

WebBanking: Current Scenario in Indian Economy

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Introduction

Online banking, also known as **internet banking**, it 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.

Review of Literature

➤ **Humphrey & Berger (1990)** presented one of the earliest attempts to comprehensively estimate the private and social costs for nine separate payment instruments- cash, cheques, credit cards, money orders, point of sale (POS), Automated Clearing House Transfers (ACH), ATM bill payments, traveler's cheques and wire transfers. They found that from a social cost perspective, cash is the cheapest payment instrument, followed by ACH, POS and ATM bill payment. From a private perspective, cheques emerge as the cheapest payment method followed by cash, ATM and POS bill payments. However, the influence of government intervention was prematurely considered as there was no calculation of net benefits of such payments instruments.

➤ **Moody's Analytics (2013)** studied the impact of card usage on gross domestic product (GDP) of 51 countries, found that electronic card usage added USD 1.1 trillion in real dollars to private consumption and GDP from 2003 to 2008. The study found that only 1 per cent increase in card transaction volume would increase consumption each year by 0.039 per cent and GDP growth by 0.024 per cent. Similar benefits are expected for India as well.

Objective of the study

The main aim of this study is to check the current status of E-Banking in India.

Research Methodology

To complete this study, secondary data has been collected from various sources that are:

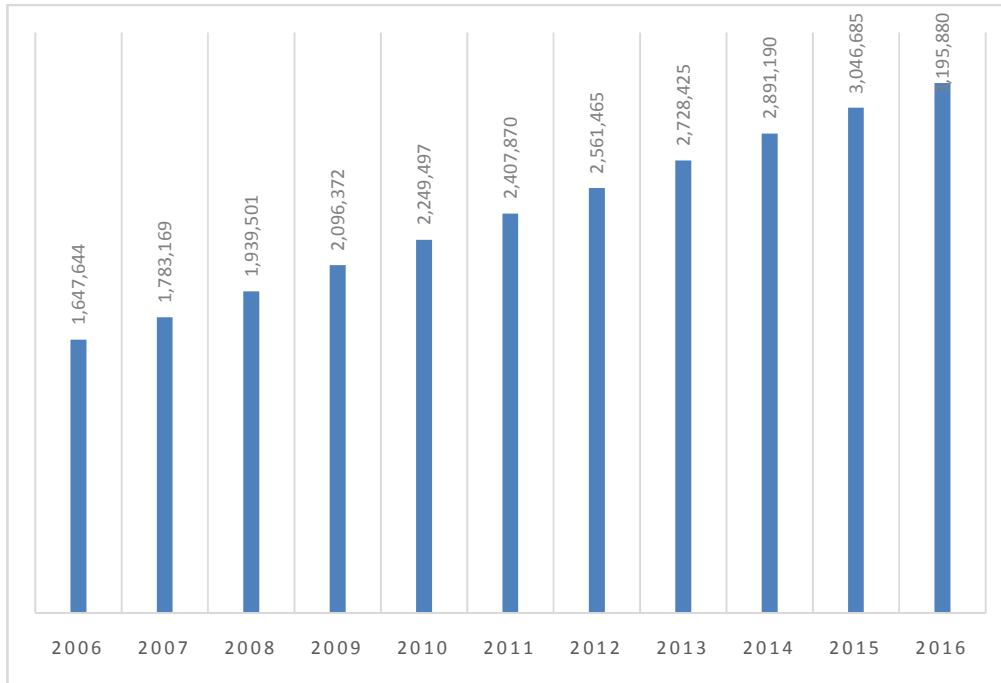
- Handbook of statistics
- Reports of RBI

STATUS OF DIGITAL BANKING IN INDIA

Digital India is a campaign launched by the by the Government of India to ensure that Government services are made available to citizens electronically by improving online infrastructure and by increasing Internet connectivity or by making the country digitally empowered in the field of technology. its working great even On 28 December 2015, the Panchkula district of Haryana was awarded for being the top performing district in the state under the Digital India campaign.

