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ONLINE BANKING IN INDIA

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Abstract -

The information revolution led to the evolution of the internet, which led to E-Commerce continued by the evolution of E- Banking. Earlier Banking was conducted in a very traditional manner, there were no such innovations. E- Banking or Electronic Banking is a major innovation in the field of Banking. Banking is now no longer confined to the branches where one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. In true Internet banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time. Providing Internet banking is increasingly becoming a need to have than a nice to have service. Net banking, thus, now is more of a norm rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services. The rapid development of E-banking services carries risks as well as benefits. This research paper will introduce you to e-banking giving the meaning, functions, types, advantages and challenges in adoption of e-banking. It also aims at suggesting some ways for making e-banking successful in the developing country like India. Online Banking is one of the most important financial activities which will be carried out by any person who holds a bank account. There are various activities that can be carried out once you log in to your bank account. Once a user logs in he or she can check the bank balance, check bank account transaction history or account summary, add beneficiary accounts, transfer funds to another account, download account summary. Whenever we deal with a banking system, the main concern should be the security related to banking transactions and account login activity.

1. INTRODUCTION

Electronic banking, or e-banking, is the term that describes all transactions that take place among companies, organizations, and individuals and their banking institutions. First conceptualized in the mid-1970s, some banks offered customers electronic banking in 1985. However, the lack of Internet users, and costs associated with using online banking, stunted growth. The Internet explosion in the late-1990s made people more comfortable with making transactions over the web. Despite the dot- com crash, e-banking grew alongside the Internet.

Online banking (or internet banking or E-banking) allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or building society.

Online banking is the practice of making bank transactions or paying bills via the Internet. Thanks to technology, and the Internet in particular, people no longer have to leave the house to shop, communicate, or even do their banking. Online banking allows a customer to make deposits, withdrawals, and pay bills all with the click of a mouse.

Banking over the internet has emerged as a vital resource for achieving greater efficiency, control of operations, and cost reduction, resulting in higher productivity and profitability, by replacing paper-based and labor-intensive procedures with automated processes. Recent empirical research, on the other hand, suggests that Internet banking has no independent impact on bank profitability, however this may change as Internet use becomes more widespread. The types of financial services provided over the internet can generally be split into three categories: (i)Bank websites are used by the Basic Level Services to disseminate information about various goods and services offered to clients and the general public. It may receive and reply to consumer e-mail enquiries. The next stage is simple transactional websites, which allow customers to enter orders. applications for various services, account balance queries, and so on, but their accounts do not allow any fund-based activities. (iii) Fully Transactional Websites provide the third level of Internet banking services, allowing clients to use their accounts to make cash transfers, pay various invoices, subscribe to other bank products, and buy and sell stocks, among other things. The majority of banks that offer Internet banking goods and services provide a similar and standard set of financial services and transactional capabilities, according to the RBI (2001). In general, there are two types of Internet banking services. The fundamental layer of Internet banking services includes customer account inquiry, money transfer, and electronic bill payment. One more service The second or premium tier includes one or more additional services. A brief list of Internet banking products and services is provided below. The fundamentals are account inquiry, cash transfer, electronic bill presentation, and payment. Customers might pay extra for brokerage, cash management, credit applications, credit and debit cards, client communication, Demat holdings, and financial counselling. 8) Services such as foreign exchange trading, insurance, online trading, account opening, requests and notifications, tax services, e-shopping, standing orders, investment and asset management, and so on. The Internet is used to receive and distribute information between banks and customers, and this type of banking is known as Internet banking (Reserve Bank of India, 2001). The process of using the internet and a bank account is known as online banking. A computer device that makes banking easier. Internet banking is a web-based service that allows a bank's authorized users to access account information. Customers can log on to the bank's website using their issued identity and personal identification number (PIN). The banking system verifies the user's identity and gives access to the requested services; nevertheless, the goods and services offered by each bank on the internet differ significantly. Banks have always been at the forefront of utilizing technology to better their products, services, and efficiency. Banks use electronic and communications networks to provide a wide range of value-added goods and services. Delivery techniques include direct dial-up connections, private networks, public networks, and personal PCs.

devices. Because of the widespread availability of PCs and easy access to the Internet and the World Wide Web, banks are increasingly using the Internet to receive instructions and provide products and services to their customers. Most banks offer internet banking as a value-added service. Internet banking is a system designed to help customers with their day-to-day financial transactions. Clients can now access their accounts through the internet and bank at their leisure from the convenience of their own homes. Transactional and non-transactional capabilities are available through the system, which is also known as online banking.

Customers can use online banking or internet banking to conduct financial transactions on a secure website maintained by a retail or virtual bank.. Online banking is the process of making bank transactions or paying bills over the Internet. Thanks to technology, particularly the Internet, we no longer need to leave the house. We may now make purchases, talk, and even conduct banking activities online. With the click of a mouse, we may make deposits, withdrawals, and bill payments via internet banking. In terms of convenience, it doesn't get much better than that.

In a nutshell, Internet banking is a technology that allows banking customers to conduct business with their bank from the comfort of their own home over the Internet.

2.1 OBJECTIVE:

The main objectives of the study are_

To understand the genesis and concept of Online-Banking.

To analyze the importance, functions, advantages and limitations of Online-Banking.

To explain the different forms of Online-Banking and to analyze the rules & regulation regarding Online-Banking guided by RBI.

To highlighting on the security problems of Online-Banking and how to reduce the security issues with the help of security control tools.

To analyze the trend of Online-Banking with the help of primary data.

To analyze the present e-banking scenario concerned with ATM, Internet

banking, Mobile banking, credit card-debit card, fund transfer and other e-banking services.

