

INFORMATION TECHNOLOGY'S EFFECTS ON THE BANKING INDUSTRY

Shruti Kulshrestha*

ABSTRACT

The banking industry is incredibly significant and critical. Information technology is the term for the use of computers to gather, process, store, and disseminate various kinds of information. An essential framework for obtaining and developing IT to accomplish strategic goals is information technology architecture. The banking sector has transformed from a paper-based and branch – based model to a digitized and networking banking service as a result of emerging technology. All banks now use a different accounting and management system thanks to technology. Using telebanking ATM'S, internet banking, mobile banking, and e-banking, the branches operate on a 24-hour-day basis. This study aims to investigate the link between consumers and the adoption of new technologies in the banking industry. How they use it and are aware of it. The Reserve Bank of India acquired data from the clients of various banking sectors. It uses a pie chart and a straightforward percentage analysis. According to research, most bank clients utilize the ATMs. The article is one of a select handful that focuses on technology advancement in the banking sector.

Keywords: Information Technology, Strategic Goals, Information Technology Architecture, e-Banking.

Introduction

The banking industry has been greatly impacted the development of information technology, which has modernized transaction processes, obtained, and stored customer data, and enabled a range of new products and services. The advent of online banking, mobile banking, and electronic payment systems has increased the efficiency, convenience, and personalization of the banking industry. The growth of banking choices outside of conventional brick-and-mortar companies and the creation of new jobs were both outcomes of this expanded use of technology.

The Indian financial system's backbone, the banking sector, is subject to several difficult influences. Information technology revolution is one such force. Technology assistance is crucial for the banking industry's smooth operation in this era of globalization. Total banking automation has become more crucial for the business for a variety of regulatory and competitive reasons. Information technology has a direct impact on how managers make decisions, how they plan, and what services and products the banking sector offers. Information technology makes it possible to build challenging products, improve market infrastructure, apply trustworthy risk-control strategies, and aid financial intermediaries in reaching a variety of markets. The way banks and their corporate connections are set up throughout the world has continued to alter as a result.

Numerous important stakeholders, such as retail and commercial banks, mobile (telecommunication) network carriers, and financial institutions, make up the banking industry.

* Student, SYBMS (Bachelor of Management Studies), KC College, (HSNC University), Mumbai, Maharashtra, India.

Information technology has altered how people live, work, and think as well as how businesses operate. In addition to the fast change in communication technologies and the development of the idea of the convergence of computer and communication technologies, the middle and late 1990s saw a storm of financial reforms, deregulation, globalization. The usage of IT in many methods, including the personal computer (PC), personal digital assistants (PDAs), tablets, smartphones, automated teller machines (ATM), and freelancing machines inside banks, has been made possible by the banking industry.

Objectives of the Study

- Examine the role of technology in banks
- Identify the technology utilized by bank clients; and
- Examine the banking innovations after the computerization of banks in India

Research Methodology

Research

Research is a methodical process of inquiry that includes data gathering, documentation of important information, analysis, and interpretation of that data and information in accordance with appropriate procedures established by certain academic and professional disciplines.

Research Process

The research process involves identifying, locating, assessing, and analyzing the information you need to support your research question, and then developing and expressing your ideas.

Methods of Data Collection

Both primary and secondary data are used in this study.

- **Primary Data**

50 respondents were gathered for the primary data using a suitable sampling method. Through questionnaires and interviews, samples from users of various financial services were gathered.

- Questionnaire method
- Interview method

- **Secondary Data**

The secondary data was gathered through reports and publications from business associations as well as journals, magazines websites, and other published sources.

- News Sources
- Periodicals
- Internet
- Bank Website

Sampling Methodology

Sampling is a process that uses a small number of items or a small portion of a population to draw conclusion regarding the whole population.

- Population – Customers of Banks
- Sample Size – 50 respondents

Tools for Study

Data gathered via research have been thoroughly analyzed. To show a range of data that fits into different categories, simple percentages, pie charts, and tables were employed. To obtain reliable results, the analysis has been carried out methodically and precisely.

