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A Study On Electronic Banking-Expansion Of Banking Services In Modern India

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Abstract

E-banking has become on integral part of the global financial experiment . Improvement in technologies and finance innovations has made E- banking is an intense part of the banking sector. Electronic banking also knows as online banking , internet banking, digital banking, E-banking or virtual banking is an electronic payment system that enables customers of a bank or other financial institutions to conduct a range of financial transactions through the financial institutions website undertaking banking transactions using computers, mobile phones an internet is called e-banking. It include net banking ,tele banking , mobile banking, care banking. Using internet e banking has made the banking transactions possible at any time and from anywhere. Through e-banking customer can check balance in his account , can make requisition for cheque books, can transfer fund from one account to another account, can make fixed deposits etc. E-banking has enabled fast and easy transfer of funds national electronic fund transfer (NEFT) , real time gross settlement (RTGS), electronic cleaning services (ECS) etc. E-banking is playing a major role that its improving the service quality and strengthens the banking sector because of electronic payment there is increase in customer satisfaction level increased productivity reduction in cost of banking operations settlement faster and in large volumes. The world has become a global village and it has brought a revolution in banking industry because of increasing in thedevelopment of information technology .

Keywords:: E-banking ,tools ,expansion, historical background

Introduction

Electronic banking refers to use of technology and communication system to perform banking transaction electronically without visiting a bank. Banks are increasingly making use of electronic payments system for offering banking services at the door steps of the clients. The widespread use of technology, in banking operation has totally replaced the traditional system of confining banking activities to bank branches. Large scale use of information technology by bank has resulted in computerization of bank branches and their inter connectivity by way of safe and reliable networks. E-banking activities refer to the delivery of bank's services to a customer at home or at office through electronic delivery channels. It is the use of electronic technology for transfer of funds cash receipts, payments etc it is anywhere, anytime banking 24*7*365. Under E-banking system, no physical exchange of money takes place. Every transaction is performed electronically using

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internet. Customers can perform different banking transaction such as balance enquires bills payments transaction histories transfer of fund without physically visiting the bank branch.

Objectives::

1. to study about the historical background of e-banking
2. To study about tools of E-banking
3. To examine the impact of e-banking on the operations, payment and clearing system, in banking sectors.

Research methodology

This paper is based on secondary data such as internet, journal websites, article book etc.

History background of E-banking

Electronic banking is the term that describes all transactions that take place among companies, organisations and individuals and their banking institutions. First conceptualized in the mid 1970s some banks offered customers electronic banking in 1985. However the lack of internet users, and cost associated with using online banking started growth. The internet explosion in late – 1990s made people more comfortable with making transactions over the users.

In India opening up of economy in 1991 marked the entry of foreign banks. They brought new technology with them. Banking products became more and more competitive. Need for differentiation of products and services was felt. In India ICICI bank kicked off online banking way back in 1996 . But even for the internet as a whole, 1996 to 1998 marked the adoption phase, while usage increased only in 1999 due to lower ISP online charger, increased PC penetration and a tech friendly atmosphere. ICICI was the first bank to initiate the internet banking revolution in India as early 1997 under the brand name 'infinity'. At present time most new generation banks offers the same to their customers . In fact all major banks provide e- banking services to their customers

Tool of E-banking

1. **Debit card** :: A debt card is payment card that deducts money directly from a customers amount to pay for a purchase from any where and any time debit cards eliminate the need to carry cash or physical checks to make purchase. This card can be used for withdrawing money through automated tellers machines (ATM) provided the card holder has the required balance in his account. The customer can make immediate payment of goods purchased or service availed by swiping the debit card and entering the personal identification number (PIN) of the point safe terminal.
2. **Credit card**:: A credit card is a valuable financial tool that enables cardholders to purchases goods or servces within prescribed limits from authorized retail/service outlets. Credit card is a type of overdraft facility in the cardholders. The credit card holder has to deposit the amount in his bank within a prescribed time after purchase transaction. It can also be used at ATM for withdrawing money. Credit card and debit card are also known is plastic money.
3. **Automated teller machine**::An ATM is an electronic telecommunications device that enables customers of financial institutions to perform financial transactions such or cash withdrawals , deposit , transfer funds or obtaining account information at anytime and without the need of direct interaction with bank staff. Through ATM the customer can avail banking services on 24*7

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basic from nearby ATM booth without visiting the bank. It provides easy access to banking facilities. ATM holder of any bank can operate his ATM card at his own banks ATM or at any other bank's ATM . The bank also provide online SMS alerts to cardholder for all types of ATM transactions irrespective of the amount involved.

