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Emerging Trends and Changing Pattern of Online Banking in India

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ABSTRACT

Success of any task depends on the level of preparatory work and method of implementing the plan framed. Therefore the Success of digital India depends on the level of preparatory work in the information technology and database and method of implementing the Digital India program. The present study is a review article which throws light on electronic banking i.e., online banking in the post liberalization era. In specific terms, it is a comparative study of online banking scenario before and after digital India movement. Chapter one provides basic idea about the digital India. Chapter two lists the review of literature. Chapter three exhibits the evolution of online banking. Chapter four discuss about the online banking in the post liberalization period and the last chapter concludes with emerging trends and changing pattern of online banking.

Keywords: Digital India, electronic banking, online transactions, Digital cards

INTRODUCTION

The highlighting feature of the post liberalization era in Indian scenario, witnessed the dramatic changes in banking services especially the online banking system. The climax of the online banking system is the campaign of digital India. Digital India is a campaign launched by the Government of India, on 1- July 2015 at Indira Gandhi Indoor Stadium, Delhi, to improve the online infrastructure by means of increasing the internet connectivity and all the citizens of the country were offered with online government services by reducing the paper work. For this purpose, from July 1 to July 7 of 2015, has been declared as Digital week and a project with various schemes announced to make India digitally empowered country such as Digital Locker, e-health, e-education, national scholarship portal and e-sign, e-governance etc. worth of more than one lakh crores and the project expected to be completed by 2019. The modus operandi of Digital India is to concentrate on three elements; mentioned by Government of India to improve under the digital India movement are creation of digital infrastructure, digital literacy and digital service delivery.

This project will ensure the economic growth and economic development in India particularly in the rural areas by connecting the rural regions and remote villages

with high-speed internet services through BBNL (Bharat Broadband Network Limited) a part of project connecting 2,50,000 villages and other residential areas of India, which in turn enhance the nine pillar programs – broadband highways, public internet access programme, mobile connectivity everywhere, e-kranti, e-governance, information to all, IT for jobs, early harvest programmes and electronic manufacturing. The digital India programme has been started by the Government of India to ensure seven components

- To ensure the broadband highways.
- To ensure the universal access to mobile phones.
- To facilitate people with high speed internet.
- To bring e-Governance by reforming government through digitization.
- To bring e-Kranti through electronic delivery of services.
- To make available online information for all.
- To ensure more IT jobs.

The digital India campaign paves way to a new regime to Indian Banking System, as the banking services are digitalized. The online banking gains its importance as each and every citizen is digitally connected through

Subscriber Identity Module. The current study visualize the emerging trends and changing pattern of online banking in India.

REVIEW OF LITERATURE

Geetha Sharma¹ has listed out the various problems of online banking in her research article. According to her, apart from the security issues, there are many other issues like the internet user base is very limited, lack of digital infrastructure, absence of a regulatory framework for internet banking transactions in India, mindset of Indian customer etc.

F N Mahmadi, Z F Zaaba and A Osman² The results suggested that most of the end-users are continually experiencing significant difficulties especially in relation to the technical terminologies, security features and other technical issues. Although the security features are provided to provide a shield or protection, users are still incapable to cope with the technical aspects of such implementation.

Vidhya Jolly³ suggested that conducting demonstration to customers to make them aware of the features of internet banking and how to use them; Discuss with customer before introducing new services so as to know user friendly the system; Improvement of the security system as well along with the system development; and creating a strong customer care team which can support the customers in using such advanced systems.

Jaroslav Belas, Michal Korzus, Felix Kombo, Anton Korzus⁴ suggested that it is vital for a commercial bank as a business unit to undertake such measures to ensure a proper and efficient protection of customer's deposits. The current situation demands from commercial banks to pay extraordinary attention to electronic banking security.

