

ISSN :2582-6433



INTERNATIONAL JOURNAL FOR LEGAL RESEARCH AND ANALYSIS

Open Access, Refereed Journal Multi Disciplinary
Peer Reviewed 6th Edition

VOLUME 2 ISSUE 6

www.ijlra.com

DISCLAIMER

No part of this publication may be reproduced or copied in any form by any means without prior written permission of Managing Editor of IJLRA. The views expressed in this publication are purely personal opinions of the authors and do not reflect the views of the Editorial Team of IJLRA.

Though every effort has been made to ensure that the information in Volume 2 Issue 5 is accurate and appropriately cited/referenced, neither the Editorial Board nor IJLRA shall be held liable or responsible in any manner whatsoever for any consequences for any action taken by anyone on the basis of information in the Journal.

Copyright © International Journal for Legal Research & Analysis

INTERNATIONAL JOURNAL
FOR LEGAL RESEARCH & ANALYSIS

EDITORIAL TEAM

EDITORS

Megha Middha



Megha Middha, Assistant Professor of Law in Mody University of Science and Technology, Lakshmanagarh, Sikar

Megha Middha, is working as an Assistant Professor of Law in Mody University of Science and Technology, Lakshmanagarh, Sikar (Rajasthan). She has an experience in the teaching of almost 3 years. She has completed her graduation in BBA LL.B (H) from Amity University, Rajasthan (Gold Medalist) and did her post-graduation (LL.M in Business Laws) from NLSIU, Bengaluru. Currently, she is enrolled in a Ph.D. course in the Department of Law at Mohanlal Sukhadia University, Udaipur (Rajasthan). She wishes to excel in academics and research and contribute as much as she can to society. Through her interactions with the students, she tries to inculcate a sense of deep thinking power in her students and enlighten and guide them to the fact how they can bring a change to the society

Dr. Samrat Datta

Dr. Samrat Datta Seedling School of Law and Governance, Jaipur National University, Jaipur. Dr. Samrat Datta is currently associated with Seedling School of Law and Governance, Jaipur National University, Jaipur. Dr. Datta has completed his graduation i.e., B.A.LL.B. from Law College Dehradun, Hemvati Nandan Bahuguna Garhwal University, Srinagar, Uttarakhand. He is an alumnus of KIIT University, Bhubaneswar where he pursued his post-graduation (LL.M.) in Criminal Law and subsequently completed his Ph.D. in Police Law and Information Technology from the Pacific Academy of Higher Education and Research University, Udaipur in 2020. His area of interest and research is Criminal and Police Law. Dr. Datta has a teaching experience of 7 years in various law schools across North India and has held administrative positions like Academic Coordinator, Centre Superintendent for Examinations, Deputy Controller of Examinations, Member of the Proctorial Board

ANALYSIS



Dr. Namita Jain

Head & Associate Professor



School of Law, JECRC University, Jaipur Ph.D. (Commercial Law) LL.M., UGC -NET Post Graduation Diploma in Taxation law and Practice, Bachelor of Commerce.

Teaching Experience: 12 years, AWARDS AND RECOGNITION of Dr. Namita Jain are - ICF Global Excellence Award 2020 in the category of educationalist by I Can Foundation, India. India Women Empowerment Award in the category of "Emerging Excellence in Academics by Prime Time & Utkrisht Bharat Foundation, New Delhi.(2020). Conferred in FL Book of Top 21 Record Holders in the category of education by Fashion Lifestyle Magazine, New Delhi. (2020). Certificate of Appreciation for organizing and managing the Professional Development Training Program on IPR in Collaboration with Trade Innovations Services, Jaipur on March 14th, 2019

Mrs.S.Kalpana

Assistant professor of Law

Mrs.S.Kalpana, presently Assistant professor of Law, VelTech Rangarajan Dr. Sagunthala R & D Institute of Science and Technology, Avadi. Formerly Assistant professor of Law, Vels University in the year 2019 to 2020, Worked as Guest Faculty, Chennai Dr.Ambedkar Law College, Pudupakkam. Published one book. Published 8 Articles in various reputed Law Journals. Conducted 1 Moot court competition and participated in nearly 80 National and International seminars and webinars conducted on various subjects of Law. Did ML in Criminal Law and Criminal Justice Administration. 10 paper presentations in various National and International seminars. Attended more than 10 FDP programs. Ph.D. in Law pursuing.



INTERNATIONAL JOURNAL

Avinash Kumar



Avinash Kumar has completed his Ph.D. in International Investment Law from the Dept. of Law & Governance, Central University of South Bihar. His research work is on "International Investment Agreement and State's right to regulate Foreign Investment." He qualified UGC-NET and has been selected for the prestigious ICSSR Doctoral Fellowship. He is an alumnus of the Faculty of Law, University of Delhi. Formerly he has been elected as Students Union President of Law Centre-1, University of Delhi. Moreover, he completed his LL.M. from the University of Delhi (2014-16), dissertation on "Cross-border Merger & Acquisition"; LL.B. from the University of Delhi (2011-14), and B.A. (Hons.) from Maharaja Agrasen College, University of Delhi. He has also obtained P.G. Diploma in IPR from the Indian Society of International Law, New Delhi. He has qualified UGC - NET examination and has been awarded ICSSR - Doctoral Fellowship. He has published six-plus articles and presented 9 plus papers in national and international seminars/conferences. He participated in several workshops on research methodology and teaching and learning.

ABOUT US

INTERNATIONAL JOURNAL FOR LEGAL RESEARCH & ANALYSIS ISSN 2582-6433 is an Online Journal is Quarterly, Peer Review, Academic Journal, Published online, that seeks to provide an interactive platform for the publication of Short Articles, Long Articles, Book Review, Case Comments, Research Papers, Essay in the field of Law & Multidisciplinary issue. Our aim is to upgrade the level of interaction and discourse about contemporary issues of law. We are eager to become a highly cited academic publication, through quality contributions from students, academics, professionals from the industry, the bar and the bench.

INTERNATIONAL JOURNAL FOR LEGAL RESEARCH & ANALYSIS ISSN 2582-6433 welcomes contributions from all legal branches, as long as the work is original, unpublished and is in consonance with the submission guidelines.



IJLRA
INTERNATIONAL JOURNAL
FOR LEGAL RESEARCH & ANALYSIS

AN EMPIRICAL STUDY ON E-BANKING

IN INDIAN SCENARIO

Authored By-Shivam

INTRODUCTION

E-banking can be defined as the automated and effective delivery of new and conventional banking products and services directly to customers through electronic, interactive communication channels.¹ It includes the systems that enable financial institutions, individual customers or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet.²

It encompasses the wide technological innovations that have taken place in banking from transferring funds online, making online payments for almost any service, managing account balances to making railway, airway and hotel bookings online. It has removed the barriers of 'Brick and mortar' model of banking.³

It is perhaps the biggest invention in Banking in the last century. Two of the major contributors to this remain Automation of Banking and Birth of Internet.⁴ While the one ensured conversion of processes from manual to auto mode, the other ensured it reached everyone concerned with the activity; be it the bank, customer or a third party as seller.

