Role of Digital Banking in India – A Review on Modern Life Style

by Dr. S. Dilli[a]

Abstract

In order of customers, to use their banks online services, the people have the need of having them a personal computer and Internet connection. Their personal computers are becomes as their virtual bankers who will assist them in their banking errand. In this regard, the E-banking means the provision of getting sources of full information about a bank which provides its E-services through using a home page of World Wide Web (WWW). Electronic commerce (e-commerce) is a bridge as part of getting the information technology revolution with using highly protected technology can became widely used in the world trade in general and particularly in developing economies like Indian economy. With having high advancements in technology, there has been a chance to changes the old tradition for effective business transactions. E-banking is fast becoming one in the speedy development in protecting the transactions, saving time and avoids personal risks like theft and losing in the advanced developing world. It can be provide a cost effective way of conducting business and enriching relationship with its own customers by offering better-quality services, innovative products which may be customized to modern people in fulfilling their daily necessities. For those customers are trying to use e-business, it can be provide higher choice in terms of the channels in which they can use to run their business and in terms of convenience in E-banking. The modern evolution of E-banking started with the usage of Automatic Teller Machines (ATM), telephone banking, direct bill payment, electronic fund transfer, online banking and mobile banking. However, it has been forecast by many that online banking will continue to be the most popular method for future electronic financial transactions. Electronic Funds Transfer (EFT) refers to the computer-based system used to perform financial transaction electronically. The term is used for various concepts which include e-payments and card-holder initiated transactions are making use of a payment which is called as credit cords and debit cords. Card-based EFT transactions are often covered by the ISO 8583 series of standards and provide the riskless and paper less transactions. It found that the usage of debit card was highly increased with respect of amount transfer, growth of usage and other e-payments.

Key words: *E-banking, Paper less Transactions, EFT from Own System, Problems.*

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1. Introduction

India is currently in the midst of a large effort to modernize its financial services and move individuals into electronic financial space. The year 2017 is an important milestone and will mark the epochal transition from a cash economy to a less cash and a digital economy. However, there are several challenges peculiar to India that may constrain a full-scale digital transition. On the surface, this transition may not appear to be very profoundly deep. But as it pans and plays out, this tectonic shift will have much wider implications and the policy executioners will have to contend with a diversity of exponential societal changes. The race to go digital cannot be turned into a marathon sprint. India culturally believes in cash and a paradigm shift in thinking will need time and resources. It will actually involve a migration to new social and cultural patterns and habits. In a way it is more of a cultural-economic revolution.

Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer (PC) banking, Internet banking, virtual banking, online banking, home banking, remote electronic banking, and phone are banking. PC banking and Internet or online banking is the most frequently used designations. It should be noted that the terms used to describe the various types of electronic banking are often used interchangeably. E-banking is fast becoming one in the speedy development in protecting the transactions, saving time and avoids personal risks like theft and losing in the advanced developing world. The concept of e-commerce or on-line-commerce relates to selling goods or services over the Internet. An integrated part of e-commerce is to make electronic payments over the Internet.

The Banking industry of the 21st century operates in a complex and competitive environment characterized by these changing conditions and highly unpredictable economic climate. Information and Communication Technology (ICT) is at the centre of this global change curve of Electronic Banking System today. Assert that they have over the time, been using electronic and telecommunication networks for delivering a wide range of value added products and services, managers in Banking industry cannot ignore Information Systems (IS) because they play a critical impact in current Banking system, they point out that the entire cash flow of most fortune Banks are linked to Information System. The impact of e-banking is in an economy using the factor analysis in order to extract independent variables associated with e-banking. The major factors are responsible for internet banking based on various e-banking applications. E – Banking also provides a framework of the factors which are taken to assess due to the emergence of global economy, e-business has increasingly become a necessary component of business strategy and a strong mechanism for economic development. E-banking has become popular because of its convenience and flexibility, and also transaction related benefits like high speed, efficiency, accessibility, etc. The e-banking serves several advantages to the banking sector. The customer's awareness is that e-banking provides convenience and flexible advantages. It also provides transaction related benefits like easy transfer, speedy transaction, less cost and time saving. The

critical infrastructure like power and telecommunication should be provided and with high level of stability to ensure with the application of e-banking.

