CHAPTER – III

GROWTH & DEVELOPMENT OF ONLINE BANKING
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GROWTH & DEVELOPMENT OF ONLINE BANKING

3.1 General Background

The financial services industry has been recently opened to the historical transformation. The couriers called developments are emerging and fast forward in all areas of financial intermediation and financial markets: e-finance, e-money, e-banking, e-brokerage, and connections, and smooth e-supervision. The innovative information technology (IT) is becoming the highly significant in the prospect expansion of banking, persuading marketing strategies and business of banks actor. The influencing changes in the economic environment are the driving force behind rapid transformation of banks. These and other factors make it difficult to design the strategy of a bank, which process is threatened by unforeseen events and changes in the economic environment and therefore, strategies must be flexible to adapt to these changes. The query is not whether the appearance of the Internet has been a menace or an opening because those one who have determined to defend against pressure instead of using the prospects that are dogged to vanish from the market.

Information technology is one of the most important for the transformation of the banking industry in India in terms of processing transactions, and for other internal systems and processes facilitators. The various technology platforms used by banks to perform their day to day operations, your registration form and how inter bank and clear affected operations has evolved considerably in recent years.

For banking services electronic banking is the latest delivery channel. The meaning of electronic banking refers to numerous types of services with the help of which bank
clients can ask for information and continue with the most retail banking services through TV, computer, or mobile phone (Daniel, 1999; Mols, 1998; Sathye, 1999).

Recent advances in technology have created a wave of "technology-based self" (Dabhoklar et al. 2003). These developments are changing the way utilities and consumers interact and are considering a number of research questions and practices relating to the provision of electronic services.

Aim was not only to determine the triumph or breakdown of electronic commerce (Yang et al., 2001) but to provide consumers with a superior experience with the interactive flow of information E-service is becoming increasingly important E-service is becoming increasingly important.

3.2 Introduction to E-Banking

Customers these days can perform banking transactions electronically without having to visit a brick and mortar form thus it is said that electronic banking is an umbrella term. Here following are the another form of electronic banking they are Computer (PC) personal banking, online banking, home banking, electronic banking distance, and telephone banking.

PC and Internet banking or online banking is the name most commonly used. The terms used to describe different categories of electronic banking are very frequently used for each other it should be considered.

To banks or their customer’s electronic banking is not a new activity. The banks had been providing its services to customers electronically by year through software programs. These software programs allow personal computer users to dial the bank in
a straight line. However, it the past banks had been reluctant to offer their customers through Internet banking for security reasons.

In the current scenario banks seems to be jumping on bandwagon of internet banking. What are the reasons that there is a sudden increase in bank interest on the Internet? The first reason is important because methods developed enhanced security and encryption on the Internet. The banks hurried to propose their services on the committal market. However the next reason is that banks did not want to lose a potential fee.

Numerous other banks like IDBI, Citibank, Bank of Punjab, IndusInd, HDFC, ICICI, Global Trust Bank (GTB), electronic banking services had been offered by Corporation Bank and many others. In accordance with the statistics, “says India as a country has high expansion prospective focused on accelerating and improving its electronic banking services for electronic banking players. As part of this, banks began to collaborate with inline functions.

Internet banking in India began to take root only from the 2000s Internet banking services are offered at three levels. The first level is the website for information from a bank, in which only the queries are handled; the second level includes simple transactional web sites, which allows customers to instruct, online applications and balance inquiries. Under simple transactional websites, you are allowed to perform any transaction of funds based. Internet banking in India has reached level three, which offers fully transactional websites that allow transfers of funds and various value-added services.

Internet Banking raises high operational, security and legal risks. This has slowed the development of Internet banking in India. The guidelines governing the operations of
Internet banking in India covers a range of technological, legal and security related to be addressed in relation to internet banking. According to the above guidelines, all internet banking services had to be denominated in local currency, but now even the currency exchange services for the underlying transactions are allowed, can be offered through Internet banking.

Internet banking can be offered only by authorized and supervised in India, which has a physical presence in India banks. Foreign branches of Indian banks are allowed to conduct internet banking only after satisfying the host supervisor, in addition to the supervisor.

**Definition of electronic banking**

For banking services electronic banking is the latest delivery channel. Banks have used electronic channels for years to communicate and transact business with national and international corporate clients. With the development of Internet and the second half of the 1990s the World Wide Web (WWW), banks are increasingly using electronic channels for instructions and deliver their products and services to its customers.

Though the variety of options and services offered by banks through electronic channel vary widely in content, ability and complexity this form of banking is generally known as e-banking or Internet banking.

Mechanical delivery of products and traditional and potential customers openly through electronic interactive communication channels banking services is known as electronic banking. Electronic banking collection from research in part as electronic banking refers to numerous types of services from which bank clients can always
request for information and continue with the most retail banking services all the way through computer, TV or mobile phone (Sathye, 1999, Daniel, 1999; Mols, 1998).

As per the view of Burr (1996), describes it as an electronic association among the bank and the customer to plan, supervise and examine economic dealings.

Electronic banking defined as a multiplicity of following stages:

(a) mobile banking and electronic (or off the bench) banking,

(b) based banking TV, (c) telephone banking, (d) Internet banking (or online banking).

As Internet banking online and mobile banking are the fastest developing areas in this research mainly focuses on the development and future of these platforms.

E-banking comprises systems that impede customers of financial institutions, individuals or companies, access accounts, transact business, or through public or private network obtain information about financial products and services, together with Internet or mobile phone. Using an intelligent electronic device such as personal digital assistant, personal computer, kiosk, touch phone or Automated teller machine customers can access online banking services. (ie, Daniel 1999),

By using an intelligent electronic device customers access online banking services such as personal digital assistant (PDA), a personal computer (PC), ATM in another place the term is constricted to retail banking (Aladwani 2001) or jointly retail and commercial banking (Simpson 2002). The universal definition of electronic banking, and used in this research comes from the Report of the Committee on Banking Supervision (1998, 3) 'electronic banking refers to the provision of products and banking services Retail value and small electronic channels through. Such products
and services may include deposits, loans, account management, providing financial advice, electronic bill payment.

E-banking includes systems that enable customers of the financial institution. Individuals or companies, access accounts, business transactions, or for facts about financial products and services in the track of a private or public system, together with the Internet, clients have access to electronic banking services using an intellectual electronic device.

