

A Study on the Challenges and Opportunities of E-Banking in India

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Abstract— The researcher investigated the challenges and opportunities of e-banking in India. The researcher focused on three objectives for this study. One is to understand the concept of e-banking; the second is to look at the various challenges faced in Indian e-banking; and the third is to know about the various e-banking opportunities in India. This study used secondary data from various journals and websites. Online and mobile banking are growing rapidly. Nowadays, most of the people in India use e-banking for their transactions, which helps the country, cope with the current situation. The study concluded that the E-banking enables customers to access services in various formats, including home banking, PC banking, internet banking, and mobile banking. As a result, various benefits are offered, including convenience, simplicity, low cost, time factor, instant delivery, and online bill payment.

Index Terms- e-banking challenges and opportunities, Types of e-banking system, Concepts of e-banking, Features and Benefits of E-banking and E-banking Services.

I. INTRODUCTION

E-banking, commonly referred to as electronic banking, is replacing traditional banking by incorporating technology into financial services. This digital advancement enables users to effortlessly access financial services over the internet through net banking or mobile apps.

E-banking comprises a wide range of services such as online transactions, account administration, and digital financial products, bringing banking services to their customers' fingertips¹.

Review of literature

Devadevan (2013) the study used primary data collected from 65 respondents using online questionnaire methods. This study's primary goal is to

ascertain and evaluate Indian bank customers' attitudes regarding security-related concerns with mobile banking. The researcher found that around 25% of the customers are using mobile banking and remaining 75% are not. The majority of the mobile banking facility and they are also interested to test the facility.

Garima (2019) the study examined challenges and opportunities of e-banking in India. Findings of the study need to incorporate the central principle of e-banking services based on IT. Furthermore, it is focused solely on the client, and these services will be fully integrated with the existing in-use core banking product. The purpose of this study is to review and analyse the evolution of online banking in India.

Smriti and Rajesh (2021) using secondary data from various books, research articles, and the internet, we examined the current status of e-banking in India: challenges and opportunities. The researchers concluded that banks provide convenience to their customers, i.e., they provide service through multiple distribution channels, and online services are easily available to the customer.

Research methodology

The researcher used secondary data from various articles, websites, etc.

Objectives

- To understand the concept of e-banking in India
- To look at the various challenges faced in Indian e-banking
- To know about various e-banking opportunities in India

E-banking in India

In India, since 1997, when ICICI Bank first offered internet banking services, most of the new-generation banks have offered the same to their customers. In fact, all major banks offer e-banking services to their customers.

Popular services under e-banking in India:

- ATMs (*Automated Teller Machines*)
- Telephone Banking
- Electronic Clearing Cards
- Smart Cards
- EFT (*Electronic Funds Transfer*) System
- ECS (*Electronic Clearing Services*)
- Mobile Banking
- Internet Banking
- Telebanking
- Door-step Banking

The following services are available in India:

1. Bill payment – Every bank has a tie-up with different utility companies, service providers, insurance companies, etc. across the country. The banks use these tie-ups to offer online payment of bills (electricity, telephone, mobile phone, etc.). Also, most banks charge a nominal one-time registration fee for this service. Further, the customer can create a standing instruction to pay recurring bills automatically every month.
2. Funds transfer – A customer can transfer funds from his account to another with the same bank or even a different bank, anywhere in India. He needs to log in to his account, specify the payee's name, account number, his bank, and branch along with the transfer amount. The transfer is effected within a day or so.
3. Investing – Through electronic banking, a customer can open a fixed deposit with the bank online through funds transfer. Further, if a customer has a demat account and a linked bank account and trading account, he can buy or sell shares online too. Additionally, some banks allow customers to purchase and redeem mutual fund units from their online platforms as well.
4. Shopping – With an e-banking service, a customer can purchase goods or services online and also pay for them using his account. Shopping at his fingertips².

Electronic Payment System (EPS):

- An electronic payment system enables online payments for the purchase of products and services at any time and from any location, eliminating the need for the actual exchange of cash and cheques.
- Payers and payees, financial institutions, electronic devices, communication networks, payment gateways, and mobile payment applications are all important components of this payment system.
- As the global economy evolves physical payment methods are being replaced by faster, more convenient, and more efficient digital alternatives. These systems enable a wide range of financial transactions, including internet purchases, bill payments, and person-to-person transfers.

