



Examining the role of internet banking in society.

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Abstract

Online banking, also known as internet banking, e-banking, or virtual banking, is an electronic payment system that enables customers of banks and other financial institutions to conduct a variety of financial transactions through the website of the financial institution. Online banking is also known as internet banking, e-banking, or virtual banking. In contrast to branch banking, which was the conventional method via which clients received banking services, an online banking system will often link to or be a component of the core banking system managed by a bank. The banking sector as a whole is undergoing significant transformations, and individual banking relationships are being profoundly impacted as a result. The provision of banking goods and services through the internet is known as internet banking. At the moment, the majority of banks all over the world have an online presence in the form of automated teller machines (ATMs), internet banking, support services, and so on. The advancement of information technology has had a significant impact, within the realm of banking, on the creation of payment methods that are more flexible as well as financial services that are more user pleasant. Electronic banking services are relatively new, and it is anticipated that the development and widespread use of these technologies by financial institutions would lead to an improvement in the overall efficiency of the banking system. As a result, a questionnaire study was carried out in Jeddah city, Saudi Arabia, in order to determine the function that online banking plays in society among the local population there. According to the results that were collected, the vast majority of individuals in Saudi Arabia are aware of the function that online banking plays in society.

KEYWORDS: *e-banking, virtual banking, internet banking ATM etc.*

INTRODUCTION

The banks have been forced to develop new technologies and tools in order to keep up with the rigours of competition and the changing demands of consumers. This breakthrough resulted in the development of internet banking, which subsequently reshaped the banking business all over the world. Traditional banking services, such as opening an account or transferring funds among different accounts, as well as new banking services, such as electronic bill presentment and payment, which allow customers to pay and receive bills on a bank's web site, are examples of what are referred to collectively as Internet banking. The Indian client is making the transition to internet banking in a manner that is both gradual and consistent. Internet banking is becoming increasingly popular, and a growing number of financial institutions have either already implemented it or are on the cusp of doing so. Internet banking was initially limited to basic features offered by Indian financial institutions. These included the ability to obtain information about interest rates, check account balances, and determine eligibility for loans. After afterwards, the services were expanded to include online bill payment, the movement of funds between accounts, and corporate cash management services. To keep up with the ever-increasing level of competition, the banking industry has turned to online banking technologies. It has also emerged as a strategic resource for achieving higher efficiency, controlling operations, and reducing costs by replacing paper-based and labour-intensive

methods with automated processes, which leads to higher productivity and profitability. This can be done by reducing the amount of time spent on manual labour. Internet-based electronic banking is one of the most recent delivery channels for retail banking services. It is also one of the least investigated delivery channels, although it has the most promise. There is, without a shadow of a doubt, a sizeable body of work on this phenomenon that is available across the globe; however, in the context of India, there is only a collection of conceptual papers that shed light on the significance of internet banking and the opportunities it presents for the Indian banking sector. The purpose of this study is to quantify the current status of Internet banking in India as well as its performance in terms of the many different Internet banking services that are now available and the variables that drive the growth of such services.

Objectives of the study

1. To study the history of e-banking
2. To analyse the importance of e- banking
3. To analyse the features of e-banking

E Banking

E-banking, also known as online banking, also known as internet banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a variety of financial transactions through the website of the financial institution. Other names for this type of banking include internet banking and virtual banking. E-banking is also known as online banking. In contrast to branch banking, which was the conventional method via which clients received banking services, an online banking system will often link to or be a component of the core banking system managed by a bank. The term "e-banking" refers to the distribution of innovative and classic banking goods and services to consumers in an automated manner using electronic and interactive communication channels. E-banking refers to the use of systems that allow clients of financial institutions, whether they are people or corporations, to access their accounts, conduct business, or acquire information on financial goods and services through a public or private network, such as the internet. Customers have access to e-banking services through the utilisation of intelligent electronic devices. Examples of such devices include a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), kiosk, or touch-tone telephone.

