

Impact of E-Banking on Indian Trade System

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Savitribai Phule University of Pune Sponsored

National Seminar

on

“Impact of E-Banking on Indian Trade System”

15-16th December 2014

Organized By

Department of Commerce,

Pravara Rural Education Society's

Arts, Science and Commerce College, Kolhar

Tal.Rahata, Dist.Ahmednagar (413710)

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Growth of Electronic Banking System in India and Customer Satisfaction

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Introduction:

E-banking is the term that signifies and encompasses the entire sphere of technology initiatives that have taken place in the banking industry. E-banking is a generic term making use of electronic channels through telephone, mobile phones, internet etc. for delivery of banking services and products. The concept and scope of e-banking is still in the transitional stage. E-banking has broken the barriers of branch banking. We can say E-banking means the use of computers to carry out banking transactions such as withdrawals through cash dispensers or transfer of funds at point_of_sale. In other word Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer (PC) banking, Internet banking, virtual banking, online banking, home banking, remote electronic banking, and phone banking .

E-banking came into being in UK and USA in 1920s. It became prominently popular during 1960s through electronic funds transfers and credit cards. The concept of web-based banking came into existence in Europe and USA in the

beginning of 1980s. It has been estimated that around 40 percent of banking transaction would be done through Net. Whereas in India Only in the early 1990s there has been start of non-branch banking services. ICICI bank launch internet banking system in India and another credit goes to HDFC Bank, Citibank , Reserve bank of India and Govertment of India. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce.

Forms of E- banking :

Each bank offers a variety of e-banking services varying from balance inquiry to pin change option. For that Customers can use various forms of Electronic banking. Electronic banking can be divided on the basis of the instruments used i.e telephone connection, personal computers, bank cards and self service zones. Some forms of E-banking are as follows –

• **Mail Banking :**

Mail banking is a service provided by a financial institution which allows its customers to deposit cheques into their account by mail.

• **WAP (Wireless Application Protocol)**

WAP (Wireless Application Protocol) is a specification for a set of communication protocols to standardize the way that wireless devices, such as cellular telephones and radio transceivers, can be used for Internet access, including e-mail, the World Wide Web, newsgroups, and instant messaging. While Internet access has been possible in the past, different manufacturers have used different technologies. In the future, devices and service systems that use WAP will be able to interoperate

• **Internet Banking :**

Net banking, also called internet or online banking, is the process of conducting banking transactions over the Internet. Viewing bank statements and the status of bank account online also comes under the definition of net banking. The bank updates accounts and records of transactions almost instantly on the Internet. This form of banking comes with both benefits and scams. Banks need to use enhanced security measures to ensure the safety and privacy of Internet transactions.

• **GSM SIM Toolkit:**

The SIM Application Toolkit consists of a set of commands programmed into the SIM which define how the SIM should interact directly with the outside world and initiates commands independently of the handset and the network. This enables the SIM to build up an interactive exchange between a network application and the end user and access, or control access to, the network. The SIM also gives commands to the handset such as displaying menus and/or asking for user input. It is useful in E-banking.

• **SMS Banking :**

SMS banking is a type of mobile banking, a technology-enabled service offering from banks to its customers, permitting them to operate selected banking services over their mobile phones using SMS messaging.

• **Automated Telephone System :**

At its most basic level, an automated phone or interactive voice response system is any telephone system that interacts with callers without input from a human other

than the caller. More specifically, interactive voice response, or IVR, is the technology that automates telephone contact between humans and machines.

- **Phone banking**

Phone Banking is yet another banking service offered by banks. Under this system, like in ATM card, a secret code number is provided to each account holder. A customer wanting to know his bank balance or any other information relating to his bank account should dial up a particular phone number indicated by the bank. These are the forms of e-banking.

Advantages of E-Banking service:

E-banking has helped many banks to realize benefits for customers like Organizational Efficiency, Reduced costs, Increased comfort, Better cash management-Convenience, and timesaving Quick and continuous access to information.

Challenges of E-Banking service:

In India e-banking system has so many barriers like Infrastructural barriers, Knowledge barriers, legal and security issues, Fear of Competition, socio-cultural barriers, and management-banking issues are accepted as challenges for e-banking development in India. Only 7% account holders are use e-banking services. It has so many reasons. So many Indian customers are illiterate in using the electronic media, lack of information about e-banking system and Indian customer found risk in e-banking transaction. These are the main challenges for Indian e-banking system.

Customer satisfaction

“ customers satisfaction refers to be extend to which customers are happy with the products and service provided by a business ” With the reference to Indian e-banking system very few customers are use this system. In August 2014, Indian Prime minister Mr.Narendra Modi introduced ‘JANDHAN YOJANA’. With this yojana every people are connected with bank. But less than 7% customers are use internet banking. It has so many reasons. Customers are divided in three Class like upper class [rich people], Middle class, and low class [poor people]. Out of this rich people mostly use e banking services, middle class people sometimes use e-banking services but poor people does not use e-banking services. A large number of consumers of financial services are still reluctant to conduct their financial management online.

Conclusion

E-banking is becoming immensely popular in India. The declining internet and mobile charges, falling prices of PCs and mobile phones, broadband with access through cable and digital subscriber lines etc. would definitely encourage the boom in E-banking in India. Advancements in information and communication technologies (ICTs) have been the primary drivers behind the rise of e-banking. As the Internet is a relatively new delivery channel, customers need a great deal of Persuasion to switch to this new channel. In a country like India, there is need for providing better and customized services to the customers. Banks must be concerned about the attitudes of customers with regard to acceptance of online banking. The importance of security and privacy for the acceptance of internet banking. Indian customers have weak understanding of internet banking, although they are aware about risk.

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