



AN OVERVIEW OF ONLINE BANKING SERVICE



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ABSTRACT

Online banking (OLB) is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred as Internet banking, e-banking, virtual banking. To examine the features and historical background of online banking, the global internet users, to study major countries using internet facility, to examine Axis bank as online banking service provider, to examine online banking service in the USA, United Kingdom and Asia the study conducted. The study made with the help of secondary data source and the data obtained through journals, reports, and internet. The study is analytical in its nature. Online banking service gaining increasing importance in all the nations. People should utilize the service properly then only we can expect development of financial sector in various. I online banking service should not be misused. As online banking service has its specialized benefits, the developing countries should strengthen this service to the people then we can expect quick banking service in these Countries which will be helpful to achieve financial inclusion and inclusive policy.

KEY WORDS: *Online banking, non- transactional tasks, Axis bank, value added service, customer service.*

INTRODUCTION

Online banking (OLB) is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred as Internet banking, e-banking, virtual banking.

PROCEDURE OF ONLINE BANKING

To access a financial institution's online banking facility, a customer with Internet access should need to register with the institution for the service, and set up some password (under various names) for customer verification. Financial institutions now routinely allocate customers numbers, whether or not customers have indicated an intention to access their online banking

facility. Customers' numbers are normally not the same as account numbers, because a number of customer accounts can be linked to the one customer number. The customer can link to the customer number any account which the customer controls, which may be cheque, savings, loan, credit card and other accounts. Further to access online banking, a customer would go to the financial institution's secured website, and enter the online banking facility using the customer number and password previously setup.

The Features:-

The major features of online banking are as follows:

- ✦ A bank customer can perform non-transactional tasks through online banking, including -



- ▲ viewing account balances
- ▲ viewing recent transactions
- ▲ Downloading bank statements, for example in PDF format
- ▲ viewing images of paid cheques
- ▲ ordering cheque books
- ▲ Download periodic account statements
- ▲ Downloading applications for M-banking, E banking etc.
- ✦ Bank customers can transact banking tasks through online banking, including -
 - ▲ Funds transfers between the customer’s linked accounts
 - ▲ Paying third parties, including bill payments (see, e.g., BPAY) and third party fund transfers(see, e.g., FAST)
 - ▲ Investment purchase or sale
 - ▲ Loan applications and transactions, such as repayments of enrollments
 - ▲ Credit card applications
 - ▲ Register utility billers and make bill payments
- ✦ Financial institution administration
- ✦ Management of multiple users having varying levels of authority
- ✦ Transaction approval process
- ✦ The process of banking has become much faster. Thus, the term ‘Online’ became wellknown in the late ’80s and referred to the use of a terminal, keyboard and TV (or monitor) to access the banking system using a phone line.

HISTORICAL BACKGROUND OF ONLINE BANKING

During the late 1990s, many banks began to view Web-based banking as a strategic imperative. The attraction of banks to online banking are fairly obvious: diminished transaction costs, easier integration of services, interactive marketing capabilities, and other benefits that boost customer lists and profit margins. Moreover, A mergers-and-acquisitions wave swept the financial industries in the mid-and late 1998s, greatly expanding banks’ customer bases. During the year 2000, 80 percent of U.S. banks offered e-banking. During 2009, a report by Gartner Group estimated that 47 percent of U.S. adults and 30 percent in the United Kingdom bank online. Today, many banks are internet only banks.

METHODOLOGY

To examine the features and historical background of online banking, the global internet users, to study major countries using internet facility, to examine Axis bank as online banking service provider, to examine online banking service in the USA, United Kingdom and Asia,

Source of data:

The study made with the help of secondary data source and the data obtained through journals, reports, internet. The study is analytical in its nature.

Table 1: The global internet users

Asia	1322491069
Americas (North and South)	596331291
Europe	520381481
Africa	268209162
Oceania	25109590

Source: Internet Live Stats

It is clear from the above table that the global internet users are highest at Asia followed by America, Europe, Africa and Oceania in this chronological order.

Table 2: Major Countries using internet facility

Rank	Country	Internet Users	1 Year Growth %	1 Year User Growth	Total Country Population	1 Yr Population Change (%)	Penetration (% of Pop. with Internet)	Country's share of World Population	Country's share of World Internet Users
1	China	641,601,070	4%	24,021,070	1,393,783,836	0.59%	46.03%	19.24%	21.97%
2	United States	70,279,834,232	7%	17,754,869	322,583,006	0.79%	86.75%	4.45%	9.58%
3	India	243,198,922	14%	29,859,598	1,267,401,849	1.22%	19.19%	17.50%	8.33%
4	Japan	109,252,912	8%	7,668,535	126,999,808	-0.11%	86.03%	1.75%	3.74%
5	Brazil	107,822,831	7%	6,884,333	202,033,670	0.83%	53.37%	2.79%	3.69%
6	Russia	84,437,793	10%	7,494,536	142,467,651	-0.26%	59.27%	1.97%	2.89%
7	Germany	71,727,551	2%	1,525,829	82,652,256	-0.09%	86.78%	1.14%	2.46%
8	Nigeria	67,101,452	16%	9,365,590	178,516,904	2.82%	37.59%	2.46%	2.30%
9	United Kingdom	57,075,826	3%	1,574,653	63,489,234	0.56%	89.90%	0.88%	1.95%
10	France	55,429,382	3%	1,521,369	64,641,279	0.54%	85.75%	0.89%	1.90%

Source: Internet live source

It is clear from the above table that RELATED TO Country's share of world internet users ,China's share highest followed by UnitedStates,India,Japan,Brazil,Russia, Germany,Nigeria,United Kingdom and France in this chronological order.

