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**NEW TECHNOLOGY & BANKING SECTOR IN INDIA**

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**ABSTRACT**

The present research paper focuses on significance of new banking technology, progress of banking technology, and types of financing. Technology has brought about a complete paradigm shift in the functioning of banks and delivery, of banking services. Gone are the days when every banking transaction required a visit to the bank branch. Today, most of transactions can be done from the comforts of one's home and customers need not visit the bank branch for anything. Technology is no longer an enabler, but a business driver. The growth of the internet, mobiles and communication technology has added a different dimension to banking. The information technology (IT) available today is being leveraged in customer acquisitions, driving automation and process efficiency, delivering "ease and efficiency to customers. Many of the IT initiatives of banks started in the late 1990s, or early 2000, with an emphasis on the adoption of core banking solutions (CBS), automation of branches and centralisation of operations in the CBS. Over the last decade, most of the banks completed the transformation to technology-driven organisations. Moving from a manual, scale-constrained environment to a global presence with automated systems and processes, it is difficult to envisage the adverse scenario where the sector was in the era before the reforms, when a simple deposit or withdrawal of cash would require a day. ATMs, mobile banking and online bill payments facilities to vendors and utility service providers have almost obviated the need for customers to visit a branch. Branches are also transforming from operating as transaction processing points into relationship management hubs.

**KEYWORDS** - Banking Technology, Information Technology, Finance.

**INTRODUCTION**

Today banking sector has playing very important role in the economy. Technology has brought about a complete paradigm shift in the functioning of banks and delivery, of banking services. Gone are the days when every banking transaction required a visit to the bank branch. Today, most of transactions can be done from the comforts of one's home and customers need not visit the bank branch for anything. Technology is no longer an enabler, but a business driver. The growth of the internet, mobiles and communication technology has added a different dimension to banking. The information technology (IT) available today is being leveraged in customer acquisitions, driving automation and process efficiency, delivering "ease and efficiency to customers. Many of the IT initiatives of banks started in the late 1990s, or early 2000, with an emphasis on the adoption of core banking solutions (CBS), automation of branches and centralisation of operations in the CBS. Over the last decade, most of the banks completed the transformation to technology-driven organisations. Moving from a manual, scale-constrained environment to a global presence with automated systems and processes, it is

difficult to envisage the adverse scenario where the sector was in the era before the reforms, when a simple deposit or withdrawal of cash would require a day. ATMs, mobile banking and online bill payments facilities to vendors and utility service providers have almost obviated the need for customers to visit a branch. Branches are also transforming from operating as transaction processing points into relationship management hubs.

Today banks are reaching out to customers, particularly high net worth or wealthy customers. One area of lucrative finance for bankers is consumers finance more particularly car finance. A preferred financier is a lender or a bank. who provides large consumer loans like car loan under an arrangement with the car manufacturer, because of the tie-up, the manufacture agrees to provide some concession in the car price and some additional facilities in the car. Thus, the manufacture makes available for two reasons one purchase price is assured and second it gives some push for the demand of that car. Preferred financier also benefits. He gets wealthy customers Default in the consumer finance sector is minimum because most of the customer have regular income. Third loans are provided against hypothecation of car. Which has a resale value. In the event of default, it can be sold and value realized. The preferred financier sending his officials to the dealer's showroom provides all information about the loan facility and gets all documentation done at the showroom itself for the loan.

### **OBJECTIVES OF THE RESEARCH STUDY**

The present research study was carried out with following objectives in view:

1. To study the Development of Banking Technology in India.
2. To study the Importance of Technology for Banking Sector.
3. To suggest some measures for implementation of Development of Banking Technology in India.

### **RESEARCH METHODOLOGY**

The present research study uses the most recent available published secondary data. To achieve the above stated objectives, the secondary data was used. The secondary data that are mainly used are published in annual reports of various banks and survey reports of leading business magazines. The secondary data was also used from various reference books related to Banking Technology, New Age Banking Technology, Information Technology, Marketing, Banking, Finance, Commerce, Management etc. For the said research study the secondary data is also collected from the various National and International Research Journals which are related to Commerce, Management, Marketing and Finance.

For the said research study the data pertaining to the above objectives was collected and reviewed the literature on the topic concerned. The literature was thus collected by visiting various libraries. The Secondary data is also collected from various websites.

### **HYPOTHESIS OF THE RESEARCH STUDY**

The said research study is carried out with the following hypothesis in view:

1. In early days, efficient and quick services to customer can be provided with the help of modern technologies.
2. Recent years, the growth of the internet, mobiles and communication technology has added a different dimension to banking sector.

