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Benefits and Challenges for E-Commerce in Indian banking sector

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Abstract

Electronic commerce (e-commerce) refers to business-to-business as well as consumer-to-consumer buying and selling transactions conducted over telecommunications networks, particularly the Internet. In the era of globalization, e-commerce is an important business strategy, with the help of e-commerce, the manager can see all the transactions from one place. E-commerce helps the business to make faster decisions. Due to e-commerce, the system of cyber banking is developing in India. Through this, India is moving towards progressive technology. But the support for this is very less. Because 70 percent of the population lives in rural areas and 30 percent in urban areas, very few people are aware of technology and e-commerce. Banks are investing a huge amount of money to increase the penetration of e-commerce and commercial transaction systems and E-banking. Therefore, understanding the reasons behind the low customer base is the need of the hour. ICT and e-business in the banking industry are seen to have a significant impact on banks with various branches. The most essential factor when investing in e-business is the name of the business. The name also plays an important role.

In the last 10 years, banks have been seen to be improving their use of the internet. The banking business is undergoing significant changes to transform traditional operations into e-business. Banks are empowering their officers to enhance business efficiency through national e-business. Over the last 10 years, banks have seen improvements in their use of the Internet. The banking industry is undergoing significant changes to transform traditional operations into e-business. Banks are empowering their officers with a national e-business model to enhance business efficiency. The challenges posed by internet banking are mostly functional in nature, which can be easily resolved. Improvement can be achieved by implementing appropriate technical and safety measures.

Keywords: E-Commerce, Benefits, Challenging, Indian banking sector, E-Business, Banking Industry.

Introduction

The liberalization and globalization process that began in 1991 has led to the development of e-commerce and e-banking to a great extent. This has brought about many changes in the financial sector, especially in the banking sector. This development has led to a significant improvement in the operational environment of banking. This major shift in e-commerce has completely changed the way customer's bank. Banks are offering a variety of services from cash deposits to electronic withdrawals. As a result, customers are doing banking transactions from the comfort of their homes.

Therefore, we can say that the number of electronic transactions is increasing and every person in the world is being connected through the internet. Electronic commerce (e-commerce) is an important factor in the transformation of the global economy. Due to this transaction, consumers are transacting in an easy way. The result is that the global market is becoming much closer. This is leading to increased customer satisfaction and a significant increase in transaction volume.

E-business and e-banking services are becoming increasingly popular among consumers. Many businesses are making extensive use of e-business in their transaction chains. In the era of increasing urbanization in business, e-business and e-banking services are playing a crucial role. E-commerce and e-banking services are becoming increasingly popular among consumers. Many businesses are making extensive use of e-business in their transaction processes. Due to the increasing technological developments in business, e-business and e-banking services are playing a crucial role in the era of urbanization. The IT sector and e-commerce are witnessing a huge increase in financial investment among people. E-commerce has a 40-year history and is still growing, with hundreds of companies taking advantage of the online marketplace every year through new technologies and innovations. In the 1970s, the introduction of electronic data interchange and teleshopping paved the way for today's e-commerce. The evolution of e-commerce is inextricably linked to Internet business. Online shopping began in 1991 when the internet first became available to the general public. E-commerce has transformed the way we transact and has led to a shift in convenience, security, and customer growth.

Review of Literature:

A review of the reference literature reveals that various studies have been conducted so far on demographics and acceptance of e-banking. For this research, an in-depth review of the changes in banks in the e-business sector has been taken as reference. Sournata, Mattila and Munnukka (2005), AlSabbagh and Molla (2004)- all explore the various inhibitors and drivers of electronic-banking adoption. Most of the studies reviewed by the authors in the Indian reference literature are not in the Indian context. Since e-banking is a new concept, there is not enough research available on

the impact of internet banking in the Indian context.

According to research work of Karjaluoto et al. (2002) found that Internet banking users in the Finnish market were generally highly educated and relatively young. Demographics are a factor that affects online banking behaviour.

Junadi (2015) entitled that E-commerce grows rapidly and provides an opportunity for companies to increase sales over the internet. Qatawneh, Aldhmour and Alfugara (2015) stated that the E-payment System has many benefits for payers, payees, E-commerce, banks, organizations and governments.

