

Analyzing information technology as a boom in banking sectors

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Abstract

The advent of Information Technology and the comfort use of IT Tools have dramatically touched the every aspect of our life. There left no space of public and private mutual dealing where smart IT apps are not playing their part. This paper aims to know thoroughly the impacts of Information Technology on the banking services and to analyze whether the user of banking services is satisfied with the aspects upon various process and procedures of banking industry which have adopted a speedy mechanism in making banking more a friendly, hassle free and cooperative companion. The paper also drives through the left over an aspect that requires a great deal of IT handling.

However, the benefits of technology in banking have become even more apparent in recent years, as phone, online and mobile banking has revolutionized the way we take care of our finances. It is consequent of the introduction of IT into banking, the shorter queue in banks.

Keywords: net banking, electronic fund transfer, phishing, cashless transaction etc.

Introduction

The banking procedures have witnessed a big phase of changing mood over the last 15 years and rationally visiting bank is no longer seems an irritating task to execute but a pleasant experience where there are lots of new technological equipment are used and customer gets a technological dose. What a significant and remarkable phase that has been introduced is a cashless business dealing and it is one of the most stirring benefits of technology in banking where cash is slowly but surely being phased out and no surprise that we are approaching towards more a unusual cashless wallet or rather could be termed as plastic money concept.

Mobile banking, Internet banking, ATM, POS and lot more IT Enabled tools which have redefined the concept of banking and all its dealing. Banking industry is heavily depending upon information technology that needs professionals for development, implementation and support. Hence, it has paved a way for employment opportunities that may possibly have proved to be major boon and a favorite sector in terms of employment providing and for investing as an investor. The traditional way of disbursing services will let the banks out of competition and debar them of future business. The recent developments in banking in clearing cheque, third party withdrawal, bank to bank transfer and withdrawing amount any time round the clock and irrespective of any holidays that comes across.

Objectives of the Study

- a) To explore the Banking dimensions affected by IT applications at large.
- b) To check further Modalities in Ease of Banking.
- c) Challenges ahead and Shortcomings in IT enabled procedures.
- d) To study how IT innovations have contributed to the development of Indian banking.
- e) To study the challenges faced by Indian banks in the changing scenario.

IT enabled core Banking Services/Traditional Banking services with IT flavor

- a) **Tele banking:** Tele Banking is a Telephone banking service provided by a banks and financial institution where transactions are performed over the telephone. Banking carried out over computer network is called telephone banking. Telebanking is one of the basic steps taken in order to neutralize the suffering of the customer. Telephone banking enables the customer to get the transaction done without having to visit the bank branches and physical presence. One can easily ask banking professionals to adjust the amount in the mood asked.
- b) **Automated Teller Machine (ATMs):** An automated Teller Machine is yet another powerful IT application that helps in ease of transactions online transfer and withdrawal of amount irrespective of physical location of bank branch. ATM machines are remote banking support on the highways along which have facilitated the art of banking in a more dramatic and easiest way. ATM nowadays are assembled with lot more unique and modern features with additional vibrant features such as updating of passbook, Issuing of Cheque books and transferring the funds etc.
- c) **SMS banking:** SMS banking is a technology-enabled service offered by banks to its customers. They allow the customers to operate financial services of banks over mobile phones using SMS messages. SMS banking is more advantageous than Internet banking because people carry mobile phones everywhere.
- d) **Debit Card:** Debit cards usually also allow for instant withdrawal of cash, acting as the ATM card for withdrawing cash. Merchants may also offer cash back facilities to customers, where a customer can withdraw cash along with their purchase. Debit card allows an easy withdrawal of cash and is beneficial for shopping to make the payment at a point of sale without handling huge cash.
- e) **Credit card:** Credit card is a plastic card with a magnetic strip authorized to purchase up to a predetermined amount

i.e. a credit limit. Credit cards are issued to the customers to enable them to purchase on credit. These cards store the information relating to customers account. Credit cards don't limit a consumer to its limited amount.

f) Internet Banking: Internet banking means accessing financial transaction through a website. Internet banking is also known as online banking. In Internet banking consumers have an access to their account through a server. Internet banking is also known as virtual, cyber, net, interactive, or web banking. It provides various services like online trading, online bill payment, shop online etc. There is lot of scope in the Internet Banking as Internet Connection is increasing day by day. Consumer can operate their bank account from anywhere in the world from any personal computer at any time.