Last two decades ago the majority of people visited their bank about once or twice in a week. This would have been to deposit wages and salary earnings that they through might not be needed in the near future. In the event that a need arose for more money than was presently held, a withdrawal could be made from a teller, while if significant sum of money was required a meeting could be arranged with the bank manager to discuss a loan. Today however, very few people actually have to visit bank their earnings due to direct crediting by many organizations. Financial services industry over time has opened to historic transformation that can be termed as e-developments which is advancing rapidly in all areas of financial intermediation and financial markets such as e-finance, e-money, electronic banking (e-banking), e-brokering, e-insurance, e-exchanges, and even e-supervision. The new information technology (IT) is turning into the most important factor in the future development of banking, influencing banks' marketing and business strategies. In recent years, the adoption of e-banking began to occur quite extensively as a channel of distribution for financial services due to rapid advances in IT and intensive competitive banking markets. The driving forces behind the rapid transformation of banks are influential changes in the economic environment include among others innovations in information technology, innovations in financial products, liberalization and consolidation of financial markets, deregulation of financial inter-mediation. These factors make it complicated to design a bank's strategy, which process is threatened by unforeseen developments and changes in the economic environment and therefore, strategies must be flexible to adjust to these changes.

The application of information and communication technology concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concerns to all Banks and indeed a prerequisite for local and global competitiveness Banking. The advancement in Technology has played an important role in improving service delivery standards in the Banking industry. The modern evolution of E-banking started with the usage of Automatic Teller Machines (ATM), telephone banking, direct bill payment, electronic fund transfer, online banking and mobile banking. In its simplest form, Automated Teller Machines (ATMs) and deposit machines now allow consumers carry out banking transactions beyond banking hours. An overview of the four elements of on-line commerce and their relationship to the banking network is:[1]

2. Review of Literature

Van Hoeck, (2001)[2], with cyber cafes and kiosks springing up in different cities access to the Net is going to be easy. Internet banking (also referred as e-banking) is the latest in this series of technological wonders in the recent past involving use of Internet for delivery of banking products & services. E-business has been continuously growing as a new industry during the last decade in the wake of the internet revolution; electronic commerce emerged and allowed businesses to interact more effectively with their customers and other corporations. Today banks have centralized operations and are increasingly moving towards core banking solutions network-based computing, new delivery channels, such as networked ATMs, internet banking, smartcards based products etc.

Filomina P.George, Dr.S.Mercia Selva Malar, Mr. Sudheendran M. (2009)[3], Internet banking (IB) is a radical technological innovation with potential to change the structure and nature of banking. To sustain business competitiveness, more and more banks are transforming from their traditional approach of "bricks and mortar" into a "clicks and mortar" one under the recent emergence of electronic commerce and business.

Miranda-Petronella (2009)[4], E-banking is the first of those banking services that really economize time, because it allows to the user to accomplish from behind the computer many operations in the bank account, represents the computational solution that allows to the holder to have access at distance at the capitals from his account, purposing to obtain information about his account situation and the situation of the effected operations, of the payment and of the capitals transfers over a beneficiary, by a computational application, of a authentication method and of a communicational average, the e-banking is absolutely necessary in the integration conditions.

3. Research Design

3.1 Statement of the Problem

In the present day scenario, paperless currency has a dominant one and it has importance to avoid the customer problems like thefts, miscount, and fraud. Not only preventing customer problems and also providing quick and accurate services to customers without carrying currency. Hence, the present study "Role of E-banking (Digital Banking) in India a Modern Life Style – A Review" has been under taken.

3.2 Aim of the Study

The motive of the study is to review and analyze the paper less transaction and its problems in India.

3.3 Data Sources

To accomplish the view of aim, the study was making use of secondary data only. The sources of the secondary data are books, published articles, and newspapers.

3.4 Limitations of the Study

Due to the time lapse, the study was adopted based on secondary data only.

4. Benefits of Electronic Banking (Digital-Banking)

Technology enhances Commercial Bank's ability to deliver financial services in new and innovative ways.

