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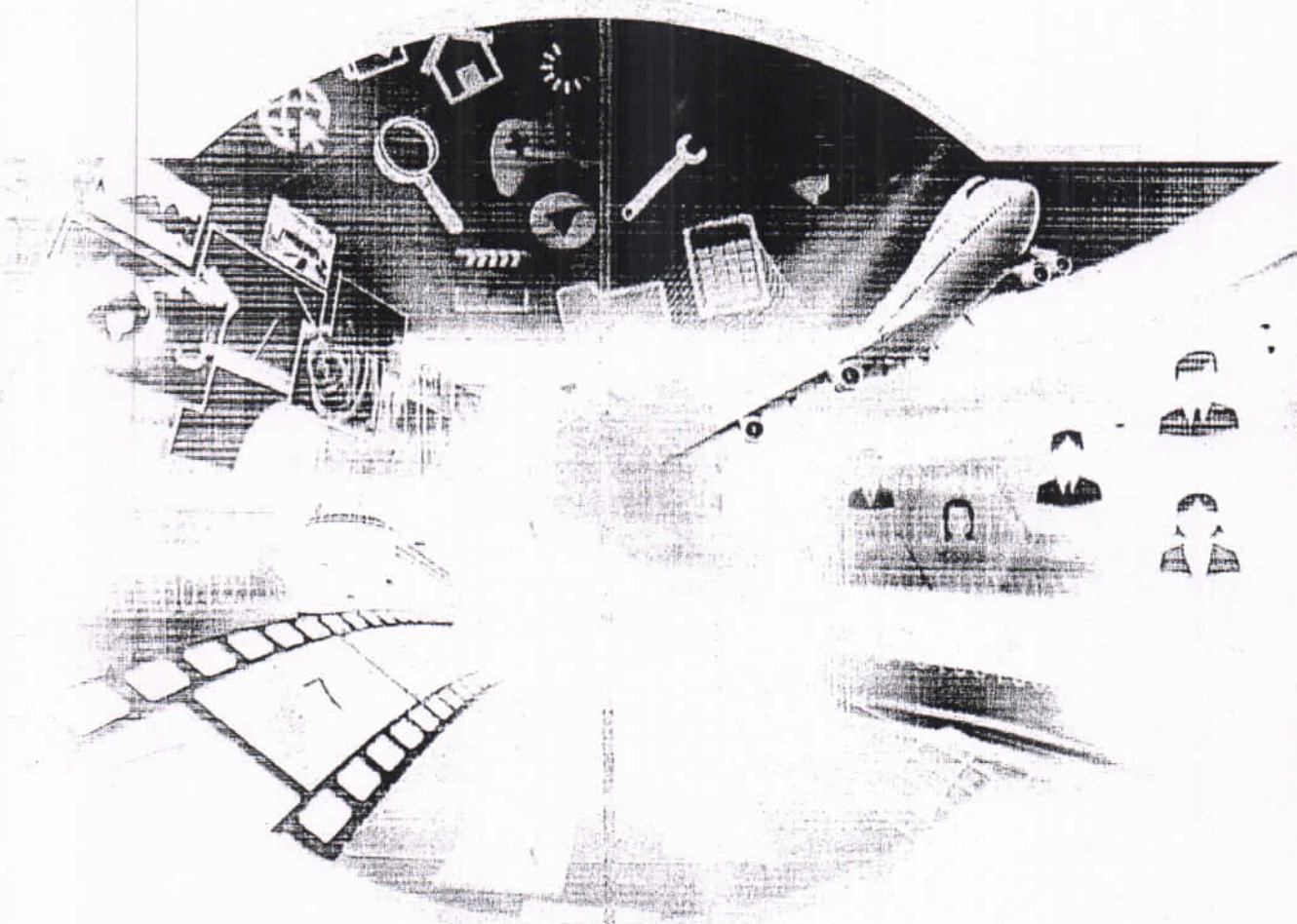
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Role of E-Banking

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Introduction

Advances Technology brought a lot of changes in all fields in performing their activities. Banking sector is not exemption to it. So banks have been using electronic and telecommunication networks for delivering a wide range of their services. The delivery channels include direct dial – up connections, private networks, public networks etc. and the devices include telephone, Personal Computers including the Automated Teller Machines, etc. With the popularity of PCs, easy access to Internet and World Wide Web (WWW), Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking or Electronic banking. Both computer and telephone banking cover the terms electronic banking. The emergence of globalization boosted up the activities of E-Banking. Internet banking involves consumers using the Internet to access their bank account and to undertake banking.

Objectives of the Study

- 1) To study advantages and disadvantages of E-banking
- 2) To identify recommendation of E-banking
- 3) To know recent trends in information and technology in banking

Methodology Adopted

The present study is of descriptive type. The entire study is based on secondary sources of data. These secondary data has been collected from books and websites. In order to fulfil constructed objectives of the present study the secondary data has been assembled.

History of E-Banking

Today, Information Technology and Communication is commanding banking field. In 1980s itself Reserve Bank of India advised all banks to go massive computerization at branch level. For this purpose, Reserve Bank of India constituted a Working Group to examine different issues relating to I-banking and recommend technology, security, legal standards and operational standards keeping in view the international best practices. The Group is headed by the Chief General Manager-in-Charge of the Department of Information Technology and comprised experts from the fields of banking regulation and supervision, commercial banking, law and technology. The Bank also constituted an Operational Group under its Executive Director comprising

officers from different discipline in the bank, who would guide implementation of the recommendations. The Working Group, as its terms of reference, was to examine different aspects of Internet banking regulatory and supervisory perspective recommend appropriate standards for adoption of E-banking and some suggestions regarding association with international banking practices, risk with e-banking, security to account holders, money proper supervision and legal framework, further adoption of new technology.

Payment and settlement of e-Banking

For the payments in traditional method people use cash, cheque, electronic fund transfers and credit cards. But, internet banking came to be extensively used in banking transactions in a number of ways. It provides multiple benefits to the customers and ensured total accuracy of transactions for 24 hours. Electronic Fund Transfers (EFTs) are the ways of transferring notational money from one account to another account and converting notational money in to cash. These types of transfers are initiated through an electronic terminal (V), telephone, computer etc. The Electronic Clearing Services (ECS) aims at performing electronically credits and debits which are repetitive for large number customers of branches of many banks. Electronic Data Interchange (EDI) extends the process of payments and settlements. The RBI has developed INFINET for banking and financial sector. SWADHAN, India's first Shared Payment Net Services is unsurpassed is offering country wide access to the banking operations at more than 1000 ATMs in around 64 cities. RBI set up BANKNET in 1985 for intra bank and interbank communication. Society for Worldwide Interbank Financial Telecommunication (SWIFT) is dominating the field of interbank messaging, but facing the competition from other networks. A digital certificate is an electronic certificate that contains information about a user and is used to verify whom the user is E-Banking is getting new type of payment and settlements as technology advances.

Advantages of e-Banking

The following advantages occur from E-Banking

- For small businesses banks offer favorable interest rates and low charges when using electronic banking which leads to cost effectiveness.
- Business customers can regularly monitor their cash flow with electronic banking.
- This system is very convenient to deposit and withdrawal of money.
- It is very easy to pay and transfer money one account to another account.
- Time can be saved by e-banking.

Disadvantages of E-Banking

The following are disadvantages of E-Banking.

- Speed of internet connection may give trouble to the customers.
- The problem of technical staff exists in this method
- The problem of security to the customer's money also becomes a problem.