

E-BANKING

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Abstract:

With the fast advancements in information technology the banking sector has adopted many drastic changes in its way of working. From long queues and restrictions of limited working hours of banks, slow speed of operations like withdrawal and depositing money, clearance of cheques, transfer of funds etc are the things of past. The banks have now shifted from traditional banking to e-banking where the employees, customers and organizations are able to be beneficiaries with the reductions in operational costs and maximization of profits. The main instruments being used in e-banking are debit cards, credit cards, ATMs, internet banking, mobile banking, payment and transfer of funds through various apps. E-banking has made the life of people more comfortable by saving their time and energy. There are many instances of frauds in use of e-banking where hard earned money of people has been taken away by the fraudsters. There is an urgent need to take make for effective cyber laws to prevent cyber crimes so that more customers can make use of latest technology and make their life more comfortable.

Key Words: E-banking, internet banking, mobile banking, debit card, credit card, apps, payment

Introduction

The term E-banking is used for electronic banking. It refers to the use of electronics and telecommunications in modern banking. It is also known as virtual banking, online banking or internet banking. It has been possible due to the advancement in technology and banks like other organizations have adopted it to cut their costs of operations, increase efficiency and make the customers able to control their accounts and make their financial transactions as per their convenience using mobile phone or computer without coming to the bank. **Gone are the days when people had to stand in long queues at the bank just to transfer money or get an account statement. With banking technologies consistently improving, banking is now way more convenient and quick. One of the most important elements of our modern world of banking is electronic banking or e-banking.**

What is electronic banking? What are the different types of e-banking facilities? Let us take a look at some of the most important things every modern consumer should know about electronic banking.

Electronic banking uses an electronic medium to help users get access to their funds. It eliminates the need for the bank's customers to visit the bank to do financial transactions. With more and more customers now using the internet for a host of their day-to-day activities, this digital medium of banking makes banking more accessible and convenient for users.

There are many different types of e-banking services which you can use for various bank transactions. Let us have a look at some of the most popular options..

Popular services under e-banking in India

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

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- **Mobile Banking**
- **Internet Banking**
- **Tele-banking**
- **Door-step Banking**
- **De-mat account**

Some of these services are explained as under:

1. Internet Banking

Banking is a type of e-banking service which allows you to do several financial and non-financial transactions through the internet. You can use your PC or laptop and an internet connection Internet to use this facility. With the help of Internet Banking, you can transfer funds to another bank account, check your account statement, pay utility bills and do a lot more.

2. Mobile Banking

Most banks now also have an App for Mobile Banking. Just like the online portal of the bank used for Internet Banking, you can use the app for many different types of banking transactions. If you use an Android or iOS device, you can download the app of your bank and use this facility. The apps can also be used for transferring funds, checking account statements, locate the nearest ATM, and other banking services.

3. ATM

ATM or Automated Teller Machine is one of the most popular types of electronic banking. The teller machine is also an electronic computerized telecommunication device which enables you to withdraw funds, deposit funds, change Debit Card Personal Identification Number (PIN), and use other banking services. It eliminates the need of visiting a bank and doing these transactions through a human teller.

4. Debit Card

You might already be using Debit Cards for many of your daily transactions. This card is connected to your bank account and you can use the funds from your account directly through this card. When you use your Debit Card for a transaction, the transaction amount is deducted from your bank account. You can use the card to pay at POS outlets, shop online, and withdraw cash from ATM.

5. Credit Card

Credit cards are very popular nowadays all over the world. These are used for making payments for purchases from authorized outlets even if the buyer does not have any money in his or her wallet and even in his or her account. Banks offers this credit to its customers for a limited period (50-60 days) without charging any interest on the amount used for purchasing something using its credit card. After the expiry of that period the banks start charging interest. It is beneficial for all the three parties involved in this process. The customer makes purchases without having cash in hand or account. It helps the sellers to increase their sales and it helps the banks to earn interest if the customer fails to repay it within the stipulated time. Banks may charge interest for this period from the sellers or may have some other agreement that helps both the parties increase their businesses. Credit card also can be used to withdraw money from ATM.

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6. Electronic Fund Transfer (EFT):

With the help of this technology it is now possible to transfer money from one source to another very fast. It is now possible with the click of a mouse of computer. Money can be transferred among banks within a country or internationally easily.

