

A STUDY ON E-BANKING: THE PRESENT SCENARIO

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Abstract

The technology, Internet and security standards are of prime importance as the entire base of Internet banking (E-Banking) rests on it. Also the competition has increased to such an extent that the one who is not compatible with the changing environment is not able to survive for long. E-banking comprises of Internet Banking, Smart Cards, Debit Cards, Credit Cards, Automated Teller Machines (ATM), and Charge Cards etc. Now-a-days, foreign banking companies are also entering into the Indian Banking Market. They are serving a hard and severe competition to nationalize and private sector banks. Introduction of these techniques have made the transactions and activities of businesses very effective and smooth. Many people are having access to Internet and Mobile Connections. But everything has two aspects - good and bad. The adoption and switch over to Electronic banking will also raise certain legal issues and disputes in the future which have to be anticipated and remedial measures for the same need to be adopted. Further, these issues should also be compatible with the existing laws, particularly the Information Technology Act, 2000 (also the information (amendment) act, 2008). Further, all these e-banking transactions are being supervised and regulated by the guidelines of RBI. Such as, all banks that are providing Internet Banking are required to have prior approval from RBI.

Keywords: *E-Banking, Technology, Internet, Internet Banking, The Information Technology Act.*

Introduction

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, user with internet access would 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.

The customer visits the financial institution's secure website, and enters the online banking facility using the customer number and credentials previously set up. The types of financial transactions which a customer may transact through online banking are determined by the financial institution, but usually includes obtaining account balances, a list of the recent transactions, electronic bill payments and funds

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