E-Banking Growth in India : Challenges and Opportunities

Rahul Raushan
Research Scholar,
Deptt. of Commerce and Management,
B.R.A.B University,
Muzaffarpur.

Raghunandan Prasad Singh
Professor,
Deptt. of Commerce and Management,
B.R.A.B University,
Muzaffarpur.

Abstract

With the technological advancement and growth of IT sector Indian Banking sector is also improving itself in electronic banking. Increase in widespread of mobile users ,decrease in price of internet provider companies has lead to the increase in the technological advancement of people. People need has also increased for the e-banking services. Day by day banks are providing newer ,modified and better application software and services for e banking as per customer's need.In present scenario for any type of online purchasing activity or e commerce E-banking is mandatory for completing the transaction activity,in other words we can say that e-banking growth has lead to rise of e-commerce in India for example like Flipkart, ebay, amazon etc. We can see that there is tremendous increase in the number of ATM's, POS Machines, Credit cards ,Gift cards for purchase and sales activity .With the help of E-banking now one can access to the banking services 24x7 instead of limited banking business hour. Increase in the number of credit card and debit card has lead to less handling of physical cash which is very secure for the people. one of the latest and advance service which is providing by the banks and availing by the people is M-banking which is also known as mobile banking. M-banking services has been increased due to increase in the number of mobile application for smart phones. The major objective of the banks in providing these e banking services is to reduce the number of footfalls in the bank so that the services can be provided in a better way. This paper present the E-Banking growth data, Challenges , opportunities and satisfaction level for people of E-banking in India.

Keywords: E-Banking ,Core Banking Solution (CBS), Electronic Fund Transfer (EFT).

Introduction

E-banking stands for electronic banking, any type of banking activities which is completed through an involvement of electronic medium like mobile ,internet ,atms for delivering the banking services and product is known as E-Banking. With the increase in popularity of mobiles,laptops,tablets and internet among people banks are providing banking services through these electronic medium as one can easily access to the banking services with this devices. One of the major example of E-Banking is CBS (Core Banking Solution) in which internet is used by the banks for performing the transaction activities from one place to other place some of the the examples of these CBS services are NEFT ,RTGS etc.E-Banking is totally different from traditional Banking as in case of traditional Banking one has to be present physically in the Bank to access the banking service while in case of E-Banking service can be availed at any time ,anywhere without any Bank Premises.

Evolution of E-Banking in India

E-Banking was introduced in the world especially in the European nations in 1920's. In 1960 it becomes more popular with the Debit cards ,credit cards ,EFT(Electronic Fund Transfer).later on the 1980's with the advancement of Pc's E-Banking was started through websites.

In India E-Banking was initiated in 1990's in order to increase the non branch banking business by the various Private Banks especially ICICI bank was first bank to introduced ATM in India later on HDFC,CITI BANK and various nationalized banks initiated in this process as this concept was very new for the Indian banks at that time which was limited to only metropolitan cities but with the time being it get popularity and is being used by the Urban ,Semiurban and Rural areas very frequently today.RBI has mandated for the banks that a new branch must open with the ATM onsite. now a day we can see that a

large number of E-lobby which are functioning on the road sides where one can deposit and withdraw cash at any time. In order to compete with the other banks various advance applications software are being introduced in the market for the widespread of E-Banking.

Objective of the Study
1. To study about the product and services offered by the banks for doing or accessing banking services.
2. To study data for the growth of e-banking in India and opportunities which are created through this E-Banking.
3. Challenges which are hampering the growth of E-Banking in India.
4. Legal and technical issue which are involved in the E-Banking.

