

IMPACT OF FUND TRANSFER ON INDIAN ECONOMY

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ABSTRACT

The Electronic Fund Transfer is a transfer of money from one source to another source. It flows in an online mode and consumes less time which makes favorable to the transaction. Nowadays most of the financial institutions and private enterprises are using Electronic Fund Transfer for accepting the payments from their respective customers and other business group. Thus, it is good for both customers as well as service providers, and improves efficiency and business performance. Another feature is that it is a reliable, secure and convenient to conduct the business.

In older days, it was paper- based transaction which could have chances for fraud and consumes much time. Now as per the advancement of information technology, this Electronic Fund Transfer facility has been adopted by the Indian Nationalized Banks and other rural banks which provide services to their customers for making payments for the various reasons like payment to the suppliers for have business transactions.

KEYWORDS: Online Money Transfer, Electronic Mode, Less Time, Efficiency, Trust, Reliable, Secure and Convenient

INTRODUCTION

Electronic Fund Transfer, it is a transfer of money from one source to another source without exchange of goods and services. Nowadays most of the business firms, private sector banks, nationalized banks, multinational companies are accepting payments from their customers online because it consumes less time, increases efficiency, quick, easy and makes favorable business transactions between customers and service provider.

The customers enjoy many advantages of money transfer in online mode like Bank Wire Transfer, Electronic Fund Transfer, Giropay, Fast Bank Transfer, Abacloos, Diners Club Card, Entropay Virtual VISA Card, Instant Banking, Master Card, Pay Pal, Instadebit, Credit Card and Debit Card.

The growing popularity of electronic fund transfer is becoming popular everywhere because it works on international level and accepts payment online. Its benefits include reduced administrative costs, increased efficiency, simplified bookkeeping and greater security.

Electronic Fund Transfer Uses Computer Systems to Move Funds without the Need for Paper Document

- **Using a Credit or Debit Card:** Using this method, money is transferred electronically from one account to another account. It assures the payment transactions between them.
- **Online Bill Payment:** This process is always used by the banks to accept payments from the customers. It is good because it consumes less time to accept payment and make payment. Another good feature is that it is paperless and has transparency in the business transactions.

- **Direct Debit:** This works like electronic checks or monthly auto draft. Individuals can have recurring nature bank account and they are free to make payments by debit cards. This type of payment requires the bank account number and ATM Pin only.
- **Direct Deposit:** This works like credit card and account holders can credit the money from one bank account to another bank account. It is also good as other forms of electronic fund transfer because it consumes less time, gives quick service and fast transfer of money.
- **Bank Wire Transfer:** A wire transfer is a sort of electronic payment system that authorizes the bank to wire funds from customer's account to another banks account and it ensures maximum security of funds during the transfer.
- **Giropay:** It is another kind of electronic payment system in which customer pays monthly to billing organization and money is deducted from bank account. This system also has some features like other forms of electronic payment system.
- **Fast Bank Transfer:** Limitation of this method limitation is that, account holder only can transfer money on domestic basis from bank account to another. In any case, if account holder needs to log-in on-line banking and then bank is authorized to fund transfer.
- **Abaqoos:** It is an e-wallet and voucher based payment method. It transfers funds to HUF only. Account holder must have account with any of those supporting banks.

Benefits to have Use of Electronic Fund Transfer

- **Cheaper:** The fund transfer facility is cheaper because it does not charge any kind of commission, expenses for transactions and takes minimum time for delivering.
- **Faster:** The fund transfer facility is totally based on Internet. Therefore it is fast and takes least time to transfer the money and assures to receiver and transferor.
- **Day Sales Outstanding Improvements:** The fund transfer facility in electronic mode is good to seller as well as supplier, because he receives money in mean time when the customer is satisfied and whereby he can have opportunity to increase sales volume.
- **Processing Cost Reduction:** The electronic fund transfer reduces production costs and saves time by automatically initiating and processing payments.
- **Minimize Overdue Payments:** The best in class electronic payment system accelerates credit and collections by giving customers, collections groups and internal customer service departments' greater visibility into payment status.
- **Simplify Dispute Management:** The electronic fund transfer is also helpful in solving the grievances and disputes regarding the settlement as well as payment of business transactions.
- **Increased Compliances:** An electronic payment system makes it easier to track and monitor data to ensure adherence to complex compliance regulations and all business rules.

