

# DEVELOPMENT OF A FRAME WORK FOR E BANKING CHALLENGES IN RURAL INDIA

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## **Abstract**

*E-banking is a technique designed for the purpose of online banking that enables the customers for easy and safe access to their bank account. E-banking provides enormous benefits to customers interms of quick, simple and even large amount transaction at anytime anywhere through internet. The E-banking system is which enables banking transactions like transfer of funds, payment of loans and EMIs, deposit and withdrawal of cash virtually with the help of internet. But also the customer faces lot of challenges in e-banking due to lack of clear knowledge about the e-banking system. This paper is highlighted the challenges faced by the customers in e-banking and suggesting the measures to overcome these challenges in sivagangai district.*

**Keywords:** : *Internet banking, challenges, opportunities*

## **1. Introduction**

The IT revolution has brought stunning changes in the business environment. The banking and finance industries are highly influenced by these changes. As a result the banking pose a totally new looks today. Electronic funds Transfer, Electronic clearings System, Automated Teller Machine (ATM), Corporate banking terminal (CBT), Point of Scale Terminal (POST), Electronic Data Interchange (EDI), Telebanking Mobile banking and Net banking are widely in use.

E-banking is a term in which encompassing that are internet banking, telephonebanking, mobile banking, etc. in other words; it is a process of delivery of banking services and products through electronic channels such as the internetcell phone, etc. the scope of E-banking is still evolving.

In November 2005, a robust system was launched to allow one to one fund's transfer requirement of individuals and corporate. The instruments which are used for prepaid that allow a transaction for goods and services against the value stored on the payment instrument such as smart cards, magnetic stripe cards, internet wallets, mobile accounts, mobile wallets, and paper vouchers. Resulting in the advice in mobile banking, banks which are selected were permitted to offer the service after receipt of necessary permission from the Reserve Bank of India.

## 2. Features of e-banking

- Electronic Banking has the performance of banking operations through electronic means or tools
- It has the provision of banking products and services by banks through the extensive use of information technology without direct recourse to the bank by customers.
- It had essential features by providing access to banking facilities for the Provision of round the clock (i.e., twenty-four-hour).
- E-Banking in the conduct of banking operations globally. In other words, e-banking is anywhere banking.

## 3. Literature review

CH.Nagabhushanam(2016), Issues in Electronic security infrastructure in Banking System[1] this study was mainly about the outline issues in seven interrelated areas that of tanned attention in the building of an adequate electronic security infrastructure, the legal framework and enforcement, electronic security of payment systems, supervision and prevention challenges , the role of private insurances an essential monitoring mechanism, certification, standards, and the roles of the public and private sectors;improving the accuracy of information about electronic security incidents and creating better arrangements for sharing this information, improving overall education about these is Susana key to enhancing prevention.

Anushriya Bhargava, E-banking: opportunities and challenges in India (2017) this study is for the customer can take advantage from the using of e banking services. They use the different services like fund transfer, online shopping, payment of bills, etc. In Digital India, there are so many campaigns which were held by the government of india and different banks so people easily use their services from their banks with a lower rate and with different offers. Approx 50 % customer thought that E-Banking service was more prestigious than queuing at bank hall.

Kumarinidhi, E-banking in india: challenges and opportunities(2016)[2] the concept in this study is internet banking has got attention in the Indian context. Most of the banks have already implemented the e-banking facilities, as these facilities are beneficial to both i.e. banks as well as consumers. The banks are facing many challenges and many opportunities are available with the banks. Many financial innovations like ATMs, credit

cards, RTGS, debit cards, mobile banking etc. have completely changed the face of Indian banking. Thus, there is a paradigm shift from the seller's market to buyer's market in the industry and finally it affected at the bankers level to change their approach from "conventional banking to convenience banking" and "mass banking to class banking". The shift has also increased the degree of accessibility of a common man to bank for his variety of needs and requirements. In years to come, e-banking will not only be acceptable mode of banking but will be preferred mode of banking.

Trivedi & Patel (2013)[3] analysed the problems faced by customers while using e-banking facilities in India. It observed that most of the customers know about the e-banking services offered by their bank. The study found that there is a significant difference amongst different problems identified while using e-banking services. It also found that some problems affect more and some problems affect less in use of banking services. It concluded that all the reasons are not equally responsible for not using e-banking services.