Electronic banking was introduced first in India by ICICI just about 1996. Following them several other banks like IDBI, IndusInd Bank, Citibank Trust Bank, UTI, HDFC, etc. they followed the service. Since they had now private day and foreign banks started capturing the market through the electronic banking therefore "the rivalry is up to its peak and the absence of technology can make a bank pulled a client" so now public banks they are breaking the chains of traditional tune and prepare to face the competition posed by private sector counterparts.

Citibank took 25 years to establish a global presence and first do this in a fraction of the time ...

The rise of the Internet has driven the issue across many industries whether it is a disruptive technology or just another distribution channel. With the rise of Internet banking, industries of local, regional and global banking, are now faced with this question, too. The Internet seems to have some characteristics of a technology in the banking sector; having the ability to create new and significant growth in the industry enters, allowing people less qualified and less wealthy to do things that are made only by specialists faces in centralized locations, inconvenience, and offers consumers products that are. cheaper, better, and more convenient than ever. Internet is seen as
another technology support in banking which is providing a innovative, highly convenient channel, distribution and ATM has done when was first introduced.

The history of technology in banking began with the use of punched card machines as machines or ledger accounting machines Publication. The use of technology at the time, merely maintain books of the bank. It was further developed with the birth of the system in real time online and great improvement in telecommunications during the late 1970 "s and 1980"s. This led to a rebellion in the turf of banking with the "banking convenience "as a buzzword. Through banking convenience, the bank takes the customer's door.

3.3 Technology in the Banking Industry

Technological advances have eliminated time-consuming repetitive tasks, reducing human errors and broad access to banking related services. On one hand telephone banking permits to carry non-cash transactions which was earlier not possible without a personal visit to bank (Prendergast and Marr, 1994). On a person to person basis technology provides customer information which would otherwise to much expensive. Customers can perform their tasks at a time and in a convenient ambience which is possible with the advent of technology.

Technology as more broadly stated, includes the different types of work done the majority public agencies, it further refers to the agenda and process designed with the intension to respond to state of affairs and occurrences of processes to achieve the results in a mandatory procedure. It’s a plan of feature means that the renovation of materials to finished goods.

The technological evolution of the banking industry in India has been directed largely by the various committees set up by the RBI and the government of India to review the implementation of technological change. No breakthrough in technology implementation was achieved by the industry until the early 80s, although some working groups and committees do stray references to the need for mechanization of some banking processes. This was largely due to strong resistance by strong bank employees unions. The 1980s were instrumental in the introduction of mechanization and computerization in banks in India. This was the period in which banks and the RBI were slow in machining, carefully avoiding the use of "computers" to avoid resistance from employee unions. However, this was the critical period serving as the icebreaker, which led to the slow and steady movement toward adoption of technology on a large scale.

**The convergence of mobile technologies**

Mobile banking began as a novelty, something that only techies and early adopters felt comfortable using. But as smart phones have exploded in popularity in recent years, the adoption of mobile banking has grown along with it.

Initially, mobile offers many banks consisted model online banking ported to an I Phone or Android device. As mobile has become a channel of maturity, however, banks and their supplier partners have produced richer mobile offerings that take
advantage of its unique capabilities. And the tablet gives rise to other financial institutions through single interface which interact with consumers

Innovation to help develop the product, process and service is the new mantra. Greater customer awareness has ordered banks to align their strategies to provide an improved customer experience. The advent of social media, changing regulatory environments and other macroeconomic factors are further strengthening the strategic role of technology in the industry.

The 21st century has brought a global convergence of computing, communications, information and knowledge. This will radically change the way we live, work and think. The growth of high-speed networks, along with cheaper computing power, is doing unimaginable potential applications in the past. Voice, data, images and video can now be transferred around the world in microseconds. This explosion of technology is changing the banking industry paper banks and branches of 'banking digitized and networked. It has already changed the accounting systems and internal management of banks. Now it is fundamentally changing the use of delivery systems of banks to interact with customers. Worldwide, banks are still struggling to find a technological solution to meet the challenges of a rapidly changing environment. It is clear that this new technology is changing the banking industry forever. Banks with the ability to invest and integrate information technology will become dominant in the highly competitive global market. The bankers are convinced that IT investment is critical. Its potential and consequences on the future of the banking industry is huge.
3.4 Benefits of Electronic Banking

Benefits from the point of view of the bank's first profit for banks that offer Internet banking is best brand and better responsiveness to market. The selected banks which would provide these services would be treated as leaders in technology implementation further would cherish a brand leadership.

Technology is a leader 'motor' today, in different companies (Tavares, 2000). It is therefore important to investigate the investments in technology and its impact on the banking commerce (Sethi and King1994, Saunders and Walter, 1994). It is especially important to evaluate how technology is reducing the "intensive activities in labor, services and reducing processing costs, increased service levels, and civilizing efficiency and market presence of the Kenyan financial sector.

3.5 Phone Banking and Mobile Banking

Telephone and mobile banking are a fairly recent for the banking sector in Indian phenomenon. There operational guidelines and restrictions on the type and amount of transactions that can be performed through this route. Telephone banking channels run through an interactive voice response system (IVRS) or banking executives of banks. Transactions are limited to balance inquiries, transaction reporting, stop payment instructions in checks and funds transfers of small amounts (transaction limit of Rs 2500, overall limit of Rs 5,000 per day per customer). According to the draft guidelines on mobile banking, only banks that are authorized and supervised in India and have a physical presence in India is allowed include offering mobile banking services. Moreover, the services can be offered based Rupee. Mobile banking services are limited to bank account holders and credit card accounts that are KYC and AMC supported.
With the rapid growth of mobile penetration in the country, mobile banking has the potential to become a channel of mass banking, with a very minimal investment required by banks. However, most security issues must be addressed before banks can be performed more freely through this channel.

In recent years, IT budgets banks generally remained stable. The financial crisis and the rain continued to tighten their belts through forced industry. In 2011, however, bank executives finally enjoyed a respite thanks to a revitalized purchasing power.