This revolution however in India is yet to take place in a big way. While it is a huge cost saving for Banks except initial investments, the customer remains wary of embracing the same wholeheartedly. E- Banking remains one of the most successful outcomes of E-Commerce revolution that changed the way the world traded.⁵ While it helped the Banks & Businesses grow multi fold, it provided customers with lot of convenience and safety.

¹Dhawan, Nidhi (2010). E-Commerce, New Delhi: International Book House, p. 149-158

² Kalakota, Ravi & Andrew B. Whinstone. (2009). Electronic Commerce: A Manager's Guide, New Delhi: Pearson Education, p.188-201.

³ Nsouli, Saleh M. & Schaechter, Andrea (2002). Challenges of the E-Banking Revolution, International Monetary Fund, 1-3.

⁴ Shukla, Ruby, Shukla, Pankaj (2011). E-Banking: Problems & Prospects International Journal of Management & Business studies, 23-25

⁵ Jamaluddin, N. (2013), "E-Banking: Challenges and Opportunities in India" Proceedings of 23rd International Business Research Conference 18 - 20, Marriott Hotel, Melbourne, Australia

This paper tries to analyse- the challenges faced by E-Banking in India and also discusses how to overcome them. It discusses the benefits derived by all the parties concerned like customers, banks, businesses & government. It suggests ways to penetrate the inner lands of India and discusses the advantages to be derived from the same.

Aims & Objectives

- To examine the efficacy of core principles and main modes of E- Banking.
- To study the merits and demerits of E-Banking in Indian context.
- To find out the prospects of E-Banking in Indian context.

Hypotheses

- The existing modes and core principles of E-Banking are not completely efficient; they need modifications.
- Despite having certain demerits and challenges; E-Banking has got future prospects in India.

Research Questions

- Whether existing modes and core principles of E-Banking are efficient or not?
- Keeping in mind merits, demerits and challenges; whether E-Banking has got future prospects in India or not?

Research Methodology

Researcher has intended to carry out exploratory research to analyse the core principles of E-Banking and its scope and future prospects in India.

The required data for this study has been collected from two main sources-: Primary data that is empirical in nature has been collected through Questionnaire. Secondary data has been collected through books, newspapers, journals, magazines, and websites etc.

Sample Size

Sample size has been taken as of 30 respondents which are existing customers of various banks. 25 respondents are Male and 5 are Female. 20 respondents are from urban area and rest 10 come from rural areas.

Sampling Design

To carry out the present study convenience sampling method has been used for drawing the sample out of the defined population. The sample consisting of 30 people has been used amongst which people belong to different occupations; businessmen, students, private and public servants. All of them were having their accounts in various banks. They were administered questionnaire through survey method.

Limitations

The research study has been done from a selective material on the internet due to time constraints and various other factors. Only selective journals, papers and articles have been put to use because of the time factor. Empirical data collected through questionnaire method has been collected from thirty respondents. There is the possibility of further updating of this research paper because of limited sources.

VARIOUS MODES OF E- BANKING

Internet Banking

Web managing an account, at times called web based keeping money, is the proper technique for PC saving money.⁶ Web keeping money require the Internet as the conveyance channel by which to lead managing an account movement for instance, exchanging reserves, paying bills, seeing checking and investment account adjusts, paying home loans, and acquiring monetary instruments and endorsements of store.

⁶ Mohammed, S. and Shariq, S. (2011), "A study of ATM usage in banks in Lucknow ", International Journal of Management Studies.Vol.2, No. 1, pp.47-53.

Phone Banking

For the rationality of client in doing exchange any place on the world, without the imperative of day and night web based Tele- banking made this possible. By dialling the no given by the banks through the landline or a portable from anyplace, customer can get to his or her record or by following the easy to understand menu.⁷

OTHER ELECTRONIC DELIVERY CHANNELS

ATM

A cash machine set up in broad daylight put, connected to an information framework and unified types of gear and initiated by a bank client to expel money and doing other managing an account exercises, for example, get to his or her ledger, check account adjust without the requirement for a human bank employee. ATM's additionally permits storing money and check, exchanging cash, energizing cell phones and so forth.⁸

Credit Cards/Debit Cards:

The Credit Card holder is permitted to pay out anywhere and at any point he needs with his Credit Card inside the limits established by his bank. MasterCard is a post-paid card.⁹

Smart Card:

For the reason to upgrade security and offer new administration, banks are adding microchip to their current strip cards called Smart Cards'. These Cards permits to store the data on these attractive stripe cards. These cards are also exceptionally safe, more conventional and perform many capacities task.¹⁰ They hold a marvellous measure of private information, from medical and health history of an individual having an account and individual inclinations.

⁷ <http://www.bankinfo.com>; Accessed on 22nd APR 2022

⁸ Paul Anning and others, (2003). *E-Finance Law and Regulation*. U.K.: Lexis Nexis

⁹ Wright Benjamin and Winn K. Jane, (2006). *The Law of Electronic Commerce*. Third edition,

¹⁰ Barczak G.E, Scholder P. & Piling B.K.T., 1997. *Developing typologies of consumer motivation for use of technologically based banking services*, Journal of Business Research 38 (2), 131-40.

BHIM:

Bharat interface for cash (BHIM) is a versatile application set up by national instalments partnership of India (NPCI) in light of the Unified payment interface (UPI). It is propelled by

Narendra Modi, the head administrator of India, at a —Digi Dhan mela at Talkatora stadium in New Delhi on 30 December 2016. The card was named after Dr. Bhim Rao Ambedkar and it helps in performing e-transactions straight away.¹¹

ADDITIONAL SERVICES FACILITATED BY E –BANKING

Railway Pass

Railway pass is that facility that helps all the common masses. Indian Railways has tied up with ICICI bank to make the railway pass for local trains online. The pass provided to the customer's doorstep.

Investing Through Internet Banking

Internet banking also allows to customer to do online investments. Customers can invest in fixed deposits online through funds transfer. Investors can easily invest in the stock market by connecting their Demat account with their bank account.¹² The amount will be automatically debited from their relevant bank accounts and the shares will be credited in their DEMAT account.

Shopping

Range of all types of products is available online. Customer can shop online and the payment is also made suitably through his account. One can also purchase railway and air tickets through Internet banking.

