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E-BANKING IN INDIA: PAYMENT AND SETTELMENT SYSTEM

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ABSTRACT The economic development of any Country depends on the extent to which its financial system efficiently and effectively mobilizes and allocates resources. There are number of banks and institutions that perform this function. For sound and effective banking system E-banking has become the necessity these days. The technology and security Standards are of Prime importance as the entire base of Internet banking rests on it. Also the Competition has increased to such an extent that the one who is not compatible with the changing environment is not able to survive for long. E-banking Comprises of Internet Banking, Smart Cards, Debit Cards, Credit Cards, Automated Teller Machines and Charge Cards etc. Now-a-days, Private Sector banks brought the State-of-The-art technology into the banking system with increasing Competition, Public sector banks also adopted the new technology and foreign banks are also entering into the Indian Banking Market. They are serving a hard and severe Competition to nationalize and Private Sector banks. The Central vigilance Commission issued a directive on the need to computerize 70 Percent of the banking business by public Sector banks before 2018. Basic Computerization by Public sector banks was started in 1993. The foreign banks and Private sector banks have successfully transited from Physical cash to any time and any where money. 'Click Banking' has replaced 'Queue Banking'.

KEYWORDS : Clubfoot, CTEV, Calcaneo-Cuboid joint, deformity

INTRODUCTION:
E-banking is a Product designed for the purpose of online banking that enables you to have easy and safe access to your bank account. E-baking also Known as internet baking, Online banking or Virtual banking. E-banking is a safe, fast, easy and efficient electronic service that enables you access to bank account and to carry out online banking services 24 Hours a day, and 7 days a week, with this services you save your time by Carrying out banking transactions at any place and any time.

In India, from the early 1990's electronic banking is gaining in popularity as an important distribution channel to provide banking services. This direction is being taken by the batiks to differentiate their services to the consumers to gain their loyalty. The Strategies adopted by the Indian banks to survive the increased competition are the focus of this study. Technology is enabling banks to provided the convenience of anytime – anywhere – banking Banks are now reengineering the way in which their services can be reached to their customers by bringing in flexibility in their "distribution channels".

Banks have introduced innovative Product Such as E-banking and E-payments. E-banking is banking with the use of electronic tools and facilities and through electronic delivery Channels. Most banks offer electronic banking though automatic teller machines, telephone transactions, and the Internet. Electronic banking enables banks to provide efficient services at lower costs and expand their geographical reach. Internet banking is the predominant mode of E-banking. It has made banking personalised and customised. It enables providing general purpose information to customers through banks websites, electronic information transfer through passwords and fully electronic transactional system, which allows bi-directional transactional capabilities and requires a high degree of security and Control.

The growth in banking technology and automation of banking processes has enabled extension of reach and low costs transactions. Automated teller machines (ATMs) have emerged as an alternative banking channels which facilitates low cost transactions vis-a-vis traditional branches. The high cost of ATM cards and machines and poor telecommunication infrastructure inhibit the rapid growth of the ATMs.

Networking of braches and automating system will help in increasing fee-based income for instance, Corporation Bank migrated its cash management product collection and payments Service (CAPS)-to the internet, making it accessible to corporate customers on their desktops. Cash management covers collections and disbursements of operating flows and specialized cash flow streams such as eighty issue collections, dividends, interest and principal repayments, and excise and sales tax paid. Customers are now demanding value – added services and hence, banks have to speed up IT implement action.

Leading private, public and foreign banks are offering a variety of instant any time any where banking features such as viewing of transaction details, bill payment services, linking of bank accounts to other financial services such as demat and equity trading accounts and loan and credit accounts.

PAYMENT AND SETTELMENT SYSTEM: A payment system comprises of a set of rules, the payment and settlement system act, 2007 came into effect on August 12, 2008 institutions and technology for transfer of funds from one entity to another. It constitutes the core of a well functioning financed system as the failure of a payment system may result in a systematic risk there by triggering bank runs. It also plays an important role in the implementation of monetary policy as it provid esthe means through which Monetary policy signals are transmitted. This system designated the Reserve Bank of India as the Authority to regulate and supervise the Payment system in the country.

