

## ELECTRONIC BANKING SERVICES: INDIAN SECENARIO

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### **ABSTRACT**

*Today most of the banking happens online i.e. banks are in your pockets. Banking services are accessible 24x7 now a day. We are using electronic banking for our day to day transactions. Electronic banking is used by common man as well as by established businessmen. It is getting popularity in urban and rural areas. The credit of this revolution goes to new innovative products which are attracting each and every man towards it. Banks are operating in a highly competitive environment. In order to survive in this ever -changing environment, banks need to be technically strong. Indian banking industry is incredible, which is serving the world's second largest populated country. Electronic banking is an innovative product that leads to the development of the entire country. The objective of the present study is to analyze the current electronic banking scenario of our country. The study is secondary based and analytical in nature. The progress of e-banking services is measured through various parameters such as Automated Teller Machines, POS, Debit cards, and credit cards. The study concludes that e-banking has become the preferred mode of banking. It will grow continuously in future and the whole nation will taste the benefits of this sweet fruit.*

**KEYWORDS:** *Incredible, Online, Electronic Banking, Populated and Indian Banking*

### **INTRODUCTION**

Electronic banking means doing banking transactions electronically by use of computers and telecommunications. Here banking transactions are done electronically rather than through human interaction. Its features include electronic funds transfer for retail purchases and bill payments etc. Most of the banks offer banking at home, whereby a person equipped with a personal computer and internet can make transactions at home, by accessing a Web site. Electronic banking has tremendously reduced the physical transfer of paper money from one person to another. Money transfer is very easy now. Transaction handling charge has been reduced. Cash management is done through electronic media. Banks today reach their customers through ATMs, POS, Mobile Banking, Internet banking etc. Customers visit occasionally to the branches; therefore, human intervention and their chances of wrongdoing are avoided resulting in the reduction in the transaction cost to a greater extent. There are many electronic banking products available in the market. Few are mentioned below:

### **ATM**

ATM stands for Automated Teller Machine. It is designed to perform the most important banking functions by using plastic cards. It is available 24 hours and 365 days. These are used for cash withdrawal, PIN change, Statement generation, transfer to other accounts and payment of bills etc. Indian banks have ATM in India as well as in other parts of the world. ATM has firstly seen in England in 1967, courtesy Barclays Bank. In India, Hong Kong and

Shanghai Bank were to pioneer the machine a couple of decades later. National Financial Switch is facilitating interbank ATM transactions in India.

## **INTERNET BANKING**

In today's demanding world, we need instant and easy banking solutions for a better lifestyle. Internet banking service that gives us complete control over our bank accounts online. Internet banking is an innovative banking product which is growing day by day. Now use of banking services from the comfort of our home or office, from around India or around the world. It offers anywhere and anytime banking. For cooperative banks view the only facility is available in Internet Banking.

## **MOBILE BANKING**

Mobile banking is service provided by a bank that allows its customers to conduct financial transactions remotely using a mobile device. It is 24X7 available. Transactions through mobile banking may include obtaining account balances and lists of latest transactions, bill payments, and funds transfers between a customers or another accounts.

## **DEBIT CARD**

Debit cards offer the convenience of banking transactions. Through Debit card one can draw money directly from one's account. One must have a PIN to use with the debit card. Debit card eliminates the need to carry the cash. Money can be drawn from stores or ATMs. Unlike credit cards, these do not allow the user to go into debt, except for small negative balances if overdraft permitted. Debit cards usually have daily purchase and withdrawal limits. RuPay is the first-of-its-kind domestic Debit and Credit Card payment network of India, managed by NPCI with wide acceptance at ATMs, POS devices and e-commerce websites across India.

## **CREDIT CARD**

This is a credit to the customer. Unlike debit card, your account need not carry the credit balance. The credit limits sanctioned to a cardholder is in the form of a revolving line of credit (similar to a loan sanctioned by the issuer). The credit cards are used for purchase using Point of Sale (POS). These are used for E-commerce transactions e.g. purchase from Amazon, Flipkart, and Snapdeal etc. These cards can be used internationally if a bank provides an international credit card. The credit cards can be used to withdraw cash from an automated teller machine as well as transferring funds to bank accounts.

## **RTGS**

The term 'RTGS' stands for Real Time Gross Settlement. It is a continuous settlement of funds transfers individually on an order by order basis. It is real -time without netting. Here, processing of transactions at the time of receipt of instruction rather than at some later time. Transfer of instructions occurs individually on an instruction by instruction basis. These payments are final and irrevocable. RTGS system is for large value transactions. The minimum amount to be remitted through RTGS is Rs. 2 lakh and there is no upper ceiling. Under normal circumstances, the beneficiary branches are expected to receive the funds in real time as soon as funds are transferred by the remitting bank. The beneficiary bank has to credit the beneficiary's account within 30 minutes of receiving the fund's transfer message.

