

Challenge Management of Banking Services – with Special Reference to Virtual Banking Service Challenges

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Abstract

The Indian Banking industry is seeing an exceptional challenge. To remain ahead, banks are thinking of plenty of services to draw customers. Services including 24-hours banking, Service at entryway step, Telephone banking, Internet banking, Extended Business Hours (EBH), Speedy handling are just a couple to mention. The larger piece of the present bank transactions happens elsewhere other than in-branch premises. This shows the growth of "virtual" banks in India. With accommodation, speed, productivity, and adequacy, these virtual banks, as a result, have opened up another universe of conceivable outcomes and brought major changes in giving a wide scope of services. Virtual banks are presently observed as a response to the challenge of planning another service channel that is completely secure, useful, and which customers can promptly figure out how to utilize and confide in it. (Aladwani, A. M.) Virtual banking, an amazing "esteem included" instrument, has become the point of convergence for banks to attract and hold customers. However, the point of these services is to satisfy customers; there is a need to comprehend customer mindfulness, observation, and significantly the degree of satisfaction. Virtual banking is a transporter that licenses customers to access and do economic transactions on their financial foundation obligations from their web empowered PC systems with net association with banks' web locales whenever 24 Hours. Banks assume a vital job in advancing online businesses. Even though V-customers have the alternative of money down, which is by all accounts secure reliable, still there is an inclination for the V-payment plans, which must be given through banks. Banks go about as solid and dependable go-betweens in online transactions, and they give an intense opening in the online business. At present, banks have V-payment systems like Internet banking, electronic fund transfers (NEFT/RTGS), plastic money (credit card and debit card), and portable banking. These systems give payment to online transactions like the online acquisition of items, versatile revives, lodging booking, ticket booking, and so forth by considering a wide range of safety efforts. For the genuine working of these V-services, the need for able frameworks is an unavoidable element. Reserve Bank of India is observing and inspecting the legitimate and different requirements of V-Banking on persistent bases to guarantee that V-banking would create on sound lines, and V-Banking related challenges would not represent a risk to financial dependability. Hence, the present study is on the challenges of Virtual banking services in its challenge management strategies and the study based on secondary sources of data.

Keywords: Information Technology, V-Banking Systems, Monitoring, and Reviewing, Green Transactions, Management Strategies, Non-Bank Premises, and Customer Retention

Introduction

A virtual bank is a bank which prevalently conveys retail banking services through the internet or different types of electronic channels rather than physical branches. This covers all online transactions, whether it is using the web, email, versatile check store, and ATMs. This is not quite the same as the omnipresent internet-based choice offered by standard banks through online banking. The method of reasoning for the development of virtual banks is two-overlay: (Aljaafreh, A., Al-Ani, A., Aladaileh, R., & Aljaafreh, R.)

Utilize the utilization of financial technology and advancement to offer another sort of customer experience.

Promote financial incorporation by focusing on the retail segment, especially low-pay customers and little size ventures.

The exponential growth in financial technology has presented challenges to the traditional banking model by inventive techniques for financial transactions. Financial consideration is an idea that has been forcefully advanced, for example, by India's Prime Minister Modi. It is evaluated that about 75 million of the populace did not exclusively don't have bank accounts; however, are in actuality unfit to open records due to stringent on-boarding requirements. Praiseworthy as it might, the Indian experiment has experienced challenges because of the hesitance of banks and directed financial establishments to unwind mandatory requirements overseeing the opening of records. Virtual banks will be dependent upon a similar arrangement of supervisory requirements relevant to customary banks; however, a portion of the requirements will be adjusted to suit the business models of virtual banks under a risk-based and technology-neutral approach. Subsequently, the top managerial staff and senior management of virtual banks ought to have the imperative IT information and experience to empower them to release their capacities successfully. (Al-Majali, M)

