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GROWTH AND DEVELOPMENT OF
INTERNET BANKING IN INDIA
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CHAPTER-III

GROWTH AND DEVELOPMENT OF
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3.1 INTRODUCTION

The bank customers play a vital role in the banking sector. They are the key players of the banking industry and all the efforts are made by the banks to satisfy the desirable needs of the customers. In the present chapter, an attempt has been made to get the opinion of the bank customers regarding internet banking service. Indian banking industry has suddenly witnessed a major boom. Being a globalized market, the customers seek and demand world class products. In today’s global market, the competitive advantage lies in delivering high quality banking products to the customers. The need to achieve customer satisfaction lies in its ability to deliver better quality products to the customers. Therefore, customer satisfaction is considered as a pre-requisite for customer retention, loyalty and convenience which ultimately helps in realizing the goals of profitability, market share, growth, return on investment, productivity etc. Service quality is one of the highly debatable topics in marketing theory.

There is a wide range of literature on customer satisfaction and service quality though both are different concepts but are closely related to each other. In order to judge the link between two, a deep study of both concepts is required. So, the chapter strongly emphasizes on the various factors of service quality and customer satisfaction so as to examine the relationship between service quality and customer satisfaction.

The banking sector is considered to be the backbone of Indian economy. The economic reforms and the various e-banking techniques followed by the banks during the last decade strengthened their financial position. The adoption of IT and
communication made the things easier for the banks. It made the flow of information smooth. The payment and the settlement system led to greater efficiency and financial stability. Internet -banking services benefited the customers also. In India, implementation of Magnetic Ink Character Recognition (MICR) based clearing in 1986 and other payment systems like card based payment systems, ECS, EFT, RTGS, NEFT and CTS have offered a variety of services to the customers. The study on the performance of Indian payment system during the last three years indicates that in India, all electronic modes of payment have shown better growth than the physical cheque based system. The Reserve Bank of India is, therefore, taking necessary steps to provide efficient and integrated payment and settlement system in the country and also taking steps to mitigate the loss and risk. Development of internet banking is facilitating the processing of large volume of transactions in an efficient and reliable manner. The payment and settlement system is part of basic infrastructure needed for the proper functioning of market oriented economies. They are indispensable for the efficient flow of payment for goods, services and financial assets and their smooth functioning is crucial for the effective implementation of the central bank’s monetary policy and stability in the economy. So, Reserve Bank of India has recognized the payment and settlement system to be critically important for broadening and developing the financial system.

3.2 BANKING AFTER INDEPENDENCE IN INDIA

PHASE- I: 1948 – 1969

The country inherited a banking system that was patterned on the British Banking System. There were many joint stock companies doing banking business and they were concentrating mostly in major cities. Even the financing activities of these banks were confined to the exports of Jute, Tea etc and traditional industries like textile and sugar.
There was no uniform law governing banking activity. An immediate concern after the partition of the country was about bank branches located in Pakistan and steps were taken to close some of them as desired by that country. In 1949, as many as 55 banks either went into liquidation or went out of banking business. Banking did not receive much attention of the policy makers and disjointed efforts were made towards the regulation of the banking industry.

**PHASE - II: NATIONALIZATION ERA 1969 – 1990**

After independence, India adopted a socialist pattern of society as its goal. This means in non technical language a society with wealth distributed as equitably as possible without making the country a totalitarian state. In 1955, the Imperial Bank of India was nationalized and its undertaking was taken over by State Bank of India. Its transformation into SBI has been effective from July 1, 1955

There were 7 subsidiaries Banks. The number of their Associate Bank was 5960. The State Bank group including State Bank of Hyderabad, State Bank of Mysore, State Bank of Travancore, State Bank of Bikaner and Jaipur, State Bank of Indore, State Bank of Patiala and State Bank of Saurashtra. As regards the scheduled banks, there were complaints that Indian Commercial Banks were directing their advances to the large and medium scale industries and big business houses and that the sectors demanding priority such as agriculture, small scale industries and exports were not receiving their due share. This was one of the chief reasons for imposition of social control by amending the banking regulation act, with effect from 1st February 1969. On 19th July 1969, 14 major banks were nationalized and taken over: Central Bank of India Ltd., Bank of India Ltd., Punjab National Bank Ltd., Bank of Baroda Ltd., United Commercial Bank Ltd., Canara Bank Ltd., United Bank of India Ltd., Dena Bank Ltd., Syndicate Bank Ltd., Union Bank of

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India Ltd., Allahabad Bank Ltd., Indian Bank Ltd., Bank of Maharashtra Ltd., Indian Overseas Bank Ltd., Each bank was having deposits of more than Rs. 50 crore and having among themselves aggregate deposits of Rs. 2632 crore with 4130 branches.

On 15th April 1980, six more banks were nationalized. These banks were: Andhra Bank Ltd., Corporation Bank Ltd., New Bank of India Ltd., Oriental Bank of Commerce Ltd., Punjab & Sind Bank Ltd., Vijya Bank Ltd.

There were some effects and achievements of nationalized banks. However, there are some problems relating to NPAs, competition, competency, overstaffing, inefficiency etc. for the nationalized bank.


The Indian economic development takes place in the realistic world from 1991 “Liberalization, Privatization and Globalization” (LPG) policy. As per “LPG” policy, all restriction on the Indian economy was totally dissolved and the soundest phase for the Indian banking system adopt over here. This also changed the scenario of the macroeconomic world. The budget policy and suggestion provided by shri Dr Man Mohan Singh and the Governor of Reserve Bank of India. As per the guideline the segments for development is having various problem and so the importance of public sector cannot be ignored. The country is flooded with foreign banks and their ATM stations. Efforts are being put to give a satisfactory service to customers. Phone banking and net banking is introduced. The entire system became more convenient and swift. Time is given more importance than money and the financial system of India has shown a great deal of resilience. It is sheltered from any crisis triggered by any external macroeconomics shock as other East Asian Countries suffered. This is all due to a

flexible exchange rate regime, the foreign reserves are high, the capital account is not yet fully convertible, and banks and their customers have limited foreign exchange exposure.

3.3 REFORMS IN BANKING SECTOR IN INDIA

Banking Sector reforms were initiated to upgrade the operating standard health and financial soundness of the banks. The Government of India set up the Narasimham Committee in 1991, to examine all aspects relating to structure, organization and functioning of the Indian banking system. The recommendations of the committee aimed at creating a competitive and efficient banking system. Another committee which is Khan Committee was instituted by RBI in December, 1997 to examine the harmonization of the role and operations of development financial institutions and banks. It submitted its report in 1998. The major recommendations were a gradual move towards universal banking, exploring the possibility of gainful merger as between banks, banks and financial institutions. Then the Verma Committee was established and this committee recommended the need for greater use of IT even in the weak public sector banks, restructuring of weak banks but not merging them with strong banks, VRS for at least 25% of the staff. The Banking Sector reforms aimed at improving the policy frame work, financial health and institutional infrastructure, there are two phase of the banking reforms. Narasimham Committee provided the blue print for the initial reforms in banking sector following the balance of payment crisis in 1991.

PHASE I: NARASIMHAM COMMITTEE (1991)

- Deregulation of the interest rate structure.
- Progressive reduction in pre-emptive reserves.
- Liberalization of the branch expansion policy.
- Introduction of prudential norms.

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Demetriades and Luinted: “Reports on Trends and Progress of Banking in India- RBI” 1997, pp320
Decline the emphasis laid on directed credit and phasing out the confessional rate of interest to priority sector.

- Deregulation of the entry norms for private sector banks and foreign banks.
- Permitting public and private sector banks to access the capital market.
- Setting up to asset reconstruction fund.
- Constituting the special debt recovery tribunals.
- Freedom to appoint chief executive and officers of the banks.
- Changes in the institutions of the board.
- Bringing NBFC, under the ambit of regulatory framework.

**PHASE II: NARASIMHAM COMMITTEE II (April 1998)**

**(A) CAPITAL ADEQUACY:**

- Minimum capital to risk asset ratio be increased from the existing 8 percent to 10 percent by 2002.
- 100 percent of fixed income portfolio marked to market by 2001.
- 5 percent market risk weight for fixed income securities and open foreign exchange position limits.
- Commercial risk weight (100%) to government guaranteed.

**(B) ASSET QUALITY**

- Banks should aim to reduce gross NPAs to 3% and net NPA to zero percent by 2002.
- Directed credit obligations to be declined from 40 percent to 10 percent.
- Government guaranteed irregular accounts to be classified as NPAs and provide for.
- 90 day overdue norms to be applied for cash based income recognition.
(C) SYSTEMS AND METHODS

- Banks to start recruitment from market.
- Overstaffing to be dealt with by redeployment and right sizing via VRS.
- Public sector banks to be given flexibility in remuneration structure.
- Introduce a new technology.

(D) INDUSTRY STRUCTURE

- Only two categories of financial sector players to emerge. Banks and non-Bank finance companies.
- Mergers to be driven by market and business considerations.
- Feeble banks should be converted into narrow banks.
- Entry of new private sector banks and foreign banks to continue.
- Banks to be given greater functional autonomy & minimum government Shareholding 33 percent for State Bank of India, 51 percent for other Public Sector Banks.

