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INDIA'S VISION 2022**

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CONTENTS

S. No.	Title	Page No.
1	Swot Analysis on e- Banking in India Er. R. Deepa & Dr. K. Hema Malini	1
2	Banks – A Tool for Empowering Women Dr. R. Radhika Devi & Dr. J. Jeelan Basha	5
3	Innovations in Banking Dr. R. Arputharaj & M. Premika	11
4	Bancassurance – A Magnificent Strategy to Fascinate Customers Dr. (Mrs.) A. Rama & Dr. (Mrs.) M. Subasini	14
5	Impact of E-Banking on Traditional Banking Services Dr. R. Vennila & Dr. A. Mayil Murugan	19
6	A Study on Women Entrepreneurs Perception Towards Health Insurance in Select Southern Districts of Tamilnadu N. Sagayavani & Dr. (Mrs.) S. Fatima Rosaline Mary	23
7	Globalisation of Indian Insurance Sector R. Meenakshi & Dr. B. Revathy	26
8	Customer Relationship Management in Insurance Sector Prof. S. Ramachandran & Dr. A. Mayil Murugan	29
9	*Analysis of Basel Norms* CA. C. Govindaraj	35
10	Inclusive Insurance B. Srividhya	39

SWOT ANALYSIS ON e- BANKING IN INDIA

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Abstract

The banking sector of India has witnessed a significant shift in its performance and services provided over the past years in line with the global transformation in information technology. The diffusion of internet in most of financial sectors has driven the banking sector to adapt new technologies and deliver its services electronically through E-banking. This paper highlights the current state of e-banking in India and analyzes the secondary data of previous literature to develop a SWOT/ TOWS strategic matrix. Policy makers, Bankers and online banking users can benefit from this study for better understanding and application of e-banking in India. Future studies can extend the literature and show more evident and updated data in terms of strength, weakness, opportunities and threats facing the e-banking sector in India or compare it to other countries strategies.

Keywords: e-banking, SWOT/ TOWS, technology, innovation.

Introduction

Financial system in India is majorly dominated by banks, accounting for over 60% of the total assets. Indian banking sector was exposed to the world market after financial sector reforms in 1991. Indian banking industry has witnessed tremendous developments due to sweeping changes that are taking place in the information technology. According to an Industry report, it has the potential to become the 5th largest banking industry in the world by 2020. The last few decades have changed the face of banking industry. It began with computerization of a few core functions and departments in principal branches and progressed towards achieving 100% branch automation. Then there was arrival of network based operations and deployment of ATMs and the adoption of Core Banking Solutions brought about user friendly technology for customers which radically transformed the way banking was done in India both by bankers and customers. The overwhelming innovations in the form of new delivery channels like internet banking, payments and settlement systems such as RTGS, NEFT, pre-paid cards issued by non-banking entities, mobile banking started gaining worldwide popularity. India also became a member of the Basel Committee of Payment Settlement systems. With the development of Internet, online banking has become a development trend of Bank. It also provides more opportunity for the profits. The advantages of the online banking draw attentions from each bank. Its convenience is helpful to develop the bank markets, but also can improve the bank's financial service level. So

each bank searches for more innovative financial products to pursue the market share. The SWOT/TOWS analysis-based method on the internal and external environment provided the theoretical basis for online banking. The strategic analysis shows the research value and has certain practical significance which contributes to performance improvement and give a competitive edge to banks.

Internet Banking in India

The Reserve Bank of India constituted a working group on Internet Banking. The group divided the internet banking products in India into 3 types based on the levels.

Information Only System: General purpose information like interest rates, branch location, bank products and their features, loan and deposit calculations are provided in the banks website. There exist facilities for downloading various types of application forms. The communication is normally done through e-mail. There is no interaction between the customer and bank's application system. No identification of the customer is done. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet.

Electronic Information Transfer System: The system provides customer- specific information in the form of account balances, transaction details, and statement of accounts. The information is still largely of the 'read only' format. Identification and authentication of the customer is through password. The information is fetched from the

bank's application system either in batch mode or off-line. The application systems cannot directly access through the internet.

Fully Electronic Transactional System: This system allows bi-directional capabilities. Transactions can be submitted by the customer for online update. This system requires high degree of security and control. In this environment, web server and application systems are linked over secure infrastructure. It comprises technology covering computerization, networking and security, inter-bank payment gateway and legal infrastructure.

Research Methodology

The present study is based on the secondary data on Indian Banking Sector collected from different journals, research articles, periodicals, websites and published data from various issues of RBI, Indian Banks association.