Even though Virtual banks will be required to satisfy indistinguishable corporate administration benchmarks from traditional banks, given their technology-driven business, the governing body and senior management of virtual banks ought to have the essential information and experience to empower them to release their capacities adequately. Technology related risk, particularly information security, system flexibility, and business progression management, is of crucial significance to a virtual bank. (Al-Smadi, M. O.) The security and technology related controls set up ought to be "fit for a reason," for example, fitting to the kind of transactions that the virtual bank plans to do. Free assessments of the real structure, implementation, and adequacy of its PC equipment, systems, security, procedures, and controls must be embraced to the satisfaction. Candidates must demonstrate that they have structured suitable controls to manage in any event eight fundamental sorts of risk, specifically credit,

loan cost, showcase, liquidity, operational, notoriety, legitimate, and strategic risk. The accommodation of a dependable and practical business plan which finds some kind of harmony between the craving to construct a piece of the pie and the need to acquire a sensible profit for resources and value is another requirement. Henceforth, this ebb and flow investigate paper has been encircled to feature the challenges of Virtual Banking services and the banks' strategies to manage the challenges associated with V-Banking services. (Attah-Botchwey, E.)

Research Objectives

The present study aimed with the following objectives

1. To know about the concept and evolution of Virtual Banking in India.
2. To study the distinctive features of non-branch banking.
3. To narrate the challenges in v-banking.
4. To explain the coping strategies or challenge management strategies of challenges involved in virtual banking services.

Reviews of Related Literature

Krishna et al. (2012) have studied the banking industry in India has a huge canvas of history, which covers the traditional banking practices from the time of Britishers to the reforms period, nationalization to the privatization of banks, and now increasing numbers of foreign banks in India. Therefore, Banking in India has been through a long journey. The banking industry in India has also achieved a new height with the changing times. The use of technology has brought a revolution in the working style of the banks. Nevertheless, the fundamental aspects of banking, i.e., trust and the confidence of the people on the institution, remain the same. The majority of the banks are still successful in keeping with the confidence of the shareholders as well as other stakeholders. However, with the changing dynamics of the banking business brings a new kind of risk exposure. In this paper, an attempt has been made to identify the general sentiments, challenges, and opportunities for the Indian Banking Industry. This article is divided into three parts. The first part includes the introduction and general scenario of the

Indian banking industry. The second part discusses the various challenges and opportunities faced by the Indian banking industry. The third part concludes that urgent emphasis is required on the Indian banking product and marketing strategies to get a sustainable competitive edge over the intense competition from national and global banks. This article is a small seed to an existing branch of knowledge in the banking industry and is useful for bankers, strategists, policy makers, and researchers.

Saket et al. (2008) have investigated that the Indian Banking industry on the back of robust economic growth has undergone a sea change. From the days of the common man's excessive reliance on money lenders and loan sharks, the banking system has come a long way. Besides a huge network of more than 70,000 branches across the country, banks are using several alternative channels (such as telebanking, internet banking, doorstep banking, etc.) to reach to the people. Now-days banks are investing more into risky and complex financial assets rather than the practice of lazy banking followed earlier. Banks are fast transforming themselves into a one-stop-shop for a range of financial offerings such as insurance, mutual funds, securities, brokerage services, wealth management, etc. compared to the plain deposit and loan product in the past. Liberalization and privatization of the banking sector have infused the much-needed dose of competition among various players.

Goncharuk, Anatoliy (2016) has examined the paper allocated the basic research types related to the banking sector and banks: estimation and ranking of efficiency and competitiveness of the banks; problems in bank operations and security; analysis of banking sector; factors affecting banks' activity, for each type author held a brief overview of studies published over the last years.

Concept of Virtual Banking in India

In recent years the number of changes has been taken place in the banking sector of India. The principle goal of banks is to make more an incentive for customers that are the reason the greater part of the banks has started to adopt an imaginative strategy for this reason. In the realm of banking and finance, nothing stops. Presently a

day's banking exercises isn't restricted to store and to loan money to customers Apart from traditional business; banks give a wide scope of services to satisfy the necessities of a wide range of customers whether it is financial or nonfinancial needs from the littlest record holder to the biggest organization and at times of noncustomers. (Bahl, S.) Because of late developments, the whole banking industry has rebuilt, and new technologies are likewise acquainted to make it aggressive. Revolution of Information Technology has made it conceivable to give simplicity and adaptability in tasks to customers hence making life more straightforward and simpler so the bank can give an assortment of items and services to the customers the V-Banking process has changed the method for working of banks over the world. In the section, the creator audits the writing on "The issues and challenges of V-banking service activity," what is the impression of individuals towards V-Banking in various creating nations?" As V-Banking is a rising idea in the field of trade and banking (Barquin S, Vinayak HV). This paper outfits the study of V-banking in creating nations through an investigation of substance and existing writing that focused on creating nations. Virtual Banking (V-banking) is the new technology in a banking environment that permits bank customers to do banking exercises whenever and from wherever.

