

A PROJECT REPORT

ON

E-BANKING

Submitted to

DEPARTMENT OF ECONOMICS
Shri Vijaya Mahantesh Arts & Commerce
womens' College, Ilkal.

Guided By

Smt.Sharada.S.Upanal
Head of Department



Submitted by

Miss Brundavani Bhandari

Miss. Akshata Kodihal

Miss. Chandrakala A

Miss Duragamma Ashedar

Miss Renuka Patil

B.A.VI semester 21-22

Shri Vijaya Mahantesh Arts & Commerce womens' College

CERTIFICATE

This is to certify that Miss Brundavani Bhandari, Miss. Akshata Kodihal, Miss. Chandrakala A, Miss. Duragamma Ashedar, Miss. Renuka Patil students of final year B.A. of Shri Vijaya Mahantesh Arts & Commerce womens' College, Ilkal have successfully completed their final semester project entitled "E- Banking" under my guidance as a value addition to academic curriculum.


Head of Department

& Project Guide

Head of Department
S. V. M. Arts & Commerce College
for Women, ILKAL



Principal
PRINCIPAL
S. V. M. Arts & Commerce
College for Women, ILKAL

Date: 30-06-2022



Shri Vijaya Mahantesh Arts & Commerce College for Women

DECLARATION

We Miss Brundavani Bhandari, Miss. Akshata Kodihal, Miss. Chandrakala A, Miss. Duragamma Ashedar, Miss. Renuka Patil pursuing B.A. Degree programme at Shri Vijaya Mahantesh Arts & Commerce womens' College, Ilkal, hereby declare that the project work entitled E-BANKING is an authentic work developed by us and submitted to Department of Economics.

Students Name

Miss. Brundavani Bhandari *Bhandari*

Miss. Akshata Kodihal *Akshata*

Miss. Chandrakala A *Chandrakala*

Miss Duragamma Ashedar *Duragamma*

Miss Renuka Patil *Renuka S PATIL*



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Shri Vijaya Mahantesh Arts & Commerce
womens' College, Ilkal.

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Date: 30-06-2022

Student's Name

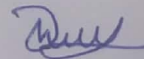
Brundavani Bhandari



Akshada Kodikar



Duragamma Ashedat



Renuka Patil

Renuka S Patil
Cambal

chandrakala A

B.A.VI Sem



E-BANKING

Introduction

There are several names for electronic banking, including e-banking, virtual banking, online banking, remote electronic banking, and internet banking. A customer can use this procedure to do financial transactions online without going to a physical location. Consequently, e-banking is a system that offers users a variety of online banking services through electronic means, i.e. the internet and telecommunication network.

This is a means through which customers are able to access their bank account online and perform various financial transactions via the internet. With the many innovations in terms of technology, it is safe to say that this has made life pretty convenient for people. The reason is very simple. With the help of E-Banking, one can easily do several transactions at any time of the day.

Objectives of the study

1. To know the meaning of e-banking
2. To assess the importance of virtual banking
3. To understand the types of e-services in banking
4. To study the advantages and disadvantages of e-banking



Types of services

Banks offer various types of services through electronic banking platforms. These are of three types:

Level 1 – This is the basic level of service that banks offer through their websites. Through this service, the bank offers information about its products and services to customers. Further, some banks may receive and reply to queries through e-mail too.

Level 2 – In this level, banks allow their customers to submit instructions or applications for different services, check their account balance, etc. However, banks do not permit their customers to do any fund-based transactions on their accounts.

Level 3 – In the third level, banks allow their customers to operate their accounts for funds transfer, bill payments, and purchase and redeem securities, etc.

