Prospects and Challenges of E-Banking in Rural India

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ABSTRACT
This work is related to the study of application of E-banking system in rural regions of India. As we know that e-Banking is very important for all. In India, the banking sector has tremendous potential to grow. India has the potential to become the fifth-largest industry within the world by 2020 and also the third-largest by 2025. However, it's noticed that the employment of e-banking channels is so poor than the expectation. Lacking information and backing, administration quality, cost adequacy are the principal determinants for the choice and utilizing e-banking channels.

Keywords
Data centres, Cloud computing, Network issues, Security issues, threats, attacks

1. INTRODUCTION
India is one among the highest 10 economies within the world, where the banking sector has tremendous potential to grow. The most recent decade saw clients grasping ATM, internet and mobile banking. India's banking sector is currently valued at Rs. 81 trillion (US$ 1.31 trillion). According to an industry report[1], it has the potential to become the fifth largest banking industry in the world by 2020 and the third largest by 2025. The substance of Indian banking has changed throughout the long term. Banks are now reaching bent the masses with technology to facilitate greater simple communication, and transactions are administered through the web and mobile devices.

The financial business in India shouldn't just be without bother however it ought to be prepared to address the new difficulties presented by the innovation and the other outside and inward factors. The Banks are the most participants of the economic system in India. The Banking division offers a few offices and chances to their clients. All the banks safeguards the cash and valuables and supply loans, credit, and payment services, like checking accounts, money orders, and cashier's cheques. The banks also offer investment and insurance products. As a spread of models for cooperation and integration among finance industries have emerged, a number of the normal distinctions between banks, insurance companies, and securities firms have diminished. In spite of those changes, banks still maintain and perform their primary role—accepting deposits and lending funds from these deposits. So on overcome such problems the organized banking sector was established, which was fully regulated by the govt.

Figure 1: Types of e-Banking

![Figure 1: Types of e-Banking](image)

The organized banking sector works within the economic system to supply loans, accept deposits and
supply other services to their customers. The following functions of the bank explain the necessity of the bank and its importance: Use of Information and communications technology for rendering services is foremost trend in each country today.

Notwithstanding, we found that open, private, new age private and agreeable banks additionally creating financial system through utilizing data and correspondence innovation and by means of different electronic methods like Internet banking, mobile banking, POS terminals, ATM etc. The almost all banks are investing far more financial resources including human resource to extension of e-banking services. But we noticed that the use of those services and e-banking channel is extremely poor than expectations of banks and policy makers.

2. RELATED WORK

Lichtenstein and Williamson[5] mentioned that lack of internet confidence, inadequate knowledge and support are very important barrier in using internet banking. Raghavan[6] opined that at present, over 85% of the finished payment transactions are electronic and traditional way of doing banking at the branch level has relatively little importance to electronic banking users. Many banks, including PSU banks, would have online ATMs, phone banking, virtual banking, e-banking, Internet banking, etc. by 2020.

Mohan [7] remarked that Indian banking is at the threshold of a paradigm shift and a significant development has been achieved by banks in offering a variety of new and innovative e-banking services to customers today, which was not thought of before. However, public sector banks have not been able to harness the benefits of computerization.

Abid and Noreen [8] posited that Cash culture is still prevalent in Pakistan compared to the plastic money replacement that has been adopted in most of the developed countries. They also mentioned that the most important reasons are lack of trust, non-availability of infrastructure, security and service charges.

Kamakodi et al [9] found that a wide gap exists in human service in Indian banking while technology based services are exceeding expectations.

Uppal and Chawla [10] found that the customers of public sector, private sector and foreign banks in Ludhiana district of Punjab are interested in e-banking services, but at the same time are facing problems like inadequate knowledge, poor network, lack of infrastructure, unsuitable location, misuse of ATM cards and difficulty to open an account.

Indian customers' perception in the context of e-banking has been examined by Reeti Agarwal et al [11] and found that people in the age group of 31-45 years using e-banking most frequently. Respondents opined that using e-banking for balance inquiry to be the most useful, closely followed by inter-account transfer of funds and they found e-banking least useful for lodging complaints.

Slow transaction speed was found to be the most frequent problem faced, closely followed by non-availability of the server while using e-banking.

Sharma [12] opined that the trend towards electronic delivery of banking products and services is occurring partly as a result of consumer demand, and partly because of the increasing competitive environment in the global context.

Kumar and Sinha [13] cited various instances of hacking and phishing attacks reported throughout India. They remarked that cyber crimes prove that ebanking has several loopholes that can be easily explored and users need to be extra cautious while making online transactions.

Srinivas [14] discussed various e-banking channels and suggested security tips for customers which include changing password frequently, abstaining from revealing PIN either via mails or phone, avoiding cyber cafes for net banking etc.

Anupama Sharma [15] in her research paper “Plastic card frauds and the counter measures: towards a safer payment mechanism” have thrown light on the number of frauds increased considerably in the usage of plastic cards as in case of plastic card frauds the most affected parties are the merchants of goods and services as they have to bear the full liability for losses due to frauds, the banks also bears some cost especially the indirect cost whereas the cardholders are least affected because of limited consumer liability and concluded that all these losses can be dealt with by making the prudent use of the new technology and taking the respective counter measures.

Bansi Patel and Urvi Amin [16] in their research paper “Plastic Money : Roadway Towards Cash Less Society” discussed that now days in any transaction Plastic money becomes inevitable part of the transaction and with it life becomes more easy and development would take better place and along with the plastic money it becomes possible that control the money laundry and effective utilization of financial system would become possible which would also helpful for tax legislation.

3. E-BANKING IN INDIA[17]

In India, since 1997, when the ICICI Bank initially offered web banking administrations, today, most new-age banks offer the equivalent to their clients. Indeed, all significant banks give e-banking administrations to their clients.