(E) REGULATION AND SUPERVISION

- Board for financial regulation and supervision to be constituted with statutory Powers.
- Greater emphasis on public disclosure as opposed to disclosure to regulators.
- Banking regulation and supervision to be progressively delinked from monetary policy.\(^{105}\)

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\(^{105}\) [Source: Http://www.allbankingsolutions.com/bankreforms1.htm, 18 July, 2010. 1 0.00 PM]
(F) LEGAL AMENDMENTS

- Broad range of legal reforms to facilitate recovery of problem loans.
- Introduction of laws governing electronic fund transfer.
- Many of the important recommendations of Narasimham Committee II have been accepted and are under implementation. The second generation banking reforms concentrate on strengthening the foundation of the banking system by ensuring technological upgradation and human resource development\textsuperscript{106}.

In the five decades since independence, banking in India has evolved through four distinct phases. During Fourth phase, which is called as Reform Phase, Recommendations of the Narasimham Committee (1991) paved the way for the reform phase in the banking. Important initiatives with regard to the reform of the banking system were taken in this phase. Entry of new banks resulted in a shift in the ways of banking in India. The growing competition and growing expectations led to increased awareness amongst banks on the role and importance of technology in banking. With the arrival of foreign and private banks with superior technology pushed Indian banks to follow the latest technologies to meet the growing competition and retain their customer base. Now Indian banking industry is in the mid of IT revolution.

The Software Packages for Banking Applications in India had their beginnings in the middle of 80s, when the Banks started computerizing the branches in a limited manner. The early 90s saw the plummeting of hardware prices and advent of cheap and inexpensive but high-powered PCs and servers and banks went in for what was called Total Branch Automation (TBA) Packages. Information Technology has basically been used under two different avenues in Banking. One is Communication and Connectivity and other is Business Process Reengineering. Information technology enables

sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets.

3.4. ADOPTION OF BANKING TECHNOLOGY

The IT revolution had a great impact in the Indian banking system. The use of computers had led to introduction of online banking in India. The use of the modern innovation and computerization of the banking sector of India has increased many folds after the economic liberalization of 1991 as the country's banking sector has been exposed to the world's market. The Indian banks were finding it difficult to compete with the international banks in terms of the customer service without the use of the information technology and computers.

Chart 3.1

Number of branch of scheduled banks of India

![Chart showing number of branches for different types of banks]

Source: Number of branch of scheduled banks of India\textsuperscript{107}.

\textsuperscript{107} Number of branch of scheduled banks of India as of March 2005
The RBI in 1984 formed a Committee on Mechanization in the Banking Industry (1984) whose chairman was Dr C Rangarajan, Deputy Governor, Reserve Bank of India. The major recommendations of this committee were introducing MICR Technology in all the banks in the metropolis in India. It also focused on computerization of branches and increasing connectivity among branches through computers. It also suggested modalities for implementing on-line banking. The committee submitted its reports in 1989 and computerization began form 1993 with the settlement between IBA and bank employees' association.

In 1994, a Committee on Technology Issues relating to Payments System, Cheque Clearing and Securities Settlement in the Banking Industry (1994) was set up with the chairman Shri WS Saraf, Executive Director, Reserve Bank of India. It emphasized on Electronic Funds Transfer (EFT) system, with the BANKNET communications network as its carrier. It also said that MICR clearing should be set up in all branches of all banks with more than 100 branches. Committee for proposing Legislation on Electronic Funds Transfer and other Electronic Payments (1995) emphasized on EFT system. Electronic banking refers to DOING BANKING by using technologies like computers, internet and networking, MICR, EFT so as to increase efficiency, quick service, productivity and transparency in the transaction.

Chart 3.2
Number of ATMs of different Scheduled Commercial Banks of India

![Number of ATMs chart]

Number of ATMs of different Scheduled Commercial Banks of India.\(^{108}\)

\(^{108}\) Number of ATMs of different Scheduled Commercial Banks Of India as on the end of March 2005
Apart from the above mentioned innovations, the banks have been selling the third party products like Mutual Funds, insurances to its clients. Total numbers of ATMs installed in India by various banks as on the end of March 2005 is 17,642. The SBI Groups in India have the largest numbers of ATMs. Off site ATM is the highest for the SBI and its subsidiaries and then it is followed by nationalized banks, new private sectors banks and foreign banks. On site is highest for the nationalized banks of India.

Table 3.1

NUMBER OF BRANCHES AND NUMBER OF ATMS

<table>
<thead>
<tr>
<th>BANK GROUP</th>
<th>NUMBER OF BRANCHES</th>
<th>ON SITE ATMS</th>
<th>OFF SITE ATMS</th>
<th>TOTAL ATMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONALISED BANKS</td>
<td>33627</td>
<td>3205</td>
<td>1567</td>
<td>4772</td>
</tr>
<tr>
<td>STATE BANK OF INDIA</td>
<td>13661</td>
<td>1548</td>
<td>3672</td>
<td>5220</td>
</tr>
<tr>
<td>OLD PRIVATE SECTOR BANKS</td>
<td>4511</td>
<td>800</td>
<td>441</td>
<td>1241</td>
</tr>
<tr>
<td>NEW PRIVATE SECTOR BANKS</td>
<td>1685</td>
<td>1883</td>
<td>3729</td>
<td>5612</td>
</tr>
<tr>
<td>FOREIGN BANKS</td>
<td>242</td>
<td>218</td>
<td>579</td>
<td>797</td>
</tr>
</tbody>
</table>

3.5. HISTORY OF INTERNET BANKING

The concept of Internet banking has been simultaneously evolving with the development of the World Wide Web. Programmers working on banking data bases came up with ideas for online banking transactions, sometime during the 1980s. The creative process of development of these services was probably sparked off after many companies started the concept of online shopping. The online shopping promoted the use of credit cards through Internet. Many banking organizations had already started creating data base facilities to ease their working staffs. The development of these databases was widely used during the development of ATM’s.
The first online banking service in United States was introduced, in October 1994. The service was developed by Stanford Federal Credit Union, which is a financial institution. The online banking services are becoming more and more prevalent due to the well-developed systems. Though there are pros and cons of electronic cash technology, it has become a revolution that is enhancing the banking sector.

3.6 THE ENTRY OF INDIAN BANKS INTO NET BANKING

Internet banking, both as a medium of delivery of banking services and as a strategic tool for business development, has gained wide acceptance internationally and is fast catching up in India with more and more banks entering the fray. India can be said to be on the threshold of a major banking revolution with net banking having already been unveiled.

3.7 THE INDIAN SCENARIO OF INTERNET BANKING DRIVERS OF CHANGE

Advantages previously held by large financial institutions have shrunk considerably. The Internet has leveled the playing field and afforded open access to customers in the global marketplace. Internet banking is a cost-effective delivery channel for financial institutions. Consumers are embracing the many benefits of Internet banking. Access to one’s accounts at anytime and from any location via the World Wide Web is a convenience unknown till a short time ago. Thus, a bank’s Internet presence transforms from ‘brochure ware’ status to ‘Internet banking’ status once the bank goes through a technology integration effort to enable the customer to access information about his or her specific account relationship. The six primary drivers of Internet banking includes, in order of primacy are:

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109Source : India Research May 29, 2000, Kotak Securities
- Improve customer access
- Facilitate the offering of more services
- Increase customer loyalty
- Attract new customers
- Provide services offered by competitors
- Reduce customer attrition

3.8 STATUS OF I-BANKING IN INDIA

In Indian context, many publications throw light over the importance of I-banking and also its prospects for the Indian banking industry. Unnithan and Swatman (2001) studied the drivers for change in the evolution of the banking sector, and the move towards electronic banking by focusing on two economies, Australia and India. The study found that Australia is a country with internet-ready infrastructure as far as telecommunication; secure protocols, PC penetration and consumers’ literacy are concerned. India, by comparison, is overwhelmed by weak infrastructure, low PC penetration, developing security protocols and consumer reluctance in rural sector. Although many major banks have started offering I-banking services, the slow pace will continue until the critical mass is achieved for PC, internet connections and telephones. However, the upsurge of IT professionals with growing demands is pressuring the government and bureaucracy in the country to support and develop new initiatives for a faster spread of I-banking. Rao and Prathima (2003) provided a theoretical analysis of I-banking in India, and found that as compared to the banks abroad, Indian banks offering online services still have a long way to go. For online banking to reach a critical mass, there has to be sufficient number of users and the sufficient infrastructure in place. However, it is still in its evolutionary stage. By the year 2006–2007, a large sophisticated and highly competitive I-banking market will develop. Almost all the banks operating in India are having their websites, but only a few banks provide transactional i-banking.
A survey carried out by Malhotra and Singh (2006) shows that only 48% of the commercial banks operating in India as on March-end 2005 offers I-banking.

In India, comparatively less number of studies has been conducted on the current status of i-banking and customer satisfaction compared to other countries. Thus, there is a lot of scope for the research to present new ideas concerning I-banking in India which may be useful to the Indian banking industry. There are a series of papers that observe that I-banking has revolutionized the banking industry and the banking industry is under pressure to offer new products and services. However, to succeed in today’s electronic markets, a strategic and focused approach is required.

The Reserve Bank of India constituted a working group on Internet Banking. The group divided the internet banking products in India into 3 types based on the levels of access granted. They are: Information Only System: General Purpose information like interest rates, branch location, bank products and their features, loan and deposit calculations are provided in the banks website. There exist facilities for downloading various types of application forms. The communication is normally done through e-mail. There is no interaction between the customer and bank’s application system. No identification of the customer is done. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet.

