



Saarth E-Journal

# Saarth E-Journal of Research

E-mail : [sarthejournal@gmail.com](mailto:sarthejournal@gmail.com)  
[www.sarthejournal.com](http://www.sarthejournal.com)

ISSN NO : 2395-339X  
Peer Reviewed  
Vol.9 No.11

Impact Factor  
Quarterly  
Oct-Nov-Dec 2022

---

## E- BANKING: A NEXT GENERATION OF TRADITIONAL BANKING

Krunal N Mistry

---

### Abstract

E-banking, virtual-banking, online-banking, and internet-banking is all names for electronic banking which is the updated generation of traditional banking. The term “banking” here refers merely to the provision of financial services via electronic and telecommunications networks. E-banking allows customers to access their accounts and do a variety of banking tasks from the convenience of their own home or on the go using their computer or mobile device. This article will discuss the many forms of online banking and the reasons why they have become so popular than to the traditional banking.

KEY WORDS: Banking, Internet based services, Mobile banking, Electronic Services, Financial services

### Types of e-banking

Online banking is a channel through which financial institutions provide a wide range of services. There are three basic services:

- The most basic level of online banking service is provided by Level 1 banks. The bank provides details about its offerings to its clientele through this channel. Additionally, certain financial institutions may accept and respond to questions via electronic mail.
- In the second tier, users are able to submit requests for a variety of banking services, view their account balances, and so on. However, consumers of banks are not allowed to conduct any fund-based transactions using their accounts.
- Third-tier banking services include the ability to make transfers, pay bills, buy and sell stocks, and more.

Online banking is a service that most conventional banks now offer to their customers. And many new banks focus exclusively on providing financial services over the internet and other electronic means. Some financial institutions solely exist online and don't have any brick-and-mortar locations.

## **Importance of e-banking**

**For clarity's sake, we'll examine the value of electronic banking from three distinct perspectives: that of the bank, the individual consumer, and the company.**

### **Banks**

1. Electronic transactions are the most cost-effective means of exchange because:
2. The possibility of human error is minimised because of the electronic nature of the information transmission.
3. Digital records mean less paperwork, which simplifies the process. It's also a plus because it doesn't harm the planet.
4. Lessening the number of branches you need to open means less money spent on overhead.
5. Increased consumer loyalty since e-banking is so convenient.

### **Customers**

1. Customer service that is available whenever and wherever the customer needs it.
2. Since the consumer is not required to make repeated trips to the branch, he saves both time and money in the long run.
3. There are no physical impediments to conducting business, which can slow down the traditional banking system. Nonetheless, electronic banking eliminates the need to physically meet in order to conduct financial transactions.

### **Businesses**

1. Online banking provides fast access to company accounts, so business owners and authorised employees may analyse financial data whenever they choose. That way, they can monitor the account and make sure everything is running well.
2. Increased efficiency - Online banking is more efficient. Regular monthly payments can be automated, among other things, to boost efficiency in the company.
3. Cost savings: In banking partnerships, expenses often accrue in proportion to the amount of resources put into maintaining the relationship. For example, a bank may charge a company extra money if it needs more help than the average firm with wire transfers, deposits, etc. These costs are reduced significantly with the help of internet banking.
4. Errors in normal financial transactions are less likely to occur because to the increased use of electronic banking. Errors can be expensive, especially if they result from bad handwriting, incorrect information, etc. The precision of monetary dealings is also improved by the convenience with which account activity may be reviewed.
5. Fraud is less likely to occur because of the digital trail left by all staff members who have access to modifying financial transactions thanks to electronic banking. In this way, the company can keep tabs on all of its financial dealings, making it harder for fraudsters to pull their tricks.

## **E-banking in India**

Although ICICI Bank was the pioneer in India's online banking industry, now all the new-generation banks now provide internet banking to their consumers. In reality, the majority of the world's largest financial institutions already provide online banking.

### **Popular services under e-banking in India**

- ATMs (*Automated Teller Machines*)
- Telephone Banking

- Electronic Clearing Cards
- Smart Cards
- EFT (*Electronic Funds Transfer*) System
- ECS (*Electronic Clearing Services*)
- Mobile Banking
- Internet Banking
- Tele-banking
- Door-step Banking

**In addition, the following options are offered in India as part of Internet banking: Bill payment-**

Throughout the country, every single bank has partnerships with a wide variety of service providers, utilities, insurance agencies, and so on. This cooperation allows banks to facilitate bill payment through the internet (electricity, telephone, mobile phone, etc.). In addition, there is often a small one-time registration fee assessed by the financial institution. In addition, the client may set up a regular payment mandate to ensure that their monthly expenses are always paid on time.

**Funds transfer –**

In India, a consumer can move money between his accounts at the same bank or at other banks. To initiate a wire transfer, he must sign into his account and provide the payee's name, account number, his bank's name and location, and the amount to be sent. Within a day or two, the exchange will take place.

**Investing –**

A consumer can initiate a fixed deposit with the bank through an electronic money transfer transaction. Additionally, a client can trade shares online provided he has a demat account, along with a connected bank account and trading account. In addition, several financial institutions' digital hubs facilitate the acquisition and redemption of mutual fund units.

**Shopping –**

A consumer utilizing an e-banking service can make a purchase and then use his bank account to pay for the item or service.

