



PROBLEMS OF ELECTRONIC BANKING AND ITS REMEDIAL MEASURES

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ABSTRACT

The electronic banking comprises of an alternative payment modes and other banking related transactions electronically. The requirement of developing electronic mediums or channels has been differentiated by the banking institutions mainly depend upon the extraordinary use of Internet. Both the customers and the banks have many numbers of monetary as well as non-monetary benefits. The banks are developed and activated their own websites. They are vulnerable to the banking system, constitutional system and to their goodwill. The customers are in mystery pertaining to their transaction safety and their personal data too. The prime objective of this paper is, not only to describe the concept of electronic banking and to represent all the problems and their solutions.

KEYWORDS: Electronic Banking, Automated Teller Machine, Network.

INTRODUCTION:

The developments of Electronic Business go along with the latest techno-based innovations smoothly and the world wide business is regularly drive the companies to differentiate their business transactions in terms of their business value and remodeling their business. Similarly, the present central government is also encouraged all the business organizations to do their business transactions electronically which assisted the government tax departments to monitor the companies and their financial transactions. Hence, they forced to link all the particulars including the employees' personal particulars like Aadhaar, the Unique Identification Number, and Permanent Account Number etc.

Financial organizations especially the banking institutions are currently in a transition stage. The banking institutions have involved themselves in the global networks to use Internet advantages and reach their goal with the faster development of business environment. Bill Gates strongly believed that the banking is important for a healthy economy, but they themselves are not highlighting the critical character of the electronic power, which spoils the banks. This adoption of electronic business operations by the banks have annexed new concept called Electronic Banking.

The present banking era is Electronic Banking. Both Electronic Banking and Internet banking are used simultaneously. In other words, doing banking transactions and other financial services to the bank's customers, with a network channel is called electronic banking. Electronic banking is the result of techno-based innovations. Recently, the banks are using telecommunication networks for providing a many number banking services. The devices like telephone, personal computers including Automated Teller Machines (ATM), Wi-Fi Routers, Modems, Handheld Phones, Cell Phones etc are the part and parcel of Electronic Banking.

The use of ATMs leads to the concept of 'anywhere' and 'anytime' banking transaction. With the help of ATM cards, a customer can operate his bank account to deposit and withdraw money from any ATM available at his nearest place. This saves the time and money of the customers. Several banks provide various banking services exclusively through ATM's like fund transfer, passbook entries, balance enquiry etc. The development of electronic gadgets like personal computers, mobile phones etc offers easy access to Internet which augmented the Internet usage by the banks for getting banking transactions and also delivering their banking services to their customers. This is called as 'Internet banking' or Net Banking or on-line banking or Electronic Banking.

ELECTRONIC BANKING IN INDIA CONTEXT

The concept of Electronic Banking has accepted worldwide. In India, most of the educated people have accepted and use the same for their banking requirements. India is on the entry phase pertaining to the major banking revolution with the introduction of Electronic Banking. Since 2002 onwards, several banks have been introducing Electronic Banking for their customers. The Reserve Bank of India and the present central government's policy have been compelling the banking organizations to adopt the novel Electronic Banking System. The major fact behind this enormous introduction of Electronic Banking is to monitor the public funds mobilization.

Indian banking sector stays far behind the global banking sector in providing electronic banking facilities. This is not possible without developing enough infrastructural facilities including telecommunication networks or educable number of bank customers. The private banking sector understood that there are very small numbers of banking transactions carried out through electronic banking.

As a modern living style gadget, the mobile phones are essential totally. The major truth behind this is that many banking organizations provide their banking services with the help of electronic modes are not possible easily in regular banking. This leads to the development of electronic banking. The popularity of electronic banking will increase in different phases in the near future. Individual customers and business concerns have not accepted to adopt the electronic banking as a financial tool earlier. But, now the scenes have been changed.

Using traditional methods of business inquiry, confirmation, order placement and bill payment is the best way. The speed and required manpower for the same business activities can be done electronically pushed away the traditional methods totally in the darken side. During shopping, the payments have been made very easily with the help of electronic banking. Use of smart cards, ATM cards, credit cards or PAYTM mode of fund transfer is very popular in the recent times. However, these things are made easily by the literate people only. As far as the Indian rural setup, most of the rural people do not know the use of Internet because of their poor educational background. The younger generation of the rural areas in south India especially in Tamilnadu is now using the technological advancements like Internet, Computers, Laptops, Mobile Phones etc.,

Reserve Bank of India's Guidelines on Electronic Banking Problems

Reserve Bank of India (RBI) have been working to frame a working group on Electronic Banking to examine different aspects of Electronic Banking. The group had focused on three major areas of electronic banking, i.e, (i) problems related to technology and security, (ii) problems related to legal and (iii) problems related to supervision and regulation. RBI accepted the recommendations of the group and to implement the same in different phases. The banks are also advised that they may be guided by the group's recommendations.