## NEFT

NEFT is a system of electronic fund transfer that operates on a Deferred Net Settlement basis. It settles the transactions in batches. Settlement takes place with all transactions received until the particular cut-off time. These transactions are netted i.e. payable and receivables are netted for final settlement of money. There is no limit of either minimum or maximum amount of funds that could be transferred using NEFT. However, for fund transfer to Nepal maximum limit is Rs.50000/-amount per transaction. IFSC is required for this. Indian Financial System Code is an alpha-numeric code of 11 digits that uniquely identifies a bank-branch participating in the NEFT/RTGS system. First 4 alpha characters representing the bank and the last 6 characters represent the branch. The 5th character is zero. IFSC is also required for RTGS transactions.

## OBJECTIVES OF THE STUDY

- To identify the various e-banking services adopted by Indian banks.
- To find out the share of different scheduled commercial banks in ATMs, POS, total number of outstanding Debit cards and Credit Cards.
- To find out a trend in RTGS, NEFT and mobile banking.

## METHODS

The study is planned to be carried out with the help of secondary data to understand the current electronic banking scenario in India. Availability of data is the limitation of this study. Secondary data was collected from the reports, articles, journals, documents, printed literature, certain websites and other online databases etc.

## RESULTS AND DISCUSSIONS

**Table 1: Total Number of ATMs Installed By Scheduled Commercial Banks as On March 2017**

Bank Group	Total Number of ATMs
Public Sector	148,555
Private sector	58,833
Foreign Banks	966
All SCBs	208,354

(Source: RBI)

Table no. 1 shows the data of the total number of Automated Teller Machines installed by SCBs. It is clear from the above table that Public sector has major say in Automated Teller Machines. Foreign banks have a little share in total no. of Automated Teller Machines. There were 208354 Automated Teller Machines installed by scheduled commercial banks in our country. PSBs have 71% of total no. of Automated Teller Machines installed in our country. Public Sector Banks have 19.7% of total Automated Teller Machines in a rural area, 28.3 in semi -rural area, 28.9 in an urban area and 23.1 in the Metropolitan area. Private Sector Banks have 8.4% of total Automated Teller Machines installed in the rural area, 23.6% in semi -rural, 26.2% in urban and 41.8% in the metropolitan area. The private sector has a major concentration in an urban and metropolitan area whereas Public sector scheduled commercial banks have a major concentration of Automated Teller Machines in a semi-rural and urban area. 28.7% of total Automated Teller Machines installed are in the

metropolitan area followed by urban area (28.1%). Rural area has 16.4% of total no. of Automated Teller Machines installed. The share of off-site Automated Teller Machines in total ATMs for all SCBs was less than 50 percent. These data do not include white label Automated Teller Machines.

**Table 2: Total Outstanding Credit Cards and Debit Cards Issued By Scheduled Commercial Banks as On March 2017 (in Million)**

Bank Group	Outstanding Number of Credit Card	Outstanding Number of Debit Cards
Public Sector	6.1	639.5
Private sector	18.6	128.2
Foreign Banks	5.1	4
All SCBs	29.8	771.6

(Source: RBI)

It is depicted from the above table that Debit cards were 771.6 million on 31<sup>st</sup> March 2017 whereas a number of credit cards were 29.8 million on that date. Public sector SCBs have 639.5 million outstanding credit cards followed by private sector SCBs (128.2 million). Further, Foreign SCBs have only 4 million outstanding debit cards. Public sector scheduled commercial banks have major say in outstanding no. of debit cards whereas private banks have major say in case of outstanding credit cards. Both debit and credit cards issued by SCBs recorded growth during 2016-17. Rupay cards issued under the Pradhan Mantri Jan Dhan Yojana were a major driver of the increase in a number of debit cards. Public sector scheduled commercial banks have 82.9 % of a total number of outstanding debit cards. On the other hand, private sector scheduled commercial banks have 62.4 % share in a total outstanding number of credit cards.

