

## NEW DIMENSIONS OF E-BANKING IN TODAY'S SCENARIO

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### Abstract

*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. In an information-driven business climate, companies who do not use e-banking are at a competitive disadvantage. 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. Hence, the present study researches the new dimensions of e-Banking in current scenario and the study based on secondary sources of information.*

**Keywords:** Rapid Access, Secure Transactions, 24-Hour Banking Options, Information-Driven Business Climate, Financial Decisions and Month-End Reconciliations.

### Introduction

Mobile banking is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone. Mobile banking today is most often performed via SMS or the mobile internet but can also use special programs called clients downloaded to the mobile device. It can also be understood as availing banking and financial services with the help of mobile telecommunications devices. The services offered by mobile banking included getting account information, transferring funds, sending checkbook request, managing deposits, checking transactions and so on. Mobile banking is most often performed by SMS and hence is also known SMS banking. Commercial banks are exploring this avenue to make their services more convenient for their customers. The growing number of mobile subscribers in the country forms the most valuable support base for the growth and success of mobile banking. While it is quite common to talk about mobile banking, it seems that "SMS banking" is a term that is used by quite a number of professionals. SMS banking seems to be the categorization of any interaction with banking services via mobile phone making use of SMS's. SMS banking does not use any menus, downloadable applications or other types of bearer channels (like USSD). If this is the definition of SMS banking, there are a number of sub-categories exist within the main category of SMS banking:

### **Mobile Technology**

A mobile network offers a readily available technology platform onto which other services can often be provided at very low cost to deliver an effective result. Mobile data channels are often under-used and therefore may be offered at low cost to deliver an effective result. Mobile data channels are often under-used and therefore may be offered at low cost by the network operator.

M-banking services which use channels such as SMS can be carried at a cost of less than one US cent per message. The low cost of using existing infrastructure makes such channels more amenable to use by customers with lower purchasing power and opens up possibilities of access to services which till now have not reached them due to high cost of service delivery. Although M-banking is one channel in the wider domain of e-banking, there are reasons to single it out for focus-especially because there are a lot more people with mobile phones than bank accounts in India as well as developing and underdeveloped countries in Asia and Africa.

### **Trends in Mobile Banking**

The advent of the Internet has enabled new ways to conduct banking business, resulting in the creation of new institutions such as online banks, online brokers and wealth managers. Such institutions still account for a tiny percentage of the industry. Over the last few years, the mobile and wireless market has been one of the fastest growing markets in the world and it is still growing at a rapid pace. In Asian countries like India, China, Bangladesh, Indonesia and Philippines, where mobile infrastructure is comparatively better than the fixed-line infrastructure and in European countries, where mobile phone penetration is very high (at least 80% of consumers use a mobile phone), mobile banking is likely to appeal even more.

### **Mobile Banking Services**

Mobile banking offers services such as: Mini-statement and checking of account history. Alerts on account activity or passing of set three holds. Monitoring of term deposits,, Access to card statement. Access to loan statement. Mutual funds, Insurance policy management, Pension plan management, Status on cheque, stop payment on cheque, Ordering check books,, Balance checking in the account and the like. Especially for clients in remote locations, it will be important to help those deposits and withdraw funds at banking agents, i.e. retail and postal outlets that turn cash in to electronic transactions and vice versa. The feasibility of such as banking agents depends on retail outlets to take deposits or not. A specific sequence of SMS message will enable the system to verify if the client has sufficient funds in his or her wallet and authorize deposits or withdraw able transaction at the agent. When depositing money, the merchant receives cash and the system credits bank account or mobile wallet. In the same way, the client can also

withdraw money at the merchant; through exchanging SMS to provide authorization, the merchant hands the client cash and debits the merchants account.

#### **Challenges for Mobile Banking**

**Handset Operability:** A large number of different mobile phone Devices exists and it is a big challenge for banks to offer mobile banking solution. The desire for interoperability is largely dependent on the banks themselves, where installed application provide better security, are easier to use and allow development of more complex capabilities similar to those of internet banking while SMS can provide the basics but becomes difficult to operate with more complex transaction. There is a myth that there is a challenge of interoperability between mobile banking applications due to perceived lack of common technology standards for mobile banking in practice it is too early in the service lifecycle for Interoperability to be addressed within an individual country, as very few countries have more than one mobile banking services provider.

**Security:** Security of financial transaction, being executed from some remote location and transmission of financial information over air, are the most complicated challenges that need to be addressed jointly by mobile application developers, wireless network service and the Banks departments. The following aspects need to be addressed to offer a secure infrastructure for financial transaction over wireless network.

- Physical part of the handheld device, if the bank is offering smart-card based security, the physical security of the device is more important.
- Security of any thick-event application running on the device.
- User ID/password authentications of banks customer.
- Encryption of the data being transmitted over air.
- Encryption of the data that will be stored in device for later.

**Scalability and Reliability:** Another challenge for the banks is to scale-up the mobile banking infrastructure to handle exponential growth of the customer base. With mobile banking the customer may be sitting in any part of the world and these banks need to ensure that the systems are up and running true.

As customers will fund mobile banking more and more useful, their expectation from the solution will increase. Banks unable to meet the performance and reliability expectations may lose customer confidence. Recently in India, there has been a phenomenal growth in mobile banking application, with leading banks adopting mobile transaction platform and the central bank publishing guidelines for mobile banking operation.

**Application Distribution:** Due to the nature of the connectivity between bank and its customers, it would be impractical to expect customers to regularly visit banks or connect to a website for regular upgrade of their mobiles banking applications. It will be

expected that the mobile application itself checks the upgrades and updates and download necessary patches. However, there could be many issues to implement this approach.

**Issues and Challenges:** The biggest challenge for mobile banking the services is security. In the past surveys, the same has been identified as the biggest challenge for internet banking also. Security here refers to the security of the confidential information about customer's bank account. All mandatory alerts are to be sent to the customer's bank account in time and the complete system should be very much disciplined and robust. There should not be any chance for any information leakage. If a wrong transaction is done be mistake, there should be option to undo it.

#### Most Popular Banking Services on Mobile

Usage	Unique Users (In millions)
Used E- Banking	43.70
Checking account balance	39.97
View last three transactions	28.15
Status of cheque	21.06
Payment reminders	20.92
Request a cheque book	19.11

This bar diagram shows the Domestic transaction volumes, international transaction volumes and Mobile transaction volumes growth from 2007 to 2013. 2011 to 2013 are predicted one in the diagram.

#### Conclusion

There is a huge amount of money at stake in the development of mobile banking similar to the initial introduction of currency that replaced straight barter trade. Mobile banking is a revolution. Banking, account management and payment using mobile devices will change the way. This will pave the way to a cashless society; very soon will expect the fruit stand on the corner for the accept payment.

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