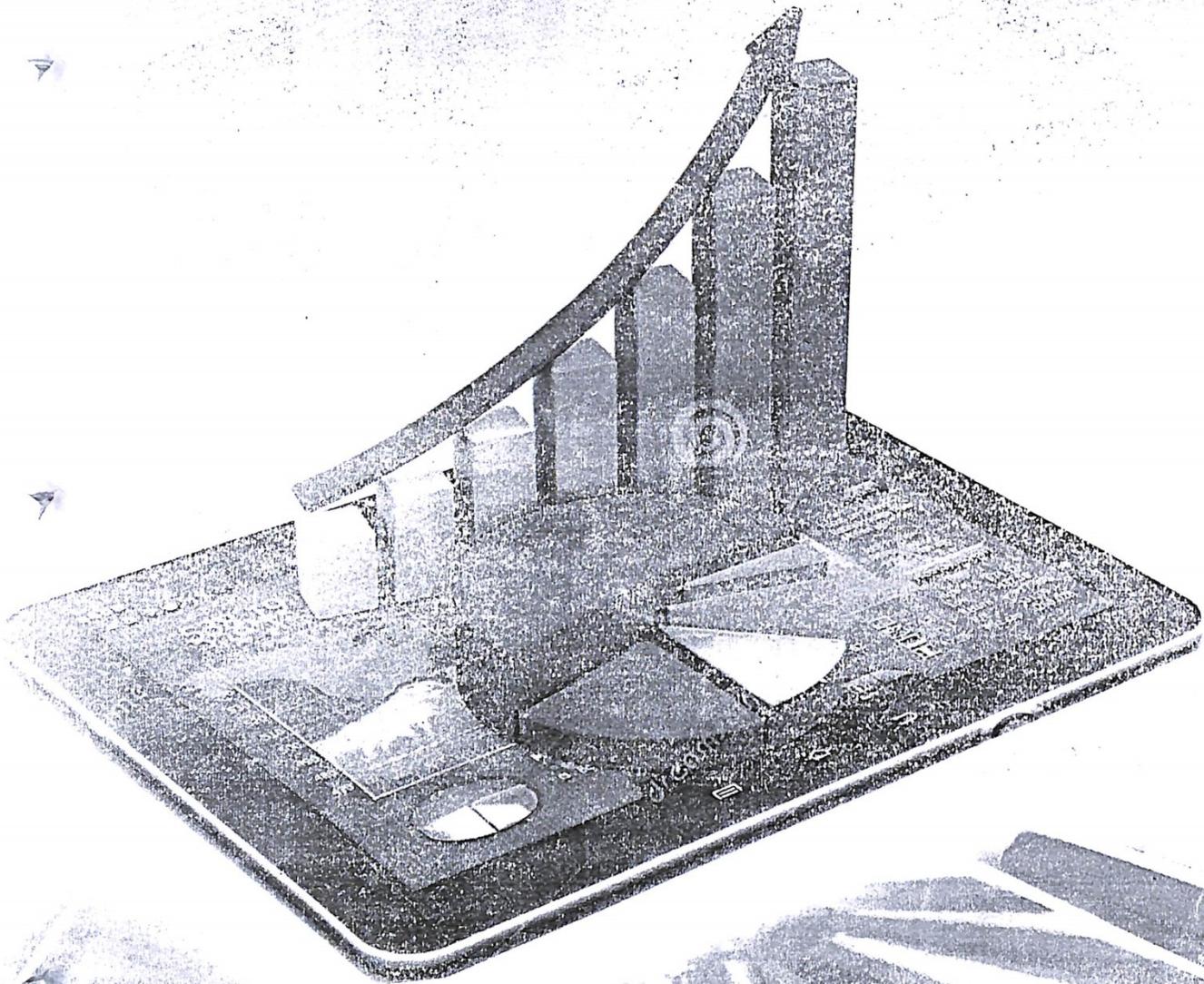


*Impact of E-Banking*  
*ON*  
*Indian Trade System*

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भारतीय रिजर्व बँक  
भारतीय रिजर्व बँक

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# Impact of E-Banking on Traditional Banking Services

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## Introduction:

E-banking or Internet banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In short after liberalization and globalization banking has also witnessed a rapid shift like any other industrial and service sector in this way technology has played a pivotal role in the evolution of banking sector through speed, accuracy and efficiency of operation and reduction in transaction cost. Online banking or Electronic banking had made it much easier for customer to use banking services and it can be called "Anywhere, Anytime and Anyplace banking". In modern age banking includes all monetary and non-monetary transactions by using electronic systems. Internet banking is performed through a computer system or similar devices that can connect to the banking site via the internet. Nowadays everybody can also use e-banking on their mobile phones using a Wi-Fi or 3 G connection. With the ease of availability of cyber cafes in the cities, it has become quite popular. Yet, the Indian banking sector has undergone significant developments and investments in past recent. Most of the banks provide a lot of facilities to the customers viz- mobile banking, SMS, Banking Master Card facility and ATM. Therefore, in recent trends E-banking is becoming increasingly popular to banking customers.