7. DEMAT Account:

DEMAT stands for dematerialized accounts. It is normally used for sale and purchase of shares in stock markets or mutual funds. In this form of account the customers need not to keep an account in traditional form but shares are stored and transacted in electronic form. It has made investments in security markets very easy and hassle free.

Apps: The new methods of e- payment

Nowadays many mobile phone applications popularly known as “Apps” are being used to make payments for making payments of electricity bills, mobile phone recharge, school fee, etc. It is simply a gateway to make payments and it has made life of people very comfortable.

Some of the top companies that provide mobile wallets services are listed below. They have now become common to users in India.

- **GOOGLE PAY**
- **ICICI POCKETS**
- **HDFC PAYZAPP**
- **PAYTM**
- **CITI MASTERPASS**
- **ICICI POCKETS**
- **AMAZON PAY**
- **PHONEPE**
- **YONO BY SBI**

Importance of E-Banking:

The importance of electronic banking for Customers, banks, and businesses can be explained in following lines.

For Customers:

1. More convenient – Customers can operate their accounts as per their timing round the clock.
2. Reduced cost of transaction—Time, Money, energy, cost of transportation etc are reduced and hence become economical for the customers.
3. Hurdles of distance are removed – With the use of new IT all the barriers of distance are a thing of past.

For Banks

1. Reduced costs of transactions and enhances profits of banks.
2. Human error is minimized due to transfer of information electronically and results in more accuracy in operations.

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3. Satisfied and loyal customers – These services being customer-friendly have made customers more loyal and satisfied.
4. Reduced paperwork – Lesser use of paper is environment-friendly and easy to handle. Reduced fixed costs – The fixed costs of banks like furniture, building space etc are reduced

4. For Businesses

1. **Account Analysis's** – Now it is very quite easy for the Business owners and staff members to access their accounts with the help of online banking. It helps them to keep a constant watch on their accounts and business.
2. **Reduced Errors** – It helps in minimizing the errors in banking transactions. Manual errors caused due to bad handwriting etc. are reduced to a large extent. Accuracy in financial transactions has improved a lot.
3. **Reduced Costs** – Most of the banking activities are performed with very less costs.
4. **Lesser Scams**– The digital footprints of all the dealing staff of are secured and none other than the authorized person can access and operate these accounts. Any fraud or scam can be detected easily and concerned persons are held accountable for these.
5. **Improved Productivity** –The productivity is enhanced with the use of E- banking. Regular monthly payments re automated and the businesses can reap many other benefits.

Downsides of E- banking :

Online banking with the help of personal computers and mobile phones has made banking more easier and accessible round the clock. But some disadvantages have been experienced while using online banking facilities. Still people are using these services with improved security provisions.

Service Hindrances and Technology

Whenever we make use of or internet service or computers, completion of the desired job fully depends of stability and efficiency of the system. Sometimes the speed of internet becomes slow and a lot of time is wasted and sometimes wrong input and wrong output is the result. Likewise many a times the server of the bank becomes non operational due to maintenance or overloading of information causing a lot of inconvenience to the customers.

Security Matters

In general, online banking sites and mobile apps are designed to be secure and banks are continually putting updated security protocols in place. However, no system is completely foolproof and accounts can be hacked, resulting in identity theft via stolen login credentials. So while you can use mobile or online banking with general confidence, be careful to avoid using networks that are not secure and be careful to change passwords and protect your login information.

NOT SUITABLE FOR ILLITERATE AND OLD AGE PEOPLE

Old age and illiterate people find it very difficult to use e-banking services. They feel insecure even while using their debit cards to withdraw money from ATMs. The old employees working in banks are hesitant to use computers and new technology. The old and ignorant people are soft targets of fraudsters. Mostly this segment of customers loses their hard earned money. The money sometimes is stolen by using different methods like asking details of debit card and credit card on telephone posing as bank employees, cloning of cards, hacking of accounts, changing debit cards of customers at ATMs, etc. There is an urgent need of the hour to create awareness among all the users for digital security. Strict laws needs to be formed for cyber security and banks along with the Government must ensure the customers that their money is safe in banks and other financial institutions.

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