Electronic Banking: Multidimensional profitable asset Both for Customer and Banks:

a) At the Customer End

- i) 24*7 banking no matter wherever the customer resides in the world. Balance enquiry, requesting services, Financial instructions from anywhere in the world is possible.
- ii) Round the clock banking – Managing funds in real time.
- iii) Convenient accessing banking transactions makes the process more comfortable.
- iv) Cash withdrawal from any bank CBS enabled branch.
- v) Electronic Banking has made possible the process of E-Commerce.

b) Banks at the forefront

- i) Innovative scheme, addresses competition and bank as technology driven in the banking sector market.
- ii) Reduced customer visits to the branch and thereby human intervention.
- iii) Inter-branch reconciliation is immediate thereby chances of fraud and misappropriation gets minimized.
- iv) On-line banking is an effective medium of promotion of various schemes of the bank, thus minimizes the cost of physical marketing strategies.
- v) Integrated customer database a way for personalized and customized services.

Impacts of IT on Various Dimensions

a) Impact of IT on Banking System

The banking system is gradually shifting from the Traditional Banking towards relationship banking. The relationship between the bank and its customers has been on a one-to-one level via the branch network. This was limited up to operation with clearing and decision making responsibilities concentrated at the individual branch level. The head office was all responsible for the overall maintenance and updating of bulk storage of account information with that the head office had to undertake the responsibility of managing training and development of staff in the branch network.

The induction of IT tools and easily accessibility and availability have minimized the risk of centralized execution of operations from a dedicated branch. The result of revolutionary consumption of IT services dramatically made the banking system friendlier.

b) Impact of IT on Privacy and Confidentiality of Data

It is a matter worth a Crore discussion that data travelling

through packets are on the verge of being breached in between through internet banking, mobile banking, ATM's etc. This has risen to an issue of privacy and confidentiality of data:

- The data processing capabilities of the IT Apps and in particular integration and retrieval capabilities give rise to apprehensions to the individuals as to whether the privacy of the an individual is being gnarled.
- As long as the individual data items are available for direct usage, everything seems to be authorized and authenticated, but the occurrence of data being cross examined online could bring a loss of significant and vital account details.
- Customers may feel insecure about the inadequate secure encryption maintained by the banks with regard to their transactions and could suspicious approach computerized.

As a Constitutional treatment, many nations may term privacy to be a subject matter of human right prestige and amendments in laws could be more prominent where the process could lead to more frequent gesture for consumers. Constitution in special reference to India gives more flexibility than any other constitution in the world but it suggests various simultaneous in order to deal with injustice with customers.

c) Impact of IT on the Service Quality

The most viable impact of technology is in the way the banks responds strategically for making its effective use for efficient service delivery. This impact on service quality can be summed up as below:

Automation services remain a marketing edge with the large banks only. Small and moderately new banks with restricted network of branches become better placed to contend with the established banks, by assimilating IT in their operations. The technology has commoditizing some of the financial services. Therefore, the banks cannot afford a lifetime relationship with the customers as established and they have to work continuously to nurture this relationship and sustain customer loyalty. The technology serves as a powerful tool for customer service, on the other hand, it passing results in depersonalizing of the banking services. This has counter effect on bonding banking. Unending sessions of computerization can probably never substitute a simple or a warm handshake.

In a way to reduce service delivery cost, banks need to automate routine customer inquiries through self-service channels. Banking sectors have to install in call centers, kiosks, ATM's and Internet Banking today assemble IT infrastructure integrated with their business strategy to be consumer oriented. Banking environment has become highly competitive today. To survive in such a competition and ensure growth in the dynamic market environment, Banks are going for the latest technologies, which are being presumed as an 'authenticated resource' that can help in locating learner and more flexible structure that can respond quickly to the dynamics of a fast changing market scenario. It is also viewed as an instrument of cost reduction and effective communication with people and institutions associated with the banking business.

The Software correspondence for Banking Applications in India had begun in the mid of 80s, when the computerized bank branches in some degree. The early 90s witness the tumbling hardware prices and dawn of affordable and inexpensive but high powered PC Services and drive banks for in what is so called Total Branch Automation (TBA) packages. Coupled with rapid advanced and sophisticated revolution in communication technology and evolution of narrative concept

of convergence of communication technologies, such as internet, mobile/cell phones the technological advancement has significantly played an important role in the working of banking institutions and the facilities provided by them. Secure storage of public money, transfer of money, issue drafts, expanding investment opportunities and drafting various interbank transactions and possibility in investing money.

Information Technology enables sophisticated product and services development, better market infrastructure, accomplishment of reliable techniques for control of risks and helps the financial intermediaries to reach geologically distant and under dynamic market capacity. Internet has largely predisposed delivery of banking services.

