

FINANCIAL SERVICES OF PRIVATE BANKS

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ABSTRACT

The Banking industry has transformed from the traditional model of queuing the customers to the modern technology based way of transactions that are available at any given point of time on any day and anywhere, provided the person has network access to avail the services from the respective banks. With the adoption of mobile banking mode of services, the banking sector is having a tremendous growth across the globe including India.

Presently, the Internet technology has brought the third revolution to this world. The banking sector has been upgrading their services with the use of technology from time to time like introducing the ATM – Automatic Teller machine which took more than a decade to get popular and the phone and net banking took half the time of ATM. But the Mobile banking technology which is the third era of technology of banking sector after phone and net banking and comparatively its growth is phenomenal when compared to the first two eras. Even in India the Mobile Banking is growing fast because of the world's second largest subscriber base in mobile sector after China.

KEYWORDS:

Banking, Services, Technology

INTRODUCTION

Technological developments, particularly in the area of Information Technology is revolutionizing the way the banking is done. Indian banks, utilizing the latest developments in the technology, are poised for a huge growth in the world of electronic banking. It is said to be the age of E-banking, which is one of the truly widespread avatars of E-commerce the world over. E-Banking, a combination of two words, Electronic technology and Banking, is a process by which a customer performs banking transactions electronically without visiting a brick-and-mortar banking institution. It involves an extensive use of Information technology that eliminates the need for direct recourse to the bank by the customer as an umbrella term, it encompasses a number of products and services under its ambit which include ATM, debit/credit cards, phone/mobile banking and PC/Internet banking etc.

Banking, which is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic channels, includes the systems that enable financial institutional customers, individuals or businesses, to access accounts,

transact business, or obtain information on financial products and services through a public or private network, including the Internet. Customers access e-banking services using an intelligent electronic device, such as a Personal Computer (PC), Personal Digital Assistant (PDA), Automated Teller Machine (ATM), kiosk, or Touch Tone telephones.

The financial products and services have become available over the Internet, which has thus become an important distribution channel for a number of banks. Banks boost technology investment spending strongly to address revenue, cost and competitiveness concerns. A study on the Internet users, conducted by Internet and Mobile Association of India (IAMAI), found that about 23% of the online users prefer Internet Banking as the banking channel in India, second to ATM which is preferred by 53%. Out of the 6,365 Internet users sampled, 35% use online banking channels in India.

This shows that a significant number of online users do not use Internet Banking and hence there is a need to understand the reasons for not using it. Until the advent of ATMs, people were unaware and/or not directly affected by the technological revolutions happening in the banking sector. ATMs became the major revelation for customers, since it offered the facility to avoid long queues in front of the cashiers in banks. It also provided them the flexibility of withdrawing money anytime,

anywhere. In the study by IAMAI, it was found that the people are not doing financial transactions on the banks' Internet sites in India because of reasons such as security concerns (43%), preference for face-to-face transactions (39%), lack of knowledge about transferring online (22%), lack of user friendliness (10%), or lack of the facility in the current bank (2%).

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The present study tries to probe into the factors affecting the customers availing banking services. In today's fast changing world of technological progress, more and more people are turning to any option that makes their life run more smoothly and affords them more convenience in handling day to day activities. One such activity, managing their bank account, is made easier through the use of their computer and the internet.

Many types of people are drawn to the use of online banking. Some will use it for certain services, but they prefer to go to the physical location for other banking matters. Others use internet banking exclusively and never go to the actual brick and mortar bank. Banks could conduct their business much more cost efficiently if it was all done through the internet, but not all customers are willing to forego the person to person transactions that they have been used to for so long. They have not yet

been able to put their trust in computers and the internet, especially when it comes to their money.

Use of internet banking can allow the customer to handle almost all their banking transactions online. They are able to access their account balances, past and present transactions, transfer funds from one account to another, pay bills, look up checks, reorder checks, stop payments, complete loan applications, and make contact through messaging with bank staff members. One of the most appealing parts of it all is being able to do these things 24 hours a day, seven days a week, and without leaving their homes. Customers will also realize a savings in time, effort, gasoline and fees for parking when they do their banking through the internet. They won't have to worry about making a frenzied dash to try to get to the bank before closing time.

