

## Scope and challenges of E-banking in India

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### ABSTRACT

Electronic banking has been successfully adopted by developed countries and has been fully embraced by all the stakeholders active in the process. But developing countries are still lagging behind to fully embrace the benefits of e-banking. This paper explores the technical and legal factors impacting e-banking adoption in India. The research framework consists of two dimensions; technology and legal; to guide and constrain the scope of study. The findings are based on literature study of models and implementation experience of e-banking in India. The purpose of this study was to offer insights into the current e-banking adoption situation and its implications for e-banking growth in India as an example of a developing country.

**KEY WORDS :** E-banking, Internet banking, Online banking

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Electronic banking, an upcoming trend in today's commercial world is widely demanded by citizens, companies and various other organizations (Wall and Rees, 2004). The ease of use and availability has been the striving business drivers in this sector; that has led to this new revolution of electronic banking. With the increasingly complex methodology of commerce evolved over the information technology platform, serious concerns are also raised in various aspects (Johson and Turner, 2003; Hill, 2007).

Security of transaction has been in the limelight as a major concern among the e-bank's account holders. Due to the open nature of the Internet, confidentiality of data and integrity of the system and data are other emerging concerns among the end-users. Certain risks particularly governance, legal, operational, and reputational, that was inherent in traditional banking has been exacerbated to a large extent with the advent of e-banking world.

Internet banking has attracted the attention of banks, securities trading firms, brokerage houses, insurance companies, regulators and lawmakers in developing nations since the late 1990s. With the rapid and significant growth in

electronic commerce, it is obvious that electronic (Internet) banking and payments are likely to advance. Researches show that impact of Internet banking on cost savings, revenue growth and increased customer satisfaction on industry is tremendous and can be a potential tool for building a sound strategy.

### E-banking or internet banking or online banking:

Online banking (or Internet banking or E-banking) allows customers of an Online banking (or Internet banking or E-banking) allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or society. It may include of any transaction related to online usage.

To access a financial institution's online banking facility, a customer having personal Internet access must register with the institution for the service, and set up some password (under various names) for customer verification. The password for online banking is normally not the same as for telephone banking. Financial institutions now routinely allocate customer numbers (also under various names), whether or not customers intend to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of accounts can be linked to the

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