

A Study on E-Commerce's Effect on the Banking Industry

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Abstract: *Electronic commerce (E-Commerce) refers to business transactions that take place over telecommunications networks, most notably the Internet. Due to its convenience and adaptability, as well as transaction-related advantages like speed, efficiency, and accessibility, e-banking has gained popularity. Application installments and exchanges have been worked with by web based business, making room for conventional physical banks to retrain their clients. While many major e-commerce-focused banks still maintain physical locations in specific towns, many others have gone entirely online. Real-time product and customer data and analytics are provided by an e-commerce system. India's e-commerce market is expected to reach US\$ 99 billion by 2024, growing at a CAGR of 27% from 2019 to 24. The primary drivers of incremental growth are likely to be grocery and fashion/apparel. The buying and selling of goods and services as well as the transfer of funds or data over an electronic network, most frequently the internet, is referred to as e-commerce.*

Keywords: Transactions, e-banking, e-commerce, and business

I. INTRODUCTION

The term "electronic commerce" is used in every trade, industry, and government setting in the world today. Some contend it is only a showcasing stunt, however the greater part feels it is a veritable peculiarity that is changing not just the limits of innovation and exchange as we probably are aware them, yet additionally the actual groundworks of our reasoning and the manner in which we live. Every facet of our lives is now influenced by electronic commerce. Electronic trade has been in some structure or one more for the past twenty years, yet the Web, which is changing the way organizations across the world lead business, is the new main impetus behind it.

Companies are making internet-based electronic commerce an essential component of their business objectives because it significantly contributes to the resolution of strategic, mission-critical business requirements. India is one of the top developing economies in the globe following 10 years of banking and monetary area changes from 1991 onwards. When compared to other developing nations, India's banking system is superior. In the post-independence era, the banking revolution and development have undergone numerous twists and turns. Banking today plays a crucial role in the growth of the Indian economy. The progression and globalization strategies have emphatically affected the financial area in India. In the past ten years, the entire banking function has been completely altered by the establishment of new private sector banks and foreign banks in India following sector restructuring. The functions of banks are now more focused on the needs of customers, and banks are always coming up with new facilities that make customers happier. In India, e-commerce has changed the way people do business. Indian e-commerce is expected to reach 111.40 billion US dollars by 2025, up from \$46.2 billion in 2020. The majority of the industry's growth has been driven by an increase in smartphone and internet usage. As of September 2020, the quantity of web associations in India essentially expanded to 784.6 million, driven by the „Digital India“ programme. 61% of internet connections were made in metropolitan areas, and 97% of those connections were wireless.

The purpose of this paper is to investigate the concept of electronic commerce in the banking industry, identify factors that are affecting customers' satisfaction with e-commerce banking, including access to service quality and customer satisfaction, the extent of use of various e-commerce products and services across various categories of banks, the

adoption of internet banking services provided by banks among customers, the issues with e-commerce banking services, and recommendations for improving customers' satisfaction with e-commerce banking.

II. LITERATURE REVIEW

According to Junadi's (2015) review of the available literature, e-commerce presents businesses with the opportunity to boost online sales. According to Qatawneh, Aldhmour, and Alfugara (2015), the E-payment System offers numerous advantages to banks, organizations, governments, payers, and payees, as well as e-commerce. As a result of these advantages, electronic payment systems may soon be used worldwide. According to Baah-Acquah and Freeman (2016), the adoption of e-commerce has contributed positively to the bank's provision of cost-effective operations, improved internal communication, and reduced paper work. Arumugam and Iyappan (2016) investigated the various insurance product promotional combinations that enhance product sales. Hasan (2021) identified the crucial data-driven banking issues of the positive effects of big data, difficulties, and banking security. This study will be very helpful to the banking industry because big data operations are necessary for making decisions based on data in the banking industry. According to Soegoto, Ilhamuddin, and Amirah (2019), e-commerce is a new buying and selling trend that brings together buyers and sellers from all over the world who can still trade quickly and safely by using online banking. This study aims to investigate how, by reducing or not changing it, internet banking can significantly influence the growth of e-commerce. One of the technologies that has the potential to either decrease or not significantly increase the number of customers participating in e-commerce is internet banking. On the other hand, it has the potential to increase e-commerce for customers.

III. METHODOLOGY

This study employs both exploratory and confirmatory methods, particularly confirmatory because it seeks to determine the impact of e-commerce adoption on the banking sector using a well-established theory. The researcher employed a mixed approach to data collection, utilizing both qualitative and quantitative methods, in order to collect relevant and valid data in accordance with the subject of this study and the questionnaires' nature.

