
EVOLUTION OF VIRTUAL BANKING SERVICES IN INDIA

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Mrs. J. SHIFA FATHIMA. M.Com., M.Phil., TNSSET, PGDCA

Ph.D. Scholar

Madurai Kamaraj University

Palkalai Nagar, Madurai, Tamil Nadu, India

Abstract

Indian Banking industry is seeing an extraordinary competition. To remain ahead, banks are coming up with plenty of services to draw customers. Services including 24-hours banking, Service at entryway step, Telephone banking, Internet banking, Extended Business Hours (EBH), Speedy processing are just a couple to mention. Larger piece of the present bank transactions occur elsewhere other than in branch premises. This shows the growth of "virtual" banks in India. With convenience, speed, productivity and adequacy, these virtual banks, as a result have opened up another universe of conceivable outcomes and brought major changes in providing an expansive scope of services. Virtual banks are currently observed as a response to the test of planning another service channel that is completely secure, utilitarian and which customers can promptly figure out how to utilize and confide in it. Virtual banking, an incredible "esteem included" instrument, has become the point of convergence for banks to pull in and hold customers. However, the point of these services is to satisfy customers, there is a need to comprehend customer mindfulness, recognition and critically the degree of satisfaction. Virtual banking services incorporate Automated Teller Machine (ATM), Telephone Banking, Internet Banking and Integrated Voice Response System (IVRS). The act of banking has experienced a huge transformation in the nineties. While banks are attempting to fortify customer relationship and move towards 'relationship banking', customers are progressively moving endlessly from the confines of customary branch-banking and are looking for the convenience of remote electronic banking services. Virtual banking is becoming prominent nowadays. Virtual banking has made some start in the Indian banking system. ATMs have been introduced by practically all the major banks in significant metropolitan urban areas, the Shared Payment Network System (SPNS) has just been introduced in Mumbai and the Electronic Funds Transfer (EFT) mechanism by major banks has likewise been started. The operationalisation of the Very Small Aperture Terminal (VSAT) is relied upon to provide a critical push to the development of Indian Financial Network (INFINET) which will additionally encourage connectivity inside the financial sector. The prominence which virtual banking services have won among customers, inferable from the speed convenience and nonstop access they offer, is probably going to increment later on. Hence, the present study has been done with a view to give an overview of evolution of Virtual Banking in India and study based on secondary source of data.

Keywords: Transformation, Relationship Banking, Remote Electronic Banking Services, Cost Saving, Branch Network, Encryption and Manifold Chances.

Introduction

The banking sector is for the most part customer driven and their endurance in competitive environment to a great extent relies upon nature of the service provided by them. In this context, nature of service outfitted by banking sector is significant and profitability of their business is intently connected to the nature of service they render. Approach and reception of internet has evacuated the constraint of time, separation and communication making globe really a little town. Financial sector being no special case, various factors, for example, competitive expense, customer service, increment in education and income level of customers, and so forth impact banks to assess their technology and survey their electronic commerce and virtual banking (E-banking) techniques. Virtual banking permits banking from anyplace, whenever and is utilized for transactions, payments, and so on over the internet through a protected website. In this way, in contrast to customary banking, virtual banking includes nonhuman connections among customers and online bank data system. Customer satisfaction, customer maintenance and new customer obtaining are the key factors in virtual banking system. This becomes increasingly significant since the procurement costs in online banking surpass that of customary offline business by 20%–40%. Providing virtual banking is progressively becoming a 'need to have' than a 'decent to have service'. The virtual banking, along these lines, presently is to a greater extent a standard as opposed to a special case in many developed nations because of the way that it is the least expensive method for providing banking services.

