

PROFICIENT SERVICES OF E-BANKING

Vikram Saraswat¹ and Mahesh Bhosale²

Teaching Associate, New Model Degree College, Hingoli
Email: ¹vikram_mcm2001@rediffmail.com, ²bhosalemahesh07@gmail.com

INTRODUCTION

The tremendous growth of the communication technology particularly the Internet has led to critical mass of consumers and firms participating in a digital global on line market place. The rapid adoption of the Internet as a commercial medium has caused firms to experiment with innovative products and services in a computer-mediated environment.

In this new digital market place, Banks and Financial institutions are not lagging behind and have started providing services electronically over the Internet. These types of services provided by the banks on Internet called e-banking, lowers the transaction cost, adds value to the banking relationship and empowers customers. As per an International report the banking transactions on a brick and mortar banking costs around \$ 1.1. ATM costs around \$ 0.27 and just 1 per cent of over the counter banking in case of Internet banking. Statistics such as these have woken the Indian Banking industry. Delivery of bank's services to a customer at his office or home by using electronic technology can be termed as electronic banking A wide range of services are being offered by banks using the electronic media like EFT (Electronic Funds transfer), ECS (Electronic Clearing Service), Telebanking, ATM (Automatic Teller Machines), SPNS (Shared Payment Network System), Credit Cards/Debit Cards, Corporate Banking Terminal, Point of Sale Terminal, EDI (Electronic Data Interchange).

Concepts of some of these are necessary to discuss

One of the trends setting paperless mode of effecting payment was the introduction of Electronic clearing service. There are two variants of the scheme:

1. Electronic credit clearing
2. Electronic debit clearing

The Electronic Credit Clearing is a simple, reliable and cost effective solution for bulk and repetitive payment transactions like salary, pension, interest, commission dividend etc., by public or private companies-and Government Departments through banks.

Under the said system, companies who have to make bulk payments to a large number of beneficiaries prepare the credit instructions on the magnetic media and submit the same to R.B.I. through their bankers, R.B.I processes the data arrived at inter-bank settlement and provide bank and branch wise reports containing the details of payments to facilitate fast payment to the beneficiaries. The said scheme was introduced in Chennai and Mumbai in April 1995. However, at present ECS (credit clearing) is now available in 46 centers.

The institutions which want to avail ECS facility have to get them registered with the sponsor bank. The sponsor bank will forward a copy of the registration form to RBI

allotting a registration number. The institution that has to make payments to a large number of customers has to prepare the payment data on a magnetic media and submit it to the bank. The bank would present the payment data to the local clearing house through its Service Branch in a sealed cover duly negotiation with RBI. The clearing house debits its account and credits the banks were the beneficiaries of the transactions maintain their accounts.

Electronic Debit Clearing covers the payment to utility companies like telephone and electricity boards, etc. It was introduced in March 1996 by RBI. The electricity and telephone consumers are large in number in every city with one or two utility companies to service them like Tamilnadu Electricity Board, Bharat Sanchar Nigam Limited, etc. These utility Companies are collecting their periodical bills from their customers. Under the said scheme, the customer on receipt of the bill from the utility companies and having satisfied himself of its correctness can approach his bankers and authorize the bank branch to debit his account for the amount of the bill and transfer the amount to the bank account of the utility company. In fact, the bank branch has to prepare a floppy file through a table top MICR (Magnetic Ink Character Recognition) Reader of all such transfer advices and their floppy is received by the service branch which would consolidate for onward submission to the clearing house. The RBI would debt the individual bank and credit the sponsor bank of the utility company. The said scheme exists in four metropolitan cities i.e. Mumbai, Delhi, Calcutta and Chennai.

SPNS is a large network of ATMS spread in the city of Mumbai, Vashi and Thane. SPNS has been established at the behest of Indian Banks Association (IBA) by India Switch Company Pvt. Ltd. The participating banks issue universal cards to the customers for transacting on this network. The objective is to provide anytime and anywhere electronic banking service to the customers in the city of Mumbai, Vashi and Thane through the state of the art electronic funds transfer system to be shared by different participating banks.

Corporate Banking Terminal

Large corporate customers can log into the bank's database and have access to their accounts/transactions from their business houses. However, it would still take some more time for the Indian banks to extend this facility to their customers.

Point of Sale (POS) Terminal

An electronic funds transfer at the point of sale (EFTPOS) is initiated by using a payment card at a retail location. The POS system identifies the cardholder and checks whether his account has sufficient funds to cover the purchase. The client enters his personal Identification Number (PIN) and confirms the amount due. Payment is then automatically effected by debiting the cardholder's account with the amount for the purchases and crediting it to the retailer's account. POS installed at petrol stations and large retail shops are, like ATMs, linked via leased lines to the bank's network.

REFERENCES

1. "IT in Banking 2003 (Special)", Banknetindia.com - Banking & Technology Portal, 2003.
2. www.banknetindia.com
3. "E-payment System", E-Commerce- An Indian Perspective, P.T. Joseph, S.J., Prentice Hall of India Pvt. Ltd., New Delhi, 2006, Pg. 246.