



STUDY ON IMPACT OF E-BANKING IN RURAL INDIA: CHALLENGES AND OPPORTUNITY

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Abstract

E-banking is characterized as conveying technology based banking services for 24x7 to its clients. The changing worldwide situation is instigating banking sector to receive this most recent technology. Banks are additionally intrigued to convey worth based services with the assistance of cutting edge electronic and media transmission technology. Our nation has a broad system of bank offices in rural zones. A considerable lot of them are commercial banks, the primary adage of this broad development of bank offices in rural India is financial incorporation. We can't disregard rural pieces of India on the grounds that local divergence is likewise one of the disadvantages of Indian economy. The rural banking framework is obviously more comprehensive of low pay families than those given by the commercial banks. Indeed, even today, rural banks are at developmental stage in banking framework in India The E-Banking services are executed distinctly upon the client, and these e-banking services would completely incorporate with the center banking arrangement that is as of now in use. In this paper we will study about impact of e-banking in rural India and its challenges and opportunity.

Keywords:-E-Banking, banking sector, ruralIndia,bank

I. INTRODUCTION

Internet banking is an online administration that empowers the banks approved clients to get to their account data. It allows the clients to sign on to the banks site with the assistance of bank's issued recognizable proof and individual ID number (PIN). The banking framework checks the client and gives access to the mentioned services, the scope of items and administration offered by each bank on the internet contrasts broadly in their substance.

As we probably am aware India lives in villages, about 70 percent of India's population has discovered their work in villages and individuals around there have half of Indian utilization. Presently a days expanding urbanization and movement have pulled in

ruralites to brilliant urban areas, it is anticipated that 63 percent of India's population may live in rural regions by 2025.

In this way we can't disregard the significance rural economy and rural parts will keep on staying critical to the Indian economy. As indicated by the 2011 statistics, there are 6,40,867 villages in India and around 85 crores of Indian population lives in these villages among 130 crores of all out population. Today, clients are considered as the big names for any financial association.

Considerably Consumer has attention to practice his/her privileges. Rural clients are likewise not free from this. The rural markets



can possibly reach \$500 billion by 2020. E-banking is bit by bit supplanting the conventional branch banking framework and is presenting trend setting innovation. Client mindfulness is key fixing to bring the hatric accomplishment to banking sector and furthermore to expand the market share.

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II. E-BANKING

E-banking is the term that means and envelops the whole circle of technology activities that have occurred in the banking business. E-banking is a conventional term utilizing electronic stations through phone, cell phones, internet and so forth for conveyance of banking services and items. The idea and extent of e-banking is still in the transitional stage. E-banking has broken the obstructions of branch banking.

2.1 Advantages of E-Banking:

E banking guarantees different alluring services for banks and customer's. e-banking

has made life a lot simpler and banking a lot quicker for the two clients and banks.

- It spares time spent in banks
- It gives approaches to global banking.
- It gives banking during the time all day, every day days from wherever has internet get to.
- It gives efficient money the board to internet improvement
- It gives comfort as far as capital, work, time every one of the assets expected to make a transaction.
- Taking bit of leeway of coordinated banking services, banks may contend in new markets, can get new clients and develop their market share.
- It gives some security and protection to clients, by utilizing cutting edge encryption and security advancements.

2.2 Current Status of E-Banking in India

Internet Banking has turned into a fundamental piece of banking framework in India. The idea of e-banking is of genuinely late root in India. Till the mid 90's conventional model of banking for example branch based banking was pervasive, yet after that non-branch banking services were begun. The credit of propelling internet banking in India goes to ICICI Bank. Citibank and HDFC Bank pursued with internet banking services in 1999. The Government of India instituted the IT Act, 2000 with impact from October 17, 2000 which gave legitimate acknowledgment to electronic transactions and different methods for electronic trade. The Reserve Bank is checking and looking into the lawful and different necessities of e-banking consistently to guarantee that e-banking would create on sound lines and e-banking related difficulties would not represent a risk to



financial security. As per report of RBI in jan 2016, there are 196079 ATM and 1337310 point of offer gadgets in India.