Comprehensively, virtual banking indicates the provision of banking and related services through broad utilization of data technology without direct plan of action to the bank by the customer. The cause of virtual banking in the developed nations can be followed back to the seventies with the establishment of Automated Teller Machines (ATMs). In this manner, driven by the competitive market environment just as different technological and customer pressures, different sorts of virtual banking services have grown in prominence all through the world. It is conceivable to delineate the guideline sorts of virtual banking services. These incorporate Automated Teller Machines (ATMs), Shared ATM networks, Electronic Funds Transfer at Point of Sale (EFTPoS), Smart Cards, Stored-Value Cards, telephone banking and all the more as of late, internet and intranet banking. The salient highlights of these services are the staggering dependence on data technology and the nonappearance of physical bank branches to convey these services to the customers. Three developmental periods of virtual banking services, which speak to the effect that the specific application has accomplished inside the business have been portrayed in the writing. These incorporate (a) the beginning stage, where the technology behind the application is in its early stages and a generous measure of investment is required in order to make the application broadly accessible commercially; (b) the growth stage, where the application is progressively accessible to the customers and the technology

behind the application is generally accessible; and (c) the development stage, wherein the application is in across the board use and organizations not offering such applications are probably going to be at a competitive inconvenience.

Research Objectives

The present study aimed with following objectives:

1. To know about the Virtual Banking.
2. To study the Virtual Banking in the Indian Context.
3. To narrate the regulation authority/framework of Virtual Banking in India.
4. To explain about the different v-banking services provided in banks.
5. To enumerate the pros and cons of Virtual Banking services in India.

Reviews of Related Literature

Sha (2017) has examined that the banks play a urgent role in promoting online businesses. Despite the fact that e-customers have the alternative of cash-on-conveyance, which is by all accounts secure reliable, still there is a desire for the e-payment plans, which must be provided through banks. Banks go about as solid and dependable mediators in the online transactions and they provide a strong opening in the online business. At present, banks have e-payment systems like Internet banking, electronic fund transfers (NEFT/RTGS), plastic cash (credit card and debit card) and mobile banking. These systems provide payment to online transactions like online purchases of products, mobile revives, inn booking, ticket booking, and so forth by considering a wide range of safety efforts. For the genuine working of these e-services, the need of well-suited frameworks is an unavoidable element. This paper looks at the proficient use of mobile banking by the bank customers who have every one of the foundations for profiting the equivalent. The outcomes indicated that most of the example customers selected for the study possessed a mobile however just not many of them utilize a mobile as their method of access to banks. They additionally uncovered that the individuals were comparatively very much aware of mobile banking, yet its utilization level was low. The for the most part utilized e-settlement with mobile banking was for mobile top-up by urban area customers and rural area customers and there was no huge contrast between the urban area and rural area customers in regards to the use of mobile banking.

Mishra and Sisira (2009) has inspected that the Indian Banking industry is seeing a remarkable competition. To remain ahead, banks are coming up with plenty of services to bait customers. Services including 24-hours banking, Service at entryway step, Telephone banking, Internet banking, Extended Business Hours (EBH), Speedy processing are just a couple to mention. Larger piece of the present bank transactions happen elsewhere other than in branch premises. This shows the growth of "virtual" banks in India. With convenience, speed, proficiency and adequacy, these virtual

banks, essentially have opened up another universe of conceivable outcomes and brought major changes in providing an expansive scope of services. Virtual banks are presently observed as a response to the test of structuring another service channel that is completely secure, useful and which customers can promptly figure out how to utilize and confide in it. Virtual banking, an amazing "esteem included" instrument, has become the point of convergence for banks to draw in and hold customers. However, the point of these services is to satisfy customers, there is a need to comprehend customer mindfulness, recognition and significantly the degree of satisfaction. In the present research work, attempts are made to quantify these issues on four virtual banking services offered by banks in Berhampur city. These services incorporate Automated Teller Machine (ATM), Telephone Banking, Internet Banking and Integrated Voice Response System (IVRS). This is conceivably going to be reflected in the criticisms from the selected test respondents, in light of an organized poll of a 3-point Likert scale. The poll, containing socioeconomics of the customer, issues of mindfulness, recognition and the degree of satisfaction are very well translated with the assistance of straightforward irregular inspecting technique. Through the findings of the study, we wish to express that banks need to do a great deal to exploit virtual banking services.

