

## **E-Banking and Cashless Payment System: An introduction to emerging trends in economy**

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### **Abstract**

Internet banking is changing the banking industry with major effects on banking relationships. Banker is not need to open more branches, the person is not need to withdraw cash or deposit a cheque or request a statement of accounts. In true through Internet banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any timeservice. Today , every person are very busy to save their time banks are provide internet banking services .Thus, number of innovative products for making payment has developed. Plastic money is an alternative to the cash. This research paper will introduce you to e-banking, meaning of plastic money and its functions, types of plastic money.It also shows the statistics of ATM.

**Keywords:** E-Banking, Plastic Money, Plastic cards, ATM (Automated Teller Machine), Debit card, Credit card.

### **INTRODUCTION**

After the independence three major reforms Liberalization, Privatization and Globalization. These reforms have present a challenges before Indian banking sector to adopt the new and innovative technology. For this, Electronic banking is the new trend adopted by the banking sector worldwide due to its wider scope for our country. And various products have been launched by the banks to provide better services. Hence, private and public sector banks are provides new technology in the form of plastic cards, PC banking, Electronic fund transfer(EFT), Internet banking, e-finance etc.In internet banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would be a borderless entity permitting anytime, anywhere and anyhow banking. Plastic money can save the time of customer.

### **WHAT IS E-BANKING**

When bank provides services in electronic form, called e-banking. Providing e-banking is increasingly becoming a "need to have" than a "nice to have". In e-banking one can get every information about them account through use of computer any other through a browser. E-

banking is provides many services to consumer in term of less cost of transaction. E-banking is also provides E-finance services .In other word we can say that e-banking is today's need.

### **PLASTIC MONEY**

Banking products are in the form of services, benefits, functions and facilities, and bank give these services to the customer. When bank offering or delivery these product through electronic mode these activities are called e banking. Like card banking, home banking, phone banking, EFT etc. important e-banking products are Debit and Credit Card, prepaid card which is known as Plastic Money. As these are made of plastic and also performs the function of legal money, so these are called plastic money.in present days plastic money plays an important role by facilitating buying and selling which in turn leads to the development of whole economy.

### **CREDIT CARD**

Credit Cards plays an important role in 20<sup>th</sup>centuary .It is issued by the bank with the logo of the bank card association like Visa, MasterCard, and Dinner Club etc. after proper verification of the holder. Credit card provides credit facility over and above the amount available in his account. Credit card holder is the borrower and issuer is the Lender.

#### **Different Credit Cards:**

Depending upon the various factors like customer needs trade competition etc. bank issue different type of cards. Some are:

- 1. Revolving Credit Card:** These are simple credit card. Holder of this card not needs to settle his account at the end of every month. Interest is charged varying from 30-36% p.a on the outstanding amount.
- 2. Charge card /Premium Charge Card:** in this type of card holder can use as much as he wants but he is required to pay offhis entire balance when the bill arrives. These cards are useful for pay travel, entertainment, office expenses.
- 3. Business card:** These are also called executive cards. These are issued to small partnership firms etc. That can be Silver card or Gold Card.
- 4. Student credit card:** This Credit Card issued to students. By offering cards with attractive interest rates to students , bank hope to gain life time customers.
- 5. Kissan credit card (KCC):** This card will carry personal details about farmer, his landholding, credit worthiness, loan details, repayment details etc. Farmers can draw loan amount in cash for cropproduction - agricultural equipment etc. as well as to for household expenses.

### **DEBIT CARD**

In this user has to maintain account with the bank .and bank allows the customer to spent only what is in their account. Debit card is issued by the bank and it is connected through ATM. Holder of these card can withdraw money, transfer money to same and different bank accountant.

**Types of debit cards: Debit Cards are mainly two types:**

- 1). Direct/on-line debit card (also known as PIN)
- 2). Deferred/off-line debit card (also known as signature debit)

#### **ATM CARD (AUTOMATIC TELLER MACHINE):**

ATM is popularly known as Any Time Money .ATM card is issued to the account holder of the bank in making a written request in pre printed application form. Different banks are issued different type of ATM with different term and conditions. In India, HSBC introduce ATM first in 1987. The use of ATMs is increasing rapidly.

#### **PREPAID CARD /CHARGE CARD**

Prepaid cards are of two types namely 1) single purpose cards 2) multipurpose cards. A set amount of money is 'loaded' on to the card prior to use and many prepaid cards can be re-loaded over and over again. These are PIN based. Their validity is subjected to the period mention in the card. The main benefit of the prepaid card is that card holder does not need an account with bank.

#### **OTHER CARDS**

Various characteristics of card are as follows:

##### **SMART CARD:**

Smart card is a kind of an electronic purse. It is a chip based card. It is invented by the Frenchman Ronaldo Moreno in 1974. These cards are used in educational institutions, hospitals, telecommunications, etc. to record personal data and are used as an e-payment mechanism.

##### **CASH CARD**

It is an alternative to credit card and It is mainly used for railway/air ticketing, booking hotels, travel packages, utility payments etc. It is also used for online shopping through selected websites. Important cash cards are I.T.Z cash card, done cash card and Eye cash card. It is now targeting to extend its services to rural areas. Its main limitation is high transaction cost/expenses.

##### **REMITTANCE CARD**

It is meant for people who receive remittances from abroad. Its aim is to make the procedure of receiving money from relatives abroad easy and hassle free. It is just like a normal debit card. Important features are carrying quarterly interest rate, protection against loss of card; payment of utility bills etc. beneficiaries of non-resident Indians could use this card for a lifetime fee of Rs. 400.