History of E-banking

The implementation of automated teller machines (ATMs) was the first step in the development of electronic banking. Since then, electronic banking has progressed to include telephone banking, direct bill payment, electronic fund transfer, and finally, the game-changing innovation of internet banking. Some people believe that the adoption of WAP-enabled banking and interactive-TV banking will determine the trajectory of the electronic banking industry in the future. However, it has been predicted that the future of electronic financial transactions would be dominated by online banking rather than any of the other categories. The widespread adoption of online banking in day-to-day life can be attributed to a number of factors, the most important of which are the proliferation of e-commerce and the utilisation of the internet in its facilitation, as well as the increased online security of financial transactions and sensitive information. The most recent official numbers from Internet Live Stats reveal that industrialised countries make far greater use of the internet's services than do developing countries. This finding comes as no surprise. India currently maintains the second place in terms of internet usage, behind only China, with a

penetration rate of 34.8 percent. This implies that the number of people who subscribe to the internet is rising with the passage of time and has now become an integral part of daily life. Email has evolved into a mass market media channel, particularly popular among office workers and professionals. The past five years have seen the most significant shifts in access to the internet. Since that time, the internet has developed into an integral component of daily life in the workplace, and it now plays an important part in the majority of homes. Access to broadband Internet is expanding rapidly; nonetheless, the number of individuals connecting their homes to the internet lags behind that of comparable markets. Despite the fact that the number of connections is modest, a sizable percentage of people in higher-income groups have access.

E-banking encompasses a wide range of financial services, including ATMs, credit cards, debit cards, smart cards, the electronic funds transfer (EFT) system, the cheque truncation payment system, mobile banking, internet banking, telephone banking, and many others. These are some of the most common and widely used services.

Importance of E-banking:

The development of branchless banking has become increasingly significant as a result of the growing numbers of financial transactions.

- Stress levels among the authorities of the organisation can be lowered with the use of branchless banking.
- Contributes to the delivery of more efficient and affordable services to the consumer base.
- Through the use of an online banking interface, business owners, accounting staff, and other authorised personnel may have access to ordinary banking activities such as deposits, cleared checks, and wired cash in a short amount of time.
- E-banking allows for convenient access, safe financial transactions, and banking services available around the clock.

Internet Banking

The term "Internet Banking" refers to the banking services that are made available by financial institutions over the internet. Paying bills, transferring money, reading one's account statement, and other similar activities are examples of some of these services. Additionally, financial institutions provide their most recent goods and services on the internet. Using a computer or other device that is capable of connecting to a banking website via the internet is required in order to conduct online banking transactions. These days, you may do online banking on your mobile phone as long as it has either a Wi-Fi or a 3G connection. It has gained quite a bit of popularity as a result of the widespread availability of cyber cafes in urban areas.

The practise of banking is no longer restricted to physically travelling to a bank branch for a variety of banking-related tasks, such as depositing and withdrawing money, seeking an account statement, stopping a payment, and other similar activities. Using the internet services provided by the banks, you may accomplish all of these activities as well as a great deal more. Additionally, you are able to monitor the transactions made and balance of your account at any given moment. It is no longer necessary to get passbooks updated in order to learn the current total amount of an account. The overall objective of the present study is to analysis the role of Internet banking in India.

The specific objectives of the study are enunciated below:

- To Determine the Level of Safety Customers Experience When Using These Services
- To Study the Role of Internet Banking
- To Conduct an Analysis of Customers' Awareness of Internet Banking
- To Determine the Level of Safety Customers Experience When Using These Services

Functions of Internet Banking:

The following are the main function of internet banking in India

- Transfer funds to own accounts and accounts of third parties
- Credit beneficiary accounts using the VISA Money Transfer, RTGS/NEFT feature
- Generate account statements
- Set up standing instructions Online issuance of demand draughts
- Transfer funds to own accounts and accounts of third parties
- Credit beneficiary accounts using the VISA Money Transfer, RTGS/NEFT feature
- Configure profile settings
- Pay your taxes online using e-Tax;
- Pay your bills automatically using e-Pay;
- Interact with retailers to make bookings for trains and aeroplanes;
- Make use of the DEMAT and IPO services;

Internet Banking in India

In India the Reserve Bank of India established an advisory committee to study the viability of internet banking. The team classified the online banking products available in India into three distinct categories according to the levels.