Ahmadalinejad (2015) has counted that the Banks and financial establishments in the advanced business world play a pivotal role in business elements. Then again, progress in Information Technology has brought noteworthy changes which brought about development of new kind of banking called virtual banking. Virtual banking depends on computer programming and systems that require least manpower, yet absence of required foundations for implementation of such banks all through a nation or district has brought twofold difficulties. One is absence of focus of current models on virtual banking and the other is absence of coordinated approach for administration, hazard and compliance in current models. This paper right off the bat presents a particular area of virtual bank and defines top-level concepts for definition of administration, hazard and compliance and finally proposes a model for developing a system that could encourage virtual bank supervisory. At that point vital Evaluations are conducted for the model by means of subjective Evaluation and ability model of Open Compliance and Ethics Group (OCEG). In the final segments, we conclude that the model is comprehensive and worthy and a few thoughts for future research are discussed.

Maran (2018) has studied the online banking Services are expanding step by step in the Banking sector in India. The paper expects to look at the Online banking Services of the Banking Sectors in India. In this study used to gather information from essential and secondary sources which are gathered from Banking Customers, Website and different sources. The Online Banking Services is quickly clarified Pros and Cons, Features and Drawbacks Virtual Banking. It implies the specialist concludes that through successful guideline, making consciousness of the Online banking Customers.

Meaning of Virtual Banking

Virtual or internet banking is a system where all the transactions of the bank are done online and there are no physical parts of the banks. It is the most recent technological leap forward to provide the customers the simplicity of banking while in a hurry for example they don't need to by and by stroll into any bank branch and can work ones record or different services online as it were. The system has steadily moved from 'pleasant to have' to a 'need to have' service in a portion of the developed nations where net-banking have become another standard instead of a special case. It is the fastest method to bank and furthermore the least expensive as it sets aside both time and cash. Many sorts of bank records can be gotten to virtually like financial records, investment accounts, authentications of stores, and so forth. In this manner, users for the most part use virtual banks for many services like checking the record balance, transfer funds, bill payments, and so forth. Likewise, there is no banking hours and along these lines customers can work their records whenever of the day. Many banks likewise permit opening new records online. As there are no physical activities, so these banks have less overhead expenses and would thus be able to pass these investment funds to customers in type of higher paces of enthusiasm on reserve funds, postponing off of bank account charges. The services can be characterized into three classifications:

1. Basic level service: They are provided by bank website which gives data on various products and services.
2. Simple Transactional Service: Under this, the customer completes straightforward capacities like give applications for various services, check account balance and so forth.
3. Fully Transactional Websites: These enable customers to perform center banking capacities like transfer of funds, payments of bills and so on.

The growth of fame of internet banking additionally offered approach to many related problems which can be ordered following three heads:

- Legal and Regulatory issues like locale of law, legitimacy, holes in legitimate and administrative environment of e-commerce and so forth.
- Security and Technology issues like upkeep of refined technology guidelines, dread of virus and spyware, encryption/decoding, confirmation of advanced marks and so forth.
- Supervisory and Operational issues like hazard control, preemptive guidance system and so on.

Furthermore, to the over the Indian customers don't have a lot of trust in internet services and incline toward strolling to a branch and by and by converse with an individual before settling on a banking choice. They don't know of the sort and credibility of the service being offered and furthermore dither to reveal their subtleties online because of fears of hacking.

Virtual Banking – Indian Context

Virtual banking is another conveyance channel for banks in India. The virtual banking channel is both a useful and a transactional medium. A study on virtual banking in India recommends that bigger banks or banks with more youthful age, private proprietorship and lower branch power have high probability of reception of this new technology. Banks with lower piece of the overall industry additionally see virtual banking technology as a way to expand the piece of the pie by drawing in increasingly more customers through this new channel of conveyance. Be that as it may, the service quality in virtual banking from customers needs intensive examination to find out the determinants for progress and growth of new channel of conveyance in India so helpful guidelines for bankers can be removed. Another ongoing study in India researched the elements that influence the appropriation of virtual-banking in India. These studies conclude that in spite of the fact that virtual-banking offers new boondocks of chances, there are a few basic mental and social issues that should be tended to in trust, security, hesitance to change and an inclination for human interface. Before, over 60% of existing bank customers have referred to their bank selection to be founded on convenience of area. For the customers of today, convenience of area incorporates the accessibility of 24-hour get to by means of the Internet. Presently a-days financial service companies are utilizing the internet as another dispersion channel. The objectives are:

1. Complex financial products might be offered in an equal quality with lower expenses to progressively potential customers
2. There might be contacts from each spot of earth whenever of day and night

This implies financial organizations may grow their market area without building new workplaces or field services separately. In light of its picture as a creative organization, better connecting conceivable outcomes, the utilization of defense potential, the improvement of its competitive circumstance by development of center competencies together with the construction of market passage boundaries, it might be conceivable to build profits and pieces of the overall industry.

