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## E-BANKING DIFFICULTIES OF URBAN COOPERATIVE BANKS IN KOLLAM DISTRICT, KERALA

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### ABSTRACT –

**T**his paper presents the E-banking difficulties of Urban Cooperative Banks in Kollam District, Kerala. It will be affect the E-banking services of customers. E-banking services are the enhanced role of modern banking sector in the Kerala economy. But, Urban Cooperative Banks not fully to follow the modern services of E-banking. Firstly, to list out the operational difficulties of ATM services to the account holders in UCBs. Secondly, to discuss the defects of not using internet banking in UCBs. Thirdly to discuss, not using of Electronic Clearing Services (ECS), Electronic Funds Transfer (EFT), Electronic Cheques in UCBs. Fourthly, to describe the difficulties of not promoting Tele Marketing services in UCBs. Finally, to discuss the account holders are not used Banks' Debit Card, Credit Card, Smart Card in UCBs in Kollam District, Kerala. E-banking services are to increase the technological development which allows customers to perform banking transactions. But, the Urban Cooperative Banks not performed the banking transactions are electronically.

**KEY WORDS:-** Internet Banking, E-Banking, Electronic Services, Fund Transfer, Electronic Cheques, Smart Card.

### INTRODUCTION –

The E-banking services are the addition of banking services to the customers. But, the Urban Cooperative Banks (UCBs) in Kollam District, Kerala not fully used the facilities of electronic banking. All UCBs, which propose to offer E-banking services, should obtain prior approval from the RBI. A number of banking issues which are simple in nature through the help of internet. But, the UCBs are not using the full way of E-banking facilities to customers. The UCBs services to customers are time-consuming can be not handled through the electronic banking. And here to list out briefly the difficulties of E-banking services of UCB's in Kollam District, Kerala.



### I. OPERATIONAL DIFFICULTIES OF ATM SERVICES

An automated teller machine (ATM) is a computerised telecommunications device and a secure method of performing financial transactions in a public area without a bank teller. In Kollam District, only 1 Head Office having ATM services out of 4 Head Offices. That is, The Quilon Co-operative Urban Bank Ltd. No.960. This Head Office and Main Branch of The Quilon Co-operative Urban Bank together to provide a single ATM facility. In Kollam District, 6 Branches having ATM service out of 25 Branches, including Main Branch. ATMs can be located in the branch premises. There are no ATMs located outside the branch premises.

List out the name of UCBs having ATM in Kollam District, Kerala

1. The Quilon Co-operative Urban Bank Ltd. No. 960 – Head Office.
  - The Quilon Co-operative Urban Bank Ltd – Main Branch.
2. The Quilon Co-operative Urban Bank Ltd – Thevally Branch.
3. The Quilon Co-operative Urban Bank Ltd – Ayathil Branch.
4. The Quilon Co-operative Urban Bank Ltd – Chandanathopu Branch.
5. The Quilon Co-operative Urban Bank Ltd – Eravipuram Branch.
6. The Quilon Co-operative Urban Bank Ltd – Trikadavoor Branch.

The Urban Co-operative Banks provide RuPay – Debit Card. The UCBs in Kollam District not fully issued the onsite ATMs and cannot issue offsite ATMs. RuPay Debit Card can use any Public Sector Banks and Private Sector Banks ATM machine. The Customer faces key problem is inefficiency of onsite ATMs.

### LIST OUT THE DIFFICULTIES

1. Lack of Cash Depositing Machine (CDM).
2. Lack of utility payment of bills, e.g., telephone, electricity, water, etc.
3. RuPay Card not processed outside the country.
4. Absence of cash depositing facilities in ATMs.

### II. LIMITED USE OF E-BANKING FACILITY

Internet banking is the facility to use one's personal computer to communicate with one's bank. But, this facility not fully used by the Urban Co-operative Banks in Kollam District, Kerala. First of all not using online banking that means it reduces the outgrowth of PC banking.

- UCBs having no modern financial software.
- Not providing the strategic necessity of E-banking services.
- Customer behaviour has not changed drastically due to technological advancement.
- UCBs have no physical presence in Kollam District; Kerala will be permitted to offer E-banking products to residents of Kerala.
- Time-consuming can be handled through the banking services, e.g., customer's request for opening an account, request for chequebooks, balance enquiries, etc.
- Anytime banking as services are not provided round the clock.
- Not easy access to recent and historical data of UCBs.
- Not providing processing speed for banking services of UCBs.

### IV. DIFFICULTIES OF ELECTRONIC FUND TRANSFER

The Urban Co-operative Banks having Electronic Fund Transfer (EFT) due to Centralised Payment System (CPS). There are two ways to performing the EFT.

- Net Electronic Fund Transfer (NEFT)
- Cheque Truncation System (CTS)

**The key problem is the area of location for each UCB in Kollam District. Listed below;**

- + The Quilon Cooperative Urban Bank and Branches – Kollam Taluk
- + The Coastal Urban Cooperative Bank and Branches – Kollam Taluk and Municipal Town.
- + Kottarakara Co-operative Urban Bank and Branches – Kottarakara Taluk.
- + Karunagapally Taluk Urban Cooperative Bank – Karunagapally Taluk.

So, the area of operation is the big difficulties of UCBs. That's why, the banks having limited area of operation for doing NEFT and CTS.