(i) Problems related to Technology and Security Standards

The banks should appoint a network monitoring agency and a database administrator with a list of roles given by the group. The banks should also appoint a Security Officer especially meant for network information systems and Information Technology Division. The officer actually implements the computer network systems in the banks' head office and all other branches of the bank. Additionally, the banks should also appoint an Information Systems Auditor who is the responsible for all computer network systems and the data stored in that system.

The banks should use the firewall programmes, then only there is no direct connection between the Internet and the bank's network system. The firewall programme facilitates a high level data access control and monitoring using different number of log in and validating tools. For susceptible systems, an inspection firewall programme is advised for the safety of all packets of information stored from the past to the present day transactions for reference. All these things are included in a real time security system.

Physical security should cover all the network information systems where they are addressed. The banks should have proper infrastructure facilities and time schedules for the data backup. The backup data should be periodically examined to make sure data recovery without loss of transactions as per the bank's security policy. During data loss or network failure, by establishing data recovery modules, the business continuity should be ensured. These modules should be tested periodically.

(ii) Problems related to Legal

Taking into account of common legal issues, the banks have a duty to establish the customer identity and to make his enquiries.

Therefore, the banks should clearly indicate the customers regarding time of instruction and the situations in which stop payment instructions could be accepted.

(iii) Regulatory and Supervisory Issues

As per the group's recommendations, the regulatory committee will be extended to electronic banking also.

The banks having overseas branches will be permitted to offer electronic banking to their overseas customers subject to their satisfaction.

Threats in Electronic Banking

Electronic banking creates some different threats when compared with the traditional banking. These threats are clear in the case of electronic banking. First of all, the technological alterations have to be carefully monitored. This is vital to update the latest technologies and at the same time, it should be cost effective as well as user friendly.

The latest technologies are generally acquired from the outside experts. The banks have to be careful enough regarding the threats involved in such implementation of latest technologies. The data and fund security are the important areas in this regard. Actually, it will be very essential for the introduction of electronic banking. The implementation of electronic banking breaks the bank's boundaries and jurisdictions.

While doing electronic banking transactions, the banks should always be worried about the hackers and anti-social activists. The hackers cannot be monitored due to their technological intelligence but, their transactions are easily identified by the technical experts. Hence, the banks should specially appoint such technical experts in the network steering committee as the security officer. Availability of confidential information like user name and password makes it helpless to such threats. Most of the banks try to make their websites secured by implementing latest network security software. On the other hand, there have been plenty of cases in which web based customers were by chance revealed their financial details.

Necessity of the Internet

For getting the benefits of electronic banking, every customer should have Internet access either in his computer or in his mobile phones. Several customers have been facing connectivity problems, which disturb their ongoing banking transaction. The access permission of mobile applications may be visible their user name and password to others. This may create unwanted fund loss.

Customer Care Services

While doing electronic banking transactions, there are many occasions when the banks are in need of help with a representative, called customer care centres. They filled the gap between the banks and their customers. They record the customer enquiries on behalf of the banks and sent the same to the respective heads for solving those problems. They also provide account details to the customers by accessing their bank account. Sometimes, there may be a overcrowding in the network and the customers have to wait for a long time. This may develop unwanted irritation among the customers.

Technical Problems

Sometimes electronic banking goes down due to the technical problems like data updation, backing up of data, periodical network servicing, report generation etc. When these problems occurred, the customers' request cannot be fulfilled and there may be quarrelling between the customers and the bank officials. To solve this, the customers always keep a local bank account and should execute traditional banking transaction.

Security Precautions

The bank customers should not share their personal information like PIN numbers of the ATM cards, ATM Card Numbers, mobile banking passwords etc with others. Nowadays, there are anonymous calls asking these particulars over the phone. Not realizing the frauds, those who reveal their banking particulars may lose their money. There are plenty of cases lodged with Cyber Crime Branches of Police Department. Banks won't take such responsibility. Even though, the RBI and the bank's customer care centers informed the customers through alert messages, there may be such frauds occurred here and there. Some customers like old age people store their PIN numbers and password mailers in their ATM card cabinets of their purse. If it is misplaced or lost, their money will be lost.

CONCLUSION

Electronic banking provides a convenient medium of fund transfer and other banking services. However, it continues with several problems to the financial security and customer privacy. Many customers have had their account details compromised with the electronic banking. Thus, if one is going to use such electronic banking for banking transactions or online purchases, he should be aware of the threats in such technology. Such awareness enables the customer to take necessary precautions for a better banking experience.

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