Evolution of Virtual Banking in India

Today we are in the time of globalization. Global associations worldwide have received globalization as their first strategic decision. Advancement in technology has encouraged globalization as well. There has been a checked improvement, especially in the region of upkeep, stockpiling, accessibility, and transfer of information. The world has contracted to become a "worldwide town." Banks have transformed themselves and are offering services through the internet. From computerization to networking to ATMs and now E-Banking, banks have climbed the worth chain. Internet banking alludes to the utilization of the internet as a remote conveyance channel for banking services. It implies any user with a PC and a browser can get associated with his bank website to play out any of the virtual banking capacities. The number of visits to the bank

can be limited successfully by working from the internet account. (Bidgoli, H.) Hence the quantity of contacts required to play out a transaction and tackle an issue has been reduced through online banking. The typical branches of banks have finished into PC networks, whereby the shopper can draw every one of the advantages and services of the bank at a solitary snap of the mouse.

Once the branch workplaces of a bank are interconnected through earthly or satellite joins, there would be no physical personality for any branch. It would be a borderless element allowing whenever, anyplace, and at any rate, customers can sign on banks' websites and get to his record. The act of banking has experienced a noteworthy transformation change nowadays. (Chalan, G.V. and Nageswara, K.S) While banks are endeavoring hard to reinforce their customer relationship and move towards 'relationship banking,' customers are progressively moving ceaselessly from the confines of traditional branch banking and are looking for the comfort of remote electronic banking services. Also, even inside the expansive range of electronic banking, the part of banking that has picked up money is virtual banking. Along these lines, in the present set up it is "I genuine banking" and is an indistinguishable piece of inventive banking. Comprehensively, Virtual banking signifies to the arrangement of banking-related services through broad utilization of information technology without direct recourse to the bank by the customer. Virtual banking is a technological advancement that has achieved such a change. The banking business has embraced virtual banking practices to improve the business procedure, foundation, and customer connections. These changes majorly affect the banking business. The grid measures for the improvements have added some fuel to accelerate the procedure with the appearance of virtual banking, which can be assessed on practically identical degrees of service, productivity, and cost satisfaction for both service suppliers and their regarded shoppers. (Chauhan Vikas and Choudhary Vipin)

Virtual banking is immensely useful to take out potential human blunder related to paper taking care of and wrong information dealings. This computerization additionally reduces the customer's

reliance on getting live help from bank tellers for basic transactions and printing out statements. From a cost point of view, virtual banking offers available resources for banks to spare money and market their items all the more effectively. Banks can reduce operational expenses related to operational uses like a lease for the structures. (Chauhan, V., & Choudhary, V.) Subsequently, virtual banking permits banks to offer better arrangements to their customers by cutting service charges and expanding loan costs. The cost of investment funds in this manner have a two-crease impact as it benefits both the customers and the banking foundations. Virtual banking gives customers an assortment of services that are either free or have an insignificant charge. The upsides of virtual banking to customers can be summarized with five words; accommodation, pervasiveness, transaction speed, productivity, and viability. Virtual banking is increasingly helpful for buyers because the internet is open 24 hours, and can be gotten to from anyplace on the planet. Transactions are as a rule as quick as clicking catches on one's PC screen, and regularly quicker than ATM handling. Banking online is increasingly productive because bankers can get to and manage different records through one online bank account. Online customers can exploit straightforward highlights that empower them to check adjusts, transfer funds between various records, take care of tabs through the computerized procedure of direct charging, and utilize direct store for quicker handling of checks. Banking online likewise offers new advanced devices to manage resources, read stock statements and rate alarms, apply for credits, and to change or update account information using online structures.