4.1 One Can View

- Own accounts and related ones can make available to self check whenever we want by e-banking, m-banking and i-banking.
- Make use of Credit and Debit cards for payment and transfers.
- Fund's Time deposit, Savings certificates are able to get through e-banking services with self declaration.
- Loans can also able to get through online applications from the banks without personal visit of bank branch.
- Treasury bond
- Latest transactions of current month can be available to view, print and save monthly statements of a customer from the year 2004.

4.2 One can Transfer

- Amount can be transferable between accounts.
- To another account (Digital signature required)
- To credit card
- To another credit card (Digital Signature required)
- To any charity of customers

4.3 One can Request

- To Cheque book,
- To change the mailing address,
- To inquire or complain,
- To add related account like of Power of attorney, parent/child or account with different customer number,
- To manage supplementary cards,
- To dispute credit card,
- To make External transfer (Digital signature required & Digital Signature registration**)**

4.4 Also, one can

- Stop credit card services when the customer will to stop
- Subscribe in Alerts service like SMS sent to customer Mobil number / transaction information sent to E mail ID.

Digital banking refers to conducting banking activities with the help of information technology and computers. E-banking is a mix of services which include Internet banking, Mobile banking, ATM kiosks, Fund Transfer System, Real Time Gross Settlement (payment & settlement system), Credit/Debit/Smart/Kisan Cards, Cash management services, and Data warehousing, Operational data for MIS and Customer Relationship Management. Latest

innovations in technology like broadband transmission, internet access via mobiles and WebTV will further provide impetus to digital revolution. Banks are scanning the image of a cheque which can be zapped to another bank, into the depository and back to customer's bank. Banking transactions can be carried out 24 hours a day using these methods. In fact concept of Anytime, Anywhere banking is making it easy for customers to access their money more conveniently.

4.5 Internet Banking Services

Internet banking refers to systems that enable bank customers to get access to their accounts and general information on bank products and services through the use of bank's website, without the intervention or inconvenience.

4.6 Anywhere Banking

With expansion of technology, it is new possible to obtain financial details from the bank from remote locations. Withdrawals from other stations have been possible due to inter- station connectivity of ATM. The Rangarajan committee had also suggested the in station of ATM at non- branch location, Airports, Hotels, Railway stations, office computers, Remote banking is being further extended to the customer's office and home. Internet banking is a new delivery channel for banks in India. The i-banking channel is both an informative and a transactional medium.

4.7 Credit Cards/Debit Cards

Credit Card is a post paid card. The Credit Card holder is empowered to spend wherever and whenever he wants with his Credit Card within the limits fixed by his bank. Debit Card, on the other hand, is a prepaid card with some stored value. Every time a person uses this card, the Internet Banking house gets money transferred to its account from the bank of the buyer. The buyers account is debited with the exact amount of purchases. An individual has to open an account with the issuing bank which gives debit card with a Personal Identification Number (PIN). When he makes a purchase, he enters his PIN on shops PIN pad. When the card is slurped through the electronic terminal, it dials the acquiring bank system - either Master Card or VISA that validates the PIN and finds out from the issuing bank whether to accept or decline the transactions.

The customer can never overspend because the system rejects any transaction which exceeds the balance in his account. The bank never faces a default because the amount spent is debited immediately from the customers' account.

4.8 Mobile Banking

Mobile banking (also known as M-Banking, m-banking, SMS Banking etc.) is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone. Mobile banking is a way for the customer to perform banking actions on his or her cell phone or other mobile device. It is a quite popular method of banking that fits in well with a busy, technologically oriented lifestyle. It might also be referred to as M-banking or SMS banking. The amount of banking you are able to do on your cell phone varies depending on the banking institution you use. Some banks offer only the option of text alerts, which are messages sent to your cell phone that alert you to activity on your account such as deposits,

withdrawals, and ATM or credit card use. With the combination of two most recent technological advancements– internet and mobile phone, a new service (mobile data service) is thus enabled and the first such wireless internet commercial transaction is performed by the banking industry.

