

Impact Of Demonetization In E-Banking

D.Mounika, and R.Kadhirvel

Abstract:

Demonetization is the act of stripping a currency unit of its status as legal tender. The opposite of remonetisation in which a form of payment is restored as legal tender. Due to demonetization it affects the people to buy necessary products for daily necessities. Earlier only people who are having through knowledge about computers and electronic gadgets used to perform online mode. At the present the government is encouraging and sometimes making compulsion to perform online financial transactions. The elimination of corruption and eradication due to this demonetisation the consumer attitudes towards the usefulness and willingness to use Internet e banking were identified and measured. For the consumer shifting from cash transform to cashless transactions such as Paytm, debit cards and Credit Cards. And online banking user is expected to perform transactions online such as checking account balance and transforming funds between.

Keywords: Demonetization, E-Banking, Internet banking.

Introduction

On November 8 Prime Minister Narendra Modi announced the government's decision to demonetise 500 rupees and 1000 currency notes, which made up for 86 % of currency in circulation. Although initially Modi and his government sold this to move as surgical strike on black money or untaxed wealth the narrative has since shifted to transforming India into a cashless economy.

Last demonetization is done in 1978 where the bank was only way to make all kind transaction but now we are well adapted with technology to support the cash and cashless transaction. Government encouraging online banking online shopping is E-wallet, mobile banking, credit and debit cards. The intention behind demonetization was to control the black money under to increase E-transaction in the country.

Demonetization

Demonetisation is a radical monetary step in which currency units status as a legal tender is declared invalid. This is usually done whenever there is a change of national currency replacing the old unit with a new one.

*D.Mounika, I MBA Student,
Department of Management Studies,
Er.PerumalManimekalai College of Engineering,
Hosur,
R.Kadhirvel
Assistant Professor,
Department of Management Studies,
Er.PerumalManimekalai College of Engineering,
Hosur.*

Demonetization of 1978

The government's move to demonetize, even then, was to solve the issue of Black Money, which were quite major issues at the point of time. In January 1978 the Indian government demonetized rupees 2000, 5000 and 10000 notes the rule implemented under the high demonetization act 1978 under the law demonetisation banknotes ceased to be legal tender after Jan 16 1978. A week time is given to exchange any high demonetization note. Compare both demonetization is main difference between then and now is that currency of higher demonetization was barely in circulation online the rupees 500 and 2000 notes today.

Due to demonetization E-banking takes a major role. The consumers switch to cashless transactions.

E-banking

Online banking is also known as Internet banking (or) virtual banking is an electronic payment any uses with use of personal computer and a browser can get connected to his banks websites to perform any of the virtual banking function the term E-banking electronic banking covers both computer and mobile. When the customer decide to make payment through E-banking.

The customer needs to register with particular instructions and setup password and other credential for customer verification.

Scenario of E-Banking after demonetization in India

After demonetisation the E-banking a major role E-banking become a essential component to “improve economical growth” now Bank of India recently implemented cashless withdrawal service. This concept helps to customer to send money through ATM.

The government implemented 24*7 service basis in India and their provides integrated delivery channels like Internet. Due to demonetization this will replace the traditional clearing system.

There are three different types of wallet available in current scenario to make payment

- a) Generic online
- b) E wallet oxygen
- c) Paytm

According to current scenario the government is planning to brings out its own E-wallet like Paytm to move towards cashless transactions. Special in villages the government planning to give subsidy on smartphone in able to use cashless transaction.

Even Airtel implemented new rule it's any customer opening a savings account Airtel payment bank for cashless transaction. And then the main things e commerce majorly Snapdeal announced the launch of at home. After demonetization there is a change in purchasing Trends of goods and services in market customers more over go through credit and debit card as well as through banking especially youngsters are going through cashless payment. Even the ICICI Bank introduced debit and EMI option for mobile to make purchase transaction.

How demonetization effect on electronic payment:

The Indian government wants to go cashless transaction. Due to that online transaction where done through use of debit and credit cards. They are many options to cashless transaction available in India they are,

S.No	Rating	Frequency	Percentage	Cumulative percentage
1	Excellent	20	20%	20
2	Very good	15	15%	35
3	Good	40	40%	75
4	Average	12	12%	87
5	Poor	9	9%	96
6	Hard to say	4	4%	100

- 1. Plastic money
- 2. Aadhaar card
- 3. E-wallet
- 4. UPI

1. Plastic money

It includes debit and credit cards that are used at ATM for cash withdrawal and POS machines are used at the time of shopping.

