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E-BANKING IN INDIA: ISSUES AND CHALLENGES

(A STUDY ON FEW OF PUBLIC SECTOR BANKS)

STATE BANK OF INDIA, SYNDICATE BANK, ANDHRA BANK

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ABSTRACT

Electronic banking is also known as electronic funds transfer (EFT). This is an electronic payment system, that enables customers of bank or other financial institutions to conduct a range of financial transactions electronically, the electronic banking system will typically connect to 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.

*In present days we are all in the electronic era . In the past decades banking sector are totally managed in traditionally and manually, with the improvement of technology and communication the banking sector has undergone a sea change. E-banking or electronic banking is one of the major innovation in banking sector. By the improvement of internet banking it became very easy to do financial transactions with bank. Now-a-days banking services are available 24*7. Presently we are using different type of cards rather than the currency for our transactions. This improvement is made possible with the help of the technological development.*

The progress after introducing this e-banking in India are measured with various parameters such as computerization of branches, Automated Teller Machines, Transactions through retail Electronic payment methods etc., at the time of adopting this technology the banking sector faced many challenges. Providing internet bank is increasingly becoming a “need to have” than “nice to have” service. Today banks are doing all their operations electronically but there is observable gap between public and private sector banks electronic based on the provide services, Secondary sources of literature available on the title has been consulted for the development of the concept. Hence, an attempt was made in the paper to discuss the issues and challenges face by the Public sector banks in the implementation of electronic banking services.

Key words: Electronic banking, globalization, information technology.

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Introduction:

Banks are playing an important role in economic development of the country. Economic development of the country involves investment from various sectors of the economy. Now-a-days Information technology plays a key role in present scenario in every sector. In this the banking sector is also improved the technology today they operate in highly globalized, liberalized, privatized to survive in this competitive world. This electronic banking became a challenge to all Indian public banks, because foreign banks are very advanced in using technology. IT has introduced new business paradigm. It is increasingly playing a significant role in improving the services in the banking industry. Indian banking industry has witnessed a tremendous developments due to sweeping changes that are taking place in the information technology. Modern technology is seen as a panacea for most of the ills that the banking sector faces today. Even at present, India is a relative unbanked country as the credit-to-GDP ratio is one of the lowest in the developing economies. So banks are facing the dual challenge of increasing saturation and high growth line The banking industry can kill two birds with one stone that is with help of technology. Great progress took place in the field of technology which has reduced the world

to a global village and it has brought remarkable changes in the banking industry. E-banking came into being in UK and USA in 1920s. It became prominently popular during 1960s through electronic funds transfers and credit cards. The concept of web-based banking came into existence in Europe and USA in the beginning of 1980s. It has been estimated that around 40 percent of banking transaction would be done through Net.

Objectives of the study:

1. To identify the services provided by the Indian banks through E-Banking..
2. To study the challenges and issues faced by the banks after adopting the upgraded technology in this banking sector.
3. To suggest measure to overcome the challenges by the banks.

Methodology:

This paper is conceptual in nature. The researchers has consulted secondary sources of data available in the title for the development of the same.

Challenges for public sector banks:

- **Implementation of global technology:** the first and foremost challenge faced by public sector banks is implementation of Global technology because it requires satisfactory level of infrastructure and human capacity building before developing countries can adapt Global technology.
- **Strengthening the public support:** In public sector does not have the necessary resources to implement the project in developing county most E-Finance initiatives have been the result of joint efforts between the private and public sectors.
- **Customer Satisfaction:** In today's competitive world, satisfaction of customers is a major challenge for the banking sector because customers have alternative choices in various types of services provided by banks. Banks plays a key role in the present consumer's daily part. So, the public sectors banks are adopting technology to satisfy the needs through their services.
- **Accessibility of Personnel services:** In present times, the customers are using bank services with an effective manner. So, banks are to provide several services like social bankingwith financial possibilities, selective up gradation,

computerization and innovative mechanization, better customer services, effective managerial culture, internal supervision and control, adequate profitability, strong organization culture etc.

- **The Trust Factor :** Trust is the biggest problem to online banking for most of the customers. In developing countries the people are less aware about the e-banking. The banks is preferred by the customers because of lack of trust on the online security. In India most of the customers are illiterate, so it is one of the major challenge.

Issues in public banking sector:

1. **IT & Telecommunication Infrastructure Issue:** Infrastructure of information technology and telecommunication plays vital roles for E-Banking. Electronic banking is fully based on I.T and Telecommunication but in India the basic and rapid infrastructure is missing due to which e-banking is not gaining too much success here as compared to foreign countries.
2. **Scalability/ Capacity Issue:** Scalability defines as," the ability to adequately handle the increased demand for system resources". In India, technology is designed for internal use as much as possible but merely opens the gates for public/customer access and even those

who banks have an upgraded system, fail to account for future growth.

