



## E-Transactions

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The term 'transaction' is used by most people to describe everything from a stock trade to the transfer of money or goods involving people, businesses, accounts, or applications such as ATMs & POS terminals. But when the word transaction is used by an ATM or IT operations support team it takes a more complex meaning.

In India November 2015, the electronic payment methods have again accounted for more transactions than the traditional method like drafts & cheques. This is a green signal to government is plan to incentivize paper less transactions in the country Via the upcoming budget

According to RBI such a reversal in payment modes was first witnessed in September 2015. In November last year a total of Rs 6,32,587 crore was transferred through electronic payment methods in contrast to ;Rs 6,17,845 crore transferred Via paper clearances. This can be seen as a result of union Ministry's draft proposes to shift to non – cash transactions in the country Via Suitable incentives. The government is also expected to introduce such an incentive structure for the public to push electronic transaction in the country & they will come into effect from April.

Making payment via electronic media not only save time but also helps in easy book keeping. Online payment aloud also help keep a check on black money & that's why cashless transactions was one of the suggestions from books & financial institutions to the finance minister at a pre- budget meeting. Government could offer various incentive structures for promoting cashless transaction in the country. It could also be something like a person getting more monetary gains by transacting online than by withdrawing cash.

Indian economic environment is witnessing path breaking reform measures. The Banking Industry is the largest player has also been undergoing a metamorphic change Today we are having a fairly well developed banking system with different classes of bank public sector banks foreign banks, private sector banks. In the banking field there has been an unprecedented growth & diversification of banking industry has been so stupendous that is has no parallel in the annals of banking anywhere in the world. During the last 41 years since 1969, tremendous changes have taken place in the banking industry.

### **The history of Indian banking can be divided into three main phases.**

Phase I (1736-1969) Phase-II (1969-1991) Phase – III (1991 onwards) With the reforms in Phase III the Indian banking sector having clean, strong & transport balance sheets. The year 2010-11 was a difficult period for the global banking system.

Today we are having a fairly well developed banking system with different classes of banks. Some of them have engaged in the areas of consumer credit, credit cards, merchant banking internet & phone banking, leasing, mutual funds etc. A few banks have already set up subsidiaries for merchant banking leasing & mutual funds & many more are in the process of doing so.

### **Technology in Banks:**

To be futuristic And have 'Time' 'Value' in all its Dealing with customers.

- Improved management / Accountability
- Minimal Transaction Cost
- Improved Financial Analysis Capabilities

### **IT Enables:-**

Sophisticated Product Development –





- Better Market Infrastructure
- Implementation of Reliable Techniques for Control of Risks.
- Helps to Reach Geographically Distant Area
- Increasing importance of total banking automation in the Indian Banking Industry.
- User under two different avenues in Banking used under two different avenues in Banking.
  - Communication and connectivity
  - Business Process Reengineering

#### **Focus Aspects of New Banking System –**

- Core Banking Solutions (CBS)
  - Customer Relationship Management (CRM)
  - Electronic payment services (E-cheques)
- India, as harbinger to the introduction of e-cheque, the Negotiable Instruments Act has already been amended to include, Truncated cheque & E-cheque instrument.

#### **Recent Trends in Banking:-**

Electronic payment services – E cheques Now a days we are hearing about e-governance, e-mail, e-commerce, e-tail etc. In the same manner a new technology is being developed is us to introduction of e-cheque which will eventually replace the conventional paper cheque. India as harbinger to the introduction of e-cheque, the Negotiable Instruments Act has already been amended to include, truncated cheque & E-cheque instrument.

#### **Real Time Gross Settlement (RTGS)**

Introduced in India since March 2004.

This 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 & operated by the RBI & provides a means of efficient & faster funds transfer among banks facilitating their financial operations.

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#### **Electronic Fund Transfer (EFT)**

It is a system whereby anyone who wants' to make payment to another person / company etccan approach his bank and make cash payment or give instruction / authorization to transfer funds directly from his own account to the bank account of the receiver / beneficiary. RBI is the service provider of EFN.

#### **Electronic clearing system (ECS)**

It is a retail payments system that can be used & make bulk payment / receipts of a similar nature especially where each individual payment is of a respective nature & of relatively smaller amount.

Facility is meant for companies & government department rather than for funds transfer by individuals.

#### **ATMS**

Most popular devise in India. Enables the customer to withdraw their money 24 hours a day days a week.

ATMS can be used for payment of utility bills, funds transfer between accounts, deposit of cheque & cash into accounts, balance enquiry etc.

#### **Tele Banking. / Mobile Banking :-**

Do entire non-cash relate banking on telephone. Under this devise Automatic Voice Recorder is used for simpler queries & transactions for complicated queries & transactions, manned phone terminals are used.



### Point of Sales Terminal:-

Computer terminal that is linked online to the computerized customer information files in a bank & magnetically encoded plastic transaction card that identifies the customer to the computer.

### Electronic Data Interchange (EDI)

Electronic exchange of business documents like purchase order, invoices, shipping notices, receiving, advices etc. in a standard, computer processed, universally accepted format between trading partners.

EDI can also be used to transmit financial information & payments in electronic form.

### Foreign Direct Investment (FDI)

Transfer of technology from overseas countries to the domestic market.

Ensure better & improved risk management in the banking sector.

Assures better capitalization offers financial stability in the banking sector in India.

### Implications :

Quickly responded to the changes in the industry Re-defined & re-engineered the banking operations as whole. Customization through leveraging technology customer's car access banking services & do banking transactions any time & from any ware. Physical branches are going down.



### Ref.:

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