¹¹ Nsouli, Saleh M. & Schaechter, Andrea (2002). Challenges of the E-Banking Revolution, International Monetary Fund, 1-3

¹² http://www.asia.internet.com/asia-news/print/0,,161_648221,00.html; Accessed-on 22nd APR 2022

E-Banking Services

Through E banking any customer can operate his account by using the internet or mobile through any place at any time on any day. In internet banking system the bank has web enabled integrated database. Intranet is the network which ties the various locations and gives connectivity to the central office within the organization. These networks are limited to organizations only, for which they are set up. SWIFT is best example of intranet application.¹³

The RBI initiated a working group on Internet Banking. The group alienated the internet banking products in India into 3 types based on the levels of access approved. They are:

Information Only System

In this banks website provides the casual information related with rate of interest, location of banks, its website, products of the bank and their features, loan and deposit calculations are provided.¹⁴ Clients can also download various types of from it. The communication is usually done through e-mail. There exists no direct connection between the customer and bank's application system. Customer is also not identified.

Electronic Information Transfer System

The system is designed to offer customer- like account balances, business deal details, and accounts statements. The information is on the 'read only' format. Password is used for identification and authentication of the customer. The information is obtained from the bank's application system. The application systems cannot be accessed directly through the internet.

Fully Electronic Transactional System

This system allows two types of competencies. Transactions can be put forward by the customer for online update. This system needs high degree of safety and control. In this environment, web server and application systems are linked over secure infrastructure.¹⁵

¹³ Black N.J. Lockett A., Ennew C. & Winklhofer H., 2001. *Adoption of Internet banking, a qualitative study*. International, Journal of Retail & Distribution Management 29 (8), 390-8.

¹⁴ <http://rajdeepandjoyeeta.com/internet-banking-legal-issues/>; Accessed on 22nd APR 2022

¹⁵ Ravichandran, N. (2003). Indian Banking Sector: Challenges & Opportunities, Vikalpa 89-91.

LEGAL PROVISIONS DEALING WITH E-BANKING

Information Technology Act, 2000

- SEC. 3(2) - crypto function and hash function as a means of authenticating electronic record.
- SEC. 4- talks about giving legal recognition to all electronic contracts and agreements.
- SEC. 10 A- gives validity to every electronic transaction.
- SEC. 66- penalty in case of data theft or hacking.
- SEC.72- penalty in case of breach of privacy.
- SEC. 79- provides immunity to service providers if any illegal act is done through their network.

IPC, 1860

Data theft is punishable under section 378. Section 411 provides punishment for any person who dishonestly receives stolen property through online transaction. Section 425 provides for punishment in case of committing mischief by damaging computer system.

Other Relevant Legislations

The Banking Regulation Act, 1949 and Reserve Bank of India Guidelines on E-Banking also contribute to legal framework of E-Banking in Indian context.¹⁶ Section 40 A (3) of Income Tax Act, 1961 provides for benefits in case of transfer through internet banking. The concept of truncated cheque and E-cheque has been added in section 6 of Negotiable Instruments Act, 1881. Relief to E-Banking users is also available under Consumer Protection Act, 1986.¹⁷

The regulatory framework with respect to E- Banking in India as well as of the other developed countries like Australia, USA, and UK is quite clear.

Thus after taking everything into consideration we can compare Indian position with that of other countries and we can also draw reasons that why India is not making up to the mark steps in E-banking under the shadow of the following points.

- The first and the foremost reason for inefficient E-banking functioning is that the regulatory framework regarding E-banking in India is not refined and satisfactory as to the need of the society.

¹⁶ Gupta S.N. (1999) "*The Banking Law in Theory & Practice*", Universal Law publication Co. Vol.1 Third ed.

¹⁷ Black N.J. Lockett A., Ennew C. & Winklhofer H., 2001. *Adoption of Internet banking, a qualitative study*. International, Journal of Retail & Distribution Management 29 (8), 390-8.

- The level of awareness among the people regarding functioning of E-banking is very low.

- Less people in India are following the proper security measures while dealing under the process of E-banking.
- The security measures regarding E-banking dealing is also not very proper.¹⁸
- Lack of development, hosting and management of packaged software from a central facility regarding E-banking.
- And being a developing country, India is taking time to develop this new technology and making it popular among the masses.

THE CHALLENGES

Atm Services

The Challenges are grouped under the types of services which face them and common challenges are discussed in the end. ATM Services This is perhaps the most popular E- Banking service used by the people of India. Started in the mid 90's India has over one lakh ATMs today. The Private Banks lead by ICICI bank took this initiative and have worked hard to popularize it. However ATM services have their own challenges to contend with.

Poor Infrastructure: Lack of proper place, electric connection and satellite and broadband connectivity has restrained this service from expanding to rural and semi urban areas in a big way.¹⁹

Security Issues: While urban ATMs are generally located in crowded areas and also it is easier to get guards it is not so in case of rural areas. Since the machines are loaded with cash they are easy targets without proper protection. Also the lack connectivity to the state police system unlike other nations in the world makes it very difficult.

Operating Conditions: India is a multicultural and multi linguistic nation. Our Literacy levels are not so high. It becomes difficult to have instructions displayed in multiple languages.²⁰ But the technology has come out with a solution to this. However technology cannot help illiterate people in this and also ATMs can't ensure uniform operating levels from all people resulting in high wear & tear.

¹⁸ Aladwani, M. Adel (2011), Online Banking: a field study of drivers, development challenges, and expectations, International Journal of Information Management, pp. 213- 225.

¹⁹Pooja Malhotra, Bawinder Singh. (2009). "The Impact of Internet Bank performance and risk: the Indian Experience", Eurasian Journal of Business and Economics 2009, 2 (4). 43-63

²⁰ Mohammed, S. and Shariq, S. (2011), "A study of ATM usage in banks in Lucknow ", International Journal of Management Studies.Vol.2, No. 1, pp.47-53.

Debit/Credit Card Services

One of the services of Banks which has seen the highest growth in last one and half decades is that of Credit / Debit cards. While foreign banks like Citibank, Standard Chartered etc were the first to introduce them (especially Credit cards).²¹ It is the new age Indian Private Sector Banks like ICICI & HDFC among others who capitalized the most with this development. The plastic money thus made inroads into Indian economy especially luring the young, middle class, literate, urban crowd. However these are also characterized by certain challenges.

