of the customers have given a rise to innovations in the product & services provided by the banks and finance industries, customer services and satisfaction are their centre point of all the efforts. Information Technology is one of the most important areas of banking which have a positive influence on various traditional funds movement services of banks. With the advent of e banking, electronic funds transfer and other similar products & services for funds transfer within quick time which was impossible a few years back. The research paper through light on the various important aspects and review of literature related to E banking services provided by nationalized and private sector banks in India.*

I. Introduction

Last two decades are witness of a paradigm shift of banking sector by the information technology-based approach in business. Banks across the world due to completion are forced to integrate information technology (IT) into their daily operations to make utilization of resources. India is one of the fastest adopter of internet in world over the last decade and there has been a huge investment to develop internet banking system in India. Though, recent development in banking sector shows that most of brick and mortar banks are evolving themselves by shifting their focus towards up gradation of their own new e-banking capabilities. Internet banking services are progressively turning as "need to have" rather than "nice to have".

II. Literature Review

Ms. Fozia (Fozia, September 2013) in her paper analyzes the overall perception of customers regarding the services of e-banking. Age and occupation plays the important role as demographic factors in the banks which have used to measure the perception of the customers on e-banking services. There are good number of customer in every group like student, service class, business class and professionals; it shows that they all are keen interest in using the e-banking services.

Monika Kashyap & Dr. Dinesh Kumar Sharma (Monika Kashyap, 2012)The study is an attempt to present the status of internet banking in India and its implications for Indian banking industry pre and post e-banking period. The introduction of internet banking has helped the financial institutions to cope with new economic and financial policies of the banks. Internet banking is on rise and it becomes a powerful tool for improving customer satisfaction and increasing cross-selling opportunities. At the same time internet banking has its pitfalls too.

Prof.(Dr) A.K Chandra (Prof.(Dr) Ashok Kumar Chandra, 2015) The study is related with the comparative analysis of difference between public sector banks and private sector banks in Korba region in terms of E-banking services. E-Banking is the future of banking, going online for banking has become a trend among the customers and also it helps in improving the relationship between bankers and customers. As the popularity of e-banking is increasing and banks are adopting the latest technology, they are prone towards cyber crimes and greater is the potential for reputational risks also, therefore, there is a need to have sound security controls and strong cyber laws in India

Ms. Vrushali M. Ramdasi and Mr. Shridhar Sarmalkar, (Sarmalkar, 2015) This study has analyzed the overall usage of E-banking services

by the customers from public and private sector banks in India. Gender ,Age , Education and Occupation are the important demographic factors which have used to measure the customers using e-banking services. E-Banking will be successful for banks only when they have commitment to e-Banking along with a deeper understanding of customer needs. This can come only when the bank has a very big base of customers, best people, and a service attitude. Banks should concentrate on above lines in order to have effective e-banking practices.

Pooja Malhotra & Balwinder Singh , (Pooja MALHOTRA, 2009) The analysis indicates several significant differences in the profile of banks that offer Internet banking and banks that do not. Internet banks have higher asset quality and are better managed to lower the expenses for building and equipment. Study is done to see if there is any association between adoption of Internet banking and the banks' performance and risk. The evidence reveals no significant association between adoption of Internet banking by banks and their performance. However, Internet banking has a negative and significant impact on profitability of private sector banks particularly new private sector banks.

III. Status of E banking India:

Banking through electronic channels has gained increasing popularity in recent years. E-banking provides alternatives for faster delivery of banking services to a wide range of customers. E-banking reaps benefits for both banks and its customers. From the banks perspective, e-banking has enabled banks to lower operational costs through the reduction of physical facilities and staffing resources required, reduced waiting times in branches resulting in potential increase in sales performance and a larger global reach. Some of the key drivers offering E-banking services include increasing convenience ,improving accessibility for better fund administration, availability and timeliness of transactions. The primary services provided by E-banks are transferring funds from one's account, paying bills and checking the account balance. E-banking helped for the 24 hours trading ,more extended business territory and increased the efficiency in daily banking process as well. Today banks are facing competitive environment .In order to succeed in such marketplace , banks must offer a wide array of services and products with latest technology.

From the customers perspective, e-banking allows customers to perform a wide range of banking transactions electronically via the bank's website anytime and anywhere. In addition, customers no longer are confined to the opening hours of banks; travel and waiting times are no longer necessary and access of information regarding

banking services are now easily available. Security is an important issue for E-banking. Now a days, a number of customer fear about their secret financial and transactional information. However, new techniques and methods are being adopted to provide security and privacy.

