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THE IMPACT OF E-BANKING ON USE OF BANKING SERVICES AND CUSTOMERS SATISFACTION

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ABSTRACT-

During the era of modern technology. Every task in daily life is lot simpler than it used to be. Everything is computerised now because of technology. The one from all of them is banking as well. The banking business has advanced significantly in terms of technology since the 18th century. The banking industry has undergone numerous developments as a result of technology. From account opening to money transfers through e-banking, every task in the banking sector is computerised, eliminating the need for customers to visit banks and wait in long lines. This makes work for both customers and banking institutions easier, faster, and more efficient. E-banking also encourages competition among banks to offer their clients better services and draw in a growing number of clients. The RBI made many adjustments to follow the mandatory rules and regulations, guidelines, and directions for the banks and customers, which helps to give clients privacy about their accounts and every transaction when using online banking.

However, in the current environment, a small number of customers are not taking advantage of this e-banking due to ignorance and lack of education (since technology requires knowledge to run it). It takes a long time for certain of the public sector banks' staff members who are over 50 to complete transactions since they are quite uninformed about computerised banking and e-banking. The public sector banks are therefore under pressure to spend a lot of money on employees' computer skills

training so they can handle any transaction while working for the bank. A key influence in the financial sector has been performed by technology otherwise. "Need to have than a Nice to Have Service" is how many people would describe online banking. According to one point of view, the banking services and products provided via debit and credit cards on the internet, mobile devices, and e-banking are just traditional banking services that are distributed via a network of commercial communication¹

KEYWORDS: E-banking, banking, Customer satisfaction, ATM

INTRODUCTION-

The development of computers has proven to be one of the great miracles of the 20th century. In every aspect of life, the development of computers has been a huge blessing for people. The way that banks operate now has been revolutionised by the use of computerised banking. A new era in banking has emerged as a result. When the first computerization commission, the Rangajan commission, issued its recommendations in 1984, the process of computerization in Indian banks officially began in the early 1980s. In 1989, the second report of the Rangrajan Committee set the much-needed pace for the computerization. Improved customer service, better housekeeping, speedier decision-making, and higher revenues and productivity can all be important goals of computerization¹.

Online banking, sometimes referred to as Internet banking, e-banking, or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to carry out a variety of financial transactions through the websites of the financial institutions. In contrast to branch banking, which was the customary method by which customers received banking services², the internet banking system will often connect to or be a component of the main banking system run by a bank.¹

An alternate method of distribution for banking services and goods is e-banking, which uses an electronic user interface. E-banking allows customers to conduct their financial transactions even when they are not in a bank branch³

¹ R. N. CHOUDARY, Banking Law,378, Central Law Publication

² www.scribd.com)visitedon2/02/20198;56pm

DEFINATION

Electronic, interactive communication channels are used to deliver innovative and classic banking products and services automatically to customers. E-banking systems include those that let customers of financial institutions—whether they are people or businesses—access their accounts, conduct transactions, or get information on financial products and services through a public or private network, including the internet. An intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM) kiosk, or touch-tone phone, is used by customers to access online banking services. Although the various e-banking access methods have equal risks and controls⁴.

E-BANKING'S DEFINITION

E-Bank is an electronic bank that offers internet-based financial services to individual customers.

BENEFITS TO BANKING INSTITUTIONS

1. E-banking lowers the price of providing services to the customers.
2. It gives banks a competitive edge over their competitors.
3. Because less paper money is used, the central bank needs to create fewer paper notes.
4. Banks can generate income through promotional activities on websites.
5. The customer can move money electronically with ease from one location to another.
6. The user has access to cash at all times via ATMs.
7. Because customers can use e-banking services anytime, anywhere, there is a growing need to invest more money in the necessary infrastructure.