Pin Security: It is a major challenge to overcome. All that a card requires to draw money is a four digit PIN (Personal Identification Number). For an electronic system this simplifies work to a greater extent. However human mind with its limitations especially with creative and illiterate people alike makes it difficult to remember this number. Also a four digit code with just 10000 permutations is not so tough to crack especially with modern devices. However biometrics has a solution to this with the use of finger impressions.²²

Swipe/Signature Security: Most of the debit/credit cards are swiped while shopping indication fund transfer. Even though a slip is generated where a customer needs to sign, seldom has been a case where the signature is tallied by the Bank while settling claims nor a shop has been able to tally signatures as most customers don't sign at the back of their card. This makes card swiping unpopular with customers and marketers alike especially in small cities. The disputes are very difficult to settle.

Service Charges: One knows that most of the cards in the world are issued either by 'VISA or MASTER Card'. They run parallel to banks storing all information about the card holder that is useful & necessary. However for this service they charge the one who is at the receiving end. Since the profit margin is a diminishing commodity nowadays, sellers detest this by discouraging use of card and encouraging sales on cash. But the big two today are willing to reduce their charges looking at the volumes expected.

²¹ <https://shodhganga.inflibnet.ac.in/bitstream/10603/148886/chapter%205.pdf>; Accessed on 22nd APR 2022

²² Prof. Assankutty, Jojo Mon. NA. (2007). "Financial service", Calicut University, Calicut: Kerala

E-BANKING

The Connectivity: While internet banking remains the fastest and most convenient (even being operated from home) the nation lacks connectivity on the same. Most of the rural and some semi urban areas remain unconnected or partially connected.²³ This is an issue beyond the scope of banks.

Bandwidth Of Internet Service: Even in the areas where connectivity is adequate, bandwidth remains a problem.²⁴ While the Bank branches in this area can afford alternatives such as satellite connectivity/VSAT, the consumer remains devoid of these facilities at the personal level. This result in connectivity getting lost and customer losing patience. It also results not only in more footfalls at branches but contributes to customer dissatisfaction.

Security: This remains the biggest concern with Internet Banking the world over. In India too while RBI has issued guidelines in this regard, the issue continues to be of concern to both Banks & their Customers. While some of the smaller banks in the past have compromised on this issue, the technological advances in the field have helped the fraudsters to continue to find ways to evade Bankers & Law makers alike, despite the adherence to rules and regulations by Banks & Customers.²⁵

MOBILE/ TELEBANKING

The result of boon in telecom sector in the form of mobile telephony in India during first decade of this century has seen an explosion in the number of telecom subscribers. This fact has encouraged the bankers to offer more and more services on telephone rather than in Branch banking. These include services like cheque book request, password reset, DD request etc. However this type of banking has some peculiar problems.²⁶

Illiteracy: Unlike in the use of mobile phones banking requires awareness about processes, rules and regulations. However most of the mobile users in the lower class do not understand them and find them difficult to operate.

²³<http://jsslawcollege.in/wp-content/uploads/2013/05/>; Accessed on 22ND APR 2022

²⁴McKinsey survey, 2015.McKinsey Quarterly., "A survey regarding the position of E-banking in Asia."

²⁵Kalakota, Ravi & Andrew B. Whinstone. (2009). Electronic Commerce: A Manager's Guide, New Delhi: Pearson Education, p.188-201.

²⁶ <http://www.banknetindia.com/banking/ibkg.html>; Accessed on 22nd APR 2022

Technology: This can be a severe constraint when it comes to use of mobile instruments. Since most of the people buy instruments within their budgets, there is a severe constraint on the part of service providers in terms of features being offered in these handsets.

PENETRATION: Unlike Mobile Telephony Banking has not been able to make inroads into the rural heartland of India. The fact that 83% of Indian population still doesn't have a bank account proves this. Hence the problem needs to be addressed at the Bank Level.²⁷

SECURITY: This again is a major concern because of two factors:²⁸

- a. Lack of availability of a Reliable Network by the Mobile service provider in the Area.
- b. Information leak due to easy accessibility of a mobile handset. Apart from these there is always a danger of Apps on a smart phone, which regularly access information stored in the mobile, stealing some important data.

ANALYSIS OF COLLECTED DATA ALONG WITH GRAPHICAL REPRESENTATION

<u>SR.NO.</u>	<u>QUESTIONS/STATEMENTS</u>	<u>YES</u>	<u>NO</u>	<u>CAN'T SAY</u>
<u>1</u>	E-Banking is easy and convenient to use	15	10	05
<u>2</u>	ATM services provided by banks are efficient	20	06	04
<u>3</u>	Security aspects of E-banking need more improvement	15	12	03
<u>4</u>	Proportion of workforce incapable of handling e-banking business results in inefficiency.	16	08	06
<u>5</u>	Improved trade relations across boundaries with easier transfer of funds through E-Banking.	20	05	05
<u>6</u>	E-Banking has boosted better customer relationship management by providing	22	06	02

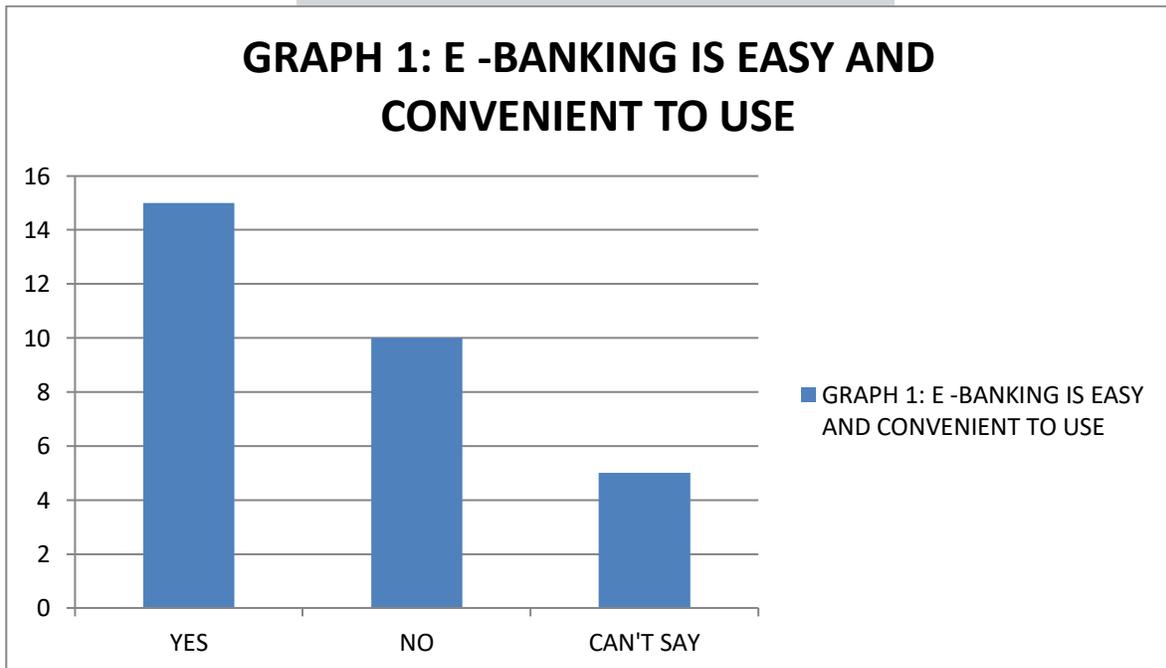
²⁷ Shukla, Ruby, Shukla, Pankaj (2011). E-Banking: Problems & Prospects International Journal of Management & Business studies, 23-25.