Online banking services provided by banks are as follows –

- a) Core Banking Solution (CBS)
- b) Automated Teller Machine (ATM)
- c) Electronic Fund Transfer (EFT)
- d) Real Time Gross Settlement System (RTGS)
- e) National Electronic Fund Transfer (NEFT)
- f) Mobile Banking (M-Banking)
- g) Electronic Clearing Services (ECS)

a. Core Banking:

Core banking solutions (CBS) is a centralized platform, which creates environment where the entire bank's operations can be controlled, and run from a centralized hub. This creates a centralized customer database, which makes anytime, anywhere, anyway banking possible (Dr. Kanhaiya Singh, 2011)

b. Automated Teller Machine (ATM):

An Automated Teller Machine (ATM), is also known as Cash Machine or Automated Banking Machine (ABM). ATM can be define as a machine that allows customers of a banking institution to transact banking business without any help of a bank cashier, clerk or any bank employee.

c. Mobile Banking:

Over the last few years the mobile phone has dramatically changed the life of people and still there a large scope for work left for it. The reason for that is the SIM card acts as a debit or credit card parallel to its original purpose of communication. This enables users to not only use mobile for making and receiving calls, but also to handle their bank accounts using their mobile phone (Malviya, 2016)

d. Electronic Clearing Services (ECS):

The ECS is the first version of Electronic Payment system in India. ECS is an electronic mode of payment /receipt for transactions that are repetitive and periodic in nature. ECS is used by various institutions for making bulk payment of amounts towards distribution of dividend, interest, salary, pension, etc., or for bulk collection of amounts towards Utility payments (telephone , electricity , water dues) cess / tax collections, loan installment repayments, periodic investments in mutual funds, insurance premium etc.

e. Real Time Gross Settlement:

Real-time gross settlement systems (RTGS) are specialist funds transfer systems where the transfer of money takes place from one bank to another on a "real time" and on a "gross" basis. Settlement in "real time" means a payment transaction is not subjected to any waiting period, with transactions being settled as soon as they are processed. "Gross settlement" means the transaction is settled on one to one basis without bundling or netting with any other transaction. "Settlement" means that once processed, payments are final and irrevocable.

f. National Electronic Funds Transfer (NEFT):

National Electronic Funds Transfer (NEFT) is a nation-wide payment system facilitating one-to-one funds transfer. Under this Scheme, individuals, firms and corporates can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the Scheme.

g. Internet Banking:

It is perhaps the biggest innovation in Banking in the last three decades. The key contributors to this remain Internet Technology

and Automation of Banking system. This revolution however in India is yet to take place in a big way.

IV. Benefits of E banking

Internet banking provides numbers of benefits to its customers, some of the benefits are:

a. It removes the traditional geographical barriers for customers. The customer can access their account anytime and from any part of the world, Due to new innovative and convenient facility it attracts new customers who are using traditional banking system.

b. It facilitate the more services with the help of internet based services which is time saving and customer can access and regulate his/her account himself/herself.

c. Due to self access system it reduce customer attrition and Increase customer loyalty, High-tech technical advancements in the form of intrusion detection systems (IDS) to virus control equipments have made Online Banking system hazard free. However, regardless of the fact it is vital on the part of every customer to undertake few precautionary measures while transacting online. (Sharma, May 2016)

Internet banking provides numbers of benefits to banks also, some of the benefits are:

a. Increased Profitability: Adoption of internet helps the banks to increase their profitability. Banks with Internet banking have good operating efficiency ratios and profitability as compare to banks, which are not using internet facilities. The cost of providing this e banking services to the customer is less compared to the traditional banking system. (Vikas Chauhan, June 2015)

b. Cost effective mechanism: E banking is self driven services channel for the customer. This help the banks to reduce their workforce up to a particular extent that results in reducing the administrative costs bear by the banks.

c. Improve Customer relationship: - Maintaining the relationship with consumers has become a strategic priority for most of the banks. Using the internet banking technology and facilities can provide a means for banks to develop and maintain a good relationship with their customers by offering easy access to a wide range of products and services. Managing a good relationship with the customers may help to make customer loyalty, customer retention and improve cross-selling.

d. Eco-friendly image: Another important benefit of internet banking is that it is eco-friendly in nature. Internet banking cuts down the paper usage and reduces pollution as people do not have to travel physically and also does not add carbon emissions.

V. Conclusion:

Extensive research has been done on e banking services provided by Nationalized and private banks in India. As E-banking helps to improve a bank's performance, efficiency and competitiveness, so that the existing and potential customers can benefited from a high degree of convenience in effecting electronic transactions. The increased level of convenience offered by the bank, when combined with new services, can expand the bank's target customer's base beyond those in traditional markets. A bank may be faced with different levels of risks and expectations arising from electronic banking as opposed to traditional banking. A study shows that still e banking is at nascent stage in India and its huge scope in future for growth.

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