**Electronic Information Transfer System:** The system provides customer- specific information in the form of account balances, transaction details, and statement of accounts. The information is still largely of the ‘read only’ format. Identification and authentication of the customer is through password. The information is fetched from the bank’s application system either in batch mode or off-line. The application systems cannot directly access through the internet.
**Fully Electronic Transactional System:** This system allows bi-directional capabilities. Transactions can be submitted by the customer for online update. This system requires high degree of security and control. In this environment, web server and application systems are linked over secure infrastructure. It comprises technology covering computerization, networking and security, inter-bank payment gateway and legal infrastructure.

**3.9 THE INTERNET USERS IN INDIA**

The role of internet is becoming inevitable to corporate and society. Across the world, governments and corporate are increasingly working towards the better utilization of the internet. The internet which was initially perceived as a communication media is now metamorphosing into a powerful business media. According to the Internet & Online Association of India (IOAI), the Indian internet population is currently over 25 millions and is expected to grow to 100 million by 2007. In July 2005, Internet World Stats reported that there were 39,200,000 internet users in India representing 3.6% of the population. (Internet World Stats, August 2005). Even with millions of web users in its cities, the internet penetration rate for India remains well below 5%. Despite India’s technology outsourcing power, the country’s internet penetration rate is low. Juxt Consult, a research firm based in New Delhi, surveyed the urban internet users in April 2005 by talking to 30,000 Indian web users about their lifestyle and their web use. There are about 17.5 millions urban dwellers in India who use the internet consistently with an additional 5.2 millions who use it occasionally. Among the urban users surveyed by Juxt Consult, about one half are involved in business in some way, and students make up 20% of the total. Three out of four users have a car and 50% have a credit card. Urban internet users in India by occupation in April 2005 (as a % of total) are as follows:
Table 3.2
INTERNET USERS IN INDIA

<table>
<thead>
<tr>
<th>USERS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior executives</td>
<td>22</td>
</tr>
<tr>
<td>Junior executives</td>
<td>22</td>
</tr>
<tr>
<td>Students</td>
<td>20</td>
</tr>
<tr>
<td>Self-employed</td>
<td>10</td>
</tr>
<tr>
<td>Businessmen/industrialists</td>
<td>03</td>
</tr>
<tr>
<td>Small businessmen/traders</td>
<td>03</td>
</tr>
<tr>
<td>Housewives</td>
<td>02</td>
</tr>
<tr>
<td>Others</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Table 3.3
AGE WISE INTERNET USERS IN INDIA

<table>
<thead>
<tr>
<th>AGE WISE CLASSIFICATION</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>13–18</td>
<td>03</td>
</tr>
<tr>
<td>19–24</td>
<td>29</td>
</tr>
<tr>
<td>25–30</td>
<td>32</td>
</tr>
<tr>
<td>31–40</td>
<td>22</td>
</tr>
<tr>
<td>42–55</td>
<td>11</td>
</tr>
<tr>
<td>Above 55</td>
<td>03</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Over 50% of web users in Indian metropolitan areas are between the ages of 19 and 30, with an additional 22% between 31 and 40. Users under the age of 18 are rare (e-Marketer, August 2005).

Thus, in India, slowly but steadily, the Indian customer is moving towards I-banking. A number of banks have either adopted i-banking or are on the threshold of adopting it. The banks started I-banking initially with simple functions such as getting information about interest rates, checking account balances and computing loan eligibility. Then, the services are extended to online bill payment, transfer of funds between accounts and cash management services for corporates. Recently, banks have started to facilitate payment of e-commerce transactions by directly debiting bank accounts or through credit cards. It will add to the revenues of the bank.
3.10 DEVELOPMENT OF I-BANKING IN INDIA

The financial reforms that were initiated in the early 1990s and the globalization and liberalization measures brought in a completely new operating environment to the banks. The bankers are now offering innovative and attractive technology-based services and products such as ‘Anywhere Anytime Banking’, ‘Tele-Banking’, ‘Internet Banking’, ‘Web Banking’, etc. to their customers to cope with the competition. The process started in the early 1980s when Reserve Bank of India (RBI) set up two committees in quick succession to accelerate the pace of automation of operations in the banking sector. The Government of India enacted the Information Technology Act, 2000 (generally known as IT Act, 2000), with effect from 17 October 2000 to provide legal recognition to electronic transactions and other means of electronic commerce. RBI had set up a ‘Working Group’ on I-banking to examine different aspects of I-banking. The Group had focused on three major areas of I-banking such as (1) technology and security issues, (2) legal issues and (3) regulatory and supervisory issues. RBI had accepted the recommendations of the ‘Working Group’, and accordingly issued guidelines on ‘internet banking in India’ for implementation by banks. The ‘Working Group’ has also issued a report on I-banking covering different aspects of I-banking.

Internet banking in India is currently at a nascent stage. While there are scores of companies specializing in developing I-banking software, security software and website designing and maintenance, there are a few online financial service providers. ICICI bank is the first one to have introduced I-banking for a limited range of services such as access to account information, correspondence and, recently, funds transfer between its branches. ICICI is also getting into e-trading, thus offering a broader range of integrated services to the customers. Several financial portals for provision of non-banking financial services, e-trading and e-broking have come up. Commercial applications such
as Electronic Bill Presentment (EBP) and Procurement systems may not be introduced in India immediately, but are likely to have a greater impact than the retail applications. The corporate sector is adequately computerized and has already recognized the important role of e-commerce in future. Increasingly, companies are setting up websites even where there are no immediate tangible benefits to them from doing so.

3.11 GOALS OF THE INTERNET BANKING CHANNEL AND TRANSFORMATION JOURNEY

Goals of Internet-banking sites are much different today than a decade ago. Following is the summary of Internet Banking sites:

- Improve market share
- Enable independent revenue generation
- Complement revenue generation with other channels
- Ensure customer retention
- Improve customer experience
- Provide new avenues and never touched offerings
- Build a brand, nurture and enhance it.
- Provide offline to online migration (need based)
- Ensure cost reduction
- Provide cross-sale
- Complement multi-channel deployment

In fact, Internet Banking today is being incrementally seen as vital e-real estate for a bank and not just must-have URL location to stay in the competition. Therefore it demands a 360 degree assessment of space, contents, services, return on investment (ROI), and customer experience among others. Every bank need to introspect whether goals similar to those mentioned in this section above have been thoroughly reviewed in
their channel strategy, while mapping to their overall organizational objectives. The “e-banking real estate” would be designed to achieve the following objectives in a transformation journey extending on the goals defined in the figure.

![Internet Banking real estate, a transformational journey...](image-url)

Internet Banking Channel, A Case For Comprehensive Usage

3.12. GROWTH IN INTERNET BANKING

There are numerous factors like competitive cost, customer service, and demographic considerations which are motivating banks to evaluate their technology and assess their electronic commerce and Internet banking strategies. Many researchers expect rapid growth in customers using online banking products and services. The challenge for national banks is to make sure the savings from Internet Banking technology more than offset the costs and risks associated with conducting business in cyberspace. The adoption of Internet banking has been increased dramatically during the last few years due to the following reasons.

- **Competition**

  Competitive pressure is the chief driving force behind the increasing use of Internet banking technology, ranking a head of cost reduction and revenue enhancement, in second and third place respectively.
Cost Efficiencies

National banks can deliver banking services on the Internet at transaction costs far lower than traditional branches. The actual costs to execute a transaction will vary depending on the delivery channel used. These costs are expected to continue to decline. National banks have significant reasons to develop the technologies that will help them deliver banking products and services by the most cost-effective channels. However, national banks should use care in making product decisions. Management should include in their decision making the development and ongoing costs associated with a new product or service, including the technology, marketing, maintenance and customer support functions. This will help to manage exercise due diligence, make more informed decisions, and measure the success of their business venture.

Geographical Reach

Internet banking allows expanded customer contact through increased geographical reach and lower cost delivery channels. In fact some banks are doing business exclusively via the Internet – they do not have traditional banking offices and only reach their customers online. Other financial institutions are using the Internet as an alternative delivery channel to reach existing customers and attract new customers.

Branding

Relationship building is a strategic priority for many national banks. Internet banking technology and products can provide a means for national banks to develop and maintain an ongoing relationship with their customers by offering easy access to a broad array of products and services. By capitalizing on brand identification and
by providing a broad array of financial services, banks hope to build customer
loyalty, cross-sell, and enhance repeat business.

- **Customer Demographics**

  Internet banking allows national banks to offer a wide array of options to their
  banking customers. Some customers will rely on traditional branches to conduct
  their banking business. For many, this is the most comfortable way for them to
  transact their banking business. Those customers place a premium on person-to-
  person contact. Other customers are early adopters of new technologies that arrive in
  the marketplace. These customers are the first to obtain PCs and the first to employ
  them in conducting their banking business. The demographics of banking customers
  will continue to change. The challenge to national banks is to understand their
  customer base and find the right mix of delivery channels to deliver products and
  services profitably to their various market segments.