The customers can view the account at any remote location and can get access to account statements, transfer funds and purchase drafts by punching on familiar keyboard or touch enabled screen. The smart card i.e. cards with microprocessor enabled chip have added new dimension to traditional way banking. An introduction of 'E-cash' the exchange of cash takes place entirely through cyber means. Collection of Electricity bills and telephone bills has become easy. The updating and flexibility of internet technology after countless opportunities for the banks to directly approach to its customers. Undoubtedly banking services have undergone drastic changes and so also the passion and comfort zones of customers have increased greater.

IT tools could well be defined as virtual assistant to consumerist does so by maximizing banks of predicted measures such as strengthening and sustaining operational quality of banking infrastructure in the concern of security, communication and networking, achieving inter branch connectivity, moving towards Real Time gross settlement (RTGS) environment including the forecasting of account frisking and phishing by capitalizing real time databases, use of Magnetic Ink Character Recognition and Imaging technology for cheque clearing .

Challenges, Issues and Concern ahead in the way

- a) **Privacy and Confidentiality:-**The online submission of information over network could be threatening and could bring loss of vital data. The privacy and confidentiality of data has to be intact at every cost. There are thousands of scalawag actors and septic computers probing machines over the Internet at any given time. If a customer visit a site and share personal and private details such as an email address, home address, phone number, birth date, or credit card number, that the information can be easily cross referenced by a range of large service companies to assemble a detailed database of your buying habits, surfing patterns, and interests.
- b) **Expensive and Technical barrier:** The need of IT way of banking system is spacious and expensive equipment which may be a rigid task for a banking institution. As much the IT infrastructure is installed for the purpose, there is a requirement of technical frequent staff and skilled enough to be able to push through any complicated task.
- c) **Tracking and Surveillance enabled monitoring system:** Tracking of each single account has to be under proper vigilance which ensures no foul play. The surveillance system has to bring in transparency and provide enough satisfaction to the customer. It will be a challenging task for the banks to have a sharp and updated inspection on

suspected activities over the network.

- d) **Informative camps and Mass awareness:** Banking institutions must come forward in order to aware people of various IT enabled execution of banking procedures and how to handle devices which are software based and requires a set of marginal understanding of electronic devices. Informative camps will not only inculcate self-confidence and boost their IT quotient but it will encourage them to adopt cashless life and use IT enabled services in future.
- e) **Face Competition with other players in the sector:** Banks need to look upon the competitors in the sector and must be at par with other competitors in terms of providing services.
- f) **Keep in with the advanced technology coming in the sector:** Since the subject matter in banking lies with the Information Technology so, there is a need arise to keep in touch with the advanced technology so as to minimize the human efforts.

Suggestions /Recommendations

- a) Providing a mechanism to control the cyber fraud, phishing and create a threat less environment in order to increase the involvement of common man.
- b) Government need to take measures for mass awareness by way of motivating through different schemes.
- c) Make the services more users friendly.
- d) Commercial Banks need to pay more attention to the grievances handling mechanism in order to make the customer fully satisfied and meet their expectations.

Conclusion

The advent and introduction of IT application in banking system customized the way the bank used to execute the operations in a very flexible, comfort and end-user friendly. In digital embedded procedures banking operations have been able to associate maximum customers and intensified their reach in every household. ATM, credit cards, debit cards, POS, Net-banking, Bank coupled applications etc. have revolutionized the act of banking even for marginal educated individuals. The cashless concept and the decision of demonetization inclined the customers towards IT way of banking and thus an atmosphere which promises a transparent and speedy execution.

The more significant changes that has been brought up in banking industry is of ease of doing business, the passing away of loans, easy withdrawal and a long lasting relief on queuing up for various services done. With the introduction of technology the rational approach in marketing services and financial products for banks have become more achievable. The use of social networking has directly connected banks to their end user. The concept of Net-banking, NEFT, RTGS has brought in the business in a more soothing environment and empowers the concept of cashless society, cashless India at large.

However, the demerits cannot be overlooked and loopholes must be addressed as soon just to make the Use of IT tools in implementation in banking industry. The issue of privacy and confidentiality of online database must be secured and its integrity must be maintained at any cost. The sorting out of such grave but serious concern will make the process more transparent and surely the cash trapped will start flow in active

economy. To conclude at last, Use of IT will enhance the maximum participation of the countrymen and the issue of black money would be a matter of time. It is not wrong to say that Banking without use of IT is Impossible.

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