



TECHNOLOGICAL INNOVATIONS IN BANKING INDUSTRY IN INDIA

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ABSTRACT

Banks play an important and active role in the economic development of a country. Banking occupies one of the most important positions in the modern economic world. It is necessary for trade and industry. Hence it is one of the great agencies of commerce. Modern banking services presence is very helpful to the economic activity and industrial progress of the country. The banking industry is on a major technological up gradation drive after having successfully introduced international standards in their operating norms. It is commonly perceived that technology is important to enhance the quality of customer service and to make it customer friendly. Banking industry is fast growing with the use of technology in the form of ATMs, on-line banking, Telephone banking, Mobile banking etc., plastic card is one of the banking products that cater to the needs of retail segment has seen its number grow in geometric progression in recent years. Today, the concept of core banking has made 'Any Where and any time' banking a reality. Along with technology, banking services have also evolved and the delivery of various banking products are carried out through the medium of high technology at a fraction of the cost to the customer.

Key Words: Banking Sector, On-line banking, Video banking, Mobile banking, ATMs, Telephone banking, Debit Card, Credit Card, Smart Card, e-Wallet card.

Introduction

Banking today is a flourishing industry, focused on technological innovation. Banks play an important and active role in the economic development of a country. Banking systems of any country needs to be effective, efficient and disciplined because it brings about a rapid growth in the various sectors of the economy. Liberalization brought several changes to Indian service industry. Technology is revolutionizing all areas of human endeavor and activity. It has now brought in E-banking, which is gradually replacing the traditional branch banking. Internet banking has emerged as the biggest focus and targetable area. The customers are able to choose their banker from a number of banks offering wide range of services and delivering quality service. The commercial banks in India are now becoming more market oriented and customer friendly. Internet banking is changing the banking industry and is having a significant impact on the banking relationship. Banking industry is fast growing with the use of technology in the form of ATMs, on-line banking, Telephone banking, Mobile banking etc., This growth has been strongly supported by the development in the field of technology, without which this could not have been possible. Besides it will change our lifestyle in coming years. Banks now a day's provide a wide range of services to satisfy the financial and non-financial needs of all types of customers from the smallest account holder to the largest company and in some cases of non customers. The range of services offered differs from bank to bank depending mainly on the type and size of the bank. This paper describes the modern banking services are pivotal for banking sectors.

Objectives of the Study

1. To study the impact of Modern Banking Services.
2. To study the uses of Online Banking.
3. To study the uses of Mobile Banking.
4. To study the uses of Video Banking.
5. To study the benefits of Telephone Banking.
6. To study the uses of ATM.
7. To study the uses of Plastic Currency.
8. To study the benefits of Electronic Payment System.

9. To study the benefits of Debit and Credit cards.
10. To study the benefits of e-Wallet and Smart card.

Impact of Modern Banking Services

Technology has been one of the most important factors for the development of the nation. Information and communications are significant part in the field of technology which is used for accessing, processing, storage and dissemination of information electronically. Banking industry is growing rapidly with understanding the requirements of customer by offering technological services like ATMs, online banking, telephone banking, and mobile banking and so on. This growth has been strongly supported by the development in the field of technology. With the development of information technology, the world has become a global village and it has brought a revolution in the banking industry. Bank customers are becoming very demanding and it is the extensive use of technology that enables banks to satisfy adequately the requirement of customers. Further the banking sector reforms and introduction of e-banking has made very structural changes in service quality, managerial decisions, operational performance, profitability and productivity of the banks. E-banking is one of the emerging trends in the banking and is playing a unique role in strengthening the banking sector and improving service quality. It has enabled the banks to handle the payments electronically and inter-bank settlement faster and in large volumes. Customers can view the accounts, get account statements, transfer funds, purchase drafts by just making a few key punches. Availability of ATMs and plastic cards, EFT, electronic clearing services, internet banking, mobile banking and phone banking to a large extent avoid customers going to branch premises and has provided a wider range of services to the customers.

1. Uses of Online Banking

It empowers customers to conduct financial banking transactions on a secure website which can be operated by a retail, virtual bank, credit union or building society. It makes banking faster and easy.

The following are transactional and non – transactional applications of online banking services.

Transactional

- Bill payments and wire transfers to third parties

- Fund transfer between customer's transactional and savings account
- Sale and purchase of investments Applications and transactions for loans and enrollment repayments.

Non-transactional

- Analyzing recent transactions
- Downloading bank statements
- Viewing paid cheques
- Financial Institution Administration
- Portfolio Management of multiple users at different authority levels Transaction approval process

2. Uses of Mobile Banking

- Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as mobile phone or personal digital assistant. It is used for performing through mobile device such as a mobile phone or a Personal Digital Assistant (PDA), banking activities such as: Balance checks
- Account details
- Portfolio management Account transactions Payments and investments
- Credit applications and other transactions Mobile Banking enables connection with customers throughout the customer life cycle in a much better way than before.
- Its main objectives are: Building customer relationships
- Reducing cost and gaining revenue Promotion of banking organization brand Personalization of banking experience

3. Uses of Video Banking

- It is used for conducting banking transactions of consultations through a remote video connection. It can be performed over purpose built banking transaction machines similar to Automated Teller Machines (ATM) or through bank branches enabled with video conferencing. Video banking improves the following banking activities:

- Customer authentication Cash and cheque deposits Cash and coin withdrawals
- Account transfers and bill payments Processing new accounts and loans Bank consultations and enquiries

4. Benefits of Telephone Banking

It is a bank service provided by financial institutions allowing its customers to conduct banking transactions over the telephone. Institutions which provide banking services exclusively over telephone are called Phone Banks. They use special technology to modernize the customer by providing bank and account related information over a telephone.