Popular services under e-banking in India
• ATMs (Automated Teller Machines)
• Telephone Banking
• Electronic Clearing Cards
• Smart Cards
• EFT (Electronic Funds Transfer) System
• ECS (Electronic Funds Transfer) System
• Mobile Banking
• Internet Banking
• Telebanking
• Door-step Banking
Further, under Internet banking, the next services are available in India:

**3.1 Bill payment**
By the e-banking, we can pay the electricity, mobile, telephone and credit card bills, at home. Customer can pay these types of bill on monthly basis. For this purpose banks are tie-up to different-different IT companies or create software by his IT staff.

**3.2 Funds transfer**
A customer can transfer funds from his account a special "-> to a special with the same bank or even a special bank, anywhere in India. He must log in to his account, specify the payee’s name, account number, his bank, and branch along side the transfer amount. The transfer is effected within each day approximately.

**3.3 Investing**
Through electronic banking, a customer can open a tough and fast deposit with the bank online through funds transfer. Further, if a customer features a demat account and a linked checking account and trading account, he can purchase or sell shares online too. Additionally, some banks allow customers to urge and redeem mutual fund units from their online platforms also.

**3.4 Shopping**
With an e-banking service, a customer can buy movie tickets, shopping in mall in your finger tip.

**4. CHALLENGES OF E-BANKING IN RURAL INDIA**
First, in India, there's a risk of the emergence of a 'digital divide' because the poor are excluded from the utilization of the web then from the economic system. Empirical evidence shows that richer countries possess higher concentrations of internet users (higher than income concentration) as compared with poorer countries [18][19]. In India, where the poverty ratio remains adverse at 26.1 per cent of total population, it’s likely that wealthier people will rapidly migrate to e-banking platforms leaving the poor in touch the value of the physical infrastructure of branches within the sort of transaction fees or non-competitive interest rates on their deposits. Second, even today, the operational environment for public, private and foreign banks within the Indian economic system is sort of different. a couple of foreign banks operating in India first offered e- banking services to their customers like ATMs, computerized monthly statements, secure online operations, etc. The new generation of personal sector banks (who did have developmental obligations almost like their counterparts within the public sector) didn't possess a legacy of manual practices and, hence, were ready to adopt easily modern banking practices with state-of-the-art- operations. However, challenges before the general public sector banks are plenty and of a special kind. While, they need to handle volumes which are amazing, there also are problems with legacy, old habits and political pressures. Further- more, the safety risk involved in computerization is directly associated with the dimensions of the network. For PSBs, the main problems are within the sort of security risks, network downtime, and scarcity of trained personnel, expensive system upgrades and recurring costs given the huge scale of their current operations. A research study Public Sector Banks [20] on the comparative performance of public and personal sector banks within the decade of the 1990s shows that though the turnover/employee ratio rose in PSBs. Also, this is often undue to the presence of an outsized rural and semi-urban concentration of bank branches among PSBs but rather thanks to technological up gradation within the private and foreign banks. Private and unfamiliar banks have changed the structure of their work towards a superior talented workforce by expanding the enrollment of officials and diminishing administrative and subordinate staff. The mixture of upper technology and better skills have posted a better turnover for these banks as they need been ready to provide better customer support and have managed their assets well. Third, confidentiality, integrity and authentication are vital features of the banking sector and were very successfully managed the planet over in per-internet times. Communication across an open and thus insecure channel like the web won’t be the simplest base for bank-client relations as trust might partially be lost [21]. Public Key Infrastructure (PKI) is predicted to ensure the specified level of trust and to supply for the safety needs of all e-communities in terms of confidentiality, integrity, non-repudiation services, etc. However, the dimensions of the initiative go to vary significantly between public and personal banks. For personal banks, security considerations are a crucial value- added and risk reduction utility for his or her online and real time transactions. In a public sector banks, computerization is that the first agenda. A huge exercise given their very large branch networks and security is that the second priority. But this endangers the position of public sector banks within the immediate period as breaches of security and disruptions within the system's availability can damage a bank's reputation. The more a bank depends on electronic conveyance channels, the more noteworthy the potential for reputational chances. Fourth, e-banking has made numerous new difficulties for bank the board and administrative and administrative specialists. They originate not just from increased potential for cross-border transactions but also for domestic transactions supported technology applications which raise many security related issues [19]. The Basel Committee on Banking Supervision’s Electronic Banking Group [21] has defined risk management principles for electronic banking. They primarily specialize in the way to extend, adapt, and tailor the prevailing risk-management framework to the electronic banking setting. It’s
necessary to understand whether the efforts undertaken by the RBI are sufficient to make sure an inexpensive Fifth, there are some genuine ramifications of global e-banking. It’s a standard argument that low transaction costs potentially make it much easier to conduct cross-border banking electronically. For several banks, cross-border operations offer a chance to reap economies of scale. But cross-border finance also needs a better degree of cross-border supervision. Such participation may need to increment to comparable administrative principles and exposure prerequisites (for proficiency and to stay away from administrative exchange) and a couple blending of lawful, bookkeeping and tax assessment plans. The important question here is whether or not India at this juncture is satisfactorily prepared to face the results of cross border e-banking.

5. CONCLUSION & FUTURE PROSPECTS
For future prospective e-Banking is very important for all. It can be the solution of many general problems for example gets rid from long queue in bank premises and outside the bank, online transaction facility can be provided even during holidays. E-Banking service is available 24 hours, 7 and 365 days. Some problem may persist in rural areas like financial problem, Internet connection and issues related to telecommunication services, population of rural India is not used to comfortable in using these services Language problem is not a big issue because it is available in regional languages also. The biggest challenge is cyber security. How to protect our account details from hackers.

REFERENCES
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