

A STUDY ON E-BANKING SERVICES AND ITS RECENT DEVELOPMENTS IN THE ECONOMY

Abstract

In India, since 1997, the ICICI financial institution first presented internet banking offerings. Nowadays, a maximum number of banks provide identical to their clients. Today's world is one with growth in online access to services. One part of this which is growing unexpectedly is online banking. Nearly 48% of people use smart phones and they use E-Banking services for purchasing and transferring funds from one account to another. No one is interested in visiting the bank for every transaction. Customers want all the services at their doorstep. As customers rule the market, his satisfaction is also most important for a bank to survive in the competitive world. Hence various banks in the Public sector & Private sector are working towards that and all services are made available to them in a very convenient manner. This study is conducted to know the recent progress and effectiveness of E-banking services. The study also reveals the growth of digital transactions in India through NEFT, RTGS, UPI, ATM, Debit card, Credit card, etc. and also explains the current scenario of traditional banking of cash transactions. This paper is Descriptive in nature and information is collected from various secondary resources for the study.

Keywords: E-Banking services, PSBs, PVBs, FBs

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I. INTRODUCTION

Technology plays a crucial role in today's digital world. The Internet has made a revolution in all sectors and banking is also a part of it. Digitalization in banking made things easier & more convenient. Conversion from manual-based services to digital-based services happens using the internet. Electronic banking provides banks' information and services to its customers with different devices such as a desktop or browser-equipped personal computer, phone, mobile phone & digital television. E-Banking refers to the transactions which are done with the help of the Internet. These E-Banking services usage is increasing day by day and RBI & Government are taking measures to reduce cash circulation in the Country. "Payment Vision 2025" is a document with 4Es core theme i.e 'E-Payments for Evert one, Every Where, Every time payment options. RBI is working towards increasing digital payments and decreasing cash circulation. Online banking has a very good scope in the present & future scenarios. This study gives clear information about the various E-Banking services provided by the banks, and the developments in each E-Banking service, and it also explains the improvements in cashless transactions in comparison to the previous years.

II. LITERATURE REVIEW

There are quite a few studies done on the present subject. An article, "Customer Satisfaction in E-Banking a Comparative Study of Selected Banks in South Bengaluru Karnataka State" (2019) by Gattamraju Sreelatha states how various factors influence customer satisfaction and how the influencing factors vary in the case of State Bank of India and Kotak Mahindra Bank. Another study, "Electronic Banking in India: Innovations, Challenges and Opportunities" (2018) by Monisha, Kanika Bhudhiraja, and Jatinder Kaur, explains the E-banking services like ATM, Internet banking, Mobile banking and Credit cards and how these services impact customers' satisfaction. The analysis is also made on the problems faced by the customers in the nation. S.P. Dhandayuthapani's article, "E-Banking Practices and Customer Satisfaction in Thanjavur District Tamilnadu an Empirical Study" attempts to analyze how banks are attracting customers and how they are meeting people's satisfaction. A study of a different kind titled "A Detailed Comparative Study on E-Banking VS Traditional Banking" by Sonia Sharma (2016) sheds light upon the online banking services and products available, with an emphasis on Albania. The advantages and disadvantages of e-banking are briefly summarised. The differences between electronic banking and traditional banking are explained, along with their traits, difficulties, advantages, and disadvantages. Witold Chmielarz Marek Zborowski's "Comparative Analysis of E-Banking Services in Poland in 2016" offers suggestions regarding improving banks' image, usability, and client communications, a bank can secure and strengthen its place in the market by using its websites.

III. OBJECTIVES OF THE STUDY

1. To know the recent progress in the E-banking services.
2. To evaluate the factors affecting the growth of E-banking services.

IV. METHODOLOGY

The research is conducted in a descriptive method and data is collected from secondary data. Secondary data was collected from various sources such as the website, journals, magazines, and books & it also includes the information from RBI website and other Banks' websites. Data is also collected from various research papers which are related to E-Banking services.