The challenge has been particularly intense for the open sector banks, as the recently settled private sector and outside banks are pioneers in the reception of e-banking. Indian banks offer to their clients following e-banking items and services:

Automated Teller Machines (ATMs)

- Internet Banking → Mobile Banking
- Phone Banking
- Tele banking
- Electronic Clearing Services
- Electronic Clearing Cards
- Smart Cards
- Door Step Banking
- Electronic Fund Transfer

III. CHALLENGES IN E-BANKING

Security Risk: The issue identified with the security has turned out to be one of the significant worries for banks. An enormous gathering of clients will not decide on e-banking offices because of vulnerability and security concerns. As indicated by the IAMAI Report (2006), 43% of internet clients are not utilizing internet banking in India due to security concerns. So it's a major test for marketers and makes customers fulfilled in regards to their security concerns, which may further expand the web based banking use.

The Trust Factor: Trust is the greatest obstacle to internet banking for a large portion

of the clients. Conventional banking is favored by the clients in view of absence of trust on the online security. They have a discernment that online transaction is risky because of which cheats can occur. While utilizing e-banking offices parcel of inquiries emerges in the psyche of clients, for example, Did transaction experience? Did I push the exchange catch a few times? Trust is among the huge factors which impact the customers' ability to take part in a transaction with web dealers.

Client Awareness: Awareness among shoppers about the e-banking offices and methodology is still at lower side in Indian situation. Banks are not ready to scatter appropriate data about the utilization, advantages and office of internet banking. Less consciousness of new advances and their advantages is among one of the most positioned hindrance in the improvement of e-banking.

Privacy risk: The risk of uncovering private information and dread of data fraud is one of the central point that repress the buyers while deciding on internet banking services. The greater part of the buyers accept that utilizing web based banking services make them defenseless against data fraud. As indicated by the investigation consumers' stress over their privacy and feel that bank may attack their privacy by using their data for marketing and other optional purposes without assent of purchasers.

Non-Performing Assets (NPA): Nonperforming resources are another test to the banking sector. Vehicle advances and unbound advances expands N.P.A. which terms half of banks retail portfolio was additionally hit because of upward development in financing costs, limitations on gathering practices and taking off land costs

with the goal that each bank need to take care about customary reimbursement of advances.

Rivalry: The nationalized banks and commercial banks have the challenge from remote and new private sector banks. Rivalry in banking sector brings different difficulties before the banks, for example, item situating, imaginative thoughts and channels, new market patterns, strategically pitching advertisement at administrative and authoritative part this framework should be oversee, resources and contain risk. Banks are confining their managerial folio by changing over labor into machine control for example banks are diminishing manual powers and completing greatest work through machine control. Gifted and concentrated labor is to be used and result arranged focused on staff will be named.

Taking care of Technology: Developing or procuring the correct technology sending it ideally and then utilizing it to the most extreme degree is basic to accomplish and keep up high administration and proficiency principles while remaining savvy and conveying supportable come back to shareholders Early adopters of technology get noteworthy focused advances Managing

Group	Population (Crore)	Branches (in '000)	Per Branch Population	Share of Deposits	Share of Advances
Rural	83 (68)	34 (37)	24	9%	8%
Urban	38 (32)	59 (63)	6	91%	92%
Total	121	93	13	100	100

There is a positive relationship between's technology headway and banking advancement in rural territories. Brach upgrade in rural territories and technology headways, for example, ATMs, internet banking, versatile banking, NEFT, RTGS and so forth together assume key job in deciding the improvement of profitability in banking focuses and straightforward services for clients.

technology is in this manner, a key test for the Indian banking sector.

IV. BANKING TECHNOLOGY AND RURAL ECONOMY

Indian banking sector has seen a total change both in its working and conveyance of services. Today technology being the primary main thrust for keeping up client base and for pulling in new clients. Technology has empowered banking clients to get total data from banks for everything without exception. As the progression of technology has occurred with monstrous utilization of internet, mobiles and online bill installments banking sector in India has another aspect inside and out.

A. Banking Development in Rural India:

The banking business has seen huge development in volume and multifaceted nature during the most recent couple of decades. In spite of making huge enhancements in the regions identifying with financial feasibility, productivity and intensity, there are worries that banks have not had the option to reach and bring huge portion of the population, particularly the oppressed areas of the general public into the crease of fundamental banking services.