- **Enhanced Security:** The electronic payment system enhances security, improves efficiency, and makes favorable transaction among receiver and payment maker. In the electronic payment system only amount is transferred but both parties do not have information about bank details.
- **Improved Workflow Efficiencies:** Increased automation is a key feature of a robust electronic payment, enabling less reliance on time consuming and less costly manual business processes.
- **Greater Visibility into Financial Supply Chain:** With access to reports and comprehensive corporate financial history, and electronic payment system gives management and other authorized users easy access to snapshots and detailed reports to improve decision-making and process efficiency.

REVIEW LITERATURE

Researcher has surveyed the some review-literatures and tried to know the present state of knowledge.

Oz Shy 2015¹, in research paper titled '**Account-to-Account Electronic Money Transfers- Recent Developments in the United States**' has reviewed the recent changes in online and mobile banking, that provide low-cost account to account money transfer to the bank account holders. Researcher has analyzed the role of emerging decentralized market for account to account money transfer in the United States and compared with the other countries. According to the findings, study has evaluated role of the emerging U.S. market and discussed policies which increase the use of account to account money transfer.

D.V. Vidyashree and Dr. Prahlad Rathore 2015², in research paper titled '**Emerging Trends in Bank Fund Transfer: A Category of the Indian Banking System**' have explained that the Indian Banks have adopted technology for introducing banking products and giving efficient services to their customers. According to the researchers, Banks are offered various modes of electronic payment systems such as Automated Teller Machine, Real Time Gross Settlement, National Electronic Fund Transfer, Instant Mobile Payment Service, Electronic Fund Transfer, Electronic Data Interchange and Tele Banking for payment purposes. According to the findings, study has examined the new dynamics and technologies for funds transfer in Indian Banking System in the changing scenario.

Prabhat Dansena, Nidhi Agarwal, Abhishek Patel and Aruna Srivastav 2014³, in research paper titled '**Survey the Electronic Fund Transfer Systems in use across the World and Comparison with Indian Scenario**' have surveyed about the use of Electronic Fund Transfer in World and compared its use in India. This system helps to the transfer of money from one source to another and it is very helpful at rural zones too. Findings of the study, Electronic Fund Transfer is good for future dated and recurring type of e-transactions and it is also used for payment to EMI, Electricity bill, Telephone bill and tax etc.

M. Niranjana Murthy 2014⁴, in research paper titled '**E-Commerce: Recommended Online Payment Method-Pay Pal**' has explained that the online payment is helpful in the 'E-Commerce' transactions, that allows use of credit card for payment to the online retailers. According to the researchers, Pay-Pal is a good mode of payment for online transactions. It is a convenient option and has good reputation for security, for protecting the interest of both merchants and consumers.

Munish Gupta 2013⁵, in research paper titled '**Electronic mode of payment- A Study of Indian Banking System**' has examined the changes in electronic payment system. According to the researcher, in recent years Indian

banking system has modernized its services and developed many innovative ideas. In this study researcher has analyzed secondary data by applying the statistical tools and suggested applicable measures to enhance payment system.

NEED OF THE STUDY

Researchers have discussed lot about the purpose of money transfer, way of money transfer, its emerging trends and use online money for various reasons but they have not much discussed the role and impact of money transfer for the Indian Economy. Therefore it is compulsory to know requirements of online money transfer for leading the Indian Economy.

SPECIFIC RESEARCH METHODOLOGY

Objectives of the Study

- To identify the reasons how the electronic mode of money transfer is helpful to promote Indian Economy.
- To identify the reasons why the fund transfer is a good source of money transfer for online business transactions.

Data Collection: Researcher has used primary data to achieve these two objectives and collected responses from more than 1,000 respondents.

Analysis: Researcher has applied ranking and weighted average mean method in this research paper.

INTERPRETATION AND ANALYSIS

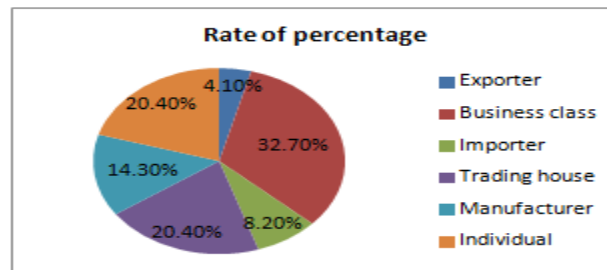


Figure 1

This chart represents the percentage of respondents, who have given views on the ‘Impact of fund transfer on Indian Economy’.