2. Aadhaar card

It leads to make payment through use aadhaar number. It allows a person to pay using his account if it is linked with his bank account when you have an account in bank you can make payment through use of your fingerprints.

3.E-Wallet

E wallet paying major role and become a popular nowadays after demonetization E-Wallet has been used large scale. E-Wallet allows users to make payment through use of mobile number (or) QR code.

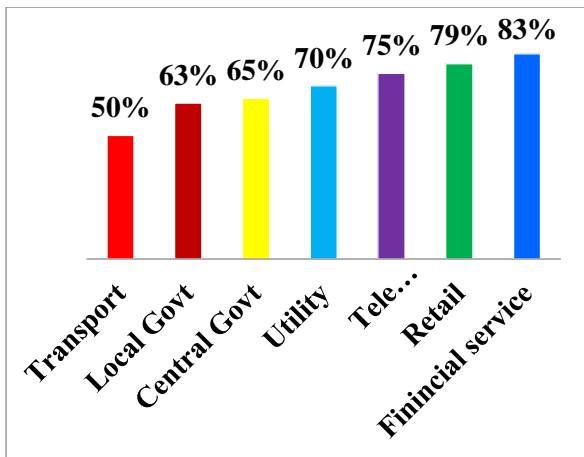
4.UPI (unified payment interface)

UPI enables all bank accounts holders to send and receive money from their smartphones with the need to enter bank account information.

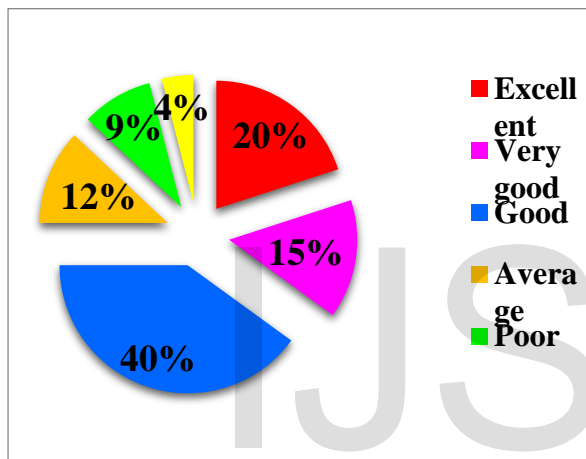
After demonetization current scenario to using cards in different sectors

Due to demonetization people turn to cash transaction into cashless transaction the use of cards options such as debit and credit cards, IMPS, Paytm, mobile wallets etc..

Increase of card users:



Vote for online banking from users



Interpretation

The satisfaction level of users with the online banking services of their banks. There may be due to multiple reasons more over two users choose "Good" option.

Benefits of using e banking

- The operating cost per unit services is lower function to the bank.
- It offers convenience to as they are not required to go to the banks premises.
- Lower handling cost.

Benefits to customer

- E banking helps as a less waiting time.
- It is easy and convenient to use.
- It provides 24x7 service.
- E-Banking saves time.
- It is unable to help make transaction at any time of the day and as many times as you want.

Benefits to banks

- It improves customer relation with banks.
- It helps to be cost effective to increase profitability.
- E-Banking helps as a reduction of burden to branch banking.

Features of e banking

- Easy electronic fund transfer facility.
- E-Banking brings door step service.
- It can be used to view balance of account and statements.
- It's a better efficiency in CRM.

Challenges:

1. Security and privacy risk:- a large number of users refuse to adopt e banking facility due to securities privacy risk.
2. Consumer awareness:- in India the use does not have on e banking in India still lower awareness.
3. Less Internet connections:- available in Indian context.
4. E banking the main challenge in infrastructure risk.
5. Challenge to E-Banking through social and cultural barriers.

Conclusion:

The demonetization undertaken by the Indian government is a large concern. Due to that the public turns to cashless transaction that is Internet banking. It reaches High success rates through co-ordination. It's like two faces of a coin become of one side it will be benefit to Nation and other side its going towards digital economy may bring the transparency in the system. Internet banking brings easy and convenient service people develop the ability to use E-banking but the same time at the earlier time the people affected in this changes people are facing problems because the limit of withdrawal has not been kept at the high level it difficult to adapt illiterate people but even all these difficulties overcome and make the banking transactions effectively due to this implementation increase Internet users and also initiative taken by government Agencies to make the India developed in future.

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