

# E-Banking Issues & Challenges

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## ARTICLE DETAILS

### Article History

Published Online: 05 October 2018

### Keywords

Finance ,E-Banking, E-Finance

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## ABSTRACT

Money related framework assumes a critical job in the financial improvement of the nation. On account of the coming of data innovation there is an adjustment in the saving money part which has cleared route for the presentation of retail electronic installment framework and has advanced in the ongoing years in different nations and India has deserted no chance. Usage of web in managing an account framework has modernized the banks. E-Banking is information based and for the most part logical in utilizing the electronic gadgets of the PC goals through the broad utilization of IT without guide assets to the bank by the clients. The goal of the paper is to look at and examine the advancement made by the web saving money in India. The paper additionally features the challenges looked by Indian banks in appropriation of innovation. The perspectives of the creator are portrayed as end toward the end.

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## 1. Introduction

The saving money industry in India has encountered radical changes since freedom with the upgrades in innovation and computerization. The managing an account segment has turned out to be profoundly aggressive. To survive and develop in the changing business sector situation banks are settling on best in class and most recent innovations. Presentation of IT has changed the keeping money industry from paper and branch banks to digitize and arrange based managing an account administrations.

## 2. Objectives of the Study

- I. To study the challenges faced in E-banking
- II. To study the opportunities available in E-banking.

## 3. E-Banking

E-saving money alludes to performing essential managing an account exchanges by the clients round the clock all inclusive through electronic media by sitting at their office or at homes through PC or LAPTOP. The clients can get to the banks site for survey their record points of interest and play out the exchanges on account according to their necessity. Present day saving money is more data based quick and limit less because of the effect of E-Revolution. Electronic saving money, otherwise called electronic subsidizes exchange (EFT), is basically the utilization of electronic intends to exchange reserves specifically starting with one record then onto the next, instead of with check or money.

## 4. Challenges in E-Banking

**Security Risk:** The problem related to the security has become one of the major concerns for banks. A large group of customers refuses to opt for e-banking facilities due to uncertainty and security concerns. According to the IAMA Report (2006), 43% of internet users are not using internet banking in India because of security concerns. So it's a big challenge for marketers and makes consumers satisfied

regarding their security concerns, which may further increase the online banking use.

- **The Trust Factor:** Trust is the biggest hurdle to online banking for most of the customers. Conventional banking is preferred by the customers because of lack of trust on the online security. They have a perception that online transaction is risky due to which frauds can take place. While using e-banking facilities lot of questions arises in the mind of customers such as: Did transaction go through? Did I push the transfer button once or twice? Trust is among the significant factors which influence the customers" willingness to engage in a transaction with web merchants.
- **Customer Awareness:** Awareness among consumers about the e-banking facilities and procedures is still at lower side in Indian scenario. Banks are not able to disseminate proper information about the use, benefits and facility of internet banking. Less awareness of new technologies and their benefits is among one of the most ranked barrier in the development of e-banking Privacy risk: The risk of disclosing private information & fear of identity theft is one of the major factors that inhibit the consumers while opting for internet banking services. Most of the consumers believe that using online banking services make them vulnerable to identity theft. According to the study consumers" worry about their privacy and feel that bank may invade their privacy by utilizing their information for marketing and other secondary purposes without consent of consumers.
- **Strengthening the public support:** In developing countries, in the past, most e-finance initiatives have been the result of joint efforts between the private and public sectors. If the public sector does not have the necessary resources to implement the projects it is important that joint efforts between public and private

sectors along with the multilateral agencies like the World Bank, be developed to enable public support for e-finance related initiatives.

- **Availability of Personnel services:** In present times, banks are to provide several services like social banking with financial possibilities, selective up gradation, computerization and innovative mechanization, better customer services, effective managerial culture, internal supervision and control, adequate profitability, strong organization culture etc. Therefore, banks must be able to provide complete personnel service to the customers who come with expectations
- **Implementation of global technology:** There is a need to have an adequate level of infrastructure and human capacity building before the developing countries can adopt global technology for their local requirements. In developing countries, many consumers either do not trust or do not access to the necessary infrastructure to be able to process e-payments.
- **Non- Performing Assets (NPA):** Nonperforming assets are another challenge to the banking sector. Vehicle loans and unsecured loans increases N.P.A. which terms 50% of banks retail portfolio was also hit due to upward movement in interest rates, restrictions on collection practices and soaring real estate prices. So that every bank have to take care about regular repayment of loans.
- **Competition:** The nationalized banks and commercial banks have the competition from foreign and new private sector banks. Competition in banking sector brings various challenges before the banks such as product positioning, innovative ideas and channels, new market trends, cross selling ad at managerial and organizational part this system needs to be manage, assets and contain risk. Banks are restricting their administrative folio by converting manpower into machine power i.e. banks are decreasing manual powers and getting maximum work done through machine power. Skilled and specialized man power is to be utilized and result oriented targeted staff will be appointed.
- **Handling Technology:** Developing or acquiring the right technology, deploying it optimally and then leveraging it to the maximum extent is essential to achieve and maintain high service and efficiency standards while remaining cost effective and delivering sustainable return to shareholders. Early adopters of technology acquire significant competitive advances Managing technology is therefore, a key challenge for the Indian banking sector.
- **Untapped Rural Markets:** Contributing to 70% of the total population in India is a largely untapped market for banking sector. In all urban areas banking services entered but only few big villages have the banks entered. So that the banks must reach in remaining all villages because majority of Indian still living in rural areas.
- **Multiple Channels:** Banks can offer so many channels to access their banking and other services such as ATM, Local branches, Telephone/mobile banking, video banking etc. to increase the banking business.
- **Competitive Advantage:** The benefit of adopting e-banking provides a competitive advantage to the banks over other players. The implementation of e-banking is beneficial for bank in many ways as it reduces cost to banks, improves customer relation , increases the geographical reach of the bank , etc. The benefits of E-banking have become opportunities for the banks to manage their banking business in a better way.
- **Increasing Internet Users & Computer Literacy:** To use internet banking it is very important or initial requirement that people should have knowledge about internet technology so that they can easily adopt the internet banking services. The fast increasing internet users in India can be a very big opportunity and banking industry should encash this opportunity to attract more internet users to adopt internet banking services. Table shows evidence of increasing number of internet users in India.
- **Worthy Customer Service:** Worthy customer services are the best brand ambassador for any bank for growing its business. Every engagement with customer is an opportunity to develop a customer faith in the bank. While increasing competition customer services has become the backbone for judging the performance of banks.
- **Internet Banking:** It is clear that online finance will pickup and there will be increasing convergence in terms of product offerings banking services, share trading, insurance, loans, based on the data warehousing and data mining technologies. Anytime anywhere banking will become common and will have to upscale, such up scaling could include banks launching separate internet banking services apart from traditional banking services.
- **Retail Lending:** Recently banks have adopted customer segmentation which has helped in customizing their product folios well. Thus retail lending has become a focus area particularly in respect of financing of consumer durables, housing, automobiles etc., Retail lending has also helped in risks dispersal and in enhancing the earnings of banks with better recovery rates.

## 5. Opportunities in E-Banking

## 6. Conclusion

Finally the study concludes that with the passage of time E-banking has gained the momentum in the Indian context. Most of the banks have implemented E-banking facilities which are beneficial to both i.e., banks and the customers. Though there

are many challenges and hurdles in the smooth implementation of E-banking system in India but at the same time E-banking is having a bright future. The use of ATMs, Debit and Credit has become a good source of usage of information technology and has paved a way for Digitalization.