Rural Banking is presently a huge chance and will be caught the individuals who evacuate the current obstructions of productive scale. Slanted appropriation of bank offices is seen crosswise over population bunches with 6000 for every branch in urban regions and 24000 in rural zones. Out of 6.4 lakh villages, the nearness of bank offices with undeniable services is accessible just in 34000 villages and as of late another 73000 villages are secured under BC model. Still in excess of 5



lakh villages remain unbanked because of auxiliary and operational issues, for example, foundation, separation, costs, reasonability and so forth. However, rural India establishes 83 crores of nation's population, its share to add up to stores (9%) and a development (8%) is horrifyingly low contrasted with urban partner. Nonappearance of banking services in villages is the reason to thrive casual financial markets which experience the ill effects of a few defects, for example, surprising expense of credit at exploitative terms, loss of valuable reserve funds on account of here now gone again later administrators, exorbitant deferrals in affecting exchange of assets and settlement of accounts. In this manner, the financial avoidance broadens the 'Rich-Poor gap' yet in addition prompts 'Social Exclusion.'

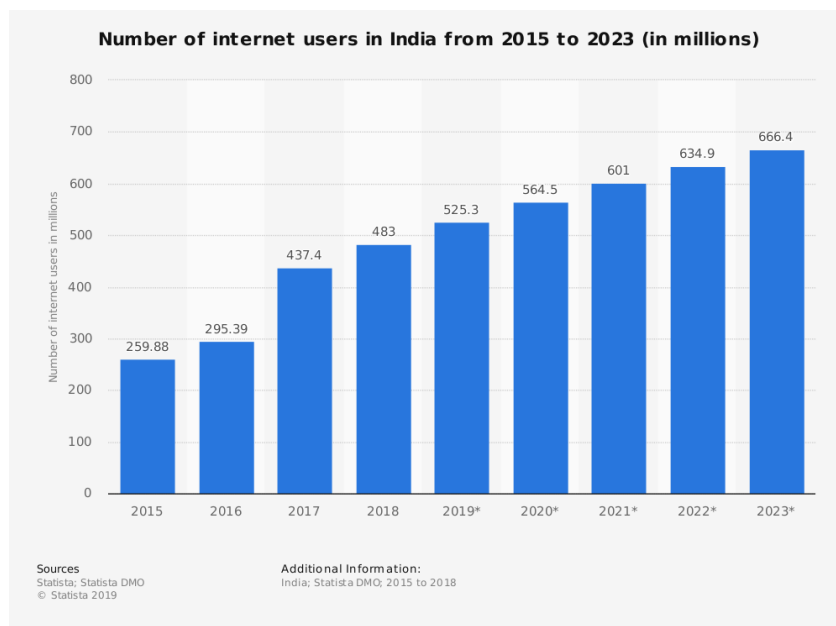
V. OPPORTUNITIES IN E-BANKING-

Untapped Rural Markets: Contributing to 70% of the all out population in India is a to a great extent untapped market for banking sector in every single urban territory banking services entered however just couple of enormous villages have the banks entered With the goal that the banks must reach in staying all villages since larger part of Indian as yet living in rural territories.

Numerous Channels: Banks can offer such a large number of channels to get to their banking and different services such as □ ATM, Local offices, Telephone/versatile banking, video banking and so on to build the banking business.

Competitive Advantage: The advantage of receiving e-banking gives an upper hand to the banks over different players. The execution of e-banking is helpful for bank from numerous points of view as it lessens cost to banks, improves client connection , builds the land reach of the bank , and so on. The advantages of e-banking have progressed toward becoming opportunities for the banks to deal with their banking business in a superior manner.

Expanding Internet Users and Computer Literacy: To utilize internet banking it is significant or beginning prerequisite that individuals ought to know about internet technology with the goal that they can without much of a stretch embrace the internet banking services. The quick expanding internet clients in India can be a major chance and banking industry ought to encash this chance to pull in more internet clients to embrace internet banking services. Table shows proof of expanding number of internet clients in India.



Worthy Customer Service: Commendable client services are the best brand representative for any bank for developing its business. Each commitment with client is a chance to build up a client confidence in the bank. While expanding rivalry client services has turned into the spine for judging the presentation of banks.

Internet Banking: It is evident that online account will pickup and there will build combination as far as item contributions banking services, share exchanging, protection, credits, in view of the information warehousing and information mining advancements. Whenever anyplace banking will wind up normal and should upscale, such up scaling could incorporate banks propelling separate internet banking services separated from customary banking services.

Retail Lending: Recently banks have received client division which has helped in altering their item folios well. In this manner retail lending has turned into a center zone especially in regard of financing of purchaser durables, lodging, automobiles and so forth., Retail lending has likewise helped in risks

dispersal and in upgrading the profit of banks with better recuperation rates.