OPPORTUNITIES FOR CUSTOMERS

1. Customers can use e-banking services 24/7.
2. Rapid, easy access to account information.
3. Online payments are accepted for the purchase of products and services.
4. The client can move money electronically with ease from one location to another.
5. A customer can use ATMs at any time to get cash.
6. Customers who use e-banking can check their account balance, acquire an account statement,

request for loans, and gather other data.⁵

BENEFITS OF e-banking

1. The products that some credit units offer are constrained.²
2. Savings and credit cooperatives-in particular, tiny local cooperatives-to offer conveniences on par with larger cooperatives. Despite the fact that many of their customers are a part of the shares network, many banks provide their clients, increasing the channels available to its members.
3. One must meet the requirements to join.
4. There is a membership fee required to join.⁶
5. The risk of entering your credit card information while making an online purchase.
6. Criminals abusing bank cards at ATMs

Customers who don't currently use e-banking are not included in the comparison of attitudes between e-banking users and non-users. Additionally, it only covers bank customers who have started using e-banking; it does not fully cover those who have not.

The majority of previously produced research data may not fully describe the local context to our country.⁷

E-BANKING'S EFFECT

E-banking transactions are significantly less expensive than branch or phone transactions. This could turn a big branch network a competitive advantage in the past into a comparative disadvantage, allowing e-banks to undercut brick and mortar banks. This idea is known as the "beached dinosaur" argument. Since setting up an e-bank is simple, many new patterns will emerge. Customers have a lot more options with e-banking. Customers will be less likely to remain committed. E-Banking has already discovered that retail banking only turns a profit after a sizable critical mass is reached.

To communicate with banking customers, e-banking transactions require an interface. All electronic transactions include an interface. Simply said, e-banking is banking provided through a new delivery channel.

³ Chapter 3 Review of Literature Shodganga Infilibnet.ac.in,

⁴ <https://ithanbookffiec.gov>.

⁵ Shodganga.infilibnet.ac.in

Consumers are simply given another service. In order to satisfy a variety of consumer needs in the banking industry and to keep up with rising expectations in the Indian banking system, e-banking has become an essential component of the global financial ecosystem. Online banking has long been popular among those who are computer savvy, and as internet users increase and more people become aware of its numerous advantages, it continues to gain popularity.⁸ An e-bank has extremely high startup costs. Building a reputable brand is quite expensive because it involves spending a lot on pricey equipment and advertising. Not only are traditional banks unable to buy things for cash as opposed to being able to sell shares, but they are also unable to get more capital through the stock market. In contrast, it appears to be extremely simple to connect with investments at home for internet businesses. In order to satisfy a variety of consumer needs in the banking industry and to keep up with rising expectations in the Indian banking system, e-banking has become a crucial component of the global financial environment.

E-banking is simply banking provided through a new delivery method. Customers are just given another service. An e-bank's startup costs are very high. Building a reputable brand is quite expensive because it involves spending a lot of money on pricey equipment and advertising.³

Not only are traditional banks unable to buy things for cash as opposed to being able to sell shares, but they are also unable to raise more money via the stock market. In contrast, it appears to be rather simple to connect with investments at home for internet businesses.

E-BANKING TYPES

1. Making balance inquiries, inter-account transfers, and pay links using a computer for direct banking.
2. Use an ATM to deposit money, make withdrawals, transfer money between accounts, and pay a linked account.
3. Making direct bank transfers, checking account balances, and paying associated accounts over the phone.
- 4 Avoiding the need to carry cash or a chequebook by making purchases and paying with debit cards

⁶ <https://mangalmay.org>.

⁷ omicsonline.org,

⁸ journal.sagepub.com

LEGAL PROVISIONS REGARDING E BANKING

It is impossible to expect the law to keep up with technological advancements. The recent scandal surrounding virtual voyeurism has highlighted a number of issues, including how inadequate and open to abuse the laws controlling internet use are. Liability determination, recording and reproducing evidence, and determining jurisdiction are issues that don't seem to be getting any easier.

