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E-Banking

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Introduction-

Banking has been considered as an important aspect of our day to day life. It becomes necessary to accept the modern technologies in banking business. The benefits provided by e-banking medium have resulted into swift growth of banking sector worldwide. E-banking is advanced technology use of internet facility number of people are adopted technological advancement for online transaction that it can be utilized to facilitate growth through its advantages information and technology transfer. The importance of e-banking is growing day by day as it maximizes the advantages for banks and its client. Information technology is one of the most important facilitators for the transformation of the Indian banking industry in terms of its transaction processing as well as for various other internal systems and processes. They are faster remittance facilities, Automatic Teller Machine, Telephone banking , Home banking , credit card facility, Personal loans including car loans ,housing loan and internet banking. The various technological platforms used by banks for the conduct of their day to day operation , their manner of reporting and the way in which of reporting and the way in which interbank transaction and clearing is affected has evolved substantially over the years.

Indian banks are also opening branches in many countries. Thus, Indian's external financial transaction are bound to increase manifold to USA, Europe, South Asian countries , Japan, and East countries. With adoption of the new economic policy in 1991, Indian economy is being opened by removing restriction on flow of goods and finance. They have to go in for e-mail facility, networking, satellite based clearing system. Indian banking is now on the threshold of any time anywhere banking area

What is the E-Banking?

Electronic banking can be defined as the use of electronic delivery channels for banking product and services ,and is a subset of electronic finance. The most important electronic delivery channels are the internet, wireless communication networks, automatic teller machine and telephone banking.

Objective :

1. Modern Technology helps to provide easy information ,use, contact and service.
2. To improve Facilities of Customers.
3. To reduce time and Efforts.
4. To Provide easy Usage of mobile banking.
5. To provide quick information has become possible due to developed technology.
6. To make available banking service 24*7 hours though ATM machine.
7. To provide quick services.
8. E-Banking provides facilities to send quick message.

Importance of E-Banking :

1. Handling of Information :

Creation of up-to-date monitoring and information system and strengthening internal control and housekeeping and reporting functions are provided. sorting of information becomes easy.

2. Accuracy :

The clearing of cheques, pass book entries. Inter-branch and inter-bank reconciliation and such other functions can now be carried out quickly, correctly and legibly with modern technology.

3. Customer Service :

With internet facility, the customers need not go to the bank office .All banking transaction and updating of accounts can be done while at home or in transit. Networking means sharing of information ,giving messages and being in face to face contact even when apart It is the meeting without moving.

4. Liberalisation :

With adoption of new economic policy in 1991, Indian economy is being opened by removing restriction on flow of goods and finance. Foreign banks foreign direct and portfolio investment are allowed.

5. Increase Transitions :

With the extension of branches the number of transactions have increased. To handle these transactions efficiently, Indian banks have to computerise and modernise their operations. They have to go in for e-mail facilities, networking satellite based cheque clearing system, etc. The nationalised bank can conveniently pool their resources and erect common facilities as is done by bank in Europe and America.

6. Cost Reduction :

There is reduction in cost including floor space because of the use of modern technology.

Types of E-Banking :

❖ Core Banking Solution :

Core banking solution is new jargon frequently used in banking circles. The advancement in technology, especially internet and information technology has led to ways of doing business in banking. Here Computer software is developed to perform core operations of banking like recording of transactions, passbook maintenance, interest calculations on loans and deposits, customer records, balance of payments, withdrawal are done.

❖ Tele-Banking:

This is fast and convenient way of obtaining services from the banks by using a telephone. To avail the facility any bank customer can apply to the bank. The customers are given passwords in addition to their account numbers which are their login Id. The Customers should be very careful to maintain secrecy of passwords and PIN numbers. The customer has to call from a telephone with tone dialling facility. The customers can ask to mail the cheque book.

❖ Mobile Banking :

Mobile Communication devices are revolutionising banking transactions over wireless networks and the internet. To attract and retain customers bank need to extend their full range of services across a wide range of mobile, wireless devices without having an impact on their current infrastructures and delivery channels it currently supports.

Banks also able to provide services to the customers for 24 hours per day and 7 days per week. Increase in bandwidth and data transmission speeds make mobile data services efficient and cost-effective in real time environment.

❖ ATMs:

An ATM is an electronic cash providing and accepting machine. These machines are installed to provide access to cash to the bank customers any time of the day. One need not worry about the working hours of the bank. It is a self service counter open 24 hours a day for 365 days of the year. A customer who wishes to avail of the ATM facility has to maintain certain minimum balance. There is maximum limit on withdrawal. The customer is issued with the ATM card. It is a personal identification of number (PIN) which is known only to the customer. The Customer first inserts the card in the slot.