V. COMPARATIVE ANALYSIS OF E-BANKING AND TRADITIONAL BANKING

Traditional banking involves the physical presence of customers in banks and they need to wait for any services in a queue which consumes more time and cost but in the case of E-Banking, they will provide all the benefits to your place which reduces your cost and time, increases flexibility and is more convenient to people. In the case of traditional banking, the services are limited to the area of location of the bank whereas virtual banking services are available irrespective of the location. ATM, mobile banking, NEFT, RTGS, Phone banking, Debit card, Debit card, ECS, and UPI transactions are the most common services available to customers.

VI. THE RECENT DEVELOPMENTS IN E-BANKING SERVICES PROVIDED BY THE VARIOUS BANKS IN INDIA ARE OBSERVED AS FOLLOWS

- 1. ATMs:** Automated Teller Machine (ATM) numbers are increasing day by day. A progressive trend can be seen in recent eras. It is available 24*7 and this service is very convenient. One can check their balance amount, withdraw cash, change PIN, transfer funds, request for cheque book, cash deposit etc. There are onsite & offsite ATMs: onsite ATMs are available within bank premises and offsite are present in different corners of the country. There are different categories of ATMs based on labels. They are Green label ATMs which is used for agricultural activities, Yellow label ATMs benefited from e-commerce transaction, orange label ATMs are used for share transactions, Brown label ATMs are operated by a party other than the bank, and White label ATMs are not owned by a particular bank and it is introduced by TATA group (these are operated under payment & settlement Act, 2007) and pink label ATMs are meant for females to help them to reduce waiting time and long queues.
- 2. Debit card and credit card:** A debit card is also called by different names like check card, bank card & plastic card. It is a card that replaces cash. It is issued by the customer's bank itself. Different banks issue different types of debit cards like Mastercard debit cards, Rupay debit cards, Contactless debit cards, Visa Electron debit cards etc...

Credit cards are similar to Debit cards where the present credit limit is fixed. Credit card helps us to do cashless transactions. Even though the cardholder does not have the deposit balance he/she can withdraw money from their account up to a certain limit. It fulfils the immediate need for money for the public.

India saw over 100 crore card circulation in 2021, Worldwide. Outstanding credit cards rose by 14% to 6.9 crores in December 2021 from 6.4 crores a year ago, while outstanding debit cards registered a rise of 6% to 94 crores from 89 crores during the

same period. Out of 100%, 93% of Debit card circulations can be seen in India. i.e majority of debit cards are in circulation & rest 7% are credit card circulation, as reported by the Economic Times. In 2021 RBI reported Credit card transactions are more when compared to last year and found a slight decrease in debit card transactions.

3. **NEFT & RTGS:** RBI has introduced an electronic payment system called National Electronic Fund Transfer which helps transfer funds through online mode. It came into existence in November 2005. It is an online fund transfer between banks. Transactions can be made across the country irrespective of bank and branch. Its transaction is found increased when compared to last 2 years. The banking sector is growing fast after recovering from Covid-19. According to RBI report NEFT is expected to increase by 20% according to the estimated plan for 2025.

Real Time Gross Settlements is online funds transfer in real-time from one bank to another. This is another alternative mode for online fund transfer. These services are meant for those who make the large value of transactions. 2, 00,000 is the minimum amount to remit through RTGS & there is no maximum limit. This facility is very convenient when compared to cheques and demand draft payments. Hence the demand is being increased.

The transaction of NEFT & RTGS also increased in 2021 as these facilities are available 24*7 from December 16, 2019, as per RBI approval. This facility helps customers to get services any time anywhere.

