

## E-SERVICES RENDERED BY BANKING INDUSTRY

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### **Abstract**

*The banking industry has emerged as an integral sub-system of the financial sector which caters to banking needs of both public and private sector. Infact, banking is an institution that deals in money and provides other financial services. Banking has modernized itself in a big way in the recent past by way of introducing vital reforms, an E-banking in its fold. E-banking not only offers supply and deliver banking products and services through various electronic delivery channels via electronic devices but also provide efficient services. The penetration of internet in the E-banking has further taken the banking services to the new heights as the electronic devices get connected globally to share the information such as text, graphics, voice video and computer programme. Online banking or web banking allows the banking transactions that are performed by a secured internet application. Through online banking services, one can pay bills, transfer funds and check transactions any time of the day 24x7. Online banking has caught the imagination of the banking industry and the people world over. An attempt has been made in this paper to explain the e-services rendered by the banks and its benefits and challenges.*

**Key Words:** *E- Services, E- Banking, Online Banking Services, Technology, Internet and Security.*

### **Introduction**

Finance function is the backbone of business transactions. Business transactions are undergoing day-by-day technological change. So, traditional form of Finance Function is not enough to cope-up with pace of changing technological scenario. The comprehensiveness form of this technological change in finance function is E-banking. E-banking is of recent origin, especially in India, it is still in its adolescent age.

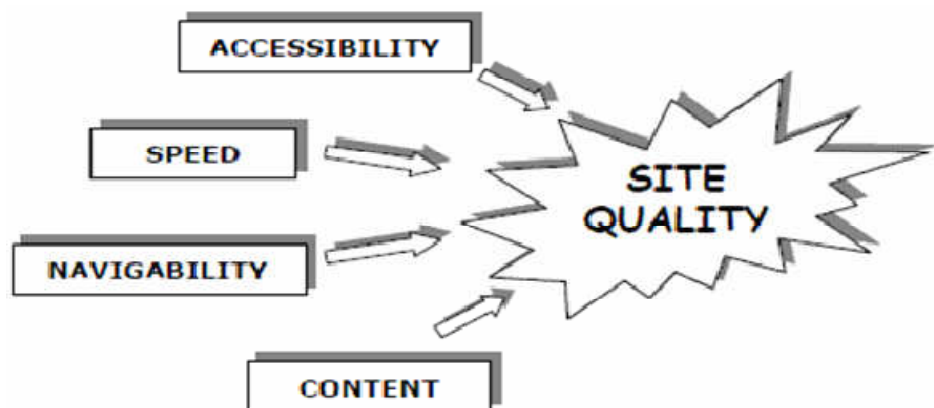
The rapid spread of technology has made the Internet the best channel to provide banking services and products to customers. Banks now consider the Internet variables as part of their strategic plan. It will revolutionize the way banks operate, deliver and compete, especially because the competitive advantages of traditional branch networks are eroding rapidly. The Internet poses a very serious threat both to the customer base of the consumer's traditional banking oligopoly and to its profits.

Customers now demand new levels of convenience and flexibility in addition to powerful and easy to use financial management tools, products and services that traditional retail banking cannot offer. Internet banking has allowed banks and financial institutions to provide these services by exploiting an extensive public network infrastructure. E-banking provides enormous benefits to consumers in terms of ease and cost of transactions, either through Internet, telephone or other electronic delivery. A number of services are being

offered through electronic banking. It is quite difficult to measure the extent of such services

### E-Banking Services through Websites of the Banks

The website technology has totally transformed the banking business. The success of Internet banking depends upon the well-designed website of a bank. It needs to be informative and functional. So, the basic aim of a website is to make the electronic banking services more functional, desirable and accessible and consumer friendly. Internet banking can be provided by the banks in two ways. Firstly, an existing bank with its physical offices can establish a website and offer the internet banking services as an additional delivery channel. Secondly, the facility of e-banking can be provided solely through the internet without having any physical office. The following diagram highlights that accessibility, speed, navigability and content are the important factors which make a website effective in its use.



It is evident from the above diagram, if the website is easily accessible by its users, it can increase its quality. The speed of a website enables its users to make their transactions within a reasonable time. The linking of the website with another page is called navigability. Each page of the website should be self-sufficient and provide link to the main contents. Poor web design will result into loss of users. Further, content means that website must have that required potential which satisfies the need of the customers. The website of a bank carries various features like product information, services provided, information on location, contacts of the bank, history of the bank, security issues, information regarding operation of different services, and details of various transactions. On the basis of these features, a website can be classified into two categories:

- a) Informational websites
- b) Transactional websites

**(a) Informational Websites**

Informational websites provide the general information about the bank and its products. On such websites, customers can access all kinds of information but they cannot transact.

**(b) Transactional Websites**

These websites enable the customers to conduct any transaction through the website of the bank. The website provides a wide range of services to the customers. These services are classified into wholesale banking, retail e-banking services, personal banking, etc. Some retail and wholesale e-banking services are commonly offered by all the financial institutions on their websites. The banks offer retail services like account management, bill payment, new account opening, investment/ brokerage services, loan application and approval, account aggregation, etc. Wholesale services include cash management, small business loan applications, business to business payments, employee benefit/ pension administration, etc. However, the services provided through transactional websites are more risky than informational websites. The reason being that transfer of money is involved in it. So, the following measures are effective to curtail such a risk:

- Security control for safeguarding customer information.
- Liability for unauthorized transactions.
- Losses from fraud, if the institution fails to verify the identity.
- Security from violation of rules and regulations.

