

Importance of E-Banking on Traditional Banking Services

¹Dr.AHMED ABDELSID GUMA,²Dr INTISAR JIUMA MO GIUMA

¹Faculty of Economic and Political Science at Alzaytuna University ,Tarhuna, Libya

²Faculty of Economic and Political Science at Alzaytuna University ,Tarhuna, Libya

Abstract

The E-Banking Services are increasing day by day in the banking sector in World. In this paper concerns to examine the Online Banking Services of the Banking Sectors in World. Online banking allows a user to conduct financial transactions via the Internet. Online banking is also known as Internet banking or web banking. Online banking offers customers almost every service traditionally available through a local branch including deposits, transfers, and online bill payments. In this study used to collected data from primary and secondary sources which are collected from Bank Managers, Website and other sources. The Online Banking Services such as ATM-Automated Teller Machine, Personal Computer Banking, Phone Banking and Mobile Banking, Email Banking. It concludes that through effective regulation, creating awareness of the Banking Customers. Online banking requires a computer or other device, an Internet connection, and a bank or debit card.

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I. INTRODUCTION

Banking transactions offered online vary by the institution. Most banks generally offer basic services such as transfers and bill payments. Some banks also allow customers to open up new accounts and apply for credit cards through online banking portals. Other functions may include ordering checks, putting stop payments on checks, or reporting a change of address. Online banking, also known as internet banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services. To access a financial institution's online banking facility, a customer with internet access will need to register with the institution for the service, and set up a password and other credentials for customer verification. The credentials for online banking is normally not the same as for telephone or mobile banking. Financial institutions now routinely allocate customers numbers, whether or not customers have indicated an intention to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. Technically, the customer number can be linked to any account with the financial institution that the customer controls, though the financial institution may limit the range of accounts that may be accessed to, say, cheque, savings, loan, credit card and similar accounts.

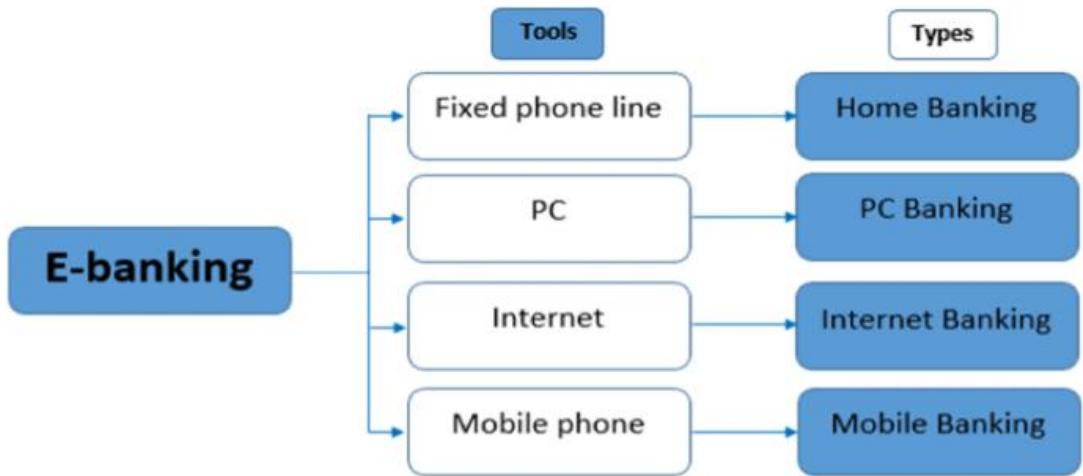
AIM

- ❖ To Study the recent development in Online Banking Services.
- ❖ To identify the factors influencing Online Banking Services.
- ❖ To analyze the problems faced by Online Banking Services.

TYPES OF E-BANKING

Electronic banking has many names like e banking, virtual banking, online banking, or internet banking. It is simply the use of electronic and telecommunications network for delivering various banking products and services. Through e-banking, a customer can access his account and conduct many transactions using his computer or mobile phone.

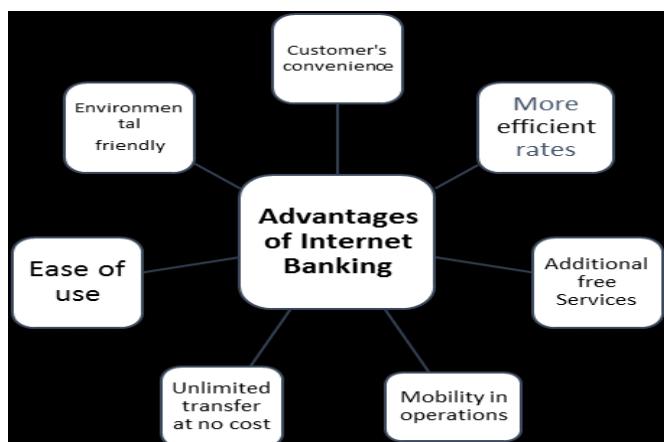
- ❖ ATMs (Automated Teller Machines)
- ❖ Telephone Banking.
- ❖ Electronic Clearing Cards.
- ❖ Smart Cards.
- ❖ EFT (Electronic Funds Transfer) System.
- ❖ ECS (Electronic Clearing Services)
- ❖ Mobile Banking.
- ❖ Internet Banking.



