

EFFECTS OF ELECTRONIC BANKING IN INTERNATIONAL TRADE

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Abstract :

International trade helps countries to exchange goods between countries as well as exchange of technologies, getting products cheaper than producing them domestically. The concept and adoption of e banking in our commercial banks has enhanced international banking by providing a platform for corporate to do business worldwide through electronic funds transfer modules. The trading of cross currencies has remarkably enhanced business transactions. The purpose of this study was to establish effects of electronic banking in international trade. The study established that electronic banking was positively influential to bank performance. Electronic banking generates a sizeable amount of revenue for the bank while on the other hand aiding in cost cutting through reduction of manpower use at branches. It was found that unanimously respondents conveyed that electronic banking was both convenient to the client and the bank. The study also showed that management has a big role to play in form of support as well as in meeting gaps by both client and staff. Technology was found to have a very big role to play whereby any failure would ultimately influence use and eventually revenue earned.

Keywords: International trade, E-banking, financial performance

Introduction :

International trade allows countries to expand their markets and access goods and services that otherwise may not have been available domestically. As a result of international trade, the market is more competitive. The growth of the internet and e-commerce is dramatically changing every day, with the model World Wide Web and e-commerce the international trade is transforming into a digital global village trade.

E-banking impinges on operations of banking in a number of different ways. It has enabled the banks to handle the payments electronically and inter-bank settlement faster and in large volumes. The new technology has rapidly altered the traditional ways of doing banking business. Customers can view the accounts, get account statements, transfer funds, purchase drafts by just making a few key punches. Availability of ATMs and plastic cards, EFT, electronic clearing services, internet banking, mobile banking and phone banking; to a large extent avoid customers going to branch premises and has provided a wider range of services to the customers, (Chuang & Liao, 2008).

Objectives of the study :

1. To determine the effects of e-banking on international trade
2. To study the implementation of e-banking in some international trade
3. To study the empirical studies on e-banking and financial performance

Literature Review :

Electronic Funds Transfer (EFT) :

In the present age of integrated technology consisting of computers and communication



facility, distances need no longer be constraint in providing customer service. EFT permits transfer of funds, from any account to any other account at any branch of any member bank in any other city (Jain, 2006). In other words, electronic fund transfer facilitates the quick movement of deposit money from one bank account of one customer to the bank account of another customer. In this system, the sender and the receiver may be located at different cities. As an important tool of customer services, EFT system addresses the needs of individual customers to transfer money from one place to another within a day or two.

Mobile Banking (M-banking) :

Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as a mobile phone or personal digital assistant (Pousttchi, 2003). In most countries, retail payment systems have been dominated by banks whose primary function in the most basic sense is to gather deposits for deployment in loans and other permissible investments. Financial institutions have the opportunity to add value to customer depository services with the addition of mobile technology and realize customer retention benefits as a result. Financial institutions are best positioned to employ risk management programs that ensure regulatory compliance for money laundering and other risks.

In March 2007, Safaricom mobile operator launched the mobile money transfer system, the M-Pesa. Since then the mobile payment system has become popular with both the banked and the unbanked population. Business operators in India have adopted the use of the mobile payments as a way of transacting their business because of the relative affordability of mobile phones and the mobile banking services they offer.

There is appeal and utility of mobile banking and mobile payment services across the country as there are probably more people with mobile handsets than with bank accounts (Porteous, 2006).

Data Collection :

Secondary data has used for the study. Secondary data is collected from internet resource, various websites and public boom as well as from news papers.

Measurement :

Based on situation specific scenarios, expert's opinions, and use of internet for information search.

Data analysis :

The collected data was mainly analyzed through content analysis owing to its qualitative nature. Content analysis may be described as a technique for making inferences by objectively and systematically identifying specified characteristics of messages. Content analysis is a summarizing, quantitative analysis of messages that relies on the scientific method. First, case study research as a research strategy within qualitative social research is briefly presented. Then, a basic introduction to (qualitative) content analysis as an interpretation method for qualitative interviews and other data material is given. Finally the use of qualitative content analysis for developing case studies is examined and evaluated.

Internet Banking (E-banking) :

As the banking industry has been constantly innovating and with the advent of technological development particularly in the area of telecommunication and information technology, one such innovation is internet banking. Internet banking is defined as an internet portal through which the customers can use different kinds of banking services from bill

payments to making investment (Pikkarainen et al., 2004).