Therefore, banking websites are of two types:

1. **Informational Websites** – These websites offer general information about the bank and its products and services to customers.
2. **Transactional Websites** – These websites allow customers to conduct transactions on the bank's website. Further, these transactions can range from a simple retail account balance inquiry to a large business-to-business funds transfer. The following table lists some common retail and wholesale e-banking services offered by banks and financial institutions:



Common E-banking Services

Retail Services	Wholesale services
Account Management	Account Management
Bill Payment	Cash Management
New Account Opening	Small business loan applications:approval
Investment/Brokerage Services	Business to business payments
Loan Application and Approval	Employee Benefits
Account Aggragation	Pension Administration

- Online banking allows a user to conduct financial transactions via the Internet.
- Consumers aren't required to visit a bank branch in order to complete most of their basic banking transactions.
- A customer needs a device, an Internet connection, and a bank card to register. Once registered, the consumer sets up a password to begin using the service.

Types of E-Banking

Understanding the various types of internet banking will help to assess the risks involved currently the following three basic kinds of internet banking are being employed in the market place.

1. Informational

This is the most fundamental level of internet banking. Typically, the bank keeps marketing materials about its products and services on a standalone server. The danger is minimal because there is typically no connection between the server's informational systems and the internal networks of the bank. This level of internet banking can be provided by the banks or outsourced. Although there is a low danger to a bank, the server or website may be susceptible to change. As a result, adequate controls must be in place to stop unauthorised alterations to the server or websites of the bank.



2. Communicative

The communication between the customer and the bank system is referred to as communicative service. Because these servers may have access to the internal networks of the bank, the risk is higher even if the communication is limited to email, account inquiries, known applications, or file updates regarding name and address. To prevent, monitor, and alert management of any unauthorised attempt to access the banks' internal networks and computer system, appropriate controls must be in place. In this setting, virus controls also become a lot more important.

3. Transactional

Since a path often exists between the server and the bank's or outsourcing company's internal network, this level of internet banking enables users to carry out transactions. As a result, it is the highest risk architecture and requires the strictest controls. Customers may transact by accessing their accounts, paying their bills, transferring money, etc.

Importance of e-banking

We will look at the importance of electronic banking for banks, individual customers, and businesses separately.

Banks

1. Lower transaction costs— electronic transactions are the cheapest modes of transaction
2. There is less room for human error because the information is transmitted electronically, which eliminates this possibility.
3. 3. Less paper work - digital records lessen paper work and simplify the procedure. It is also environmentally beneficial.
4. 4. Reduced fixed expenses - Lessening the requirement for branches results in a reduction in fixed costs.
5. More loyal customers – since e-banking services are customer-friendly, banks experience higher loyalty from its customers.



Customers

1. Convenience – a customer can access his account and transact from anywhere 24x7x365.
2. Lower cost per transaction – since the customer does not have to visit the branch for every transaction, it saves him both time and money.
3. No geographical barriers – In traditional banking systems, geographical distances could hamper certain banking transactions. However, with e-banking, geographical barriers are reduced.

Businesses

1. Account reviews – Business owners and designated staff members can access the accounts quickly using an online banking interface. This allows them to review the account activity and also ensure the smooth functioning of the account.
2. Better productivity – Electronic banking improves productivity. It allows the automation of regular monthly payments and a host of other features to enhance the productivity of the business.
3. Lower costs – Usually, costs in banking relationships are based on the resources utilized. If a certain business requires more assistance with wire transfers, deposits, etc., then the bank charges it higher fees. With online banking, these expenses are minimized.
4. Lesser errors – Electronic banking helps reduce errors in regular banking transactions. Bad handwriting, mistaken information, etc. can cause errors which can prove costly. Also, easy review of the account activity enhances the accuracy of financial transactions.
5. Reduced fraud – Electronic banking provides a digital footprint for all employees who have the right to modify banking activities. Therefore, the business has better visibility into its transactions making it difficult for any fraudsters to play mischief.



E-banking in India

In India, since 1997, when the ICICI Bank first offered internet banking services, today, most new-generation banks offer the same to their customers. In fact, all major banks provide e-banking services to their customers.

“The competition is heating up and the lack of technology can make a bank loose a customer”. So now the public banks are breaking the shackles of traditional set-up and gearing up to face the competition posed by the private sector counterparts.