Financial marketers need to make contact immediately before the door closes permanently. As of the year 2025, all strategic stakeholders understand that next-generation banking consumers are their most valuable asset. By 2025, PWC predicts a 42 percent growth in the use of cashless payments. According to the same study, 90% of a bank's actionable customer data will originate from payment transactions. The industry's responsibility to promote diversity and inclusion also rises in importance. Expanding access to finance for women, farmers, and small companies is driving innovation in the lending industry, and artificial intelligence (AI) is unlocking vast new possibilities. The competition for the business of millennial and Generation Z is so fierce. As a result, the banking industry is undergoing a rapid transformation in response to the demands of the next generation of customers. As a result of technological innovation, fierce competition from fintech rivals, and the Coronavirus, traditional financial services providers have been compelled to digitalize or

risk falling behind in their respective markets. The goal of next-generation banking is to make the experience more individual. I think of it as a data-tech long game to design goods and services around the needs of the future generation. Next-generation financial institutions are increasing their use of data analytics tools in order to meet customers' demands for customised, ground-breaking services. Making things feel unique and special calls for an in-depth familiarity with and adaptation to the cultural and behavioural setting in which these generations live and are formed to form their preferences. Here are few cases in point:

- These generations' upbringings encouraged them to "do it yourself" (DIY).
- Everything from shopping for goods online to filling up their cars to customising their Nike sneakers to researching topics on the internet.
- Just so you know (FYI) is another abbreviation describing the way today's youth conduct themselves.
- This is the generational focus, since members of Generation Z are known for being the most prolific data transmitters and receivers ever.
- Social media has always been a part of their lives. They are no longer reliant on elders for data.
- Most of it is false, misleading, or simply untrue, and that's what scares people. Unfortunately, though, information is king.
- Contextual determinants of behaviour in the next generation also include fear of missing out (FOMO) and fear of missing out (FOLO).
- The phrases "fear of missing out" (FOMO) and "fear of living offline" (FOL) have gained prominence during the last five to seven years.

In the age of "Just do it, but do it intelligently!" financial advice, the next generation of banks and other financial institutions are becoming more and more personal with their clients. Next-generation banks provide people with the intelligence, insights, and tools to take control of their financial futures which was not possible in the traditional banking system. However, that's not all! Every enlightened deed, piece of insight, and useful gadget must not only be practical, but also contribute to a better global community. Studies conducted by some experts have shown that the worldwide effects of climate change cause concern for about 70% of members of Generation Z and Millennial. They are worried about the rising frequency of natural disasters like floods, fires, and storms throughout the world. Among individuals who are most invested in the climate change problem on social media, anxiety about the future is a common emotional response to material related to the topic. When exposed to information on climate change, the vast majority of social media users who are actively concerned about the issue feel frustrated that more isn't being done. Yet many others report being inspired to further their knowledge and optimistic about their capacity to mitigate climate change. Thirty-five percent of members of Generation Z and Millennial, according to the experts, are already making changes in their own lives to promote a more sustainable way of life. At best, they're the DIY generation. Success will go to the next generation of banks that can provide a more individualised experience while also taking a risk on innovative, long-term strategies. Customers will show preference for innovative sustainable business models that strike a good balance between profitability and sustainability by, for example, quickly becoming carbon neutral or making a difference in financial inclusion. Purpose-driven business models that are making a tangible difference for a better world are now essential for attracting the attention of the next generation.

## **Conclusion**

In the near term, it seems that businesses like Google, Amazon, Apple, and others in the tech industry that focus on individualization will be the winners. They have effectively introduced tools for generating behavioural data across many areas of our life, and are now including personal finance into this. They will have a significant edge in using AI to provide

customised services and deals at scale if they have access to the aforementioned data. It is now open to question, however, whether or not they also adapt effectively to the social and functional environment of future generations. DIY, FYI, FOMO, and FOLO are all cultural trends that their businesses tap upon. Their offerings are well-received by mobile users since they control the most popular mobile browsers. But can they really address the concerns of future generations about climate change and sustainability? Fintechs are better at combining utility and customization, but they frequently need to be embedded by large technology companies or financial institutions to have access to massive data sets. This presents a huge opportunity for established businesses. Integrating best-in-class personal digital finance with advocacy for net zero, financial inclusion, and other sustainable development objectives is a terrific path ahead which was not possible in the traditional banking system. From monetary data to psychometrics, from web data to mobile phone records, it is investigated that how big data can fuel a variety of game-changing use cases at scale. To make banking more meaningful and individual, we need to adopt new mental models. To make progress in this field, new skills are required. It's an art and a science to assist the clients "simply do things intelligently!"

## References

1. Dr. Sandeep Gandhi & Ruchi Gupta, "A Descriptive Study On E-Banking Vs. Traditional Banking In India", Palarch's Journal Of Archaeology Of Egypt/Egyptology 17(7) (2020). ISSN 1567-214X.
2. [www.jfin-swufe.springeropen.com/articles/10.1186/s40854-017-0062-0](http://www.jfin-swufe.springeropen.com/articles/10.1186/s40854-017-0062-0)
3. <https://www.bcg.com/publications/2020/bionic-banking-may-be-the-future-of-banking>
4. <https://www.theedgemarkets.com/article/digital-banking-next-generation-banks>
5. <https://www.imf.org/external/pubs/ft/fandd/2002/09/nsouli.htm>
6. <https://www.rbi.org.in/SCRIPTs/PublicationReportDetails.aspx?UrlPage=&ID=243>

**Krunal N Mistry**

Ph.D. Research Scholar,  
S.D. School of Commerce,  
Gujarat University.