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ISSUES CONCERNING ELECTRONIC FUNDS TRANSFER: AN ANALYSIS

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ABSTRACT

Electronic fund transfer is a new technology, developing faster and improved payment systems; India's banking sector has been aiming to provide better services to its customers. To provide a well-designed, strong, and transparent financial infrastructure underpinned by efficient payment and settlement systems, banks utilize novel computerization and communication methods. Electronic Funds Transfer (EFT) also has the potential for major security issues, such as websites hanging, necessitating financial institutions to take extra safeguards when using the Automated Clearing House (ACH).

Because of direct client participation in the dynamics of the systems, EFT systems have several points of access where transactions can be influenced in unlawful ways. How data is gathered and transported among the sites and institutions, as well as the utilization of telecommunication connections. Cardholder–initiated the transaction, using a payment card such as a credit or debit card. Wire transfer via international banking networks such as SWIFT. Electronic bill payments in online banking, are delivered by EFT or paper check.

To maintain safe and sound business practices, customers are protected against losses resulting from inadequate remedies available to them. Due to insecurity created by electronic funds transfer, it the importance to analyze measures that can effectively prevent insecurity. Despite the importance of these systems, many financial institutions fail to understand the potential credit risk and fraud related to ACH services. Credit risk and fraud are a particular concern during weak economic periods, bankruptcies, and business failures. The purposes of this article are to address the issues of EFT risks and to suggest measures to reduce exposure to such risks.

Keywords: ACH, EFT, Electronic Banking, Services, Technology

INTRODUCTION

Electronic Funds Transfer (EFT) is a method of moving funds electronically from one bank account to another without the use of paper money. EFT is a collection of technologies that allow financial transactions to be completed using electronic signals rather than a paper instrument of exchange. Direct deposit, in which payroll is put directly into an employee's bank account, is one of the most extensively utilized EFT schemes. EFT, on the other hand, refers to any electronic fund transfer, such as credit card, ATM, Fed wire, and point-of-sale (POS) transactions (George Cho, (2012).

The system allows for the prompt transfer of funds between banks and among banks through the electronic mode. Computers, communications networks, and automated data files are all used in most EFT systems. In many places, automated teller machines (ATMs) are now commonly available for making deposits and withdrawing funds 24 hours a day. Electronic funds transfer (EFT) is a new way to pay for goods and services and conduct a wide range of financial transactions that are set to overtake money and checks as the primary payment mechanism.

EFT via the internet is becoming increasingly popular these days. In this scenario, a consumer visits the bank's website,

logs in, and creates a new bank account. He or she then requests that a specified sum be transferred to that account. If the customer's accounts are in the same bank, the amount is transferred to the other account; otherwise, the transfer request is forwarded to an ACH (Automated Clearing House) and the amount is debited from the customer's account. The bank notifies the consumer of the fund transfer once the funds have been transferred to another account.

The Indian economies develop deferred payment mechanisms is gradually setting popularity with the advent of Electronic Fund Transfer. The shift is primarily revolving around changes in consumers needs and evaluation of financial markets in the payments service area. The real growth in the online market happened in the late eighties. Now the payment service has become more complex and technology drive. The banking industry must use current information technology techniques to tackle the new problems. The study focuses on the difficulties users have when using various EFT-based transactions.

REVIEW OF LITERATURE

Rhea Banerjee (2020) in his article entitled "Confidentiality and data protection in the electronic fund transfer" concluded that electronic fund transfers are a type of alternative payment method for goods and services that enables large amounts of transactions. It is a collection of technologies that work together to facilitate large-scale transactions more safely and speedily without the use of a paper medium of exchange. In most transactions when cash is used as a payment method, a certain level of anonymity is expected, but certain details are still needed to complete the transaction.

Shobana (2017) in her article entitled "An analysis of Electronic Fund Transfer" examine the study mainly dealing with the mode of operation of the electronic fund transfer. The electronic fund transfer is that the process can't be reversed at any time after the transaction is made. The banking employees have to educate the public about the benefits to encourage cashless transactions.

Abdulah, and Samahir, (2014) in their article entitled **"**Legal Risk Associated with Electronic Funds Transfer" studied the corporate world relies extensively on EFT systems for its procedures, and EFTs have piqued the curiosity of government and academia. The guidelines for risk allocation are based on the numerous access mechanisms to the account. Furthermore, due to the intricacies of EFT, consumer protection becomes a top priority and a source of considerable worry, particularly when evaluating accountability for losses.