Types of Electronic Payment System:

- Unified Payments Interface (UPI)
- Mobile Wallets
- Debit and Credit Cards
- Immediate Payment Service (IMPS)
- National Electronic Funds Transfer (NEFT)
- Real-Time Gross Settlement (RTGS)
- Prepaid Instruments

Advantages:

- 24/7 Accessibility
- Global Accessibility
- Instant Transactions
- Faster Settlement
- Record-Keeping and Tracking
- Encryption and Authentication

Disadvantages:

- Security Concerns
- Technical Issues
- Fraud Risk
- Privacy Concerns
- Transaction Fees³

Concepts of E-Banking:

- Electronic banking, often known as internet banking, eliminates the need for paperwork and in-person visits, instead relying on automated teller machines.

- Online banking enables customers to conduct financial operations, pay bills, open new accounts, and more from the convenience of their homes or while travelling.
- E-banking can provide a wide range of electronic banking services to their consumers. These services are separated into two categories: retail and wholesale electronic banking.
- Retail electronic banking is synonymous with personal banking. It offers financial services to individuals such as ATMs, credit and debit card management, point of sale, check transactions, retail automated clearinghouses, and so on.
- Wholesale electronic banking services cater to major clients such as banks, businesses, financial organizations, and others. Wholesale banking enables these businesses to handle their funds, make wire transactions, and fulfill computerized corporate clearinghouses.

Types of E-Banking:

1. Online Banking – it empowers customers to manage their accounts seamlessly.
2. Mobile Banking - Users can easily access their accounts and make payments using smart-phones or other mobile devices.
3. ATM Banking - Customers may easily access accounts, view transactions, make payments, and transfer funds using automated teller machines.
4. Direct Deposit - Users can deposit salaries, government grants, or other money directly into their bank accounts, facilitating financial transactions..
5. Electronic Funds Transfer (EFT) - It enables electronic payments and money transfers, giving clients a rapid and secure way to handle their accounts.
6. Electronic Bill Payment - This e-banking location allows users to settle invoices electronically, providing a quick and effective approach to managing financial commitments.
7. Online Investing - For those interested in the financial markets, online investing in e-banking allows users to easily purchase stocks, bonds, and mutual funds using internet platforms.

Challenges in E-Banking:

- Shifting banking habits
- Security
- Technical issues
- Lack of personal relationship
- The changing banking landscape⁵

Opportunities in E-Banking:

- Escalating no. of Internet Users & Computer Literacy
- Untouched Rural Markets
- Hard work or Initiatives taken by government agencies for financial literacy
- Competitive Gain to Banks
- Opportunities for Customers

Features and Benefits of E-banking:

- Account Management
- Fund Transfers
- Bill Payment
- Online Statements and Alerts
- 24/7 Availability
- Easy to Operate
- Convenience
- Activity Tracking

The Significance of Electronic Banking:

- Cost Efficiency
- No Geographic Barriers
- Convenience
- Enhanced Efficiency
- Cost Reduction
- Error Reduction
- Fraud Prevention
- Lower Transaction Costs
- Error Prevention
- Paperwork Reduction
- Customer Loyalty

E-Banking Services:

- Electronic Fund Transfer (EFT) - An electronic fund transfer is a transfer of money from one bank to another using electronic means. Examples include direct deposit/debit, wire transfer, NEFT, RTGS, and IMPS.

- POS – Point Of Sale - As the name suggests, point of sale refers to a point (retail outlet) in terms of date, time, and place where a consumer can pay using plastic cards to purchase goods or services.
- Credit Card - It enables consumers to borrow funds up to a specified amount and conduct transactions. Cardholders are obligated to repay their debt within a particular time frame, with various fees.
- Automated Teller Machine - It is one of the oldest and most widely used e-banking systems. They offer 24-hour banking services across all major platforms. You can use ATMs to check your account statements, bank transfers, PIN and cell phone number and more, and withdraw money as needed.
- Electronic Data Interchange (EDI): It is used in the banking industry to increase operational efficiency and lower the cost of financial services. It also aids in effective and rapid process management.

Limitations:

- The study is based on secondary data gathered from several e-banking sites.
- The researcher concentrated on the important concept of e-banking in India.
- The study focused on various challenges and opportunities in India

CONCLUSION

The study examines the challenges and opportunities of e-banking in India. The study focused on e-banking challenges and opportunities, types of e-banking systems, concepts of e-banking, features and benefits of e-banking and e-banking services. According to the study, e-banking provides services to customers in various forms, including home banking, PC banking, internet banking, and mobile banking. As a result, various benefits are offered including convenience, simplicity, low cost, time factor, instant delivery, and online bill payment.

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