Regardless of these favorable circumstances of virtual banking, there are still some prominent disadvantages to this sort of service. One problem for banks is potential vacation and service interferences that could occur whenever, disengaging a huge number of online bankers from transactions, and costing banks a great deal of money to fix mistakes of transacting and recording information. Internet-based businesses are additionally inclined to focus showcasing from contenders who are only a tick away from their customers. While advertising to a huge network base is improved using the internet, virtual

ventures may lose potential customers who are not internet users and, in that capacity, have no contact with these undertakings. An expansive investigation the eventual fate of the banking business shows that banks are not moving endlessly from virtual banking, yet are rather advancing new employments of online service, and improving the current highlights. Banks overall are implementing the utilization of online services to better their business productivity, and bankers everywhere throughout the world are searching for these effective services to become accessible to them. As virtual banking attracts increasingly more customers through mechanical developments and improvements, it is a reasonable sign that virtual banking is the future spot for banking business.

Distinctive Features of Non-Branch Banking

A virtual bank then can be defined as a “non-branch bank,” while the virtual bank is the supplier of banking services through electronic media, for example, ATM, telephone, PCs as well as the Internet. The motivation behind this exploration is to examine how unique virtual banking structures are embraced or saw in India. A portion of the particular highlights of virtual banking is: (Chavan J)

- It expels the traditional geological hindrances as it could connect with customers of various nations/legitimate locale. This has brought up the issue of the locale of the law/supervisory system to which such transactions ought to be oppressed.
- It has added another dimension to various types of risks traditionally connected with banking, increasing some of them, and tossing new risk control challenges.
- Security of banking transactions, legitimacy of electronic contract, customers’ security, and so on., which have from the start been worries of both bankers and chiefs have expected diverse dimensions given that the Internet is an open space, not expose to control by any single power or gathering of users.
- It represents a strategic risk of loss of business to those banks that don’t react in time, to this new technology, being the productive and savvy conveyance instrument of banking services.

Challenges in V-Banking

Implementation of Global Technology

There is a need to have a very degree of the framework and great human limit working earlier. The creating nations may receive worldwide technology for their nearby needs. In creating nations, many customers either don’t trust or don’t access to the needful foundation that will have the option to process electronic payments.

Security Issue

The security issue is one of the significant issues for V-banking. On account of any monetary harm to the customers, the bank’s notoriety is ruined. The security risk is the primary danger from the programmers, who can utilize a few sorts of information of open people groups for reason of the crime. While sometimes, programmers climb the passwords of the customer’s cause to burglary their money or some covered up or mystery information.

Strengthening Public Support

In developing nations, in the earlier year’s most V-finance activities has been the after effect of joint endeavors between the non-open and open sectors. If the open sector doesn’t have the essential assets to implement the activities, it is significant that joint endeavors among open and non-open sectors alongside the multilateral offices like the World Bank, be created to empower open help for V-finance related activities.

Privacy Risk

People groups dread particularly from the way that there is the dread of data fraud and revealing private information online or V-banking (wiki spills, Panama paper spills, and so on.). They feel banks may attack their protection by using their information for showcasing and other secondary purposes without the assent of purchasers. Individuals feel particularly disturbed when they get calls for credit cards or protection, and so on.

Customer Awareness

Villages are the spine of India, and when we talk about towns, people groups are as yet not mindful of banks, so in India, there is far for V-banking. So

we initially need to educate people groups first about the bank's system and afterward gradually need to educate them.

Holes

Any deformity in hardware, programming or security strategy, utilization of banking in open networks, or unbound networks enables programmers to have unapproved get to. The network tolls that can be influenced by gaps are switches, server programming, working system, firewalls, and customers.

Money Laundering Risk

Since internet banking should be possible remotely, banks may find it hard to apply traditional techniques for anticipating and distinguishing unfortunate crimes like money laundering. Uses of money laundering rules may not be sufficient for certain types of V-payments. Digital Squatting-It is the demonstration of enrolling a renowned space name and afterward selling it for a fortune. Digital squatters register providers' spaces to attract their users and advantage from it. This is an issue that has not been shrouded in the IT Act, 2000.

Languages and Literacy Barriers

Unfamiliar language and illiteracy are hindrances in utilizing V-banking service are for the most part in the English language. It is extremely troublesome in a nation like India with 1.252 Billion populaces. Just about 79% of educated people groups and a large portion of them in local language it is likewise enormous hindrance.

Fraud by Human Resource of the Bank

At the point when you have the entrance to a lot of information and the information is in the hands of an individual, we can confide in anybody. There are a few people groups who utilize their very own benefit and may make misfortune both customers just as the bank.

