

IMPACT OF MODERN BANKING TECHNOLOGY ON RURAL ECONOMY

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ABSTRACT

It has been reported that Indian banking lags in the use of Technology. Research has been done on electronic commerce issues, computer operation, Internet operation, telephone, and electronic banking, but no exploration has been done on the relinquishment and prolixity of modern banking technology grounded upon public and private sector banks. Banks in India have invested huge quantities of money in offering fiscal services online. Still, customers - specifically rural customers were slow in adopting-banking services. Electronic banking (e-banking) reduces sale costs of banking for both the customers and for the banks. Rural customers need not to visit banks for banking deals when in some remote rural areas bank branches were far down. They could apply for loans, deposit or withdraw money, and do numerous other banking services online. But, the fact was, due to lack of mindfulness, security and trust issues, lack of structure, rural people were reticent in adopting these Modern Banking Techniques (MBT). One of the reasons for the study is to help the banks in adding productivity while furnishing quality services to different customers. Before studies had confined to the only relinquishment of MBT/E-banking services. But there was a need to understand what were the factors driving the operation of being MBT. This would help bankers make their MBT products more effective and popular among the customers. The perceived impact on the rural economy by MBT could be measured by understanding whether MBT could be made the fiscal deals smoother and thereby upraised the standard of living of the repliers. Similar type of study wasn't conducted earlier for rural area.

KEYWORDS: Adoption, Poverty, Rural, Mobilization, Deposit, Withdrawal, Infrastructure, Perceived.

Introduction

Profitable growth is generally inadequate to eradicate poverty and undernourishment. For poverty reduction, effective rural fiscal services are necessary and they've to be supported by inversely effective rural development programs. Burgess & Pande (2005) examined the part of rural banking in the reduction of poverty and they editorialized that opening branches in rural unbanked locales, led to a reduction in poverty. Opening the bank branch in the rural unbanked sector led to savings Mobilization and credit provision. Expansion of rural branches had increased the saving and loan account in rural areas significantly. Further, they said that rural branch expansion had also led to profitable growth. Rural people were in most need of technology as they were far from the civic areas but couldn't borrow the technology because of lack of structure, lower education, and smaller skills. They suggested to telecom companies and indeed Fintech companies to give knitter- made tailored services to rural people. Hence, the focus now has shifted from branch banking to modern banking technologies that are cost-effective, time- saving, and enable to reach the most far- flung regions. MBT in India popularly includes delivery channels like Automated Teller Machines (ATM), Phone and Mobile Banking, Unified Payment Interface (UPI), Credit and Smart Cards, National Electronic Fund Transfer (NEFT), Internet banking, IMPS, Real

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Time Gross Settlement (RTGS) etc. So, banks can now work the indispensable distribution channel that's Modern Banking technology (MBT). But the main question was how important these new technologies would get acceptance in a rural area when rural India itself faces numerous problems like poverty, ignorance, lack of IT structure, etc.

Modern Banking Technology

Most of the Indian Banks had experienced drastic transformation by enforcing various new technologies to enhance client experience, ameliorate profit, optimize cost structure and manage enterprise threat. Most of the banks have decided for common themes in planting a technology- intensive result; still there exists a wide range in the technology docket and perpetration capability. The average age of India will be 31 years by 2030. This new age consumer base is technology expertise, always connected and looking for a customised, applicable experience with immediate online information. Mobile- phone penetration is adding day by day and has reached nearly 85 and so is the case with internet connectivity. Indian Banks also started recognising this transformation and Most of the banks have started offering services via online, mobile platforms and extended social banking extensions to their core offerings to respond to this changing consumer demographic. These online, mobile platforms include best- in- class features including customization, bank-wide client relationship outlooks and cross channel combination. exemplifications of the various changes in the banking and fiscal sector are Automated Teller Machine- ATM, National Electronic Fund Transfer- NEFT, Real Time Gross Settlement- RTGS, Immediate Payment Service- IMPS, Retail Banking, Debit & Credit cards; internet banking, telephone banking, mobile banking- through which one can perform lots of sale like-free advisory services, payments of bills, fund transfers, dealing insurance products, issue of free cheques books, trip cheques and numerous further other value- added services. Ravi (2012) had defined the term Banking Technology as the use of sophisticated information and communication technologies together with computer wisdom to enable banks to offer better services to its customers in a secure, dependable and affordable manner and sustain competitive advantage over other banks. "Hence, all these services should be considered as Modern Banking Technology or online banking core-banking. Through ATMs, piecemeal from cash pullout and checking account balance customers could currently perform several deals similar as Recharge your mobile, apply for a particular loan, Open or withdraw a fixed deposit, Deposit cash, pay income duty, Pay insurance decoration, Transfer cash & Payment of bills. NEFT, RTGS and IMPS payment systems were introduced to offer convenience and inflexibility to the account holders. National Electronic finances Transfer (NEFT) is a payment system that enables the transfer of money from one account to another account. Real- Time Gross agreement (RTGS) is another payment system in which the fund is credited in the payee's account in real- time and on a gross base. Both NEFT and RTGS are possessed and operated by Reserve Banks of India- RBI. Immediate Mobile Payment Services (IMPS) is a real- time present inter-bank finances transfer system operated by the National Payment Corporation of India.