(1) RETAIL PAYMENT SYSTEM: The Reserve bank, of India is doing its best to encourage alternative methods of payments which will bring security and efficiency to the payments system and make the whole process easier for banks

I. PAPER BASESD SYSTEM– The Indian banking sector has been usage paper based systems/instruments such as cheques, demands drafts, etc. account for almost 60% of the total non-cash transaction in India by volume. But when compared in terms of value, it only accounts for around 11%. A cheque is a negotiable instrument used for payment and settlements in India and is governed by the provision of Negotiable instruments Act ,1881. It is unconditional order, which is drawn on a specific bank, signed by the drawer, directly the banker to pay the specified Amount on demand only to or to the order of a certain person or to the bearer of the cheque and other legal instrument like this that is used for any formally executed written document that can be formally attributed to its Author. An cheque play an important role in the retail payment system, cleaning houses have been computerized to increase efficiency in the cheque clearing systems. Magnetic Ink character Recognition (MICR) technology for large cleaning houses and magnetic Media Based Clearing system (HMBCS) technology is smaller clearing house whose low volume makes the use of MICR technology unviable have been introduced. The RBI implemented Cheque Tranctions System (CTS) is February 2008 in the National Capital Region.

II. ELECTRONIC SYSTEM - Electronic payment system are becoming more popular E-payment is effecting payments through electronic means such as electronic clearing services (ECS) – both debit & credit, national electronic funds transfer system (NEFT), and card based credit and debit. To encourage the use of electronic mode of payments, the Reserve Bank waived the processing charges for all electronic payment system operated by it till march, 2009.

(I) **National Electronic Fund Transfer (NEFT)** – This is the faster mode of fund transfer in which the funds are credited to the beneficiary's account on the same day. It is offered by computerized branches of Certain banks.

(ii) EFT – This is a normal fund transfer facility offered by the banks. It is smaller to NEFT in all respect with the exceptions of the transaction cycle time – an EFT transaction take a minimum of 3 working days to be credited to be beneficiary's account whereas in NEFT the amount is credited on the same day of the transaction. The end to end transaction can be done through our corporate Electronic banking wherein the request can submitted online, either as a single transaction or through a file uploads. The key features that are common to both EFT and NEFT are:

- **EFT/NEFT** clearing is conducted by Reserve Bank of India (RBI) and it takes place thrice a day during Monday to Friday and twice on Saturday.
- The payment instruction can be given through the corporate Electronic banking. Alternatively the instructions can also be sent to the designated branches.
- Presently offered at more thou 125 locations, which covers all the cities of the Country.

(iii) Automated Teller Machines - The Automated teller machines (ATMs) are installed, Now-a-days at every nook and corner in most of the towns & cities. These are meant for Balance enquiries, Cash withdrawals and many other facilities depending upon the policies of the bank. This requires a valid customer Id and password to log in and is therefore safe to be used. Despite of using ATM cards, Debit cards can also be used in the ATMs.

(iv) Debit Cards – A debit card is a plastic payment card that can be used instead of cash when making purchases. In many Countries, the use of debit cards has become so widespread that their volume has overtaken on entirely replaced cheque and in some instances, cash transaction, Debit cards usually also allow for instant withdrawal of cash acting for as ATM card for withdrawing cash. Merchants may also offer cash back facilities to customers, where a customer can withdraw cash along with their purchase.

(v) Credit cards – A Credit card is a payment card issued to users (Card holders) to enable the cardholder to pay a merchant for goods and services based on the card – holder's promise to the card issuer to pay them for the amount so paid plus the other agreed charges. The Card issuer creates a revolving account and grants a line of credit to the cardholder, from which the cardholder can borrow money for payment to a merchant or as a cash advance.