### **IMPORTANCE OF TECHNOLOGY FOR BANKING**

Introduction of computer and other electronic technologies in banks has the following advantages which state the importance of such new technology in banking:

1. **Increase in Efficiency** - Efficient and quick service to customer can be provided with the help of modern technologies.
2. **Accuracy** - The clearing of cheques, pass book entries, inter-branch and inter-bank reconciliation and such other functions can now be carried out quickly, correctly and legibly with modern technology.
3. **Customer Service** - With internet facility, the customers need not go to the bank office. All banking transactions and updating of accounts can be done while at home or in transit.

Networking means sharing of information, giving messages and being in face to face contact even when apart. It is the meeting without moving.

**4. Easy Communication** - Internet connects thousands of computers which can work 24 hours a day throughout the year. There is no more the tyranny of working hours. The business of banks with customers, head office, other banks, and branches is being fully computerized in western countries and India has also to move in that direction to service in international competition.

**5. Handling of Information** - Creation of up-to-date monitoring and information system and strengthening internal control and housekeeping and reporting functions are provided. Sorting of information becomes easy.

**6. Cost Reduction** - There is reduction in cost including floor space because of the use of modern technology.

### **DEVELOPMENT OF BANKING TECHNOLOGY IN INDIA**

We are today living in a world dominated by technology. Technology has become the principal driving force for long term economic growth. It has been estimated that 25-30% of industrial growth is accounted for by technological progress. We are now passing through an era of second industrial revolution. Availability of Technology has recently radically altered the traditional way of banking. Technology has so to say become the fuel for rapid change with tremendous growth in banking business and bank users. Technology becomes inevitable to keep pace with the expectations requirements of banking public.

Customers can view accounts, get statements of accounts transfer funds, and purchase drafts by just making a few key punches. Availability of ATMs and plastic cards to a large extent avoid the need for customers going to bank premises for cash. Credit cards debit cards, smart cards, cyber cash make it possible for cashless transactions. Electronic Data Interchange (EDI) is yet another development that has made its impact felt in the banking industry. SWIFT and Electronic Fund Transfer (EFT) have come in handy for quick funds transfer with the advent of satellite communication. It is now possible to instantly transfer funds across the globe. Traditionally, bank used to develop -products first and then they are fitted into available technology. The situation has reserved over the years. Technology installs a huge computing capacity and complexity to do a variety of intended tasks. It becomes the starting point to initiate the product development efforts. It is recognized that the emergence of new concepts as well as new product development are both. Technology driver. The end use of technology is not technology development but business development. Banking being a service industry has to care more for not only expanding customer's base but also to retain its existing clientele.

### **SUGGESTIONS**

The researcher would like to make the following suggestion for effective use of modern technologies in banking sector and for increasing overall performance of the banks.

1. Banks may have to concentrate upon maintaining old customers. Because getting new customers is first differentiate the entire customer into separate groups such as – corporate customers, employee customers (serviceman) housewives, male, female, students, pensioners, self-employed, persons, entrepreneurs etc.
2. Marketing of banking services is become necessary activity in daily routine. Each branch of the Scheduled Urban Cooperative Banks in Pune District area should appoint 'Marketing Officer' who would be responsible for marketing all the new products and can guide the customer properly. The specialized staff must be appointed for marketing of banking services by all the banks. The required training may be given to this specialized staff of the banks.
3. Banking institutions have to face global competition. For this purpose each bank must have to increase its strength with the help of maintaining old customers and achieving new customers. Now 'survival of the fittest' becomes important feature in each field, including banking. For strengthening the banking unit, it is necessary to increase profit by providing new services to the customers and to face global competition.
4. In respect of adopting new technology in the banking field the employees must be well trained.

5. The training programmes for getting techniques of utilizing the computer, internet and various types of electronic Medias must be arranged by the banks.
6. The banking employees should be always ready to accept the changes, which take place in this field.

## CONCLUSION

In the highly competitive world of banking today. Banks are reaching out to customers, particularly high net worth or wealthy customers. One area of lucrative finance for bankers is consumers finance more particularly car finance. A preferred financier is a lender or a bank. Who provides large consumer loans like car loan under an arrangement with the car manufacturer, because of the tie-up, the manufacture agrees to provide some concession in the car price and some additional facilities in the car. Thus, the manufacture makes available for two reasons one purchase price is assured and second it gives some push for the demand of that car. Preferred financier also benefits. He gets wealthy customers Default in the consumer finance sector is minimum because most of the customer have regular income. Third loans are provided against hypothecation of car. Which has a resale value? In the event of default, it can be sold and value realized. The preferred financier sending his officials to the dealer's showroom provides all information about the loan facility and gets all documentation done at the showroom itself for the loan. The customer also gains in some ways. Comparatively reduced rate of interest for loan, getting finance documentations done at the dealers showroom itself, benefit from some gift scheme etc.

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