And in 2012, technology budgets banks should continue to increase, albeit very slightly. But with the economic recovery still shaky legs, and control regulation stronger than ever, IT investments of banks is likely to be largely focused on driving efficiency and compliance with the new requirements. Bank Systems & Technology identifies trends and hot IT technologies that will change the game in the coming years.

**Electronic banking transactions: -**

Financial institutions and Banks in India are in the progression of the Web that allows its services to present Internet banking for its clients. The Reserve Bank of India has developed certain Internet banking guidelines that are to be executed by all the banks for the endeavor of online banking. The guidelines widely spoken of the forms of hazards linked with Internet banking, technology standards and safety, legal issues involved and the concerns of regulation and supervision. Banks need to follow guidelines and be firm on them as a legal necessity for offering Internet banking services.
A comprehensive document that sets the number of guidelines and strategies related to security for banks to continue to offer Internet banking has been offered by RBI. The document broadly classified three types of levels of internet banking services:

- The essential service level that the websites of banks disseminate information about different products and services to customers. You can receive and respond to customer inquiries via email.

- Simple transactional web sites that permit clients to put forward their directions, request for vital services and consultations on their account balances. They do not allow transactions based on funds.

- The third stage of Internet banking services accessible by fully transactional sites that allows customers to operate their accounts for the transfer of funds, payment of various bills, subscribing to other bank products and transact buy and sell securities.

Online banking, very well known as electronic funds transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions. EFT is initiated through devices such as cards or codes that let you, or you authorize, access your account. Although any type of transaction can be handled through electronic banking, in the initial phase of most basic banking transactions can be conveniently performed through Internet Banking. Online Banking is evolving rapidly. The basic functions are as follows:

- Consultation accounts;
- Transfer of funds;
- Payment of electricity, water and telephone bills, etc.;
- The online payment for the transactions actually made via internet;
Request for issuance of check book, money, etc.;

Income statement;

Access to the latest plans; and

Access to interest rates and other service charges.

To access online banking service of a financial institution, a customer who has access to personal Internet must enroll in the institution for the service, and establish a password (with different names) for verification of customers. The password for online banking is usually different from telephone banking. Other Financial establishments now routinely assigned customer numbers (also under different names), customers intend to access their online banking services or not. The number of customers who are not usually similar to account numbers, because customers can be very easily related with account numbers.

The customer will be linked to the customer number any of the accounts that the customer controls, which can be control, savings, loans, credit cards and other bills.

To access online banking, customers go to the website of the bank, and enter the online banking service using client password and number. Some pecuniary institutions have established additional security measures for access, but there is no consistency with the approach.

**Rising Challenges: -**

Information technology analysis firm, Meta Group, recently reported that "financial institutions that do not offer home banking for 2000 will be marginalized." By the year 2002 a sophisticated large and highly competitive market of Internet Banking develops which will be led by: -
• Pressure demand side due to increased access to electronic services at low cost.

• Emergence open to the functionality of banking standards.

• The growing awareness of customers and the need for transparency.

• The worldwide group of actors in the battle.

• Sound incorporation of banking services to e-commerce web-based or disintermediation services through direct electronic payment (E-Cash).

• International transactions more convenient because of the reason that the Internet alongside in accordance with general trends of deregulation removes geographic boundaries.

• Moving from one stop shop for buying products i.e. unbundled 'Banking Portfolio'.

Certainly some banks brick and mortar existing go bankrupt. But that's because they can not meet the challenge of Internet. The Internet and its underlying technologies change and transform not only banks, but all aspects of finance and trade. It depicts more than a booming allocation prospect. That will allow agile players to leverage their brick and mortar to improve customer satisfaction and gain market share. The sluggish group of actors who are strike with heritage outlay base, business will be obliged, as they are not able to play in the new context.

**Traditional Banking v / s Online Banking: -**

The main objective of the banks has been serving since its inception is to keep our money safe for us. Keeping our money safe, but also allow us to gain a certain amount of interest on currency put down with them. Internet banking is continuing the same function as traditional banking. The way transactions occur is the basic difference.
The client has to personally visit the bank for basic transactions in customary banking. Offers research, transfer of funds, cash withdrawals, etc. Bricks and mortar bank structure is essential for banking functions. Some online banks are also traditional banks offer online banking, while others are only online and show no substantial existence. Customary online banking allows clients to perform all regular transactions for eg.

- Requests for suspension of payment.
- balance inquiries,
- Bill payments, and
- Account transfers,

A system that allows an individual to conduct banking activities in the country through Internet. Some online banks are also traditional banks offer online banking, while others are only online and have no substantial existence. Online Banking through conventional banks allow clients to carry out all schedule transactions such as stop payment requests, bill payments, account transfers, and balance inquiries a few even proffer loan applications and cards online credit. Account information can be accessed at any time, and can be done from anywhere. Information is updated by few banks on day to day basis while others do it in real time.

Once the information has been entered, you do not have to reenter similar subsequent monitoring and prospect costs can be planned to happen mechanically. Numbers of banks allow transfer of files between your program and popular software packages accounting, with the purpose to simplify record keeping. There are pros and cons both. Setting up and being user friendly is not much difficult and time consuming.
In addition, some banks offer online banking only in a limited area. Additionally a request for a check around two weeks before the time of payment due has to be put in by the account holder but the bank can withdraw money from the account of the day the application is received, ie, two weeks interest has been lost by the person on that imbursement. Online banks only have some additional disadvantages: The holder is suppose to mail the deposits with some other services offered by traditional banks are difficult or impossible to online-only banks to offer, travelers checks and cashier's checks. Banks Online Banking seen as a influential "worth supplementary" instrument to magnetize and preserve new clients simultaneously working on to abolish pricey manuscript handling and ATMs interactions in an increasingly competitive environment.

Online banking allows people to access all your account through a bank website created by insurance. Depending on the services selected, a client may simply be able to see the daily activity of all accounts with a bank. Another useful service serves people transfer funds, either between electronic transactions or accounts. Numerous online financial institutions permit clients to pay their bills online, usually even for a small transaction. To register, you must visit a local bank branch and complete the necessary documentation. Further, they will be given a user ID number and pin, allowing access to the website of the bank. Internet banking involves the use of Internet for delivery of banking products and services. In other words, a solution for Internet Banking successfully provides:

- exceptional rates of savings, CDs and IRAs,
- Checking with no monthly fee, payment of bills and discounts,
- 24-hour access to account,
- Credit cards with low rates,
• quality customer service with personal attention.