²⁸Kamath, Nandan, 2005. *Law relating to Computers, Internet & E-Commerce*. Delhi: Universal Law publication Co. Pvt. Ltd.

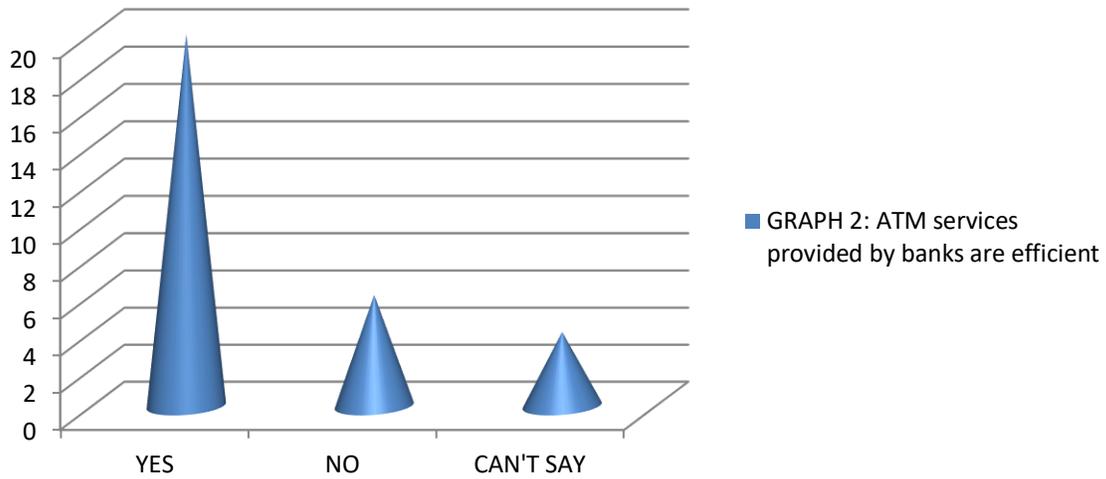
	faster response to customer queries and complaints.			
<u>7</u>	E-Banking services have proved to be a boon in situations like COVID pandemic & Demonetization	24	04	02
<u>8</u>	Receiving of messages and emails from bank has increased customer satisfaction	18	06	06
<u>9</u>	E-Banking is widely used in urban areas and less used in rural ones	20	05	05
<u>10</u>	The confidentiality and integrity of data and information while using E-Banking services is still a major concern	20	06	04

FOR LEGAL RESEARCH & ANALYSIS

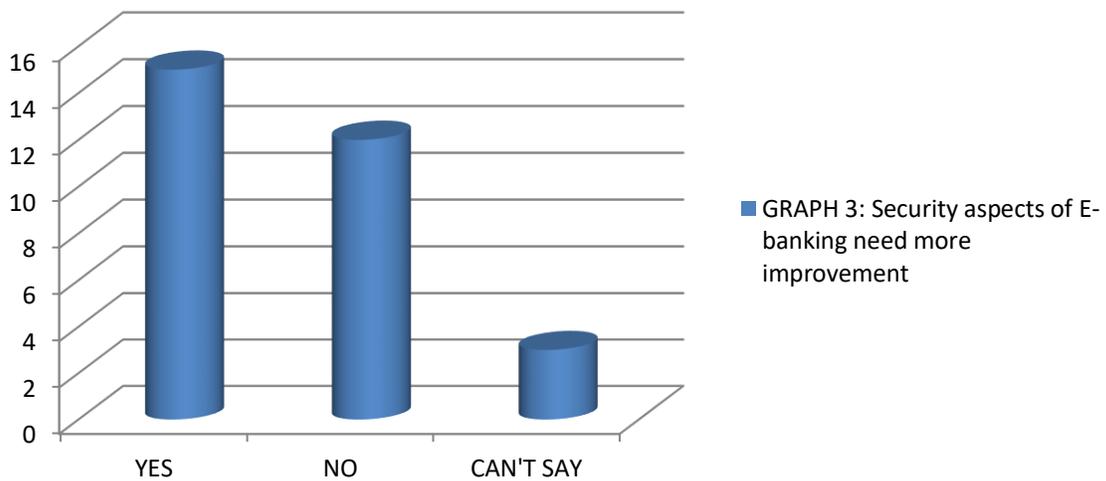
GRAPH 1: E -BANKING IS EASY AND CONVENIENT TO USE



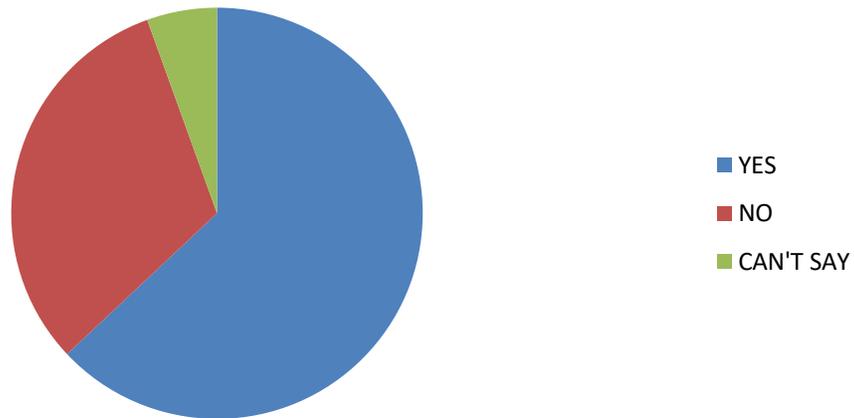
GRAPH 2: ATM services provided by banks are efficient