4.9 Banking Network in On-Line Commerce

Banking are continuing to use the internet to add value for their customers, but in order to work successfully - maximizing opportunities, reducing risks and overcoming problems an E-Banking strategy is required as an impact. The growth of the Web and Internet as new channels, the growth in their use by customers, the growth in their use by customers, and the floor of companies entering the market, presents a series of key challenges to companies. It is easy and cheap to put up a website. But to create an environment delivering effective service on the Web to a significant proportion of your customer base requires an E-Banking strategy. Electronic Banking offers different online services like balance enquiry, request for cheque books, recording stop payment instructions, balance transfer instructions, account opening and other form of transitional Banking services.

A perusal of table 4.1 shows that the type of card-wise e-payments usage by the customers during the year 2014. Through usage of debit cards Rs. 1,21,300 crore were exchanged in various modes like shopping bills, transport charges, transfers etc., with an average of Rs. 1,502 crore in 2014 in India.

Table 4.1

Customer's card-wise payments in India during 2014

Card Type	Amount Pay (Rs. Crore)	Average Pay Amount (Rs. Crore)
Debit Card	1,21,300	1,502
Credit Card	1,90,000	3,089

Source: *Sakshi news paper, 23 Aug, 2015, Sunday, Bangalore.*

Meanwhile by using credit cards Rs. 1,90,000 crore business were make use in 2014 in India with an average of Rs. 3,089 crore.

A glance of the table 4.2 reveals that the e-payments growth in 2014 in India. During the year 2014, the debit card was registered a growth rate of 40 per cent, credit card usage growth was 9.80 per cent and the card of mobile wallet and pre-paid cash cards were increased to 3 per cent respectively.

Table 4.2

Card-wise growth rate during 2014

Card Type	Growth Rate (%)
Debit Card	40.00
Credit Card	9.80
MW, PCC	3.00

Source: *Sakshi news paper, 23 Aug, 2015, Sunday, Bangalore.*

Note: *MW- Mobil Wallet, PCC- Pre-paid Cash Card.*

A glance of the table 4.3 furnishes the data which relating to sector-wise share of usage of amount during the year 2014. The highest share of card usage in retail 30 per cent, followed

Table 4.3

Sector-wise customer e-pay during 2014

Sector	Retail	Fashion	Hotels	Hospitals	Restaurants	Oil	Transport	Others
Share (%)	30	22	10	10	6	5	3	14

Source: *Sakshi news paper, 23 Aug, 2015, Sunday, Bangalore.*

by fashion 22 per cent, 14 per cent other than the listed fields, 10 per cent in hotels and hospitals, 6 per cent in restaurants, 5 per cent in oil and fuel and 3 per cent in transport respectively.

5. Challenges of Digital Banking in India

Banking and financial services have always been extremely formal in nature, and for good reason. They say "money makes the world go round" and even if the line was intended to be cynical, it remains true for at least all the businesses. Things are, however, rapidly transforming in the digital era. It is as important that the banks remain as transparent, as their customers remain authentic. The main objective behind integrating banking services with technology is, undoubtedly, convenience. Technology has now become familiar to most individuals, to an extent that it influences their lifestyle. It, then, becomes vital for businesses to distinguish themselves in the digital space with unique offerings.

Security remains part of the core services that banks can offer, and for this reason, the interfaces with simplicity work best. More customers are acclimatizing to mobile platforms, and more users are using online platforms at a much younger age. Due to these reasons, there is an undoubted power that can be leveraged through digital channels. In order to tap into the power of digitization, however, there are a number of challenges that need to be overcome.

5.1. Attaining App Perfection

There is an immense feeling of power and reassurance while accessing a Smartphone application. Smart phones are more personal in nature, progressing to biometric verification, even for actions such as unlocking the screen. Taking this into account, developing applications related to a business becomes crucial in order to retain customers. With banking and financial applications increasingly offering the comfort and luxury of monitoring expenses at any time from any place, organizations that do not tap into this area will certainly lose out on many individuals that will deem the corporation outdated. However, most applications are often ridden with bugs and face severe performance issues. They remain difficult to navigate, at times, and frequently crash. This can be detrimental to the company's progress as it would represent poor quality. Quality Assurance professionals are trained to inspect, assess, and assure the quality of the software. They become involved in the process early on in the software lifecycle and ensure that applications are delivered with premium quality. In the case of a performance issue despite the rigorous testing, they will be able to tend immediately to the problem and fix the bugs instantly.

