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E-BANKING – A KEY FOR RURAL DEVELOPMENT

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Introduction

E-banking is the wave of the future. It provides enormous benefits to consumers in terms of the ease and convenience of transactions. The Internet banking is changing the banking industry and is having the major effects on banking associations. E-banking is a generic term for delivery of banking services and products through electronic channels such as the telephone, the internet, the cell phone, etc. E-Banking has been around for some time in the form of automatic teller machines and telephone transactions. More recently, it has been transformed by the Internet, a new delivery channel for banking services that benefits both customers and banks. Access is fast, convenient, and available around the clock, whatever the customer's location and banks can provide services more efficiently and at substantially lower costs. The concept and scope of E-banking is still evolving. It facilitates an effective payment and accounting system thereby enhancing the speed of delivery of banking services considerably. While E-banking has improved efficiency and convenience, it has also posed several challenges to the regulators and supervisors. Several initiatives taken by the government of India, as well as the Reserve Bank of India (RBI), have facilitated the development of E-banking in India. The government of India enacted the IT Act, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce.

Functions of Internet Banking : The following are the main function of internet banking in India

- Issue Demand Drafts online
- Transfer funds to own and third party accounts
- Credit beneficiary accounts using the VISA Money Transfer, RTGS/NEFT feature
- Generate account statements
- Setup Standing Instructions
- Configure profile settings
- Use e Tax for online tax payment
- Use e Pay for automatic bill payments
- Interface with merchants for railway and airline reservations
- Avail DEMAT and IPO services

Role of Internet Banking for Rural Development : Internet Banking has made an important role in the Rural Development . It allows to conduct various transactions using the bank's website and offers several advantages. The role of internet banking are:

- 1.Simplification :** Online account is simple to open and easy to operate so it helps to rural people for operating account.
 - 2.Convenient to rural People :**It is quite convenient as people can easily pay bills, can transfer funds between accounts, etc. Now people do not have to stand in a queue to pay off bills; also people do not have to keep receipts of all the bills as people can now easily view their transactions.
 - 3.Time Saving :**It is available all the time, i.e. 24x7. People can perform their tasks from anywhere and at any time, even in night when the bank is closed or on holidays. The only thing people need to have is an active internet connection. It helps to people for focus his time in the business.
 - 4.Fast and Efficient.**Funds get transferred from one account to the other very fast. People can also manage several accounts easily through internet banking.
 - 5.Safe to Use Account :** Through Internet banking, people can keep an eye on his transactions and account balance all the time. This facility also keeps his account safe. This means that by the ease of monitoring his account at anytime, people can get to know about any fraudulent activity or threat to his account before it can pose his account to severe damage.
 - 6.Extension of the size of the market:**E- Banking help to commerce and industry. With the E-banking system, it is possible for commerce and industry for extending their field of operation. E- Banking act as an intermediary between buyers and the sellers.
- Act as an engine Rural development:** E-Banking act as engine for rural development by saving time, expanding market size and providing facilities for rural area. E-banking is engines of rural development.

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Financing agriculture and allied activities: E-banking helps the farmers in fast extending credit for agricultural development. Farmers require credit for various purposes like making their produce, for the modernization and mechanization of their agriculture, for providing irrigation facilities and for developing land. E-Banking helps to rural people for fast sectioning of loan. For improving the standard of living of the people: The standard of living of the people is estimated on the basis of the consumption pattern. Through the E-banking bank approve fast loans to consumers for the purchase of consumer durables and other immovable property, which will raise the standard of living of the people.

Opportunities of E- Banking

The three broad facilities that e-banking offers are:

Convenience – Complete banking at our convenience, in the comfort of your home or at any place we can access the Net.

No more Qs – There are no queues at an online bank.

24/7 service – Bank online 24 hours a day, 7 days a week and 52 weeks a year.

Challenges of E-Banking:

1. Customer may have to face risky transaction & fraud.
2. Failure of power supply cause to break down of system.
3. Loss of heavy income at times of settlement of higher magnitude.
4. Cost involved in training staff may not be profitable especially in times of attrition.
5. Development of an attitude of lethargy
6. Lack of awareness on the benefits of new technologies.
7. Low rate of literacy : Many people are not literate. Many people are not aware about E-Banking.

Cyber security issues: Cyber security is a global challenge that requires global and multi-dimensional response with respect to policy, socio-economic, legal and technological aspects.

9. **High cost of Internet:** The cost of Internet access relative to per capita income is a critical factor. Compared to the developed countries, there are higher costs of entry into the e-commerce market.

10. **Lack of suitable legal and regulatory framework for e-commerce and e-payment.**

Conclusion: Internet banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. E-banking has great facilities for customers, but many people are not aware who are residing in rural areas. But if banks are providing training for those people, they are very much interested in using e-banking facility. So banks instead spending fund on development of e-banking, can also spend fund and time for their customers. So both customers and banks would be benefited benefited then the financial inclusive growth would be high in India. Therefore the following are recommended to strengthen the e-banking system: develop a comprehensive regulatory and legal framework for e-commerce and payment, raise public awareness on the use of ICT, e-commerce, and e-Payment, provide incentives for financial institutions to invest rigorously on ICT and use of e-commerce, and e-Payment, encourage the current efforts to develop and expand ICT infrastructure.

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