International Journal of Global Research Innovations & Technology (IJGRIT)
ISSN : 2583-8717, Impact Factor: 6.382, Volume 02, No. 01, January-March, 2024, pp 21-24

ROLE OF INFORMATION TECHNOLOGY IN BANKING INDUSTRY

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ABSTRACT

Today, the Indian banking sector is based on strict accounting. The main aim is to integrate India's large population into the country's financial system. This is a big new business for banks. Information and communication technology will play an important role in reducing the costs of providing banking services, especially to rural and financially excluded segments. The role of ICT can be seen from its greater reach to the population and its ability to provide services at low cost in remote areas with the basic requirements.

Keywords: *Financial Inclusion, Banks, Kiosk.*

Introduction

The history of accounting in India has agreed on one goal. Nationalization of banks business strategies, consolidation of banks in rural areas, creation of regional services and self-help groups; These are all pioneers in bringing banking services to the masses. Expansion of physical infrastructure. The number of bankers has increased tenfold: from over 8,000 in 1969, when the first bank was profitable, to over 99,000 today. Although banking institutions have become widespread throughout the country; Banking services are not yet available to the majority of the population [1, 2].

In the mid1980s, information and communication technology became the driving force of accounting in the banking sector. The Reserve Bank of India (RBI) is working to promote the use of computers in the banking sector to effectively improve customer service, record keeping and information management (MIS). In recent years, financial inclusion (FI) has gained increasing attention in the public consciousness. The United Nations selected 2005 as the Year of Microcredit and adopted the Millennium Goal to halve world poverty by 2015 and strengthen efforts to increase economic growth. [3].

"The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost."

----- The Committee on Financial Inclusion [4].

To achieve the goal and process to include the excluded mass technological interventions are required to reduce cost of business, enhance business productivity.

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Need of Information and communication Technology for Financial Inclusion

While many public sector banks in India have announced financial inclusion plans, these are mostly driven by the Reserve Bank of India's mandates rather than capturing the "blue sky" economy. It is not surprising that many of these initiatives are still in the experimental stage and have local impact.

While many public financial companies are employing important technology strategies such as the use of banking systems, other stakeholders of the financial market such as post offices, financial institutions (MFIs), regional banks (RRB), Central Agricultural Societies (PACS)) IT capital is still insufficient. Because these institutions are primarily responsible for providing financial services to rural India, they have limited IT capabilities, often hampering their ability to provide good service and evaluate their business. Low IT adoption also makes it difficult for these institutions to integrate their operations with other parts of the financial ecosystem, both upstream and downstream. New reforms and reforms can also pave the way for domestic banking services, especially for the masses who are currently excluded. Apart from poverty reduction, increased financial inclusion will also benefit the Indian economy. This will allow the government to provide social development aid and subsidies directly to beneficiaries' bank accounts, thereby reducing leakage and theft in community healthcare and reducing healthcare subsidies. Greater financial inclusion will lead to economic prosperity, which will have a positive impact on inclusive growth. [5].

Technological Developments in Banks

The development of information technology supports the development and integration of the ban king sector and promotes the growth of the economy. The main role of the Reserve Bank of India is to pr omote the integration of information and communication with the banking sector. The major development s in the banking sector are:

- **Acceptance of Bank Accounts (CBS):** CBS is a branch network that allows customers to use t heir money and receive banking services at all branches of the bank. CBS Network, regardless of where subscribers keep their money.
- **Growth of Automated Teller Machines (ATMs**): The banking sector has seen growth of ATMs (currently around 1,00,000 ATMs), but this is generally limited to urban/major cities.
- **Development of the national payment system**: The payment system can be divided into two p arts:
  - **Forms of payment**: use of written forms (such as cheque, money order, etc.) accounts for approximately 60% of all non-cash transactions in the country.
  - **Electronic Invoicing**: The general aim is to reduce paper use in business life and switch to electronic mode. These are followed by the names Electronic Transfer Service (ECS) and National Electronic Fund Transfer (NEFT).
- **Prepaid Payment System**: Prepaid instruments are payment instruments that facilitate the purc hase of goods and services based on them. The storage value of this property. Prepaid paymen t instruments include smart cards, magnetic cards, online credit cards, online wallets, mobile mo ney, mobile wallets, coupons, etc. can be placed.
- **Point of Sale (POS) Terminals/Online Transactions:** There are more than 500,000 POS termina ls in the country, allowing customers to pay for goods and services through credit/debit cards [1].

All of the above technological developments cannot achieve the purpose of accounting alone un less they are adopted by a standard.

Model adopted by Banks for Financial Inclusion

The models adopted by financial institutions in the banking sector can be corporate partners, business people/business model (BC/BF model) and financial institutions. In their quest to achieve FI, new ideas such as the economy on wheels and technological tools such as mobile and online kiosks play an important role. Because these technological interventions help overcome problems such as remote branches, customer locations, information availability and customer awareness. To provide effective and efficient banking services at the doorstep of the excluded financial group, Indian banks have adopted an informal business model known as Customer Service Point (CSP) done by Correspondents (BCs). CSPs are a low-cost and technology enabled alternative delivery system that provides banking services to rural communities at an affordable cost [6, 7].

