

A STUDY ON TRANSFORMATION IN E-BANKING

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Abstract: The evolution of banking has undergone a significant transformation over the past few decades, with the advent of electronic banking (e-banking) being at the forefront of this change. E-banking refers to the use of digital platforms to conduct financial transactions and access banking services via electronic devices such as computers, smartphones, and ATMs. This project explores the concept, development, and impact of e-banking in the modern financial system, examining how it has reshaped the way individuals and businesses engage with financial institutions. The primary aim of this project is to provide a comprehensive understanding of e-banking services, including online banking, mobile banking, and digital payment systems, and their influence on the banking industry, customer convenience, and financial accessibility. The project will also focus on the security challenges associated with e-banking, addressing concerns like cybersecurity threats, fraud prevention, and the role of regulatory frameworks in safeguarding digital transactions.

Keywords: E-banking, Digital Banking, Online Banking, Financial Technology, Customer Satisfaction, Financial Inclusion.

I. INTRODUCTION

Online banking, also known as internet banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. To access a financial institution's online banking facility, a customer with internet access would need to register with the institution for the service, and set up a password and other credentials for customer verification. The credentials for online banking is normally not the same as for telephone or mobile banking. Financial institutions now routinely allocate customer numbers, whether or not customers have indicated an intention to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. Technically, the customer number can be linked to any account with the financial institution that the customer controls, though the financial institution may limit the range of accounts that may be accessed to, say, cheque, savings, loan, credit card and similar accounts. The customer visits the financial institution's secure website, and enters the online banking facility using the customer number and credentials previously set up. The types of financial transactions which a customer may transact through online banking are determined by the financial institution, but usually includes obtaining account balances, a list of the recent transactions, electronic bill payments and fund transfers between a customer's or another's accounts. Most banks also enable a customer to download copies of bank statements, which can be printed at the customer's premises (some banks charge a fee for mailing hard copies of bank statements). "Some banks also enable customers to download transactions directly into the customer's accounting software. The facility may also enable the customer to order a cheque book, statements, report loss of credit cards, stop payment on a cheque, advise change of address and other routine actions. Today, many banks are internet-only institutions. These "virtual banks" have lower overhead costs than their brick-and-mortar counterparts. In the United States, many online banks are insured by the Federal Deposit Insurance Corporation (FDIC) and can offer the same level of protection for the customers' funds as traditional banks.

HISTORY

First online banking services in the United States (Online banking was first introduced in the early 1980s in New York,) United States. Four major banks :

Citibank, Chase Manhattan, Chemical Bank and Manufacturers Hanover - offered home banking services. Chemical introduced its Pronto services for individuals and small businesses in 1983, which enabled individual and small-business clients to maintain electronic checkbook registers, see account balances, and transfer funds between checking and savings accounts. Pronto failed to attract enough customers to break even and was abandoned in 1989. Other banks had a similar experience.

II. REVIEW OF LITERATURE

Banks adopt E-banking as a means to replace their traditional delivery channel through branch banking mainly due to the cost of setting up of physical branches and increased overheads associated with maintaining them. While adopting any new channel of service delivery, service is one of the primary benefit which a customer expects from the service provider. The consumer compares the benefits and weighs them against the costs associated with the service. E-Banking services are gradually replacing the traditional banking services. In order to gain competitive advantage over the competing banks, the banks are continuously improving their services through e-banking services. This paper has examined reviews collected in the area of e-banking services which includes Internet Banking, ATM banking, Mobile banking etc.

MEANING OF E-BANKING

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

The banking industry is one such business that is using this new communication media to offer its customer value added service and convenience. This system of interaction between the consumer and the banking industry is called the electronic banking system. "Electronic banking is the use of a computer to retrieve and process banking data (statements, transactions details, etc.) And to initiate transaction (payments, transfers, requests for services, etc.) details with a bank or other financial service provider remotely via a telecommunications network".

Electronic banking is a new industry which allows people to interact with their banking accounts via the Internet from

virtually anywhere in the world. This system allows consumers to access their banking accounts, review most recent transaction, request a current statement, transfer funds, view current bank rates and product information and reorder checks. Some of the banks that are currently offering this service are bank of America, Century Bank, Citibank, Nationalist, Chevy Chase, Bank One, ABN AMRO, Barnett Bank, America, First Bank System, First Chicago NBD, Fleet Financial Group, Key-corp, and Washington Mutual Incorporated. The electronic banking system can be seen as an “extension of existing banks.”

FUNCTIONS OF E-BANKING

At present, the personal e-bank system provides the following services:

Inquiry about the information of account

- The client inquires about the details of his own account information such as the card's / account's balance and the details historical records of the account and downloads the report list.

