



Importance and benefits of E-Banking

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Abstract

The usage of e-banking by the enterprises came into existence in mid 90's. e banking came into existence in greater numbers because of low operating costs. First it is in the form of ATM's and phone transactions. Recently it transformed to internet a new channel between customers and banks which benefits both. The main aim of e-banking services is to provide the customers a much faster services with low cost. From the last twenty years, banking sector has chosen a new method of banking based on the progress of information technology. In addition to these customers, transaction and communication abilities are fastened based on information technology.

Keywords- e-banking, enterprises, existence, operating, recently, transactions, transformed, channel, service, communication, information, technology

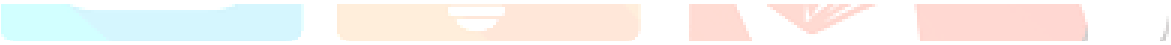
Research Paper

The progress of electronic banking started with use of automatic teller machines and afterwards it developed to online banking. In the future it will be done in mobile phones(wap-enabled). Anyway online banking continues to be the best for financial transactions.

“E-banking provides many advantages for banks and customer's. E-banking has made life much easier and banking much faster for both customers and banks.

Main advantages are as follows.¹

- It saves time spent in banks
- It provides ways for international banking.
- It provides banking throughout the year 24/7 days from any place have internet access.
- It provides well-organized cash management for internet optimization
- It provides convenience in terms of capital, labour, time all the resources needed to make a transaction.
- Taking advantage of integrated banking services, banks may compete in new markets, can get new customers and grow their market share.
- It provides some security and privacy to customers, by using state-of-the-art encryption and security technologies.



Electronic funds transfer means computer systems are used to perform financial transactions electronically. The EFT is used for electronic payments and customer initiated transactions where the cardholder pays using credit or debit card.

The transaction types are, Withdrawal, deposit, interaccount transfer, inquiry, administrative transactions that covers non financial transactions including PIN change. Electronic Fund Transfer transactions needs authorisation and a means to match the card and card holder. EFT transactions require the cardholder's PIN to sent online in encrypted form for validation by the issuer of the card. Other information may include the card holders address or the CVV2 security value printed on the card.

“Electronic funds transfer transactions are activated during e-banking procedures. The different methods of e-banking are”²

- “Online banking
- Short message service banking
- Telephone banking

- Mobile banking
- Interactive -TV banking”

Of all the above procedures online banking plays an important role and maximum used by the account holders.now,discussing the above one by one.

Online banking:

Online banking also called as internet banking, allows the customers to use all the banking services from a computer which has internet access.The customer can perform financial transactions on a secure website operated by the bank. Online banking offers features such as bank statements, loan applications, funds transfer, e-bill payments and account aggregation allows customers to monitor all their accounts in one place.

Telephone Banking:

Telephone banking is a service provided by the banks which provides customers to perform transactions on phone.All the telephone banking systems uses automated answering system with keypad response or voice recognition capability.To prove their identity coustomers must provide a numeric or verbal password or answering the questions asked by the call center representative.In telephone banking coustomer cann't withdraws and deposits cash but can do all the other transactions.

Mostly there will be a coustomer care representative to which the customers speak ,although this feature is not guaranteed.The coustomer care representatives are trained to do what are available at the branch like chequebook orders,address change,debit card replacements.

Sms Banking:

SMS banking is a service permitting banks to do selected banking services from the users mobile by the sms messaging.SMS banking services have push and pull messages.Push messages are sent by the banks for alerting coustomer about new offers,marketing messages>alerts to events happening in coustomers account such as large amount of withdrawals from ATM or credit card etc.

“Pull messages are those that are sent by the customer to bank for having some information or to perform a transaction in their account. Examples include account balance enquiry, requesting for current exchange rates and for new offers that are launched.”³

The customer has a choice to select the list of services he needs to be informed. This can be done by integrating to internet banking or speaking to the customer care representative of the bank call centre.

Interactive -TV banking:

Interactive TV is a service that allows users to interact with TV content as they view it. It is also called as iTV or idTV. If the customer subscribes to a cable television service some banking facilities like balance enquiry, funds transfer between accounts, bills payment are made available all the way through TV. Most of the major banks in UK have experimented banking services through cable and satellite TV companies.

Some of the Statistics are :

- Half of the customers registering for online banking are giving up before signing up.
- 10% people who used internet banking services gave up due to poor usability or security concerns.
- In 2001, 1/3 rd of the top European banks offered some form of interactive TV banking.
- In 2004 it is approximated that there were ten million users of interactive-TV based banking services in Europe .
- In 2007, the estimated number of Europeans using internet banking is 130 million
- 88% of e-banking users visit their banking websites at least once a week
- It is estimated that 35% of online banking households will be using mobile banking by 2010.
- By 2011 it is predicted that 80% of the bank customers in UK will use the internet to connect to their bank.

- Problems encountered by disabled people and the ageing population using e-banking

Physically Impaired:

The people with physical impairments who are using telephone banking finds hard to hold and activate the buttons. People with physical disability can not have proper control on hands and arms therefore it is difficult to use mouse effectively so using the banking website becomes a problem.

Hearing impaired:

People with hearing impairments require visual representation of the auditory information that is in the banking website. With increasing use of multimedia e.g video streaming the banking people should take care that these will be understood by the people having hearing problems.

One of the straight forward way to make the banking site accessible to the hearing impaired people is to make the language simple particularly for BSL users for whom English is second language. so it is necessary to use a simple language and the inclusion of a glossary of banking terms.

The people who are hearing impaired, cannot use telephone banking. And the users of hearing aids will experience electromagnetic interference, from mobile phones. The radio signals from mobile telephones can arise humming and buzzing inside hearing aid.

Blind and Partially sighted

People having vision problems have a problem to insert the card into the ATM machine and typing their PIN. And people with vision problems can use online banking based on how the site is designed for the people with vision disabilities i.e blind people use browsers should with speech or Braille output which are text-based systems and should be browsed independent of graphics. The browser should have the option to vary the text size so that they can increase the font. The main problem for them is the graphics in the websites are not meaningful when they are accessing with a text browser

And people with vision problems find hard to use telephone banking because of the decreasing in the size of mobile phones. Due to the compact size of mobiles people with low

sight find hard to use the small keypads and smaller screens. And some people are unable to distinguish colour combinations used in mobile keypads and screens.

And mailed notifications regarding e-banking are inaccessible to blind and people with low vision if they are not provide in alternate formats.

Cognitively impaired

The Banking websites with too many steps and unhelpful messages are difficult to browse for cognitively impaired people. The websites designed with complex page layouts, tables and navigation structures confuse these people and are become difficult to browse.

And in telephone banking, mobile phones of latest technology are coming with so many features and complex operating systems. People with Cognitive disabilities find difficult to operate these kind of mobile phones

People having dyslexia finds difficult to remember the PIN in the correct order and may enter incorrectly. So these people are prone to writing them down which lessens the security and can be misused.

Age-related Impairments

People as they age will experience so many changes in memory, eye sight, hearing and dexterity and they might not consider to have disabilities. These people will be benefited by the accessibility provisions that make websites accessible. People having age related eye sight may access the website by changing the text size. These people also finds difficult to use the mouse. Older people finds difficult to use mobiles having complex operating systems and too many options.

Reference

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