❖ Status of ATM Card Holders

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Figure 1**Total No. of ATMCardholders in India**

Source: rbi.org.in

Table 2**Per Cent Change in Growth of ATM in India**

Year	On-site		Off-site		Total Transaction	
		%change		% change		% change
2011	45275		42080		444345412	
2012	51600	13.97	54184	28.76	448766478	0.99
2013	71690	38.93	69826	28.87	530625546	18.24
2014	93119	29.89	83291	19.28	591494645	11.47
2015	97793	5.02	95975	15.23	708535094	19.79
2016	107420	9.84	97731	1.83	802685323	13.29

Source: rbi.org.in

Above Table depict the status of ATM position in India. From 2011 to 2016 there was a huge development in ATM position. In 2013, there was a major change in On- site ATM position with 38.93 per cent. On the other hand, in 2011 and 2012, the position of Off-site ATMs was immensely increase. Further after the introduction of Digital India, there was a dramatic change in total transaction in India. From 2014 to 2015, total transactions increase with 19.79 per cent.

❖ POS Status in India

Table 3
Per Cent Change in Growth of POS in India

Year	On-Line		Off-Line		Total Transaction	
		% change		% change		% change
2011	607094		11662		57552293	
2012	784862	29.28	14840	27.25	79234170	37.67
2013	1010332	28.73	15401	3.78	97932099	23.60
2014	1058294	4.75	348	-97.74	129710531	32.45
2015	1245110	17.65	337	-3.16	177485618	36.83
2016	1511769	21.42	299	-11.28	229451868	29.28

Source: rbi.org.in

The above Table shows the percentage change in growth of POS in India. As on-line transaction increase in India, off-line transactions showed the declining trend. Now mostly people prefer to pay via on-line mode instead off-line mode. Currently, there is 21.42 per cent change in on-line transaction from 2015 to 2016. On the other hand, off-line transaction shows negative trend. Consequently, with increase in on-line POS, total transaction is increasing.

RTGS Status in India

Table: 4
Per Cent Change Value and Volume of RTGS

Year	Value	% change	Volume(Million)	% change
2009	3275146	-	34745	-
2010	3899349	19.06	46026	32.47
2011	5097667	30.73	51920	12.81
2012	6032600	18.34	57278	10.32
2013	7017796	16.33	63850	11.47
2014	8185900	16.64	68744	7.66
2015	8024735	-1.97	68924	0.26
2016	8840374	10.16	72702	5.48

Note: Researcher's calculations

The above Table shows the RTGS position in India from 2009 to 2016. We observed that there is a fluctuation in the transaction via RTGSs in India. In 2010, there was 3899349 no. of transaction, with the volume of Rs. 46026 million. From 2009 to 2010, there was a huge change in the volume of RTGSs. In 2015, it shows negative trend but now it, start again rising.

❖ NEFT Status in India

Table 5

Per Cent Change Value and Volume of NEFT

Year	No. Of Transactions	% change	Value (Crore)	% change
2010	13457326	-	93663.82	-
2011	20613975	53.18 %	160345.01	71.19 %
2012	35537622	72.40 %	2667676.65	1563.71 %
2013	60358140	69.84 %	3929284.15	47.29 %
2014	83485916	38.32 %	5573363.69	41.84 %
2015	119606646	43.27 %	8197208.82	47.08 %
2016	166306956	39.04 %	11537633.14	40.75 %

Source: rbi.org.in

The above Table shows the NEFT transaction in India in 2010 to 2016. In 2012 these was a huge improvement in the transaction of NEFT with 72.4 per cent change and value of Rs. 2667676.65 crore. After 2012, people start preferring to perform transaction via NEFT.

❖ Mobile Banking Status in India

Table 6

Per Cent Change Value and Volume of Mobile Banking

Source: rbi.org.in

Year	Volume	% change	Value('000)	% change
2011	2670488		1979848	
2012	5221007	95.51	5981383	202.11
2013	8892790	70.33	22612968	278.06
2014	16783505	88.73	113232916	400.74
2015	39491499	135.30	490291434	332.99

The above Table shows the value and volume of mobile banking in India. As we know that after the introduction of Digital India scheme, peoples start using mobile banking. So as the above table shows the similar trends. Volume of mobile banking in 2011 is 2670488 while in 2015 it is 39491499. Compare to 2014 it is increase with percentage change in 135.3.

Conclusion

Currently, there is a mix of cash and cashless transactions happening across the country, while many enablers are working towards turning the cashless economy dream into a reality. We have taken big strides towards becoming a cashless economy; however it will take more than a generation to change the habit from cash to no cash transaction. Rushing the economy into a cashless state without proper planning and infrastructure will be disastrous and its consequences will be everlasting. A gradual move towards less-cash society as said by the Prime Minister is the right way forward. Also, important to note that if people start flocking to alternate currencies, governments could wind up losing much of their power to influence economic issues such as inflation and unemployment. The government can't set an interest rate for institutions lending in a currency it doesn't control.

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