Information Only System

The website of the bank provides information that is useful for general purposes, such as interest rates, the location of branches, bank products and their characteristics, and computations for loans and deposits. There are resources available that allow for the downloading of several kinds of application forms. Email is the typical method of contact in this situation. There is no contact whatsoever between the consumer and the application system used by the bank. There is no attempt made to identify the customer in any way. Because of the way this system is designed, it is impossible for any unauthorised individual to get access to the production systems of the bank over the internet.

Electronic Information Transfer System

The system supplies customer-specific information such as account balances, details of transactions, and statements of accounts to the user. A significant portion of the data is still stored in the 'read only' format. Passwords are used for both the identification of the customer and their authentication. The data is retrieved from the application system of the bank, either in batch mode or off-line, depending on which method is used. The application systems are unable to gain access to the internet in a direct fashion.

Fully Electronic Transactional System:

The capabilities of this system can operate in both directions. The consumer can submit transactions for online updating if they choose to do so. This technology calls for an exceptionally high level of control and safety. The web server and application systems in this environment are linked to one another across a safe infrastructure. It includes the technological aspects of computerization, networking and security, as well as a gateway for inter-bank payments and legal infrastructure.

The Role of Internet Banking in Society

Are you concerned about having to wait in a line for a significant amount of time in order to complete your banking transactions? Try not to freak out. The use of online banking comes into play here. It is generally agreed that internet banking is a significant part of the overall financial business. It gives people a platform from which they can check the contents of their accounts, make payments, and move money across accounts in a very short amount of time. Because most of us are so preoccupied with the activities of our day-to-day lives, we seldom get the opportunity to spend quality time with the people we hold most dear.

In this kind of situation, having to wait in long lines for something as simple as requesting a bank transaction might turn out to be a real pain in the neck. As a result, in order to avoid these kinds of annoyances, the notion of online banking was established. Because of this, the time it takes to conduct financial transactions has been cut down, which in turn has helped clients save time. Check out the article that we have written to learn more about the ways in which the rise of online banking has affected our culture.

Easy to Set-up

Internet banking makes it possible to quickly set up your online accounts using only the information you already have about your bank accounts. When setting up your online accounts, you can use either your personal computer or even your smart phone. When it is finished, you will have easy access to your account and will be able to send money to your loved ones anytime, anywhere, and from any device.

Secure

You are able to perform your financial transactions in a safe and sound manner when you use online banking. You have the ability to monitor and keep track of all of your financial activities, as well as verify that the information on your balance is accurate. When utilising online banking services, specialists are now working on a new concept that will fully replace passwords with thumb impressions. This new idea is being developed as the technology continues to advance. This provides transactions that are both more precise and secure, and as a result, it can make it easier for you to identify fraudulent transactions.

Convenience

Internet banking provides you with a platform that allows you to pay your utility bills, telephone bills, and transfer payments, among other things. Transactions may be easily completed immediately from the comfort of your own home or workplace by using either one-time payments or regular payments. You will

have an easier time keeping track of your accounts, and in addition, you will not need to save the receipts of all of your invoices because it is simple to examine your transactions.

Services

Internet banking provides a fantastic platform for financial institutions to promote the goods and services they offer to customers. These services come in the form of straightforward applications on the bank's website and include financial planning, investment alternatives, loan calculators, and a great deal more. All of these services are available around the clock, seven days a week, which means that you may use them whenever you want, wherever you are, and even when the banks are closed. Some systems also include additional features, such as balance notifications, which enable users to keep track of their accounts and stay away from incurring late penalties. In addition to this, they make it simple to view online statements.