## Research Methodology :

The present research paper is maximum depends upon secondary sources of the collected data and information which are collected from various books, research journals, newspaper and various websites.

## Objectives of the Study:

The present research paper is made attempt the following objectives.

1. To understand the concept of e-banking.

2. To study the services rendered by banking
3. To evaluate the impact of E-banking on traditional banking services
4. To study the process of online banking
5. To understand the advantage and disadvantage of online banking.

**Need of the Study:**

Though this study we would be able to know the working of online banking system and its importance as well as its limitations.

In the modern age banks of all types have started the use of online banking in their operations. As the internet has become, more and more popular in the world, the usage of online banking is expected to increase considerably.

**E-Banking:**

E-banking is the electronic bank that provides the financial service for the individual client by the means of Internet.

E-banking implies provision of banking products and services through electronic delivery channel. In short it means banking done through electronic systems for customers transactions and / or internal accounting and book keeping instead of using the traditional manual systems of banking. However, customers can inquire information and carry out banking services such as account balance, enquiry, inter account transfer and bill payment through the internet. It is also used for supplying the information to government.

**Process of Online Banking:**

Online banking is an outgrowth of PC banking. Internet banking uses the Internet as the delivery channel by which to conduct banking activity e.g paying bills, viewing checking and saving account balances and purchasing financial instrument, transferring funds, certificate deposits and paying mortgages. Internet banking customer accesses his or her accounts from a browser- software that runs internet banking programs resident on the bank's World Wide Web server, not on the user's PC. Internet banks are also known as virtual, cyber net, interactive or web banks. Electronic banking has been around for quite some times in the form of automatic teller machines (ATM) and mobile transactions. In more recent time, it has been transformed by the internet a new delivery channel that has facilitated banking transactions for both customers and banks.

**E- Banking Services:-**

Personal online Banking

Products and Services

A) Payments/ Transfer

**Fund Transfer:** Transfer funds within your own accounts as well as transfer funds to third party account in the same bank.

**Inter Bank Transfer:** Enables electronic transfer of funds from the accounting of the remitter in one books to the account of the beneficiary maintained with any other bank branch.

**Credit Card (VISA):** Bill pay is a special service that allows you to transfer money online from your bank account to any VISA Debit or credit card issued in India.

**IMPS Payments:** It is an instant interbank electronic fund transfer service through mobile phones. It is also being extended through other channels such as ATM, Internet banking etc.

**NRI Trade funds transfer.**

B) E- Deposits

- e-TDR/e STDR-The minimum tenure for a term deposits 7 days and the maximum is 10 years
- e-TDR/e STDR under Tax saving Scheme
- E- Annuity Deposit Scheme.

C) Smart cards- 1.Gift Card-Top up 2.BMRLLS Card3.Smart pay out card

D) Value Added Services:1.-E-ticket2.-Day Tax using ATM cum Deposit card3.-MPSC and UPSC online fee collection4.Online shopping  
5.-Mutual fund Investment6.-TD's enquiry

E) New Services1.-Mobile/ DTH services2.Block ATM card3.-E-Annuity Deposit4.-Internet banking on mobile5.Online saving bank account application.

F) Corporate Internet Banking-Facility to top up the variants of prepaid card via e-z pay cards, smart cards, imprest cards , Achiever cards.

G) Other Service:1.-Mobile Banking Services 2.-NRI Services 3.-Secure and Transactions 4.-Bill Payment 5.-Insurance Premium 6.-Credit card bills7.-Magazines subscription 8.-Donation to religious charitable organization.

### **Impact of E- banking on Traditional Services:**

E- banking transactions are much cheaper than branch or even phone transactions. E- banks are easy to set up so lots of new entrants will arrive, old world system, cultures and structures will not encumber these new entrants. E- banking gives consumers much more choice. Consumers will be less inclined to remain loyal.

Traditional banks may simply be left with payment and settlement business even this could be cast into doubt. Traditional banks, will find it difficult to evolve. Not only will they be unable to make acquisitions for cash as opposed to being able to offer shares, they will be unable to obtain additional capital from the stock market. In short, E- banking is just banking offered via new delivery channel. It simply gives consumers another services e.g- ATM.