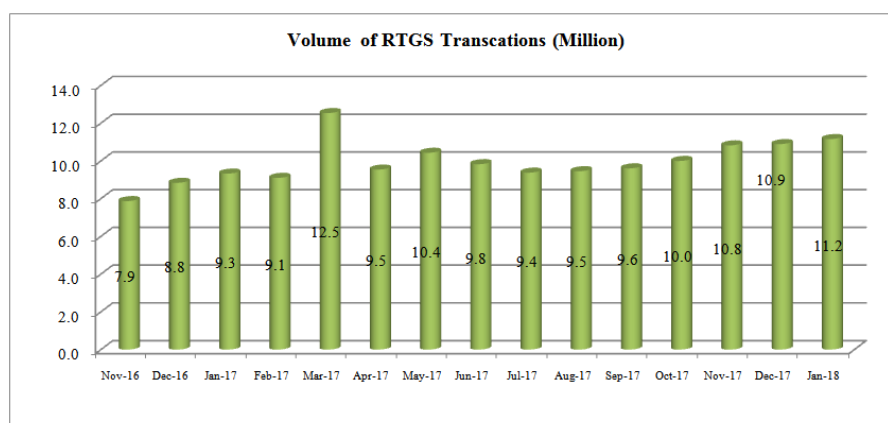
**Table 3: Total POS Deployed By Banks as on December 2017**

Name of Bank	POS	Name of Bank	POS
Allahabad Bank	2466	Development Credit Bank	1631
Andhra Bank	15174	Dhanalakshmi Bank Ltd	1145
Bank of Baroda	92092	Federal Bank Ltd	13052
Bank of India	58056	Hdfc Bank Ltd	410488
Bank of Maharashtra	2276	Icici Bank Ltd	335343
Canara Bank	17382	Idfc Bank Ltd	1482
Central Bank of India	4095	Indusind Bank Ltd	30809
Corporation Bank	168505	Jammu and Kashmir Bank	13946
Dena Bank	5073	Karnataka Bank Ltd	13329
Indian Bank	11960	Karur Vysya Bank Ltd	23372
Indian Overseas Bank	18154	Kotak Mahindra Bank Ltd	0
Oriental Bank of Commerce	7824	Ratnakar Bank Limited	316982
Punjab and Sind Bank	748	South Indian Bank	9379
Punjab National Bank	47685	Tamilnad Mercantile Bank	5565
Syndicate Bank	8088	The Laxmi Vilas Bank Ltd	6891
Uco Bank	6560	Yes Bank Ltd	69544
Union Bank of India	55914	American Express	35885
United Bank of India	2902	Bank of America	0

<b>Name of Bank</b>	<b>POS</b>	<b>Name of Bank</b>	<b>POS</b>
Vijaya Bank	8011	Barclays Bank Plc	0
Idbi Ltd	31163	Citi Bank	32373
State Bank of India	633640	Dbbs Bank	0
Axis Bank Ltd	479208	Deutsche Bank Ltd	0
Bandhan Bank	19396	Hongkong and Shanghai Bank	0
Catholic Syrian Bank Ltd	0	Standard Chartered Bank Ltd	0
CITY UNION BANK	9794	<b>Total</b>	<b>3027382</b>

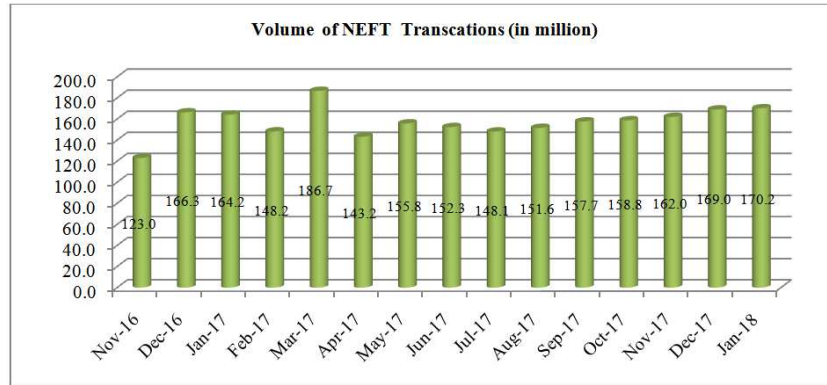
(Source: RBI)

Table shows online Point of Sale deployed by banks mentioned above because there is no offline Point of Sale deployed by these banks. There are total 3027382 POS deployed by the banks. kotak Mahindra Bank Ltd, Bank of America, Barclays Bank, DBS Bank, Deutsche Bank Ltd, Hongkong And Shanghai Bank, Standard Chartered Bank Ltd and Catholic Syrian Bank Ltd have not deployed any Point of Sale. Point of Sale is a swipe machine that is used for payment by using debit cards, credits cards, and other prepaid instruments. 633640 Pos are deployed by SBI which is 20% of total number of Pos deployed by above-mentioned banks followed by AXIS bank (479208) which accounts 15% of total number of Pos deployed. HDFC has deployed 13% of total number of POS. Further, ICICI has deployed 335343 POS whereas Ratnakar Bank has deployed 10% of total number of POS deployed by all above- mentioned banks. Furthermore, from credit cards, 123769158 transactions are done through Point of Sale whereas a number are 292388409 in case of debit cards.