Limitations of the Study

There are various restrictions on my study. The tiny sample size of this study was its main limitation. It was possible to expand the sample size. Participation may have risen if there was more interaction between the researcher and responders. The questions on the surveys may have been easier for the responders to grasp. Focus group interviews may have yielded more detailed information. As a part of my technique, I surveyed or spoke with people who had contact with the respondents. Important qualitative information and deeper understanding of the attitudes and beliefs of the respondents may have been included to the research.

Review of Literature

Anguelov, Hilgert and Hogarth [1] (2019) study that was led on the American Banks' clients intended to attest that the growth and reception of electronic banking technology practice such as ATMs, Internet, Bank, and electronic payment means relays on the consumer characteristics and features as demographic variables; age, income, and other. The study revealed that the main E- Banking products are used by those of high income, high financial resources, youth groups, and individuals with advanced educational accomplishment.

Arora [2] (2003) launched an at to demonstrate that technology had a significant influence in facilitating banking sector transactions and that this impact had led to the development of new goods and services by various banks in Asian countries. In order to handle transition, the author cited the banks' Barrier Initiatives. These initiatives had given clients the ease of everywhere, anytime banking.

Sobol and Cron [3] (2016) "Impact of information Technology of Indian Banks ", this article has conducted the study to find the relationship between computerization and several measures of overall firm performance.

Prabhakar Rao [4] (2014) Indian banking in 2015 IBA Bulletin Special Issues, in this study discussed about the revolutionary changes that witnessed in the financial sector around the world. He states that net worked branches, ATM's, technology-based payment and settlement system, technology vision of RBI, floating rate of interest have changed the Indian banking sector. He concluded that brick and mortar bank will disappear and customers will be able to operate their accounts through electronic devices.

Raghavan [5] (2006) emphasized the banking industry's revolution as a result of the influence of information technology, telecommunications, and electronic processing. He also tried to assess how Indians will view banks in 2020, considering the effects of ATMs, net, banking, and other factors. He also assessed the future of internet and net banking. Through automation, technology has changed how the Indian banking industry looks.

Dr. Satish Tanaji Bhosale [6] (2018) "Technological Developments in Indian Banking Sector ". He talks about the role of banking sector in the development of Indian Economy, so banks need to optionally leverage technology to increase penetration, improve their productivity and efficiency, deliver cost-effective product and services, provide faster. Efficient and convenient customer service and thereby, contribute to overall growth and development of the country "

Krishnamurthy [7] (2006) emphasized the advantages, hazards, and conveniences associated with e- banking, ATM, telephone, online, and cluster banking enabled banks deliver the goods much more successfully. The article includes fundamental e- banking, simple transactional, and sophisticated transactional e banking. The author also discussed various hazards, such as customer privacy being compromised, the stability of the money, the possibility of fraud, etc. As a result, the author argued that banks should adopt a strategy that allows for simultaneous parallel movement of banking risks and innovations.

Gulla and Gupta [8] (2012), have explained the role of information technology in banking sector. Technology has supplanted physical banking and assisted banking. They used Bank of India as an example, which was the pioneer in the usage of tool infrastructure outsourcing. Outsourcing has both short term and long-term impact on the banking services.