Evolution of online Banking: During 1980's, our banking activities were really inimical in nature because even to know your balance in the account, one should go to the respective bank, wait in queue and submit the pass book for entry. Sometimes, there will be no reason for nonappearance for entry in the pass book. Suppose if you want to make payment to your client or receive amount, then there are list of things that we need to plan to visit the bank, like taking leave from office to complete the withdrawal of money as banking hours are 10 am to 2 pm and you have to go to the respective

branch of the bank with the identity proof and address proof. If the withdrawal amount is comparatively high, the banking authority may instruct us to wait for few hours and sometimes, next day due to insufficient funds. But today, almost all the banking activities are in our finger tips and get completed in few seconds. This is the power of online banking. For e.g. now, a customer can take a copy of the bank statement (mini or detailed), check the balance amount, transfer funds from wherever he is. Although many people are enjoying the advantage of the online banking through digital banking tools, most of them are still not aware of online banking system which may save our time and energy.

1981: New York city banks test at home-banking

1983: Bank of Scotland Institutes First UK internet banking service (on-line banking)

1994: Stanfold Federal Credit Union Offers US internet banking

1995: Presidential Bank offers to customer to access to their accounts on-line

1996: Initiation of NetBank

1999: Bank of Internet USA as a Part of incorporation of BofI Federal Bank (holding) July 6th

2000: BofI opened the net-banking for business July 4, 2000

2001: Bank of America made an history of gaining 3 million online customer

2007: Net bank founded in 1996, closed in 2007

2009: Ally bank, a full-fledged internet bank joined with customer centric approach to banking

2010: Bank of Internet USA – Mobile internet banking, popmoney for money transfer and EMV-chip debit card

2012: Net bank name and domain were acquired by BofI Federal Bank

2017: Online banking as standard Practice

Online banking in the post Liberalization Era: The post liberalization era of India has witness a tremendous changes in the information technology, especially after the initiation on E-governance during

mid-1990s. E-governance initiatives in India took a broader dimension and for wider sectoral applications with emphasis on citizen-centric services. The major ICT initiatives of the Government included, inter alia, some major projects such as railway computerization, land record computerization, etc. which focused mainly on the development of information systems. Later on, many states started ambitious individual e-governance projects aimed at providing electronic services to citizens. The national level e-Governance programme called National e-Governance Plan was initiated in 2006. There were 31 Mission Mode Projects under National e-Governance Plan covering a wide range of domains, viz. agriculture, land records, health, education, passports, police, courts, municipalities, commercial taxes, treasuries etc. 24 Mission Mode Projects have been implemented and started delivering either full or partial range of envisaged services. All new and on-going e-governance projects as well as the existing projects, which are being revamped, should now follow the key principles of e-Kranti namely 'Transformation and not Translation', 'Integrated Services and not Individual Services', 'Government Process Reengineering (GPR) to be mandatory in every MMP', 'ICT Infrastructure on Demand', 'Cloud by Default', 'Mobile First', 'Fast Tracking Approvals', 'Mandating Standards and Protocols', 'Language Localization', 'National GIS (Geo-Spatial Information System)', 'Security and Electronic Data Preservation'. The portfolio of Mission Mode Projects has increased from 31 to 44 MMPs. Many new social sector projects namely Women and Child Development, Social Benefits, Financial Inclusion, Urban Governance, e-Bhasha, etc. have been added as new MMPs under e-Kranti.

CONCLUSION

The current study tries to insist that online banking along with the new Indian consumers, the Government of India is developing the digital ecosystem, has evolved rapidly over the last few years. After initiation of Digital India program, which connect architecture layers of economics with the bank, right from Aadhar, India Stack, Bharat Bill Payment System and Goods and Service taxes. Even the Regional Transport Offices of India emerged with digitalization by insisting online service from April 1, 2018. There will be only one form for all the services such as applying for driving license, NOC, renewal, Public Carrier and other requirements. This indicates

the speed of the Indian government to upgrade and the interest in developing digital ecosystem at national level. India is in the midst of a digital revolution, with Internet users going beyond just search and social networking and moving to more mature activities like online shopping, online courses, online movies and online business chats through online banking.

DISCUSSION

More than 50 percent of consumers are dissatisfied with their online banking and mobile app experience largely because of fear of hidden charges, lack of trust, complicated information provided among others. This is also indicated by the very low downloads of mobile apps of financial institutions when compared with e-commerce apps.

Ethical Clearance: completed. (Dept. level committee at VELS)

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Conflict of Interest: NIL

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