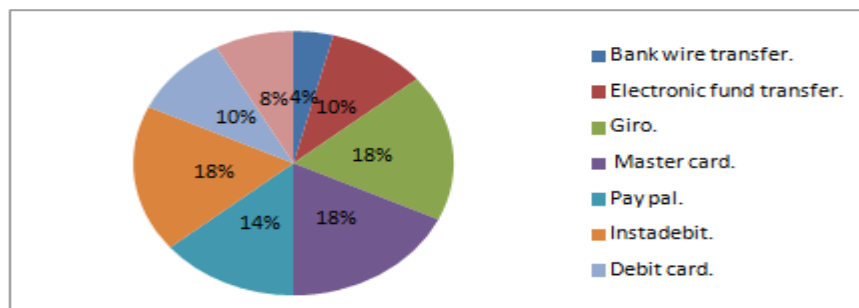


Figure 2: As per your Opinion, which one is the Convenient and Secure Mode of Electronic Transfer of Money?

According to the opinion of respondents they said that the Giro, Master card and Instadebit are a convenient and secure mode of electronic transfer of money rather than others.

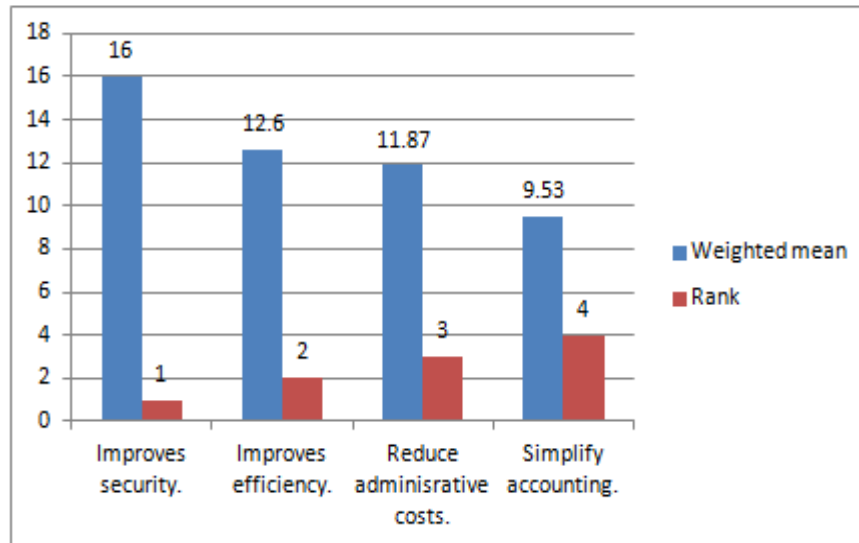


Figure 3: Please Rank, which one is the Significant Reason for the 'Electronic Fund Transfer'.

This chart represents that the Improve security is significant reason for the 'Electronic Fund Transfer' in comparison to the other reasons, which has top rank as per the highest weighted mean and while least rank has given to simplifying accounting with lowest weighted mean.