Trust Issue

Trust is the greatest thing when you need to do anything, particularly when you do a financial transaction you must have full confidence on the

medium you are utilizing, the site you are utilizing the association and so on. There emerge a few inquiries as a main priority of users: Did transaction experience? Did I push the transfer button a few times? Are my Password and ID is verified? Trust is a significant factor that impacts the customers'. Trust assumes a key job for V-banking, yet the absence of trust is the fundamental issue in the growth and development of electronic banking. These days, V-banking turned into a reality of the presence or even an endurance inconvenience for banks with their customers trusting and demanding it as a helpful, safe, and fair manner of leading banking transactions (Chen J, Lam K). Additionally, bankers use it as a forceful aspect and an approach to effectively and accurately expand their business past the land hindrances the accompanying weakness in step with:

1. Poorly presented electronic banking services might be slow and tedious.
2. A scarcely any distinguishing proof confirmation necessities can be disturbing and overpowering for customers.
3. It would perhaps require heaps of paperwork and approaches for registration and set-up, for example, documentations and intensity of lawyer to companions past what's required for traditional paper-basically based dealings.
4. May is hard for customers to get acclimated with the financial foundation's website and V-banking channel each financial organization has its very own particular internet website and strategies
5. Frequent changes and alterations to the bank's internet webpage and conveyance channels that require acquaintance and, in a couple of cases, registration and documentation.
6. Distrust by method for certain customers in a couple of nations with the legitimate crude system and inconsistent technological framework could confront security and lawful challenges.
7. Some customers still incline toward customized consideration and human collaboration.

Coping Strategies or Challenge Management Strategies of Challenges Involved in Virtual Banking Services

Spreading Awareness

In a nation like India, where a large portion of the people groups are not all that educated and even they don't have any bank account. We should spread mindfulness in people groups about banks and V-banking offices, their advantages, and simple to utilize offices.

Improving Security

At the point when we move to something new and when it is identified with money, there is a different security risk, banks and government need to make their system ground-breaking and secure so that can't be hacked by anyone.

Training and Development for Employees

When there is an unexpected change in technique or technology or system, a few people groups have the hindrances of receiving it, even bank representatives, so banks must train their workers for new technology and new procedure with the goal that they can comprehend and enlighten different people groups concerning it.

Simplicity is Best

At the point when we need to make individuals use V-banking, it ought to be fast, straightforward, and valuable with the goal that individuals ought to be used to it and feel certain when utilizing it.

Other Strategies

- The best strategy at the early adjustment arranges to give and expand the mindfulness concerning e-banking among customers. Since e-banking items and services are particularly new in India. To satisfy these target banks should utilize each type of publicizing, for example, T.V. plugs, advertisements in magazines, pamphlets, online advertisements, and so on to educate customers about its favorable circumstances so that it can reach to the greatest number of existing and prospecting e-banking customers. To arrive at the greatest number of prospecting internet banking customers and banking staff should step

up to the plate and inform them of e-banking services given by the bank. (Cuesta, C., Cuesta, M., Tuesta, D., & Urbiola, P.)

- Bank ought to viably plan its websites as a service giving system, and it ought to likewise give information past the services offered by a bank.
- Banks ought to wipe out the language hindrance to have powerful correspondence with customers. Explicitly in India, the bank ought to give banking information in English just as in the Hindi language.
- The significant driving element of receiving e-banking for its users is the dependable access system. The information in regards to security ought not to give in technical phrasing and ought to involve with standard security statement. (Gautam L, Khare SK.)
- Banks should offer motivating forces, for example, extraordinary advantages for visit users, reliability reward, and so forth.
- To increment its service esteem, banks ought to make working together adventure with internet service supplier organizations and by expanding linkages to providers and vendors.
- Banks should attempt to give the higher worth of services to their shoppers. Banks ought to intently break down the historical backdrop of its customers' banking transactions to have better comprehension concerning their requirements and give them well-customized internet banking items and services. (Drigã, I., & Isac, C)
- Banks should target the right arrangement of customers. Banks ought to attract those customers who have a solid financial position and sufficient pay level to receive the e-banking system.
- Banks ought to underscore the upsides of the e-banking utilization, for example, efficient, 24-hour service accessibility, information accessibility, comfort, ease services, and so on.
- To attract its customer's bank ought to give simple openness of e-banking on a standard base. Banks ought to examine customers' entrance and implement a traffic management system to the e-banking customers.