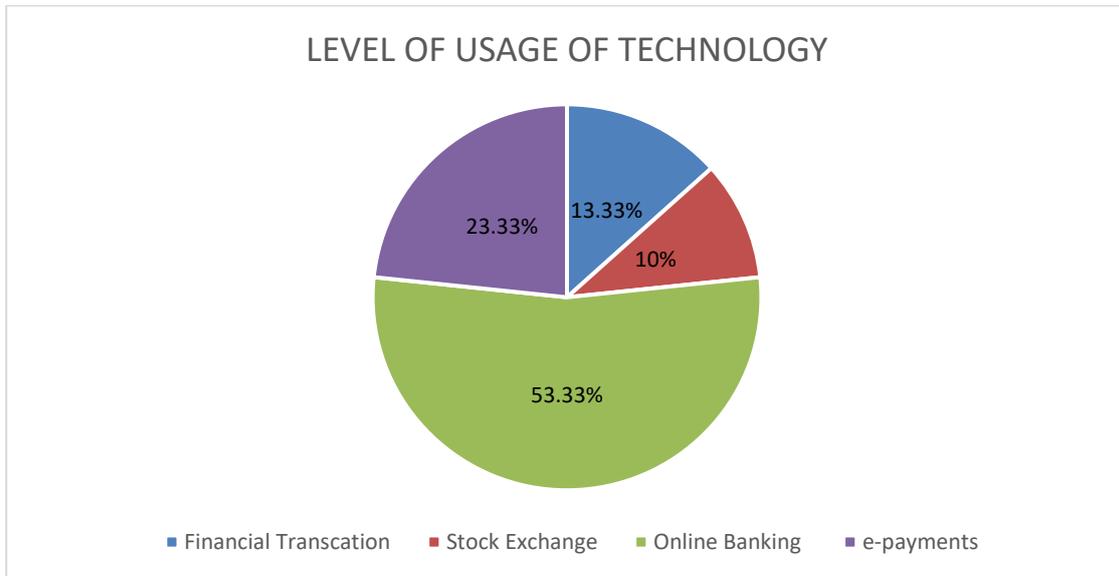
Paul [9] (2006) discussed the impact of technology and the range of distant channels, as well as their advantages. The author assessed how two aspects of IT development affected banking. First, by replacing paper-based and labor-intensive tactics with automated ones, it has helped to lower costs associated with knowledge management. Second, it had altered how consumers and other users accessed bank services and goods.

Analysis and Interpretation of Data

The table below displays the degree of technology use:

Usage of Technology	No of Respondents	Percentage
Financial Transaction	4	13.33%
Stock exchange	3	10%
Online Banking	16	53.33%
e-payments	7	23.33%
Total	30	100%

This figure depicts the degree of technological use

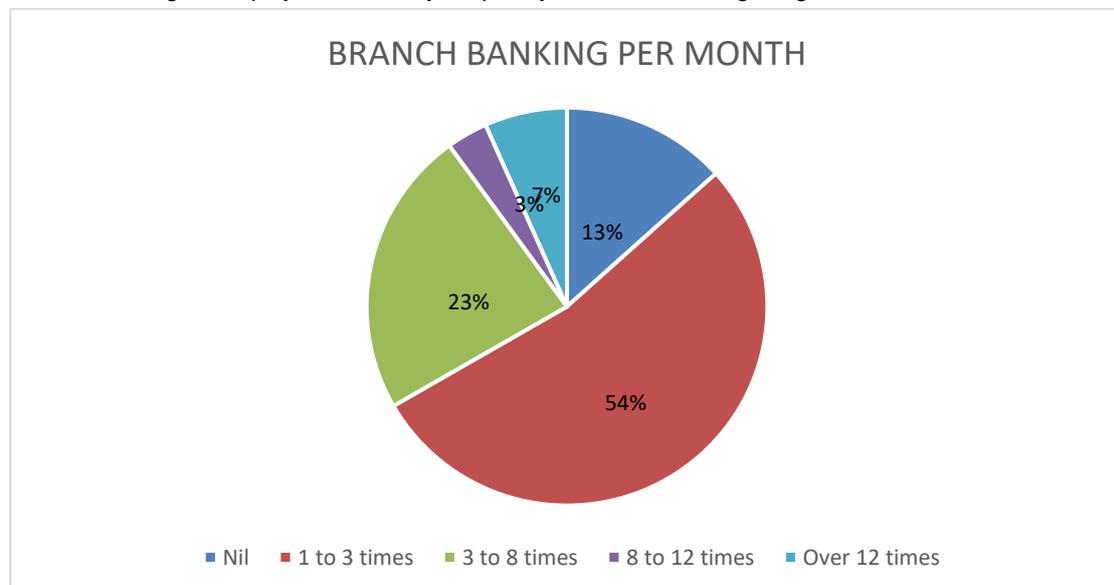


53.33% of respondents, according to the research, utilize technology for online banking. 23.33% of respondents utilize technology in banking services for e-payments, 13.33% for financial transactions, and 10% for stock exchange.