Card accounts' transfer

- The client can achieve the fund to another person's Credit Card in the same city.

Bank-securities accounts transfer

- The client can achieve the fund transfer between his own bank savings accounts of his own Credit Card account and his own capital account in the securities company. Moreover, the client can inquire about the present balance at real time.

The transaction of foreign exchange

- The client can trade the foreign exchange, cancel orders and inquire about the information of the transaction of foreign exchange according to the exchange rate given by our bank on net.
- The B2C disbursement on net
- The client can do the real-time transfer and get the feedback information about payment from our bank when the client does shopping in the appointed web-site.

Client service

- The client can modify the login password, information of the Credit Card and the client information in e-bank on net.

Account management

- The client can modify his own limits of right and state of the registered account in the personal e-bank, such as modifying his own login password, freezing or deleting some cards and so on.

Reporting the loss if the account

- The client can report the loss in the local area (not nationwide) when the client's card or passbook is missing or stolen.

TYPES OF E-BANKING

- Deposits, withdrawals, inter-account transfer and payment of linked accounts at an ATM;
- Buying and paying for goods and services using debit cards or smart cards without having to carry cash or a cheque book;
- Using a telephone to perform direct banking-make a balance enquiry, inter-account transfers and pay linked accounts;
- Using a computer to perform direct banking-make a balance enquiry, inter-account transfers and pay linked.

ADVANTAGES OF E-BANKING

- Account Information: Real time balance information and

summary of days transaction.

- **Fund Transfer:** Manage your supply-Chain network, effectively by using our online hand transfer mechanism. We can effect fund transfer on a real time basis across the bank locations.
- **Request:** Make a banking request online.
- Downloading of account statements as an excel file or text file.
- **Customers can also submit the following request online:** Registration for account statements by e-mail daily / weekly / fortnightly / monthly basis.

- Stop payment or cheques
- Cheque book replenishment
- Demand Draft / Pay-order
- Opening of fixed deposit account
- Opening of Letter of credit

- Customer can Integrate the system with his own ERP
- Bills payment through Electronic Banking
- The Electronic Shopping Mail
- Effecting personal Investments through Electronic Banking
- Investing in Mutual funds
- Initial Public Offers Online

LIMITATION OF E-BANKING

- Safety situation around ATMs.
- Abuse of bank cards by fraudsters at ATMs.
- Danger of giving your card number when buying on-line.

MOTIVATIONS OF ELECTRONIC BANKING

The Internet is growth at an exponential rate. According to a survey, the Internet has doubled its size from 6.6 million hosts in the mid 1995 to 12.8million host in mid 1996. As a consequence of the popularity of the Internet, hundreds of thousands of Internet users are trying electronic banking. Joshua Rhymer, an analyst at Boston Consulting Group, estimates that 7,00,000 to 8,00,000 people currently are trying out PC banking, with Citibank being the leader among the banks. As the Internet continues to expand, the convenience associated with electronic banking is that it will replace the need for writing checks.

In today's market, "According to preliminary data from the latest Federal Reserve survey of patterns of consumer spending, almost four-fifths of consumer expenditures are handled by checks, directly or indirectly". The electronic banking system brings the convenience of 24-hour, seven days a week, banking by offering home PCs tied directly to a bank's computers. In addition, electronic money also offer greater security than a paper-and-coin system. Users are able to make a backup copy of their funds and if the electronic money is stolen, the users can invalidate the serial number just as they now stop payment on a paper check.

STATEMENT OF THE PROBLEM

Internet banking technologies have gained much attention with banking customers. It has been as a tool of augmented business strategies to support banking processes with the integration of internet based technologies. In this study the

behavioral aspect of customers towards internet banking is researched as it is considered important as India is heading towards the age of Sophistication and technology up gradation, which has always been a focus point. Now the government is insisting cashless payment and quality in internet banking thus gains important now-a-days.

III.OBJECTIVES OF THE STUDY

The specific objectives of the study are

- To know about the evolution and growth of internet banking.
- To analyze the customer preferences towards internet banking.
- To identify the factors influencing customers in opening internet banking account.
- To measure the level of satisfaction towards internet banking.
- To understand the parameters that banks focus to attract customers.

IV.METHODOLOGY

Both primary and secondary data have been used in the survey to obtain relevant information pertaining to the topic. Primary data are collected from the respondents by issuing as questionnaire. Besides, direct information has also been obtained. Secondary data and information were collected from the various books, journals and websites pertaining to the relevant matter of the subject under study.

V.CONCLUSION

E banking has become a core component of modern financial services. While it offers numerous benefits, it also presents challenges that must be addressed through innovation and regulation. The future of banking is undeniably digital, and e-banking will play a pivotal role in financial inclusion and economic growth.

VI.REFERENCES

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