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DEVELOPMENT IN E-BANKING

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Abstract :

Indian banking system touches the lives of millions of people and it is growing at a fast pace. Banking industry in India is facing number of challenges like changing needs and perceptions of customers, new regulations from time to time and great advances in technologies. The pressure of meeting these challenges have compelled banks to change the old ways of doing business. The research paper focuses on how the technology has transformed the face of banking in India. The use of technology has brought a revolution in the working style of the banks. Information Technology has had a positive impact on substitutes for traditional funds movement services. The various innovations in banking and financial sector are ECS, RTGS, EFT, NEFT, ATM, Retail banking, Debit and Credit cards, free advisory services, online banking, mobile banking and many more value added products and services. This paper also highlights the benefits and challenges of changing banking trends. Banks are investing heavily in adoption of these innovations. The need of hour is to design such a system that encourages the efficiency of investment in innovations and widens the gap between revenues and costs involved with reference to technological up gradation

Keywords: Indian banking, technological changes, challenges.

Introduction

The traditional functions of banking are limited to accept deposit and to give loans and advances. Today banking is known as innovative banking. Current banking sector has come up with a lot of initiatives that oriented to provide a better customer services with the help of new technologies. The banking industry in India has a huge canvas of history, which covers the traditional banking practices from the time of Britishers to the reforms period. Therefore, banking in India has been through a long journey. The use of technology has brought a revolution in the working style of the banks. Information Technology has had a positive impact on substitutes for traditional funds movement services. With networking and interconnection new challenges are arising related to security privacy and confidentiality to transactions. Banks began to use technology

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to provide better quality of services at greater speed. Information technology has made it convenient for customers to do their banking from geographically diverse places which earlier remain uncovered. In this paper, an attempt is made to explain the changing banking scenario. The study also identifies the challenges and opportunities for the Indian banking sector in changing banking scenario.

Objectives

- To study the changing banking scenario
- To identify the challenges for the banking sector
- To study the opportunities for the banking sector
- To study e-trading in banking sector
- To study paytm in banking sector
- To study and know the importance of e-wallet.

Methodology used

The study is based on secondary data. The sources of secondary data include banking books, Internet (websites) and research papers etc.

Structure of Indian banking sector

Today, role of banking industry is very important. It is one of the leading and most essential service sector. Banking Industry in India functions under the sunshade of Reserve Bank of India - the regulatory central bank. Banking industry mainly consists of Commercial banks and Co-operative banks. The commercial banking structure in India consists of Scheduled commercial banks and unscheduled bank. Scheduled commercial banks constitute those banks which have been included in the second schedule of Reserve Bank of India (RBI) Act, 1934. For the purpose of assessment of performance of banks, the RBI categories them as public sector banks, old private sector banks, new private sector banks and foreign banks.

Recent trends in banking sector

Banking industry in India has achieved a new height with the changing times. Customer services and customer satisfaction are prime responsibilities of banks now days. Information technology has given rise to new innovations in the product designing and their delivery in the banking and finance industries. Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing paper based and labor intensive methods with automated processes thus leading to higher productivity and profitability. Challenging business environment within the banking system create more innovation in the fields of product, process and market.

ATM: An automated teller machine (ATM) is a computerized telecommunications device that provides a financial institution's customers a secure method of performing financial transactions in a public space without a human clerk or bank teller.ATM can be interior (located in the branch premises) or exterior (located anywhere outside the branch premises). Banks need not obtain permission of the RBI for installation of ATMs at branches and extension counters for which they hold licenses issued by the Reserve Bank. They can also install offsite ATMs without RBI approval.

Debit Card and Credit Card: A debit card is an electronic card issued by a bank which allows bank clients access to their account to withdraw cash or pay for goods and services. This removes the need for bank clients to go to the bank to remove cash from their account as they can now just go to an ATM or pay electronically at merchant locations. This type of card, as a form of payment, also removes the need for cheques as the debit card immediately transfers money from the client's account to the business account.

A credit card is issued by a financial company giving the holder an option to borrow funds, usually at point of sale. Credit cards charge interest and are primarily used for short-term financing. Interest usually begins one month after a purchase is made and borrowing limits are pre-set according to the individual's credit rating. There has been growth in issuance of debit and credit cards by public and private sector banks. However Debit cards are a more popular mode of electronic money than credit cards.

NEFT: According to Reserve Bank of India, National Electronic Funds Transfer (NEFT) is a nation-wide payment system to facilitate one-to-one funds transfer. Under NEFT, 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. The funds under NEFT can be transferred by individuals, firms or corporates maintaining accounts with a bank branch. Even individuals not having a bank account can deposit cash at the NEFT-enabled branches with instructions to transfer funds using NEFT. This is a simple, secure, safe, fastest and cost effective way to transfer funds especially for Retail remittances.

