ONLINE BANKING CHALLENGES AND OPPORTUNITIES - A PERSPECTIVE

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Abstract: Technological developments have been growing at an alarming speed in the international arena. Internet is proudly one of the best in those. So, the banking sector is also making the best utilization of it. In this study based on online banking, it has been observed that the development of online banking has increased by leaps and bounds during the past few years. Concentrating on the Indian economy, the use of online banking is still in the developing stage. It helps us understand the opportunities and the challenges associated with the online banking in India.

Keywords: online banking, credit card, debit card, ATM (automatic teller machine), POS (point of sale), IVR (interactive voice response)

Introduction

Technology commencement in banking

In 70's, banks started to establish centralized data processing centers. Essentially the role of these data processing centers are:

- Collect the hard written documents from branches and Compile the documents

- Manual data entry by the operators, Generate reports for the bank staff and the central bank and Execute some banking transaction

Branch automation

In 80's, banks started technology investment for branches.

- First step is offline branches, Terminals connected to local branch computer
- Second step is online banking connected centrally. Most of the transaction started to be performed in the central main frame

Product based banking

In 80's, banking accepted product based banking and competed with their products Banks developed new product for their customers

- Credit card
- Debit card

Beside branch, banks brought new channels to give better service to their customer

- ATM (automatic teller machine)

- POS (point of sale)IVR (interactive voice response)

Electronic banking: Electronic banking is also called as internet banking or online banking. It means any user with a personal computer and a browser can get connected to his/her bank's website to perform any of the virtual banking functions: such as
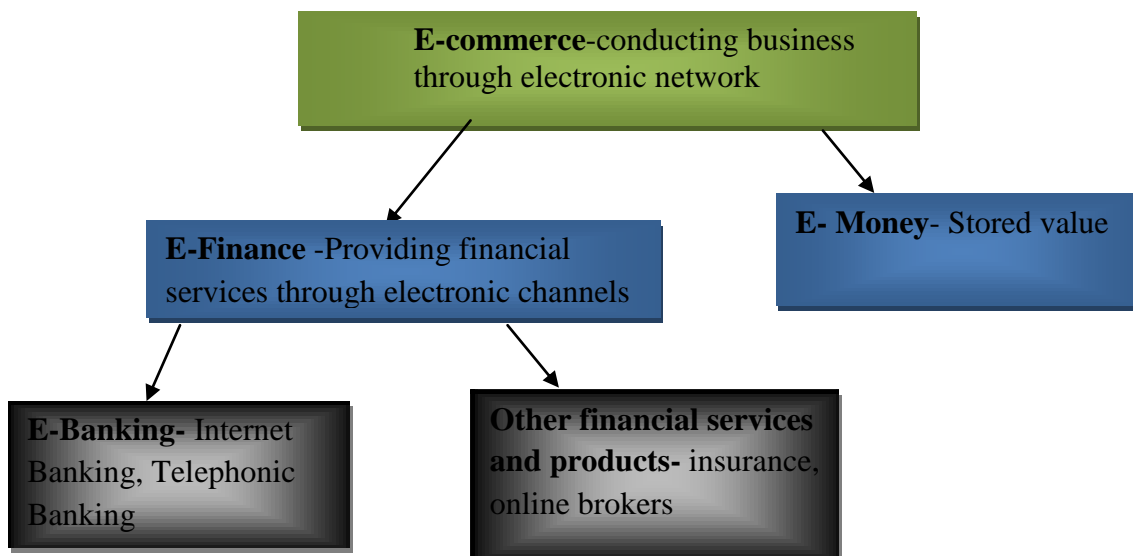
- Balance enquiry
- Transfer of funds
- Online payment of bills.
- Accrued interest, fees and taxes
- Transaction details of each accounts
- Accounts, credit card and home loan balances
- Transfer of funds to third party accounts you nominate
- Open a deposit right from the terminal you are sitting at.

What is electronic banking?

Research design is systematic procedure for collection and analysis of data. It is a blueprint that guides the study to be done. The present research work is done with the descriptive research design method. Descriptive research has been used in this study to obtain information about the various challenges and opportunities emerging in online banking. Various information collected are analyzed and tabulated thoroughly. At last the findings of the study are sorted out to present the result of the study in clear terms.

