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### A DESCRIPTIVE STUDY ON E-BANKING VS. TRADITIONAL BANKING IN INDIA

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#### ABSTRACT

e- Banking indicated towards the method of utilizing facility of banking online upon the computer network. It is a method with the help of which consumers use all services of banks with the help of the internet. It is also defined as internet banking, online banking & virtual banking.e-Bankinggrant with recent facts, 24\*7hours banking facilities has been offered to users. The primary services grantedby e-banking are transfer of funds between the individualaccounts, billspayment, and verifying balance of accounts. Loans, brokering, dealing share, service bunch, and an anchor of other economicservices are being included to these essentialservices. Descriptive study has been utilized in this paper. Secondarydata has been used in this study.Though e-banking facilitate with lots of advantages in pattern of quick, calm and comfortable, it has also facing some problems and challenges that require to be addressed. In this paper, an effort has been build to present an introduction of E-banking, how it has been progress over a period of time in India.i.e. from past to present. The paper also put up a focus on development of various E-banking products in previous five years which are necessarily beingutilized in industry of banking sectorby public. It was also found that how E-banking is much highly effective as compare to traditional banking.

## INTRODUCTION

### Concept of E-Banking

E-Banking indicated towards the method of utilizing services of banking online upon the computer network. It is a method with the help of which users use all services of banks through the online network. It is also defined as internet banking, online banking & virtual banking(Kaur.2017).Consumers are quickly able to run their accounts & carry out various economic business dealing just by utilizing services which exists of distinct kinds for example Telebanking, smart cards, cash machine, Electronic cheques & plastic money. Consumers are adequate to protect their bank account & take care of them from deception utilizing e-banking service. They can easily oversees their account continuously. It also decreases the assignment& function cost of banking organizations. E-banking has alsodecreases the possibility of human mistake, there is no feasibility of mistake happen in a fullyautomated system(Gupta.2002). The primary bank was the ICICI bank which offered services of internet in 1997 and now looking towards thatmostly, today's-generation banks alsoproviding the same to their clients (Sharma.2010)

### Concept of Traditional Banking

Traditional banking means that the users has to go the bank for the primary banking requirement such as withdrawal or deposit of cash,funds transfer,verifying statement of accounts etc(Golden.2016).It has been called as the original banks which was the method of past in the economy. They were the original commercial mediator to provide bank accounts. From the exterior they had the big buildings with pillars made by marbles but interior it had abundance of money in box. This has been entitled as “Bank”. They were big athlete of the commercial markets. They converted the savings of house into loans for business as per an investment. Traditional Banking designed on IT acceptance. The Indian Banking Sector arises up to the world of technology in beginning of 1990's.In India public sector bank has been influenced the banking sector ,who occupied above 80% base of total asset (Chanda. 2012).

### Difference between Traditional banking and E-Banking

Table 1: Difference between Traditional banking and E-Banking as follows:

Table no.1

Basis	Traditional Banking	E-Banking
Realexistence	Lending institutions remainreal for granting aids to the users.	E-Banking do not bear real existence as services are offered online
Period	It absorb a maximum time period of consumers of visiting banks personally	It does not absorb time period of consumers because they do not have to visit banks personally
Full time services	Public have to inspect banks only at the time of theworking hours.	E-Banking is accessible at any time and it grants 24 hours access.
Protection from danger	Traditional banking does not encounter protection of danger.	Protection is one of the problems deal by customers in

		running accounts done with computer network.
High Priced	Users have to payout money for visiting banks.	It is almost cost effective as consumers do not have to payout money for visiting banks.
Price	Real existence indicates a lot of operating and fixed cost.	Such price is flung as the banks do not have real existence.
Customer Service	Intraditional banks, the bankers and clerical staff of the bank can attend only few users at a time.	In online banking, the users do not have to stand in a line to accomplish fixed bank transactions.

