



Research Paper

An Overview of Online Banking in India

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Abstract:

Today banks play a very important role, as in the case of business and also in case of individuals. Majority of people have bank accounts in the banks. This is because of improvement in technology and digitalization. Digitalization paved way to smart transactions through smart phones. By using smart phones people make various transactions such as PAYTM google pay, cash transfers through NEFT, RTGS etc., In this article the author intends to study the various digital services available by banks and the advantages and disadvantages of digitalization of Banking services in India.

Key words: Technology and digitalization. Banking, smart phones.

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I. Introduction:

Digitalization is the process of converting data into digital form. Adopting technology is also called as digitalization. Digital banking is a process of transferring the funds. Deposit of funds and withdrawal of funds through the usage of technology through computer and smart phone and other devices by using internet facilities. The digital banking services are provided by the banks with the traditional services. The various digital services of banks are mobile banking, internet banking, ATMs, NEFT, RTGS, e-cheques, SMS banking, credit cards and debit cards etc.,

Objectives:

- To study the digital services offered by banks in India
- To know the advantages and disadvantages of digital banking

Research Methodology

This article is based on secondary data and it is an exploratory research. The data is collected from various published articles in journals, magazines, internet etc.,

Digital services offered by banks in India

Consumers today have many options in banking services. they can use traditional services or they can switch over to the digital services which is also called as online services of banking. But for the survival and growth of banks they should have modern service facilities. The people are having less time to go to bank as they have busy life schedule. The digital services offered by banks are as follows:

Automatic teller machine(ATM)

Automatic teller machine it is an electronic device that allows customers convenience to perform quick service in case of deposits, cash withdrawal, bill payments, transfer of funds from one account to another account, balance enquiry, generating pin, passbook printing, check deposits, bill payments etc.,

Mobile banking

Mobile banking is officially used by the bank to perform banking activities on the mobile phones. the consumers can use their mobile phones to access accounting information, transactions, investments, ATM locators, Bank locators, order new chequebook, cancellation, stopping and issues and also mobile banking over SMS.

Credit and Debit cards

Credit card and debit cards are used for cashless purchase. The credit card is used up to the limit provided by the bank. A bank charges certain interest on the money used by the customer for purchase. In case of debit card

the consumer can use debit card for purchasing and also the customer can draw amount from ATM. The bank charges a minimal ATM withdrawal charges. The amount withdrawn by the consumers will be debited to his account immediately and he also will get the messages in his smartphone.

National electronic funds transfer (NEFT)

NEFT is an electronic payment system is a payment platform developed by RBI to facilitate transfer of funds by customers' account to another customer's account from one bank to another bank nationwide in India. It is a safe, economical, reliable and effective system of funds transfer. While operating NEFT the remitter has to furnish the required details such as Name & Account No. of the person to whom we transfer the amount (beneficiary) Name of bank and the branch and IFSC Code of the their branch. It is very popular form of transferring the amount as it is very easy and the charges for transferring the amount is very less, it reduces the visit to bank branches by the customer.

Real time gross settlement (RTGS)

Under this system the transfer of money done from one bank to another bank on a "real time" and on "gross basis". This is used to transfer large value transactions.

The minimum amount transferred in this system is Rs. 2 lakhs and there is no maximum limit. The customer need not wait the transaction is settled immediately.

The transactions have settled one after the another with outbunching of transactions. The bank charges some amount for the transfer of money.

Prepaid payment instruments

Smart cards, internet accounts mobile accounts, magnetic stripe cards, internet wallets, mobile wallets, paper vouchers used to get prepaid amount called prepaid payment instruments.

Prepayment means settlement of a debt or loan installment in advance or before its due date.

There are three types of PPIs

Closed system PPIs

Semi-closed system PPIs

Open system PPIs

Unified payment interface (UPI)

It is also a real time payment system. It is developed by National Payments Corporation of India (NPCI). In this system the smart phone is used as debit card. In this we can send and receive money. It allows the consumer or the user link more than one account bank account in a single smartphone app. There is no need to provide IFSC code are the number of account. This is a real time payment system funds can be instantly transferred on a real time.

To use unified payment interface the user should have a smart phone, a bank account, mobile number should be linked to the bank account and mainly the internet connection. It is popularizing slowly through some apps such as Google Tezpaytm, Phonepe etc.,

Social Media Banking

It is a new type and recently launched service provided by banks. In which we can transfer funds using social media platform. If the customer knows the mobile number or email address or the Facebook he can transfer the amount from his account through his smart phones.

Advantages of Digital Banking

There are many advantages of Digital Banking. They are very significant and helpful to the consumers. Those are as under:

Convenience;

Customer can access 24X7 services from the digital banks, that is called as any time anywhere banking. If the bank is closed also the customer can operate his account through the smart phone at any time and also from any place. Only the smart phone and internet is needed to operate digital banking.

Less cost:

The operating cost of the account is less in this case. The client himself can transfer the amount himself from his account to some other's account without visiting to the branch. This reduced the client the cost of operation. This leads reduction of cost of overhead of the bank.

Saves time:

The customer can himself operate his account through his smart phone in his place itself. He need not visit the branches of the banks. So which reduces his time.

Benifits of banking activities ;

The increased benefits of the digital banking increased the number of customers. Any one can use the digital banking benefits though the features of this is very simple and any one can understand and make transactions. This increased the membership of the banks.

Online payments:

The bills and other payments are made through digital payments. This provided the convenience to the customers and there is no need to visit the bank for any payment. All the transactions are electronically done.

Offers:

Some banks provide offers to the customers who use their online payment apps, debit cards or credit cards etc., while purchasing the product or services from some business firms. Commonly if we pay through the SBI cards we get some discounts.

Paperless office:

The digital banking services offered by the banks reduces the paper usage as this system generate online reports, such as balance enquiry, report preparation, sending messages through Email and through SMS etc.,

Placing order for banking products:

The customer can order the chequebook , debit card , credit card, ordering of ATM cards etc.,

Disadvantages of Digital Banking

There are various disadvantages of digital banking as it is operated through the computer and mobile phones .they are as follows

Security:

There is no security to the customers as there is increased cybercrime. There are the online hackers and they ca not be traced at all. The pass words or the OTP can be hacked and amounts can be drawn by the hackers. So there should be a strong cyber security rules to protect the customers.

Internet availability

Availability of internet facility is also a costly process. Every client may or may not be having the internet service. The cost of the service is also very high. This increases the cost of transaction to the clients.

Less computer literacy

In our country computer literates are less in number. Everyone cannot have their own computers or the smart phones.

Advantages of traditional banking

Traditional banking is also having so many benefits to the clients. The aged people prefer to visit braches as it is convenient to them and all the activities have hard copies as the proof.

Reduced relationship:

The digital banking reduced the relationship between the customer and the banker as the digital banking done through the devices such as smart phones computers etc.,

Services offered:

All the services of the banks cannot be provided by the digital banking. The services such as deposit of money withdrawal of cash, NEFT, RTGS etc., can notbe done digitally. Thereforethe client should visit the bank branches.

II. Conclusion:

Today the customers of the banks like to use digital services as it is comfortable, time saver, 24X7 service availability and this increased the satisfaction of the clients. It provides any time any where services. The development of technology paved way to the digitalization. It is very easy to the people to make transfer of money from one account to another persons account. It facilitated quick transfer of the amount .

The digitalization process increased the cashless transactions. Now almost all the people have their account in the banks. The digital facilities increased the transactions of banks. People purchase the products through the digitalized form of money. This reduced the cost of operation of banks and increased the profits.

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