(vi) Charge Card - A charge card is a card that provides a payment Method enabling the cardholder to make purchases which are paid for by the card issuer, to whom the card holders becomes indebted. The cardholder is obligeated to repay the debt to the card issuer in full by the due date, usually on a monthly basis, or be subject to late fees and restrictions on further card use. It can also be a smart card.

Though the terms charge card and credit card are sometimes used interchangeably, they are distinct protocols of financial transactions. Charge Cards are typically issued without spreading limits but credit Cards usually have a specified limit that the card holder may not exceed.

(vii) Smart Card – A card that is used for storing and retrieving personal information normally the size of a credit card and contains electronic memory and possible an embedded integrated circuits This card can be used to do many tasks.

- Will verify the carries of that card in order to access system.
- Storing a patient's medical records.
- Storing digital Cash.
- To use a smart card, either to pull information from it or add data to it, you need a smart card reader, a small device into which you insert the smart card.

(2) LARGE VALUE PAYMENT SYSTEM: They consist of real time gross settlement system (RTGS), government securities clearing and foreign exchange clearing.

The RTGS was operationalised in March, 2004. The RBI has mandated the use of electronic mode of payment between entities regulated by it. Banks, primary dealers, the RBI and the Deposit Insurance and Credit Guarantee Corporation are members of the RTGS system. The RTGS provide for continuous processing and settlement of funds transfers. It settles inter – bank transactions and time-critical transactions on behalf of Customers and also facilitates settlement of all retail paper based and electronic Clearing taking place in Mumbai To avoid of this facility, a customer is required to transfer at least Rs. 1 lakh during banking hours or working days.

The clearing corporation of India Ltd. (CCIL) clears and settles inter – bank trades in Government – securities, secondary market outright sales and repo transactions in government securities, OTC trades reported on the NDS platform, trades which are contracted on the online anonymous, trading platform NDS-OM, collateralised borrowings and lending obligations (CBLOs), and foreign exchange. These traders are settled on a DVP III basis i.e. the funds leg as well as the securities leg is settled on net bases. The CCIL also provides guaranteed settlement of acidity for all dollar rupee, interbank cash, spot and forward transactions by becoming the central counterparty to every trade accepted for settlement, though the process of novation. The rupee legs of the transactions are settled through the members' current account with the Reserve Bank and the dollar leg through the CCILs account with the Settlement Bank at New York.

ADVANTAGES OF E-BANKING:

- **Convenience –** the ability to do banking from home at any hour is one of the most common benefits of online, or e-banking. You can make money from checking to savings or make electronic payments 24/7, ever when the bank is closed. Some customers also appreciate the real time banking information to check balances in checking and savings accounts.
- **Portability –** electronic banking also creates a more mobile bank for customers. Mobile apps allow customers to check balances and perform routine bank transactions from anywhere they can get phone reception. Alerts to low balances are offered by some bank apps cost savings. E-banking offers some cost-savings opportunities for customers. By paying bills online, you reduce the member of checks you have to write. This saves you on buying new check pads and paying for stamps and envelopes. Also, with broader access to banks operating online, you can price shop and find lower fees and more favourable interest rates.
- **Track spending –** some bank customers who previously did little to no budgeting now monitor basic spending habit using spending trackers provided by online banks. When you make purchase with a debit card or pay bills online, program update your spending chart by cataloging the expenses as utility, car payment or another type of bill.
- **Industry benefits –** banks can minimize labour and supply costs by allowing customers to self service certain type of transaction and save money on paper and postage by sending statements over the interest.
- **Direct Deposits –** with any incoming money. Such as you salary. You can arrange for it to be alirectly deposited into your bank account by the company sending the money. This is actually a double benefit as you don't have to take the time to deposit the check. Plus the money goes into yours account faster allowing you to earn interests than much quicker.
- **Automatic Bill Paying –** with automatic bill paying you can automatic paying your monthly bills, of course, you need to set this up, but it will be worth it in the long run first, with your bills being paid automatically you shouldn't ever miss a payment. Plus, by not having to worry about the time taken to mail in your payment , you can keep your money in your account for a bit longer, earring you a little bit more interest and you save on postage too. Findly you can actually do away with using checks and you also save on papers used making this a much greener way of banking also.
- **No fees –** Because an online bank doesn't have to worry about funding an actual bank location with all of those additional costs, fees can be reduced and are often non-existent. Those checking and saving account that are offered by completely online banks usually have no fees at all. Depending on the type of account you currently have, you could be saving anything from $ 60 a year and up.
- **Transfers –** transfers between accounts with the same financial institutions online can be done almost instantaneously. Not only is there no hold on the money being moved around, you can do it