II. RECENT DEVELOPMENT OF THE BANKING SERVICES

In recent years, the banking industry has been undergoing rapid changes, reflecting a number of underlying developments. The most significant has been advances in communication and information technology, which have accelerated and broadened the dissemination of financial information while lowering the costs of many financial activities. A second key impetus for change has been the increasing competition among a broad range of domestic and foreign institutions in providing banking and related financial services. Third, financial activity has become larger relative to overall economic activity in most economies.

These developments have manifold consequences for the institutional and systemic structure of the financial sector in general and banking in particular. Directly issued securities are replacing bank deposits as a vehicle for savings. Markets for risk have emerged in which exposures to specific market or credit risks can be bought and sold separately from the underlying financial assets. The business profile of financial institutions is also undergoing change. The service traditionally associated with ‘banking’ is being offered by institutions not normally characterized as banks, while banks have gradually made forays into non-banking activities. Mergers and takeovers of smaller institutions have led to the emergence of transnational conglomerates, offering services ranging from traditional commercial banking to investment banking and insurance.



FACTORS EFFECT ONLINE BANKING SERVICES.

- ❖ Account Information: Real time balance information and summary of day's transaction.
- ❖ Fund Transfer: Manage your Supply-Chain network, effectively by using our online fund transfer mechanism. We can effect fund transfer on a real time basis across the bank locations.
- ❖ Request: Make a banking request online.
- ❖ Downloading of account statements as an excel file or text file.
- ❖ Customers can also submit the following requests online: Registration for account statements by e-mail daily / weekly / fortnightly / monthly basis. • Stop payment or cheques • Cheque book replenishment • Demand Draft / Pay-order • Opening of fixed deposit account • Opening of Letter of credit
- ❖ Customers can Integrate the System with his own ERP
- ❖ Bill Payment through Electronic Banking

- ❖ The Electronic Shopping Mall
- ❖ Effecting Personal Investments through Electronic Banking
- ❖ Investing in Mutual funds K. Initial Public Offers Online



The perceived usefulness of online banking:

There are two main types of perceived usefulness and are categorized as intended and unintended rewards explained that the intended rewards are the immediate and tangible rewards that consumers enjoy using online banking services such as lower transaction fees, high deposit rates, opportunities to prizes among others. The unintended rewards on the other hand being those benefits that are palpable and tough to measure like services that allows customers to perform banking transactions anywhere in the globe.

III. IMPACT OF E-BANKING ON TRADITIONAL SERVICES

Now a day's due to the emerging world economy, e-commerce and e-business became increasingly a necessary component of business strategy and a powerful catalyst for economic growth. The integration of information and communications technology in business has revolutionized relationships within organizations and those between and among organizations and individuals. The new information technology for the financial services industry and in particular the further development of the banking industry is becoming an important factor. As well as according to health recommendations, one of the most effective ways to contain the current COVID-19 epidemic is to avoid personal contacts and communicate with other banking system is called electronic banking delivery channels.

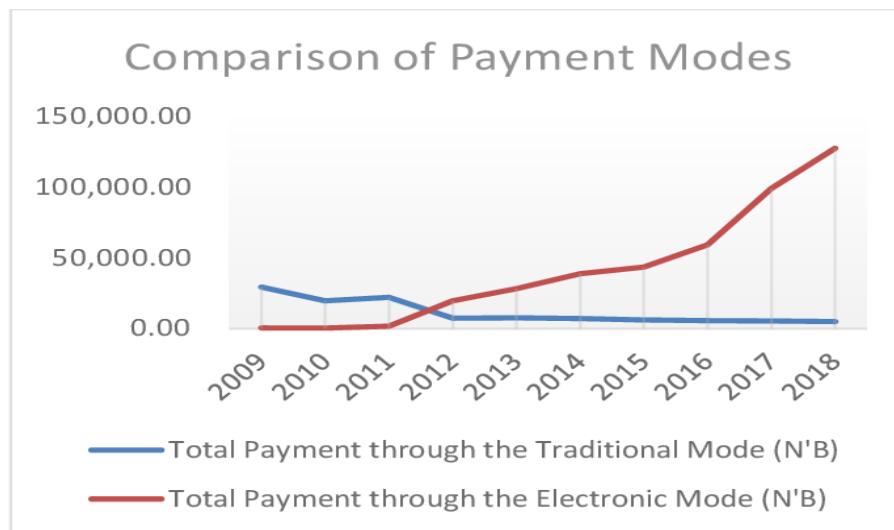
PROBLEMS FACED BY ONLINE BANKING SERVICES