Research Objective:

1. To Recognizing that customers face challenges in using internet banking.
2. To identify the challenges that affect the internet banking services.
3. To identifying the benefits to customers of using internet banking.

Hypothesis:

- H1: There is Customers face challenges in using internet banking.
- H2: There is no challenges those affect the banks to launch internet banking services.

Research Methodology:

This study is based on a literature review and is specifically based on confirmatory research as its purpose is to explore the impact of e-commerce adoption in the banking sector with the help of known theory. The researcher has used a mixed approach to data collection, where both qualitative and quantitative data collection methods will be used to collect relevant and valid data consistent with the purpose of this study.

Benefits of E- Commerce:

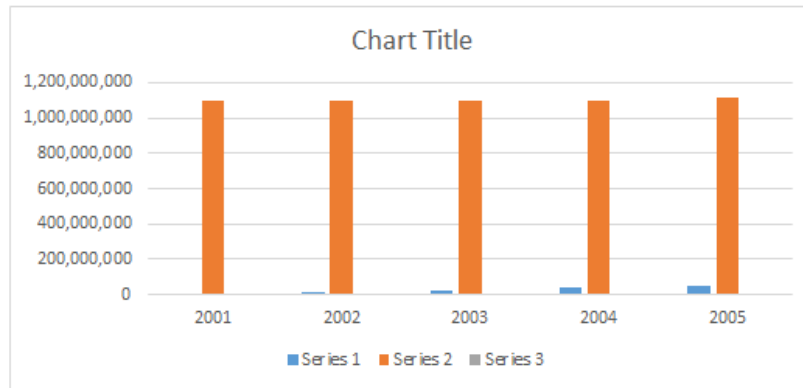
- Under e-commerce, people are allowed to do business without the barriers of time or distance, i.e. (24*7). Be it day or night, you can log on to the internet anytime and buy or sell whatever you want with just one click.
- E-commerce is particularly ideal for niche products. There are usually fewer customers for such products. But in a vast marketplace like the Internet, niche products can also generate a large amount of revenue.
- One of the key benefits of e-commerce is that it is the easiest and cheapest way to do business. The strategic benefit of making a business 'e-commerce enabled' is that it helps

businesses save on delivery time and provides home delivery services.

E- Commerce in Banking:

E-banking is an e-commerce application that allows customers to perform any banking functions, financial functions online in a safe and

Internet Usage and Population Statistics:



2001	7,000,000	1,094,870,677	0.7 %
2002	16,500,000	1,094,870,677	1.6 %
2003	22,500,000	1,094,870,677	2.1 %
2004	39,200,000	1,094,870,677	3.6 %
2005	50,600,000	1,112,225,812	4.5 %

Source: <http://www.internetworldstats.com/asia/in.htm>

E- Banking Include:

- Bill payment service
- Fund transfers
- Querying the account balance
- Applying for/claiming Insurance
- Investment through Internet Banking
- Shopping bills
- ATMs,
- Credit Cards, Debit Cards & Smart Cards
- Electronic Funds Transfer (EFT) System
- Cheques Truncation Payment System
- Mobile Banking, Internet Banking & Telephone Banking

Benefits of E- Banking:

1. Time Saving: In online banking, we can save our time by transacting from the any other place. This medium frees us from complicated work. Also, there is no need to stand in queues for hours at the bank.
2. Convenience: The biggest advantage of online banking is that you can pay your phone and electricity bills through online banking without having to visit the bill office of various companies. This helps you to pay the payments on time. As a result, you save on your additional expenses.

secure manner. It involves the use of the Internet for the delivery of banking products and services. E-banking provides financial functions to customers including stock broking, payment gateways, mutual funds, etc.

3. 24x7 Services: Through online banking, we can transact anytime and from anywhere 24 hours a day.
4. Cost Savings: This process is very cost-effective. It allows businesses to easily receive company bills in India with just one click. This saves time by eliminating the need to hire staff, who waste hours visiting banks to perform all the banking-related tasks of the firm.
5. Easy Access: E-banking transactions are very easy. To perform online banking tasks, you only need to have a basic computer banking system connected to the web.
6. Easy Access: To perform online banking tasks, all you need is a basic computer system connected to the Web
7. Other benefits: There are many other benefits of online banking. One can pay insurance premiums, shop online, buy tickets, make advance bookings, take advantage of mobile banking, etc.

