

## **ELECTRONIC BANKING SERVICES AND AWARENESS: A STUDY**

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### **ABSTRACT**

Banking sector plays an important role in the development of a country. The E-Banking is an application that has been developed for a well-established regional bank operating. In the world of this competitive environment and technological development, the bank has been totally computerised and to increase its customer base starts planning, as this concept called E-Banking. With this concept, the bank wants to move very nearer to the customers and aims to increase its basic operational strategies. The E-Banking services are executed only upon the customer, and these E-Banking services would fully integrate with the core banking solution, that is already in usage. The major idea is to provide a series of services to the customer through the internet, make the customer feel flexible in calling out simple tasks faster instead of making visit to the bank every time. The E-Banking service is open only to savings bank customers and not for current account holders. The competition among the banks has led to the increasing total banking automation in the Indian banking industry. E-Banking is a generic term encompassing internet banking, telephone banking, mobile banking etc. Through E-Banking the bank wants to introduce the core concept of IT based services.

**KEY WORDS:** Internet Banking, Banking industry, Mobile banking, awareness, services.

### **INTRODUCTION**

Internet banking or E-banking means any user with a personal computer and a browser can get connected to his banks website to perform any of the virtual banking functions. In internet banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Any service can be selected and further interaction is dictated by the nature of service. Once the branch office of bank is interconnected through global or satellite links, there would be no physical identity for any branch. It would be a borderless entity permitting anytime, anywhere, and anyhow banking. Online banking also known as internet banking, e-banking or virtual banking, is an electronic payment system that enables customers of a banker 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.

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 funds 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, advice change of address and other routine actions.

## **REVIEW OF LITERATURE**

According to Kaleem& Ahmed, (2008), the primary advantage of e-banking is the reduction in inconvenience, transaction cost and time taken in performing an operation, whereas, major concerns are chances of government access and fraud and lack of information security. Banks started adopting more and more technological advancements and that resulted in enhancement of its efficiency. Nowadays internet banking is becoming integral part of banking services

Aladwani (2001) categorized online banking in two types, first, web- based banking through internet and second, dial-up banking consumer uses a modem to dial up to a bank's server to access bank account. There is a special type of dial-up banking operated by private banks between a banking institution and its corporate clients, known as Extranet.

Kamal, Nath, Shrick&Parzinger, (2001) described internet banking as a valuable and influential tool to economic development and growth, to promoting innovations and to improving competitiveness. Banking and other financial institutions adapted e-banking technique to enhance their efficiency, service quality and customer base. Additionally, technological advancements reduced the per transaction cost of banks as now there is no need of bank personnel to facilitate customers' bank transaction, it could be self served through e-banking. The various modes of e-banking, such as, ATMs, Tele- banking, Mobile- banking, debit and credit cards etc.

Hanson &Kalyanam (2007), e-banking has popularised with very fast pace and as people has started using ATMs, the customer visits to bank branches have reduced and it reduced the requirement of bank branches even more when internet banking have been introduced to the customers in late 1990s. The numbers of internet users are increasing tremendously.

## **OBJECTIVES**

- To know about the electronic banking services.
- To know the awareness of electronic banking services.
- To know about the benefits of electronic banking services.

## **METHODOLOGY**

This study is carried out on the basis of only secondary data. The secondary data were collected from various books, journals, magazines, and websites.

## **SERVICES OF ELECTRONIC BANKING**

### **Online Bill Pay**

Say good-bye to writing checks, buying stamps, and trips to the Post Office! Our FREE, paperless bill payment service is provided by Payers.

- Pay bills to anyone, anywhere
- Set up recurring payments
- Schedule payments in advance
- Receive electronic bills online
- Eliminate wasted paper
- Save postage fees

### **Mobile Banking**

Our Mobile Banking App allows you to quickly and easily review account activity, transfer funds, pay bills and deposit checks all from your mobile Device. Mobile Banking is a free\* service from The Commercial Bank that allows you to access your accounts anytime, from anywhere, using your Apple or Android device.

Features:

- Check account balances and transactions
- Transfer funds and pay bills
- View and adjust account alerts
- Deposit checks remotely with your mobile device
- Locate nearby branches

To access the Mobile Banking App, you must be enrolled in Commercial Bank online banking

### **E-Statements**

E-Statements are electronic copies of our account statements that we can view, search, save and print online. Saves time, saves space, eliminates paper and clutter.

- Free for all The Commercial Bank customers
- Statements are delivered securely to your Online Banking account
- View, print or save your statements for future reference
- Up to 18 months of statement history is available
- In order to receive E-Statements you MUST be enrolled in online banking

### **Automated Teller Machines (ATM)**

An unattended electronic machine in a public place, connected to a data system and related equipment and activated by a bank customer to obtain cash withdrawals and other banking services. Also called automatic teller machine, cash machine; also called money machine. An automated teller machine or automatic teller machine (ATM) is an electronic computerized telecommunications device that allows a financial institution's customers to directly use a secure method of communication to access their bank accounts, order or make cash withdrawals (or cash advances using a credit card) and check their account balances without the need for a human bank teller (or cashier in the UK). Many ATMs also allow people to deposit cash or cheques, transfer money between their bank accounts, top up their mobile phones' pre-paid accounts or even buy postage stamps. On most modern ATMs, the customer identifies him or herself by inserting a plastic card with a magnetic stripe or a plastic smartcard with a chip that contains his or her account number.