**3.13 SERVICE QUALITY IN THE CONTEXT OF I-BANKING**

The definition of quality is contextual one and differs from person to person. In
general, the quality is basically classified into five categories, viz. transcendent, product
led, process or supply led, customer led and value led. The definition of service quality is
based on customer-led quality definition where quality is defined as satisfying
customer’s requirements, relying on the ability of the organization to determine
customers’ requirements and then to meet these requirements. Basically, service quality
in i-banking can be viewed from two perspectives:

- Customer perspective
- Providers perspective
CUSTOMER PERSPECTIVE

From the perspective of the customer, the service quality differentiates sought quality and perceived quality. Sought quality is the level of quality customers explicitly or implicitly demand and expect from service providers. The sought quality (customer expectations) is created due to several factors – primarily, the expectations are formed during a previous personal experience of a customer with a service, and the customer is influenced by the experiences of the other users and by the image of an organization. Perceived quality means the overall impression a customer has and experiences about the level of quality after service realization. The potential difference between the sought quality and the perceived quality gives the service provider an opportunity to measure customer satisfaction based on formulating the precise and actual criteria according to which the customers are assessing the services.

PROVIDERS PERSPECTIVE

From the provider perspective, there are target quality and delivered quality. The focus of process- or supply-led quality definition is rather internal than external, and it is defined as conformance to requirements. It lays emphasis on the importance of the management and the supply-side quality, and there is an important role of the process in determining the quality of outcome. Achieving the quality of conformance between the planned (target) quality level and the real quality delivered to customers depends on the service quality management system in an organization.
3.16. MERITS OF INTERNET BANKING

Internet banking does offer many benefits for both banks and their customers.

➤ An Internet Banking Account is simple to open and use

To access our account, we establish security measures such as usernames and passwords. To complete the set up of our account, to just print, sign and send in a form.

➤ Internet Banking costs less

Because there are fewer buildings to maintain, and there is less involvement by salaried employees, there is a much lower overhead with online banks.

➤ Comparing internet banks to get the best deal is easy

In a short time, customer can visit several online banks to compare what they offer for resaving and checking account deals as well as their interest rates.

➤ Bouncing a check (accidentally) should be a thing of the past because customers can monitor their account online any time, day or night. Customers can track our balance daily, see what checks have cleared and when and know when automatic deposits and payments are made. This is all possible by simply going online to the banks website and logging into our account.

➤ Customers can keep their account balanced using their computer and monthly statement.

Bank account information can be downloaded into software programs such as Microsoft Money or Quicken; making is easy to reconcile their account with just a few mouse clicks. The convenience of the data capture online makes it much easier to budget and track where customer money goes. Their internet bank account even allows us to view copies of the checks customers have written each month.

➤ With the ability to view their account at anytime, it is easier to catch fraudulent activity in their account before much damage is done.
As soon as customers log into their account, they will quickly see whether there is anything missing when they check on their deposits and debits. If anyone writes a check or withdraws funds from their account and customers know it wasn’t them, customers will see it right away. This lets you get started on correcting the problem immediately rather than having to wait a month to even have a clue it is happening as would be the case with a traditional bank.

- **Internet banking offers a great deal of more convenience than customers could get from a conventional bank.**

  The economic advantages have encouraged banks to provide an increasing range of easy to use services via the internet. They have found doing business online simple and speedy and have become very comfortable with the arrangement. Internet banking gives people more control over their money in a very convenient way that they find enjoyable and reassuring.

- **Convenience**

  Unlike their corner bank, online banking sites never close; they’re available 24 hours a day, seven days a week and they’re only a mouse click away. With pressures on time and longer travelling periods, more and more people find it tiresome waiting in queues. People want flexibility, and Internet banking offers just that.

- **Ubiquity**

  If customers were out of state or even out of the country when a money problem arises, they can log on instantly to their online bank and take care of business, 24/7,

- **Transaction Speed**

  Online bank sites generally execute and confirm transactions at or quicker than ATM processing speeds.
➢ **Efficiency**

Customers can access and manage all of their bank accounts, including IRA’s, CDs, even securities, from one secure site.

➢ **Effectiveness**

Many online banking sites now offer sophisticated tools, including account aggregation, stock quotes, rate alert and portfolio managing program to help them manage all of our assets more effectively. Most are also compatible with money managing programs such as quicken and Microsoft money.

➢ **Cheaper Alternative**

With increasing competition, it seems to be the cost factor that is driving banks to offer the facility. The Internet is still a very cheap alternative to open a physical branch, and most of the push seems to be coming from the supply side. The costs\ of a banking service through the Internet form a fraction of costs through conventional methods. A couple of years ago, there was a belief even among bankers that customers opening new accounts wanted the online banking facility, just to “feel good” and very few of them actually used the services. Today, bankers believe that the trend from ‘nice to have’ is changing to ‘need to have’. The “snob value” of banking with an organization that could offer service on the Internet has given way to a genuine necessity, he feels. “It all depends on how busy a person is”.

### 3.15 DEMERITS OF INTERNET BANKING

➢ **Start-up may take time**

In order to register for bank’s online program, customers will probably have to provide ID and sign a form at a bank branch. If they and their spouse wish to view and manage their assets together online, one of them may have to sign a durable power of attorney before the bank will display all of your holdings together.
Learning Curves

Banking sites can be difficult to navigate at first. Plan to invest some time and/or read the tutorials in order to become comfortable in their virtual lobby.

Bank site changes

Even the largest banks periodically upgrade their online programs, adding new features in unfamiliar places. In some cases, customers may have to re-enter account information.

3.16 TYPES OF INTERNET BANKING

Currently, the following three basic kinds of Internet banking are being employed in the market place.

A. Informational

This is the basic level of Internet banking. Typically, the bank has marketing information about the bank products and services on a stand-alone server. The risk is relatively low, as informational systems typically have no path between the server and the bank’s internal network. This level of Internet banking can be provided by the bank or outsourced. While risk to a bank is relatively low, the server or the website may be vulnerable to alternation. Therefore, appropriate controls must be in place to prevent unauthorized alternations to the bank’s server or website.

B. Communicative

This type of Internet banking system allows some interaction between the bank’s systems and the customers. The interaction may be limited to electronic mail, account inquiry, loan applications, or static file updates. Because these servers may have a path to the bank’s internal networks, the risk is higher with this configuration than with informational systems. Appropriate controls need to be in place to prevent, monitor and
alert management of any unauthorized attempt to access the bank’s internal networks and computer systems. Virus controls also become much more critical in this environment.

C. Transactional

This level of Internet banking allows customers to execute transactions. Since a path typically exists between the server and the bank’s or outsourcer’s internal network, this is the highest risk architecture and must have the strongest controls. Customer transaction can include accessing accounts, paying bills, transferring funds, etc.

3.17 FUNCTIONS OF INTERNET BANKING

✓ To complete transaction in last or some other currency.
✓ To receive information about account.
✓ To find out available balance of the current account state.
✓ To make time deposit.
✓ To submit cash payment order.
✓ To make the currency conversation.
✓ To control the payment order and executive process of other orders.
✓ To receive bank statements for the advisable period of time.
✓ To receive SWIFT copies of report for the outgoing payments.
✓ To download the payment order packet from the previously prepared file.
✓ To receive data of bank statement in the format prepared for import
✓ To receive prepared files with the SWIFT report packet for the current day.
✓ To correspond with the Bank.
✓ To work with the all document archive formed in the system.
✓ To form the samples of the documents as well as Telephone Banking samples of the orders.
✓ To find any document that has been ever formed in the system.
✓ To change the password for the access.
✓ On your request – delimit the rights of the usage of the system for different deputies of the account owner
✓ To form individual system set ups.

3.17 INTERNET BANKING RISKS

Internet banking creates new risk control challenges for national banks. From a supervisory perspective, risk is the potential that events, expected or unexpected, may have an adverse impact on the bank’s earnings or capital. Effective management of a banking regular activity requires that bank authority have understood and control the bank’s risk culture. The following are the various types of risks associated with Internet Banking.

3.17.1. Credit Risk

Credit risk is the risk to earnings or capital arising from an obligator’s failure to meet the terms of any contract with the bank or otherwise to perform as agreed. Credit risk is found in all activities where success depends on counterparty, issuer or borrower performance. It arises any time bank funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements, whether on or off the bank’s balance sheet.

3.17.2 Interest Rate Risk

Internet rate risk is the risk to earnings or capital arising from movements in interest rates. Interest rate risk arises from the difference between the timing of rate changes and timing of cash flows. Internet banking can attract deposits, loans and other relationships from a large pool of possible customers than other forms of marketing. Greater access to customers who primarily seek the best rate or term reinforces the need
for managers to maintain appropriate asset / liability management systems, including the ability to react quickly to changing market conditions.

3.17.3 Liquidity Risk

Liquidity risk is the risk to earnings or capital arising from a bank’s inability to meet its obligations when they come due, without incurring unacceptable losses. Liquidity risk arises from the failure to recognize or address changes in market conditions affecting the ability of the bank to liquidate assets quickly and with minimum loss in value. Asset/liability and loan portfolio management systems should be appropriate for products offered through internet banking. Increased monitoring of liquidity and changes in deposits and loans may be warranted depending on the volume and nature of internet account activities.

3.17.4 Price Risk

Price risk is the risk to earnings or capital arising from changes in the value of traded portfolio of financial instruments. The risk arises from market making, dealing and position taking in interest rate, foreign exchange, equity and commodities markets. Banks may have exposed to price risk if they create or expand deposit brokering, loan sales, or securitization programme as a result of Internet banking activities. Appropriate management systems should be maintained to monitor, measure, and manage price risk if assets are activity traded.

3.17.5 Foreign Exchange Risk

Foreign Exchange risk is present when a loan or portfolio of loans is dominated in a foreign currency or is funded by borrowings in another currency. In some cases, banks will enter into multi-currency credit commitments that permit borrowers to select the currency they prefer to use in each rollover period. Foreign exchange risk can be
intensified by political, social or economic development. Appropriate systems should be
developed if bank engages in these activities.

