

CHALLENGES & OPPORTUNITIES OF ONLINE BANKING IN INDIA

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ABSTRACT

Technological developments have been growing at an alarming speed in the international area. 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 with special reference to challenges and opportunities, 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. Today in India the scope of online banking is growing by a good decent rise in its usage .The rise in the usage of the internet is the main criteria for development of online banking. This paper 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. It helps us understand the opportunities and challenges associated with the online banking in India.

KEYWORDS: *Technological developments, Economy, Online Banking, Internet, etc.*

INTRODUCTION

The conventional function of banking are confined to accept deposits and to lend money through loans and advance. Now a day's banking is known as innovative banking. Use of information technology has given rise to innovations in the product and service designing and their deliver in the banking sector and finance industries, customer services satisfaction are their principal work. Present banking scenario has come up with a lot of new initiatives which are oriented to provide a better customer service and facilities with the help of information technology.

Banking sector focuses the large economic its linkage to all sectors make it representative for what is going on in the economy .Indian banking sector, presently has the same sense of opportunity that is evidence in the Indian

banking market and economy. The current developments in the worldwide markets offer too many opportunities to the banking sector. In today's competitive banking world improvement day by day in customer services is the most significant tool so many changes to access their banking and other services.

Banks are playing an important role in the economic development of a country. Economic development of a country involves investment in various sectors of the economy. The bank collects small savings from the public banking the banks performs various agency works for their customers and helps economic development of the country.

II.OBJECTIVES

- To understand the e banking service in present scenario.
- To study the challenges and opportunities of online banking.
- To analysis the enhancement of online users from 2014-2017.

III.CURRENT STATUS OFE-BANKING IN INDIA

Internet Banking has become an integral part of banking in Indian. The concept of e-banking is of fairly recent origin in India. Till the early 90's traditional model of banking i.e.; branch based banking was prevalent, but after that non-branch banking services were started. The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. The government of India enacted the IT Act, 2000 with effects from October 17, 2000 which provided legal recognition to electronic transaction and other means of electronic commerce. The Reserve Bank is monitoring and reviewing the legal and other e-banking related challenges would not pose a threat to financial stability. According to report of RBI in Jan 2016, there are 196079 ATM and 1337310 point of sale devices in India.

To cope with the pressure of growing competition, Indian commercial banks have adopted several initiatives and e-banking is one of them. The competition has been especially tough for the public sector banks, as the newly established private sector and foreign banks are leaders in the adoption of e-banking. Indian banks offer to their customers following e-banking products and services.

- Automated Teller Machines (ATMs).
- Internet Banking.
- Mobile Banking.
- Phone Banking.
- Tele Banking.
- Electronic Clearing Services.
- Electronic Clearing Cards.
- Smart Cards.

