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INFORMATION TECHNOLOGY, CHALLENGES IN E-BANKING STRATEGY

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Abstract

E-Banking means Electronic Banking is now days becoming popular because of its ease of use. The Government of India has introduced the Information Technology Act 2000 on October 17, 2000. This Act provides legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication. Reserve Bank of India is also supporting the electronic means of communication. Although most of the people are not willing to adopt the E-banking and E-Finance in place of traditional paper based transactions. The reason for this is the security issues and challenges they have faced in E-Banking Strategy.

Key words: Government Of India, Reserve Bank Of India, E-Banking, E-Finance, Information Technology

Introduction

E-Banking is a method of banking in which the customers conduct transactions electronically via the Internet. Through E-Banking a customer can access his account and conduct many transactions using his computer or mobile phone. It has many advantages like it saves time, reduces paper work, reduces transportation charges etc. Although it has advantages still in rural areas it could not be adopted by the customers they prefer the traditional offline method itself as it has many challenges too for adopting the strategy.

Types of E-Banking Services

The following are the E-Banking Services provided by the banks for their customers.

- Automated Teller Machine (ATMs)
- Mobile Banking
- Internet banking
- Telebanking
- Smart Cards
- Electronic Fund Transfer
- Electronic Clearing System
- Doorstep Banking

Challenges and Issues in E-Banking

Because of the following challenges the banks in India are facing problems to reach their customers through E-Banking Strategy.

1. Security Problem: This is the very big challenge that the customers are facing now days to adopt the E-Banking in place of Traditional Method. As we are finding the cyber crimes related to E-Banking are increasing day by day. Some cyber criminals are earning their bread and butter by robbing our hard earned money through some of E-Banking services like Smart Cards, Mobile Banking, Internet Banking etc. Some of the major cyber crimes regarding e-banking are ATM Skimmers, Cloning, Phishing, Credit card redirection etc.

2. Habit: Their lives are centered around being paid in cash and conducting their own purchasing with cash only. It is the traditional way that business is done in many areas and domains. There is simply no need to change as far as those that always transact in cash are concerned. Dutifully they carry their cash and believe they are safe and in control at all times. Blissfully unaware of the digital payments revolution going on around them.

3. Customer Awareness: Awareness among consumers about the e-banking facilities and procedures

is still at lower side in Indian scenario. Banks are not able to disseminate proper information about the use, benefits and facility of e-banking. Less awareness of new technologies and their benefits is among one of the most ranked barrier in the development of e-banking. Most of the senior citizens are still not willing to opt for e-banking because of their lack of knowledge about e-banking.

4. Privacy risk: The risk of disclosing private information & fear of identity theft is one of the major factors that inhibit the consumers while opting for internet banking services. Most of the consumers believe that using online banking services make them vulnerable to identity theft. According to the study consumers' worry about their privacy and feel that bank may invade their privacy by utilizing their information for marketing and other secondary purposes without consent of consumers.

4. Implementation of global technology: There is a need to have an adequate level of infrastructure and human capacity building before the developing countries can adopt global technology for their local requirements. In developing countries, many consumers either do not trust or do not access to the necessary infrastructure to be able to process e-payments.

5. Transaction Difficulty: It can be significantly more difficult and time consuming to deposit or withdraw money from an online bank. Not only do online banks often have fewer ATM's than their traditional counterparts, but it also can simply take longer amounts of time for deposits to be processed and put into a bank account. For example, it takes roughly 3-5 days for deposits to show up in accounts for PayPal, one of the largest online banks. This is an issue that online banking marketers will most likely struggle with, until online banks speed up their transaction times.

6. Technical Issues: Because online banks rely so heavily on their online platforms, this means that they can generate substantial losses if their systems crash or if there are bugs in their code. A single technical issue that causes a bank to be down for a day could cost the bank millions in losses. It can also wreak havoc for the bank customers who may not be able to make payments or conduct transactions during the time that the site is down. 54 percent of consumers now use a mobile banking app. So, it is key not just for banks to have their online platforms running smoothly, but also, their mobile apps. A loss of funds or data due to a crash is something that can be very worrisome for bank customers. So, marketers should prioritize alleviating this worry by explaining how account funds will not be lost if technical issues occur.

7. Quality of Infrastructure: Quality of the internet connection is seen to be an essential component of any internet-based application. We can agree that internet access as one of the factors affecting the adoption of Internet Banking. Without a proper internet connection the use of electronic banking is not possible. But still in some rural areas we cannot access the internet properly. Because of this the customers in the rural areas are not opting for e-banking.

8. Demographic Challenges: The senior citizens are lagging behind in using the mobile banking because of their lack of knowledge in Technology. But the younger minds always prefer for online banking. India has 18 official languages which are spoken across the country. The state governments also are dictated to correspond in their regional language for official purposes. Additionally, two-thirds of the population in India is illiterate, creating difficulties in deployment of mobile banking solutions. For a pan-Indian mobile banking solution, this will be cumbersome to overcome.

9. Cost Effectiveness: Cost effectiveness is another important factor in the transition to the employment of

online banking services; lower price for banking service and lower cost for internet access leads to adopting IB service. Generally customer are comparing new services with old one if they realized that the new service is more cost effective than old service they adopt new service.

Conclusion

RBI and the Government of India are encouraging the E-Banking strategy among customers as they cannot open the physical branches in small villages. So the banks are trying to provide e-banking channels to provide the services. But the adoption of e-banking services has some challenges like age, gender and educational level, ethnic background, area of residence, customer education and

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awareness, internet accessibility, awareness, attitude towards change, ease of use and convenience, lack of internet confidence, inadequate knowledge and support, service quality, cost effectiveness. Although it has the challenges the banks are stepping towards the digital banking successfully. If the banks think over those challenges they may succeed in achieving the objectives of fi-banking strategy.

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