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## Innovations in Electronic Banking- Challenges and Opportunities

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### Abstract

Banking service is the nerve system of the economic activity. The development of the economic conditions of the nation depends upon the development of innovations in banking sector. Due to Globalization and Revolution in Information Technology (IT) and competition among the banks has led to in provide more scope for banking automation and the innovations in the baking technology. The process of banking service through E-Banking is a generic term encompassing internet banking, telephone banking, mobile banking etc. The scope of E-banking is still is evolving. In view of this back ground the present paper has focused on benefits of E-banking, challenges faced in E-banking and the opportunities available for banks and public through E-Banking.

**Keywords:** Banks, E-Banking, Information Technology, challenges.

### Introduction:

Information Technology has transformed the functioning of the businesses worldwide. It also enabled better decision making based on the latest and the accurate information. It has not only tried to reduce the cost but also tried its level best to improve the efficiency in the many new processes, the process of E-Banking basic internet banking, telephone banking, mobile banking etc. The scope of E-banking is still is evolving. Technology has swiftly turned as a boon to the customers. With Technology the Bank branches becomes only one of the many channels that are now accessible to customers for performing routine banking transactions. An internet bank can be defined as a bank that provides account balances and some transaction capabilities to retail customers over the World Wide Web. Technology has created internet banking, also called online banking. In view of this the present paper has focused on benefits of E-banking, challenges and opportunities faced and available for banks. The popular and innovative service covered under E-Banking are;

- ❖ Automated Teller Machines
- ❖ Credit Cards
- ❖ Debi Cards
- ❖ Smart Cards
- ❖ Electronic Funds Transfer (EFT) System,
- ❖ Cheques Truncation Payment System
- ❖ Mobile Banking, Internet Banking
- ❖ Telephone
- ❖ Banking



### Features of E-Banking

- Easy Electronic Fund transfer facility.
- Better efficiency in Customer relationship management.
- Making the Payments of bills like electricity, telephone bills, and mobile recharge.
- It introduces virgin & innovative banking products & services.
- It can view of balance of accounts and statements.

### Advantages of e-banking

- Very low setup cost.
- Capability to cater to a very large customer base.
- Saves a lot of operational costs.
- Banks can offer a lot of personalized services to their customers.
- Reduction of burden on branch banking.
- Ensures round the clock banking transactions to customers

### Challenges in E-Banking

- ❖ Implementation of global technology

There is a need to have an adequate level of infrastructure and human capacity building . Some of either do not trust or do not access to the necessary infrastructure to be able to process e payments.

- ❖ Strengthening the public support

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.

- ❖ Confidentiality, integrity and authentication

These very important features of the banking sector and were very successfully managed all over the world before the coming of internet.

- ❖ Customer Satisfaction

Satisfaction of customers is a major challenge for the banking sector because customers have alternative choices in various types of services provided by other banks.

- ❖ Availability of Personnel services

Banks must be able to provide complete personnel service to the customers those who come with expectations.

- ❖ Competition

The nationalized banks and commercial banks have the competition from foreign and new private sector banks. Competition in banking sector brings various challenges.

#### • Other Challenges

- ❖ Development of skill of bank personnel
- ❖ Customer awareness and satisfaction
- ❖ Corporate governance
- ❖ Changing needs of customers
- ❖ Keeping space with technology up gradation



- ❖ Lack of common technology standards for mobile banking
- ❖ Structural changes
- ❖ Man power planning

### Opportunities

#### ❖ **Untapped Rural Markets**

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, mobile banking, video banking etc.

#### ❖ **Worthy Customer Service**

Customer has 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**

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**

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.

Other Opportunities

- ❖ To enter new business and new markets
- ❖ To develop new ways of working
- ❖ To improve efficiency
- ❖ To deliver high level of customer service

### Recommendations

The following are certain recommendations to popularise e- banking services/ products:

- **Create awareness about e-banking:** Banks should create awareness among people about e-banking products and services. Customers should be made literate about the use of e-banking products and services.
- **Special arrangements by banks:** Special arrangements should be made by banks to ensure full security of customer funds. Technical defaults should be avoided by employing well trained and expert technicians in field of computers, so that loss of data can be avoided. Banks should use latest technologies with timely updates to secure customers valuable money from the hands of hackers.
- **Specialised training:** Employees of banks should be given special technical training for the use of e-banking, so that they can further encourage customers to use the same.
- **Organising seminars and workshops:** Seminars and workshops should be organised on the healthy usage of e- banking especially for those who are ATM or computer illiterate.



- **Cater to need of customers:** E-banking services should be customised on basis of age, gender, occupation etc so that needs and requirements of people are met accordingly.
- **Proper infrastructure:** Government should make huge investments for building the infrastructure.
- **Security arrangements by customers:** Customers should never share personal information like PIN numbers, passwords etc with anyone, including employees of the bank. Documents that contain confidential information should be safeguarded. PIN or password mailers should not be stored, the PIN and/or passwords should be changed immediately and memorised before destroying the mail. Take simple precautions like changing the ATM PIN and online login and transaction passwords on a regular basis. Ensure that the logged in session is properly signed out.

#### **Conclusion:**

Many financial innovations especially in the banking sector the banks are facing many challenges and opportunities. These have completely changed the face of Indian banking. But still there is a need to have more innovative solutions and contributions in the banking sector to solve the challenges and opportunities can be availed efficiently But

This is the most common way to carry out digital banking fraud. Fraudsters illegally gain access to your banking credentials and misuse it. The common ways criminals employ to do that are phishing, vishing, and malware attacks. Phishing is essentially spamming individuals with fake emails to collect information. People must be prudent to not click on unknown links or share their banking details via email or any instant messaging app, SMS, voice notes, Skype etc. Such links often come through SMSs and is called Smishing. When one clicks on those links, usually a malware program is downloaded on the phone which steals data that is further used for theft.

And investigated area is broad so investigate is very time consuming and more challenging in investigation agency

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