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Impact of e-commerce in India on merger of public sector banks

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Abstract
Electronic commerce is called short form in e-commerce. E-commerce has had a huge impact on the merger of public sector banks. The field of e-commerce is huge and its impact has been on every sector to a large extent. It has also affected the public sector banks found in India. E-Banking comes under E-Commerce and E-Banking comes under, E-Deposit, E-Finance, E-Account Opening, E-Transaction, E-Verification, E-Communication, E-Settlement, E- Inquiry, and E- Helping, etc. In the time of the Corona epidemic, e-commerce has had a more profound effect on bank mergers. With the merger of the bank, the bank's 20 have now been reduced to six. Controlling it has become quite easy. This can be handled well and easily through e-commerce. The branch of e-commerce is so big that it cannot be understood so easily. To make India's economy more and more strong, banks have been merged and it can be easily controlled which can be done only through e-commerce. E-commerce does not mean only business, but all the transactions related to it are exchanges in which work is done through electronic means, all of them come under e-commerce.

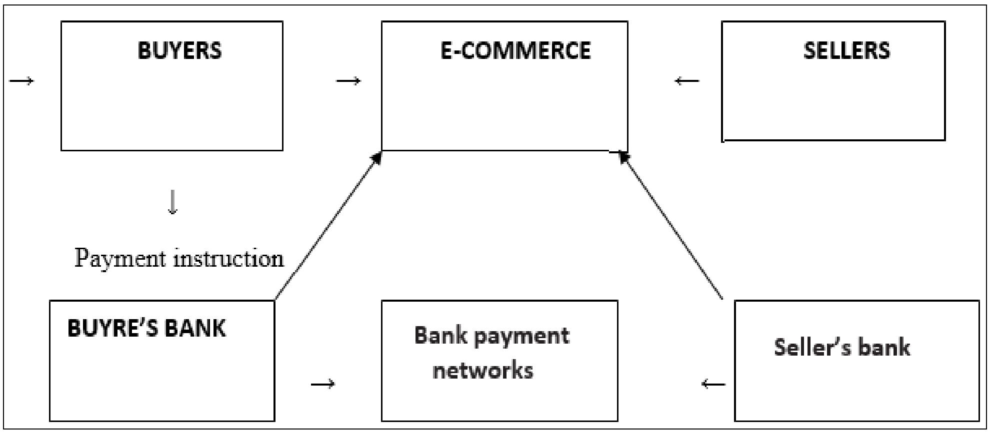
Keywords: e-commerce, merger of PSBs, e-banking, e-deposit, e-finance, e-account opening, e-transaction, e-verification, e-communication, e-settlement, e- inquiry, and e- helping, etc.

Introduction
E-commerce has had a huge impact on the merger of public sector banks. Many companies are embracing “e-commerce,” or business conducted on-line over computer networks, as a means of expanding markets, improving customer service, reducing costs, and enhancing productivity. Companies have traditionally used computers to manage their product and customer data. Now, however, advances in networking technology have enabled firms to streamline their transactions with suppliers, distributors, and retailers through the electronic exchange of information. Like other companies, banks are taking steps to expand the use of networking technology in their business operations. For these institutions, however, the advent of electronic commerce poses questions as well as opportunities. Will the role of Merger banks in e-commerce basically mirror their role in traditional commerce? Or will banks offer new products that will change the nature of the banking business as e-commerce expands? What risks might accompany such a shift in banks’ traditional business?