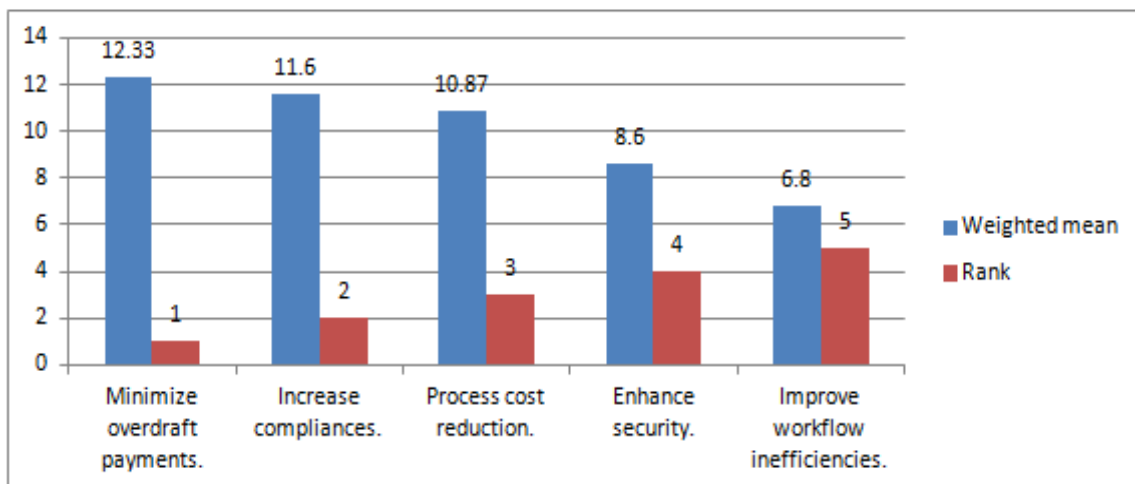


Figure 4: Please Rank for the Utilizing Benefits to the Customer by Electronic Payment System

This graph represents that Minimize overdraft payments is beneficial option to the customer by Electronic Payment System in comparison to others which has top rank with highest weighted mean and least rank has given to improve workflow inefficiencies with lowest weighted mean.

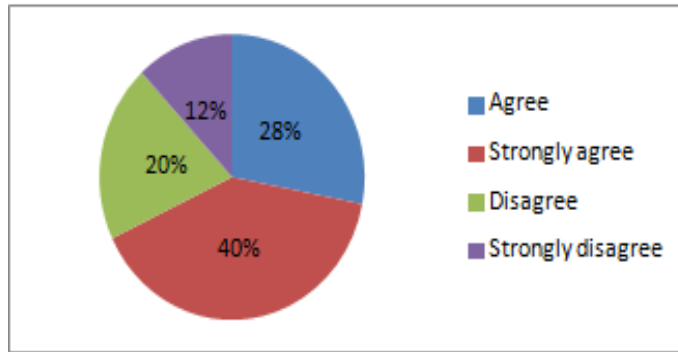


Figure 5: Electronic Commerce Involves the Exchange of Some Form of Money for Goods and Services on the Internet but Today, Internet is an Insecure and Unreliable Media

This pie-chart shows the responsiveness level of the respondents, they are strongly agree with that Electronic Commerce involves the exchange of some form of money for goods and services on the Internet but today, Internet is an insecure and unreliable media.

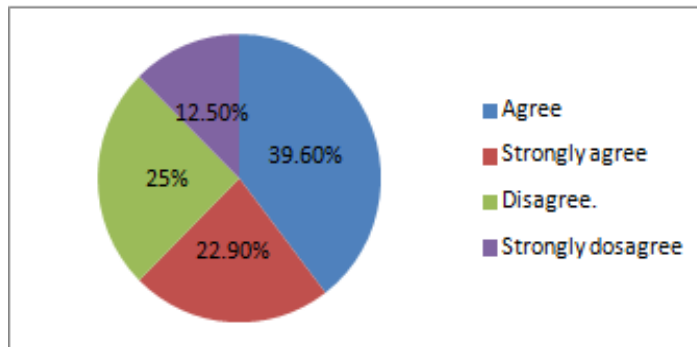


Figure 6: Personal On-Line Payment Systems are not Likely to have a Great Impact on Monetary Policy, they do Arise Regulatory Issues Associated with Consumer Rights and Protection

According to this pie-chart, respondents strongly agree with personal online payment which do not has great impact on monetary policy.

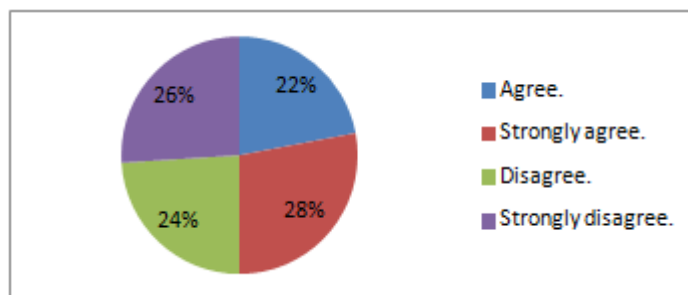


Figure 7: The Main Objectives of Electronic Payment System are to Increase Efficiency, Improve Security, and Enhance Customer Convenience and Ease of Use

As per the views given by the respondents, they are strongly agree with that Electronic Payment System increases efficiency, improve security and enhance customer convenience and ease of use.

