

A Significant Contribution of Electronic Banking in the Growth of Electronic Commerce in India.

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Abstract

The progressive India is embarking towards ‘**Digitisation**’ of various sectors. Digitisation has made the country competitive and people friendly. Over the period of time, country’s trade and commerce has shown a significant growth. The growing trade and commerce of any country depends upon the financial sector of that country. The introduction of the digitisation in the banking sector considered to be the biggest reason behind the expansion of the trade and commerce in India. Digital banking has an immense contribution in the New Age trading, which is more active, investment friendly, outreaching and advance. Therefore, **this paper focuses upon the contribution of electronic banking or e-banking in the**

expansion of electronic commerce or e-commerce in India.

Keywords

E-Commerce, E-Banking.

Introduction

The technological wave that has entered into Indian economy, pushed the economy towards a new age trading which is more connected with the world economy. This new type of business is more technologically-driven and commonly known as ‘e-commerce’. Over the years, e-commerce is considered to be a significant reason behind the escalating GDP of the country. It has not only contributed in the economic growth of the country but also provided alluring job opportunities for many people. However, e-commerce couldn’t have reached greater heights if efficient e-banking wasn’t a part of it. E-Banking has made trading convenient for new generation traders. Now- a - days, consumers are not bothered about monetary transactions as there are numerous ways of transacting currency from one place to another. The net-banking, paytm, e-wallets have made the long queues of banks become a history now and people

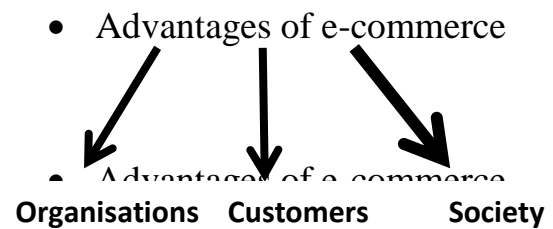
have adopted a new mantra of “GO Digital”.

Banking’ has made banks accessible to people.

HISTORY OF E-COMMERCE AND E-BANKING SYSTEM IN INDIA

- Internet was first introduced in India in 1995.
- India’s first business to business directory was launched in 1996. These trade portals proved to be a blessing for MSME’S (micro and small enterprises) as they were lacking in financial resources to market their products.
- It also helped them to overcome the other hindrances such as communication barriers, time barriers and geographical barriers.
- Online banking or e- banking introduced in India in the late 1990’s.
- ICICI bank was the first bank to introduce online banking facilities in India in the year 1998.
- HSBC was the first bank to launch ATM (Automated Teller Machine) in India.
- ‘Online banking’ became a boon for India and ‘Anywhere

ADVANTAGES OF E-BANKING AND E-COMMERCE



- **a) Advantages of e-commerce to organisations.**
- It helped the organisations to expand their business.
- They digitized the information and reduced the paperwork.
- It opened new path for the organisations to reach every corner of the world.
- It made the business process much faster and efficient.
- It increases the productivity and brand image of the organisation.
- **b) Advantages of e-commerce to customers.**

- It provides 24x7 services to people.
- To enquire about any product has become much easier than earlier it was.
- It has made a lot of varieties available to customers which have increased their choices.
- Now customers can review about every product they purchase which pressurize the sellers to sell authentic products.
- **c) Advantages of e-commerce to Society.**
- Cost of the products has also reduced which made the products accessible to people of every section.
- Now-a- days, people don't have to travel to buy any product. So it has also reduced the travelling expense of people.
- It has also helped the government to render government services to people easily.

• **ADVANTAGES OF E-BANKING**

- Now, people can access to their bank account from anywhere which made their monetary transactions convenient.
- Customers can conveniently access information regarding their bank and their bank accounts.
- It also reduced the time consuming paper work and long queues of the banks.
- It gave a huge boost to many businesses as they can easily transact their money from one account to another.
- E-banking has also provided security to people's bank accounts.
- Online payments of bills have also become much easier and saved people from writing long cheques.
- Higher interest rates and cash back rewards are the few

benefits customers can avail of.

- Other facilities such as debit cards, e-wallets, ATMs, paytm has made monetary transactions much easier for people.

CONTRIBUTION OF E-BANKING IN THE ECONOMY.

- Over the past few decades, India has witnessed a revolution in the banking sector.
- Internet banking has become a major developer or contributor of business development in the country.
- As per 2010-2011, survey reports Internet banking has seen a sharp rise.
- Indian government had introduced IT Act in 17th, October, 2000, this gave a legal recognition to electronic transactions and other means of electronic commerce.