- Door Step Banking.
- Electronic Fund Transfer

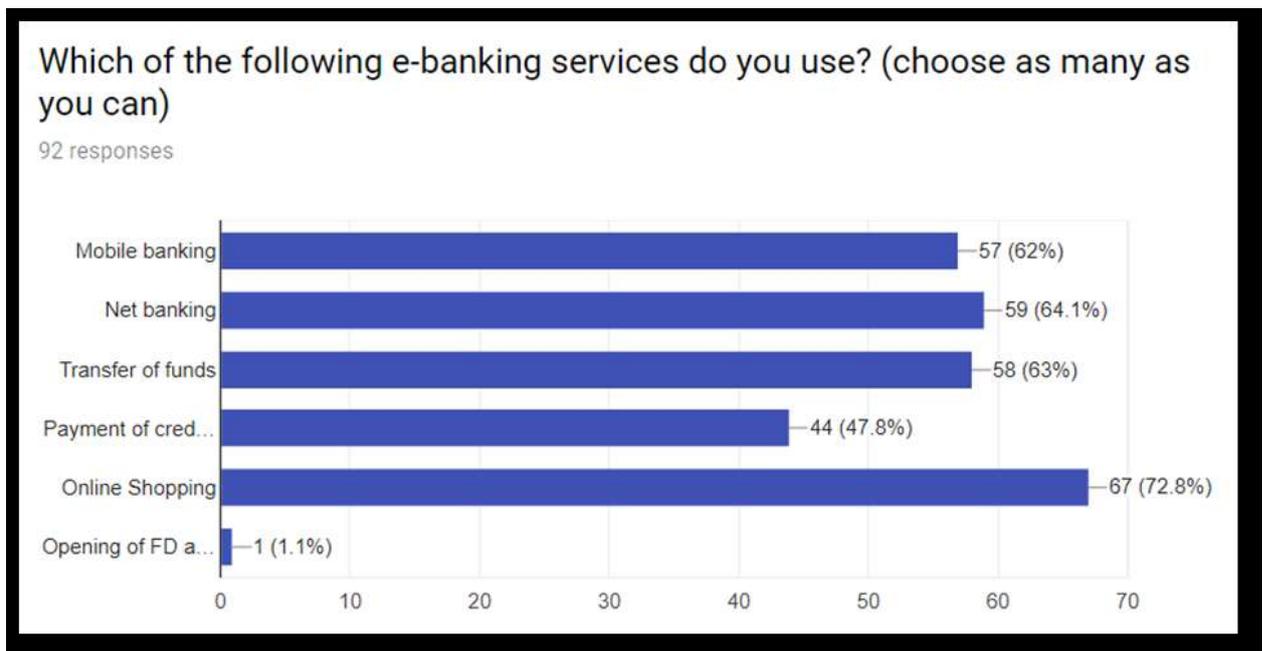
IV.COMMON E-BANKING SERVICES

Retail Services	Wholesale Services
Account management	Account management
Bill payment and presentment	Cash management
New account opening	Small business loan applications, approvals, or advances
Consumer wire transfers	
Investment/Brokerage services	
Loan applications and approval	Business-to-business payment
Account aggregation	Employee benefits/pensions administration

Since transactional websites typically enable the electronics exchange of confidential customer’s information and the transfer of funds, services provided through these websites expose financial institutions to higher risk than basic informational websites. Wholesale e-banking systems typically expose financial institutions to the highest risk per transactions. Since commercial transactions usually involve larger dollar amounts. In addition to the risk issues associated with information’s websites. Examiners reviewing transactional e-banking services should consider the following issues.

- Security controls for safeguarding customers information.
- Authentication processes accessory to initially verify the identity of new customers and authenticates existing customers who access e-banking services.
- Liability for unauthorized transactions.
- Losses from fraud if the institution fails to verify the individuals or businesses applying for new accounts or credit on-line.

- Possible violation of laws or regulations pertaining to consumer privacy, anti-money terrorism or the content, timing, or delivery of required consumer disclosures.
- Negative public perception, customer dissatisfaction, and potential liability resulting from failure to process third-party payments as directed or within specified time frames, lack of availability of on-line services, or unauthorized access to confidential customer information during transmission or storage.



The above bar graph analyses the different services that are being used more often in comparison to the other services. It is evident that most of the respondents use e-banking for online shopping and net banking services from their respective bank's website, out of the given options>

V. CHALLENGE IN ONLINE BANKING

Information technology analyst firm, the meta group, recently reported that "Financial institutions who don't after home banking by the year 2000 will becomes marginalized."By the year of 2002, a large sophisticated and highly competitive internet banking market will develop which will be driven by.

1. 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 IMAI report (2006) 43% of internet users are not using internet banking in India their security concerns so it's

a big challenge for markets and makes consumers satisfied regarding their security concerns, which may further increase the online banking use.

2. The trust factor:

Trust is the biggest hurdle to online banking for most of 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 arise in the mind of customers such as: due to transaction go through? Did I push the transfer's button once or twice Trust is among the significant factors which influence the customer's willingness to engage in a transaction with web merchants?

3. Customer awareness:

Awareness among customers about the e-banking facilities and procedures is still at lower side in a Indian scenario. Banks are not able to disseminate proper information about the use. Benefits and facilitate of internet banking less awareness of new technology and their benefits is among one of the most ranked barrier in the development of e-banking.

4. Privacy risk:

The risk of disclosing private information and fear of identity theft is one of the major factors that inhibit the consumer while opting for internet banking services. Most of the consumers believe that using 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 purpose without consent of consumers.

5. Strengthening the public support:

In developing countries in the past, most e-finance initiatives have been the results of joint effort 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 private and public. Sector along with the multilateral agencies like the World Bank, we developed to enable public support for e-finance related incentives.

6. 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 don't trust or don't access to the necessary infrastructure to be able to process e-payment.

7. Handling technology:

Developing acquiring the right technology, Deploying it optimally and then leveraging it to the maximum extent is essentially to achieve and maintain high service and efficiency standards while reaming cost effective and delve lying sustainable return to shareholder. Early adopters of technology acquire significant compitive advances managing technology is i.e.; a key challenges for the Indian banking sector.

VI.OPPORTUNITIES OF ONLINE BANKING

- **Untapped Rural Market:**

Contributing to 70% of the total population in India is a largely untapped market for banking sector. In all urban areas banking sector in all urban areas banking services entered but only few big villages have the banks entered. So that the bank must reach in remaining all villages because majority of India still living in rural areas.