3.17.6 Reputation Risk

Reputation risk is the current and prospective impact on earnings and capital
arising from negative public opinion. This affects the institution’s ability to establish
new relationships or services. This risk may expose institution to litigation, financial
loss, or a decline in its customer base. A bank’s reputation can suffer if it fails to deliver
on marketing claims or to provide accurate, timely services. National Banks need to
assure that their business continuity plans include the internet banking business. Regular
testing or business continuity plan, communication strategies with the press and public,
will help the bank to ensure that it can respond effectively and promptly to any adverse
customer of media reactions.

3.17.7 Transaction Risk

Transaction risk is the current and prospective risk to earnings and capital arising
from fraud, error, and the inability to deliver products or services, maintain a competitive
position, and manage information. Transaction risk is evident in each product and
service offered and encompasses product delivery, transaction processing, system
development, computing systems, complexity of products and services and the internal
control environment. A high level of transaction risk may exist with Internet banking
products, particularly if those lines of business are not adequately planned, implemented
and monitored.

3.17.8 Compliance Risk

Compliance risk is the risk to earning or capital, violations of, nonconformance
with laws, rules, regulations, prescribed practices, or ethical standards. Compliance risk
also arises in situations where the laws or rules governing certain bank products or activities of the bank’s clients may be ambiguous or untested. Compliance risk exposes the institution to fines, civil money penalties, payment of damages, and the voiding of contracts.

3.17.9 Strategic Risk

Strategic risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to industry changes. The risk is a function of the compatibility of an organization’s strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. The resources needed to carry out business strategies are both tangible and intangible. They include communication channels, operating systems, delivery networks, and managerial capacities and capabilities. The organization’s internal characteristics must be evaluated against the impact of economic, competitive, regulatory and other environmental changes.

3.18 SECURITY AND PRIVACY ISSUES

Terminology:

1. **Security**: Security in Internet banking comprises both the computer and communication security. The aim of computer security is to preserve computing resources against abuse and unauthorized use, and to protect data from accidental and deliberate damage, disclosure and modification. The communication security aims to protect data during the transmission in computer network and distributed system.
2. **Authentication**: It is a process of verifying claimed identity of an individual user, machine, software component or any other entity. For example, an IP Address identifies a computer system on the Internet, much like a phone number identifies a telephone. It may be to ensure that unauthorized users do not enter, or to ensure authorization and accountability. Authorization means control over the activity of user, whereas accountability allows us to trace uniquely the action to a specific user. Authentication can be based on password or network address or on cryptographic techniques.

3. **Access Control**: It is a mechanism to control the access to the system and its facilities by a given user up to the extent necessary to perform his job function. It provides for the protection of the system resources against unauthorized access. An access control mechanism uses the authenticated identities of principals and the information about these principals to determine and enforce access rights. It goes hand in hand with authentication. In establishing a link between a bank’s internal network and the Internet, we may create a number of additional access points into the internal operational system. In this situation, unauthorized access attempts might be initiated from anywhere. Unauthorized access causes destruction, alterations, theft of data or funds, compromising data confidentiality, denial of service etc. Access control may be of discretionary and mandatory types.

4. **Data Confidentiality**: The concept of providing protection for data from unauthorized disclosure is called data confidentiality. Due to the open nature of Internet, unless it is protected, all data transfer can be monitored or read by others. Although it is difficult to monitor transmission at random, because of numerous paths available, special programs such as Sniffers”, set up at an opportune location like Web server, can collect vital information. This may include credit card
number, deposits, loans or password etc. Confidentiality extends beyond data transfer and includes any connected data storage system including network storage systems. Password and other access control methods help in ensuring data confidentiality.

5. **Data Integrity:** It ensures that information cannot be modified in unexpected way. Loss of data integrity could result from human error, intentional tampering, or even catastrophic events. Failure to protect the correctness of data may render the data useless, or worse, and dangerous. Efforts must be made to ensure the accuracy and soundness of data at all times. Access control, encryption and digital signatures are the methods to ensure data integrity.

6. **Non-Repudiation:** Non-Repudiation involves creating proof of the origin or delivery of data to protect the sender against false denial by the recipient that data has been received or to protect the recipient against false denial by the sender that the data has been sent. To ensure that a transaction is enforceable, steps must be taken to prohibit parties from disputing the validity of, or refusing to acknowledge, legitimate communication or transaction.

7. **Security Audit Trail:** A security audit refers to an independent review and examination of system's records and activities, in order to test for adequacy of system controls. It ensures compliance with established policy and operational procedures, to detect breaches in security, and to recommend any indicated changes in the control, policy and procedures. Audit Trail refers to data generated by the system, which facilitates a security audit at a future date.
**Attacks and Compromises:**

When a bank’s system is connected to the Internet, an attack could originate at anytime from anywhere. Some acceptable level of security must be established before business on the Internet can be reliably conducted. An attack could be any form like:

1. The intruder may gain unauthorized access and nothing more
2. The intruder gains access and destroys, corrupt or otherwise alters data
3. The intruder gains access and seizes control partly or wholly, perhaps denying access to privileged users
4. The intruder does not gain access, but instead forges messages from your system
5. The intruder does not gain access, but instead implements malicious procedures that cause the network to fail, reboot, and hang.

Modern security techniques have made cracking very difficult but not impossible. Furthermore, if the system is not configured properly or the updated patches are not installed then hackers may crack the system using security hole. A wide range of information regarding security hole and their fixes is freely available on the Internet. System administrator should keep himself updated with this information. Common cracking attacks include:

1. E-mail bomb and List linking
2. Denial-of-Service
3. Sniffer attack
4. Utilizing security hole in the system software
5. *E-mail bomb:* This is a harassment tool. A traditional e-mail bomb is simply a series of message (perhaps thousands) sent to your mailbox. The attacker’s object is to fill the mailbox with junk.
6. Denial-of-Service (Do’s) attacks: Do’s attacks can temporarily incapacitate the entire network (or at least those hosts that rely on TCP/IP). Do’s attacks strike at the heart of IP implementations. Hence they can crop up at any platform; a single Do’s attack may well work on several target operating systems. Many Do’s attacks are well known and well documented. Available fixes must be applied.

7. Sniffer Attack: Sniffers are devices that capture network packets. They are a combination of hardware and software. Sniffers work by placing the network interface into promiscuous mode. Sniffers can capture passwords and other confidential information. Sniffers are extremely difficult to detect because they are passive programs. Encrypted session provides a good solution for this. If an attacker sniffs encrypted data, it will be useless to him. However, not all applications have integrated encryption support.

8. Holes: A hole is any defect in hardware, software or policy that allows attackers to gain unauthorized access to your system. The network tools that can have holes are Routers, Client and Server software, Operating Systems and Firewalls.

3.19 NEW INNOVATIVE BANKING PRODUCTS AND SERVICES OFFERED

Banks in India are at different stages of the web-enabled banking cycle. Initially, a bank, which is not having a web site, allows its customer to communicate with it through an e-mail address; communication is limited to a small number of branches and offices which have access to this e-mail account. As yet, many scheduled commercial banks in India are still in the first stage of Internet banking operations. With gradual adoption of Information Technology, the bank puts up a web-site that provides general information on the banks, its location, services available e.g. loan and deposit products, application forms for downloading and e-mail option for enquiries and feedback. It is largely a marketing or advertising tool. Customers are required to fill in applications on
the Net and can later receive loans or other products requested for at their local branch. A few banks provide the customer to enquire into his Demat account (securities/shares) holding details, transaction details and status of instructions given by him. These websites still do not allow online transactions for their customers.

Some of the banks permit customers to interact with them and transact electronically with them. Such services include request for opening of accounts, requisition for cheque books, stop payment of cheques, viewing and printing statements of accounts, movement of funds between accounts within the same bank, querying on status of requests, instructions for opening of Letters of Credit and Bank Guarantees etc. These services are being initiated by banks like ICICI Bank Ltd., HDFC Bank Ltd. Citibank, Global Trust Bank Ltd., UTI Bank Ltd., Bank of Madura Ltd., Federal Bank Ltd. etc. Recent entrants in Internet banking are Allahabad Bank (for its corporate customers through its ‘Allnet’ service) and Bank of Punjab Ltd. State Bank of India has announced that it will be providing such services soon. Certain banks like ICICI Bank Ltd., have gone a step further within the transactional stage of Internet banking by allowing transfer of funds by an account holder to any other account holder of the bank.

Some of the more aggressive players in this area such as ICICI Bank Ltd., HDFC Bank Ltd., UTI Bank Ltd., Citibank, Global Trust Bank Ltd. and Bank of Punjab Ltd. offer the facility of receipt, review and payment of bills on-line. These banks have tied up with a number of utility companies. The ‘Infinity’ service of ICICI Bank Ltd, a also allows online real time shopping mall payments to be made by the customers. HDFC Bank Ltd. has made e-shopping online and real time with the launch of its payment gateway. It has tied up with a number of portals to offer business-to-consumer (B2C) ecommerce transactions. The first online real time e-commerce credit card transaction in
the country was carried out on the Easy3shoppe.com shopping mall, enabled by HDFC Bank Ltd. on a VISA card.