Popular services under e-banking in India

- ATMs (*Automated Teller Machines*)
- Telephone Banking
- Electronic Clearing Cards
- Smart Cards
- EFT (*Electronic Funds Transfer*) System
- ECS (*Electronic Clearing Services*)
- Mobile Banking
- Internet Banking
- Telebanking
- Door-step Banking



Under Internet banking, the following services are available in India:

- 1. Bill payment** – Every bank has a tie-up with different utility companies, service providers, insurance companies, etc. across the country. The banks use these tie-ups to offer online payment of bills (electricity, telephone, mobile phone, etc.). Also, most banks charge a nominal one-time registration fee for this service. Further, the customer can create a standing instruction to pay recurring bills automatically every month.
- 2. Funds transfer** – A customer can transfer funds from his account to another with the same bank or even a different bank, anywhere in India. He needs to log in to his account, specify the payee's name, account number, his bank, and branch along with the transfer amount. The transfer is affected within a day or so.
- 3. Investing** – Through electronic banking, a customer can open a fixed deposit with the bank online through funds transfer. Further, if a customer has a demat account and a linked bank account and trading account, he can buy or sell shares online too. Additionally, some banks allow customers to purchase and redeem mutual fund units from their online platforms as well.
- 4. Shopping** – With an e-banking service, a customer can purchase goods or services online and also pay for them using his account. Shopping at his fingertips.



Causes for adopting New Technology

1. To Attract Customers

one of the important objectives of e-banking is to attract customers. E-banking is helping the customers by providing online services. it is attracting the customers and making the banking system easier.

2. To Provide Liquidity

E-banking helps to provide liquidity to the banks, because consumers do online transactions, which means there are no withdrawal of physical money. So, E-banking to provide liquidity.

3. To Boost Economy

E-banking helps to boost the economy, Because online transaction helps to maintain the cash in the economy, which would be use during recession of the economy.

4. To Provide 24/7 Service

The world economy is growing, people are doing business globally. it require 24*7 banking service. E-banking doing the same, to provide 24*7 services. it is one of the important objectives of e-banking.



Advantages

- Online banking gives more interest rates than any other form of banking and also saves lot of expenses.
- We can carry out all banking transactions at our own convenience and do not have to depend on normal bank timings.
- Lot of precious time is saved because of e-banking, as transactions are carried out in seconds and we can see the updates immediately.
- Since everything is computerized, we save all the paper work and we save the trouble maintaining physical records. There is nothing manual hence the records are perfect and accurate.
- Provides summary of all bank accounts. It allows transaction tracking. Customers can even download and print the statement of accounts.
- Customer can transfer funds between accounts, even if they are in different branches' cities. Customer can also transfer funds to any person having an account with the same bank anytime, anywhere using third party funds transfer option.
- Banks bill pay is the easiest way to manage bills, account holder can pay their regular monthly bills i.e. telephone, electricity, mobile phone, insurance etc at anytime, anywhere for free, it saves time and effort.
- E-Banking has made travelling more convenient through Railways online booking. Railways tickets are available on special windows and the cancellation of tickets is also allowed and the amount is directly credited in the bank account of the card holder.
- Credit cards enhance the credit of banks and credit of new customers and consumers is enhanced.
- Deposits in saving and current accounts increase.
- Service charges on credit card increases the profitability of the banks.
- E-banking develops cashless economy.
- The employees can serve to the customers with speed and efficiently



Disadvantages

- Social disconnect- E-banking has reduced the bank to customer personal interaction, since all the transactions are handled by the customer from the internet account; there is no personalized banking service which reduces customer to bank interaction.
- Information leakage- When you are entering e-banking instructions there is always a chance that the information may be leaked or your account can be hacked and all your confidential information is leaked.
- Security issues- You can access your online banking account by entering your personal identification and your password. This password can be used by anyone to access your account and transfer funds or cause financial problems. Whereas whenever you visit the bank personally your account is handled by the bank staff and therefore your confidential information cannot be leaked.
- Technology issues- There are technology issues like internet connection problem, virus attack, server down which causes stoppage of bank service.
- Extra service fee- The bank charges additional fee to provide e-banking services.
- Usually it is very inconvenient to make deposits.
- Illiterate customers cannot use e-banking services as they cannot read and type in the smart phone.