Sankalp Jain, (2013) in his article entitled "A Critical Study in Indian Context with Special Reference to Security & Privacy Issues" a detailed study of electronic fund transfers in India and their importance in the banking sector of the country. The banking sector will dwell on the legal regime of EFTs in India and the issues concerned with EFTs respectively. It will assess the efficacy of the electronic payment system and make recommendations for improvements, particularly in terms of the security and privacy of EFT systems.

David Keller, (2012) in his article entitled "Internal Control Concerns over Electronic Funds Transfers (EFT) and Automated Clearinghouse (ACH) Payments" has analyzed these are only a few of the many internal control issues relating to the oversight and processing of EFT and ACH transactions. The number of electronic transactions is only going to increase over the next few years. Eventually, the receipt, approval, and payment of invoices and the accounting for the same will all be done electronically. This represents a great time- and cost-saver.

OBJECTIVE OF STUDY

- To find out the various mode of Electronic Fund Transfer.
- To identify the reason for the use of EFT.
- To examine the issues and challenges faced while using EFT.
- To analyze the opinion and level of satisfaction of EFT users.

RESEARCH METHODOLOGY

Primary and secondary data have been used in this study. Primary data is gathered from respondents through a questionnaire and EFT (Electronic Fund Transfer) from a variety

of banks. Books, journals, articles, and websites were used to gather secondary data. The sample size of this study was 220 and a random sampling technique was adopted used in this study area. The method of data analysis will be based on the statistical table format using frequency distribution and consequently converted into Percentage Analysis. Descriptive analysis, Garrett Ranking techniques, one-sample t-test, and the One-way ANOVA test method is used in this study.

Mode of Electronic Fund Transfer

People prefer to transfer money via electronic fund transfer channels after demonetization. Electronic payment methods are growing in popularity since they allow customers to send payments online using their mobile phones and laptops from the convenience of their own homes and businesses. Furthermore, it removes geographical limitations and allows them to transfer money quickly and easily utilizing IFSC codes. The following are major electronic fund transfers.

National Electronic Fund Transfer (NEFT)

In India, the most widely utilized electronic fund transfer method is National Electronic Fund Transfer. Banks may charge between Rs 2.50 and Rs 25 for a transaction, depending on the amount being transferred. The NEFT system can be used to transfer any amount of money up to Rs. 2 lakh. The NEFT facility is only available during bank working hours. The amount that can be transferred has no upper limit, and the information necessary include the beneficiary's name and account information, as well as the IFSC code of the beneficiary's bank branch.

Real-Time Gross Settlement (RTGS)

A minimum of Rs. 2 Lac can be delivered to a beneficiary's account through Real Time Gross Settlement, an electronic fund transfer technique. The sender's name and account information, the beneficiary's name and account information, the IFSC code, and the amount to be sent are all required for RTGS. The transferred money takes roughly 30 minutes to be deposited in the beneficiary's account, and RTGS has a certain time limit.

Immediate Payment Services (IMPS)

Immediate Payment Service is a sort of electronic fund transfer that is useful when money needs to be moved to a beneficiary account right away. ATMs, mobile phones, and traditional net banking can all be used to make the transfer. The following information is required: the beneficiary's name and account information, the beneficiary's MMID (Mobile Money Identifier) number, the beneficiary's IFSC code, the amount, and so on. This facility is open 24*7 and allows consumers to make electronic fund transfers at any time.

Unified Payments Interface (UPI)

Apps that support UPI allow you to make transactions (up to Rs 1 lakh) using any smartphone that has a VPA (Virtual Payment Address). The steps are significantly fewer, and the apps allow users to transfer funds much more quickly. Furthermore, monies can be sent at any time of day or night, and transactions are completed in real-time. There are no fees associated with moving money from one person to another utilizing the UPI network.

ANALYSIS AND RESULTS

DEMOGRAPHIC PROFILE

The descriptive analyses for the demographic profile of respondents indicated out of 220 respondents.