Cost-Effective

The option of internet banking is quite cost-effective for financial institutions. The advent of online banking has resulted in a reduction in the amount of work that is administrative in nature and paper-based. This type of work not only takes up office space but also generates employment prospects. Despite the fact that it has proven out to be detrimental for workers, the banks have been able to profit from it nonetheless. In addition, it is simple for financial institutions to market their products and services to a large number of clients all at once. These variables are contributing to an increase in the profits that are being made by the banks. Because of this, they are now able to provide interest rates on credit cards and savings bank accounts that are competitive.

Fast and Efficient

The transmission of funds, both domestically and internationally, has become considerably more expedient and convenient as a result of the rise of online banking. These days, transferring money is a quick and painless process that can be done efficiently within a short amount of time. You are able to easily manage multiple accounts while simultaneously engaging in stock trading and other forms of investment. Because of all of these aspects, internet banking has become an excellent option for people who engage in a number of financial activities on a daily basis.

Advantages of Internet Banking

Internet banking provides a number of advantages over traditional banking, including the fact that it makes managing an account much easier and more convenient. It enables you to carry out a variety of transactions via the bank's website and provides a number of benefits in the process. The following is a list of some of the benefits of banking online:

- It is fairly handy as you can simply pay your bills, move cash between accounts, and other similar tasks.
- Opening an online account is straightforward and easy to manage.
- It is simple to register an online account. You no longer have to wait in line to pay off your bills, and you also do not have to retain receipts of all of your bills since you can now examine your transactions with ease. Additionally,
- it is available at all times, meaning that it is available 24 hours a day, seven days a week. You are able to carry out your responsibilities from any location and at any time, including during the night,

when the bank is closed, and on holidays. Your sole requirement is to be connected to the internet and have current service.

Disadvantages of Internet Banking

Despite the fact that there is a great deal of benefits involved with online banking, there are also some drawbacks to consider, just as there are with any other endeavour. Internet banking is not an exception to the rule that nothing is perfect since nothing is perfect. It also has a few negatives that need to be taken into consideration, so that's something to keep in mind. The use of online banking is not without its limitations, the most notable of which being the following:

- A person who is just getting started can have a difficult time understanding the foundations of internet banking on their very first attempt at using the platform. If you don't have an internet connection, you won't be able to utilise online banking; consequently, if you don't have access to the internet, it could not be beneficial. Even though there are some websites that provide demonstrations on how to access online accounts, not all banks provide this service to their customers. A newcomer may have some difficulty becoming accustomed to the environment.
- The assurance of the integrity of monetary transactions is a major area of concern. Through the use of the internet, it is possible for unauthorised persons to get access to the information that is kept in your account.

CONCLUSION

The introduction of the internet ushered in a period of profound change for the banking industry all across the world. E-banking, thanks to its dynamic and adaptable character, has been instrumental in facilitating a wide range of banking processes. E-banking is becoming increasingly important to financial institutions as a result of the high level of customer demand as well as the intense level of competition. In light of this, it is now absolutely essential for each and every bank to have access to online banking; without it, the banks' ability to thrive in today's hyper-competitive environment is inconceivable. It should take the initiative to raise people's understanding about the goods and services offered by online banks, and it should also do specific outreach operations in order to keep and attract consumers. E-banking practises, although bringing with them a great number of advantages, are not exempt from the difficulties and adverse impacts that accompany them. Because India's economic development will depend on technological advancements in the coming decades, our government and our organisations together need to take the necessary precautions. It is so abundantly obvious that technology has bestowed both quantitative and qualitative benefits onto our civilization. Electronic banking is a trend that will become more prevalent in the future, and the most productive and lucrative businesses will be those who are able to keep up with this trend along with their rivals. E-banking has developed into a global supreme power that cannot be bargained in any way, and this status cannot be changed.

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