Banks like ICICI Bank Ltd., HDFC Bank Ltd. etc. are thus looking to position themselves as one stop financial shops. These banks have tied up with computer training companies, computer manufacturers, Internet Services Providers and portals for expanding their Net banking services, and widening their customer base. ICICI Bank Ltd. has set up a web based joint venture for on-line distribution of its retail banking products and services on the Internet, in collaboration with Satyam Info way, a private ISP through a portal named as icicisify.com. The customer base of www.satyamonline.com portal is also available to the bank. Setting up of Internet kiosks and permeation through the cable television route to widen customer base are other priority areas in the agendas of the more aggressive players. Centurion Bank Ltd. has taken up equity stake in the teauction.com portal, which aims to bring together buyers, sellers, registered brokers, suppliers and associations in the tea market and substitute their physical presence at the auctions announced.

Banks providing Internet banking services have been entering into agreements with their customers setting out the terms and conditions of the services. The terms and conditions include information on the access through user-id and secret password, minimum balance and charges, authority to the bank for carrying out transactions performed through the service, liability of the user and the bank, disclosure of personal information for statistical analysis and credit scoring also, non-transferability of the facility, notices and termination, etc.
3.20 THE FUTURE SCENARIO

Compared to banks abroad, Indian banks offering online services still have a long way to go. For online banking to reach a critical mass, there has to be sufficient number of users and the sufficient infrastructure in place. The ‘Infinity’ product of ICICI Bank Ltd. gets only about 30,000 hits per month, with around 3,000 transactions taking place on the Net per month through this service. Though various security options like line encryption, branch connection encryption, firewalls, digital certificates, automatic signoffs, random pop-ups and disaster recovery sites are in place or are being looked at, there is as yet no Certification Authority in India offering Public Key Infrastructure which is absolutely necessary for online banking. The customer can only be assured of a secured conduit for its online activities if an authority certifying digital signatures is in place. The communication bandwidth available today in India is also not enough to meet the needs of high priority services like online banking and trading. Banks offering online facilities need to have an effective disaster recovery plan along with comprehensive risk management measures. Banks offering online facilities also need to calculate their downtime losses, because even a few minutes of downtime in a week could mean substantial losses. Proper encryption of data and effective use of passwords are also matters that leave a lot to be desired. Systems and processes have to be put in place to ensure that errors do not take place.

Users of Internet Banking Services are required to fill up the application forms online and send a copy of the same by mail or fax to the bank. A contractual agreement is entered into by the customer with the bank for using the Internet banking services. In this way, personal data in the applications forms is being held by the bank providing the service. The contract details are often one-sided, with the bank having the absolute discretion to amend or supplement any of the terms at any time. For these reasons
domestic customers for whom other access points such as ATMs, telebanking, personal contact, etc. are available, are often hesitant to use the Internet banking services offered by Indian banks. Internet Banking, as an additional delivery channel, may, therefore, be attractive / appealing as a value added service to domestic customers. Non-resident Indians for whom it is expensive and time consuming to access their bank accounts maintained in India find net banking very convenient and useful.

The Internet is in the public domain whereby geographical boundaries are eliminated. Cyber crimes are therefore difficult to be identified and controlled. In order to promote Internet banking services, it is necessary that the proper legal infrastructure is in place. The Government has introduced the Information Technology Bill, which has already been notified in October 2000. Section 72 of the Information Technology Act, 2000 casts an obligation of confidentiality against disclosure of any electronic record, register, correspondence and information, except for certain purposes and violation of this provision is a criminal offence. Notification for appointment of Authorities to certify digital signatures, ensuring confidentiality of data, is likely to be issued in the coming months. Comprehensive enactments like the Electronic Funds Transfer Act in U.K. and data protection rules and regulations in the developed countries are in place abroad to prevent unauthorized access to data, malafide or otherwise, and to protect the individual’s rights in the country and it is expected that some headway will be made in this respect in the near future.

Notwithstanding the above drawbacks, certain developments taking place at present, and expected to take place in the near future, would create a conducive environment for online banking to flourish.

Reserve Bank of India has taken the initiative for facilitating real time funds transfer through the Real Time Gross Settlement (RTGS) System. Under the RTGS
system, transmission, processing and settlements of the instructions will be done on a continuous basis. Gross settlement in a real time mode eliminates credit and liquidity risks. Any member of the system will be able to access it through only one specified gateway in order to ensure rigorous access control measures at the user level. The system will have various levels of security, viz., Access security, 128 bit cryptography, firewall, certification etc. Further, Generic Architecture (see fig. 2), both domestic and cross border, aimed at providing inter-connectivity across banks has been accepted for implementation by RBI. The above mentioned efforts would enable online banking to become more secure and efficient.

With the process of dematerialization of shares having gained considerable ground in recent years, banks have assumed the role of depository participants. In addition to customers’ deposit accounts, they also maintain Demat accounts of their clients. Online trading in equities is being allowed by SEBI. The bank functions as the payment bank for enabling funds transfer from its customers’ account to brokers’ accounts. The bank is also setting up a net broking arm, HDFC Securities, for enabling trading in stocks through the web. The focus on capital market operations through the web is based on the bank’s strategy on tapping customers interested in trading in equities through the Internet. Internet banking thus promises to become a popular delivery channel not only for retail banking products but also for online securities trading.

3.21 PROFILE OF SAMPLE BANKS AND THEIR SERVICES

3.21.1 Profile of State Bank of India

The roots of the State Bank of India lie in the first decade of the 18th century, when the Bank of Calcutta, later renamed the Bank of Bengal, was established on 2 June 1806. The Bank of Bengal was one of three Presidency banks, the other two being the Bank of Bombay (incorporated on 15 April 1840) and the Bank of
Madras (incorporated on 1 July 1843). All three Presidency banks were incorporated as joint stock companies and were the result of royal charters. These three banks received the exclusive right to issue paper currency till 1861 when, with the Paper Currency Act, the right was taken over by the Government of India. The corporate center of SBI is located in Mumbai. In order to cater to different functions, there are several other establishments in and outside Mumbai, apart from the corporate center. The bank boasts of having as many as 14 local head offices and 57 Zonal Offices, located at major cities throughout India. It is recorded that SBI has about 10000 branches, well networked to cater to its customers throughout India.

SBI provides easy access to money to its customers through more than 8500 ATMs in India. The Bank also facilitates the free transaction of money at the ATMs of State Bank Group, which includes the ATMs of State Bank of India as well as the Associate Banks. Customers may also transact money through SBI Commercial and International Bank Ltd by using the State Bank ATM-cum-Debit (Cash Plus) card. The State Bank Group includes a network of eight banking groups and several non-banking subsidiaries. Through the establishments, it offers various services including merchant banking services, fund management, factoring services, primary dealership in government securities, credit cards and insurance.

The five banking groups are (SBI associates bank):

✓ State Bank of Hyderabad (SBH)
✓ State Bank of India (SBI)
✓ State Bank of Mysore (SBM)
✓ State Bank of Patiala (SBP)
✓ State Bank of Travancore (SBT)
**Internet Banking Services**

The following are the services offered: Payments/Transfer, Funds Transfer, Intra-Bank Transfer, RTGS/NEFT, Credit Card (VISA), IMPS Payments, NRI eZ Trade Funds Transfer, E – Deposits, E-TDR/e-STDR, E-TDR/e-STDR under Income Tax Savings Scheme, SBI Flexi Deposit, E-Annuity Deposit Scheme, E- Recurring Deposits, E-tickets, Home Loan Provisional Interest Certificate, Credit Card (VISA) Bill Pay, Pay Tax using ATM cum Debit Card, SSC and UPSC Online Fee Collection, Mutual Funds Investment, Viewing of Tax Credit Statement Form(26AS), SBI FX Trade: Currency Future Trading, Pension Slip Enquiry, TDS Enquiry, Maharashtra Government Professional Taxes (PTRC & PTEC) payment.

**3.21.2 Profile of Canara Bank**

Canara bank is a major financial service. It was established in India in 1906, which makes it among the older Indian banks. As on 2009 November, the bank had a network of 2861 branches, spread across India and other countries. Its head office is located in Bangalore, India. The bank also has international presence in several centers including London, Hongkong, Moscow, Shanghai, Doha and Dubai. In term of business it is one of the largest nationalized commercial banks in India, with a total business of about Rs. two trillion. The late Sri. Ammembal Subba Rao Pai, a philanthropist, established the Canara bank Hindu permanent Fund in Mangalore, India on July 1906. The bank changed its name to Canara Bank Ltd in 1910 and as Canara bank in 1969 after nationalization.

In 1958, the RBI ordered Canara Bank to acquire G. Raghumathmul Bank, in Hyderabad. This bank has been established in 1870, and had converted to a limited company in 1925. In 1985, Canara Bank established a subsidiary in Hongkong, Indo Hongkong International Finance limited. In 2008-2009, Canara Bank opened its third foreign branch, this one is in Shanghai.
Today, Canara Bank occupies a premier position in the comity of Indian banks. With an unbroken record of profits since its inception, Canara Bank has several firsts to its credit. These include:

- Launching of Inter-City ATM Network
- Obtaining ISO Certification for a Branch
- Articulation of ‘Good Banking’ – Bank’s Citizen Charter
- Commissioning of Exclusive Mahila Banking Branch
- Launching of Exclusive Subsidiary for IT Consultancy
- Issuing credit card for farmers
- Providing Agricultural Consultancy Services

Over the years, the Bank has been scaling up its market position to emerge as a major 'Financial Conglomerate' with as many as nine subsidiaries/sponsored institutions/joint ventures in India and abroad. As at March 2014, the Bank has further expanded its domestic presence, with 4750 branches spread across all geographical segments. Keeping customer convenience at the forefront, the Bank provides a wide array of alternative delivery channels that include over 6312 ATMs, covering 3572 centers. Several IT initiatives were undertaken during the year. The Bank set up 102 hi-tech E-lounges in select branches.