Two different financial support models in the model are analyzed:

- **Point of Scale (POS)**

The Point of Scale smart model is a business without a business that facilitates the business of a company. opening of accounts and financial transactions. A smart card is a small card with an electronic device designed to store customer-related information. POS is a device with CSP that can read smart cards. National BCs such as FINO (Financial Inclusion Network and Action) and ZMF(Zero Quality Foundation) are leading providers of this technology to provide purchasing and services to people who are used as FIs.

Hardware must have mobile public key infrastructure (PKI) security, POS with fingerprint scanner and printer. Smart card with magnetic stripe (contact) or smart card with Radio Frequency ID (RFID) is also called contactless card or ordinary plastic card without magnetic stripe.

Mobile phone is an important function in banking; It can store up to 50,000 customer details such as customer ID, photo, 4 or 6 finger hands of everyone, 5 for different types of money and different types of business. year. he system works online and offline and uses GPRS for synchronization with data servers. The system has up to 2 GB of memory to store offline operations. Provide alerts and local reviews when a business or listing is available. The process requires biometric information of both the customer and the CSP operator [8]

- **Self Service Banking Model**

Fixed locations in rural areas register and provide online banking services for customers to acce ss customers at the main bank.

Service providers Geosansar, Oxygen Services India Pvt. businesses such as. Ltdand other BCs without their own technology or technology partners are frontline service providers in CSPs called Kiosk Operators (KOs). There is no other technology provider for Kiosk Bank Access. The technology was developed in-house. The front-end kiosk works with GIS data center 24x7. The system required to run it is a basic computer with a webcam/digital camera and speakers, internet connection, fingerprint scanner and printer [9].

Analysis

- **Discontinuation of RFID Cards/ Card with Memories**

While the idea of having your own business information and account status is a good idea, such technologies are not used in countries where the device is used to create cards that have not actually been created yet. Thus, ordinary cards with various numbers (such as ZSN) were introduced, which could be used to retrieve information from the database. Unlike RFID, the maintenance and malfunction cost will not exceed Rs. 15 as opposed to Rs. 80 – Rs. 250, invoices take a very long time to reissue.

- **In the POS model, cooperation cannot be made between correspondent companies worki ng in the same branch:**

Registered customers of the correspondent bank can do business with other correspondent com panies. gateway for communication. State Bank of India has completed a pilot project in Haryana's Mewa t district. Full implementation will take some time. The different methods are shown in figure 1.

- **Possibility of Fraud during Registration**

Although biometric data is secure, it can still be seen. This fraud can be done when customers register and their fingerprints are taken. The customer service representative can touch the customer and print their fingerprint. This will make him the owner of the account. Therefore, it can withdraw or transfer money from the account. This points to the need to link bank accounts to Aadhaar repositories for secure transactions and provision of identification information of excluded groups.

The above issues point to the need for financial institutions in India to conduct more stringent on-site testing to ensure appropriate standards that result in yes

Studies have been made on the site, showing the advantages and disadvantages of the model, showing that there cannot be a universal model for the use of FI, but that it has a potential nature, which is possible due to the use of FI. Information and communication technology to start accounting. It needs to evolve according to its growing customer base and emerging cyber threats, keeping in mind the effectiveness of the technology used for its expansion.

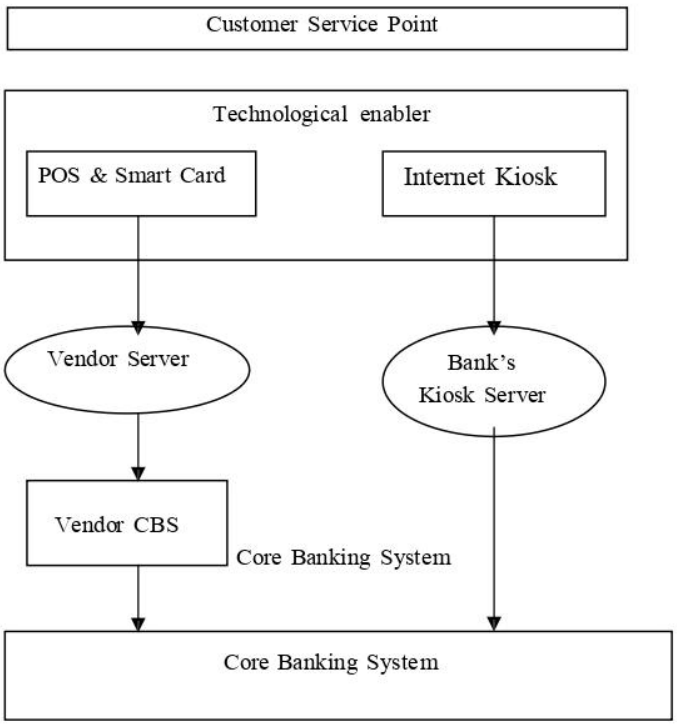

Figure 1: Structure of POS and Kiosk model

Conclusion

Technology is the ultimate foundation and enabler of accounting. The choice of technology model is an important decision leading to the development or integration of planning. Since these services must be offered at no or low cost to customers, it is good for banks to reduce their own customer service and maintenance costs in order to do this. Against this background, financial accounting should consider the choice of business model and technology mix to achieve inclusive financial planning. The number of customers will continue to increase in the future. For the safety and protection of customers, information needs to be well protected so that those doing business are not exposed to fraud by BC agencies through double biometric verification

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