- **Multiple Channels:**

Banks can offer so many channels to access their banking and other services 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.

- **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 date 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.

- **To Move To Online Business:**

The global connectivity provided by the internet, combined with the fallout from the global financial crisis has encouraged a growing number of entrepreneurs to start their own business online. As an increasing number of people look to save themselves from unemployment or augment otherwise insufficient salaries by finding new ways to make money online, they will require new ways to send receive, and invest their online funds.

- **The Rise of Mobile Banking:**

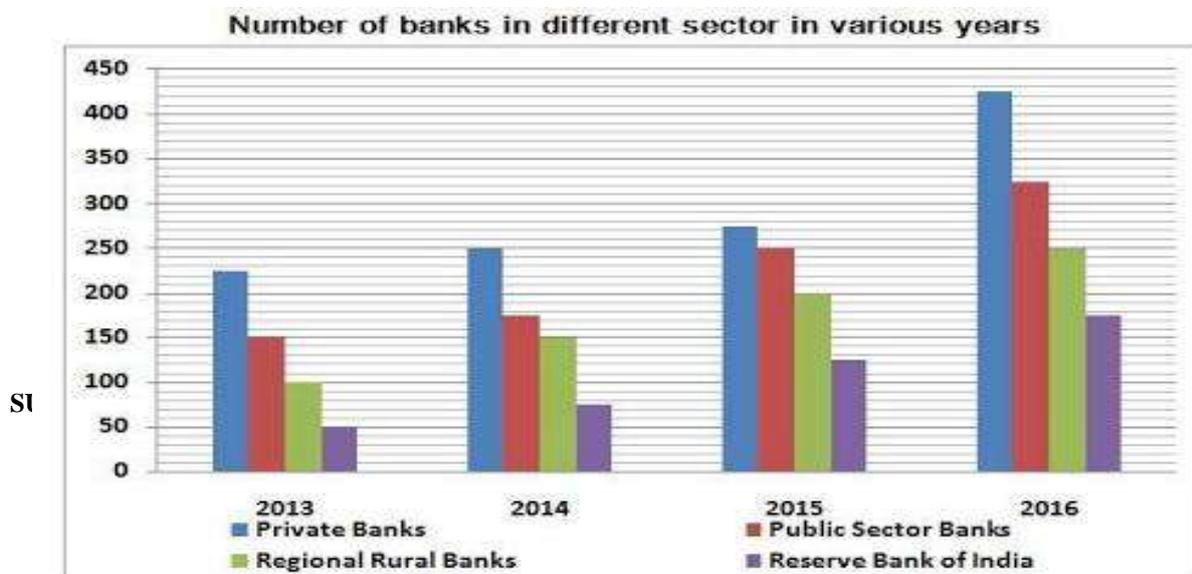
As handling mobile devices become more sophisticated, users are experimenting with more sophisticated transitions. Moving beyond ringtone downloads; consumers can now shop online and purchase software upgrades and augmentations through app stores. In addition to this buying and selling, anyone with a web browser on their phone can access their banking online banking site to move and manage their money in more locations than ever before.

- **Physical Footprints:**

Online banking is also more attractive to banks because a reduced physical footprint means reduced costs in other areas. In addition to saving the money that would normally be associated with operating and maintaining mail paper statements to customers would be a huge savings for banks. As an added bonus, banks have been able to take advantage of current pro-environment sentiment by marketing online banking as a “green” alternative.

By appealing to noninvolved however, when discussing the internet it is dangerous to assume that everything is going to be moved online; there will always be individual, industries, and transactions that are grounded in the real world with no desire to change the way they do business.

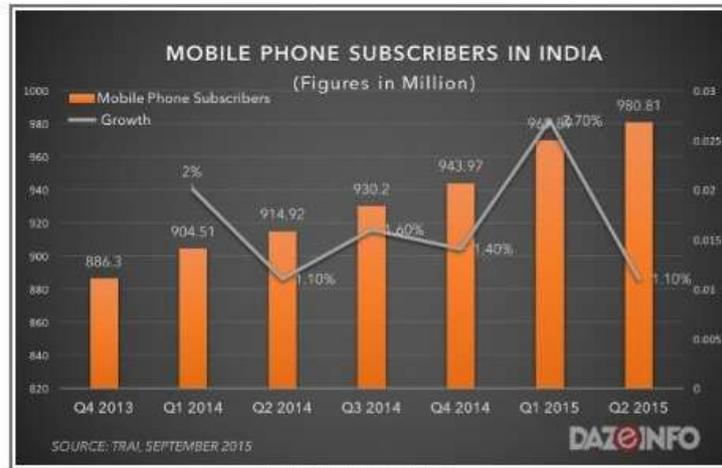
VIII. DATE ANALYSIS



- To provide guidelines to the viral fields there by increasing the banking technology on online.
- Changes free services for loyal and as well new users.