**Banking Services Provided by Canara bank**

The bank provider facilities such as ATM, Cash Deposit Kiosk with voice guided system, Cheque Deposit Kiosk, Self Printing Passbook Kiosk, Internet Banking Terminal, Online Trading Terminal and Corporate Website Access. ‘Canara e-Info book’ – an electronic passbook and banking related information facility was introduced on mobile platforms - Android, Windows8 & IOS. The Bank also launched Canara Bank RuPay Debit Card, Canara Club Card – Debit, Canara Secured Credit Card, Canara Elite
Debit Card and EMV Chip Cards under debit and credit cards. Online Savings Bank and PPF account opening were introduced during the year. The Bank made several value additions under internet banking and mobile banking services.

**Internet Banking Services**

The following are the services offered: Summary of Operative Accounts/Term Deposit/Loan Accounts, View/Query transactions in all your Operative/Loan Accounts, Account Details of all your Operative/Term Deposits/Loan Accounts, Funds transfer facility between your own accounts of the same branch/maintained across CBS branches and Third Party Transfers, Opening and Viewing of Term Deposits, Term Deposit Payout Instructions and TDS Inquiry, Initiation/Modification/Deletion and Viewing of Standing Instructions, Repayment of Loan, Bulletins from Bank’s Relationship Manager, Cheque Book Request, Cheque / Cheque Book Status Inquiry, Request Account Statement, Forex Rate / Interest Rate Inquiry, Term Deposit / Loan Calculator, Change Password, Update Profile, Contact Relationship Manager, MAIL (View inbox / Draft / Compose mail to Relationship Manager / Sent Items), Stop Payment Instructions, DD/Pay Order Requests.

### 3.21.3 Profile of Indian Bank

A premier bank owned by the Government of India, the Indian Bank was incorporated in 5th March of the year 1907 as Indian Bank Limited and commenced operations in 15th August of the year 1907 as part of the Swadeshi movement. Indian Bank has many deposit schemes tailored to suit the needs of its customers, both individuals and organizations. Credit/Advances/Loan Schemes specifically designed for its customers. Also offers various novel services to customers, both individuals and organizations.
The Bank opened its first overseas branch in Colombo, Sri Lanka during the year 1932 and also opened its Singapore branch in 1941. In the year 1962, Indian Bank acquired the businesses of Royalaseema Bank, the Bank of Alagapuri, Salem Bank, the Mannargudi Bank and the Trichy United Bank. The Bank was nationalized in 19th July of the year 1969. The Bank name was changed to Indian Bank after the nationalization. Indbank Merchant Banking Services Ltd was incorporated as a subsidiary of the Bank during the year 1989. The Bank of Thanjavur Limited (with 157 branches) was amalgamated with the Bank during the year 1990. Ind Bank Housing Limited was incorporated in the year 1991 as a subsidiary. Ind fund Management Limited was established in 1994 to manage the operations of Indian Bank Mutual Fund. During the year 1995, The Bank's own training establishment, Indian Bank Management Academy for Growth & Excellence (IMAGE) was established. Indian Bank has launched a scheme called Cash Management Services' in the year 2001 for speedy collection of outstation cheques.

The Bank entered into a strategic tie-up with HDFC Standard Life Insurance Company Ltd., the first in the private sector to receive the Certificate of Registration for foray into Life Insurance business for distribution of latter's insurance products. Indian Bank received an award from NABARD for best performance under Self Help Group (SHG) in Tamil Nadu and Andhra Pradesh in 2003.

In the year 2005, the Bank made tie up with three overseas companies for money transfer, signed the papers with the National Exchange Company of Doha, Mussandum Exchange Company of Oman and Abu Dhabi-based UAE Exchange Company. In 2006, Indian Bank sets up new branch in Mumbai and also launched the Bharat Card. During the year 2006-07, the Bank entered into a strategic alliance with Oriental Bank of Commerce and also with Corporation Bank. As of March 2007, Indian Bank launched
Ind on-line Doorstep Banking to deliver Banking and Financial Services at the doorsteps of the common man. The Bank signed an agreement with Indian Railway Catering and Tourism Corporation Limited (IRCTC) for offering train ticket booking services through IRCTC website http://www.irctc.co.in/. The agreement was signed in 1st August of the year 2007 at New Delhi and also in December of the year 2007 Indian Bank entered into a MoU with Indian Railways to install ATMs in 51 Railway Stations across the country. Of these, 34 stations will have e-ticketing kiosks also along with ATMs. Indian Bank and SME Rating Agency of India Ltd. (SMERA) formally executed an MOU in January 31st 2008 for extending their co-operation in the arena of financing of SME sector. Indian Bank won the Financial Express's Best Bank Award 2008.

The network of the bank comprises 100% Business Computerization, 168 Centers throughout the country covered under 'Anywhere Banking', Core Banking Solution (CBS) in 1557 branches and 66 extension counters, 618 connected Automated Teller Machines (ATM) in 225 cities/towns and also 24 x 7 Service through 32000 ATMs under shared network.

**Internet Banking Services**

The following services are offered: View their account, Get the statement of account, Transfer funds to his own accounts, Transfer funds to other Indian Bank accounts, Remit funds to anyone having account with any bank through RTGS/NEFT (charges applicable as per RTGS/NEFT), Cheque details, Indian Bank is not liable for non-availability of services due to reasons beyond the controls of the bank, Charges for Net Banking facility : Free, DP account maintained with Indian Bank can be viewed, AP online, TNEB Payment, IRCTC (Rail ticket) Payment, IBMBS Payment, Income tax/TDS Payment, Service Tax Payment, Central Excise Payment, MCA 21 Payment.
3.21.4 Profile of Indian Overseas Bank

In 1937, Thiru. M. Ct. M. Chidambaram Chettiyar established the Indian Overseas Bank (IOB) to encourage overseas banking and foreign exchange operations. IOB started up simultaneously three branches, one each in Karaikudi, Madras, and Rangoon. The bank served the Nattukottai Chettiar, who were a mercantile class that at the time had spread from Chettinad in Tamil Nadu state to Ceylon (Sri Lanka), Burma (Myanmar), Malaya, Singapore, Java, Sumatra, and Saigon. As a result, from the beginning, IOB specialized in foreign exchange and overseas banking (see below). Due to the war, IOB lost its branches in Rangoon and Penang, and Singapore, though the branch in Singapore resumed operations in 1942 under Japanese supervision.

In 1945 or 1946 IOB opened a branch in Colombo. In 1947, IOB opened a branch in Bangkok. Then IOB added a branch each in Ipoh, Klang, and Malacca, all in Malaya. Some years later, in 1955, IOB opened its first branch in Hong Kong. Others would follow.

The Bank has a network of 2010 branches and about 1000 ATMs in India and presence in 18 countries. The bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finances Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia.

E-banking is IOB’s internet banking services launched on a pilot basis in selected branches. Services like E-banking Balance Enquiry and viewing of Last 5 transactions in the account are available. Statement of accounts, Enquiry of cheques and credit/debit amounts in the account are available during branch working hours.
Internet Banking Services

The following services are available: Payments/Transfer, Funds Transfer, Intra-Bank Transfer, RTGS/NEFT, Credit Card (VISA), IMPS Payments, NRI eZ Trade Funds Transfer, E – Deposits, E-TDR/e-STDR, E-TDR/e-STDR under Income Tax Savings Scheme, IOB Flexi Deposit, E-Annuity Deposit Scheme, E- Recurring Deposits, E-tickets, Home Loan Provisional Interest Certificate, Credit Card (VISA) Bill Pay, Pay Tax using ATM cum Debit Card, SSC and UPSC Online Fee Collection, Mutual Funds Investment, Viewing of Tax Credit Statement Form(26AS), IOB FX Trade: Currency Future Trading, Pension Slip Enquiry, TDS Enquiry, Maharashtra Government Professional Taxes (PTRC & PTEC) payment.

3.21.5 Profile of ICICI Bank

ICICI Bank was established by the Industrial Credit and Investment Corporation of India (ICICI), an Indian financial institution, as a wholly owned subsidiary in 1955. The parent company was formed in 1955 as a joint-venture of the World Bank, India's public-sector banks and public-sector insurance companies to provide project financing to Indian industry. The bank was initially known as the Industrial Credit and Investment Corporation of India Bank, before it changed its name to the abbreviated ICICI Bank. The parent company was later merged with the bank.

In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group, offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI became the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.
In 2000, ICICI Bank became the first Indian bank to be listed on the New York Stock Exchange with its five million American depository shares issue generating a demand book 13 times the offer size.

In September 2013, ICICI Bank launched one of its kind on Facebook ‘Pockets by ICICI Bank’ to enable customers to carry out a wide range of financial transactions on Facebook. Customers can access the ICICI Bank by logging into their Facebook account and then going to the official ICICI Bank Facebook page, and clicking on the tab for Pockets by ICICI Bank. The customer then registers online with their debit card number and PIN, and selecting a new four digit PIN for subsequent logins. Through the app, customers can make payments to friends, recharge prepaid mobile and book movie tickets. One can also carry out non-financial transactions such as accessing a mini statement of their savings bank account, getting demat holding statements, opening fixed or recurring deposit, order a cheque book, stop a cheque payment, upgrade debit card, among others.