Dr.M.sivaprakasam, E-banking in india: challenges and opportunities(2020) [4] this descriptive study is about the concept of internet banking has got attention in the Indian context. Most of the banks have already implemented the e-banking facilities, as these facilities are beneficial to both i.e. banks as well as consumers. The banks are facing many challenges and many opportunities are available with the banks. Many financial innovations like ATMs, credit cards, RTGS, debit cards, mobile banking etc. have completely changed the face of Indian banking.

Saviour Lusaya,Bornwell Kalumba [5], The Challenges of Adopting the Use of E-Banking to the Customers: The Case of Kasama District Banking Customers(2018) this study found that availability of information on e-banking,education level and the cost associated with e-banking were the significant challenges to adopting and use of e-banking by customers.This was consistent with most studies reviewed and in line with most theories such as the TAM, the TRA and the decomposed theory of Reasoned Behaviour. It was concluded that making information available would increase the number of customers using e-banking. The researcher therefore recommended that Banks embark on information dissemination on the use of e-banking, benefits and cost of e-banking and that though security did not significantly affect e-banking usage, the bank should guarantee security of the accounts.

Teju Kujur, Mushtaq Ahmad Shah[6], Electronic Banking: Impact, Risk and Security Issues(2015) this study is described to study the impact of e-Banking on the banking performance, to know the various risks and security challenges in e-banking that will help bankers to understand the risk and security aspect of various e-banking services where customers have high level of concern. It will help the banks to deliver a secure e-banking system that ultimately, will assist the bankers to retain the existing bank customer and to convert

A.J.Joshua, Moli P Koshy(2011)[7], in this study majority of the respondents have computer and internet access and they are also mostly proficient in using them. The users of internet banking, tele banking and mobile banking are in general found to be spending more hours using computers and internet than non-users of these services. The hours of computer usage, the frequency of internet usage and hours of internet browsing were

found to be significantly higher among users as compared to non-users of technology enabled banking self-service. It concludes that banks can target those customers whose usage of computers, internet and other technology products are relatively on the higher side.

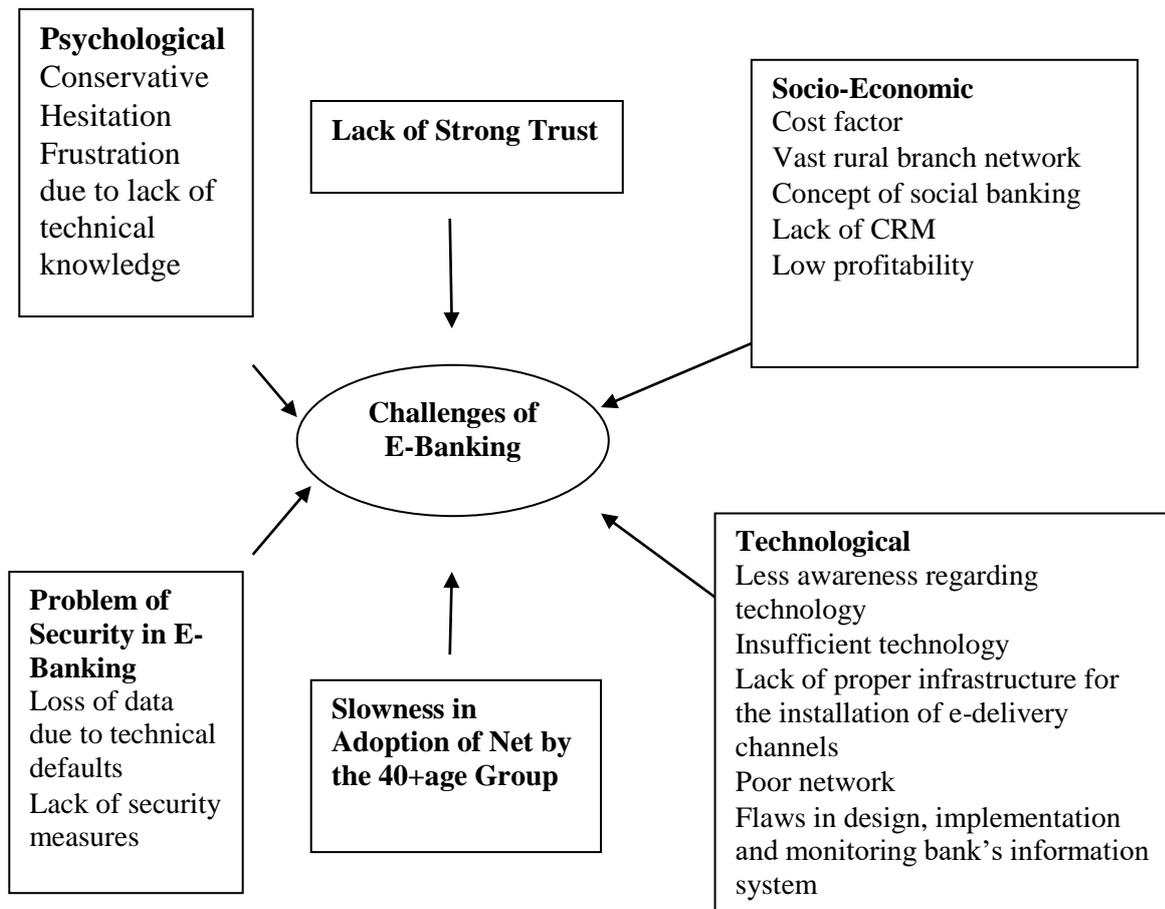
**Table 1:** Meta-Analysis of banking reform committees and expected e-banking challenges