IV. INTERNET / E-COMMERCE TRADE

Web based business can be characterized as the trading of labor and products over the Web. E-commerce involves the internet transfer of information in any kind of business or commercial transaction. A wide range of businesses are included in e-commerce, from small retail customers to large business exchanges where corporations trade goods and services. One of the most significant aspects of the Internet's development is regarded as e-commerce. Customers benefit from the freedom offered by e-commerce to buy and sell goods and services at any time, from any location, or over any distance. Web based business has had an exceptionally quick development over the most recent five years and is supposed to develop at a still quicker pace. As businesses shift their operations to the Internet, there will be a significant shift from traditional to electronic commerce.

V. E-COMMERCE IN BANKING

Internet banking, also known as e-banking, is an application for electronic commerce (e-commerce) that enables customers of banking services to securely perform any virtual banking services or financial services online. E-banking is the provision of banking products and services via the internet. The Banking, Finance, Securities, and Insurance (BFSI) function is part of the e-Banking function. While financial services include stock broking, mutual funds, payment gateways, and other services, banking focuses on providing users with virtual banking functions.

As per IAMAI's (Web and Portable Relationship of India) report on Electronic trade industry in India 47% development was normal in the online business market. The continuous expansion of the Indian online travel industry, which contributes approximately 76% of the total e-commerce market today, is the primary driver of this expansion. In addition to the travel industry, the e-tailing industry and digital downloads, which include the purchase of various electronic items and appliances for the home and kitchen as well as personal items like clothing and jewelry, have grown by 62 percent to reach Rs. 1,100 crores and Rs. 2,700 crores and 2012, respectively. The rapid growth of mobile

devices and the variety of internet-based services has led to an expansion of the digital download market in the Indian electronic commerce market.

Financial services like insurance, classified ads for marriage and jobs, and online transactions and communication have grown significantly.

E-Commerce Banking consists of:

Electronic Funds Transfer (EFT), System Mobile Bill Payment Service, Querying the Account Balance, Shopping, Credit Cards, Smart Cards, Cheques Transaction, Payment System, Internet Banking, Fund Transfers, Credit Card, Customers Investment Through Internet Banking, Automated Teller Machines (ATM), Debit Cards, Telephone banking, Mobile banking Electronic commerce is a new field of study that is constantly undergoing significant change as new technologies begin to define the boundaries between information channels. Clients are cooperating with organizations across far more data modes that to some degree have approached through the Web and are connected with data and correspondence innovation applications. In every activity, electronic commerce is rapidly replacing labor-intensive businesses. Since the mid 1990s e-Trade has arisen to turn into a practical substitute for work and paper concentrated banking processes across all banks. This is evident in the widespread use of ATM banking, smart cards, credit and debit cards, and online lending. Electronic commerce refers to this kind of computer-based communication systems that allow for transactional and electronic data interchange between banks, customers, and customers of banks. Consumer loyalty is a troublesome undertaking in the present serious universe of web based business. The banking industry is one important area of these e-Commerce activities. This company is making enormous efforts to position customer satisfaction and enhance the relationship with customers so that they are satisfied. Customers receive high-quality services through Internet banking, and IT-enabled services play a significant role in raising service quality and increasing customer satisfaction. Electronic commerce, or e-commerce, has been a new term in the business dictionary since the 1970s. Using information and communication networks, commercial information can be shared, business relationships can be maintained, and business transactions can be carried out in electronic commerce.

The Internet has quickly replaced traditional electronic commerce, which is carried out over generic value-added networks with information technologies based on electronic data interchange (EDI). The World Wide Web (WWW) rift, which is obsessing over the growing use of the Internet, has provided numerous industries, including financial institutions and small businesses, with enormous opportunities. The financial market has been dominated by banks and other financial institutions that use the World Wide Web to deliver their services.

Electronic business grants capable exchanges among clients, providers and accomplices for lessening the exchange time and wiping out the expenses of carrying on with work. The "Electronic Commerce / Electronic Data Interchange (EDI) for Trade" project receives assistance from the Ministry of Commerce to support international trade. Customs, the Directorate General of Unfamiliar Exchange (DGFT), air terminal specialists, the Reserve Bank of India (RBI), Product Advancement Associations (EPOs), exporters, shippers, specialists, the Compartment Company of India (CONCOR), and banks, among others, are among the undertaking's social accomplices.

electronic service delivery should be made easier; Make procedures simpler; Provide users and their partners with access all day, every day, Make the procedure clear; Lessen the exchange cost and time; what's more, Present global principles and best practices.

VI. CHANGING ELEMENTS IN FINANCIAL INDUSTRY

The manner in which banks make progress toward improved benefit has changed decisively as of late. Asset quality and capitalization used to be the primary concerns of the banking industry; It was anticipated that a bank would be profitable if it performed well in these two areas. Doing well in terms of asset quality and capitalization is no longer sufficient. Banks must find new ways to increase revenue in a "mature market" for the majority of traditional banking services, particularly consumer lending. Before banks can characterize their web-based procedure, they should initially acquire a complete consciousness of the serious climate. The new serious climate is affected by five central point: Because of online shopping, consumers' needs are changing. Deregulation has led to cross-industry rivalry and new internet financial products, as well as shifting demographic patterns and the possibility of new consumer markets. Branch network optimization to save money.