The following table displays the monthly frequency of branch banking use

Branch Banking use per Month	No of Respondents	Percentage
Nil	4	13.33%
1 - 3 times	16	53.33%
3 - 8 times	7	23.33%
8 - 12 times	1	3.33%
Over 12 times	2	6.66%
Total	30	100%

This figure displays the monthly frequency of branch banking usage

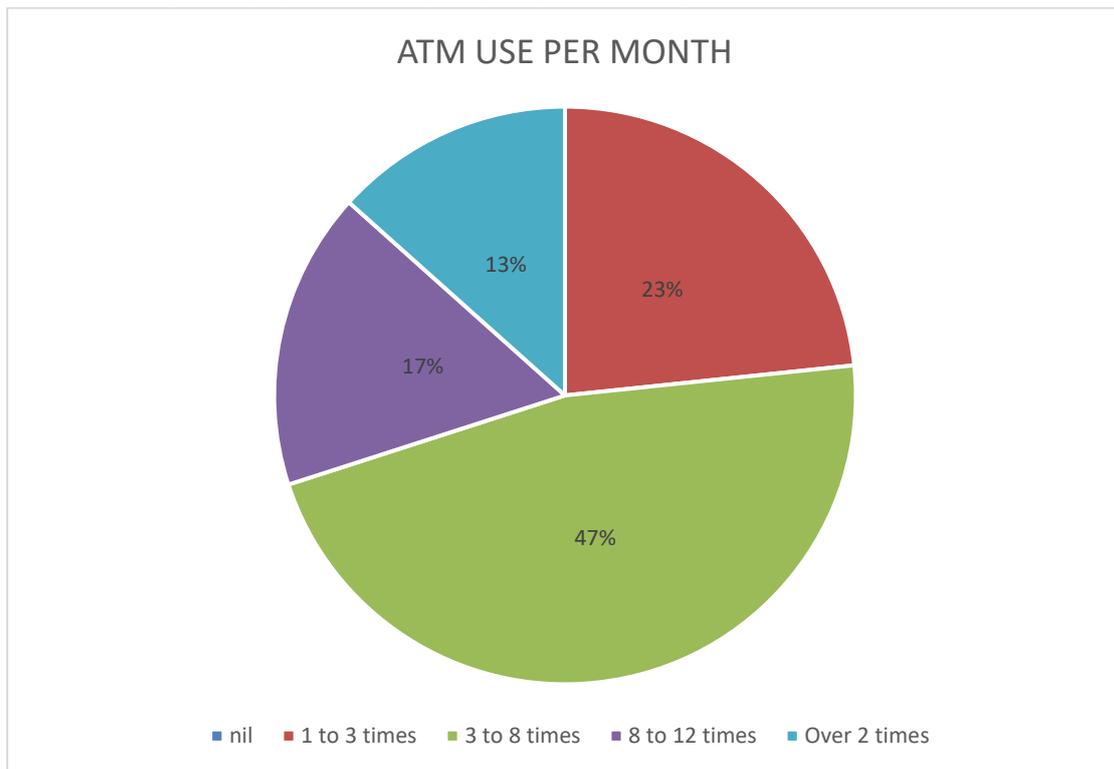


According to analysis, 13.33% of respondents never go to their bank branch on a regular basis .53.33% of those surveyed go to the bank between one and three times each month.2.33% of respondents visit their bank branch 3 to 8 times each month, while 3.33% go 8 to 12 times per month. More than 12 visits to the bank each month are made by 6.66% of respondents.