Safety Measures

To make online banking safe and secure, the following steps need to be followed-

1. Avoid accessing your account from a cyber cafe or a shared computer. If you are happen to do so then change your password as soon as you finish your banking transaction.
2. Every time you finish using your online banking session, then sign out from the site rather than just closing the browser.
3. Change your internet banking password after you first login and thereafter regularly.
4. Use complex and difficult password and make difficult for others to guess.
5. Use different Id and password for different internet accounts.
6. Never share your passwords or login details with anybody.
7. View your account daily and check it with your transactions, if there is anything which does not tally with your instructions then inform your bank immediately.

Do's and Dont's:-

- The customer should keep his/her ID and password strictly confidential and should not divulge the same to any other person. Any loss sustained by the customer due to non-compliance of this condition will be at his/her own risk and responsibility and the bank will not be liable for the same in any manner.
- The customer is free to choose a password of his/her own for online services. As a precaution a password that is generic in nature, guessable or inferable personal data such as name, address, telephone number, driving license, date of birth, etc is best avoided. Similarly it is the good practice to commit the password to memory rather than writing it down somewhere.
- It may not be safe to leave the computer unattended during a valid session. This might give access to your account information to others.



QUESTIONNAIRE ON E-BANKING

Name of the participant:

Address:

Contact No:

Age :

Occupation:

1. Do you have a knowledge on E-banking?
Yes No
2. Do you use E- banking?
Yes No
3. How oftenly do you use E-banking
Daily Weekly Monthly Never
4. Which bank you prefer?
SBI ICICI Canara other
5. Which of the following E-Banking service you are aware of?
Internet banking Mobile banking
Phone banking ATM
6. Do you feel E-Banking system of the bank is customer friendly?
Yes No
7. Do you think it saves time?
Yes No
8. Do you think E-Banking is safe?
Yes No
9. Are you satisfied with using E-Banking?
Yes No
10. Do you think human contact is important for banking relation?
Yes No



Questionnaire Analysis

1. Do you have knowledge on E-banking?

Yes	17
No	03

2. Do you use E-banking?

Yes	16
No	04

3. How often do you use E-banking

Daily	weekly	Monthly	Never
0	04	12	04

4. Which bank do you prefer?

SBI	ICICI	Canara	Other
7	2	7	4

5. Which of the following E-Banking services are you aware of?

Internet Banking	Mobile Banking	Phone Banking	ATM
3	12	0	2

6. Do you feel E-banking system of the bank is customer friendly?

Yes	16
No	04

7. Do you think it saves time?

Yes	16
No	04



8. Do you think E-banking is safe?

Yes	14
No	06

9. Are you satisfied with using E-banking?

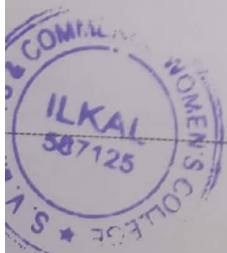
Yes	15
No	05

10. Do you think human contact is important for banking relation?

Yes	18
No	02

Conclusion.

E-banking offers a higher level of convenience for managing one's finances. The main factors which persuade people to use online banking are comfort and convenience. Banks are providing free internet banking services also so that customers can be attracted. By asking the bank employees we came to know that maximum number of internet bank holders are youth and business man. There is still a lot needed for the banking system to make reforms and train their customers for using internet for their banking account. Going through the study, the main problem lies that still customer have fear of hacking accounts and thus do not go on for internet banking. Banks are trying their level best by providing the best security options to the customers. However, it continues to present challenges to financial security and personal privacy.



सुझावः

- Suggestions:-
- Give proper training to customers for using E-banking
 - Create a trust in mind of customers towards security of their accounts.
 - Make the sites more users friendly. Customers should be motivated to use E-banking facilities more.
 - Prompt dealing with permanent customers and speedy transactions without harassing the customers.
 - Internet banking facility must be made available in all the branches of the bank.