- Technological developments in India:

- Card based payments.
- Introduction of electronic clearing services
- Electronic funds transfer.
- Real Time Gross Settlement (RTGS)
- National Electronic Fund Transfer (NEFT).
- CTS (Cheque Truncation System).
- Any time money or anywhere money (ATM).

Figure 1. India's mobile banking growth expected to hit new heights in 2015



Figure 2. Value and volume of mobile banking transactions

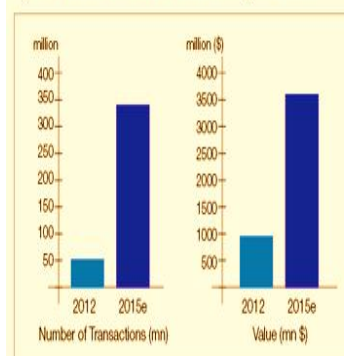
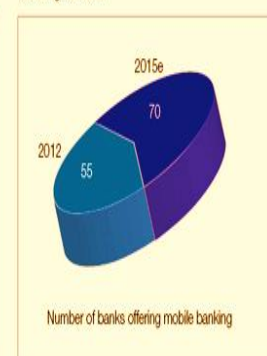


Figure 3. Indian banks offering mobile banking services



Source: Asian Banker Research

huge boost to the internet economy of the country.

Growth of e-commerce in India

- The growing internet economy has become attractive for many investors.
- The internet economy has created a huge platform for many new start-ups and new brands.
- As per the PWC India reports, India has the second largest Internet user base, which exceeds 450 million today.
- Of these, approximately 70 million people are expected to have three to four years of online experience.
- PWC India has quoted that the Indian e-commerce market is expected to exceed 100 billion USD by 2022.
- The fastest growing investments in this internet economy will develop the country's online financial resources.
- The proliferation of smart phones, increasing internet access and easy digital payments has been propelling the growth of e-commerce in India.
- As per the PWC India, India will hold the global leadership in e-commerce by 2025.
- PWC India has also published that the 'net users' population India has been growing and it is expected to get almost double by 2022 .
- The growth of 'netizens' or 'Internet users' will create a

As per Table 1, Data Reports on Internet penetration and users across the select countries.

- This data presents the growing mobile internet users and the percentage of increase in internet users in the country.

Source: TRAI, CIA World Fact book, analyst report

Table 1 : Internet penet

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Note: The mobile Internet users are the wireless Inte

2017 and 2022E, numbe

penetration (% in 2017)

Country	Internet users	Internet penetration (% of population)	Mobile internet users	Mobile internet penetration (% of internet users)	
India	2017	~450	34%	425	94%
	2022E	846	60%	667	79%
China	1004	53%	653	65%	
Brazil	130	60%	89	68%	
Russia	89	76%	78	89%	
United Kingdom	60	97%	44	73%	

- Online loans have also become much easier than before.
- Now-a-days, investors is looking to modernise and simplify their investments and savings procedures.so, e-banking has introduced several ways to simplify these procedures.
- Payment options have become much easier. Such as Google wallet and Apple pay.

Role of e-commerce in bringing modernity in the banking sector of India.

- E-commerce opened a new door towards digital banking as customers got more and more involved in online shopping. So, digital banking became a convenient option for them.
- Introduction of 'PAY PAL' which became the convenient way of doing payments without putting credit card details.

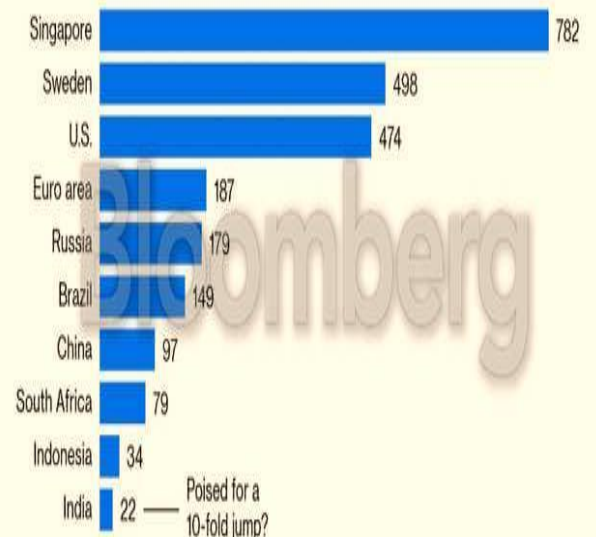
- **Figure 4, shows the data on 'Going Cashless' and number of digital transactions per capita(per year).**