**E-Banking Characteristics**

Unique e-banking characteristics include:

- Speed of technological change,
- Changing customer expectations,
- Increased visibility of publicly accessible networks (e.g., the Internet),
- Less face-to-face interaction with financial institution customers,
- Need to integrate e-banking with the institution's legacy computer systems,
- Dependence on third parties for necessary technical expertise,
- Proliferation of threats and vulnerabilities in publicly accessible networks.

**Product and Services Offered**

Presently E- Banking Services intends to provide following Services to the customers.

**1. Account Summary**

Accounts which are 'Internet Banking Enabled' may be displayed along with the Current Balance, Total Balance, Unclear Balance and Available Balance etc. (Savings /Current / Overdraft /Term Deposit / Loan Accounts).

## 2. Transactions Details

User may view, download and print of the last 14 transactions or for specified period of selected account.

## 3. Online Requests

User may request for Stop Payment for a particular Cheque or Range of Cheques in select accounts, Revoke of Stop Payment of Cheques already stopped. User may also change his contact no. (phone no., mobile no., email etc.)

## 4. Funds Transfer between own Accounts

User may transfer funds from one account (with requested transaction facility) to his/her another account to the extent of fund transfer limit fixed by the bank from time to time, subject to the available balance, by selecting 'from' & 'to' accounts.

## 5. Standing Order

User may give standing order for transfer of funds from one account to another to be executed on a predefined frequency (daily /monthly / month end). User may also amend or cancel the standing order so given.

## 6. E-Payment Facilities

User may use E-Payment facility for payment of Direct (CBDT) and Indirect (CBEC) taxes by debiting the account online and may print cyber receipt & challan also.

## Benefits of E-Banking

### For Banks

#### Price

In the long run a bank can save on money by not paying for tellers or for managing branches. Plus, it's cheaper to make transactions over the Internet.

#### Customer Base

The Internet allows banks to reach a whole new market- and a well off one too, because there are no geographic boundaries with the Internet. The Internet also provides a level playing field for small banks who want to add to their customer base.

#### Efficiency

Banks can become more efficient than they already are by providing Internet access for their customers. The Internet provides the bank with an almost paper less system.

#### Customer Service and Satisfaction

Banking on the Internet not only allows the customer to have a full range of services available to them but it also allows them some services not offered at any of the branches. The person does not have to go to a branch where that service may or may not be offer. A person can print of information, forms, and applications via the Internet and be able to search for information efficiently instead of waiting in line and asking a teller. With more better and faster options a bank will surely be able to create better customer relations and satisfaction.

**Image**

A bank seems more state of the art to a customer if they offer Internet access. A person may not want to use Internet banking but having the service available gives a person the feeling that their bank is on the cutting image.

**For Customers****Bill Pay**

Bill Pay is a service offered through Internet banking that allows the customer to set up bill payments to just about anyone. Customer can select the person or company whom he wants to make a payment and Bill Pay will withdraw the money from his account and send the payee a paper check or an electronic payment.

**Other Important Facilities**

E- Banking gives customer the control over nearly every aspect of managing his bank accounts. Besides the Customers can, Buy and Sell Securities, Check Stock Market Information, Check Currency Rates, Check Balances, See which checks are cleared, Transfer Money, View Transaction History and avoid going to an actual bank. The best benefit is that online banking is free. At many banks the customer doesn't have to maintain a required minimum balance. The second big benefit is better interest rates for the customer.

**Challenges of E-Banking**

As with any new technology new problems are faced.

**Customer Support**

Banks will have to create a whole new customer relations department to help customers. Banks have to make sure that the customers receive assistance quickly if they need help. Any major problems or disastrous can destroy the banks reputation quickly and easily. By showing the customer that the Internet is reliable you are able to get the customer to trust online banking more and more.

**Laws**

While online banking does not have national or state boundaries, the lawdoes. Companies will have to make sure that they have software in place software market, creating a monopoly.

**Security**

Customer always worries about their protection and security or accuracy. There is always question whether or not something took place.

**Other Challenges**

Lack of knowledge from customers end, restricts the changes made by the banks, etc.

### Conclusion

As the technology is developing due to the competition and demand from the customer for the electronic banking, every bank is more focusing on the increase of modern techniques to provide the satisfaction to the customers. At the same time, technology is allowing banks to offer new products, operate more efficiently, raise productivity, expand geographically and compete globally. A more efficient, productive banking industry is providing services of greater quality and value.

E-banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Today, the click of the mouse offers customers banking services at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs. No country today has a choice whether to implement E-banking or not given the global and competitive nature of the economy. The invasion of banking by technology has created an information age and commoditization of banking services. Banks have come to realize that survival in the new e-economy depends on delivering some or all of their banking services on the Internet while continuing to support their traditional infrastructure. Some of banks are making their efforts to provide more services to the customers and rest of banks are at the introduction and development stage of providing electronic banking services.

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