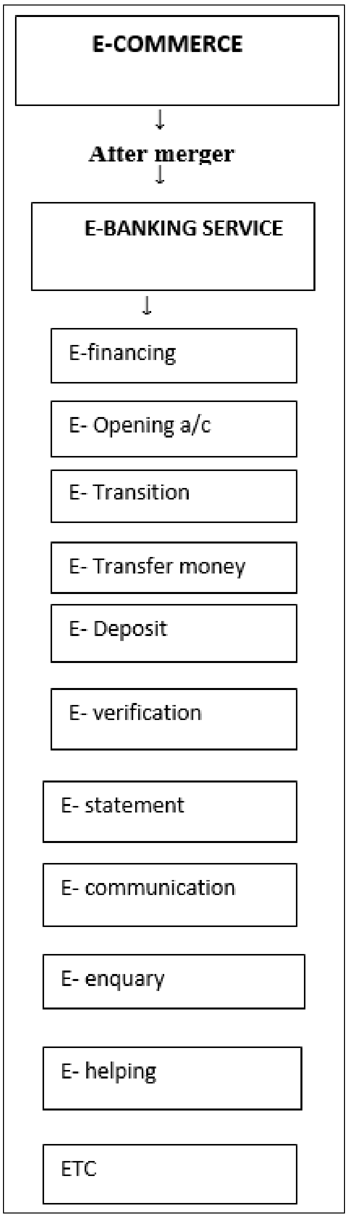
In this edition of Current Issues, we explore the possible implications of e-commerce for Merger banks’ business activities. We find that banks are beginning to use the Internet to deliver traditional banking products in more efficient ways. In addition, we report that some banks have taken the further step of developing new products designed specifically to facilitate e-commerce participation by their customers. Merger Banks’ success in coping with such challenges our analysis of banks’ entry into e-commerce includes a look at the strategic and operational risks banks may face in this arena. E-commerce will create new forms of competition and compel banks to make choices about the services they offer, the size of their branch networks, and the extent of their support for interbank payment net-works. Participation in e-commerce will also increase banks’ exposure to technological will help determine the scale of their influence in the electronic marketplace.

Merger Banks have an important reason to pursue the conduct of business on-line. If they fail to respond to the opportunities posed by the Internet, they could be consigned to a largely secondary role as commerce shifts toward electronics over time. In that event, they would process payments for buyers and sellers engaged in e-commerce (Figure 1, solid lines), but they would have little chance to engage independently with buyers and sellers or to offer their own products in the electronic marketplace. By contrast, if banks do establish a presence on the Internet (Figure 1, dotted lines), they should be in a position both to market traditional banking products more efficiently and to develop and sell new products sought by e-commerce participants.

Role of Banks in E-Commerce- self picture



In order to understand the impact of e-commerce in India, the public sector banks that are currently merged with each other, we have to look at this figure two and get to know about it. Figure two that I designed myself.



E-financing

E-finance is defined as "The provision of financial services and markets using electronic communication and computation". In this paper we outline research issues related to e-finance that we believe set the stage for further work in this field. Three areas are focused on. These are the use of electronic payments systems, the operations of financial services firms and the operation of financial markets. A number of research issues are raised. For example, is the widespread use of paper-based checks efficient? Will the financial services industry be fundamentally changed by the advent of the Internet? Why have there been such large differences in changes to market microstructure across different financial markets?

E- Opening a/c and e-verification

A Savings Account is the most basic type of bank account you can have, and as the name suggests, its primary purpose is to help you save. With this account, you can safely deposit or withdraw funds at any time and earn interest on the money in the account. And opening a Savings Account is a simple task that may take just 15 minutes. Most banks usually have similar procedures, so it is fairly easy to open a Savings Account.

- Sized photographs

Step 3: Experience better banking with Video KYC

You can now submit your KYC documents and verify yourself online! It can all be done on a video call with Banks official. Just provide access to your location, camera and microphone on your smartphone, and you are all set to operate your new Savings Account!

Step 1: Get online: Open a Savings Account online through your mobile phone or laptop through Insta Account. You can initiate the process with just your mobile number, your documents and by filling out a form. It can all be done conveniently via our online portal, allowing you to avoid having to physically go to the bank. You can read more on the different types of Savings Account here.