Scope of the study

This article helps us understand the how the online banking came into existence and its need in the modern world. It shows us the insights of the online banking in India. Area is restricted to only Bangalore. Because due to the time constraint and not to visit in other cities or states. The Study was covered E-banking services sector.

E-commerce-conducting business through electronic network

E-Finance -Providing financial services through electronic channels

E- Money- Stored value

E-Banking- Internet Banking, Telephonic Banking

Other financial services and products- insurance, online brokers

Research Design

Objectives of the study:

1) The main objective of this study was to understand the growth of the online banking sector in India.

2) To study the opportunities for growth of online banking in India, since India is a very fast developing country.

3) To study the challenges associated with the growth of online banking.

Research Methodology

Data collection:

For this study, data has been collected from two sources: Primary Source Sources of data collection Secondary Source.

PRIMARY DATA are those which are collected a fresh and for the first time. In this study, has been collected through personal contact. Questionnaire was used to collect primary data from respondents. Questionnaire distributed among people having bank accounts. A sample questionnaire of 10 questions distributed to 25 people.

SECONDARY DATA are those which have already been collected by someone else. In this study, secondary source data has been collected from Articles, journals and Websites, research papers.

Limits of the study:

1) The study of this article is limited to 25 respondents only.

2) The study is limited to Bangalore

3) The study is focus on online banking challenges and opportunities only

Data Analysis and interpretation

A survey was conducted on online banking in India for the primary data among 25people. The analysis of this survey or data is as follows:-

What kind of banking do you prefer?
Out of 25: Traditional – 5 (20%); Online – 8 (32%); Both – 12 (48%)

FINDINGS: This shows us the preference of the people towards the type of banking. They prefer to use the services of both the online and traditional banking rather than a particular type.

Do you think online banking is better than traditional banking? Out of 25: Yes - 13(52%); No - 5(20%); Can't Say – 7 (28%)

FINDINGS: The people understand that online banking is better than the traditional banking because of its nature. While a few of the people are still not fully convinced.

Do you feel you account is secured in online banking? Out of 25: Yes - 11(44%); No - 7(28%); Can't Say – 7(28%)

FINDINGS: Majority of the people think that their Account is secured, but not all. Their security concern should be eradicated. This will attract customers.

How frequently do you use banking services? Out of 25: Weekly - 5(20%); Monthly - 11(44%); Regularly – 2(8%); Rarely – 7 (28%)

FINDINGS: Most of the people do not need the services of banks regularly or maybe

there is no need. They may transact with the bank on monthly basis for most of the time.

How happy are you with services of online banking provided by your bank? Out of 25: Completely - 4(16%); partially - 9(36%); fairly - 9(36%); Not at all – 3 (12%)

FINDINGS: The satisfaction level of people with the online banking services of their banks has a mixed review. This may be due to multiple reasons.

What type of transaction do you make in online banking? Out of 25: Check balances - 11(44%); Payments - 7(28%); Transfer of fund - 2(8%); other -5(20%)

FINDINGS: The utility of the online banking is service is not used to the extent is should be and it is being majorly used for the purpose of checking the balance in the account. The reason for this is the low volume of transaction among the people. 57

Suggestions and recommendations

After analyzing the entire study on online banking with respect to both primary and the secondary data, the following recommendation can be

- People are not sure whether their account completely secured in online banking. Security is the main and core reason why people don't tend to use online banking. People in India not aware of full utility of online banking and service that can be availed of in online banking.
- Most of the Indian populations are salaries employee who do not have that volume of transaction that can be used for online banking.

- The infrastructure for the development is not being implemented in the way that could be beneficial.

Conclusion :

The strategy of banks is to provide value added services and products to the customer, utilizing the internet extensively. The Main aim of E-banking is to making transactions trough online poses and make customer more beneficial. Dramatic changes in the banking sector finally leads to the online banking thus, "now is more norms rather than an expectation. Providing a "need to have" then "nice to have".

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