Online Banking: Benefits and Related Issues

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Abstract

The World Wide Web has permeated virtually every aspect of modern life. If you have access to a computer with an Internet connection, an almost limitless amount of goods, services and entertainment choices are at your fingertips. Online banking is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred as Internet banking, e-banking, virtual banking and by other terms.

Key Words: E-Banking, Information Technology, Customer Satisfaction

Introduction

To access a financial institution's online banking facility, a customer with Internet access would need to register with the institution for the service, and set up some password (under various names) for customer verification. The password for online banking is normally not the same as for telephone banking. Financial institutions now routinely allocate customers numbers (also under various names), whether or not customers have indicated an intention to access their online banking facility. Customers' numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. The customer can link to the customer number any account which the customer controls, which may be cheque, savings, loan, credit card and other accounts. Customer numbers will also not be the same as any debit or credit card issued by the financial institution to the customer. E-banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), kiosk, or Touch Tone telephone. While the risks and controls are similar for the various e-banking access channels, this booklet focuses specifically on Internet-based
services due to the Internet's widely accessible public network. To access online banking, a
customer would go to the financial institution's secured website, and enter the online banking
facility using the customer number and password previously setup. Some financial
institutions have set up additional security steps for access to online banking, but there is no
consistency to the approach adopted.

**Objectives of the Study**

1. The primary objective of the research paper is to get the full acquaintance of the internet
banking and its benefits.

2. To know the challenges in Online banking.

**Features Of Online banking are:**

- A bank customer can perform non-transactional tasks through online banking, including -
  - viewing account balances
  - viewing recent transactions
  - Downloading bank statements, for example in PDF format
  - viewing images of paid cheques
  - ordering cheque books
  - Downloading periodic account statements
  - Downloading applications for M-banking, E-banking etc.
- Bank customers can transact banking tasks through online banking, including -
  - Funds transfers between the customer's linked accounts
  - Paying third parties, including bill payments (see, e.g., BPAY) and third
t  - party fund transfers(see, e.g., FAST)
  - Investment purchase or sale
  - Loan applications and transactions, such as repayments of enrollments
  - Credit card applications
  - Register utility billers and make bill payments
- Financial institution administration
- Management of multiple users having varying levels of authority
- Transaction approval process
- the process of banking has become much faster

Various Online Services

Online banking account is easy to open and operate. The online services offered might differ from bank to bank, and from country to country. To know about the various services, always go through the welcome kit that you get at the time of opening the account. You also get the password to access your online account, which you are supposed to keep with great care for security reasons.

The common online services offered by banks are:

- **Transactional activities** like funds transfer, bill pay, loan applications and transactions.
- **Non-transactional activities** like request for cheque book, stop payment, online statements, updating your contact information.

Advantages Of Online banking

- Most plans allow customers to perform all routine transactions, such as account transfers, balance inquiries, bill payments, and stop-payment requests… everything but withdrawing cash (at least for now). Some even let you apply for a loan or a credit card online.
- It’s very easy to set up an account. With most plans, you can do this totally online, avoiding all paperwork.
- We can access our account information anytime, day or night, and we can do it from anywhere. A few online banks update information in real-time, while others do it daily.
- Once information has been entered, it doesn’t need to be re-entered for similar subsequent checks, and you can even schedule future payments to occur automatically.
- Many banks allow for file transfer between their program and popular accounting software packages, making record-keeping a breeze.
The fees tend to be about the same as with a typical checking account, but it works out to be cheaper since you don’t have to pay for the stamps. As online banking continues to gain in popularity, the fees should diminish, since the banks will be able to pass to their customers the money they’d otherwise be spending on real estate and tellers.

Issues Of Online banking

- Customer service can be below the quality that you're used to. Some people simply take comfort in being able to talk to another human being face-to-face if they experience a problem. Although most major banks employ a dedicated customer service department specifically for online users, going through the dreaded telephone menu can still be quite irritating to many. Again, some are considerably better (or worse) than others.

- Not all online transactions are immediate. Online banking is subject to the same business-day parameters as traditional banking. Therefore, printing out and keeping receipts is still very important, even when banking online.

- There are many complex transactions which cannot be sorted out unless there is a face to face discussion with the manager that is not possible through internet banking. Solving specific issues and complaints requires physical visit to the bank and cannot be achieved through the internet. Online communication is neither clear nor pin pointed to help resolve many complex service issues. Certain services such as the notarization and bank signature guarantee cannot be accomplished online.

- Security is the biggest pitfall of the internet banking scheme which needs to be guarded against by the common customer. Despite the host of sophisticated encryption software is designed to protect your account there is always a scope of hacking by smart elements in the cyber world. Hacker attacks, phishing, malware and other unauthorized activity are not uncommon on the net. Identity theft is yet another area of grave concern for those who rely exclusively on internet banking. Most banks have made it mandatory to display scanned copies
of cleared checks online to prevent identity theft. It is essential to check bank's security policies and protections while opening an account and commencing the usage of online banking facilities.

**Conclusion : The Online Banking** Banking has fundamentally changed the business of banking by scaling borders and bringing about new opportunities. It must be noted that online banking provides many benefits to customers but it also aggravates traditional banking risks. One of the benefits that banks experience when using online banking is customer satisfaction. This is due to the fact that the customers may access their accounts whenever, from anywhere, and they get involved more with the banks. The banks should provide more facilities and convenience to the customers. But online banking is difficult and banks should take all steps and measures to make online transactions more safe and secure for the customers.

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