Step 2: Keep the documents required for opening a Savings ad current Account handy

Regardless of which method you choose, you need to provide certain documents to open your Savings Account. These are:

Aadhaar – You don't need any other identity or address proof if you have aadhar or

Identity Proof (driver's license, passport etc.)

Address Proof (driver's license, passport etc.)

PAN card

Or, Form 16, which is a certificate issued by the applicant's employer, asserting that TDS has been deducted from your salary. This is needed here if the applicant does not have a PAN card.

Two of the latest passport.

E-transition

There are three types of electronic transition which can be considered; Transitions involving p, s, and n electrons. Transitions involving charge-transfer electrons. Transitions involving d and f-electrons.

E-Communications

Electronic communications are defined in the ECPA as data communications carried over both wire and wireless systems. Electronic communications differ from wire communications in that they are communications that are not transmitted by sound waves and cannot be characterized as containing a human voice. Instead, they include telegraph, telex communications, electronic mail, non-voice digitized transmissions, and the portion of video teleconferences that do not involve the hearing of voice or oral sounds. Electronic communications include.

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E-statement

An electronic version of a bank E-statement is known as an electronic statement or e-statement and allows account holders to access their statements online where they can download or print them. Some institutions charge for paper statements, while many online-only banks require digital delivery.

E-Enquiry

That important information that we get easily without visiting any person, any place, through telephonic medium, through email, through video call, through video conference or through internet is called E-Enquiry.

E-helping

Helping systems do the kind of help that we get easily from home, through telephone, through email, through video call, through video conference or through internet is called E-helping.

E-Banking

Electronic banking has many names like e banking, virtual banking, online banking, or internet banking. It is simply the use of electronic and telecommunications network for delivering various banking products and services. Through e-banking, a customer can access his account and conduct many transactions using his computer or mobile phone. In this article, we will look at the importance and types of e-banking services.

Types of e-banking

Banks offer various types of services through electronic banking platforms. These are of Level 1 – This is the basic level of service that banks offer through their websites. Through this service, the bank offers information about its products and services to customers. Further, some banks may receive and reply to queries through e-mail too.

Level 2 – In this level, banks allow their customers to submit instructions or applications for different services, check their account balance, etc. However, banks do not permit their customers to do any fund-based transactions on their accounts.

Level 3 – In the third level, banks allow their customers to operate their accounts for funds transfer, bill payments, and purchase and redeem securities, etc. Most traditional banks offer e-banking services as an additional method of providing service. Further, many new banks deliver banking services primarily through the internet or other electronic delivery channels. Also, some banks are 'internet only' banks without any physical branch anywhere in the country. Browse more Topics under Money and Banking

- Functions of Money and its Demand
- Supply of Money
- Instruments of Monetary Policy and the Reserve Bank of India

Therefore, banking websites are of two types

1. **Informational Websites** – These websites offer general information about the bank and its products and services to customers.
2. **Transactional Websites** – These websites allow customers to conduct transactions on the bank's website. Further, these transactions can range from a simple retail account balance inquiry to a large business-to-business funds transfer. The following table lists some common retail and wholesale e-banking services offered by banks and financial institutions:

Table 1: Common E-Banking Services

Retail Services	Wholesale Services
Account management	Account management
Bill payment	Cash management
New account opening	Small business loan applications approvals. or advances
Consumer wire transfers	Commercial wire transfers
Investment / Brokerage services	Business-to-business payments
Loan application and approval	Employee benefits / pension administration
Account aggregation	

Importance of e-banking

We will look at the importance of electronic banking for banks, individual customers, and businesses separately Banks.

1. Lesser transaction costs – electronic transactions are the cheapest modes of transaction
2. A reduced margin for human error – since the information is relayed electronically, there is no room for human error
3. Lesser paperwork – digital records reduce paperwork and make the process easier to handle. Also, it is environment-friendly.
4. Reduced fixed costs – A lesser need for branches which translates into a lower fixed cost.
5. More loyal customers – since e-banking services are customer-friendly, banks experience higher loyalty from its customers.