Figure 4

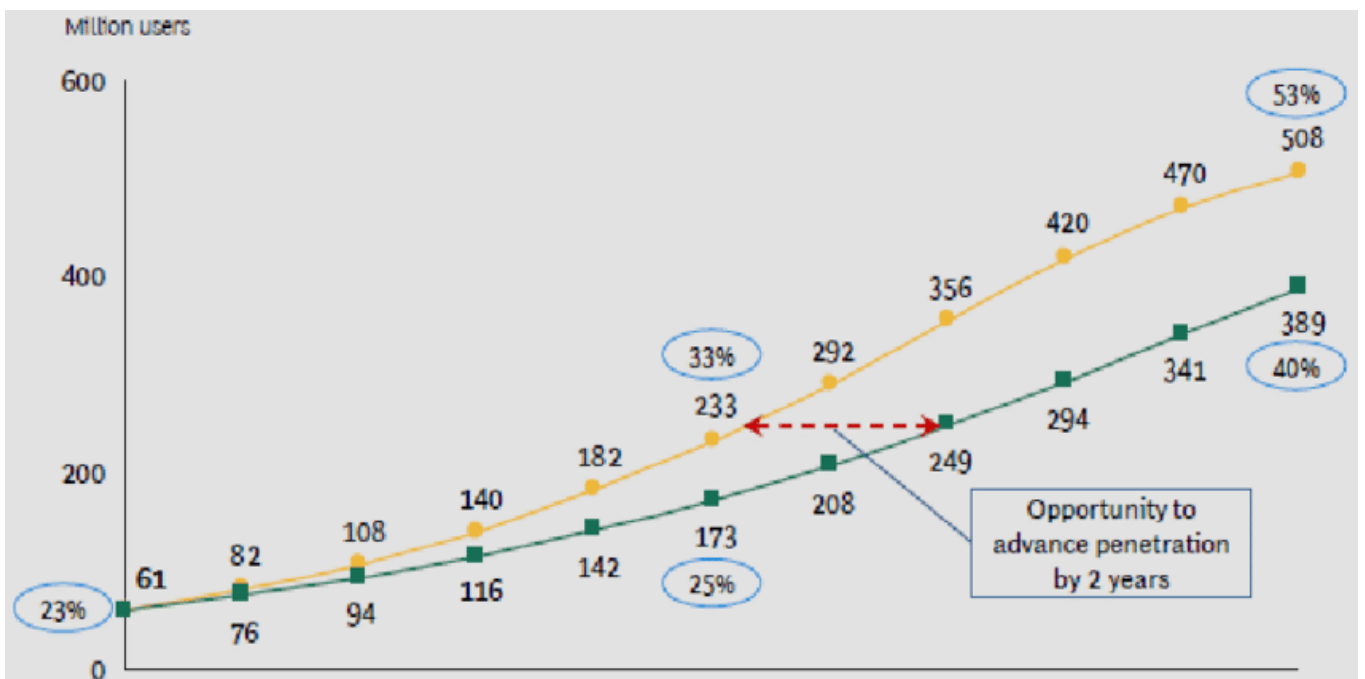
Going Cashless

A central bank-appointed panel wants to wean India off cash

■ Number of digital transactions per capita (per year)



**FIGURE 5 : PERCENTAGE OF ONLINE BANKING CUSTOMERS AMONGST INTERNET
USERS**



Government initiatives for developing e-banking and e-commerce:

- RBI monitors the legal requirements of e-banking so that it doesn't pose any threat to the country's financial stability.
- It is trying to make payments more secure and efficient.
- National Payment Corporation of India (NPCI) working to enhance mobile banking services.
- By increasing the internet penetration in the form of 3G and 4G services and low data tariffs is giving a huge boost to the electronic market.
- A massive growth in the usage of smartphones and androids are connecting people more with the e-business.
- Evolution of the payments systems, new type of digital payments and e-wallets has made the transactions convenient for people.
- GST has also created a transparency in the tax system which had also helped in the progress of e-commerce in India.

CONCLUSION

- After the internet launched in India during 1995, it had connected the Indian economy with the world economy.
- Online banking was the major initiative taken during this period.
- This had solved many complications associated with the traditional banking systems. Such as standing in long queues for deposits, monetary transactions, opening of accounts, making payments, etc.
- The convenient banking system created a massive surge in the business sector as well.
- Online buying and selling of products became much easier and profitable also.
- An improvised and flexible banking system created a new and developed path for the growth of e-commerce in India.
- E-commerce not only escalated the GDP of the country but also became an

open space for many new emerging start-ups and micro and small industries that were earlier facing lot of hindrances in selling their products due to excessive competitions of the large industries.

- As per the reports and the statistics, it is evident e-commerce will reach to greater heights.
- E-banking has made a huge contribution in the growth of e-commerce.
- Therefore, an efficient and improved banking system of the country has catapulted the finance and the commerce of the country.

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