Benefits of Telephone Banking

- Automated phone answering system
- Phone keypad response resources
- Voice recognition capability

Features of Telephone Banking

- Account balance information
- List of latest transactions
- Electronic bill payments
- Funds transfer between customer accounts
- Loan and account applications
- Purchase and redemption of investments
- Cheque book orders Debit or credit card replacements.
- Requests such as change of address

5. Uses of ATM (Automated Teller Machine)

It is used for conducting banking transactions or consultations through a ATMs are electronic machines, which are operated by a customer himself to deposit or to withdraw cash from

bank. For using an ATM, a customer has to obtain an ATM card from his bank. The ATM card is a plastic card, which is magnetically coded. It can be easily read by the machine.

Advantages of ATMs

- ATM provides 24 hours service
- It gives convenience to bank's customers It reduces the workload of bank's staff It provide service without any error
- It is very beneficial for travellers
- It may give customers new currency notes It provides privacy in banking transactions

Facilities of ATMs

- Cash withdrawals Cash deposits
- Balance enquiry or checking the balance in the bank account
- Request for statement of account
- Change of personal identification number (PIN)
- Cheque book request
- Transfer of funds from one account to another account
- Other facilities like bill payments

6. Uses of Plastic money

Plastic Money is a must need of our busy life. Today plastic money is the best alternative of the cash. It is also safer to traveling with a plastic money card than cash. Today it is very easy to carry money without having a lot of cash or gold. This is a new idea of present life-style which has made money transition so easy that anybody can carry it with him or her in a pocket.

Benefits of Plastic Money

- Purchasing Power
- Time Saving
- Additional Safety
- Credit Limits

- Emergency need
- Additional features

7. Benefits of Electronic Payment System

Electronic Payment is a financial exchange that takes place online between buyers and sellers. The content of this exchange is usually some form of digital financial instrument that is backed by a bank or an intermediary, or by a legal tender.

Benefits of Electronic Payment System

- Speed Convenience Efficiency Reduced costs
- Increased customer base

Electronic Data Interchange

Electronic data interchange is an automated system of business-to-business data exchange. Two primary areas of EDI are data interchange and electronic funds transfer used among banks.

Benefits of Electronic Data Interchange

- Cost efficiency Increased speed Improved accuracy
- Better logistics management and increased productivity
- Improved delivery of goods and services Migration from paper to electronic transactions
- Faster response time and Customer service improvement

Cyber Cash

Cyber cash is pioneer in the electronic commerce industry and the leading provider of Internet payment technologies and services. It enables merchants to accept secure payments on the Internet with more ease, flexibility, reliability and cost-savings than any other solution.

8. Benefits of Debit Card and Credit Card

Debit Card

Debit card is a plastic card which provides an alternative payment method to cash when making purchases. Functionally, it can be called an electronic check, as the funds are withdrawn directly from either the bank account or from the remaining balance on the card.

Credit Card

A credit card is part of a system of payments named after the small plastic card issued to users of the system. It is a card entitling its holder to buy goods and services based on the holder's promise to pay for these goods and services. The issuer of the card grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user.

9. Benefits of E-wallet Card and Smart Card

E-wallet Card:

E-wallet is a type of electronic card which is used for transactions made online through a computer or a smart phone. Its utility is same as a credit or debit card. An E-wallet needs to be linked with the individual's bank account to make payments.

Smart Card:

A smart card is a security token that has an embedded chip. Smart cards are typically the same size as a driver's license and can be made out of metal or plastic. They connect to a reader either by direct physical contact (also known as chip and dip) or through a short-range wireless connectivity standard such as Near Field Communication

Conclusion

Today, banks deployed to technology-intensive solutions like enhancing core banking value, revamping the digital agenda, moving from information to insight, dealing with a changing risk regime, from cash to electronic modes of payment, grappling with financial inclusion, empowering employees and accelerating innovation. Banks have changed in their operations and moved towards universal banking along with the increased usage of technology. Majority of banks are insisting on cashless and paperless payment modes. Today banking is known as innovative banking. A wide range of services are being offered by banks

using the electronic media. Banking through internet has emerged as a strategic resource for achieving higher efficiency, control of operations and reduction of cost by replacing paper based and labour intensive methods with automated processes thus leading to higher productivity and profitability. Challenging business environment within the banking system create more innovation in the fields of product, process and market. Internet banking is highly comfort in our routine life, in fact this made our life simple and convenient and over all we are able to enjoy quality service smartly. These technologies created efficiency and time saving methods of conducting business for people.

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