The Machine examines the genuineness of the card and the door is opened automatically. After that, the customer presses the keys of his PIN and the required cash flows out.

ATM is terminal of the bank's computer which can be operated by the customer himself for withdrawal, deposits of cash, balance enquiries, transfer of funds, statements of accounts round the clock.

❖ **Internet Banking :**

Internet and world wide web (www) have come to be extensively used in banking transactions in a number of ways. This has provided immense benefit to the customers. It ensures total accuracy of transactions. Banks are able to provide services to the customer

For 24 hours per day and 7 days per week. It is known as anytime –anywhere banking without the customer visiting the branch premises. Banks and Financial institution enjoy many benefits from internet banking.

❖ **RTGS (Real Time Gross Settlement) :**

The Real time gross settlement solution is milestone in the history of Indian payment system. It is the key critical element. It provides the missing link in the process of the setting up of the integrated payment and settlement system in the country. Now a days

the practically instant settlement ensures fast, secure, final and irrevocable settlement system is designed to provide large value funds transfer and settlement system is designed to provide large value funds transfer and settlement in an on-line real time environment to the banking industry. If this system is implemented with due precaution and proper action plan, it will certainly help the Indian banking industry to attain global standards. RTGS is the ultimate in the payment and settlement architecture in any country primarily for online, real time interbank payment and settlement of large value funds.

❖ **National Electronic Fund Transfer (NEFT) System :**

Reserve Bank of India has introduced a system called 'The Reserve Bank of India National Electronic Funds Transfer System' which may be referred to as 'NEFT system' and shall include the set of procedural guidelines detailed hereunder, for the participating banks and institutions with the required computer system and communication network through which funds transfer operation would take place. To facilitate quick of NEFT messages, it is essential that only networked branches of banks are part of the systems.

❖ **Electronic Clearing Services (ECS) :**

ECS is used by institution for making bulk payment of amounts towards distribution of dividend, interest, salary, pensions etc. or for bulk collection of amounts towards telephone/electricity/water dues, cess tax collection, loan instalment repayments, periodic investment in mutual funds etc. Essentially, ECS facilities bulk transfer of monies from one bank account to many bank accounts.

❖ **SMS Banking Services :**

'SMS' stands for 'Short Messaging Services'. The services enable the mobile banking customers to access SMS server through their mobile phone. SMS server provides message inputs from mobile phone to the personal server of the internet banking company. These are then processed and the output is sent back to the customer's mobile phone through SMS server. For SMS banking, one need not connect to internet. The Customer can avail the following services under the SMS banking.

- Making balance inquiry
- Making query of the last five transactions.
- Sending mail to the bank's relationship officer
- Changing SMS password
- Opting out of SMS

Advantages to the E-Banking:

- 1) It reduces the use of paper money that helps the central bank in printing less paper notes.
- 2) Through website, bank's can earn revenue by promotional activities.



- 3) Customers can avail e-banking facility from anytime, anyplace, therefore there is a need to invest more and more on relevant infrastructure .
- 4) E-banking delivers 24*7 services to customer.
- 5) with e-banking, customers can check account balance, can get statement of their account, apply for loans, check the progress of their account, apply for loans, check the progress of their investment and collect other relevant information.
- 6) Customers can request the bank to stop payment of a particular cheque by using phone banking service.
- 7) Customers can get the latest information about the interest rates prevailing along with the forging exchange rates.
- 8) Statement of bank account can be received On emails.
- 9) Dmart account detail and transaction can be provided.
- 10) Booking of railway and air ticket can be done with the help of Internet banking account ,customer can make online payment of service tax, income tax, house tax etc.

Disadvantages of E-banking:

- 1) If the bank's server is down, customer can't use it.
- 2) To use internet banking, customer is compelled to have compute with internet access.
- 3) There is always the possibility of a cracker gaining access to customer's account.
- 4) Many banks don't show customer how to use online banking very well and those are usually the ones with the non-intuitive interface & cluttered design, which makes it pretty easy for customer to screw up something.
- 5) Banks bears heavy costs to install high firewall.
- 6) It leads to missing of personal services.
- 7) E-banking promotes lack of socializing or social contacts.

Conclusion:

Indian banking system will further grow in size and complexity as an important agent of economic growth. The banking today is re-engineered with use of information technology the further of banking will offer more sophisticated services to the customers with the process innovation. All the commercial banks these days are delivering these service to their valuable customer.E-Banking has Transformed not only the banking relationship but transformed the whole Banking industry .Today banking is not restricted to the traditional physical branch system, where banking staff need to be there personally for enabling banking transaction . E-Banking facility prevails in India and it can served through proper scanning and analysis of the market. Providing E-Banking is no more considered as an additional feature of a banking ,but now it is became an essential feature of a bank.

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