E- banking transaction needs some inter face to communicate with banking customer. All the electronic transaction performs through some interfaces. The electronic devices which perform interact with customer and communicate with other banking system is called electronic banking delivery channels. E- banks have already funds that retail banking only becomes profitable once a large critical mass is achieved. However many e- banks are also limiting themselves to providing a tailored service to the better off

### **Advantages and Disadvantages :**

The advantages of the online Banking are as follows :

**Customers convenience :**Online Banking is convenient . The services and various features of your bank is always available seven days a week and 24 hours daily . The bank virtually never closes because it is as accessible as your PC or Laptop Computer.

**Security :**The client expect to provide all time security that commensurate unit sensitivity of information and individual bank risk tolerance .

**Services:** Direct bank typically have more robust website that offer a compressive set of features that may not be found on the website of traditional banks . It includes financial planning capabilities investment analysis tools ,loan calculators and equity trading platforms budgeting and forecasting it also includes free online bill payments, online tax forms and tax preparation .

**Efficient and Effective:**E-banking is both efficient and effective with just one secure site , all your financial transaction can be managed orderly.

**Mobility:**Internet banking also includes mobile capabilities. New application are continually being created to export and improve this capability or smart phones and other mobile devices.

**Smart:**Online banking is also ubiquitous or simply put smart . This enables you to do trouble shooting regarding any problem that may arise from your business.

**Easy Way of payment:**Bill payment can also be handle properly and smartly. Instead of waiting for certain due dates you can easily pay all your translation using your computer and co-ordination with your bank .

**Transfers:**Accounts can be automatically funded from a traditional bank account via electronic transfer most direct bank offer unlimited transfer sat no cost including those destined for outside financial institutions .

**No time constraint:**Online banking is also stress free because it never closes unlike the traditional banking that has cut off time.

**Environment friendly:**Internet banking is also environmentally friendly. Electronics transmission require no paper , reduce vehicle traffic and are virtual pollution free . The also eliminate the need for building and office equipment .

#### **Disadvantages:**

On the other hand the following are the disadvantages of online banking

**Bank relationship:** A traditional bank provide the opportunity to develop a personal relationship with that bank . Getting to know the people at your local branch can be advantage when a customer need loan or a special service that is not normally offered to the public .If the customer has a business account thispersonal relationship may help if the customer needs capital to expand.

**Bank Site Changes:**Another disadvantage bank site changes If this occurs the bank will requires you to re-enter all your information again and other related data.

**Learning Curve:**This means banking online especially in locating the site may be complicated and hard to find.

**Transaction Issues:**Sometime a face to face meeting is required to complete complex translation and address complicate problems . A traditional bank can host meeting and call in expects to solve a specific issue. Moreover international transaction may be more difficult or impossible with some direct bank If a customer deposited cash on a

regular basis a traditional bank with a drive through window may be more practical and efficient .

**Complicated Process:**Some customers feel that it's better to use physical services provided by the bank than to do online services because they feel it is a very complicate process.

**Response:**Most time when customer send problem through e-mail their queries are not answered very properly .

**Suggestions:**

- 1.Proper training should be given to the customer to use online banking and bankers should adopt right strategies to attract different age group to given them training using online banking services .
- 2.Bank should recommend customer to install antivirus in their PC's so that during online banking services they are safe.
- 3.Bank need to highlight the benefits of internet banking and should make the interface easy to use for customer. Bank should enhance security such as encryption, fire wall and user protection and authentically.
- 4.We hope that in future services to customer are going to be more enhance. This will be possible by making it easier and using and smart phones .

**Conclusion:**

Customer the above information it is concluded that the rise of internet bank has increased the competition of the banking business . The technological advancement in banking sector has helped everybody whether customer or bank employees .Although the benefits of internet banking are undeniable there are some inconvenience and concerns of which customer should be aware. Many people have difficult tyrelying on the security of online transactions fearing the very real Possibility of identity theft is a significant concern, but some on line banks take this risk more seriously than others. In short the online banking helps every one for better services on the cost of severity. The system allows customers to transfer money, account inquiry and get the balance-sheet and many other services. Further, such system is time consuming and extra cost for the bank especially if the bank has too many customers In this way the main concern is security to same customers from big distance .it is also unclouded concluded that Banking sector has witnessed tremendous

development in last few years. Before opening an online account, it's better for the customer to investigate the bank security policies and protections to ensure they meet his expectations.

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