The following table displays the monthly frequency of ATM usage

ATM use per Month	No of Respondents	Percentage
Nil	0	0 %
1 - 3 times	7	23.33%
3 - 8 times	14	46.66%
8 - 12 times	5	16.66%
Over 12 times	4	13.33%
Total	30	100%

This figure displays the monthly frequency of ATM usage

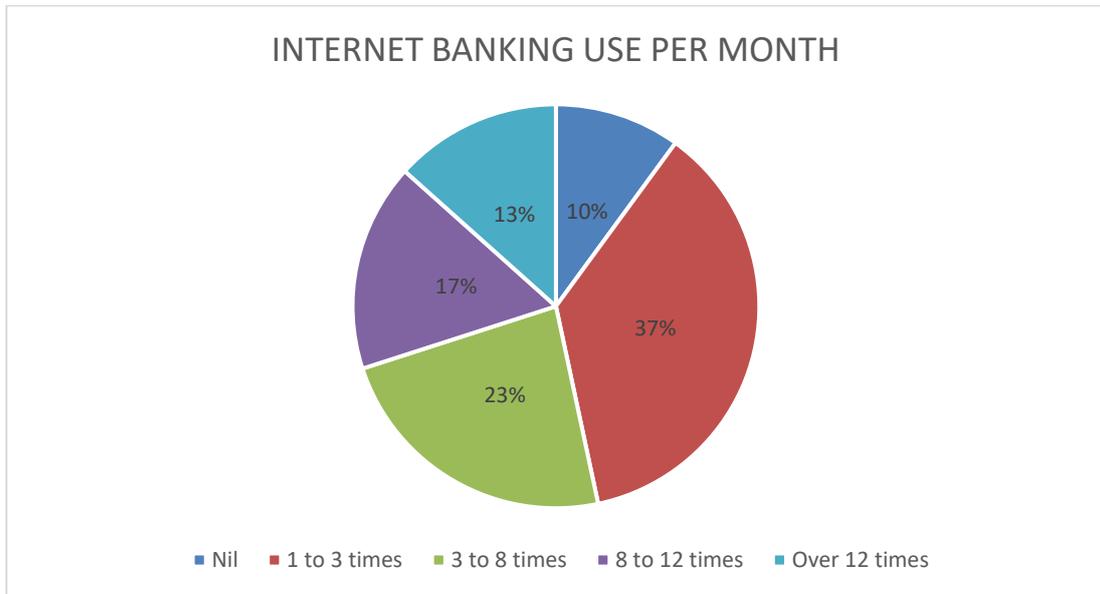


According to the analysis, none of the respondents claim they never use their ATMs on a regular basis. 23.33% of respondents use their ATM between one and three times per month, 46.66% use it between three and eight times per month, 16.66% use it between eight and twelve times per month, and 13.33% use it more than twelve times per month.

This table demonstrates the monthly usage of Internet Banking

Internet Banking per month	No of Respondents	Percentage
Nil	3	10%
1 - 3 times	11	36.66%
3 - 8 times	7	23.33%
8 - 12 times	5	16.66%
Over 12 times	4	13.33%
Total	30	100%