COMMITTEES	CHAIRMAN	FACTORS
Committees on Communication Network for Banks and SWIFT implementation (1987)	Shri T.N.A.Iyer, Executive Director, Reserve Bank of India	<ul style="list-style-type: none"> <li>• BANKNET should strive to emulate SWIFT in matters of data security, encryption, and authentication and SWIFT message standards which are internationally accepted should be adopted by</li> </ul>
Committee on Computerisation in Banks (1988)	Dr. C.Rangarajan	<p>Improvement in customer service- introduction of on-line banking</p> <p>Standardisation and rigorous security features to ensure an efficient and risk free transfer of funds electronically.</p> <p>ATMs to be used by the customers to perform a variety of functions such as deposits, withdrawals,</p>
Committee on Technology Issues relating to Payments System, Cheque clearing and Securities Settlement in the Banking Industry (1994)	Shri W. S. Saraf, Executive Director, RBI	<p>It report of committee on technology issues relating to payments systems, cheque clearing and securities settlement</p> <p>Geographical expansion of the BANKNET network with nodes in all important branches of banks and modifications in COMET software to enable dial-up</p>

<p>Committee for proposing Legislation on Electronic Funds Transfer and other Electronic Payments (1996)</p>	<p>Smt. K. S. Shere, Principal Legal Advisor, RBI</p>	<p>A Model Customer Contract agreement to govern the banker- customer relationship with regard to EFT should be adopted by all banks participating in the EFT system.</p> <p>Committee also proposed that Banker’s Book Evidence Act be amended to make the records in any electronic data</p>
<p>Committee for proposing technology up gradation in banking system (1998)</p>	<p>Mr. Vasudevan</p>	<p>few banks to examine the legal issues on electronic banking and also to scrutinize issues of confidentiality of data in computerised environment</p> <p>RBI and banks should have standing committee with members having requisite expertise to periodically review standards, security policies, software system and their implementation .</p>
<p>RBI Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds</p>		<p>The major recommendation given by committee is that Banks in India need to formulate a Cyber Security Policy as soon as possible. Cyber Security Policy is an issue that is very important for Banks of India. With the growing use of Internet Banking, ATM machines, Credit and Debit Cards, Online Banking, etc, Banks of India must also upgrade their Cyber Security Infrastructure and establish a</p>

Report of the working group on electronic money (2002)	Mr.Zarir J. Cama	It recommended to check prudential supervision technical security, protection against the criminal abuse, monetary statistics reporting redeemability, reserve requirements
Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds (2011)	ShriG.Gopalakrishna	The Group addresses IT issues across multiple dimensions like IT Governance, Information security, IT operations, Information system audit, cyber fraud, business continuity planning, customer education and legal
Working Group report on Cloud computing option for Urban Cooperative Banks (2012)	Shri A. K Hirve - Member Secretary	In respect of banks where such innovative cloud like solutions are already deployed on a private cloud, the working group recommends that the issues identified in this report may be examined. Also need adequacy of risk mitigation measures and to address

From the above table it is inferred that less awareness regarding new technologies and unsuitable software lack of skilled human resources and social factors are cited as hurdles that prevent pervasive E-commerce adoption in developing countries such as India.



**Figure 1:** Frame work of Challenges of E-Banking

### Conclusion

Hence a study is proposed to be conducted in sivagangai district of Tamilnadu, India by survey method to find out empirical evidence for difficulties faced by the banking customers in using e-banking services. This will help in future how e-banking service technologies can be developed for rural customers of Indian Banking sector.

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