• Easy online applications for all accounts, including personal loans and mortgages,

**Models of E-Banking: -**

IT has become such an essential ingredient in the banking sector in this changing scenario, extending worldwide and technology has given birth to a new era in banking. The technology may be the key differentiator between two banks and an important factor to achieve competitive advantage. Though slow to start, Indian banks seem paced in the adoption of advanced technology. Technological systems of Indian banks have valued more advanced than China and Russia; on par with Japan, but less advanced than that of Singapore, UK and USA .. To effectively implement E-Banking and increase the level of technology have suggested the following models: -

- Complete Centralized Solution (CCS);

- focus group; and

- High Technology Bank within the Bank.

1. **Complete Centralized Solution (CCS): -** This is a network model ideal Banking branches on which activities can be implemented uniformly and efficiently. Within this framework, the bank would offer the web server and the software necessary to connect to the master server. Once the necessary hardware and software are located in customers can access the web server for basic banking transactions using any standard browser at any location.

**Feature CAC**

The following are the characteristics of the complete centralized solution: -
• The entire system software, the entire data of bank etc. are stored in a centralized server with the hot reservoir to be placed in a different place and connected via the high-speed and efficient server.

• The branches nodes are provided online to receive customer requests and provide services across the counter.

• The nodes under remote twigs are associated all the way through effectual protectorate links with sufficient redundancy for reliability, as well as adequate bandwidth.

• It requires skilled labor only in the centralized location.

II. Focus Groups: - Under this model, each city computerized branches are connected to the regional processor located in each of the city which then connects despite trusted medium to a federal high-end server. For this endeavor, it's necessary that an incorporated mechanization is accessible in all branches so that the connectivity between different branches can be established through Regional cluster. Most of the branches are computerized and then seamlessly through the Red

III. Ribera Alta technology within the Bank: - Under this model, the absolute automation of all branches in highly evaded.

Two vivid types of bank work within operating concurrently, viz., High-tech Shore provide electronic banking facilities through certain traditional bank branches and offering customary services in the course of additional branches. This advance allows the bank to play a balancing role in providing state of the art services to increasingly demanding customers in major cities while continuing to offer personalized services to traditional customers masses dominate the banking scene.
Features

The following are the high-tech features within the Bank Bank: -

• Out of the entire network of bank branches, only certain branches of providing Electronic Banking depending on customer requirements are selected, the business potential, infrastructure facilities available, etc.

Electronic delivery channels: -

Banking through traditional distribution channels branch networks are declining and customers can now do banking business the comfortable confines of their homes using most modern electronic distribution channels. Banks are able to offer their products at lower cost than traditional networks branches laden with expensive staff. The information technology has allowed banks to increase the range of products also and market more efficiently. The popular electronic distribution channels are: -

- ATMs;
- Smart cards;
- Tele Banking; and
- Internet Banking.

Types of Online Banking

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

Informational: - This is the basic level of Internet Banking. Typically, the bank has marketing information about the bank's 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 the risk to a bank is relatively low, the server or Web site may be vulnerable to alteration. Appropriate controls therefore must be in place to prevent unauthorized alterations to the bank's server or Web site.

**Communicative** - This type of Internet Banking System allows some interaction between the bank's systems and the customer. The interaction may be limited to electronic-mails; account inquiry, loan applications, or static file updates (name and address changes). 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.

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

**Electronic Delivery Channels**

Banking activities through the traditional delivery channels of branch networks are on the decline and customers can now do banking business from the comfortable confines of their homes using most modern electronic delivery channels. Banks are able to deliver their products more cheaply than the traditional branch networks loaded with expensive staff. The Information Technology has enabled banks to
increase the range of products also and market them more efficiently. The popular
electronic delivery channels are ATMs Smart Cards Tele Banking; and Internet
Banking.

**ATMs:** - ATMs have become the order of the day in banking. Though they were
evolved as novel cash dispensers, now they have emerged as a tool to target the
masses. There are about 9500 off-site and on-site ATMs of many banks are nothing
but virtual branches, as customer can conduct any transactions, through the touch
screens. They are user friendly and they have mass acceptability. They can effectively
reach out a large customer base at low cost. Most banks are used to cross-sell other
products also so as to meet the varied requirements of customers. Banks have started
dispensing Railway tickets, Air tickets, Movie tickets etc. through ATMs. In future, a
bank's ATM would function like a kiosk delivering more on non cash transactions,
thereby reducing fixed and operating costs.

**Smart Cards:** - The smart card technology is also widely used by bankers to market
their products. Smart card, which is a chip based card, is of an electronic purse. It is a
micro chip which will store a monetary value. When a transaction is made using the
card, the value is debited and the balance comes down automatically. Once the
monetary value comes down to nil, the balance is to be restored all over again so that
the card becomes operational as usual. It is more secure that ATM, Debit and Credit
cards because card related frauds and crimes can not take place in a smart card It
provides communication security as it verifies whether the signature is genuine or not.
The card also recognizes different voices and compares with the recorded original
voice. It is used for making purchases without the necessity of requiring the
authorization of personal identification number as in a debit card. In fact, a smart card
is a truly powerful token which carries out all the functions of magnetic stripe cards like ATM cards, Credit and Debit cards etc.

**Tele-Banking:** - Tele-Banking is increasingly used as a delivery channel for marketing banking services. A customer can do entire non-cash related banking over the phone anywhere and at anytime. Automatic voice recorder or ID numbers are used for rendering Tele-Banking services which have added convenience to customers.

**Internet Banking:** - Internet has enabled banking at the click of a mouse. Internet Banking is all poised to emerge as the most profound channel in the near future. Internet Banking reduces banks operating expenses mainly due to savings on prohibitive estate costs and expensive staff salary. It is estimated that the cost per transaction in internet bank will be only one-tenth of a regular branch transactions Internet Banking is a platform for electronic delivery of banking services to the customers. In Internet Banking, customers of a bank with a PC and a browser can have accounts to his bank's website and thereafter perform various banking functions. Thus, he can avail of the bank's services from anywhere and at any time. It also means that there is no more need to travel to your nearest bank for basic services any longer. It's fast, safe and convenient.