Technology and Security Standards

Banks should designate a network and database administrator with clearly defined roles as indicated in the Group's report. Banks should have a security policy duly approved by the Board of Directors. There should be a segregation of duty of Security Officer / Group dealing exclusively with information systems security and Information Technology Division which actually implements the computer systems. Further, Information Systems Auditor will audit the information systems.

Legal Issues

Considering the legal position prevalent, there is an obligation on the part of banks not only to establish the identity but also to make enquiries about integrity and reputation of the prospective customer. Therefore, even though request for opening account can be accepted over Internet, accounts should be opened only after proper introduction and physical verification of the identity of the customer.



Regulatory and Supervisory Issues

As recommended by the Group, the existing regulatory framework over banks will be extended to Internet banking also. Only such banks which are licensed and supervised in World and have a physical presence in World will be permitted to offer Internet banking products to residents of World. Thus, both banks and virtual banks incorporated outside the country and having no physical presence in World will not, for the present, be permitted to offer Internet banking services to World residents.

Risks

E-Banking poses some different risks as compared to the traditional banking. These risks are more pronounced in the case of Internet banking. Firstly, the risk of technological changes has to be carefully watched. This is essential to update technologies and remain cost effective and customer friendly.



Security Issues

While making online payments or transferring money from one account to another, the online bankers are always concerned about the hackers and anti-social elements. Hacking enables the unethical hackers to penetrate the accounts of online bankers, and spend their money.

Necessity of the Internet

For availing the benefits of online banking one should have access to the Internet. For this purpose, he should own a desktop, laptop or PDA device, and an Internet connection.

Pay bills:

Instead of writing checks to pay bills, you can have your bank mail a check (or simply transfer the money to your payee electronically). Learn more about online bill pay.



Transfer funds:

Need to move money from your checking account to your savings account (or from one bank to another via ACH). How about putting extra cash into a certificate of deposit (CD)? In the past you had to visit the branch or wait on hold to get this done. Online banking makes it easier. Find out how to move money.

Apply for loans:

Loans are a “paperwork” intensive process. But they don’t have to be. Type in your information and your bank will get back to you with an answer.

Deposit cheque:

When you get a cheque, there are several ways to deposit it. The fastest and easiest option is to use remote **cheque** deposit: snap a photo of the cheque and submit it to your bank for payment. There’s no need to visit a branch or mail the check in. Learn how to deposit cheque with your mobile device.

Text message:

In addition to fancy applications and web pages, you can use “old-fashioned” text messages to manage your account, check balances, and more. This method is slightly faster for simple and repetitive tasks. Find out how to text with your bank.

Pros and Cons of Online Banking:

- ❖ There are numerous benefits to online banking, and it's worth at least having the option to bank online. But you might also prefer some features of traditional banks and credit unions.
- ❖ If you're not comfortable with technology, online banking may be more trouble than it's worth. Plus, glitches happen, and if your computer (or the bank's computer) isn't working then there's not much you can do. For complex situations (like pesky customer service problems or discussions about different types of loans), it might be best to have a face-to-face conversation.
- ❖ There's also the issue of getting cash. Online-only banks typically provide a debit card that you can use to withdraw cash, but you'll need to find free ATMs (or pay hefty fees).

IV. CONCLUSION

According to the study, it concludes that the most of the bank customers are aware about all the Online Banking services. The banks further have to take necessary steps to educate the customers regarding the new technology and other services offered by the banks. Banks may extend customer meeting time with bank

officials and also friendly approach is necessary. Definitely it will help to retain the existing customers and to attract new customers. It will automatically improve the banking service and development of banks in World and also in abroad. E-banking is a borderless entity permitting anytime, anywhere and anyhow banking. This facilitates us with all the functions and many advantages as compared to traditional banking services. During this step of the process, controls that could mitigate or eliminate the identified risks, as appropriate to the organization's operations, are provided. The goal of the recommended controls is to reduce the level of risk to the IT system and its data to an acceptable level. It reports is useful to know the consumer awareness of Online Banking system and what types of risk involved in Online Banking system.

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