4. **National electronic funds transfer(NEFT)**: It refers to a nation wide payment system facilitating one to one find transfer. Under this scheme individuals. Firms and corporate can electronically transfer funds from any bank branch to any individuals, firms or corporates having an account with any other branch in the country participating in the scheme. Individuals firms or corporates maintaining accounts with a bank branch can transfer funds using NEF . Presently NEFT operates in hourly batches. There are twelve settlements from 8 a.m. to 7 a.m. on week days (Monday, Thursday, Friday) and six settlement from 8 a.m. to 1 p.m. on Saturday . However such remittances will be restricted to a maximum of Rs. 50000 per transaction.
5. **Real Time Gross Settlement (RTGS)**: It refers to a funds transfer system when transfer of funds takes place from one bank to another on a 'real time' and on gross bases. Settlement in 'Real Time' means payment transaction is not subjected to any waiting period. The transaction on settled as son as these are processed. 'Gross' settlement means the transaction is settled on one to one basis without bunching or netting with any other transaction. This is the fastest possible money transfer system through the banking channel. The RTGS services fro customers is available from a 9 a.m. to 4.30 p.m. on week days and 9 a.m. to 2 p.m. on Saturdays as per RBI guidelines . The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is 2 lakh. There is no upper limit for RTGS transactions.
6. **Electronic clearing system (ECS)**: ECS is an alternative method for effecting payment transaction in respect of utility bill payments such as telephone bills, electricity bill insurance premium, loan repayments etc, which would obviate the need for issuing and handling papers instruments and thereby facilitate improved customer service banks/ companies/corporations/government departments viz collecting /receiving the payment.
7. **Core banking** : core banking is a banking service provided by a group of networked bank branches where customers may access their bank account and perform basic transactions from any of the member branch offices, core banking is often associated with retail banking and many banks treat the retail customers as their care banking customers. Business are usually managed via the corporate banking division of the institution. Care banking covers basic depositing and lending of money. Core banking functions will include transaction accounts, loans, mortgage and payments. Bank makes these services available access multiple channels like ATM, internet banking , mobile banking and branches.
8. **Mobile banking**: it is on extension of net banking. In mobile banking, telecommunication devices are used for banking transaction. As the penetration of mobile phones in India is deeper than the penetration of computers, so mobile banking can take e- banking to the masses. Thus facilities is available 24 hours*7 days. There are various applications are available in mobile banking.

   (I) Unstructured supplementary service data (USSD): unstructured supplementary service data helps customers to link their mobile number and bank accounts and then to make payments. It was developed by National payment commission of India which is technology based services fro

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feature phones through which customers needed to dial *99# and enter short messages for basic banking activities such as balance enquiry and generating mini statement.

(II) Unified payment interface (UPI): A UPI is a smart phone application which allows users to transfer money between bank account. It is single window mobile payment system developed by the national payment corporation of India (NPCI). It eliminates the need to enter bank details or other sensitive information each time a customer initiates a transaction. The UPI is a real time payment system. It is designed to enable peer to peer inter bank transfer through a single two click factor authentication process. The interface is regulated by the RBI. It works by transfering money between two banks account.

(III) Immediate payment service (IMPS): IMPS is an instant paymentinter bank electronic funds transfer system in India. Immediate payment service was introduced by NPCI in 2010. It is an instant real time inter bank electronic fund transfer system of India through mobile phone. Unlike NEFT and RTGS the service is available 24*7 days throughout the year including bank holidays.

Conclusion:

Therefor e we can say that banking services have expanded a lot in e-banking .Electronic banking has made our life simpler and easier these day. All these development in Indian banking show that the Indian banks are marching towards modern banking and changing their traditional look. It is a great change in banking industry. Because of information technology for banking business and provide technology based banking products and services to their customers. Indian banks also trying to univerlisation of banking product and services to one stop banking shop for customers delight, but comparatively private and foreign banks existing in Indian economy are having a higher level of modernization and also providing numbers of modern services to their customers

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