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APPROACHES TO STUDY THE OPPORTUNITIES AND CHALLENGES TOWARDS E-BANKING IN INDIAN BANKING CONTEXT

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Abstract

India is a developing country. Banking sector plays an important role in development of Indian Economy. It is the lifeline of an economy. In today's IT revolution Indian banking industries implementing the IT based Enabled services. E banking services has benefited the both i.e. consumers as well as banks. Today's competition era the bank has to be go in front to the increasing total banking automation in the Indian banking industry. The bank wants to introduce the core concept of IT based Enabled Services (ITES). The objective of the present paper is to study the progress made by Internet Banking in India. The present paper has focused on the need and benefits of E – banking and also discusses the challenges and opportunities of E -banking in Indian banking context.

Keywords: E-Banking, Benefits, Challenges and Opportunities, India.

Banking sector is the life line of an economy. Growth of Indian economy depends upon the success and development of banking. Traditional banking system does not achieve the objective of economy. Today's technology development era the traditional banking system adopted IT (Information Technology). The competition among the banks has led to the increasing total banking automation in the Indian banking industry. IT has introduced new business paradigm. It is playing a significant role in improving the services in the banking industry. Indian banking industry has witnessed a tremendous developments due to sweeping changes that are taking place in the information technology. E- Banking refers to a system allowing individual customers to perform banking activities at off-bank sites such as home, office and other locations via internet based secured networks. Finland was the first country in the world to have taken a lead in E-banking. In India, ICICI bank was the first bank who initiated E-banking as early as 1997 under the brand name Infinity.

Review of Literature: Chawla (2009) described that the customers of public sector, private sector and foreign banks in Ludhiana district of Punjab are interested in e-banking services. He found that the same time are facing problems like inadequate knowledge, poor network, lack of infrastructure, unsuitable location, misuse of ATM cards and difficulty to open an account. Trivedi & Patel (2013) analysed the problems faced by customers while using e-banking facilities in India. It observed that most of the customers know about the e-banking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using e-banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using e-banking services Chavan (2013) described the benefits and challenges of Internet banking in an emerging economy. It observed that online banking is now replacing the traditional banking practice. It showed that online banking has a lot of benefits which add value to customers' satisfaction in terms of better quality of service offerings and at the same time enable the banks gain advantage over the competitors. It also discussed some challenges in an emerging economy.

OBJECTIVES OF THE STUDY

- To understand the issue E-Banking
- To study the need and benefits of E-banking
- To study the challenges of E-Banking.
- To study the opportunities available in E-banking.

Research methodology:- All the data present study should have collected from a secondary source of data collection, like government reports, publications from various websites which focused on various aspects of E-banking.

E-banking: Delivery of banking services to customers at their office or home with the help of electronic technology is termed as e-banking. Daniel (1999) defines "electronic banking as the delivery of bank's information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or satellite television". It is a web-based service that enables the banks authorized customers to access their account information. It permits the customers to log on to the banks website with the help of banks issued identification and personal identification number (PIN). The banking system verifies the user and provides access to the requested services, the range of products and service offered by each bank on the internet differs from their content. The popular services covered under E-banking include: - Automated Teller Machines, Credit Cards, Debit Cards, Smart Cards, Electronic Funds Transfer (EFT) System, RTGS, Cheque truncation, Mobile Banking, Internet Banking & Telephone banking

CHALLENGES IN E-BANKING

Security Risk: The problem related to the security has become one of the major concerns for banks. A large group of customers refuses to opt for e-banking facilities due to uncertainty and security concerns. According to the IAMA Report (2006), 43% of internet users are not using internet banking in India because of security concerns. So it's a big challenge for marketers and makes consumers satisfied regarding their security concerns, which may further increase the online banking use.

The Trust Factor: Trust is the biggest hurdle to online banking for most of the customers. Conventional banking is preferred by the customers because of lack of trust on the online security. They have a perception that online transaction is risky due to which frauds can take place. While using e-banking facilities lot of questions arise in the mind of customers such as: Did transaction go through? Did I push the transfer button once or twice? Trust is among the significant factors which influence the customers' willingness to engage in a transaction with web merchants.

Customer Awareness: Awareness among consumers about the e-banking facilities and procedures is still at lower side in Indian scenario. Banks are not able to disseminate proper information about the use, benefits and facility of internet banking. Less awareness of new technologies and their benefits is among one of the most ranked barrier in the development of e-banking.

Privacy risk: The risk of disclosing private information & fear of identity theft is one of the major factors that inhibit the consumers while opting for internet banking services. Most of the consumers believe that using online banking services make them vulnerable to identity theft. According to the study consumers' worry about their privacy and feel that bank may invade their privacy by utilizing their information for marketing and other secondary purposes without consent of consumers.

OPPORTUNITIES IN E-BANKING

Untapped Rural Markets: Contributing to 70% of the total population in India is a largely untapped market for banking sector. In all urban areas banking services entered but only few big villages have the banks entered. So that the banks must reach in remaining all villages because majority of Indian still living in rural areas.

Multiple Channels: Banks can offer so many channels to access their banking and other services such as ATM, Local branches, Telephone/mobile banking, video banking etc. to increase the banking business.

Worthy Customer Service: Worthy customer services are the best brand ambassador for any bank for growing its business. Every engagement with customer is an opportunity to develop a customer faith in the bank. While increasing competition customer services has become the backbone for judging the performance of banks.

Internet Banking: It is clear that online finance will pickup and there will be increasing convergence in terms of product offerings banking services, share trading, insurance, loans, based on the data warehousing and data mining technologies. Anytime anywhere banking will become common and will have to upscale, such upscaling could include banks launching separate internet banking services apart from traditional banking services.

➤ Retail Lending: Recently banks have adopted customer segmentation which has helped in customizing their product folios well. Thus retail lending has become a focus area particularly in respect of financing of consumer durables, housing, automobiles etc., Retail lending has also helped in risks dispersal and in enhancing the earnings of banks with better recovery rates.

➤ Increasing Internet Users & Computer Literacy: To use internet banking it is very important or initial requirement that people should have knowledge about internet technology so that they can easily adopt the internet banking services. The fast increasing internet users in India can be a very big opportunity and banking industry should encash this opportunity to attract more internet users to adopt internet banking services. Table shows evidence of increasing number of internet users in India.

CONCLUSION

In India, banking sector has completely transformed due to the adoption of advanced technology like ATMs, Credit Cards, RTGS, Debit Cards, and Mobile Banking etc... Banks are making sincere efforts to popularize the e-banking services and products. The banks are facing many challenges and opportunities are available with the banks.

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