

Utilisation of Online Banking System in Rural Area: Post Demonetisation

Shiji T S

Assistant Professor, M E S Asmabi College, P Vemballur

Abstract:

A system allowing individuals to perform banking activities at home, via the internet. Some online banks are traditional banks which also offer online banking, while others are online only and have no physical presence. Online banking through traditional banks enable customers to perform all routine transactions, such account transfers, balance inquiries, bill payments, and stop-payment requests, and some even offer online loan and credit card applications. Banking activities can be classified to as transactional and non-transactional. Demonetization is the act of detaching a currency unit of its status as legal tender. Demonetization is necessary whenever there is a change of national currency. It also helps to wipe out the black money and black market activities. The rural areas in particular, which do not have formal sources of banking, also deal largely in cash. Demonetization also aims to boost the digital transactions in all area. While formal modes of payments such as debit and credit cards, net-banking and digital wallets should get a boost, this will take a long time to be felt simply because the proliferation of these products is still low among the middle classes and the poor, for whom cash is still the predominant mode of transactions.

Keywords: Online Banking, Rural People, Demonetisation, Electronic Transactions

Introduction:

On 8th November 2016, government of India announced demonetisation of 500 and 1000 rupees notes which accounted to about 80% of currency circulation in the country. The main aims of demonetisation was to eradicate black money and terrorist financing activities and to direct India towards a cashless economy.

To promote cashless economy, the government of India has launched a flagship programme, the Digital India programme, with a vision to transform India into a digitally empowered society and knowledge economy. “Faceless, Paperless, Cashless” is one of professed role of Digital India. As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are available.

Online banking also known as internet banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services.

To access a financial institution's online banking facility, a teacher with internet access would need to register with the institution for the service, and set up a password and other credentials