Most banks in operation today have some degree of online banking services available to their customers. They have firewalls and security features on their sites that will guarantee complete privacy and that account information is visible only to the customer. Basically, the process of using internet banking is pretty much the same with most banks. The customer sets up access to their online account by either choosing or being assigned a username and password. Once the customer has logged in using their username and password, they will have access to their account information and will be able to see any

transactions that have taken place as well as deposits, charges, and transactions that are in progress. This information can be printed off so that a written copy is available for records or in case proof is needed to verify something later on. When the customer is finished, he or she needs to be sure to log off properly so that their information is safe and can't be accessed by anyone else.

E-banking has made it much more convenient for people to manage their money, and banks encourage its use. As more and more people become increasingly familiar with the world of the internet and learn to place more trust in its security, the future of E-banking is looking brighter and brighter.

There is a radical transformation undergoing today in the world banking sector and there are obvious symptoms appearing daily with the emerging new products with new channels of servicing to its customers in the banking industry. The Technology playing the major role in this transformation has created a new range of products and services which is breaking the geographical barrier.

DISCUSSION

Most leading observers have speculated the fact that, the personality of mobile phones offered by top range devices as an alternative to PC"s due to their functioning like computers, and many people in the near future will be using only mobile phone instead of PCs The introduction of advanced technologies in delivery of various services have indeed created lot of challenges for the developers of financial industry; and to face these challenges the industry is more interested in understanding the patterns of customer behaviour and enhance the same.. The rapid changes in the technology has in-turn altered the behavioral pattern of customer and the way of interaction with the financial institutions. Today most of the customers in the banking sector are more technology savvy, and reduce the uneasiness towards the infusion and involvement of new technologies in the services of banking sector, is ubiquitous and hence shall continue to increase. The implementation of electronic business transactions by using the mobile phones is an additional boost to increasing adoption of new technologies, like WAP -wireless application protocol, Bluetooth, and other technological developments.

The recent channels for wireless delivery by using the mobile phones which are Internet-enabled, is the starting point for adopting the mobile banking in the development of technology in the recent years. Yet the mobile banking operational service are still in their initial stage and has enormous scope for development, hence there is a need to understand

the acceptance of its users and introduction of mobile banking, identify the factors affecting for mobile banking and its usages.

The innovation of ATM (Automated teller Machine) and Internet Banking enabled customers to complete the financial transactions by sitting at home but the customers were having problems of carrying but mobile phones are free from these difficulties. Mobile phones can be carried everywhere and used by large number of people. . In the age of globalization and digitalization mobile banking has shown a way to reach the top of the pyramid in the banking business through its variety of services. Mobile banking helps to bring the unbanked in the banking world.

The RBI has taken large initiatives for mobile banking like relaxing the per day limit value of mobile banking transactions from Rs.50, 000 to no limit. Allowing non - banks to offer banking services by appointing the business correspondents by banks is towards focusing the drive of banking services to the rural areas where most of the population is still deprived of banking facilities and services. This in-turn shall allow the banks and its non-bank business correspondents to offer services using a mobile phone with the development of barcode, field communication, and sound wave techniques, thus helping to achieve the goal of financial inclusion for all in India. With the adoption of these technologies, mobile banking has led to more transactions, and also increased the reach to

connect to the last when compared to the traditional channels of banking like branches and ATMs.

CONCLUSION

Therefore, the study concludes with an analysis and suggestion on various factors affecting Mobile banking namely giving importance and taking immediate measures on security issues so that the customer shall not face the factor such as in-complete transaction and problem of network, awareness and training to customers regarding the technical aspects, and make them feel confident in adapting the mobile banking in their daily life. Since there are number of other studies that have suggested that this particular delivery channel is yet to grow towards its potential, the financial sector particularly the banks has to make the system much faster, mobility access and convenience to customers so that it reaches to all the citizens of the country.

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