**Characteristics of E-Banking (Prerna.2011)**

**Speedy business dealing**

E-banking facilitates the facility of quick transfer of funds to its consumers. It saves the customer’s time as funds get delivered very quickly from one account to some other account. All system of E-banking is automated & works over the internet.

**Reduced cost of business dealings**

E-Banking decreases the cost included in accomplishing economic business dealings. Electronic transactions are described as the reasonable way of performing business dealings. It has decreased the necessity of laborers as load of work is shortened.

**Granting 24×7 Service**

This is the main essential characteristics of e-banking-Banking facilitate consumers with 24\*7 facility to their bank accounts. Consumers can smoothly run their account at any moment & from anywhere with no disadvantage. It contributes comfort ability to the consumers as they can accomplish business dealing as according to their desire.

**Establish faith among Consumers**

E-banking cooperate the banks to organize maximum number of faithful consumers. With the help of E-banking service banks are capable to deliver their consumers as well. They are capable to grant rapidly & good service to consumers.

**Removes Geographical obstruction**

E-Banking has got rid of all range obstacles for functioning transactions. It has discarded all range obstacles that consumers utilized to deal with the traditional method of performing transactions’-banking grant the services of quick transfer of funds both domestic & globally.

**Objectives of this study:**

1. To study about different E-Banking product.
2. To identify the challenges faced by E-Banking

### **Various E-Banking products in India**

**ATM**– ATM stands for Automated Teller machine as they are famous, known as a cash machine of new generation which is adopted by the consumers to take out to money anytime without moving to the bank branches . This system is defined as “Any Time Money” or “Any Where Money” as it permits the consumers to take out money from the bank from any of its ATMs booth without any constraints of time<sup>5</sup>

**NEFT**- NEFT placed for National Electronic Funds Transfer .It is a nationalwise payment scheme that empowers person to-person money transmission. Beneath NEFT, money can be transmitted electronically among any two NEFT-authorized bank accounts.

**Debit Cards**– Debit card made up of plastic money. It allowed comfort ability to the holder of card as they don't have to hold paper cash. Alternatively of utilizing funds, consumers can swipe their cards for buying. Debit cards can take out money directly from the bank account when there is a requirement.

**Mobile banking**-Mobile technology is well adopted and broadly present at reasonable price. It is also appropriate for banking and services of payment and facilitate with big chances to economic financial services to each and every individual inattentive of the place where one is living. Internet banking has supported the consumers by running their account at any moment, anywhere, at any place.

**Tele Banking**(Hossain et al.2013)-By ringing the available number of Telebanking with support a landline or a mobile from unspecified area, the consumer able to run his bank account and by succeeding the user-friendly menu, whole banking can be executed with the help of Interactive Voice Response (IVR) scheme.

**Smart Card**-A smart card generally hold an installed 8-bit microprocessor (a type of computer chip). The microprocessor is beneath a contact pad on single edge of the card. Taking into consideration the microprocessor as substituting the normal magnetic band now on a credit card or debit card. In support of the safety the microprocessor is present on the smart card. The organizing computer and card reader indeed “communicate” to the microprocessor. The microprocessor imposed approach to the data above the card. The chips in present in cards exists which able to maximize varieties of business dealing.

### **ADVANTAGE OF THE BANKS**

(Vaghela.2013)

#### **To the customers:**

- 1) Users can utilize their computers and telephone modem to dial frame house or any seat where they have approach to computer.
- 2) The aid is accessible seven days a week, 24 hours a day.

3) Transactions are accomplished & confirmed rapidly. Even though not instantaneously dispose of time which is comparable to that of a transaction from ATM.

4) In general, the users will find lesser fees & greater interest rates for deposits because of the decreased cost of functioning online & not require abundant physical bank branches.

5) And the range of transaction available is fairly broad. Consumers can do everything from easily verifying on balance of an account to spreading from intervention.

### **To the Banks**

1) E-Banking granting competing benefits to the Banks.

