

## Virtual Banking in India

Today's banking is virtual banking. Virtual banking denotes the provision of Banking and other related services through the extensive use of information technology (IT)

Without direct resource to the bank by customers.

The origin of virtual banking in the developed countries can be traced back to the seventies with the installation of Automated Teller Machines(ATMs). Subsequently, driven by the competitive market environment as various technological and customer pressures, other types of virtual banking service have grown in prominence throughout the world.

Thus, the salient features of virtual banking are the overwhelming reliance on information technology and the absence of physical Bank branches to deliver banking services to customers.

The principle types of virtual banking services include ATMs, Electronic Funds Transfer, Smart Cards, Store Value Cards, Phone Banking, Mobile Banking, Internet Banking, Point of Sale System, Cheque Truncation etc.

Virtual banking has made start in the Indian banking system in recent few years. Though Indian banks are doing well with the basic e- banking process, the Public Sector Banks must catch up a lot to be at par with those banks that have adopted the latest technologies. ATMs have been installed by almost all the major banks in major cities.

Electronic Funds Transfer mechanism has also been initiated by major commercial banks.

The shared payment network system (SPNS) has been installed by banks in Mumbai.

Internet and Mobile Association of India (IAMAI) found that about 23% of the online users in India preferred internet banking as the banking channel to carry out their transactions, second only to the ATM which is preferred by 53 %.

## Benefits of Virtual Banking

Firstly, virtual banking is the advantage of having a lower cost of handling a transaction via are the virtual resource compared to the cost of handling the transaction via the branch.

Secondly, increase speed of response to customer requirement under virtual banking vis-a-vis branch banking can enhance customer satisfaction and circumstances remaining the same, can lead to higher profits via handling a large number of customer accounts. It also implies the possibility of access to a greater number of potential customers for the bank without the concomitant costs of physically opening branches.

Thirdly, the lower cost of operating branch network along with the reduced staff costs leads to cost efficiency under virtual banking.

Fourthly, virtual banking allows the possibility of improved quality and an enlarged range of services being available to the customer more rapidly and accurately at his convenience.