#### **FUNCTIONS OF E-BANKING**

1. Customer can inquiries about the details of his account information such as account balance and previous records.
2. Customer can transfer from his saving account to another person's accounts.
3. Customer can trade the foreign exchange, place an order and inquire about the foreign exchange rate.
4. Customer can do real time transfer and get the feedback information about payment.

5. Customer can change their information directly from e banking does not need to go to bank. Like customer can change login password.
6. Customer can pay Bills through Electronic Banking
7. Can doing Electronic Shopping at home.
8. Can do effecting Personal Investments through Electronic Banking.
9. Customer can Investing in Mutual funds and Initial Public Offers Online.

## REVIEW OF LITRETURE

Vyas, (2015), in this paper the author check the effect of e- banking on traditional banking services. Author says that e-banking facilitate the holder in many way and define some limitations of e-banking. Traditional banking services are affected by the e-banking.

Manivannan (2013) in his research paper “Plastic Money a way for cash Less Payment System” examined that Plastic Money plastic money and electronic payments was more used by only higher income group. These facilities f plastic money extended not only in urban areas or cities, but also to in rural area. However, today, fixed income group or salaried classes are increasing to use of plastic money and electronic payment systems .Patel, at al. (2012) in their research paper “Plastic Money: Roadmay Towards Cash LessSociety” discussed that now days in any transaction Plastic money becomeinevitable part of the transaction .With the plastic money it becomes possible to control the money laundry and effective utilization of financial system. It also helps in for tax legislation.

## STATISTICS OF ATM IN DIFFERENT BANKS

Because of Liberalization, Privatisation, Globalisation India needs new and innovative technology. To give batter services to the customers’ Indian banks use plastic money in various forms like Debit Card, Credit Card etc. ATM plays an important role in Indian banking system. Number of ATM increased day by day because of their need and importance. RBI publishes report on ATM & Cards every month. RBI’s Report on ATM statistics is given bellows in table:

Sr. No.	Bank Name	ATMs	
		On-site	Off-site
		1	2
1	ALLAHABAD BANK	812	281
2	ANDHRA BANK	3176	800
3	BANK OF BARODA	6333	3811

4	BANK OF INDIA	3483	4234
5	BANK OF MAHARASHTRA	577	1273
6	CANARA BANK	5470	5038
7	CENTRAL BANK OF INDIA	3476	1778
8	CORPORATION BANK	2334	855
9	DENA BANK	1353	266
10	INDIAN BANK	2538	613
11	INDIAN OVERSEAS BANK	2594	871
12	ORIENTAL BANK OF COMMERCE	2304	308
13	PUNJAB AND SIND BANK	1080	186
14	PUNJAB NATIONAL BANK	5852	4231
15	SYNDICATE BANK	3675	396
16	UCO BANK	2269	549
17	UNION BANK OF INDIA	4560	3078
18	UNITED BANK OF INDIA	976	1106
19	VIJAYA BANK	1742	411
20	IDBI LTD	2181	1656
21	STATE BANK OF INDIA	28525	30675
22	AXIS BANK LTD	3260	11124
23	BANDHAN BANK	384	0
24	CATHOLIC SYRIAN BANK LTD	203	51
25	CITY UNION BANK	843	695
26	DEVELOPMENT CREDIT BANK	243	266
27	DHANALAKSHMI BANK LTD	200	146
28	FEDERAL BANK LTD	1180	502
29	HDFC BANK LTD	5840	6385
30	ICICI BANK LTD	5181	8761
31	IDFC BANK LTD	20	2
32	INDUSIND BANK LTD	931	1198
33	JAMMU AND KASHMIR BANK	661	465
34	KARNATAKA BANK LTD	556	840
35	KARUR VYSYA BANK LTD	761	996
36	KOTAK MAHINDRA BANK LTD	993	1170
37	RATNAKAR BANK LIMITED	174	200
38	SOUTH INDIAN BANK	747	562
39	TAMILNAD MERCANTILE BANK LTD	460	649
40	THE LAXMI VILAS BANK LTD	388	593
41	YES BANK LTD	683	1129
42	AMERICAN EXPRESS	0	0
43	BANK OF AMERICA	0	0
44	BARCLAYS BANK PLC	0	0
45	CITI BANK	48	506
46	DBS BANK	6	24
47	DEUTSCHE BANK LTD	13	18
48	HONGKONG AND SHANGHAI BKG CORPN	44	54
49	STANDARD CHARTERED BANK LTD	103	127

	<b>Grand Total</b>	<b>109232</b>	<b>98879</b>
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**Source: RBI Monthly Report of August, 2017**

## CONCLUSION

From the above table we can conclude that, in India total number of onsite ATM's are 109232 and total number of off line ATM's are 98879. State bank of India is on the top in number of onsite ATMs and offline ATMs. Number of ATM in India is increasing rapidly. And growth of ATM helps economy in development and growth. India is one of the top 10 economies in the world, where the banking sector has tremendous potential to grow. The number of ATMs has doubled over the past few years, with more than 100,000 in the country at present (70 per cent in urban areas). They are estimated to further double by 2017, with over 50 per cent expected to be set up in small towns. Also, the scope for mobile and internet banking is big. At the start of 2013, only 2 per cent of banking payments went through the electronic system in the country. Today, mobility and customer convenience are viewed as the primary factors of growth and banks are continuously exploring new technology, with terms such as mobile solutions and cloud computing being used with greater regularity. However, Indian banking industry faced the numerous challenges such as increasing competition, pressure on spreads, and systemic changes to align with international standards have necessitated a re-evaluation of strategies and processes in order to remain competitive in this dynamic environment. Banks have to adopt a holistic approach to fulfil the ever changing needs of customers and to grab a better market share.

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