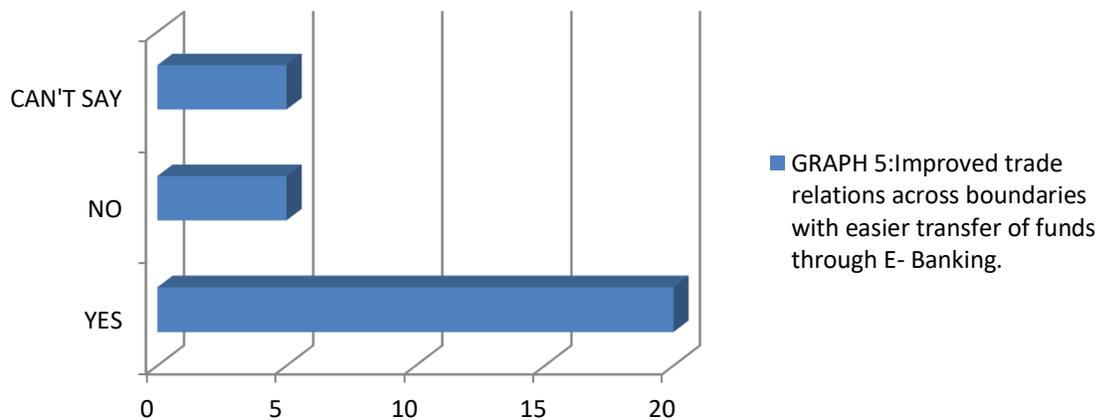
GRAPH 3: Security aspects of E-banking need more improvement



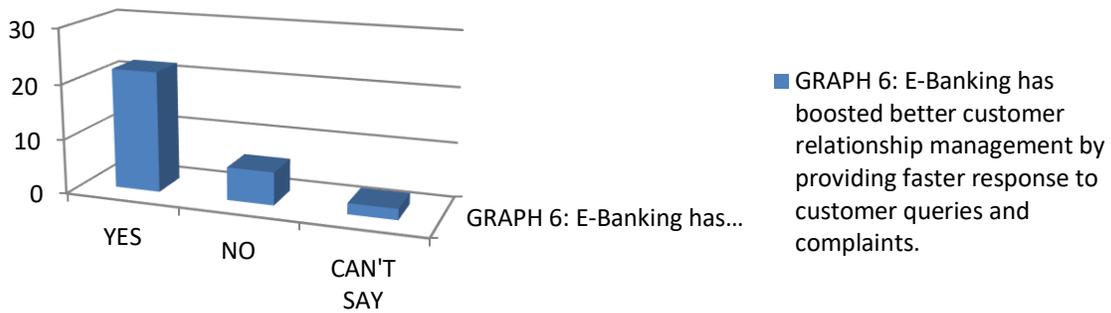
GRAPH 4: Proportion of workforce incapable of handling e-banking business results in inefficiency.



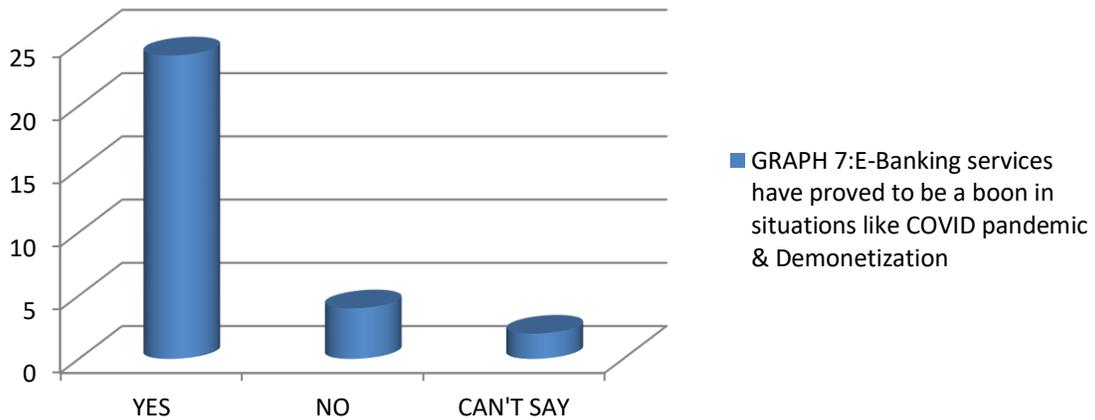
GRAPH 5: Improved trade relations across boundaries with easier transfer of funds through E- Banking.



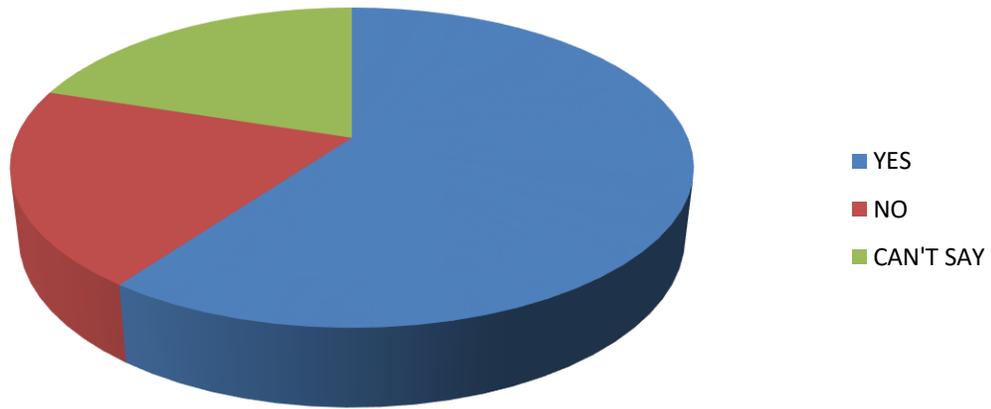
GRAPH 6: E-Banking has boosted better customer relationship management by providing faster response to customer queries and complaints.



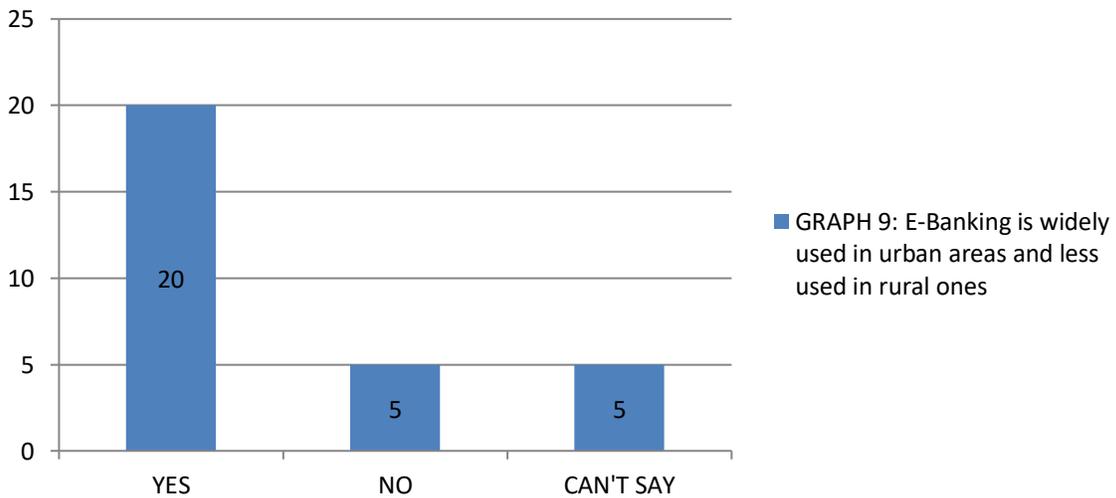
GRAPH 7: E-Banking services have proved to be a boon in situations like COVID pandemic & Demonetization