Role of Information Technology on Rural Banking

Various inquiries have been carried out to find out the effect of Internet Technology on the banking industry. Once studies concluded that responsiveness, effectiveness, and perceived credibility significantly have told the overall service quality of internet banking. The study established a positive relationship between e-service quality confines and client satisfaction. They also suggested that marketable banks and fiscal institutions should apply stylish practices in the industry to strengthen the confidence in customers to use and continued to use internet banking services. Studies conducted in the history have also concluded that in present's world of banking, banking customers have come more educated and tech - expertise using e-banking services. Customers demand technology- enabled banking services. Youngish generations have embraced alternate channels for transactional banking in large figures. The banking sector in India has also witnessed a complete transformation in its operations both in its functioning and delivery of services. Present technology is the main driving force for businesses that have enabled banking customers to sit back at home and operate their accounts without walking into the banks for anything and everything. As the advancement of technology has taken place with immense use of the internet, mobiles and online bill payments banking sector in India has got a new hand altogether. The payment system enterprise taken over the last decade has rebounded in deeper acceptance and penetration of modern electronic payment systems in the country. Indeed the banking sector is satisfying the mercantile requirements of people. Three-commerce and m- commerce platforms are poised for a big stride in the coming times.

Current Scenario of Use of Technology in Rural Banking

Rural India faces a severe technology deficit. Most of us are apprehensive of the other serious dearths similar as power, water, health installations, roads, etc. These are well- known and recognised. Still, the part of technology in working these and other problems was slightly conceded, and thus the factual vacuity of technology in rural areas is, at best, borderline. Most people talk about the digital peak but infrequently do people talk about the technology peak. Agriculture is the lifeline of the rural economy on which half of the population of the country depends upon. In adding yield in husbandry, wisdom and exploration played a vital part. The revolution of the 1970s was, powered by the scientific and various other agrarian exploration institutions. The profitable good and progress of a nation rest on the availability of people to fiscal products and services. If people can effectively rally their ménage savings and can distribute them effectively to the expiring credit conditions of the economy helps in the sustainable development of the country. The banking sector along with Government and RBI are making great strength to bring every sluice of the country into the mainstream fiscal system. But there's the actuality of a major gap between the growth prospects and the ground realities in the environment of 'Mobilization and application of finances' which promote inclusive growth of the country. There's also a noteworthy difference among the people of rural and civic areas in serving the services of the fiscal system. There's a need for effective tools to ground the gap and bring in every section of people from all corridor whether rural or civic to take part in the mainstream fiscal conditioning. Modern Information and communication technology (ICT) can work as an effective tool to make a platform that supports us to increase and promote fiscal services in distant areas. Technology can bridge the gap between bankers and their rural customers by adopting ICT, banks would be suitable to reduce their cost, increase client reach ability and better operation of business threat.

Technology for Rural Segment of India

- Some banks are issuing their workers handheld micro ATMs to serve the remote rural crowd. Micro ATMs are enabled with AEPS (Aadhaar Enabled Payment Systems) deals, empowering customers to do cash pullout/ deposit, balance inquiry using their Aadhaar number and biometric authentication.
- Numerous banks have designed SMS mobile apps especially designed for the rural crowd, which will enable the merchandisers to accept payments through Aadhaar and biometric authentication, analogous to card payments.
- Numerous banks have started sharing in the "Direct Benefit Transfer (DBT)" installation; the customers who have planted their Aadhaar figures with the Bank Accounts can get the DBT installation.
- DCB Bank has set up ATMs that bear your fingerprints to withdraw money. The ATM operates using Aadhaar card data and links a client's point data with his Aadhaar biometric details.
- HDFC Bank is reaching out to rural areas which don't have ATMs through a hand- held device or a micro ATM with biometric verification. It uses an Aadhaar card and fingerprints for biometric verification for an instant KYC (know your client) check. HDFC has tied up with Gramin Banking Officers (GBO) to give this installation in Punjab.

