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E-banking: Services, Importance in Business, Advantages, Challenges and Adoption in India.

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Introduction

E-banking refers to electronic banking. It is like e-business in banking industry. E-banking is also called as "Virtual Banking" or "Online Banking". E-banking is a result of the growing expectations of bank's customers. E-banking involves information technology based banking. Under this I.T system, the banking services are delivered by way of a Computer-Controlled System. This bank's system does involve direct interface with the customers. The customers do not have to visit the premises. In India E-banking is of fairly recent origin. The traditional model for banking has been through branch banking. Only in the early 1990s there has been start of non-branch banking services. The good old manual systems on which Indian banking depended upon for centuries seem to have no place today.

Popular Services Covered Under E-Banking

Indian banks offer to their customers following E-Banking products and services:

1. Automated Teller Machines
2. Telephone Banking
3. Electronic Clearing Cards
4. Smart Cards
5. Electronic Funds Transfer(EFT) System
6. Electronic Clearing Services
7. Mobile Banking
8. Internet Banking
9. Telebanking
10. Door Step Banking

Importance Of E-Banking In Business

Businesses rely on efficient and rapid access to banking information for cash flow reviews, auditing and daily financial transaction processing. E-banking offers ease of access, secure transactions and 24-hour banking options. From small start-up companies to more established entities, small businesses rely on e-banking to eliminate runs to the bank and to make financial decisions with updated information.

The importance of E-Banking are as follows:

Activity Review

Business owners, accounting staff and other approved employees can access routine banking activity such as deposits, cleared checks and wired funds quickly through an online banking interface. This ease of review helps ensure the smooth processing of all banking transactions on a daily basis, rather than waiting for monthly statements. Errors or delays can be noted and resolved quicker, potentially before any business impact is felt.

Productivity

E-banking leads to productivity gains. Automating routine bill payments, minimizing the need to physically visit the bank and the ability to work as needed rather than on banking hours may decrease the time involved in performing routine banking activities. Additionally, online search tools, banking actions and other programs

can allow staff members to research transactions and resolve banking problems on their own, without interacting with bank employees. In some cases, month-end reconciliations for credit card transactions and bank accounts can be automated by using e-banking files.

Lower Banking Costs

Banking relationships and costs are often based on resource requirements. Businesses that place more demands on banking employees and need more physical assistance with wire transfers, deposits, research requests and other banking activities often incur higher banking fees. Opting for e-banking minimizes business overhead and banking expenses.

Reduced Errors

Utilizing e-banking reduces banking errors. Automation of payments, wires or other consistent financial activities ensures payments are made on time and may prevent errors caused by keyboard slips or user error. Additionally, opting for electronic banking eliminates errors due to poor handwriting or mistaken information. In many cases, electronic files and daily reviews of banking data can be used to double or triple check vital accounting data, which increases the accuracy of financial statements.

Reduced Fraud

Increased scrutiny of corporate finances through audits and anti-fraud measures requires a high level of visibility for all financial transactions. Relying on e-banking provides an electronic footprint for all accounting personnel, managers and business owners who modify banking activities. E-banking offers visibility into banking activities, which makes it harder for under-the-table or fraudulent activities to occur.

Advantages Of E-Banking

- The operating cost per unit services is lower for the banks.
- It offers convenience to customers as they are not required to go to the banks's premises.
- There is very low incidence of errors.
- The customers can obtain funds at any time from ATM machines.
- The credit cards and debit cards enables the customers to obtain discounts from retail outlets.
- The customer can easily transfer the funds from one place to another place electronically.

Challenges And Indicators of E-Banking In India

Challenges and indicators of e-Banking in India are as follows:

1. Infrastructural Barriers
2. Knowledge Barriers
3. Legal And Security Issues
4. Economic Factors
5. Social And Cultural Barriers
6. Management And Banking Issues

Challenge	Indicator
Infrastructural	Weak Telecommunication(fiber optic, satellite networks, and communication bandwidth)
	Software available in country is not suitable
	Hardware available is not sufficient in the country (PC, ATM, POS, etc.)
	Flaws in design, implementation and monitoring of Bank's system
Knowledge	Limited trained Human Resources
	Improper use of Technology
	Lack of Technological knowledge
	Flaws in design, implementation and monitoring of Bank's information system
Legal and Security	Lack and limitation of regulation and law
	Increased potential of fraud
	Denial of e-documents in courts
	Lacking or weak security measures
	Lack of strong trust environment
Economic	Need for heavy investment regarding new infrastructures
	Low level Of Internet penetration due to high costs
	Low level of average income per person and therefore, low ability to achieve communication equipment in India
	Outsourcing
Socio-cultural	Negative perception of e-banking services
	Less awareness and familiarity regarding new technologies and their benefits
	Illiteracy
	Charging fees is a reason for the loss of customers
	Worry and perception of e-banking as a threat to the bank's employees
	Some clients tend to a bank in order to communicate with bank's clerk
	People want to have a bank receipt
	Tendency of people to hold cash component in India
	English Language Barrier
Management and Banking	E-banking poses a number of managerial risks for Bank management
	Resistance of employees and managers regarding new technologies
	Lack of adequate coordination, interaction and cooperation between banks and other decision making centers
	Lack of long term strategic management
	Change and shift of managers and decision makers is an important obstacle

Factors Of Adoption Of E-Banking In India

Factors which led the India to adopt the E-banking according to their priorities are as follows:

- Better access to services
- Better Services
- Higher Privacy
- Better Prices
- Bank's Marketing Activities
- Personal Recommendations from friends and colleagues

Conclusion

In India, E-banking is in a nascent stage. No doubt Indian banks are making sincere efforts for the adoption of advanced technology and installation of e-delivery channels but still masses are wary of the concept. E-banks should create awareness among people about E-banking products and services. Customers should be made literate about the use of e-banking products and services. Indicators of the challenges of E-banking should be taken into account to reap the maximum benefits of E-banking in India.

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