2) E-Banking serve restricted less system to the bank and is not obligated to the number of branches. Each PC connected to modem and telephone acquiring internet connection can deliver banking facility to the clients. An ATM on the path-side can grant withdrawal of currencies per requirement of the consumers.

3) By joining all the branches between WAN (wide area network), anywhere banking services can be grant.

4) In case of ATM, Credit and debit cards, POS terminals online endanger of excess with drawl can be thrown out.

5) Burden on branches can be significantly decreased by building centralized data base and by taking over some of the accounting operations.

### **DISADVANTAGE OF E-BANKING (Chavan .2013)**

#### **1. Technology and Service Interruptions**

Anytime we can utilize computers or service of internet, we are at the kindness of the system's strength and capacity. Your skill to run accounts electronically will consistently be effected if your service of internet is running calmly or entirely out for a time period.

#### **2. Security**

Commonly, E- banking website and appsof mobile are outline to be safe and banks are continuously bringing amended safety custom in place. Yet, no scheme is totally reliable and accounts can be hacked, emerging in recognize stealing via stolen login references. So whenever you are utilizing mobile or online banking with normal confidence, be alert to neglect utilizing connection that are not safe and be concerned to change passwords and guard from harm your login facts.

#### **3. Restricted Scope of Services**

Despite you can do fully a part with an online bank account, such as starting saving, checking balances of accountand payment of bills, there are restriction to the types of services you can run. You may be capable to build up an initial application for starting a new account or applying for a loan or mortgage, but in most of the situation you will require to go to an office for signature in forms and documents and display identity figures and proofs.

#### **4. Promising to up expend**

The capability to verifying balances of account in the activation of the time could conceivably motivate few people to up expend the restricting of their verifying accounts. Without a concerned view at your cheque book or record of unclear debit transactions, the balance of account may not exactly giveback the correct amount you have accessible.

#### **Challenges faced by E-banking (Mitham.2017)**

##### **1. Habits of Traditional Banking**

In spite of the advantage of E-banking, 49 percent of adults of amerce do not involved in it at all. This occurred mostly due to traditional banking is what maximum people are utilized to and it takes time for them to crack nature. Therefore, online banking merchant must target on medium to assure ancient banking consumers to begin utilizing services of E-banking.

##### **2. Safety**

Safety is one of the biggest powerful issues for E- Banking merchant. Because of, in the past, robber was going to steal a bank savings of people, he or she would have to crack into the bank depository, and build an audacity breakout with the cash.

##### **3. Difficulty in Transaction**

It's found inevitably too laborious and time absorbing to save or to withdraw money from e-bank. Not only do e-banking regularly have lesser ATM's booth as compare to their traditional counterparts, but it also can easy to take biggest ample of time for money saved to be treated and lay inside a bank account.

##### **4. Technological problems**

As online banks have confidence, so deeply on their online system, they can produce massive deficit if their scheme clang or if there are germs in their code. One high-tech problem that origin a bank to be decline for a day could cost the bank trillions in deficit.

##### **5. Low Budgets**

Many institutions which are growing has to perform inconsiderable commercial financial plan since they build to a bigger size. Certainly this can be a big challenge. If financial plan of marketing is less, then demanding to target on the concern expense.

#### **Concluding Remarks**

Traditional banks did not grant enough facilities to their consumer as compare to obtained from online bank organization that is why due to lack of time, people are very much convinced of the services of E-banking. For quick, e-banking consumers are achieving distinct advantage like as; Cash machine, e-banking, credit card and a distance of choice of purchasing or auction. As per result, maximum number of the users is transferring to e-banking system. Utility, anticipated ease of utilization; awareness of consumers towards E-banking and anticipated risk are the essential components of E-Banking acceptance. This study concludes that a most of the customers are adopting E-Banking because of many positive benefits. Banking will grant new opening of

services into the active system in the future for developing system of traditional banking.

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