Customers

1. Convenience – a customer can access his account and transact from anywhere 24x7x365.
2. Lower cost per transaction – since the customer does not have to visit the branch for every transaction, it saves him both time and money.
3. No geographical barriers – In traditional banking systems, geographical distances could hamper certain banking transactions. However, with e-banking, geographical barriers are reduced.

Businesses

1. Account reviews – Business owners and designated staff members can access the accounts quickly using an online banking interface. This allows them to review the account activity and also ensure the smooth functioning of the account.
2. Better productivity – Electronic banking improves productivity. It allows the automation of regular monthly payments and a host of other features to enhance the productivity of the business.
3. Lower costs – Usually, costs in banking relationships are based on the resources utilized. If a certain business requires more assistance with wire transfers, deposits, etc., then the bank charges it higher fees. With online banking, these expenses are minimized.
4. Lesser errors – Electronic banking helps reduce errors in regular banking transactions. Bad handwriting, mistaken information, etc. can cause errors which can prove costly. Also, easy review of the account activity enhances the accuracy of financial transactions.
5. Reduced fraud – Electronic banking provides a digital footprint for all employees who have the right to modify banking activities. Therefore, the business has better visibility into its transactions making it difficult for any fraudsters to play mischief.

E-banking in India

In India, since 1997, when the ICICI Bank first offered internet banking services, today, most new-generation banks offer the same to their customers. In fact, all major banks provide e-banking services to their customers.

Popular services under Merger e-banking in India

- ATMs (*Automated Teller Machines*)
- Telephone Banking
- Electronic Clearing Cards
- Smart Cards
- EFT (*Electronic Funds Transfer*) System
- ECS (*Electronic Clearing Services*)
- Mobile Banking
- Internet Banking
- Telebanking
- Door-step Banking

Further, under Internet banking, the following services are available in India

1. **Bill payment** – Every bank has a tie-up with different utility companies, service providers, insurance companies, etc. across the country. The banks use these tie-ups to offer online payment of bills (electricity, telephone, mobile phone, etc.). Also, most banks charge a nominal one-time registration fee for this service. Further, the customer can create a standing instruction to pay recurring bills automatically every month.
2. **Funds transfer** – A customer can transfer funds from his account to another with the same bank or even a different bank, anywhere in India. He needs to log in to his account, specify the payee’s name, account number, his bank, and branch along with the transfer amount. The transfer is effected within a day or so.
3. **Investing** – Through electronic banking, a customer can open a fixed deposit with the bank online through funds transfer. Further, if a customer has a demat account and a linked bank account and trading account, he can buy or sell shares online too. Additionally, some banks allow customers to purchase and redeem mutual fund units from their online platforms as well.
4. **Shopping** – With an e-banking service, a customer can purchase goods or services online and also pay for them using his account. Shopping at his fingertips.

Bank charging response to e-commerce

A review of the banking industry’s response to on-line commerce suggests that even as recently as five years ago, banks’ involvement with the Internet was quite limited. A bank might set up a web site to provide consumers with information about its services. Actual banking transactions, however, still took place at the branch, through the mail, by telephone, or over the automated teller machine (ATM) network.

In the last few years, however, many banks have begun to use the Internet as a supplementary channel for delivering traditional products to consumers and businesses. Some banks are also investigating how they might expand their current service offerings to include some products designed exclusively for e-commerce. In the remainder of this section, we describe both types of initiatives and the benefits they may bring to banks and their customers.

Electronic delivery of traditional banking products

Many banks have established transactional web sites where individuals and businesses can perform many basic banking functions such as checking balances, transferring funds, or applying for credit cards. Small businesses can apply for loans, initiate wire transfers, and take advantage of cash management and payroll services.4 When limited to such services, these web sites function as another access channel for basic bank- ing services—one that is not all that different from the branch networks or telephone centers maintained by banks except that customers use personal computers and the Internet to communicate with their banks. The transactional web sites offer banks and their customers notable advantages. Customers are attracted by the convenience of this access channel, while banks welcome the cost savings that arise when customers perform the transactions themselves rather than dealing with a bank representative at a teller window or over the phone. A recent estimate suggests that between 6 million and 7 million consumers are banking on-line, with high rates of new users interested in this service.