### **Tele Banking**

Undertaking a host of banking related services including financial transactions from the convenience of customers chosen place anywhere across the GLOBE and any time of day and night has now been made possible by introducing on-line Telebanking services. By dialing the given Telebanking number through a landline or a mobile from anywhere, the customer can access his account and by following the user-friendly menu, entire banking can be done through Interactive Voice Response (IVR) system. With sufficient numbers of hunting lines made available, customer call will hardly fail. The system is bi-lingual and has following facilities offered

- Automatic balance voice out for the default account.
- Balance inquiry and transaction inquiry in all
- Inquiry of all term deposit account
- Statement of account by Fax, e-mail or ordinary mail
- Cheque book request • Stop payment which is on-line and instantaneous
- Transfer of funds with CBS which is automatic and instantaneous
- Utility Bill Payments

### **Smart Card**

A smart card usually contains an embedded 8-bit microprocessor (a kind of computer chip). The microprocessor is under a contact pad on one side of the card. Think of the microprocessor as replacing the usual magnetic stripe present on a credit card or debit card. The microprocessor on the smart card is there for security. The host computer and card reader actually "talk" to the microprocessor. The microprocessor enforces access to the data on the card. The chips in these cards are capable of many kinds of transactions. For example, a person could make purchases from their credit account, debit account or from a stored account value that's reload able.

### **Debit Card**

Debit cards are also known as check cards. Debit cards look like credit cards or ATM (automated teller machine) cards, but operate like cash or a personal check. Debit cards are different from credit cards. While a credit card is a way to "pay later," a debit card is a way to "pay now." When you use a debit card, your money is quickly deducted from your checking or savings account.

### **E-Cheque**

- An e-Cheque is the electronic version or representation of paper cheque.
- The Information and Legal Framework on the E-Cheque is the same as that of the paper cheque's.
- It can now be used in place of paper cheques to do any and all remote transactions.
- An E-cheque work the same way a cheque does, the cheque writer "writes" the e-Cheque using one of many types of electronic devices and "gives" the e-Cheque to the payee electronically. The payee "deposits" the Electronic Cheque receives credit, and the payee's bank "clears" the e-Cheque to the paying bank. The paying bank validates the e-Cheque and then "charges" the check writer's account for the check.

### **OTHER SERVICES**

- BILL PAYMENT SERVICE
- FUND TRANSFER
- RECHARGING YOUR PREPAID PHONE
- INVESTING THROUGH INTERNET BANKING

### **SOURCES OF AWARENESS ABOUT E-BANKING SERVICES**

Customers learn about various services through friends and relatives, advertisements, new papers, radio, television, and social media. E-banking is covered in the general knowledge sections.

### **BENEFITS OF ELECTRONIC BANKING**

#### **1. BENEFITS OF E-BANKING TO BANKS**

- **Cost Savings**

Electronic processing dramatically reduces the cost per transaction. Also, there are opportunities for banks to present customer bills electronically. The cost of delivering bills electronically is substantially lower than if the bill was in paper form delivered through the mail. These cost savings can offer customers and banks alike reduced cost of banking and still provide efficient and varied services.

- **Loyal Customers**

Web sites that offer financial convergence for the customer will create a more involved banking customer who will more frequently patronize the banking site and more likely use the services offered. The idea is that by creating a more loyal customer who depends on a bank for many financial services, more bundling can occur and higher revenue per customer can be generated.

- **Offer Additional Services**

Many banks are moving towards offering clients a financial portal. This portal concept offers banks a new role in the business of serving clients. Simply having an Internet presence does not provide banks a revenue stream. However, by offering a wide array of products and services, banks can benefit from Internet

integration. By creating financial portals where consumers can manage a broad range of financial activities such as stocks and mortgages, banks can profit from offering Internet capabilities to clients

- **Internet Profit Generation**

E-commerce, when properly integrated into existing banking operations, can lead to substantial cost savings and higher profitability. Cost savings occur by virtue of automating customer transactions such as funds transfers, payments, account balance inquiries, etc strategic alliances with insurance companies, mortgage companies, and stock brokerage forms can lead to additional business opportunities that otherwise will go unrealized. Furthermore, banks are able to retain customers more effectively when offering services that are value-added. This has been clearly demonstrated in the case of Wells Fargo bank. When

customers moved online with Wells Fargo, the percentage of customers taking their business elsewhere dropped 50 percent.

## **II. BENEFITS OF E-BANKING TO CONSUMERS**

- **Cost Savings**

Cyberspace is cheaper to operate in than bricks-and-mortar structure and this cost benefit is often passed along to consumers. The E-Banking cost structure allows consumers to receive cost savings and/or financial benefits for banking online.

- **Access to Additional Services**

Basic transactional web sites allow customers to review account balances, holdings and recent banking statements. Systems that allow customers to initiate transactions online, such as transferring money between accounts or making payments, provide additional advantages to the customer. These enhanced web sites enable customers to pay bills, apply for and review loans and mortgages, and check credit card bills. The financial institutions that offer expanded services online are well positioned to be market leaders. By offering this large umbrella of service from one trusted banking institution, these forms will be able to garner a greater share of a customer's financial business. Customers will benefit by having a wider selection of services available from one trusted institution

- **Convenient One-Stop Shopping**

Banks are adding real-time loan applications, and the opportunity to trade stocks through their web sites. The trend towards "convergence banking" is predicted to shape the future of E-Banking. This concept of "ones top" shopping is convenient and leads to more satisfied customers.

## **CONCLUSION**

Basically, electronic banking is really changing the way in which people carry out their banking activities. However, there exist numerous factors that influence the intention of an individual to agree on technology. E-banking services are provided by almost all the banks in the country. There is a need for both banking services providers and the users to be more familiar and friendly to the legal frameworks. The banks use different security tools and some of these tools need to be improved particularly for phone banking and home banking services. There are also various laws and policies given by the banks and government in the country. However, there is a need for more investigations on the effectiveness of those policies in handling the concerns of bankers.

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