Indeed in rural areas, digital payment systems are started getting instigation. Monetary conditions of rural India are being accommodated through various modes similar as UPI, IMPS, AePS, ATM, micro-ATM, PoS. PMJDY Heirs at rural/semi-urban centre bank branches showed an adding trend line, increased from around 12 Cr in 2016 to 47 Cr in the time 2025. PMJDY and DBT had contributed to an increased operation of ATM deals as out of an aggregate of around 98 Crore ATM cards, 30 belonged to PMJDY accounts. To grease the expansion of ATMs in rural and remote areas, non-bank realities were permitted in 2012 to permit on-bank realities to set up, own, and operate ATMs and similar ATMs were called White – Marker ATMs (WLAs).

New Initiatives by RBI for Development of Rural Banking Scenario

As banded before, rural areas were facing Internet connectivity problems and therefore come a major chain for digital payments, Hence, RBI encourage inventions that enable offline digital deals, for that RBI has blazoned a airman scheme under which, the authorized Payment System Drivers (PSOs) will be able to offer offline payment services for remote or propinquity payments using disbenefit or Credit cards, Repaid- holdalls or Smart- phones. PSOs may include banks or non-banks similar as other

FinTechs (RBI 2020b). Hence, indeed with continued Internet connectivity, customers would be suitable to perform through these platforms nearly 24 × 7. Still, it would boost digital deals in rural area as well, if this airman design would be successful. Another plan of RBI is to do segmentation of the Banking Industry. Distinct parts of banking institutions may crop in the coming times. There's a possibility that Banking Industry would be divided into distinct parts. One of the parts may encompass lower private sector banks, small finance banks, indigenous rural banks and united banks, which will specifically feed to the credit conditions of small borrowers in the unorganized sector in rural/ original areas. Hence, they would be suitable to pay conditions of rural parts specifically and may design customized products for the rural sector. Banks are precipitously counting further and further on various IT- grounded delivery channels to operate their business. It'll each depend on the banks how safe and accessible they make their services to snare the various growth openings in line with the need of the nation. Still, as witnessed in numerous advanced nations if caution isn't exercised, it could lead to an increase in their exposure to technology and functional pitfalls. This could have implicit counteraccusations for individual banks as also the entire fiscal sector. Relinquishment of comprehensive Information Security fabrics suiting the current banking terrain, business pretensions, processes, people and technology will be imperative to meet these challenges. Banks will have to work upon to ameliorate their IT governance structures and evolve well defined information technology programs as well as information security (IS) fabrics. Relinquishment of well- structured IT governance models will help banks in enabling better harmony between IT and business, produce capabilities, ameliorate conformity to internationally accepted practices and ameliorate overall IT performance, as also enable better control and security.

Conclusion

Modern Banking Technology provides 24×7 availability, inflexibility and has numerous further benefits, sufficient enough to attract rural resides. Data collected showed that despite the tremendous benefits of Modern Banking Technology, rural people were reticent towards adopting modern banking technology. Particularly many parts of repliers- elderly citizens, ladies, growers, lower educated repliers and repliers having income lower than Rs. 10,000 were less enthusiastic about using Banking technology. In the rural area, lower access to information could also be attributed to lower relinquishment of Modern Banking Technology. As rural people were less informed about the MBT, they would haven't understood the benefits of it. That was apparent by the findings, which concluded that the 'perceived ease of use', 'perceived utility' were the major factors that affected the relinquishment and operation of MBT. In the unorganized sector, till date, cash is the major instrument for fiscal deals and they don't calculate on new banking technology. Lower vacuity of the Internet, lower operation, some former experience of failed deals online, might have contributed to lack of trust in MBT. This was also apparent from the data analysis as repliers preferred to distribute in cash as compared to MBT for lower as well as bigger deals. So, we could conclude that increased client satisfaction rate, bettered functional effectiveness, would lead to enhancement in the relinquishment and operation of MBT indeed in rural areas as well. And eventually this can lead to enhancement in fiscal addition and therefore can contribute towards profitable growth.

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