Table 1 DEMOGRAPHIC PROFILE

Variable	Respondent category	Frequency	Percentage
Gender	Male	159	72
	Female	61	28
Age	Below 30	118	54
	31-40	38	17
	41-50	59	27
	Above 50	5	2
Marital status	Married	138	63
	Unmarried	82	37
Education status	Graduate	126	57
	Post Graduate	71	32
	Professional	8	4

	Others	15	7
Occupation	Student	14	6
	Employed	63	29
	Unemployed	36	16
	Business	107	49
Annual Income (lakhs)	Below 2	53	24
	2-4	115	52
	5-6	48	22
	Above 6	4	2
Total		**220**	**100**

Source: Primary data

The above table 1 shows that the majority of the 72% of male respondents used electronic fund transfer.54% in the age group below 30 years of the respondents most used EFT. 63% of the respondents are married and 37% of unmarried. The highest level of married respondents used EFT services. The majority of the 40% of respondents education level is up to graduation. 49% of the business respondents used EFT services in the highest level of occupation. The majority of the 52% of respondents annual income was below 2-4 lakhs used EFT services.

REASON FOR USING ELECTRONIC FUND TRANSFER

The EFT was used by the respondents for various reasons. It is analyzed with the help of the Garrett Ranking Technique as follows.

Table 2 REASONS FOR USE OF EFT

Factors	Mean score	Mean Rank
Convenience /Accessibility	64.88	III
Safety and Security	50.84	IV
Any time anywhere banking	69.76	II
Updated information	45.63	VII
Time-saving	75.88	I
Control expenses	40.00	X
Intimation on time	45.79	VI
Good Customer Services	41.20	IX
Quick Transaction	50.02	V
Ensure Smooth Business	30.29	XI
Make online purchase & payment	42.98	VIII

Source: Primary data

From table 2, based on the ranks assigned by the sample respondents, the reasons for choosing electronic fund transfer are analyzed through Garrett Ranking Techniques. It is evident from the above table reveals that the time savings (75.88 scores) were the main reason for choosing electronic fund transfer, followed by any time anywhere banking (69.76 scores), convenience/Accessibility (64.88 scores), more safe and secure transaction (50.84 scores), quick transaction (50.02 scores), Intimation on time (45.79 scores), updated information (45.63), make online purchase & payment (42.98 scores), good customer's services (41.20 scores), control expenses (40.00 scores) and ensure smooth business (30.29 scores)

EDUCATIONAL QUALIFICATION AND AWARENESS ABOUT ELECTRONIC FUND TRANSFER

Educational qualifications and level of awareness about electronic fund transfer are analyzed by the researcher using the One-way ANOVA test. For the test, the researcher framed hypotheses and analyzed educational qualifications and levels of customer awareness about electronic fund transfer using SPSS tools.

H_0 = There is no significant difference between the educational qualification of the customers and their level of awareness about electronic fund transfer.

H_1 = There is a significant difference between the educational qualification of the customers and their level of awareness about electronic fund transfer.

Table 3 EDUCATIONAL QUALIFICATIONS AND AWARENESS ABOUT ELECTRONIC FUND TRANSFER

Factors		F	Sig.
Monetary policy	Between Groups Within Groups Total	13.213	.000
SMS Based Frauds	Between Groups Within Groups Total	1.419	.238
Legal issues	Between Groups Within Groups Total	11.961	.000
Security problem	Between Groups Within Groups Total	4.532	.004
Search Engine	Between Groups Within Groups Total	19.659	.000
Oversight issues	Between Groups Within Groups Total	4.969	.002
Claim settlement procedures	Between Groups Within Groups Total	1.067	.364
Operational and transaction	Between Groups Within Groups Total	.219	.883
Credit/debit risk	Between Groups Within Groups Total	14.128	.000
Technical y problem	Between Groups Within Groups Total	16.410	.000

Source: Primary data

From table 3, the p-value of the variables namely Monetary Policy, Legal issues, Security problems, Search Engine, Oversight Issues, Credit/debit risk, and Technical problems are less than 0.01, at the 1% level of significance.

The p-value of the variables SMS-based fraud, Claim settlement procedure, and Operational and Transaction are more than 0.05 level and not significant.