GRAPH 8: Receiving of messages and emails from bank has increased customer satisfaction



GRAPH 9: E-Banking is widely used in urban areas and less used in rural ones



GRAPH 10: The confidentiality and integrity of data and information while using E-Banking services is still a major concern



ANALYSIS OF COLLECTED DATA

Primary data in empirical form has been collected from 30 respondents. 25 respondents are Male and 5 are Female. 20 respondents are from urban area and rest 10 come from rural areas. 15 out of 30 respondents find E-Banking is easy and convenient to use; 10 deny it and rest 5 are having no opinion.²⁹ 66.66% respondents find ATM services provided by banks are efficient; 20% or respondents think that ATM services need more modifications.³⁰ 50% of the respondents opine that Security aspects of E-banking need more improvement and 40% of the respondents are satisfied with present security aspects of E-Banking.³¹

16 out of 30 respondents agree to the statement that Proportion of workforce incapable of handling e-banking business results in inefficiency; 8 respondents show disagreement with it and 6 respondents are having no opinion.³²

²⁹ DATA POTRAYED IN GRAPH 1

³⁰ DATA POTRAYED IN GRAPH 2

³¹ DATA POTRAYED IN GRAPH 3

³² DATA POTRAYED IN GRAPH 4

66.66% respondents opine that E- Banking has facilitated improved trade relations across boundaries with easier transfer of funds.³³

22 respondents out of 30 are having the opinion that E-Banking has boosted better customer relationship management by providing faster response to customer queries and complaints.³⁴ Eighty percent of the respondents opine that E-Banking services have proved to be a boon in situations like COVID pandemic & Demonetization.³⁵ Sixty percent respondents opine that receiving of messages and emails from bank has increased customer satisfaction.³⁶ 20 out of 30 respondents are having the opinion that E-Banking services are widely used in urban areas and less used in rural ones.³⁷ 66.66% respondents find confidentiality and integrity of data and information while using E-Banking services is still a major concern.

FINDINGS, CONCLUSION, SUGGESTIONS

FINDINGS

The researcher has divided the finds into four headings and represented them through SWOT analysis of E-Banking.

STRENGTHS

- It offers superior & user friendly technology
- Anywhere-anytime banking. Further, instant information is available to users as soon as the transaction takes place.
- No paper work and physical handling and storage of paper instruments
- Competition from private sector and foreign banks has led to creation of more and more innovative products and services such as e-wallet, plastic cards, online transaction history, buying and selling shares/ Mutual funds online, Renewal/ premature closure of FD/ RD, Bills Payment, Convert to EMI, Online loans, Online tax payments and lots more.
- Faster response to customer queries and complaints. Better customer relationship management.
- Improved management, transparency and accountability.

³³ DATA POTRAYED IN GRAPH 5

³⁴ DATA POTRAYED IN GRAPH 6

³⁵ DATA POTRAYED IN GRAPH 7

³⁶ DATA POTRAYED IN GRAPH 8

³⁷ DATA POTRAYED IN GRAPH 9

- Improved trade relations across boundaries with easier transfer of funds through net banking.
- Multi-folds growth in the business of banking sector with variety of banking players in the market- public, private, foreign, regional rural, etc. It also establishes healthy competition and promotes better consumer services.
- With development in technology, banks are reaching more and more remote locations in the country allowing access to rural people who earlier did not have convenient access to banks.

WEAKNESS

- Complexity in online transactions. The people who are not tech savvy cannot operate bank accounts online unless they are made aware of the e-banking culture.
- There is a 'digital divide' as the poor are excluded from the use of the internet and so from the financial system.
- The confidentiality and integrity of data and information over internet is still a major concern in India. There has been a rise in the number of cybercrimes registered.
- The usage of Internet banking is dependent upon the availability of internet which means when the server is down, the whole system is paralysed.
- Lack of physical presence of bankers which at the time of customer grievances proves to be a negative point.
- Ineffective maintenance of technological infrastructure in some branches.
- Still, there are some banking personnel who are not adequately trained and equipped to handle e-banking which creates barriers and limitations in the system.

OPPORTUNITIES

- India is a growing economy with large numbers of savers and investors. It holds immense potential for market expansion.
- One of the biggest opportunities for Indian banking sector is the Indian consumer. With demographic changes over the years, in terms of income levels and rising standards of living, the demand for sophisticated, competitive and retail banking services have risen. Banks need to tap that market by delivering solutions.
- Integration of domestic banks with foreign markets offer countless opportunities to

Indian banking sector to get exposure to the world. In this global world, countries seek high quality banking services with operational efficiency. Hugely talented Indian manpower can seek good opportunities across globe. Additionally, it will create employment opportunities for the youth.

- There still lies a large untapped rural market in India which in the coming years, needs to be explored for better reach of the banking sector. That leads to greater “financial inclusion”.
- Better development in areas like Risk management and CRM (Customer Relationship Management).
- Advancement in current IT base to avoid system failures and provide efficient and secure platform for online transactions. Safe and secure payment gateways.

THREATS

- One of the major threats is that it's not secure all the time. Lately, there have been cases where cyber criminals have tricked users through spam sites, social media, etc. to give out their personal information.
- High transaction costs for banks if their customers do not often transact online because huge investment goes into the setting up of Internet banking systems.
- In the times of fierce competition if the banks do not timely upgrade technology, they will have to face and suffer losses of customers as well as profits.
- The legal and regulatory framework suffers some loopholes which allow criminals to take advantage of the situation. It needs to be more stringent to prevent frauds.
- Lack of customer loyalty
- Proportion of workforce incapable of handling e-banking business results in inefficiency.

CONCLUSION

While there are challenges of Infrastructure, Security, Awareness, Literacy plaguing it, it is undoubtedly the best alternative to traditional branch banking. Increasing cost of Manpower, Brick and mortar structures and an awareness about benefits associated with it including environmental protection will make it choice of the new generation in the future. Thus there is a need to work together for all the parties concerned like banks, customers, businesses and the government to derive maximum benefit out of this. Both the hypotheses i.e. the existing modes and core principles of E-Banking are not completely efficient; they need modifications; and despite having certain demerits and challenges; E-Banking has got future prospects in India; have proved to be true.