4. **IMPS:** Immediate Mobile Payment Service is one of the fastest payment systems which is introduced by NPCI in 2012 next to UPI. In the beginning, only four banks namely ICICI bank, SBI, Union Bank of India & Bank of India were offering this facility to the account holders but now it has grown up to 150 + Banks. Unlike RTGS & NEFT it is not available offline. It is very flexible for users as the minimum payment is Rs. 1 and is available 365 days & 24*7. Mobile Money Identifier a 7-digit number which is allotted by banks is enough to perform transaction & bank details of the beneficiary is not required. The transaction can be made P2P i.e mobile based from person to person or P2A i.e account based from Person to Account.
5. **UPI:** National Payment Corporation of India introduced a payment system called Unified Payment interface on 11th April 2016 in India. It is one of the most popular & fastest digital payment systems. When it comes to online money transfers nothing can beat UPI. It has taken over the limitations of NEFT & IMPS & services are available from anywhere at any time. Some of the UPI apps that are commonly used are Phonepay, Google Pay, PayTM, Amazon Pay, BHIM, UPI etc. Most of these apps gained their subscribers through cash back offers. This is one of the best strategies which brought out a large market share for UPI. It is expected to grow by 169 billion by 2025-26 at a CAGR of 122% since 2018.

Table 1: Shows the Progress of ATMs of Scheduled Commercial Banks and White Label Banks.

Sl. No.	Background	On-Site ATMs		Off-site ATMs		total number of ATMs		Off-site ATMs in Percent age
		2020	2021	2020	2021	2020	2021	2021
I	Public Sector Banks	80,691	78,007	57,855	59,106	1,38,546	1,37,113	43.1
II	Private Sector Banks	30,483	34,828	38,886	37,566	69,369	72,394	51.9
III	Foreign Banks	225	690	678	1,135	903	1,825	62.2
IV	Small Finance Banks	1,870	2,079	56	52	1,926	2,131	2.4
V	Payment Banks	2	1	14	111	16	112	99.1
VI	White Label ATMs	-	-	-	-	23,597	25,013	-
VII	Total Scheduled Commercial Banks (I to V)	1,13,271	1,15,605	97,489	97,970	2,10,760	2,13,575	45.8
	Total (VI+VII)					2,34,357	2,38,588	

Source: Report on Trend and Progress of Banking in India 2020-21.

The off-site ATMs percentage is declining to 45.8% in 2021 from 46.25% in 2020. In 2021 majority of the ATMs belong to Public sector banks. According to RBI data, scheduled banks have installed a total 2, 38,588 numbers of ATMs at present. Among these 85.5% of ATMs belong to Scheduled Commercial Banks remaining to belong to White Label ATMs. The study also reveals that ATMs numbers are increasing in the case of PCBs, FBs, SFBs and PBS. But in the case of PSBs, the ATMs numbers are reduced when compared to other banks.

Table 2: Shows the total payments done through different modes like RTGD, NEFT, IMPS, UPI etc.

	2019-20 (Amt in Lakhs)	2020-21 (Amt in Lakhs)	2021-22 (Amt in Lakhs)
A. Large Value Credit Transfers – RTGS	1,507	1,592	2,078
Retail Segment			
B. Credit Transfers	2,06,297	3,17,868	5,77,632
B.1 AePS (Fund Transfers)	10	11	10
B.2 APBS	16,747	14,373	12,298
B.3 ECS Cr	18	0	0
B.4 IMPS	25,792	32,783	46,625
B.5 NACH Cr	11,100	16,465	18,730
B.6 NEFT	27,445	30,928	40,407
B.7 UPI	1,25,186	2,23,307	4,59,561
C. Debit Transfers and Direct Debits	6,027	10,457	12,222
C.1 BHIM Aadhaar Pay	91	161	228
C.2 ECS Dr	1	0	0
C.3 NACH Dr	5,842	9,646	10,788
C.4 NETC (Linked to Bank Account)	93	650	1,207
D. Card Payments	72,384	57,787	61,786
D.1 Credit Cards	21,773	17,641	22,399
D.2 Debit Cards	50,611	40,146	39,387
E. Prepaid Payment Instruments	53,811	49,743	65,812
F. Paper-based Instruments	10,414	6,704	6,999
Total - Retail Payments (B+C+D+E+F)	3,48,933	4,42,557	7,24,451
Total Payments (A+B+C+D+E+F)	3,50,440	4,44,149	7,26,530

Source: RBI Annual Report 2021-22

The majority of transaction volume is made up of Unified Payments Interface (UPI) from the retail sector. The quantity of UPI transactions has also grown. Nowadays, nobody wants to carry cash around to pay for any goods or services. They depend increasingly on UPI transactions. Contactless payments are expected to become more widely accepted in 2021, according to the rapid growth in transactions using cutting-edge payment systems like BHIM Aadhaar Pay, National Electronic Toll Collection (NETC), and Aadhaar Enabled Payment System (AePS). The RBI has evaluated the depth and penetration of digital payments as well as the pace of digitization.