#### IV. ABSENCE OF ELECTRONIC CLEARING SERVICES

Electronic Clearing Services (ECS) scheme was introduced by RBI in 1994. But, ECS is not using The Urban Co-operative Banks in Kollam District, Kerala. UCBs are not using this scheme for credit of dividend into customer's accounts. That's why increasing the lag of payment, it also ensure that frauds are included.

- ECS scheme aids credit of dividend into customer's bank account.
- To increases the fast transfer of payment and to avoid frauds involvement.

- **Two services:**

- + ECS – Credit.
  - + ECS – Debit.
- There is no ceiling amount of transactions in ECS scheme.

#### V. LACK OF TELEBANKING SERVICES

The Urban Cooperative Banks in Kollam District, Kerala have not using telebanking services to its account holders. It is one of the major difficulties of UCBs for interacting customers through telebanking.

- List out the problems of not using telebanking;
  - + Request for balance enquiries.
  - + Enquiries about collection of fund through debit/credit cards.
  - + Request for statement of account.
  - + Transfer of money.
  - + Account opening services.
  - + Ordering demand drafts.
  - + Report of the loss of debit/credit cards.
  - + Security password or One Time Password code sent to telebanking services and the banker protected to the account holders.

#### VI. NON-AVAILABILITY OF ELECTRONIC CHEQUES

As per the year 2002, electronic cheque is valid like a paper cheque. The Urban Cooperative Banks in Kollam District, Kerala have not using this method. E-cheques maintaining safety standards for transfer of funds through cheque system. The UCBs are not using the E-cheque facilities. So, high expensive and time consuming processes of doing paper cheque transferring.

- **Following are some of the difficulties of cheque transferring of UCBs;**

- + Not using modern computer technology for cheque transferring. That is, no exact mirror image of the paper cheque and is made.
  - + Not implementing the technical safety and standards.
  - + Not using digital signature.
  - + Not using without biometric signatures.
  - + Not using asymmetric crypto system.

#### VII. NON-AVAILABILITY OF CREDIT CARD FACILITY

There are several methods of making payment through the modern banking system in Kerala. The UCBs are has not using modern banking system like verities of credit card. These include electronic transfer, bank draft, letters of credit, and indirect credit. Since 1980s the bank presented a new facility for making payments that is credit card.

- The Urban Cooperative Banks customers have not using credit card, it will reversely affect a method of postponing payment.
- Reduces the plastic money credit transaction, it will reversely affect the alternative payment system in most

developing district of Kerala.

- It will harmfully affect the technical revolution in the Urban Cooperative Banking sector.
- Not using credit card, there is a need to stand in queues in the UCBs.
- The not using of credit card also allows its holder to maximize the use of hard cash.

### VIII. LOW AVAILABILITY OF DEBIT CARDS

Debit Card is a method of payment using which the holder can make purchases without any immediate cash transaction. It is a secure method of performing financial transactions in a public area without a bank teller. In Kollam District, only 1 Head Office provides Debit Card facilities out of 4 Head Offices. That is, The Quilon Co-operative Urban Bank Ltd. No.960. This Head Office and Main Branch of The Quilon Co-operative Urban Bank together to provide a single Debit Card facility. In Kollam District, 6 Branches having to provide Debit Card facilities out of 25 Branches, including Main Branch. Using this Debit Card the holder can make purchases across India.

#### List out the name of UCBs having Debit Card in Kollam District, Kerala

1. The Quilon Co-operative Urban Bank Ltd. No. 960 – Head Office.
  - The Quilon Co-operative Urban Bank Ltd – Main Branch.
2. The Quilon Co-operative Urban Bank Ltd – Thevally Branch.
3. The Quilon Co-operative Urban Bank Ltd – Ayathil Branch.
4. The Quilon Co-operative Urban Bank Ltd – Chandanathopu Branch.
5. The Quilon Co-operative Urban Bank Ltd – Eravipuram Branch.
6. The Quilon Co-operative Urban Bank Ltd – Trikadavoor Branch.

The Urban Co-operative Banks provide RuPay – Debit Card. RuPay Debit Card can use any Public Sector Banks and Private Sector Banks ATM machine.

### IX. NON-AVAILABILITY OF SMART CARD FACILITY

When compared to the debit card and credit card, this plastic card is smarter. It is a magnetic strip card, which has a computer microchip and has a far greater capacity. The microchip offers, intelligence and memory to the Smart Card. It is highly portable and can be conveniently carried around. The Urban Cooperative Banks (UCBs) fails to provide this facility to its customers.

- **The unavailability Smart Card facility will be ;**
  - + Reduces the benefits of merchants.
  - + Reduces the benefits of customers.
  - + Reduces the benefits of bank.

### CONCLUSION

This paper presents a study about E-banking difficulties of Urban Cooperative Banks in Kollam District, Kerala. The operational problems of ATM services and unavailability of internet banking is the key difficulties of UCB. Lastly, to discuss the account holders are not used Banks' Credit Card, Smart Card in UCBs in Kollam District, Kerala. E-banking services are to increase the technological development which allows customers to perform banking transactions. Kerala people highly accepted the new trend of new banking services through electronic banking. But, the Urban Cooperative Banks not performed the banking transactions are electronically. As a researcher point of view, to reduce these type of difficulties and to improve the e-banking facilities to the customer.

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