To examine the impact of ATM, Internet banking, Mobile banking and Credit cards on customer satisfaction by analyzing the problems faced by the customers.

2.2 RESEARCH METHODOLOGY:

Data Collection:

Primary Source: The study is based on both of primary and secondary data. For the purpose of case study primary data have been collected from the people of UTTARPARA through phone calls, social network and direct interview from them.

Secondary Source: The secondary data have been collected from different articles & website resources such as www.wikipedia.com, www.google.co.inand so many others. We have used simple pictures, tables, & graphs to analysis & present the data. Apart from this I also followed my supervisor's instructions to finish the project.

Sampling Methodology : The Primary data have been collected through a survey with a pre-tasted structured QUESTIONNAIRE on a sample of randomly selected 114 people of UTTARPARA in which some are college students, business persons, service holders, working women and some people who belong to 20-60 age group. From 114 respondents 100 respondents use online banking and the data collected from those people are used to analysis the trend of Net-Banking.

2.3 DATA ANALYSIS AND INTERPRETATION

AGE GROUPANALYSIS

PARTICULARS	***FREQUENCY***	***PERCENTAGE***	***COMULATIVE FREQUENCY***
BELOW 20	6	12%	6
20-35	28	56%	34
35-50	16	32%	50

GENDER BASISANALYSIS:

GENDER	***FREQUENCY***	***PERCENTAGE***	***CUMULATIVE FREQUENCY***
MALE	***28***	***56%***	***28***
FEMALE	***22***	***44%***	***50***

INTERPRETATION: Data collected from 50 respondents, out of 42 respondents perform online banking and this is represented by a pie chart with male and female basis analysis. It is good for the banks as most of the respondents are aware of internet banking and all the services have enjoyed them being offered by banks

EDUCATIONAL PROFILEANALYSIS:

EDUCATION PROFILE	***FREQUENCY***	***PERCENTAGE***	***COMULATIVE FREQUENCY***
MADHYAMIK	0	0%	0
HIGH SCHOOL	5	10%	5
GRADUATE	14	28%	19
POST GRADUATE	20	40%	39
OTHER	11	22%	50

INTERPRETATION:

Among 50 respondents 10% are HS pass, 28% are graduate, 40% are Post-Graduate and 22% are others.

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FINDINGS -

The most important findings are as follows:

• In the fourth quarter of 2021, only 17% of scheduled commercial banks offered Internet banking. However, 51.6 percent of commercial banks offered internet banking. These Internet banks collectively accounted for about 75% of commercial banking system assets and 73% of deposit accounts.

• While 48 percent of public sector banks offered internet banking, only 15 percent provided fully transactional internet banking. Only 33% of private sector banks offer completely transactional banking, despite the fact that

50% of banks offer internet banking. Similarly, 55% of foreign banks offer internet banking, with all of them being fully transactional.

• Foreign and private Internet banks provided a diverse variety of services.

Internet-based services In terms of providing a greater range of internet banking services and products, public sector banks fall behind.

• In general, Internet banks rely less on core deposits for funding and rely more on purchased funds in comparison to deposits. The difference is substantial solely in the case of private sector banks.

• When compared to non-Internet banks, Internet banks generated a significantly higher share of their revenue from non-traditional operations. However, there is no substantial evidence to support this claim.

• In general, internet banks spent more on real estate and fixed assets. As a result, banks with relatively high branch network maintenance costs may have the most motivation to implement Internet banking. The private sector banks had larger facilities and fixed assets. expense. However, there is little statistical significance to indicate a link between internet banking availability and increased premises and fixed asset spending. The newness of the banks could be a major factor in their lower profitability.

• Internet banks are more profitable than non-Internet banks in the international sector; but, Internet banks in the private sector are much less profitable. In the public sector, Internet banks are likewise less profitable than non-Internet banks.

• In terms of accounting efficiency and credit quality, there is no statistically significant difference between Internet and non-internet banks. Private Internet banks, on the other hand, are more efficient than private non-internet banks. Banking is only relevant in the case of private sector banks. Though the average ROE of private Internet banks is lower than that of non-Internet banks, the discrepancy can be attributable to high premises and fixed asset expenditure (EXPENSES), high non-interest expenses (INEFFICIENCY), and large non-current loans, according to the univariate analysis (CREDQUAL). When all the control variables are included, however, the significance vanishes.

• Private sector and foreign banks operating in India are responsible for the majority of India's Internet banking growth.

• In India, the majority of the market is yet untapped. Banking institutions have a lot of room to grow their Internet banking offerings in order to attract a more sophisticated consumer base

CONCLUSION

In a country like India, there is need for providing better and customized services to the customers. Banks must be concerned about the attitudes of customers with regard to acceptance of internet banking. The importance of security and privacy for acceptance of internet banking has been noted in many earlier studies and it was found that people claim that they have knowledge about security issues but they have no clear idea about all kind frauds. The present study shows that customers are more reluctant to accept new technologies or methods that might contain little risk. Hence, banks should design the website to address security and trust issues.

The survey was conducted with 50 people of noida and Greater noida. So, we can't say that this is the real trends of net banking of whole the country.

People are not confident enough to whether to rely completely on online banking. There is hesitancy in their minds with regards to preference. So, they use both the online and offline banking.

At the time of survey when I give questionnaires to people, they very casually fill it without think of the depth of the study.

Another point is people are not disclose their personal data truly.

Due to shortage of time data can't be collected form all types of people.

The study was conducted with the help of students, service holders and business men etc.

The study reveals that ATM BANKING, BILL PAYMENT, ONLINE SHOPPING and ONLINE RECHARGE etc. are performed by so many respondents but it does not reflect that NEFT, RTGS or DMAT services are not performed by the people.

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