Regulation Authority/Framework of Virtual Banking In India

Constitution of the Working Group

Reserve Bank of India constituted a Working Group to look at changed issues identifying with virtual banking and recommend technology, security, legitimate principles and operational norms keeping in see the worldwide accepted procedures. The Group is going by the Chief General Manager-in-Charge of the Department of Information Technology and comprised specialists from the fields of banking guideline and supervision, commercial banking, law and technology. The Bank likewise constituted an Operational Group under its Executive Director comprising officials from

various disciplines in the bank, who might control implementation of the recommendations.

Terms of Reference

The Working Group, as its terms of reference, was to inspect various parts of Virtual banking from administrative and supervisory viewpoint and recommend appropriate guidelines for selection in India, especially concerning the accompanying:

1. Risks to the association and banking system, related with Virtual banking and strategies for embracing International accepted procedures for managing such dangers.
2. Identifying holes in supervisory and lawful framework concerning the current banking and financial guidelines, IT guidelines, charge laws, consumer protection and recommending improvements in them.
3. Identifying worldwide prescribed procedures on operational and interior control issues, and recommending reasonable ways for receiving the equivalent in India.
4. Recommending least technology and security norms, in conformity with global measures and tending to issues like system helplessness, computerized signature data system review and so forth.
5. Clearing and settlement arrangement for electronic banking and electronic cash transfer; linkages between virtual banking system and e-commerce
6. Any other issue, which the Working Group may consider as relevance to Virtual banking in India.

Approach of the Group

The main gathering of the Working Group was hung on July 19, 2000. It was chosen that individuals from both Working Group and Operational Group would take an interest in all gatherings and thoughts. The Group, in its first gathering distinguished the expansive parameters inside which it would focus its thoughts. The Group additionally held that virtual banking didn't mean any essential change in the idea of banking and the related dangers and returns. No different, being an open space and a profoundly savvy conveyance channel, it impacts both the dimension and extent of customary banking dangers. Indeed, it adds new sorts of hazard to banking. A portion of the concerns of the Regulatory Authority in virtual banking identify with technology gauges including the degree of security and vulnerabilities of lawful locale and so forth. Its practical character provides open doors for proficient conveyance of banking services and higher profitability.

Different V-Banking Services Provided in Banks

ATM

ATM is an exceptionally famous service in this world. The Automated Teller Machine is a viable conveyance channel, which play a fundamental role in consumer

satisfaction and cost control of transaction of banks. ATM is developing as the most valuable instrument to guarantee "Whenever Banking" or Any Time Money. ATM card is magnetic stripe card which work with specific PIN Number. ATM card is used for balance enquiry, Cash withdrawal Fast cash updating of cash book, service bill payments and so forth.

NEFT/RTGS

NEFT implies national electronic fund transfer system and RTGS implies Real Time Gross Settlement System which empowers a powerful service, economical and dependable system of transfer of funds from bank to bank just as from remitter's record in a specific bank to recipient's record in another bank the nation over. IT is valuable to customers to transfer funds starting with one bank branch then onto the next branch and furthermore another bank.

Internet Banking

Internet banking is a retail banking which empowers customers to work his record from anyplace and whenever. Internet Banking provide Fund Transfer, Credit PPF Account, Request Issue D.D., Request For advance, service bill payments , Online bill payments, Online ticket booking, Online share exchanging, credit card payment, LIC premium payments, Online gift and so forth.

Mobile Banking

Mobile banking services is provided by banks on solicitation of customers. This service is provided with secure ID and secret phrase to customers mobile banking offer Fund transfer, prompt payments service, check book demand, bill payments, mobile and DTH revive, M Commerce transactions and so on.

SMS Banking

This service is provided with the assistance of mobile telephone of the customers. It offers balance enquiry, last three transactions statements, check status, Alert for secret word ages and so forth.

Telephone Banking

Bank provides this service with the assistance of telephone to customer's services is provided with secure ID and TPIN number. Telephone banking provides balance enquiry, last three transaction statements, check status enquiry, change of TPIN and so forth service.