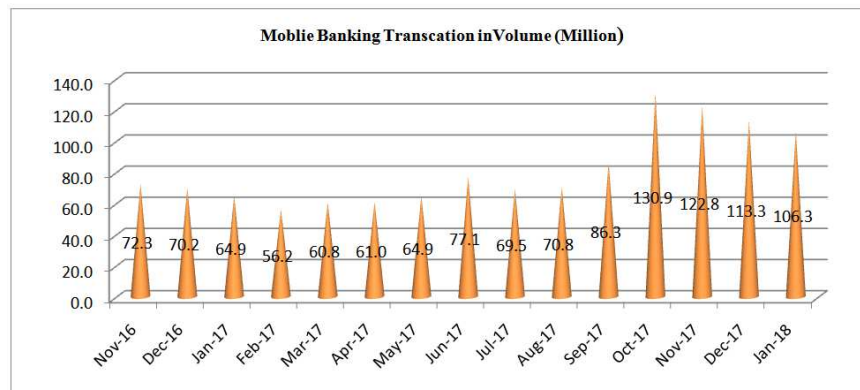
**Figure 1: Total number of RTGS Translations in Volume**

It is clear from the above figure that Real Time Gross Settlement transactions are increasing every month. In November 2016 total no of 7.9 million Real Time Gross Settlement transactions are done by Real Time Gross Settlement enabled banks. Further, it was highest in March, 2017 which was 12.5 million. Furthermore, in January 2018 these were 11.2 million in volume. Value wise 78479 billion, 84096.5 billion, 77486.1 billion, 74218.8 billion, 123375.8 billion Real Time Gross Settlement transactions had done in the month of November, December, January, February 2016 and March 2017. In January 2018 value of Real Time Gross Settlement transactions was 107488.4 billion. Therefore, it has an increasing trend. This is a very easy way of sending large value transactions.



**Figure 2: Total Number of NEFT Transactions in Volume**

It is clear from the figure 2 that NEFT transactions are increasing every month. In November 2016 total no of 123 million NEFT transactions are done by NEFT enabled banks. Further, it was highest in March 2017 which was 186.7 million. Furthermore, in January 2018 these were 170.2 million in volume. Value wise 8807.8 billion, 11537.6 billion, 11355.1 billion, 10877.9 billion, 16294.5 billion NEFT transactions had done in the month of November, December, January, February 2016 and March 2017. In January 2018 value of NEFT transactions were 15374.1 billion. Therefore, it has an increasing trend. These are more in value as compare to RTGS but value wise these are less than RTGS transactions.



**Figure 3: Total Number of Mobile Banking Transactions in Volume**

It is clear from the above figure that mobile banking transactions have shown a positive trend. In November, 2016 total no. of 72 million mobile banking transactions are done through mobile banking. Further, it was highest in October 2017 which was 1167.7 million. Furthermore, in January 2018 these were 928.7 million in volume. Value wise 1244.9 billion, 1365.9 billion, 1206.7 billion, 1080 billion; 1499.9 billion mobile banking transactions had done in the month of November, December, January, February 2016 and March 2017. In January 2018 value of mobile banking transactions were 928.7 billion. Therefore, it has an increasing trend (volume wise). These are showing a very little amount of value as compared to Real Time Gross Settlement and NEFT transactions.

## CONCLUSIONS

In India, E-banking is in getting popularity. People like these innovative banking products and services. There is a positive growth in a number of Automated Teller Machines, POS, Debit Cards and Credit Cards etc. Mobile

banking, RTGS and NEFT transactions are showing positive growth. Banks are working hard to popularise the e-banking services and products. It has made users life very easy. It helps a customer by providing him/her anytime services. Now banks are coming out of a stage of brick and mortar to electronic ones. The younger generation is fond of these kinds of facilities. It is suitable for old age people; they need not go to a bank branch for daily work. Working class has saved its time by online bill payment. It is good for farmers as well as for big businessman like Tata, Birla, and Ambani etc. It has reduced the queues in the bank branches. It has changed the layout of our society from chaos and hardship to proper management.

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