As more Indian banks begin to offer electronic banking services, worries about security and abuse of the system have grown.⁹

Although there was a warning to banks that they should be established for the benefit of the public, banking has always been a for-profit business, with the main goal of banks being to increase profits. Additionally, the banking industry has recently been troubled by the adoption of new economic environments including globalisation, privatisation, and economic liberalisation. Deregulation, technology advancements, and globalisation are all having a profound impact on the banking industry in India, which has likewise undergone a wrenching transformation.¹⁰

In highly competitive marketplaces, the introduction of internet banking has forced many banks to reconsider their information technology (IT) strategy. It is asserted that the cost of providing online banking services is lower than the cost of maintaining branch banking, and that banks who do not adapt to the market's introduction of internet banking are likely to lose customers.¹¹

In comparison to other developing countries, India offers excellent prospects for utilising the potential of electronic banking and creating a cashless society. The Government of India (GOI), in addition to having a strong IT sector and a very dense population, has made it apparent that it wants to attain financial inclusion¹² and is actively working to make this happen.¹³

For financial inclusion to last, it is crucial to provide market-driven financial services to the underserved or disadvantaged. Over the past ten years, the Reserve Bank of India (herein referred to as RBI) and the GOI have carried out a number of reforms and enrolment efforts related to financial

The development of the E-Banking system has been greatly aided by the policy initiatives and reforms of the RBI and the GOI.

Adoption of technological prototypes such smart cards, mobile-based choices, debit cards, and credit cards is one of the reforms. These amenities and developments have given rise to a more market-driven atmosphere, which is actually the Indian economy's future face.

The reforms include adoption of technology prototypes like smart cards, mobile based options, debit cards and credit cards. These facilities and advancement have given vent to more market driven environment, which is in fact, the future face of the Indian economy. Adoption of new technology has resulted in risks.¹⁴

⁹ Ankur Gupta, "Data Protection in consumer E-Banking", Journal of Internet Banking and Commerce, 1 vol. 1, April (2006).

¹⁰ Rimpi Kaur, "An Impact of IT on Branch Productivity of Indian Banking in the Era of Transformation", Journal of Internet Banking and Commerce, 2, vol. 17, December, (2012).

¹¹ Salim Al-Hajri & Arthur Tatnall, "Technological Innovation and the Adoption of Internet Banking in Oman" The Electronic Journal for Virtual Organisations and Networks, 60, vol. 10, August, (2008).

¹² Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society.

¹³ Graham. A. N. Wright, et. al., "Why E/M-Banking Will Soon Reach Scale In India", in <http://www.microsave.net>,

¹⁴ Law and Regulation of Electronic Finance and Internet Banking, 2007, in U.K., Electronic Fund Transfer Act, 1978, in U.S.A are few examples such regulations.

¹⁵ Act No. 10 of 1949.

¹⁶ Act No. 2 of 1934.

¹⁷ Act No. 26 of 1881.

¹⁸ Act No. 9 of 1872.

¹⁹ Act No. 42 of 1999.

²⁰ Act No. 68 of 1986.

²¹ Act No. 15 of 2003.

²² Act No. 18 of 1891

²³ Act No. 1 of 1872.

²⁴ Act No. 45 of 1860.

²⁵ Act 51 of 2007.

²⁶ Act No. 21 of 2000

To regulate the banking in India:

There are many statutes, which forms the legal framework such as:

Banking Regulation Act, 1949.¹⁵

The Reserve Bank of India Act.1934¹⁶

The Negotiable Instruments Act, 1881.¹⁷

The Indian Contract Act, 1882.¹⁸

Foreign Exchange Management Act, 1999.¹⁹

Consumer Protection Act, 1986.²⁰

Prevention of Money Laundering Act, 2002.²¹

Bankers Books Evidence Act, 1891.²²

Indian Evidence Act, 1872.²³

Indian Penal Code, 1860.²⁴

The Payment and Settlement Systems Act, 2007.²⁵

and most importantly Information Technology Act, 2000.²⁶

CONCLUSION

E-banking makes doing business better anywhere, at any time. It offers a fantastic opportunity. E-banking has benefits for banks as well as customers, in addition to both. Customers can access their accounts, make withdrawals, and deposit money without going to a bank. E-banking, which is the market's competitiveness, is more available, practical, secure, quick, and affordable for both clients and banks. E-banking is a virtual blessing for busy executives, students, and homeowners. with specialised technical skills.

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