E-banking is a survival and growth weapon for businesses and is fundamental aspect of the Indian Banking industry. It has removed all barriers across international borders and created a global banking scenario with ease and availability of services online. The efficient use of technology has facilitated accurate and timely management of the increased transaction volumes of banks which comes with larger customer base.

Further, the Information Technology Act, 2000 has provided the much needed legal recognition to the creation, transmission and retention of electronic data. The upward surge in the ATMs across the nation, multi folds increase in RTGS/NEFT transactions, rise in the number of E-banking users, all are indicative of the fact that Indian banking industry has largely been successful in catering to the needs of the masses and there is no looking back.

In spite of such a blessing Internet banking has proven to be, it is hounded by issues like security theft, phishing attacks, money laundering, etc. which is why customers are cautious of conducting banking transactions over the internet. However, such issues can be addressed by ensuring people are aware of the e-banking model and code of conduct especially in the rural remote areas. For that, government can conduct seminars and workshops organised at mass level and reaching the masses.

In addition to that, more funds needs to be invested in ensuring safety and security of personal data with installation of customer identification devices, periodic reviews on compliance with laws, information screening techniques, etc. On the whole, we can conclude that technology alone doesn't help but intellectual and trained human resources are supposed to handle such tools which will bring performance improvement and give a competitive edge to banks.

SUGGESTIONS

- E-Banking is a non-reversible phenomenon which will get more prominent in the coming future. However to make full use of this technology so that all the interested parties viz; customers, banks and businesses benefit the maximum from it, the paper tries to give certain suggestions to all the concerned as below. .
- Development of a robust Telephone & Internet infrastructure across the country including the semi urban areas & rural heartland. While government needs to encourage private players to do so the increased commerce on this route will pay for itself in the long run. .
- Encouraging their customers to use these alternate channels more and more will result in reduced burden on the bank branches which will result in reduced infrastructure and manpower costs for the banks in the future. .
- The incentives to the customers in the form of free ATM/Debit cards, Free ECS facilities will pay the bank rich dividends in terms of reduced cost of stationary like cheque books, statement of accounts, passbooks etc. Thus all the parties end up contributing to the cause of 'Environmental Protection'. .
- Encouraging alternate banking channels in rural area like ATM, ECS & Telebanking will result in easing of burden on Banks due to the RBI directive making it mandatory to have certain percentage of their branches in rural areas. .
- E-banking tries to do away with the hard cash and encourages safe, convenient and fast transfer of currency. It will discourage the black money which has been root cause of many evils in the nation for over six decades now. Hence the obligation is on the Government to Encourage E- Banking and also making it mandatory in certain cases if necessary through Legislation. □ The duty which is imposed on the Banks and NBFC's to maintain the secrecy and confidentiality for the sensitive information of the customers must be statutorily recognized for giving it a legal status and imposing penalty on the Banking Authorities on its violation, so that its enforcement can be ensured more stringently than it is there presently.
- A multi-layered security architecture comprising firewalls, filtering routers, encryption and digital certification are to be used in order to ensure that customers' accounts information is protected from unauthorized access. Apart from this, the Reserve bank of India issues timely circulars for the convenience for working with electronic banking as there is a steep rise in the risk involved due to internet banking.

- Following those circulars, the need of the hour is to meet the challenge of providing different services to customers and also keeping vigil eye, to curtail the risk arising due to E-Banking.

REFERENCES

- Dhawan, Nidhi (2010). E-Commerce, New Delhi: International Book House, p. 149-158
- Kalakota, Ravi & Andrew B. Whinstone. (2009). Electronic Commerce: A Manager's Guide, New Delhi: Pearson Education, p.188-201.
- Ravichandran, N.,(2003). Indian Banking Sector: Challenges & Opportunities, Vikalpa 89-91.
- Shukla, Ruby, Shukla, Pankaj (2011). E-Banking: Problems & Prospects International Journal of Management & Business studies, 23-25.
- Jamaluddin, N. (2013), "E-Banking: Challenges and Opportunities in India" Proceedings of 23rd International Business Research Conference 18 - 20, Marriott Hotel, Melbourne, Australia
- Sharma, M.C. & Sharma, Abhinav, "Role of Information Technology in Indian Banking Sector", International Journal in Multidisciplinary and Academic Research (SSIJMAR) Vol. 2, No. 1, January-February
- K. Ratna (2014), "Indian Banking Sector – Challenges and Opportunities",IOSR Journal of Business and Management, Volume 16, Issue 2. Ver. I, PP 52-61
- Nitsure, Rupa Rege (2004), "E-Banking: Challenges and Opportunities",Economic and Political Weekly, Vol. 38, No. 51/52, pp. 5377-5381
- Lal, Roshan & Saluja, Rajni(2012), "E-BANKING: THE INDIAN SCENARIO", Asia Pacific Journal of Marketing & Management Review, Vol.1 (4)
- Uthayasuriyan, K. & Kesavan, S. (2012), "Role of IT in Banking Sector", International Journal's Research Journal of Commerce & Behavioural Science, Volume: 01, Number: 10
- □ Prof. Assankutty, Jojo Mon. NA. (2007). "Financial service", Calicut University, Calicut: Kerala
- Pooja Malhotra, Bawinder Singh. (2009). "The Impact of Internet Bank performance and risk: the Indian Experience", Eurasian Journal of Business and Economics 2009, 2 (4). 43-63 Annual reports of Reserve Bank of India, www.rbi.org.in
- Mohammed, S. and Shariq, S. (2011), "A study of ATM usage in banks in Lucknow ", International Journal of Management Studies.Vol.2, No. 1, pp.47-53.
-

- Aladwani, M. Adel (2011), Online Banking: a field study of drivers, development challenges, and expectations, International Journal of Information Management, pp. 213-225.

WEB SOURCES

- https://shodhganga.inflibnet.ac.in/bitstream/10603/148886/12/12_chapter%205.pdf;
Accessed on 22nd APR 2022
- <http://jsslawcollege.in/wp-content/uploads/2013/05>; Accessed on 22nd APR 2022
- <http://www.arraydev.com/commerce/JIBC/articles.html>; Accessed on 22nd APR 2022
- http://www.asia.internet.com/asia-news/print/0,,161_648221,00.html; Accessed on 22nd APR 2022
- <http://www.bankinfo.com>; Accessed on 22nd APR 2022
- <http://www.banknetindia.com/banking/ibkg.html>; Accessed on 22nd APR 2022