E-banking and International Trade :

E-banking, also known as electronic banking or online banking, has indeed had a significant impact on international trade. Here are some benefits of e-banking in facilitating international trade that you may consider for your research paper:

1. Ease of financial transactions:

E-banking provides a seamless and convenient way for businesses engaged in international trade to conduct their financial transactions. It eliminates the need for physical visits to banks, filling out cumbersome paperwork, and waiting for international fund transfers. With e-banking, businesses can transfer funds internationally with just a few clicks, saving time and effort.

2. Increased efficiency and cost-effectiveness:

E-banking streamlines the documentation process, making it quicker and more efficient. This reduces the overall transaction time and can result in cost savings for businesses engaged in international trade. E-banking also eliminates the need for intermediaries in the payment process, thereby reducing transaction costs.

3. Accessibility and global reach:

E-banking allows businesses to access their accounts and initiate transactions from anywhere in the world, as long as they have an internet connection. This accessibility enables businesses to engage in international trade more easily and efficiently, irrespective of their geographical location.

4. Risk management:

E-banking offers various risk management tools and services that can help businesses mitigate the risks associated with international transactions. This includes features such as secure payment gateways, fraud detection mechanisms, and real-time monitoring of transactions, enabling businesses to identify and address any potential risks promptly.

5. Improved transparency and accountability:

E-banking provides businesses with detailed transaction records and real-time updates on their financial activities. This transparency enhances accountability and helps businesses track their international trade transactions accurately. It also facilitates auditing and compliance with international financial regulations.

6. Trade facilitation and documentation management:

E-banking platforms often offer trade finance services, such as letters of credit, electronic invoicing, and digital document management. These services simplify the documentation process required for international trade, enabling businesses to manage their trade transactions more efficiently.

These are just a few benefits of e-banking in facilitating international trade.

Implementation of e-banking in some international trade :

When researching the effect of e-banking on international trade, it can be helpful to look at case studies that showcase successful implementation of e-banking. Here are a few examples that you can include in your research paper:

1. Alibaba Group:

Alibaba, the global e-commerce giant based in China, has leveraged its e-banking arm, Ant Financial, to facilitate international trade. Through its platform, Alibaba provides secure e-banking services, including online payments, trade finance, and supply chain financing, to

its vast network of buyers and sellers. This has enabled small and medium-sized enterprises (SMEs) in China and abroad to engage in international trade more efficiently and with reduced risks.

2. Standard Chartered Bank:

Standard Chartered is a multinational bank that has been at the forefront of digital banking and trade finance. The bank has implemented e-banking solutions to streamline international trade processes for its corporate clients. By offering digital trade finance solutions, such as electronic letters of credit and online documentation management, Standard Chartered has facilitated faster and more secure cross-border transactions, benefiting businesses engaged in international trade.

3. HSBC:

HSBC, one of the largest banking and financial services organizations globally, has also embraced e-banking to support international trade. The bank offers a range of digital tools and services that enable businesses to manage their trade activities efficiently. This includes e-banking platforms for online banking, trade finance solutions, and supply chain finance, enhancing the speed and ease of conducting international trade.

Empirical studies on e-banking and financial performance :

E-banking is transforming the banking and financial industry in terms of the nature of core products /services and the way these are packaged, proposed, delivered and consumed. It is an invaluable and powerful tool driving development, supporting growth, promoting innovation and enhancing competitiveness (Gupta, 2008).

Banks and other businesses alike are turning to IT to improve business efficiency, service quality and attract new customers (Kannabiran and Narayan, 2005). Technological innovations have been identified to contribute to the distribution channels of banks and these electronic delivery channels are collectively referred to as electronic banking. The evolution of banking technology has been driven by changes in distribution channels as evidenced by automated teller machine (ATM), Phone- banking, Tele-banking, PC-banking and most recently internet banking (Chang, 2003).

Conclusions of the Study :

The study has come to the conclusion that indeed e banking increases the efficiency of International Trade and the effects on performance are vast. It is clear that today customers enjoy very convenient banking services which if doubled with speedy delivery ensure efficiency of service. It eliminates the need for physical visits to banks, filling out cumbersome paperwork, and waiting for international fund transfers. With e-banking, businesses can transfer funds internationally with just a few clicks, saving time and effort.

The case studies also demonstrate how e-banking has been successfully implemented by businesses, banks, and financial institutions to facilitate international trade. They highlight the benefits of leveraging digital solutions for cross-border transactions, including improved efficiency, cost savings, and enhanced trade facilitation.

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