UNITED STATES

The first online services began at USA. The online banking was first introduced in the early 1980s in New York. Four major banks—Citibank, Chase Manhattan, Chemical and Manufacturers Hanover—offered home banking services. Chemical introduced its Pronto services for individuals and small businesses in 1983. It allowed individual and small-business clients to maintain electronic checkbook registers, see account balances, and transfer funds between checking and savings accounts. Pronto failed to attract enough customers to break even and was abandoned in 1989. Other banks had a similar experience ("Banking and Finance on the Internet," edited by Mary J. Cronin). The online banking in the US has been federally governed by the Electronic Funds Transfer Act of 1978.

UNITED KINGDOM

It was the Nottingham Building Society that during the year 1983 introduced Britain's first electronic home banking service through a joint venture with Prestel, a computerized information service owned by British Telecom. During 1994 the Stanford Federal Credit Union was the first financial institution to offer online internet banking services to all of its members.

THE ONLINE BANKING SURGES AHEAD IN ASIA

As on January 24,2003 the rate of online banking has more than doubled in two years with South Koreans leading the field. What's more, China and Taiwan are waiting in the wings with enormous reserves of untapped

potential (A survey of Asian Internet users, The Economic Times). The ACNielsen Online Banking Report found that the total active online banking population had grown 63 per cent across the Asian economies of South Korea, Hong Kong, Singapore, China and Taiwan in the second half of 2001. The regional (The ACNielsen Online Banking Report).

The Mumbai city tops in online banking:-

An on March 9th 2006 With the internet now popular among all age groups, online banking has become a necessity. According to Internet and Mobile Association of India, 30% of respondents have a relationship with one bank, 60% with 2-3 banks, 8% with 4-5 banks and 2% with more than six banks. Also, 30% of respondents have one bank account, 59% of them have 2-3 bank accounts while 9% have more than 4-5 bank accounts and 3% have more than six bank accounts.

The Attacks:-

It is clear from the secondary source information the attacks on online banking used today are based on deceiving the user to steal login data and valid TANs. Two well-known examples for those attacks are phishing and pharming. Cross-site scripting and keylogger/Trojan horses can also be used to steal login information.

The Countermeasures:-

There exist several countermeasures which try to avoid attacks. Digital certificates are used against phishing and pharming, in signature based online banking variants (HBCI/FinTS) the use of "Secoder" card readers is a measurement to uncover software side manipulations of the transaction data.

The case of Axis Bank:-

The Axis bank has provided the facility to do multiple things from the comforts of peoples' home or office with Axis Bank Internet Banking - a one stop solution for all peoples' banking needs. People can now get all their account details, submit requests and undertake a wide range of transactions online.

Features of online banking of Axis bank:-

- ✿ **Account Details:** People they should view their bank account details, account balance, and download statements and more. Also view their demat, loan & credit card account details all in one place.
- ✿ **Fund Transfer:** Transfer fund to customers' own accounts, other Axis Bank accounts or Other Bank account seamlessly.
- ✿ **Request Services:** Customers should give a request for cheque book, demand draft, stop cheque payment, debit card loyalty point redemption etc.
- ✿ **Investment Services:** Customers can view their complete portfolio with the bank, they can create fixed deposit and they can apply for IPO etc.
- ✿ **Value Added Services:** Payment of Utility bills for more than 160 billers, Recharging Mobile, Create Virtual Cards, Pay any Visa Credit Card bills, Register for estatement and sms banking etc.

In India Internet banking is available to all individuals, including both resident and non-resident Indians. The customers can make both financial and non-financial transactions through our Internet Banking Service.

Customer Service:-

The customers can view the status of a number of other services:

- ✿ Cheque status - To know if a particular cheque is paid or not
- ✿ Stop cheque payment - To stop the payment of the cheque ✿ Forex Rate Inquiry
- ✿ Bulletins
- ✿ Mail Box
- ✿ Cheque Book status Inquiry
- ✿ Registering alerts - To register for alerts and messages ✿ Change Password - To change your password word to log-in to internet banking
- ✿ Session summary report - To know the summary of customers log-in activities.

CONCLUSION

Online banking service gaining increasing importance in all the nations. People should utilize the service properly then only we can expect development of financial sector in various. I online banking service should not be misused.

SUGGESTION

As online banking service has its specialized benefits, the developing countries should strengthen this service to the people then we can expect quick banking service in these Countries which will be helpful to achieve financial inclusion and inclusive policy.

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