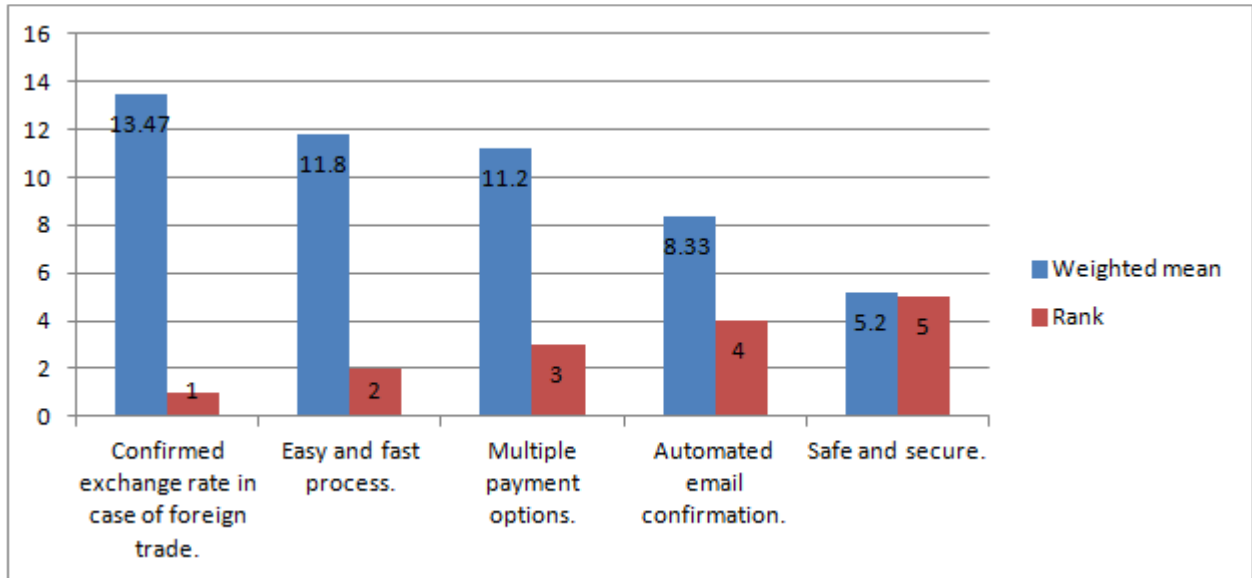


Figure 8: Please Rank, why the Online Transfer of Money is known as the Safest Mode by Business Firms and the Customers of Private and Nationalize Banks

This graph represents that the Confirmed exchange rate in case of foreign trade is the good source for the online transfer of money which is the safest mode known by business firms and the customers of private and nationalize banks.

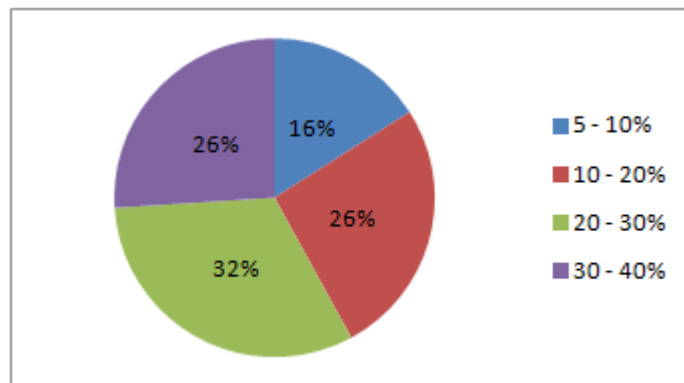


Figure 9: By How Much Online Payment System has Reduced Requirement of Working Capital

The 32% customers say that the online payment system has reduced requirement of working capital.

CONCLUSIONS

The researcher has done the survey about the impact of fund transfer on Indian Economy. In which has find that online transfer of money is good, secured, quick transfer the money from one source to another. Therefore every private and government organization must have the online working facility because it reduces time, improves efficiency, and quick transfers the amount.

In addition to this nowadays all private and government banks are accepting payments from their customers in online mode because this system has secrecy about account holder’s bank details etc.

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