Advantages of E-Commerce for E-Banks

Merger Banks have an important reason to pursue the conduct of business on-line. If they fail to respond to the opportunities posed by the Internet, they could be consigned to a largely secondary role as commerce shifts toward electronics over time. In that event, they would process payments for buyers and sellers engaged in e-commerce, but they would have little chance to engage independently with buyers and sellers or to offer their own products in the electronic marketplace. By contrast, if banks do establish a presence on the Internet they should be in a position both to market traditional banking products more efficiently and to develop and sell new products sought by e-commerce participants.

Development of E-Commerce Products

Merger Banks are designing and deploying a range of new e-commerce products. If the products described below prove successful, the basic business mix of banking is likely to change. Banks may increasingly function as facilitators of on-line commerce and see a decline in their long-standing role as financial intermediaries

Establishing internet portals

A number of banks are planning to participate in special Internet portals, “supersites” where many sellers will display their product offerings and large numbers of buyers will visit. Some of these portals will feature a broad range of financial and nonfinancial product offerings; others will limit their offerings to financial services.

Verifying Identities

Banks are also planning to offer a product that would protect e-commerce participants against fraud arising from the misrepresentation of identities [6]. Using encryption technology, each bank would certify the identities of its own account holders and serve as the intermediary through which its account holders could verify the identities of account holders at other banks. In this way, both sides of an e-commerce transaction would have some assurance that they were not dealing with an impostor.

Assisting Small-Business Entries into E-Commerce

Another effort being undertaken by some banks involves helping smaller firms set up the infrastructure — interactive web site and payment capabilities — for engaging in e-commerce. In addition, a few banks are offering small businesses electronic procurement services, including the negotiation of volume discounts from vendors.

Electronic billing

Electronic bill presentment and collection services are being developed as an enhancement to the existing cash management and remittance- processing services offered by banks to large companies that send out substantial volumes of recurring bills. In this effort, banks will combine the e-mail capability of the Internet to send out bills with their own ability to process payments electronically through the interbank payment networks.

Analysis of study

The statistical tools and techniques such as ratios and percentages are used for the analysis of data is used for the presentation of the data. To test the hypothesis, t-test, standard deviation, and mean is evaluated in the data of sample banks. The performance of the banks before and after the mergers and acquisitions has been compared.

Conclusion

How are banks responding to the opportunities created by the rise of on-line commerce? Many merger banks have already put in place a cost-efficient electronic access channel for traditional banking products. In addition, a number of banks are planning to offer new products designed specifically for e-commerce. If these initiatives are widely adopted within the industry, the composition of banks’ business activities will change. Indeed, banks may increasingly act as e-commerce facilitators while their long-standing business lines decline in importance. Such a change would probably prompt banks to scale back the size or alter the scope of their branch networks and to devote more resources to the development and maintenance of computer networks and software. The precise role that banks ultimately play in e-commerce, however, will depend in large part on how well they manage the strategic and operational risks associated with doing business in the electronic marketplace. A democratic government should always prioritizes on the revival of economy. Since banks are extremely important in economic survival and revival and they need to focus on pushing economic development in various sector. But instead, due to this merger, the banks are going to be tied up in merger activities for the next 9-12 months. This will result in rising confidence of bankers, but the recovery department will not worry about the works since they might think because their banks will anyway merge with some other bank. Besides, it is unfortunate and disappointing that the decision makers in the government continue to ignore experts opinions, group discussions with public sector banking. The recent decision announced may look like one miracle medicine for all problems in the banking problems, but there is a critical difference between treatment and cure.

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