Discussion and Conclusion

- India faces certain impossible to miss obstacles that restrain the growth of advanced banking in the nation. The significant ones are:
- A nation requires a sufficient degree of foundation to receive the technology and give the fundamental help to its growth and utilization. Be that as it may, the foundation in India is still an incipient stage. Internet network is yet to reach many.
- Since the internet is an open wellspring of correspondence, protection and security of information transferred over the network are vulnerable to robbery, unapproved access, and misuse. Cybercrimes and hacking are a major reality in India, and even the most believed firms are undependable from it. This has prompted a decline in trust in computerized exercises of banks. (Drigã, I.)
- Although the banking sector in India is profoundly managed as far as capital sufficiency requirements, provisioning and resource recognition standards, investments, bankruptcy standards, and so on yet it is hard to stretch out these guidelines to advanced banks. In spite of the fact that RBI is concocting structures for explicit exercises (for example, giving NBFC status to shared loaning stages), anyway, these administrative standards are yet to be defined unambiguously and executed opportune.
- Additionally, certain guidelines, for example, KYC requirements, warrant individual contact and up close and personal gatherings between the banker and customer, which may not be conceivable in the event of an unadulterated advanced bank
- Technological blast in the banking sector has prompted new sorts of items/services and better approaches for conveying them. In any case, these require different extra lawful definitions, for example, which means of an electronic mark, and authorizations. Simultaneously, existing legitimate definitions and consents are additionally required to be re-examined.
- The government and private sector need to meet up to take care of the holes to guarantee that the fantasy of genuine digitization becomes a reality

for India. Constant endeavors as safety efforts, mindfulness crusades, advanced education, infrastructural investment, and so on – would need to be depended on, to abuse the maximum capacity of technological developments.

There are not many innovations that have changed the business of banking as drastically as the technological revolution. Banks in various pieces of the world are patching up their long haul strategies to tackle the open doors offered by digitization. It isn't amazing that the banking business was one of the absolute first to use information technology, thinking back to the 1960s, and has, in this manner, a record of affecting the development procedure through technology.

The endurance and accomplishment of an 'internet just' model or an 'unadulterated' advanced bank is somber in India. Not in light of the absence of a market, but since 'block and concrete' branches give the Indian customers, particularly the matured age, a suspicion that all is well and good and certainty. Subsequently, regardless of the intrigue of computerized offers, banks need to adjust their traditional physical nearness with advanced nearness. The job of the Indian government in giving a helpful environment to encourage inspirational mentality among customers is additionally imperative. Simultaneously, traditional banks should wake up and understand that they are never again the sole players in the business, and that the new entrants, as fintech new businesses, have a great deal to offer to a digitalized clientele, and that the two can accomplish a success win circumstance by teaming up, as opposed to contending, with each other. In conclusion, Indian banks need to manage the conceivable negative results of computerized interruption on their incentive by animating advanced mindfulness and accomplishing minimum amount, which would at last lead to informal advancement.

Hence virtual banking is immensely useful to dispose of potential human blunder related to paper taking care of and mistaken information dealings. This mechanization additionally reduces the customer's reliance on accepting live help from bank tellers for straightforward transactions and printing out statements. From a cost viewpoint, virtual banking offers available resources for banks

to spare money and market their items all the more productively. Banks can reduce operational expenses related to operational consumptions like a lease for the structures. Thus, virtual banking permits banks to offer better arrangements to their customers by cutting service expenses and expanding loan costs. The cost of investment funds in this manner have a two-crease impact as it benefits both the customers and the banking foundations. Comprehensively, Virtual banking indicates the arrangement of banking-related services through the broad utilization of information technology without direct recourse to the bank by the customer. Virtual banking is a technological advancement that has achieved such a change. The banking business has embraced virtual banking practices to improve business procedures, frameworks, and customer connections. (El-Qirem, I. A) These changes majorly affect the banking business. The network measures for the improvements have unquestionably added some fuel to accelerate the procedure with the appearance of virtual banking, which can be assessed on similar degrees of service, productivity, and cost satisfaction for both service suppliers and their regarded buyers.

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