**Facets of E-Banking**

E-Banking means the conduct of banking electronically. It calls for elimination of paper based transactions and radical change in the banking operations. E-banking will operate through internet, extranet and intranet. E-Banking is therefore banking on the information superhighways on the frontier of the internet. E-Banking must have at least the following dimensions.
Customers-to-bank E-Banking

Bank-to-bank E-Banking

Electronic Central Banking; and

Intranet procurement

Customers-to-bank E-Banking: - E-banking is basically Internet based. Banking products and services such as deposits, remittances, credit cards etc as well as all important banking information's can be made available with easy access to customers on Internet. Customers can make us of these services with no restricted office hours, no queues, no tellers and no waiting. Several networks innovations for-banking can be visualized such as smart card, Electronic Data Interchange etc. Of course, the banking operations have to be guarded against unauthorized access by intruders.

Bank-to-Bank E-Banking: - This form of online banking is for transacting inter-bank transactions such as money at call etc. This type of E-Banking is driving extranets, which is restricted to banks only. Hence it is well secured and unauthorized access is less.

Electronic Central Banking: -Under this E-central banking all banks within the purview of a central bank are interconnected on extranet to facilitate clearing of cheque, management of cash reserves, open market operations, discounting of bills etc. In fact, the central bank has to be connected with the government treasury on extranet to carry out its functions as an agent of the government. Again, the central banks on all countries can be inter linked with the I.M.F. World bank and other international financial institutions through extranets.
**Intranet Procurement:** - For the transactions that are internal to a bank, between the bank and its branches and subsidiaries, Intranet of banking are required. On the other hand, Extranet permits a bank to have full control over the users of intranet and the information to be transmitted.

**New marketing opportunities**

With the new advent of technology being expensive banks can use the new systems to do more than provide basic information and services. Banks also have the ability to sell insurance products and investment to get a better return on this investment. Telephone banking can bring financial services to the home or office, especially if they are affordable phones screen. By noting how the client expresses interest, the bank can sell the stock quotes and insurance quotes. Interactive videos are a new technology that banks can make available to the client to maintain personal contact, while still lowering the cost of service delivery. With an interactive video expert employee is required in each branch.

Complex insurance products life brokerage accounts opened illustrations custom products can be widely available when needed. Interactive videos will be cost effective experience .The Internet is a means to allow banks to offer products to customers outside normal customer base of a branch. Banks are aware of the need of client services and plan to make them available before other sources do.

The vast majority of Indian banks have set high standards of excellence for themselves in terms of technology, art facilities, and customer service and customer orientation with all facets of fully computerized operations. Banks also make extensive use of communication technology to offer banking services outside of facilities, including ATMs.
General conclusions

Customers are becoming not as much of authentic to their main bank, and are increasing the number of banks using. The proportion of customers planning to change banks has grown 70% since 2011, and dropout rates have increased in several major markets. The officials are the main Global, multi-bank increases as more customers are actively seeking the best prices and services. Clients are cautious of non-financial providers but banks have a potential threat of new competitors offering better rates, more personalized service, the strongest technology or more attractive rewards.

Customer advocacy and personal feedback is swiftly gaining power. Clients are more likely to seek banking advice and information from family and friends, but the reviews and opinions online are also gaining influence. Financial comparison websites are used by 65% of customers, financial advisors and encourage customers to take charge of their thoughts, research and decision making. Societal networks are increasingly important sources of information, and magnify bank customers' ability to act as influential advocates.

Improved online banking and mobile is identified as the second largest increase in customer satisfaction worldwide pilot. However, customers have not yet accepted the mobile banking as a distribution channel of trust. For this to change, banks have to make a number of improvements in the availability and quality of service.

Guest Rating of the most important areas for improvement is affected by age. Apart from the transparency of charges and interest rates, the three main areas of improvement vary by age of the customer.
Internet banking is now preferred customers to access account information in all
countries covered by the research. The sole authority of interaction with the banks lies
with the customers. The convenience and accessibility is the reason for the enormous
achievement of online banking. Internet banking is the mainly accepted channel for
customers performing simple transactions such as paying bills in most markets.

Banks should recover the initiative to give customers greater choice, convenience and
control in the rapidly changing surroundings. These necessitate further than aesthetic
changes; which means reshaping business models around customer needs.

Banks have to do their most innovative and compelling information and advice, self-
directed targeting customers and encouraging greater self-service The use of
technology is crucial for delivering lower costs, higher reliability, more flexibility and
customized products and services.

Indian banks have rapidly introduced innovative banking technologies and electronic
banking services in current years. Majority of the banks have invested in expanding
and improving IT systems and a succession of new electronic banking services have
been recently developed. For further future development all the banks have declared
e-commerce as one of the basic strategy.

Simultaneously, e Banking acceptance probably depends on the quality of banking
service, customer preferences and satisfaction. There has been significant success in
implementing electronic banking as agreed by Estonia.

In the current scenario e-business, e-commerce economic services business has
become significantly a necessary element of business approach and a vital channel for
economic development. India is yet left behind to reach the level of expected in the
global banking system as a third world developing country. So is our urgent need to update its banking system.

AT A GLANCE

ONLINE SERVICES PROVIDED BY SBI AND HDFC BANK

Online banking has been around for some time as ATM transactions and by telephone. "More recently, the Internet has become a new distribution channel for banking services that benefits both the customer and the bank. Access is fast, convenient and accessible at all times, regardless of the customer's location. In addition, banks can deliver services highly resourcefully additionally on substantially lower costs. "Electronic banking also makes it easier for clients to services and products of banks, can increase the completion of the banks, additionally permits it to infiltrate booming lucrative markets and expand its geographic reach. Some even see online banking as a prospect for underdeveloped countries with weak monetary systems leapfrog development. Customer in these countries can contact services very rapidly from banks outside his / her own country through wireless communication systems, which develop faster than traditional communication networks "wired".