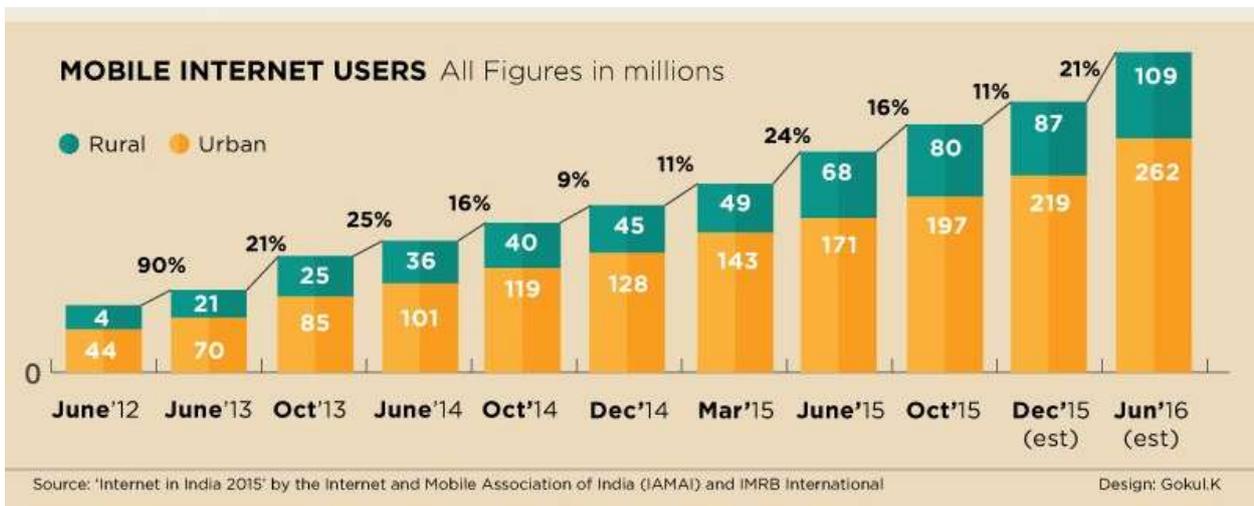
Interpretation: The above chart indicates that number of banks in different sector increased frequently.

It shows Compare to other banks private sector increased maximum



Mobile Phone Subscribers in India

Interpretation: The above chart indicates that mobile phone subscribers In India .Here Shows in 2013-886.3 million to 2015-980.81 million(9.63 %) Increased .



increased frequently i.e. June 2012-2016-Rural (105million) , Urban- June 2012-2016(218 million) increased frequently.

IX.FINDINGS

1. Present banking scenario has come up with a lot of new initiatives which are oriented to provide a better customer service and facilities with the help of information technology.
2. Based on paper Challenges have, Privacy risk, Customer awareness, The trust factor, Security Risk etc. and Opportunities are Increased because of Mobile users are increased i.e. in rural & Urban areas . i.e. June 2012-

2016-Rural (105million) , Urban- June 2012-2016(218 million) increased frequently.It is best opportunities for make maximum customers

3. Online Users Increased frequently .With over 460 million internet users, India is the second largest online market, ranked only behind China. By 2021, there will be about 635.8 million internet users in India. Despite the large base of internet users in India, only 26 percent of the Indian population accessed the internet in 2015.

Suggestion:

1. The challenges and opportunities provide insights to the marketers about the hurdles of internet banking. The marketers need to consider the factors such as security risk, privacy issue and trust while devising the strategies and marketing policies for internet banking
2. There are more people who are not actually aware of all the benefits that they reap out of the transaction of online banking. They should be proper awareness.
3. Most of the people o not counts online banking due the problems of security concerns. Proper security software should be developed and people should be convinced that their accounts are secured in online transactions.

X.CONCLUSION

People are not confident enough to whether to rely completely on online banking. There is hesitancy in their minds with regards to preference. So they use both the techniques of banking i.e. online and Traditional. Because of the complexity and the unawareness in the people regarding the online banking. Thereis less utilization of the online banking services provided by the banks. People are not sure whether their account is completely secured in online banking. Security concern is the main and the core reason why people do not tend to use online banking. People in India are not aware of the full utility of online banking and the services that can be availed of in online banking.

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