Statistical Method / Research Method used
The study is totally based on the secondary method where data is collected through references but without any survey. The source of data mainly shows about the growth of E-Banking in India. Data are mainly collected through RBI annual data which shows that how there is an increase in the number of users for ATM's, Mobile Banking , Internet Banking etc.
1. E-banking product mainly comprises of the following products.
a) Internet Banking
b) Mobile Banking
c) ATM (Automated Teller Machine)
d) ECS (Electronic Clearing Services)
e) Credit cards & Debit Cards.
2. Earlier Banking Business service hour was scheduled for limited hour but with the advancement of e-banking one can accsss to the services for any transactional activity by 24x7.transfer and payment can be done through one touch facility which is very secure and fast mode.
3. Challenges which are hampering e-banking is lack of education only educated people can access to the e-banking while others cannot. There is also lack of techno savvy people who are unaware of these E-Banking facility. Some people have very low faith on this e-Banking facility which reduces the credibility of Banking Services. Many fraud ,phishing ,Hacking activity which are occurring through E-Banking has created a lot of obstacles in the growth of E-Banking.
4. Banks are very much aware about the security concern of E-Banking. chip embedded credit cards are being provided to the customer which are having pin number and its make transaction very safe. OTP(one time password) is being provided to the customer at the time of making transaction through mobile banking or internet banking which make transaction very safe.At present Biometric enabled ATM's are being installed in order to make E-Banking much secure. Communication security is being provided which aims to protect data during the transaction in computer network and distribution system.
Legal issue mainly comprises of the banking regulation act 1949. The RBI act 1939 and FEMA 1999. IT act 2000 was also implemented by the Government of India in order to provide legal laws related to banking transaction .
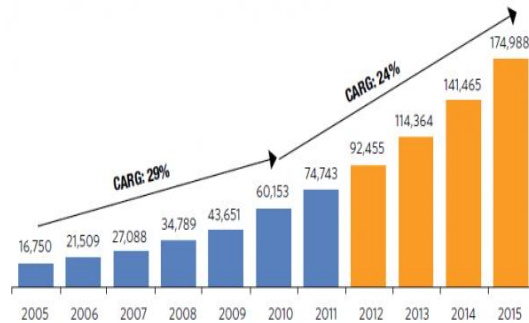
Analysis and Interpretation of data

Fig. 2 The number of ATM's in India is growing at a brisk pace...
(Source: Edelweiss IB Estimates; Assumed a 24% growth rate for the period 2012 - 2015)

From the above data we can see that there is a tremendous increase in the number of ATM's in India during 2005 to 2015 from 16000 Atms the number of Atms was increased to 175000. The increase in the no of Atms is mainly due to increase in the demand of fast transaction through non branch banking mode.
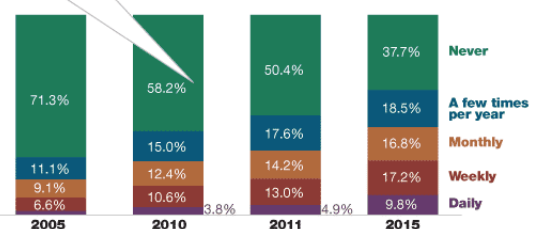

Chart 3.7: Trends in Mobile Banking Transactions
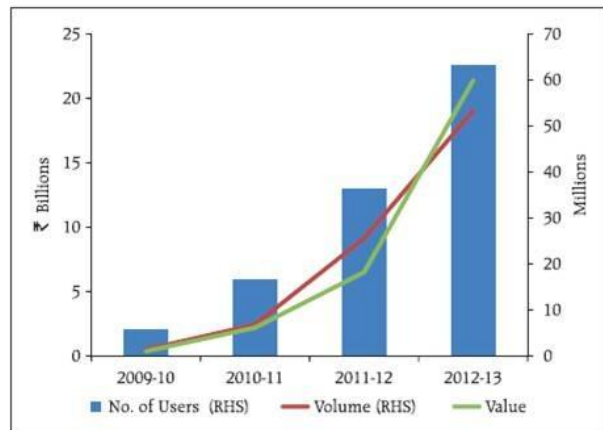
Source RBI annual data2012-2013

From the above mobile banking transaction data we can see that there is an increase in the number of people who doing transaction through E-Banking in India from 5 million to 65 million in the year 2009-10 to 2012-13.

Mobile banking usage statistics

Source IMAI

From the above data we can see that there is a tremendous rise in the number of people who are performing e-banking on daily ,weekly ,monthly and annual basis.

Recommendation

1. Customization of E-Banking products should be done so that one can access to e-banking services according to the age ,profession etc.
2. E-Banking product should be user friendly and should be in regional language so that one can understand it in a better way.
3. Banking staffs should be trained with this E-Banking products so that they can give demo or handle the problems of the customer in a better way.
4. Transaction should involve biometric method instead of tradition method of PIN which will be very secure method.
5. Special camps should be provided to the illiterate customers about the uses of E-Banking products.
6. Secure and advance IT mehods should be implemented in order to reduce the chances of frauds.

Conclusion

Indian E-banking industry is in very advance stage many of the technical changes has been taken in banking and e-channels.As per segmentation of population age group of 20-45yrs are the most user of E-Banking .There is lot of scope for the E-Banking in India it should be made more compatible and user friendly so that one can access easily. Growth trends Shows that banking industry has made lot of technical changes in E-Banking and this changes will Soon be the mode of banking in the coming years.

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