RTGS: Real Time Gross Settlement system(RTGS), introduced in India since March 2004, is a system through which electronics instructions can be given by banks to transfer funds from their account to the account of another bank. The RTGS system is maintained and operated by the RBI and provides a means of efficient and faster funds transfer among banks facilitating their financial operations. As the name suggests, funds transfer between banks takes place on a 'Real Time' basis. Therefore, money can reach the beneficiary instantaneously and the beneficiary's bank has the responsibility to credit the beneficiary's account within two hours.

E-COMMERCE

Electronic commerce refers to buying and selling of information, products and services via computer networks. It is a modern business methodology that addresses the needs of the organizations, merchants and consumers to cut cost while improving the quality of goods, efficiency and increasing the overall speed of service delivery. A basic element of e-commerce is information processing. E-commerce is a part of an evolving approach to business which could eventually involve the application of information and communication technologies to the product and distribution of goods and services on a global scale.

E-TRADING

E-Trading is basically called electronic trading, is a method of trading securities foreign exchange or financial derivatives electronically. At e-trade you are in full control of your financial future. We have information, the analysis, and the online investing and trading tools. E-trading includes various exchange based systems such as NASDAQ, NYSE and GLOBLEX as well as other types of trading platforms, such as electronic communication networks. E-trading is rapidly replacing human trading in global securities markets. Electronic trading is contrast to older floor trading. Information technology is used to bring together buyers and sellers through an electronic trading platform and network to create virtual market places. E-trading reduces cost of transcations by automating referred to "straight through processing".E-trading has great liquidity, greater competition, increased transparency.

PAYTM

Paytm is an electronic commerce and payment system. The system has launched in 2010. Paytm system has lot of benefits which includes online shopping, recharges, paytm wallet, paytm wiki, paytm customer care, paytm bus offers. By paytm online recharge makes instant mobile recharge, bill payment, data card, dth recharge. By default payments made are deducted from paytm wallets. Using the money in the paytm wallet you can pay for number of goods without using hard cash. Paytm is India's largest mobile commerce platform. Paytm is a mobile e-commerce company which has covered its name within short span of time. Paytm is a recent invention in mobile e-commerce platform.

Challenges for banking sector

- Customer satisfaction: Today, in banking sector customers are more value oriented in their services because they have alternative choices in it. So that each and every bank have to take care about fulfilling customers satisfaction.
- To provide several personnel services: It is demanded that banks have to provide several services for which they have to expand their service, social banking with financial possibilities, computerisation and innovative mechanization, better customer services, internal supervision and control, adequate profitability, strong organisation culture etc. Therefore, banks must be

able to provide complete personal service to the customers who comes with expectations.

- Competition: The nationalized banks and commercial banks have the competition 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 and new market trends etc.
- Managing 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 service and efficiency standards while remaining cost-effective and delivering sustainable return to shareholders. Early adopters of technology acquire significant competitive advantages. Managing technology is therefore, a key challenge for the Indian Banking Sector.
- Global Banking: It is practically and fundamentally impossible for any nation to exclude itself from world economy. Therefore, for sustainable development, one has to adopt integration process in the form of liberalization and globalization. The foreign banks operating in India, becomes a major challenge for nationalized and private sector banks. These banks are large in size, technically advanced and having presence in global market, which gives more and better options and services to Indian traders.
- Other challenges: Market Discipline and Transparency, Manpower planning, Development of skill of bank personnel, Customer awareness and their changing needs etc.

Opportunities

Where there are challenges, there must be opportunities. Following are the opportunities for the banking sector.

- Rural area customers: Contributing to 70% of the total population in India is a largely untapped market for banking sector. In all urban areas, banking services entered but only few big villages have the banks entered. So that the banks must reach in remaining all villages because majority of Indian still living in rural areas.
- Good customer services: Good customer services are the best brand ambassador for any bank for growing its business. Every engagement with customer is an opportunity to develop a customer faith in the bank.
- Offering various channels: Banks can offer so many channels to access their banking and other services such as ATM, Local branches, Telephone/Mobile banking, Video banking etc. to increase the banking business.
- Product Differentiation: Apart from traditional banking services, Indian Banks must adopt some product innovation so that they can compete in gamut of competition.
- Expansion: Expansion of branch size in order to increase market share is another opportunity

to combat competitors. Therefore Indian nationalized and commercial banks must spread their wings towards global markets as some of them have already done it.

Conclusion

Indian banks are trust worthy brands in Indian market, therefore these banks must utilise their brand equity as it is a valuable asset for them. Banks have to adopt a holistic approach to fulfill the ever changing needs of customers and to grab a better market share. Development of sophisticated products with low cost technology is the key. Banks have to adopt a holistic approach to fulfill the ever changing needs of customers and to grab a better market share. Development of sophisticated products with low cost technology is the key. This calls for in- depth analysis of customer needs, the market and competitor trends. This analysis plays a very important role in devising new strategies products and services. Due care will have to be made while embracing technology and transforming traditional touch points to electronic ones, so that human touch with customers is also not lost.In the end, it can be said that banks should overcome the challenges and to get advantage of opportunities in changing banking scenario.

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