CHANGING NEEDS OF THE PURCHASER

Purchaser inclinations have adjusted impressively over the most recent decade. Customers want to be able to access account information, transfer money between accounts, pay bills online, and download data for use with personal finance software. Naturally, banks also need to be able to provide or guarantee the privacy and confidentiality that customers demand, which is not an easy task. A fundamental premise underpins many consumer expectations: Customers and financial institutions alike desire ties that are closer and more intricate. Clients need to have the option to bank at whatever point they need, whether it's toward the end of the week or late around evening time. Financiers believe their clients should have safer and long haul attaches with them.

FINANCIAL SERVICES PRODUCTS BASED ON TECHNOLOGY

Another factor that makes forecasts about how banking will change in the future difficult is how much computer technology is changing. Some analysts think that smart cards and other advancements in electronic cash will encourage more people to consolidate their finances. They point out that the start-up costs of electronic payment technologies can be high, in part because creating a secure electronic transaction network with computer software and other resources takes a lot of money.

As a result of these significant fixed costs, some analysts are concerned that a small number of financial service providers—those with the financial resources to absorb them—could grow to dominate the payments system.

TIME SAVING OF E-COMMERCE IN BANKING.

Because it lets you do transactions right from your office or home, online banking saves you time. Web based banking doesn't require visiting a bank and consequently tries not to stand by in a line and gives mental harmony and actual help from the pointless rush in the bank.

CONVENIENCE

Convenience is the most significant benefit of online banking. Instead of going to one of the many locations where utility bills are collected, you can pay your phone and electricity bills online. This helps to prevent payment delays.

- **24 BY 7 Providers:** You can conduct transactions through online banking at any time and from any location.
- **Eco-friendly Methodology:** Web based banking is an eco-accommodating cycle as printing the information on paper isn't obligatory when contrasted with conventional banking and subsequently helps in securing the climate.
- **Simple Access:** To carry out an o, all you need is a basic computer that is connected to the internet. suffices, making it accessible.
- **Quicker Banking:** Using internet banking, you can complete financial commitments more quickly. When you buy something online, pay a bill, or transfer money, everything happens immediately and in a matter of seconds.
- **Cost Saving:** The process of online banking is very cost-effective. Various business activities, like paying bills, can be done online from the business's premises, saving money on hiring a person to handle banking-related tasks.

ANALYSIS

The purpose of the study was to examine the effects of independent factors on customer satisfaction with e-banking services through analysis and interpretation of the data. With the assistance of experts, a self-structured questionnaire was developed in order to accomplish the study's objective. In Chennai, India, a questionnaire was sent to 300 public and private bank customers via email and an in-person interview. The questionnaire asked about demographics, the extent of use of various e-commerce products and services, and statements about factors that influence the use of e-commerce products and services. These statements showed how satisfied people were with the various e-commerce services. In order to derive meaningful conclusions from the statistical analysis of the collected data, it was tabulated accordingly.

VII. CONCLUSION

E-commerce is an enterprise-wide endeavor rather than a problem with information technology.

Organizations that utilization it as a justification behind totally re-planning their business processes are prone to receive the best rewards. In addition, e-commerce is a useful technology that enables consumers to connect with businesses and organizations worldwide. The term "electronic commerce" refers to a type of business dealing that takes place over telecommunications networks, particularly those that make use of the Internet. Due to its ease of use and adaptability, as well as transaction-related advantages like speed, efficiency, and accessibility, e-banking has gained popularity. A bank's payment management, information communication, trading, and negotiation systems, financial instruments, and transport management systems are all enhanced by e-commerce. With these administrations improving, the clients and customers will have incredible involvement in the bank. Banking has changed in the post-liberalization era as a result of competition, technological advancements, and shifts in lifestyles. However, India still has a long way to go before it can claim its rightful place in the world. The government, on the other hand, has made numerous positive "first steps" in establishing the IT Task Force, the Group on Telecom (GoT), and various committees to investigate various IT-related issues. A draft New Telecom Strategy 1999 (NTP-99) was placed up on the Web for conversation in January 1999. This was then approved by the Union Cabinet on March 26, 1999. There is likewise a great deal of collaboration with the Indian Diaspora in the West, to find 'India explicit' arrangements in combining and taking advantage of data and its connected advancements into the standard of life in India. Banks face an unprecedented diversity in the challenge of providing better service to the maximum number of people, with traditional branch-based banking on the decline in major metros on the one hand and banking still not reaching some remote parts of the country. Electronic trade is a conveyance channel that can help

banks to beat a few constraints as far as "Reach" and "Reach" of administrations. The value of the Internet-generated savings and alternative means of earning is greater than the value of the actual transactions. Additionally critical is the fast rate at which these substitute roads are developing.

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