With economic liberalization measures many companies of private and foreign banks were allowed to operate in the country. Favorable economic climate and a variety of other factors such as the demand for a wide range of financial products from various sectors of society led to the growth of mutual benefit to the banking sector and the economic growth process. This was agreed in the development of technology in banking. In the current scenario, all banks in India has the facility of Internet Banking. Recently, banks are expanding their presence in rural areas to attract more customers and show the advantages of making internet through education in the new system.
This gives countries throughout the population for the benefit of advancing technology. Today most Indian cities have banking service network and the Internet Banking facilities. A customer is entitled to operate your account from anywhere in the country. SBI Bank, Axis Bank, ICICI, HDFC Bank and Punjab National Bank are the main winners of the race. The first online banking services based on Internet were provided by Stanford Federal Credit Union (SFCU) in October 1994.

Regrettably nationalized banks have been not able to progress as quickly as many of the private sector banks including MNC. Resulting, there may be a mixture of automated and manual systems, with two parallel systems and applications using half-baked created by the smaller vendors that run on certain departments. This creates a chaotic scene. Network management is a nightmare, legacy systems can be bent at any time, new users and locations are still coming, and there are also security issues and consolidation.

This is a typical situation in a nationalized bank usual: -

- A large network of branches nationwide fast growing,
- The lack of connectivity in remote locations,
- There is a significant customer base growing fast,
- 75-80 percent of automation in the main branches with less automation in remote towns and smaller branches,
- Lots of old equipment that does not integrate well with other systems,
- Inefficient and obsolete applications in some departments that are not flexible and do not assimilate glowing with rest of the applications,
• Sluggish to transform an Indian client used to deal with a human teller mentality.

Banks that infrastructure and the number of branches across the country once-enable Web is an almost impossible mission. Furthermore each of the challenges can be conquered with good planning, execution stages and plenty of grain by CIOs.

Internet Banking starts from the migration of existing network products. This initially began with simple functions such as information on interest rates, checking account balances and calculating eligibility. Then spread services to pay bills online, transfer funds between accounts and cash management Services Company. Banks began recently established payment gateways for B2B and B2C transactions. This is to facilitate the payment of e-commerce transactions by debiting bank account or via credit card. Banks can earn a commission based income on the transaction value or sale resulting in higher other income. This could be more of the income that can be generated by transactions with credit cards.

Internet banking is the new method of banking using new technologies available in the world today. Instead of having to travel to a local branch of our bank, the Internet allows us to make a variety of useful things with our accounts. It can be accessed from anywhere you have a computer with Internet, and of course, unlike bank branch network is open 24 hours a day, 7 days a week. The online services available vary from bank to bank. Most general services in all banking websites, but larger banks contain more control over our money. These are some of the things that are possible:

• See our account balances,

• Pay bills (with the help of programs like 'B-Pay '),
• View transaction logs,
• Transfer money to accounts linked to the same bank,
• Transfer money to accounts unrelated specially selected,
• Request checkbook topic
• Order printed opinions payment
• share trading Demat account and payment for shares,
• Check interest in our accounts,
• Send money abroad,
• Change our data,
• New accounts opened,
• Get advice on the management of funds.

These are not all the services available, as each bank is different and the competitive nature of the banks that are always offering new features to attract investors. These features are open to both individuals and businesses (businesses have some options). The fact that online banking is done via the Internet means that safety and security is a big issue. Whenever you can use electronic devices such as credit cards, cell phones, Internet, even signing a competition our data is being recorded. A new science called biometrics will be able to identify people with retinal scans, fingerprints, voice or DNA samples. While it certainly will not be too limited - that is why there is a fear of moving to a / Internet era of electronic banking.

Then there are the obvious reasons why net banking is becoming popular and banks are increasingly aware online - It's much easier to be able to access the accounts from literally anywhere in the world at any time finding a bank branch and access it during
normal business hours. The whole process is also much faster than the physically talk to a teller and wait for the service to be processed. It is the upcoming age of banking in India. Majority private and multinational banks have already set up an Internet banking infrastructure elaborate. And this exercise has provided numerous benefits:

- Ability to introduce new products and services quickly and successfully,
- Increased reach customers,
- Clients have access to information easily through any location,
- Ability to understand the needs of their customers,
- Increased customer loyalty.
- Faster time to market,

The multi-national banks and private sector in India have been very successful in creating services of Internet banking. The major reason is these banks mainly had a automated robust banking environment in which they could build the infrastructure of the Internet banking. Most multinational banks already have efficient infrastructure Internet banking operating in other countries that could be emulated in India. And private banks, which are relatively young, they had to carry the burden of legacy systems. Limited to invest in solutions Internet banking best of its kind since the beginning.

All things to do for a cashier to do on the website of our bank and there is plenty of help and tutorials to help, and so far the services listed in the first question, but there will be many advances in the new technology when banks start to cross over to electronic methods and begin to compete for customers online.
To start first to use net banking service our local bank, we must first have access (preferably regular access) to a computer with Internet access. When we go online we direct your browser to the website of our bank (must consult with our bank what the website is).

Most banks will have a great relationship with the banking network or use the search feature to find it. There is a short process involved to receive a username and password for Online Banking - follow the instructions on the screen; usually involves a phone call to 3 business days to send data online with us.

Once you've logged into main area of our bank account will be several options available to us - an exhibition of these were covered near the beginning of the document. These options will be subject to various fields such links, simply click on them to take us to the list of available functions.

Despite making our Internet banking is something of a security problem is obviously much easier and faster than talking with our local ATMs and bank branches. You are using the new and advanced technology, which is rapidly evolving meaning that this method of banking will accelerate faster in the coming years.

Banking has become an important and fast growing global economic exchange component. Through online banking world economic exchange has been reduced to a small global village in terms of its capacity of information and holding no sources that can be accessed by anyone from anywhere in the world through the use of a medium ecommerce namely the Internet and some other electronic devices.
Promoting technology Online Banking allowed banks to improve their operations with reduced costs effectively and efficiently to manage daily banking transactions through Online Banking channel. Customers are being facilitated by reducing their views in banks and they can carry out their transactions through Internet or ATM machines instead of personally visiting the branches.

1. State Bank of India

In 1921, the Imperial Bank of India, the forerunner of the State Bank of India, was formed as a result of the merger of the Bank of Bengal and two other banks of the Presidency, namely the Bank of Madras and Bombay Bank. In 1955, was abolished by Act of Parliament, which gave its assets and operations to a new entity called the State Bank of India. As the government wanted more control over lending, 14 largest commercial banks in India was nationalized in 1969. The SBI has a sense of social responsibility and caters to various sectors of society.