This figure demonstrates the monthly usage frequency of online banking

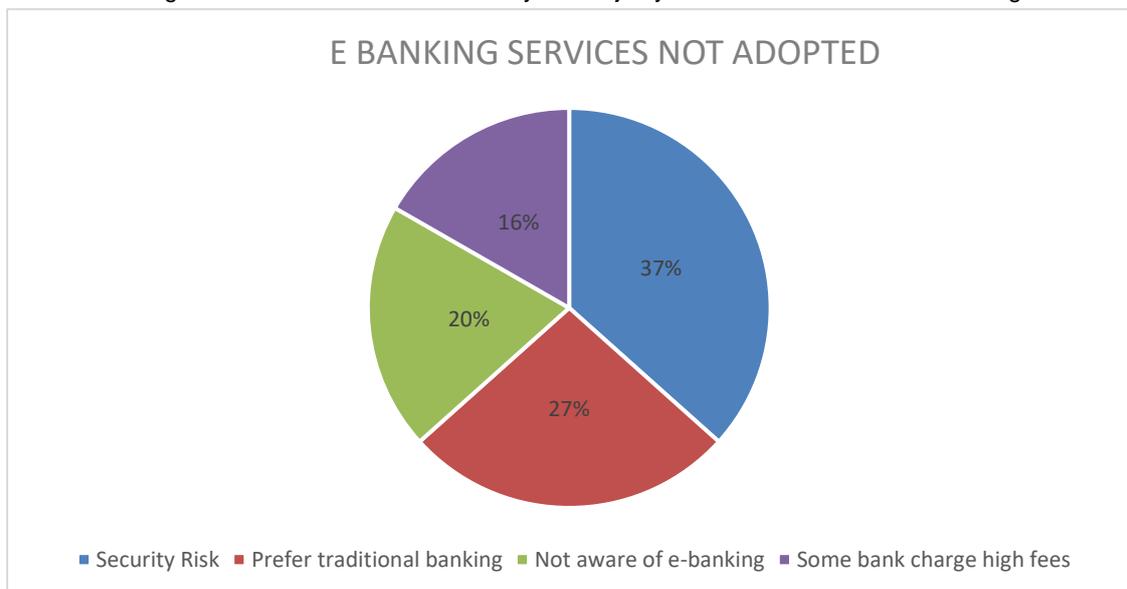


According to the analysis, 10% of respondents never use their internet banking on a monthly basis, 36.66% use it once to three times per month, 23.33% use it four to eight times per month, 16.66% use it once to twelve times per month, and 13.33% use it more than 12 twelve times per month.

The table explains the reasons why most customers do not utilize e-banking services

E-banking Services not Adopted	No of Respondents	Percentage
Security Risk	11	36.66%
Prefer traditional banking	8	26.66%
Not aware of e- banking	6	20%
Some bank charge high fees	5	16.66%
Total	30	100%

The figure demonstrates the reason why the majority of clients do not utilise e banking services



This investigation shows that 26.66% of respondents prefer conventional banking, 20% of respondents are unaware about e-banking and 16.66% of respondents believe that banks charge large costs for e-banking. Of the respondents, 36.66% have not accepted e-banking owing to security risks.

Findings

The research revealed that technology has significantly changed the banking industry. E banking is preferred by many respondents. Many survey participants expressed their satisfaction with the banks' ATM services. In the research region, most respondents do not utilize Tele banking .90% of respondents favored utilizing Internet banking, according to the report. Only 10% of respondents are dissatisfied with the security that the banks offer, which is a high percentage. The respondents 'probable lack of use of E-banking services is a security hazard. In the research, a sizable portion of respondents rated the technology- aligned services provided by the banks as good. Majority of the customers have suggested that bank's operation is efficient after the introduction of computers in the banks.

Suggestions

Most clients perceive risk while using E-Banking, thus the banking sector wants to reduce such dangers. The bank needs to educate its customers about E-banking.

Conclusion

Technology now plays a significant role in the banking industry. However, with significant investments in IT infrastructure, company executives will need to determine if the infrastructure is being used properly, as with other resources, there are expenses associated with it.

Technology must be fully customer-centered possible, and banks must focus equally on boosting case share and client retention rather than just client acquisition. The risk of security breaches is growing as technology is used more often. To handle the hazards for early identification and control, banks can use real-time alert systems and governance standards.

To achieve the task of satisfying the customers, the banks area unit are turning towards technology for assistance. Industry is quick growing with the employment of technology within the variety of ATM's, online banking, Mobile banking etc. Net has competed many opportunities for players within the banking sector.

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