Cards Facility

Banks provide diverse charge cards and credit cards office. With the utilization of these cards customer can purchase, can make e-commerce transaction, and furthermore can take care of tabs and so forth.

Pros of Virtual Banking

Virtual banks hold a few favourable circumstances over conventional banks, including:

Higher financing costs and lower home loan and credit rates

Internet-just banks don't have a similar degree of costs for staffing and space as conventional banks with physical areas. These investment funds in foundation and work force expenses can be passed onto the consumers in the types of higher financing costs on reserve funds or financial records and lower home loan or advance rates. Some virtual banks are even ready to offer no-charge, enthusiasm bearing records without least parity requirements.

Completely Free Checking

Almost all internet-just banks provide financial records at no expense. Despite the fact that most block and-concrete banks additionally offer no-expense checking, conditions as a rule are appended, for example, the requirement of direct store.

More Advanced Web Technology

Virtual banks normally utilize further developed web highlights and online instruments for customers than customary banks. Subsequently, they ordinarily come with a more robust, comprehensive arrangement of highlights.

Environmentally Friendly

There will be no paper statements, no tasks heading to the bank and no extra space requirements for staffing or lodging of activities.

Cons of Virtual Banking

Virtual banking certainly isn't right for everyone.

Slower Deposits

Since there is no physical branch at which to make a store, adding cash to a record can be postponed in some cases if a check must be sent. Advances in technology however are facilitating these deferrals, since most direct banks now permit remote stores of checks through mobile telephones. Cash, obviously, still can show difficulties except if the virtual bank accomplices with a network of banks or credit associations to permit individuals' stores.

Website Outages

In spite of the fact that inexorably uncommon, websites do go down on occasion, regardless of whether for arranged support or an impromptu glitch. On the off chance that that occurs, there is no physical spot to go as reinforcement.

Lack of Relationship

Some transactions are simpler when conducted vis-à-vis and more complicated issues can profit by an individual communication that is inadequate in virtual banking. While considering a financial foundation to work with, it is essential to first consider a few variables. For example, individual comfort and ability level with computer or mobile technology can help decide if virtual banks are a decent choice. In like manner, their inclinations when it identifies with human association in conducting transactions are significant, just like a bank's financial product contributions and ATM accessibility.

Suggestion for Successful Virtual Banking

1. Even however the E-banking provides in numerous offices to the users' as yet the customer stress over the Security system offered by the banks. For this banks must implements the followings.
 - a. Bank ought to introduce system upheld by programming and firewalls. It ought to be configured the most noteworthy security setting with the level protection as per the customer's needs.
 - b. Bank should expand their capacity to control and manage the different hazard inborn to the e-transaction exercises.
 - c. Bank ought to implement greater security to limit the hazard and increment customer.
 - d. Authentication, for example, Personal Identification Number, Digital Signature, review trail for transaction, and so on.
2. The major problems looked by the workers of the bank are connectivity problems and control disappointment problem. To overcome these problems the branches should set up a preventive measure.
3. Banks can have a tie-up with different banks so the customers can transact between records of different sorts of banks.
4. If any complaint is gotten by the banks it must be reviewed right away. Correspondingly the Bank staff should clear questions of the customers in vernacular language.

Discussion and Conclusion

With the commercialization of the internet came internet-just banks that have no network of branch workplaces. These "virtual" or "direct" banks offer financial services

remotely through online banking and telephone banking. Frequently services are performed utilizing mail, email and mobile too. Virtual banking is otherwise called cyber banking, e-banking, home banking or online banking. Banking system in India stresses the requirement for mechanized banking. Virtual Banking enables the customers to satisfy many needs with least human mediation. Because of the undesirable competition in the banking field the banker must cut their costs and draw in just as hold the customers by offering virtual banking services. Internet banking is a one of a kind weapon for endurance of banks and holds the customers' steadfastness. The point of virtual banking services is to satisfy customers, there is a need to comprehend customer mindfulness, observation and critically the degree of satisfaction. Be that as it may, the security under virtual banking is constantly sketchy one. In the event that the bank makes trust about the protections system among the customers it effectively accomplishes its achievement.

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