State Bank of India is known to be the major banking and pecuniary corporation owned utilities in India. SBI offers a range of banking products through its extensive branch network in India and abroad, including products for NRIs. The State Bank Group, with over 16,000 branches, has the largest network of bank branches in India. It has a market share between commercial banks in India about 20% in deposits and advances, and SBI accounts for almost a fifth of the loans in the nation. SBI has five associate banks; all use the same blue circle logo and all associated use the "State
Bank” name followed by the name of the regional headquarters. SBI subsidiary banks include: -

- State Bank of Indore: - The State Bank of Indore was initially known as the Bank of Indore Ltd. from January 1, 1962, the bank became a subsidiary of the State Bank and, therefore, was derived your name. Indeed, by the end of March 2009, the bank has accumulated a turnover of `50,000 crore. The bank aims to provide quality services to their customers for uncompromising levels of dedication and devotion.

- State Bank of Bikaner and Jaipur: - State Bank of Bikaner and Jaipur (SBBJ) is considered to be one of the foremost banks in India, with over 860 branches across the country, chiefly in the Rajasthan state. A connected bank State Bank of India, SBBJ is having its major operational area in Rajasthan, though, also covers all major business centers in the country. State Bank of Bikaner and Jaipur entered the capital market with an initial public offering of 13, 60,000 shares (440 per share).

- State Bank of Hyderabad: - State Bank of Hyderabad was constituted as Hyderabad State Bank on August 8, 1941 under the laws of the State Bank of Hyderabad, 1941. He served as the central bank of the former State of Hyderabad, covering current Telangana region of Andhra Pradesh, Hyderabad-Karnataka Karnataka and Maharashtra Marathwada. His duties include managing the currency - Osmania Sikka and public debt, leaving aside the usual functions of commercial banks. Gunfoundry in Hyderabad saw the first branch of the bank on April 5, 1942.
- State Bank of Mysore: - State Bank of Mysore (SBM) is a connected bank State Bank of India, offering a range of monetary products and services to its clients nationwide. Founded in 1913 under the patronage of the Government of Mysore and Mysore Bank Ltd, State Bank of Mysore became a partner of SBI SBI holding in March 1960 with 92.33% of the shares. The State Bank of Mysore has its listed shares on several relations like Bangalore, Mumbai, and Chennai.

- State Bank of Patiala: - State Bank of Patiala (SBP) is an Indian nationalized bank that is a subsidiary of State Bank of India. Founded in 1917 by the then Maharaja Bhupinder Singh HH, former Patiala, the bank was initially named Patiala State Bank. He was appointed as the State Bank of Patiala later became a subsidiary of SBI. The bank was created with the sole aim to nurture the growth of agriculture, commerce and industry. In 1948, the bank was placed under the control of the Reserve Bank of India or RBI. Since its establishment, the State Bank of Patiala has been constantly working to increase its size and turnover.

- State Bank of Travancore: - State Bank of Travancore (SBT), one of the leading banks in India, is a ancillary of State Bank of India. It offers a wide range of banking products with a particular center of attention on the state of Kerala and its community; State Bank of Travancore is operational with highly computerized Core Banking Solutions (CBS). SBT has a widespread set-up of 727 branches multiply throughout the country. Among them, 584 branches are in the state of Kerala. State Bank of Travancore evidenced a business of Rs 66.644 million ‘in the last year, of which 8.755 million came from rupias’ NRI business.
Apart from its five associate banks, SBI also has the following non-bank subsidiaries:

- SBI Funds Management Pvt. Ltd.
- OSE DFHI Ltd.
- SBI Cards & Payments Services Pvt. Ltd. (SBICPSL).
- SBI Factors and Commercial Services Pvt. Ltd.
- SBI Capital Markets Ltd.

The State Bank of India is the 29th most reputable company in the world by Forbes magazine. SBI is also the only bank to get featured in coveted 'top 10 brands in India' list in an annual survey conducted by Brand Finance and The Economic Times in 2010. State Bank of India is the largest of the four big banks India, along with ICICI Bank, Punjab National Bank and Canara Bank - its main competitors. SBI offers a wide range of banking products and services to corporate and retail customers. The icon of the State Bank of India is a circle and no key gap and a tiny man at the dmidpoint of the circle. A circle represents perfection and the common man to be the center of business and the bank's slogan - "nothing banking pure thing". The products and services provided by the OSE in various fields are: -

- Banking,
- NRI services,
- International Banking,
- Corporate Banking,
- Banca Agricola,
- International Banking.
SBI was allowed to dominate the banking sector in India for over two decades. In early 1990, the Indian government initiated a sequence of modifications intended for deregulating the finance and banking industry. OSE is now forced to rely on themselves for the appearance of a innovative signal of eager to enter the commercial banking sector to the rapid growth of the Indian economy competitors. Therefore, OSE began addressing the technological gap between itself and its foreign competitors backed. In the 1990s, SBI had yet to establish a network of ATMs; in fact, there was not even its information system. SBI responded by launching an ambitious campaign technology, deploying its own ATM network, then teaming with GE Capital to launch its own credit card. In the 2000s, the bank began crossing its banking network with its network of ATMs and Internet and telephone access, deployment of "anytime, anywhere" banking access. For 2002, the bank had managed networking of its 3,000 highly profit making branches.

The accomplishment of new technology favored the bank to attain magnificent gains in profits in the first years of the new century. SBI also approved new human resources and retirement policies. In early 2004, OSE seemed well on his way to meet the challenges offered by the banking sector deregulated India. State Bank of India, with its 200 years of service to the nation embodies the confidence, trust and integrity. SBI has always woven these values in their relationship with customers.