Table 03: Showing the digital payments index

Years	Digital Payments index
Mar-18	100
Mar-19	153.5
Sep-19	173.5
Mar-20	207.8
Sep-20	217.7
Mar-21	270.6

Source: RBI

This Chart shows that there is an increase in the use of digital payments from customers from time to time. Compared to the last 3 years during 2020-21 we can see a good performance and growth in digital payments.

VII. FINDINGS

1. The issue of debit cards is increased. One of the reasons to increase is introduction of PMJDY scheme. Under this scheme 68 Million, a Debit card is issued.
2. The demand for a credit card is also increased due increase in E-Commerce transactions, on the outset the Covid-19 pandemic and offers available to customers during an online transaction is also a reason.
3. NEFT transaction increased to 40,407 lakhs in 2021 from 30,928 lakhs in 2020. The availability of services 24*7, 365 days increased the efficiency.
4. RTGS transactions are also increased to 2,078 lakhs in 2021 from 1,592 lakhs in 2020. These services are made available free of cost to saving account holders. Cost & 365 days, 24*7 availability increased its usage.
5. UPI transactions increased to 457 crores in 2021 from 8.2 lakhs crore in 2020 as it is convenient to use.
6. IMPS are also increased to 46,625 in 2021 from 32,783 in 2020. Availing of these services is increased due to the speed, cost and flexibility.
7. Buy now pay later is also one of the services with boost digitalization in banking (RBI report).
8. Cash back offers played an important role in the development of digital payment.

VIII. SUGGESTIONS

The demand for smartphones in India would grow at a CAGR of 6% in the rural market and a CAGR OF 2.5% in the urban market, according to Deloitte's analysis, reaching a total of nearly 400 million devices sold in 2026. By 2026, India is expected to have 1 billion

smartphone users and rank as the second-largest smartphone manufacturer. This report shows that there is an increase in the usage of the internet and smartphones in future. This is the best opportunity for the banking sector to boost its digital services. As most people will use a smartphone the use of online services also increases.

Still, people will think digital transactions are risky due to their security issues. RBI has to take steps towards this where the chances of fraud transaction can be reduced. So that people feel safe, secure & feel free to use these services. This helps in the cashless economy in future. The reduction of charges on E-Banking services also enhances digitalisation. RBI can also take some measures here. Availability of resources at the right place & the right time also enhances the growth of digitalization. So services must be available to customers on time & at convenient places.

Government & RBI should take necessary steps like giving advertisements on how frauds, hackers hack their accounts and do fraud transactions & how to avoid it etc. Proper law must be enforced to reduce fraud. These suggestions may increase the efficiency of E-Banking services in India.

IX. CONCLUSION

Digitalization plays an important role in the development of the nation. Along with the Government, RBI also encourages digitalization in India. Due to Covid-19, the digitalization in the banking sector has increased in the past 2 years. The various E-Banking services offered by banks are increasing tremendously and their usage level is also increased. Due to convenience, low cost and time savings, the burden of carrying currency is removed from the economy.

All of these trends in Indian banking illustrate that country's banks' shift to modern banking, which is reshaping the country's traditional banking sector. The banking industry is changing greatly. They are attempting to offer their consumers banking products and services that are based on technology by implementing information technology for the banking industry. For the benefit of their customers, Indian banks are also working to make banking products and services available at one location, but in comparison, private and foreign banks operating in the Indian economy is more modernised and offer a greater variety of modern services. The banking industry becomes increasingly competitive as a result of striving for the best.

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