3. **Website Design Issue:** In India, there are many banks that provide the services of e-banking but they cannot design their website according to the need and demand of customers. They always focus on their own demands while they are designing the website for the purpose of e-banking.
4. **Security Issue:** Security issue is one of the major issues for electronic banking. In case of any financial damages to the customer, the bank's reputation must be spoiled. Security risk is a major threat from the hackers, who can use different type of information of public for some criminal activity. Sometimes hackers hike the passwords of the customer and theft their money or some secret information.
5. **Trust Issue:** Trust plays key role for e-banking, but the lack of trust is the major issue in the growth of electronic banking in India. There is no single formula that can be use instead of trust to attain the attraction of customer. E-banking has some disadvantages due to which customers stop to trust that bank and their services.

STATE BANK OF INDIA

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.

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).

E-Banking Services in SBI:

- ATM Services
- Internet Banking
- Safe Deposit Locker
- Broking Services

INSURANCE Services in SBI:

- SBI Life Insurance
- Travel Insurance
- SBI Health Insurance

ANDHRA BANK

Andhra Bank (BSE: [532418](#)) is a medium-sized public sector bank (PSB) of India, with a network of 2803 branches, 4 extension counters, 38 satellite offices and 3636 automated teller machines (ATMs) as of 31 Mar 2016.^[1] During 2011–12, the bank entered the states of Tripura and Himachal Pradesh. The bank now operates in 25 states and three Union Territories. Andhra Bank has its headquarters in Hyderabad, India.

The Government of India owns 63.97% of its share capital as on 31 Dec 2015. The state owned Life Insurance Corporation of India holds 7.66% of the shares. The bank

has done a total business of ₹ 3,106 billion (US\$46 billion) and has earned a net profit of ₹ 5.40 billion (US\$80 million) for the Financial Year 2015-16.

Andhra Bank is a pioneer in introducing Credit Cards in the country in 1981.

Andhra Bank has ranked No.1 in terms of number of Life Insurance Policies mobilised amongst all the agency banks dealing with the Life Insurance Corporation of India. The bank also has tie-up with United India Insurance Company Limited under Bancassurance (Non-Life)

The products and services which are provided by the bank are mainly categorised into businesses of Retail, Corporate, NRI, MSME, and Agricultural industries. Under the Retail Business, the bank offers deposits, loans, cards, DMAT services, P payment services, insurance, and mutual funds to individual customers. Under the Corporate Business, the bank offers loans & advances, project appraisals, and loan syndication. Under the NRI business segment, the bank offers Deposit schemes, loans, remittance services, and investment services to the non-resident Indians. Under the MSME business segment, the bank offers different schemes that aimed at providing loan and transaction services to Micro Small and Medium Enterprises (MSME).

E-BANKING SERVICES IN ANDHRA BANK:

- Immediate payment Service(IMPS)
- AADHAR seeding
- DMAT services
- P-payment services
- SMS Banking

INSURANCE SERVICES IN ANDHRA BANK:

- AB Jeevan abhaya
- AB Abhaya Plus
- Andhra Bank new health insurance

SYNDICATE BANK

Net Banking include multiple services to bring convenience at your figure tips, these include Financial Services, Informational Services, Service Request, Other Services.

Financial Servicesthe bank offer the following E-Banking Services to the customers:

- Cheque book request
- Bankers cheque issue
- Change password etc....

Informational Services

- View your account balance, account statement, account activity and account details, updated on real-time basis
- View the details of all your fixed deposits and recurring deposits with SYNDICATE BANK online and even view the TDS details for interests earned on fixed deposits
- View the status of the cheques that you have issued
- View all your investments, current portfolio value, NAVs, etc. with MFOnline
- View your average quarterly balance, schedule of charges and contact details of relationship manager

Service Request

- Request for account statement, cheque books and debit card
- Update your PAN and Nominee registration details
- Register for Combined, flexi-frequency e-statements and Fixed Deposit e-advice
- Download Deposit Slip, Form 16 A TDS certificate and Gujarat Govt VAT(Challan)
- Download SYNDICATE BANK **Mobile Banking** application

Other Services

- **Online Donation** to religious and charitable institutions
- Ecommerce payments option using SYNDICATE BANK Net Banking on multiple websites

INSURANCE SERVICES IN SYNDICATE BANK:

- Customer Education on Life Insurance
- Health Insurance
- Deposit Insurance
- Mutual Fund Insurance

FINDINGS:

1> The first challenged faced by Public Bank is

implementation of global technology. It can be achieved by conducted by several awareness programs and seminars to customers and their benefits to the customer.

2> The public sector banks primarily independent to make commercial decisions. The public banks have to develop the infrastructure facilities.

3> Customer satisfaction can be achieved by maintaining good relationship with the customers and by provided qualitative services.

4> Now a days personnel services plays on important role in banking sector. It can be achieved by conducting research programs and

methodologies in order to know about customer satisfaction.

5>The trust factor play a very vital role in E-Banking, this can be achieved by directly explaining about terms and conditions of the services.

Suggestion

- Public sector banks must first be independent to make commercial decisions social mandates or obligations have to be backed by financial gains.
- Indian banks provide lot of services in banking sector for their customer because of competition etc.,
- The bank management should motive their employ to accept change and learn new technologies for smooth functioning of e-banking system.

Conclusion:

In this globalization era, the technology plays a key role in all the sectors, banking sector also adopting the upgraded

technology in this e-banking plays a vital role in this sector. The banks can solve all the issues and challenges which are facing by the customers through this e-banking.

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