VI. TECHNOLOGY BASED BANKS IN RURAL INDIA

The individuals who live in rural zones ordinarily can't pay visit to branches situated at removed places because of time, cost and opportunity. Along these lines, it has affected banks to connect clients through an assortment of technology driven conveyance channels, for example, Micro ATMs, Bio-metric ATMs, Mobile ATMs, and Smart Cards and so on., on the grounds that they are most financially savvy when contrasted with customary banking structure. ATM has acquired extensive changes Indian banking space with noteworthy subjective improvement in conveyance of banking services and inside limited ability to focus nearness of ATMs are dwarfed the physical branch organize.

Micro ATMs: Though there is impressive improvement in ATM arrange, the nearness of ATMs in rural territories is restricted. Banks are not quick to introduce ATMs at Rural/Semi Urban focuses on account of high



speculation and low transaction volume. So as to make the ATMs reasonable at these focuses, there is a need to send ease ATMs with essential highlights, for example, money withdrawal and parity enquiry and so forth. It is helpful and practical to the clients contrasted with compensation visit to the bank office situated at close by focus.

Biometric ATMs: The infiltration of ATMs into Rural regions may not fill the imagined need except if it is put to use by uneducated people/semi-literates whose nearness is prevalent in unbanked zones. The current ATMs are not put to utilize ideally by rural society on account of PIN/Password related issues. Introduction of Biometric ATMs empower them to benefit bother free services as these gadgets work on thumb print and perceive voice directions in vernacular language.

Mobile ATMs-In this model, ATM is introduced in a vehicle, which would move to the pre-decided spots at ordinary interims to give Door-step banking. These new type of ATMs additionally have biometric confirmation components like unique mark check and voice guided energized screens with contact empowered transactions. Mobile ATMs can embrace opening of accounts, which has monstrous advantage to the inhabitants of unbanked focuses.

White Label ATMs-The ongoing activities of the RBI and the Government is to permit white-label ATMs, allowing outsider specialist organizations to set up more ATMs in off-premises zones, which incorporate private buildings, emergency clinics, traveler goals, transport stops and railroad stations. These ATMs would not have a place with any bank specifically yet will be claimed just as kept up by autonomous specialist organizations. This activity will empower the avoided portions to

profit ATM services as at present lion's share ATMs are bound to Urban/Metro regions as it were. Be that as it may, specialist co-op duty charges which are to be either bear by the Bank or the client.

Smart Cards: State Governments are effectively seeing making annuity installments and disbursals under Rural Employment Generation Program utilizing smart cards connected bank accounts. Smart card gives biometric validation, which would help in lessening fakes and guarantee character of clients. So as to advance smart cards, all agribusiness transient credits and installment of government disability plans are to be administered through Smart Cards.

M-wallet is the further expansion of Mobile Banking and it acts like a prepaid account worked through a mobile telephone which can be utilized for little buys, settlements, charge installments and money withdrawals. Telecom players are assuming critical job in taking this idea forward with key tie-ups with banks as specialist organization just as business journalists. According to the ongoing examination, the cost viability is one of the significant focal points of the Mobile Banking, as the mobile based transaction cost is about 2% of branch banking, 10% of ATM and half of the Internet banking.

T-Banking: Today, we once in a while run over a house without Television. It has turned out to be one of the practical modes to scatter data and to give diversion to people in general. Banks may utilize the current link system to stretch out banking services to tremendous section utilizing this mode as non-branch administration conveyance channel.

Indeed, even today, rural banks are at developmental stage in banking framework in India. This paper plainly talks about idea and



development of internet banking in rural territories. The principle goal of research is to examine the job internet banking in rural zone.

VII. CONCLUSION

As we realize that the rural masses play a critical and huge job in structure up the nation's economy. In this way banks are energetically giving increasingly banking offices to rural zones which contain 61.35 percent of the complete population of India, The nearness of a solid banking framework in the rural regions won't just improve and inspire the Indian economy from its grass-roots level yet in addition the rural population will have extension to partake and contribute in the nation's financial development.

Presently the focal point of banks have been moved from very much organized urban areas to rural banking stage as a large portion of the banks have moved toward becoming technology empowered and distinctive banking advisory groups have made mandatory for every Indian bank to open in any event one-fourth of their new branches in the rural regions.

There is a change in outlook from the seasonally difficult market to wide open market in the business lastly it influenced at the bankers level to change their methodology from "ordinary banking to accommodation banking" and "mass banking to class banking". The move has likewise expanded the level of openness of a typical man to bank for his assortment of necessities and prerequisites. In years to come, e-banking won't just be adequate method of banking yet will be favored method of banking.

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