Various studies on this subject available on internet have also been referred in this paper

Swot Analysis

To enhance the security of e-banking, several policies or strategies can be implemented to provide security and privacy of customers that will motivate and increase the trust of clients to use online banking. Also, Bank regulators should have a supervising role to ensure that banks have appropriate practices in place to guarantee the confidentiality of data, as well as the integrity of the system and the data. To sustain a competitive advantage, the Indian Banking industry needs to gather information, ascertain customer value, determine the best means to implement e-learning and follow what other countries done for a successful e-banking experience. The following are the strength, Weakness opportunists and threats of Internet Banking in India

Table 1: Swot Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • superior & user friendly technology • Anywhere-anytime banking. • No paper work and physical handling and storage of paper instruments • Low cost of online transactions • creation of more and more innovative products and services • Better customer relationship management. • Improved management, transparency and accountability. • Better access to rural people • Strong Regulatory Institutional Framework constituting RBI, IT act, 2000, Banking regulations act, etc. 	<ul style="list-style-type: none"> • Complexity in online transactions • High bank service charges • A 'digital divide' as the poor are excluded from the use of the internet • Confidentiality and integrity of data and information over internet • Lack of physical presence of bankers at the time of customer grievances • Ineffective maintenance of technological infrastructure • not adequately trained and equipped personnel to handle e-banking services. • When the server is down the whole process is handicapped
Opportunities	Threats
<ul style="list-style-type: none"> • a growing economy with large numbers of savers and investors and immense potential for market expansion. • Indian consumer market • Integration of domestic banks with foreign markets that create employment opportunities for the youth. • large untapped rural market That leads to greater financial inclusion • Risk management and Customer Relationship Management • Current IT system to provide Safe and secure payment gateways. • Financial Inclusion 	<ul style="list-style-type: none"> • Security issues and challenges • Banks provides all services through electronic computerized machines and this creates problems to the less educated people • Inability to meet the additional capital requirements • Huge investment in technologies • Internet banking will be replaced by mobile banking • Lack of customer loyalty • Proportion of workforce incapable of handling e-banking business results in inefficiency.

Inference of Swot Analysis

With the growth of internet at a rapid pace and the people's time constraints, internet banking is used widely for all the banking transaction purpose all over the world. Banking working hours is not limited to internet banking as the banking account can be accessed throughout the day.

Swot/Tows Matrix

It is essential for banks to understand the future changes in information, training and development that suit the global environment. After all, banks can alert their customers about the adopted protection policies and security measures through all available media, to build trust relationship between the bank and the client. Based on the presented SWOT analysis and literature discussed above, Table 2 summarizes some of the proposed

strategies as a SWOT/TOWS Matrix in which policy makers can adopt for better implementation of e-banking in India.

SO- strategies: when Banks utilize and reinforce its internal *strengths* in order to exploit the available *opportunities* in the external environment.

WO- strategies: when Banks reduce the internal *weaknesses* that may act as a barrier for the implementation or diffusion of the external *opportunities*.

ST- strategies: when Banks use the internal *strengths* as a tool to minimize the external factors that are *threatening* its performance or competitiveness.

WT- strategies: when Banks eliminate the internal *weaknesses* to avoid any breakthrough or prevalence of the external *threats*.

Table 2 : Tows Matrix

SO	WO
<ul style="list-style-type: none"> Benefit from the distribution of Banks Larger marketing campaigns More internet users Better policies and internet infrastructure Support Perceived enjoyment: improve screen design and easy navigation through Banks website 	<ul style="list-style-type: none"> Design a mobile banking application that fits the current internet features in India Attract consumer attention to internet services, decrease the lack of awareness to increase the trust in e-banking Provide free testing and trail through sales promotion, and public relations tools. perceived usefulness: banks should notify consumers about features, rewards and benefits of e-banking
ST	WT
<ul style="list-style-type: none"> Improve application and security protocols, Form an acceptance state towards e-banking Showing the time convenience and the increased productivity 	<ul style="list-style-type: none"> Issue laws and norms to strengthen banks in fighting cybercrime Stronger web security systems Act to abolish any third-party disturbances Support a culture of e-learning

Suggestions

The upward surge in the ATMs across the nation, multi folds increase in RTGS/NEFT transactions, rise in the number of E-banking users, all are indicative of the fact that Indian banking industry has largely been successful in catering to the needs of the masses and there is no looking back. In spite of such a blessing Internet banking has proven to be, it is hounded by issues like security theft, phishing attacks, money laundering, etc. which is why customers are cautious of conducting banking transactions over the internet. However, such issues can be addressed

by ensuring people are aware of the e-banking model and code of conduct especially in the rural remote areas. For that, government can conduct seminars and workshops organised at mass level and reaching the masses. In addition to that, more funds needs to be invested in ensuring safety and security of personal data with installation of customer identification devices, periodic reviews on compliance with laws, information screening techniques, etc. On the whole, technology alone doesn't help out, intellectual and trained human resources are

supposed to handle such tools which will bring performance improvement in internet banking services.

Conclusion

Internet banking has become a necessary survival weapon and is fundamentally changing the banking industry worldwide. Today, the click of the mouse offers customers banking services at a much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial service needs. The rise of Internet banking is redefining business relationship with the customers. The International scope of Internet banking provides new growth perspectives and Internet business is a catalyst for new technologies and new business processes. The reach of Internet banking has rapidly increased due to the Telecommunication Infrastructure development in India. The success of Internet banking not only depends on the technology but also on, to the large extent the attitude, commitment and involvement of the operating at all levels and how far the customers reap the benefits from Internet banking services.

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