Challenges of E- Banking:

Information technology will have to be used effectively and efficiently. A centralized body is required to ensure proper transactions to regulate and effectively monitor the functioning of internet

banking. The most important thing for the successful operation of internet banking is to adopt best security practices. And for this, cyber security is an important factor that helps. This can be used as an important tool to protect electronic banking transactions. The existence of the best available technological tools and practices also plays an important role. To meet the emerging needs and for improving internet banking as well as computerization, the recommendations of the Committee on Technological Reforms in Banking Sector (1999) are as follows:

1. To increase e-banking transactions, it is necessary to facilitate the interaction of systems between bank branches.
2. It is necessary to provide customers with appropriate transaction security.
3. Communication and networking - required for conducting e-commerce transactions - use of centralized databases and networks that facilitate distributed processing.
4. Sharing experiences through the Internet and technology.
5. Recognizing the need to focus on human issues in a technological environment,

The Reserve Bank of India set up a "Working Group on Internet Banking".

The working group focused on three key areas of e-banking:

- a. Technology security issues
- b. Legal issues
- c. Regulatory and supervisory issues

Technology security issues

- Only the IT department that actually implements the information system security and computer systems should be responsible for the work related to it. The duties of the security officer/group should be related to this. Along with this, information systems auditors will audit information systems.
- Banks should have appropriate controls in place for the use of data, systems, application software, utilities, telecommunication lines, libraries, system software, etc. for Internet facilities.
- Banks should use an intermediary server type firewall while conducting e-transactions so that there is no direct connection between the Internet and the bank's system.
- All e-banking and e-commerce applications of banks should have proper record keeping facilities for legal purposes. It may be

necessary to keep all received and sent messages in encrypted and decrypted format.

- Banks should have a security policy duly approved by the board of directors for the security of e-banking transactions.

Legal issues:

- While dealing in the banking business, banks are required to verify the identity of customers. It is also mandatory to check the honesty and reputation of a potential customer. I. Therefore, although the request for opening an account is accepted over the Internet, in this process, accounts should be opened only after proper identification and physical verification of the customer.
- Therefore, although the request for opening an account may be accepted over the internet, in this process, accounts should be opened only after proper identification and physical verification of the customer.
- The security procedures adopted by banks to authenticate e-banking users must be legally recognized as an alternative to signatures. In India, the Information Technology Act, 2000, provides for a specific technology as a means of electronic record authentication. This will allow proper authentication.
- In the banking system, banks are obligated to maintain the confidentiality and privacy of customer accounts. In the internet banking environment, there is a high risk that banks will not fulfil the above obligation due to several factors. This creates privacy issues. Despite taking all reasonable precautions, banks may experience breaches of privacy due to hacking/other technical failures. Also, the risk of liability to customers may increase due to denial of banking services due to hacking/other technical failures.
- In the internet banking environment, banks have very little opportunity to take action on stop-payment instructions from customers. It is essential to provide appropriate facilities to customers.

Regulatory and Supervisory Issues:

Regular regulation and supervision of banks operating in the physical banking sector is done by RBI. Proper regulation is required in the e-banking system. This regulation should also be applied to internet banking.

- Only banks licensed in India will be allowed to offer internet banking products. Similarly, only

banks physically located in India will be allowed to offer e-banking facilities to residents of India. Also, both banks established outside the country and virtual banks that do not have a physical presence in India will not be able to offer internet banking services to Indian residents at present.

- In e-banking transactions, the facility should be limited to account holders only. The right to use e-banking services should not be given to other sectors.
- Banking services should include only local currency facilities. Foreign branches of Indian banks will be allowed to provide internet banking services to their foreign customers,

Conclusion:

E-banking in India will benefit both banks and customers. The use of e-commerce and information technology will not only reduce operating costs but also make it efficient, easy to maintain, fast and will also lead to increased turnover. In today's technological era, banks cannot remain free from e-banking and banks will have to make appropriate changes to meet the needs and challenges of e-banking. This will help in the growth of e-commerce. The challenges posed by internet banking can be easily addressed by implementing appropriate technical and security measures, without implementing appropriate solution. E-banking in India will benefit both banks and customers. The use of information technology will not only reduce operational costs but also save time. It will be effective, easy to maintain, fast and also highly competitive.

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Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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