**Internet Banking Services**

The services available are given below: Payments/Transfer, Funds Transfer, Intra-Bank Transfer, RTGS/NEFT, Credit Card (VISA), IMPS Payments, NRI eZ Trade Funds Transfer, E-Deposits, E-TDR/e-STDR, E-TDR/e-STDR under Income Tax Savings Scheme, ICICI Flexi Deposit, E-Annuity Deposit Scheme, E-Recurring Deposits, E-tickets, Home Loan Provisional Interest Certificate, Credit Card (VISA) Bill Pay, Pay Tax using ATM cum Debit Card, SSC and UPSC Online Fee Collection, Mutual Funds Investment, Viewing of Tax Credit Statement Form(26AS), ICICI FX Trade: Currency Future Trading, Pension Slip Enquiry, TDS Enquiry, Maharashtra Government Professional Taxes (PTRC & PTEC) payment.
3.21.6 Profile of City Union Bank

City Union Bank was incorporated on 31st October, 1904 as ‘The Kumbakonam Bank’. The bank in the beginning preferred the role of a regional bank and slowly but steadily built for itself a place in the Delta District of Thanjavur.

The company set up its first branch at Mannargudi on 24th January 1930. After this the company started setting up a series of branches at Nagapattinam, Sannanallur, Ayyampet, Tirukattupalli, Tiruvarur, Manapparai, Mayuram and Porayar within a period of 25 years.

In the year 1957 the bank took over the assets and liabilities of the Common Wealth Bank. Due to this, the five Branches of Common Wealth Bank located at Aduthurai, Kodavasal, Valangaiman, Jayankondacholapuram and Ariyalur were transferred to City Union Bank.

In April 1965 two banks namely 'The City Forward Bank’ and 'The Union Bank’ were amalgamated and the name of the bank was changed to 'The Kumbakonam City Union Bank’. In November 1965 CUBL set up its first branch at Madras. Due to this six more branches added to the existing one.

In December 1987 the name of the bank was changed to the present one. Today, the Bank has a network of 196 Branches spread across country.

The bank, 'The Kumbakonam Bank Limited' as it was then called was incorporated as a limited company on 31st October, 1904. The first Memorandum of Association was signed by twenty devoted and prominent citizens of Kumbakonam.

The bank in the beginning preferred the role of a regional bank and slowly but steadily built for itself a place in the Delta District of Thanjavur. The first Branch of the Bank was opened at Mannargudi on 24th January 1930. The Bank was included in the Second Schedule of Reserve Bank of India Act,1934, on 22nd March 1945. The Bank
celebrated its Golden Jubilee on 14th November, 1954 at Kumbakonam under the
Presidency of Shri.C.R. Srinivasan, Editor, 'Swadesmitran' & Director, Reserve Bank of India.

In April, 1965, two other local banks viz., 'The City Forward Bank Limited' and 'The Union Bank Limited' were amalgamated with the Bank under a scheme of amalgamation with the resultant addition of six more branches.

The Bank started its own Staff Training College on 21st August, 1989 at Kumbakonam with the avowed objective of imparting need based and result oriented training to its Staff Members irrespective of the cadre. Taking into account the bank's financial strength, managerial competence and consistent progress in all spheres of its activities, Reserve Bank of India has granted an Authorized Dealers License to deal in Foreign Exchange business with effect from October, 1990. The bank has introduced computerization in the year 1990 and as of now all the Branches have been computerized.

The Bank's Centenary Celebrations were inaugurated on 27th December, 2003.

Internet Banking Services

The services offered are as under: Account Summary with Mini Statement, Transactions View and Downloadable Format, Account Statement, Cheque Book Issue, Stop Payment, Revocation of Stop Payment, Funds Transfer, Transfer within CUB, Transfer to Other Banks, Add Beneficiary, View Beneficiary, SI Transfer, Deposit A/c Opening, E-Receipt, Partial Withdrawal, Pro Closure of Deposit, Loan Against Deposit, Loan Closure, Bill Payment, Enable Multifactor Authentication, Change Authentication image, Grid Regeneration, Gird Unlock Request, TN VAT E-Receipt, AP VAT E-Receipt, PAN/TAX Registration, Direct Taxes Payment, Cyber Receipt, View Tax Credit Statement, Monthly Account Statement, Pending Bills, Inward Clearing
3.21.7 Profile of Axis Bank

Axis Bank Limited (formerly UTI Bank) is the third largest private sector bank in India. Although classified as a private sector bank, Axis Bank's promoters (UTI, LIC and GIC, which collectively held approx. 34% of the shares as on 31 December 2013), are all entities owned and controlled by the Government of India.

The bank offers financial services to customer segments covering Large and Mid-Sized Corporate, MSME, Agriculture and Retail Businesses. Axis Bank has its registered office at Ahmedabad.

Indian Business: As on 31-Mar-2014, the Bank had a network of 2402 branches and extension counters and 12922 ATMs. Axis Bank has the largest ATM network among private banks in India and it operates an ATM at one of the world’s highest sites at Thegu, Sikkim at a height of 4,023 meters (13,200 ft) above sea level.

International Business: The Bank has eight international offices with branches at Singapore, Hong Kong, Dubai (at the DIFC), Shanghai, Colombo and representative offices at Dubai and Abu Dhabi, which focus on corporate lending, trade finance, syndication, investment banking and liability businesses. In addition to the above, the Bank has a presence in UK with its wholly owned subsidiary Axis Bank UK Limited. The total assets of the overseas branches were US$7.86bn.

UTI Bank opened its registered office in Ahmedabad and corporate office in Mumbai in December 1993. The first branch was inaugurated on 2 April 1994 in Ahmedabad by Dr. Manmohan Singh, then Finance Minister of India. UTI Bank began its operations in 1994, after the Government of India allowed new private banks to be
established. The Bank was promoted in 1993 jointly by the Administrator of the Unit Trust of India (UTI-I), Life Insurance Corporation of India (LIC), General Insurance Corporation, National Insurance Company, The New India Assurance Company, The Oriental Insurance Corporation and United India Insurance Company.

In 2001 UTI Bank agreed to merge with and amalgamate Global Trust Bank, but the Reserve Bank of India (RBI) withheld the approval and nothing came of this. In 2004 the RBI put Global Trust into moratorium and supervised its merger into Oriental Bank of Commerce. UTI Bank opened its first overseas branch in 2006 Singapore. That same year it opened a representative office in Shanghai, China. UTI Bank opened a branch in the Dubai International Financial Centre in 2007. That same year it began branch operations in Hong Kong. The next year it opened a representative office in Dubai.


**Internet banking services**

The following services are offered: View Account Details/Balance, Download Account Statement, Request for Stop Cheque Payment, Request for Cheque book, Create Fixed Deposit, View Credit Card Details, Pay Credit Card Bills, Redeem Debit Card loyalty points, View Demat Account Details, View your Portfolio Summary/Snapshot, Apply for IPO Online, View your Loan A/C Details, Mail Facility, Edit Personal Profile Details, Register for e-statement, Register for SMS Banking, Transfer Fund to Own Axis Bank Account, Transfer Fund to Other Axis Bank Account, Transfer Fund to Other Bank Account, Transfer Fund to Visa Credit Card, Recharge Mobile, Request for Demand Draft, Pay utility Bills, Shop online and pay using Axis Bank Internet Banking.
3.21.8 Profile of Karur Vysya Bank

The Karur Vysya Bank Limited, popularly known as KVB, one such endeavour, was set up in 1916 by two great visionaries and illustrious sons of Karur, the Late Shri M. A. Venkatarama Chettiar and the Late Shri Athi Krishna Chettiar to inculcate the habit of savings and provide financial assistance to traders and small agriculturists in and around Karur, a textile town in Tamil Nadu. Though the bank started with a seed capital of Rs. 1 lakh, it has withstood innumerable changes and challenges in the past few decades and has profitably emerged as one of the leading banks in India without compromising on its fundamentals. The bank is professionally managed and guided by the Board of Directors drawn from different fields with vision, experience, and knowledge and business acumen. Shedding its inherent regional flavour, the bank has now spread its wings far and wide with over 552 branches in 13 States and 3 Union Territories in order to gain a pan India presence. The bank has been conducting its affairs meticulously to conform to all the prudential norms and exacting statutory regulations. KVB has consistently maintained strong fundamentals with a higher percentage of Capital Adequacy Ratio than mandated by the RBI. KVB has also been generating profits and rewarding its stakeholders with handsome dividends since inception.

Internet banking Services

The services offered are detailed below: View Account Details/Balance, Download Account Statement, Request for Stop Cheque Payment, Request for Cheque book, Create Fixed Deposit, View Credit Card Details, Pay Credit Card Bills, Redeem Debit Card loyalty points, View Demat Account Details, View your Portfolio Summary/Snapshot, Apply for IPO Online, View your Loan A/C Details, Mail Facility, Edit Personal Profile Details, Register for e-statement, Register for SMS Banking, Transfer Fund to same Bank Account, Transfer Fund to Other Axis Bank Account, Transfer Fund to Other Axis Bank Account, Transfer Fund to Visa Credit Card, Recharge Mobile, Request for Demand Draft, Pay utility Bills, Shop online and pay using Internet Banking.