CHALLENGES FACED WHILE USING ELECTRONIC FUND TRANSFER

The challenges faced while using electronic fund transfer were analyzed by using a one-sample T-test. The results of the test are shown in the table

Table 4 CHALLENGES FACED WHILE USING EFT

Services	(Test Value =3)			
	N	Mean	't'	Sig
Inadequate Knowledge	220	3.66	13.128	.000
High bank rges	220	2.86	-2.232	.027
Un-updating websites	220	3.44	6.577	.000
Hanging websites	220	3.61	12.497	.000
In-efficient services	220	3.10	2.273	.024
Poor response regarding complaints	220	3.43	6.450	.000
Frequently Change of Password	220	3.40	5.673	.000
Lack of Awareness	220	3.11	2.122	.035
Time-consuming	220	3.65	8.016	.000

Source: Primary data

From the above table 4, the Challenges faced by respondents while using EFT are not equal to an average level. The p-value of variables namely Inadequate knowledge (3.66), Un Updating websites (3.44), Hanging websites (3.61), Poor response regarding complaints (3.43), Frequently Change of passwords (3.40), and Time-consuming (3.65), Inefficient services (3.10) and Lack of awareness (3.11) are less than 0.01 at 1% level of significance. The p-value of the variable High bank charges (2.86) is more than 0.05 at a 5% level of significance.

CUSTOMERS SATISFACTION LEVEL WITH ELECTRONIC FUND TRANSFER

The researcher identified 11 variables that help to analyze the satisfaction level of Electronic Fund transfers. The respondents are asked to give their opinion on it using the Likert Scale Method.

Table 5 SATISFACTION LEVEL OF EFT

Services	N	Mean	St. Dev.	Rank
Convenient	220	3.82	.965	I
Information and procedure	220	2.75	1.091	VIII
Quality of transaction	220	3.35	1.002	II
Cost-effectiveness/ fee of the transaction	220	2.94	.673	V
Safety, Security, and Accuracy	220	3.15	.786	III
Promptness of service delivery	220	2.86	.946	VI
Grievance handling	220	2.84	1.060	VII
Commission on Fund Transfer/Forex	220	2.15	.940	X
PIN Password Theft and Hacking	220	2.07	1.047	XI
SMS/E-mail Alert of Transactions	220	3.12	.799	IV
Easy options for canceling the transaction	220	2.54	.824	IX

Source: Primary data

Table 5, based on the mean value, ranks assigned by the respondents. The satisfaction level of electronic fund transfer is Convenient (3.82) is the first level of Quality of transaction (3.35), Safety, Security, and Accuracy (3.15), SMS/E-Mail Alert of Transaction (3.12), Cost-effectiveness/fee of the transaction (2.94), Promptness of service delivery (2.86), Grievance Handling (2.84), Information and Procedure (2.75), Easy options for canceling the transaction (2.54), Commission of Fund transfer/Forex (2.15), PIN Password Theft and Hacking (2.07)

IMPLEMENTATION

Electronic money transfers (EFTs) have made it easier to pay for products and services. They are simple and quick ways to conduct business. When it comes to digital cash, there is always the issue of security. When it comes to cyber attacks, user data is the most vulnerable. The security of banks, financial institutions, and service providers must be upgraded immediately. Retailers must adapt to electronic payments that are quick, simple, and secure. This makes it easier for merchants all around the world to sell their wares. To attract more clients, banks can lower the transaction costs for the EFT system. The banking employees have to educate the public about its benefits to encourage electronic fund transfer.

Popularize and make use of the customers various modes of electronic services and electronic transactions which require digital payment. Most account holders do not use the EFT system for a variety of reasons, including high bank fees and inefficient services. Bank officials must reduce bank fees and improve our efficient services. Any deterioration of inequality for any group in society would be a source of public concern and attention. Provide proper identification and security measures to electronic transactions to instill confidence in customers' minds.

CONCLUSION

Even though EFT allows for greater flexibility in financial transactions and is quick and easy to use, people are still hesitant to use it for a variety of reasons. First, there are two aspects of the perceived risk: security and privacy. Individuals are not interested in testing the system until they have a thorough understanding of it. The intention to use EFT is positively influenced by perceived utility, ease of use, and consumer knowledge, but the intention to use EFT is negatively influenced by perceived danger. Customers are more likely to accept EFT if it is regarded to be useful.

The importance of these questions and issues increases as EFT becomes more widespread. It is possible, even likely, that the lower cost of EFT services may lead to their replacing older forms of financial services, at least sufficiently to make the traditional services and systems less readily available or

more costly. Because access to basic economic activities and functions is essential to life in modern society, any reduction in equity for any group within society would be a matter of public interest and concern.

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