**SBI Online Banking:** -

The State Bank of India or SBI is not only one of the most famous banks in India, but the one of the largest banks in Asia. SBI and other banks have introduced online banking services to facilitate your customer. The State Bank of India offers a bouquet
of the best financial solutions and insurance, in addition to its wide range of banking products. Online banking solutions have made life much simpler. This feature gives you the power to perform all your financial transactions from the comfort of your home. This feature allows you to make payments to your credit card SBI debit your account OSE. SBI Online is the Internet Banking portal of State Bank of India. The portal provides anywhere, anytime, online access to accounts of retail and corporate customers of the Bank State. The infrastructure supports unified and secure access to banking accounts in more than 13,000 branches across India.

www.onlinesbi.com, Internet Banking portal SBI Bank, allows its retail banking customers to operate their accounts from anywhere at any time, eliminating the restrictions imposed by geography and time. It is a platform that allows customers to conduct their banking from your desktop, aided by the power and convenience of the Internet. Internet banking is another effort to add value to the relationship. Installing Internet banking offers convenience of its customers 24X7 banking. Banks worldwide have moved to Internet customers with huge gains in efficiency and quality of service. The application of retail banking is an integration of several functional areas and allows customers: -

- Demand Drafts emission online
- Transfer funds to own and third party accounts
- Credit beneficiary accounts by using the RTGS / NEFT
- Generate statements
- Permanent installation instructions
- Configure profile settings
- Using e-tax to pay taxes online
- Using e-Pay for automatic bill payments
Interface with traders to train reservations and airline
Availability and services DEMAT OPI
Invoice for Visa credit card issued by any bank.

Applying online corporate banking OSE provides features for administering and managing corporate accounts online. The business module provides functions such as regulatory, administrative, to boot, Transaction Coffee, approver, and Auditor. These roles have access to the following functions:

- Managing users, define the rights and rules on corporate transaction accounts,
- Access accounts in several branches with a single login mechanism,
- Upload files for bulk operations to third parties, suppliers, vendors and tax collection authorities,
- Using transactional online features, such as transferring funds to own accounts, payments to third parties (both inter- and intra-bank), and project topics,
- Make bill payments over the Internet,
- Authorize, modify, reschedule and cancel operations, based on the rights assigned to the user,
- Generate statement,
- Ask about details of the transaction or the current balance.

For State Bank of India, the number of transactions using Internet banking has increased by 180.04%, while the number has soared by 105.50% within January 2010 to August 2011. However, between January 2011-August 2011, the number of banking transactions on the Internet has increased by 43.42% and the amount transferred witnessed a 24.31% increase. The average amount per transaction stood at Rs 703.21.
Some observations:

• As in August 2011, the total number of Internet banking transactions stood at 200.07 lacquers, while the amount transferred was at Rs 115,135.71 crore.

• March 2011 is Rs 163,260.08 crore in the transaction - the maximum while in April 2010 was Rs 47,916.77 crore in the transaction - the lowest in the given time period.

• From January 2011 to August 2011, the average amount per transaction stood at Rs 663.53.

**State Bank of India: Internet Banking**

It has been evident that the frequency of operation of SBI Bank Internet Banking is continuously increasing. Means that customers of SBI Bank now have faith in internet banking because of the reliability of Internet connectivity and guaranteed online banking services. Probably the amount that has been processed through Internet banking is also increasing rapidly due to the need for customers to save their time in banking transactions and benefit from the OBS as 24/7 service, cost effectiveness, geographical convenience, etc.

**Services offered:**

SBI Online is an alternative channel for clients and offers majority of the services accessible at branches. Financial markets, such as funds transfers, payments to third parties and bill payments, opening bank accounts, account closure loans, partial loan payments, transactions and issuing PPF demand draft services can be made through of this service. Non-financial services such as account information view, the request for checkbook, issuance of permanent and similar instructions are enabled through this
channel. The use of Internet banking services, the client can perform the following normal online banking:

- Transfer funds between own accounts: - Do it anytime and anywhere - it within SBI Bank accounts to another bank account or even your brokerage account. We may transfer funds within OSE accounts through Internet and Mobile Banking, Telephone Banking and / or ATM / ATM Plus. To transfer funds to other bank accounts we can use Internet Banking and / or telephone banking. It's simple, fast and uncomplicated.

- Transfers from third to accounts held at any branch of SBI: - Refers to fund transfers to another account different from our account in the same bank. State Bank of India has finally released a long-awaited feature for its online banking customers: - third transfer. Previous reviewers could only transfer funds between branches of SBI SBI group using online, but now we will be able to transfer funds to any bank: ICICI Bank of Baroda and Punjab National Bank. Now we can transfer funds to any branch of any bank participating in the NEFT network RBI.

- Transfers to the group accounts in the State Bank Group: - Transfer Group is a special service that allows us OSE transfer funds between all branches of State Bank Group. Under normal circumstances the beneficiary bank branch receives the funds in real time as soon as funds are transferred by the remitting bank.

- Transfers between bank accounts with other banks: - Relating to, or connecting two or more banks: between bank loans; a network of inter bank ATMs.

- Existing online instructions periodic transfer of the above: - The Standing Instructions have regularly scheduled payments facilitates the transfer of funds, third-party payment, and RTGS / NEFT / State Bank Group transactions. We can register
instructions in force in our savings and checking accounts. We can register several standing instructions to different accounts at different frequencies. We will receive an SMS when an instruction stand and debit our account runs.

- Credit PPF accounts through the branches: - PPF account is transferable across any bank branch or head office free of charge and, therefore, will not lose any amount on account of this transfer. PPF transfer is possible from a Bank branch post office and a post office to the branch. However, it is not possible to transfer from one individual to another. Most people want to open their accounts with the bank PPF increased confidence in India, which is the State Bank of India. The biggest advantage of the opening of the PPF account with SBI is the online transaction service that we can use to deposit in our PPF account online and not have to run to the branch from time to time.

- Request for Issuance of Demand Draft: - Among the many Online Banking Services Demand Draft OSE includes online application with SBI. If you log on the website of onlinesbi.com would be able to issue demand draft online. We will have two options- if we issue online demand draft request OSE then have the option to collect the demand draft SBI branch of your choice. If you do not want to visit the bank, then have the option to give our mandate to take the project to the application by mail to the recipient.

- Application for opening new accounts: - Accounts can be opened by individuals, firms of society, companies, charities, trusts or any other organization formed in the legal framework through SBI Banking without visiting branch.

- Request for closure of loan accounts: - Always have the online option for closing a loan report. This process is finished at the closing stages of the tenancy, or before the
specified tenure if we have an alternative source of funds. The closing of the loan account is roughly equally as significant as the opening thereof.