whenever you like and from wherever. You also save time on travelling to the local branch. Even transferring to other financial institutions is easiers, and safer as you don't have to carry the money around with you. You can even now e-mail money to and from another people with INTERACE-mail money transfer.

CHALLENGES OF E-BANKING

- **Security Risk -** The problem related to the security has become one of the major concerns for banks. A large group of customers refuses to opt for E-banking facilities due to uncertainty and security concerns. According to IAMAI report in 2017 62.3% were from urban India and 37.7% were from rural India of internet users are using internet banking in India beause of security concerns. So it's a big challenge for marketers and consumers satisfied regarding their security concerns which may further increase the online banking use.
- **The trust factor –** trust is the biggest hurdle to online banking for most of the customers conventional banking is preferred by the concerns because of lack of trust on the online security. They have a perception that online transaction is risky due to which frauds can take place. While using e-banking facilities lot of questions arises in the mind of customers such as? Did transaction go through? Did I push the transfer button once or twice? trust is among the significant factor which influence the customers willingness to engage in a transaction with web merchants.
- **Customer Awareness-** Awareness among customers about the e-banking facilities and procedures is still at lower side in Indian scenario Banks are not able to disseminate proper information about the use, benefit and facility of internet banking. Less awareness of new technologies and their benefits is among one of the ranked barrier in the development of e-banking.
- **Privacy Risk –** The risk of disclosing private information and fear of indentify theft is one of the major factor that inhibit the consumers white opting for internet banking services. Most of the consumers believe that using online banking services make them vulnerable to identify theft According to the study consumers worry about their privacy and feel that bank may invade their privacy by utilizing their information for market and other secondary purposes without consent of consumers.
- **Non-Performing Assets-** Non-Performing Assets are another challenges to the banking sector vehicle loans and unsecured loans increases N.P.A. which terms 50% of banks retail portfolio was also hit due to upward movement in interest rates, restrictions on collection practices and soaring real estate prices so that every bank have to take care about regular repayment of loans.
- **Competition-** The nationalized banks and commercial banks have the completion from foreign and new private sector banks. Competition in banking sector brings various challenges before the banks such as product positioning, innovative ideas and channels, new market trends, cross selling ad at managerial and organizational part this system needs to be manage, assets and contain risk. Banks are restricting their administrative folio by converting manpower into machine power i.e. banks are decreasing manual powers and getting maximum work done through machine power. Skilled and specialized manpower is to be utilized and result oriented target staff will be appoint.
- **Handling Technology-** Developing or acquiring the right technology deploying it optimally and then leveraging it to the maximum extent is essential to achieve and maintain high services and efficiency standards while remaining cost effective and delivering sustainable return to shareholders. Early adopters of Technology acquire significant competitive advances managing technology is therefore, a key challenge for the Indian banking sector.

CONCLUSION: E-banking is delivery of banking services through electronic channels. ATM's RTGS, internet banking, mobile banking, phone banking are all such e-banking services. Thus there is a paradigm shift from "conventional banking to convenience banking". The shift has also increased the degree of accessibility of a common man to bank for his variety of needs and requirements. The banks further have to take necessary steps to educate the customers regarding the new technology and other services offered by the banks. Bank may extend customer meeting time with bank officials and also friendly approach is necessary. Definitely it will help to retain the existing customers and to attract new customers. It will automatically improve the banking services and development of banks in India and also in abroad. The research report is useful to know the customer awareness of e-banking system and what type of risk involved in e-banking system.

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