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Recent Trends in E- banking

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ABSTRACT

Rapid changes that occur in banking and IT, in particular, in recent years, have revolutionized the way in which the banks deliver services and products to the clients. All the banks try to come up with solutions as fast as possible in order to help customers in conducting their activities. E-banking has some special characteristics resulted in changing risks consideration of traditional banking activities. This paper mainly focuses on Development of e-banking, Role of RBI on E-banking, Problems of e-banking, recent trends in e-banking and impact of e-banking have been analyzed. It concludes that Fundamentals of banking/e-banking may remain same, but the manner in which we receive/ perceive "the value" is undergone a sea change where IT enabled services is affectively used.

INTRODUCTION

Banking has never been more important to our society than it today. The advancement of Communication and Computer Technology and availability of internet have made it possible that one can do most banking transaction through Electronic Banking. E-Banking has been viewed as a revolutionary progress in the banking industry. It is believed that E-Banking will help in cutting costs, time and location barriers.

DEVELOPMENT OF E-BANKING

Rapid development of the Internet - (Transmission Control Protocol) TCP/IP system (communication system) – E-commerce was in 1980. Wells Fargo USA- the first bank in the world to offer customer access to their accounts over the internet in May 1995 . It allows customer to see their accounts online. Industrial Credit & Investment Corporation of India (ICICI) was introduced the E-Banking System in 1996.

Under the brand name 'Infinity'. 1996 to 1998 marked the adoption phase, while usage increased only in 1999-due to lower ISP online charges, increased PC penetration and a tech-friendly atmosphere particularly in India. The Reserve Bank of India constituted a working group on Internet Banking. The group divided the internet banking products in India into 3 types based on the levels of access granted. They are:-

- i) Information Only System:
- ii) Electronic Information Transfer System:
- iii) Fully Electronic Transactional System:

I. INFORMATION ONLY SYSTEM

In the first phase of this system general purpose information like interest rates, branch location, bank products and their features, loan and deposit calculations are provided in the banks website, downloading various types of application forms, The communication is normally done through if e-mail are provided. There is no interaction

between the customer and bank's application system. No identification of the customer is done. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet.

II. ELECTRONIC INFORMATION TRANSFER SYSTEM

The system provides customer-specific information in the form of account balances, transaction details, and statement of accounts. The information is still largely of the 'read only' format. Identification and authentication of the customer is through password. The information is fetched from the bank's application system either in batch mode or off-line. The application systems cannot directly access through the internet.

III FULLY ELECTRONIC TRANSACTIONAL SYSTEM:

This system allows bi-directional capabilities. Transactions can be submitted by the customer for online update. This system requires high degree of security and control. web server and application systems are linked over secure infrastructure. It comprises technology covering computerization, networking and security, inter-bank payment gateway and legal infrastructure MMID : Mobile Money Identifier. It also provide many other service like : Self-account funds transfer across globe, Third party transfers in the same branch. New account opening Demand Draft requests. Standing instructions. New Cheque-book request . Rail /air way/ road way/cinema & others tickets booking, Utility bill payments. Insurance premium payments. Mutual funds Investments. Remit Subscription to PPF account. Credit card dues payments. Deposit your taxes. Donations to your religious inspirations. Donations to Red Cross and such other organisations Setting up SMS alerts for transaction information.

RECENT TREND IN E-BANKING

1. Convergence of Mobile and Online Technologies

Mobile banking started as a novelty, something only techies and first adopters felt comfortable using. But as smartphones have skyrocketed in popularity over the past few years, mobile banking adoption has increased along with it.

2. The Rise of Business Process Management

BPM started master customer data management, integrated data systems, good-quality risk data, accurate view of their customers data, complete view of consumers' habits.

3. Goodbye Email, Hello Message Center

4. The 'Tabletization' of Banking and the User Experience

Banks realize the opportunity that the tablet format offers, they will begin to redesign their online banking experience to be more like their tablet banking offerings.

5. Security increasingly is a Moving Target

As consumers increasingly spend their time on their **smart phones and tablets**, including for their banking needs. But as more people conduct their banking on mobile devices, these devices also will become the growing focus of hackers and fraudsters, who are always on the hunt for ripe targets (various viruses).

6. Pushing Self-Service Products to Generate Revenue

The biggest banking story in 2011 was the decision by numerous banks to institute a fee for debit card usage — led by Bank of America's announced \$5-per-month fee and allotting redeemable points for another purchase.

7. Reaching the Next Level of Mobile Evolution

Banks also report seeing mobile phones as a powerful marketing channel letting them make offers directly to individual customers at a particular time and place

8. Cloud computing

It refers to a scalable infrastructure that may include some form of storage, a processing environment, synchronization and the idea of software as a service (SaaS)

9. Others

In modern days e-banking is providing various other services like: Green banking, In-house operation, Data ware housing , Automating regulatory reporting (IT 2008 act, RBI, FB & central banks), Service oriented architectures, Portability in bank accounts, ICICI has entered in FACEBOOK services.

RESULTS OF E-BANKING

The development of E-Banking has encouraged the adoption of a decentralised approach to give banks more needed flexibility to distribute Internet access to a much larger number of employees and potential customers. In fact the most criticized

aspect of the current E-Banking Services is the slow response to Customer's E-requests.

Business intelligence has been increasing for dynamic financial transactions reporting. In case of money laundering, tax protection, depositor & consumer protection, criminal and terrorists money transfers. It also provides :

- ◆ Data protection
- ◆ Data authentication (encryption/ decryption)
- ◆ Information monitoring
- ◆ Audit of digital signature
- ◆ Audit of digital documents (EDIs)
- ◆ Payment system up gradation
- ◆ Log monitoring
- ◆ Data leakage prevention programme

CONCLUSION

Fundamentals of banking/e-banking may remain same, but the manner in which we receive/ perceive "the value" is undergone a sea change where IT enabled services are affectively used.