5.2. Technology Upgrades

Five years ago, smart phones were only just becoming popular. Today, the functionality largely defines the device that is owned. Those who travel frequently on business depend on Apple and Android tablets, those who work as freelancers depend on high quality cameras and digital notebooks, while those who work the 9-to-5 routine prefer robust laptops and high-performance desktops. In addition, we have products like Amazon Echo thrown in the mix, for daily alerts and to perk up the overall lifestyle. Knowing which audience to target is only the half of it; understanding who would use what device under which circumstances is equally important. This means a serious amount of investment for banking and financial entities in digital capabilities and formulating effective digital strategies. Software testing plays a key role in ensuring device compatibility with the software, and makes the entity more user-friendly. This invariably leads to more breathing room for exploring the devices that will be able to carry the company's customized software better. This typically saves the corporation millions of dollars and organizations can, subsequently, spend their efforts on figuring out an apt digital strategy.

5.3. Cyber Crime

Most banking and financial applications are subject to cyber-attacks the most. The reason is obvious, what with money being the unquestionable objective. Fraudsters have been known to be innovative in their endeavors to siphon funds, either as large amounts in a gun-shot, or minuscule amounts from thousands of accounts, over a long period of time. If not money directly, there is always the threat of data being compromised. Security testing will sniff out the possible points of vulnerabilities that hackers may take advantage of, and offer the appropriate solution. Security testing demands a thorough understanding of the banking system and offers an in-depth knowledge of the internal architecture. Quality Assurance professionals that have expertise over the banking domain are the ones that would best tackle cyber-crime.

5.4. Spearheading with Innovation

Spearheading the marketplace by offering innovative services is not just desired, but also required in order to stay ahead of the curve and attract a wide customer base. Especially with a large base of young users, it becomes important to distinguish in the company ever-growing and competitive marketplace. However, companies are often hesitant to take the leap, as they are aware that things can horribly backfire and cause instant backlash from irate customers. Software testing can ensure that all the major bugs are tackled as they rise, and thorough analysis is conducted in order to have preventive measures. This will give innovative companies in their respective industries a boost, so that they can continue to explore how to better delight their customer-base.

5.5. Sustainability

Post successful innovation and implementation, the next pressing challenge to tackle effectively is sustenance. An organization's sustainability as a leader is possible only through synergy. Only when the users acknowledge the value of the product or service will the organizational value skyrocket to success and remain there. In this context, the power of social media is often overlooked. While consistently good reviews uplift the organization to a better

status, consistently bad reviews can destroy even an entire empire. Understanding and leveraging the power of social media, while necessary, can be ridden with issues. Trolls, malwares, and tweets about performance issues can all wreak havoc if not effectively and immediately managed. Software testing personnel can spot real problems and immediately fix the issues, thereby containing the issue. This greatly helps sustain brand image in the long-run.

5.6. Delivering Quality at Speed

In the rush of wanting to deliver products and services at an accelerated speed, companies often tend to compromise on the quality. The issue with quality is that there is no such thing as a small bug; a bug is a bug. There have been several instances of organizations knowingly turning a blind-eye to defects in products and software even before the item hit the market. Robust software testing ensures that the product or software hits the market well in time. By closely analyzing possible software issues right from the requirements gathering stage, quality assurance experts ensure time to market[5].

6. Conclusion

Electronic Funds Transfer (EFT) refers to the computer-based system used to perform financial transaction electronically. The term is used for various concepts which include e-payments and card-holder initiated transactions are making use of a payment which is called as credit cords and debit cords. Card-based EFT transactions are often covered by the ISO 8583 series of standards and provide the riskless and paper less transactions. It found that the usage of debit card was highly increased with respect of amount transfer, growth of usage and other e-payments. We believe that the next step for businesses in the digital era must be done with equal amounts of caution and confidence.

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