



A STUDY OF INNOVATIONS ON BANKING SECTOR

Kalbhori Madhura Kiran

Research Scholar

Research Centre in Commerce

Arts, Commerce & Science College ,

Narayangaon, Tal-Junnar,

Dist-Pune, Maharashtra.

Savitribai Phule Pune University, Pune

Rajshekhkar Shivarudrappa Toragal

Research Scholar

Research Centre in Commerce

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Dist-Pune, Maharashtra.

Savitribai Phule Pune University, Pune

Abstract

This paper examines the effects of technology in the banking industry. Based on an expansive re- view of literature, the paper describes various factors in this area. Technology has a direct effect on the functioning of the banks. With technological advancement, the customers benefit and the bank gains by getting more clients. Most businesses desire to offer the best services, products and customer relations to their customers because these activities increase the retention rate of customers. These activities also have a direct effect on customer satisfaction. But it's the complexity of this process that brings a challenge to marketers. The paper looks at technological aspect of the process. This is because for any marketer or business practitioner to succeed at managing a good customer relationship program, there is need for the adoption of supportive technology. This type of technology assists in the managing of the process through the maintenance of a customer data base, implementation and monitoring. Using a case study approach [1] shows that one of the business units she studied was able to achieve a 270% increase in business unit profits (above target) by implementing several straightforward Customer Relationship Management (CRM) measures. The paper analyses the nature of the banking industry and the role of technology in the Customer Relationship Management process and its implementation

Keywords – Technology, Banking, Customer Relationship Management

Introduction

The banking industry is experiencing a transformation due to changes in consumer needs, behavior, knowledge competitive innovation as a result of globalization, liberalization and technological factors. Hence there is need for banks to adopt a culture of continuous Customer Relationship Management, customer research, learning, and business innovation. Organizations cannot afford to neglect these factors if they want to operate at their optimum level. Markets and customer demands are changing. Competitors activities are changing too and therefore to survive in this error of innovation, banks have to change their strategies. This is the reason why the banking industry has been trying to make their systems efficient and effective. This paper considers technology as an important tool in the creation and management of customer relations because through technology banks can enhance their interactions with their customers and also build better customer relationships. However, to deliver an improved and in-depth understanding of customer's wants and needs, a fully integrated customer management system, along with a complete transparency, is required. In the emerging market scenario, for survival and growth, it is critical for a bank to align its vision, mission, goals and objectives with customer's satisfaction. Moreover, the future of any business lies in its excellent management of relationships. That is why customer's focus ought not to be viewed as just a business strategy but should become a corporate mission. Once good services are extended to customers, the loyal customers will work as ambassadors of the bank and facilitate the growth of the business. Good customer services in banks should have three basic tenets courtesy, accuracy and speed. Technology enables the bank to offer the latter two (accuracy and speed), which enables the banks to offer quality products and services that are dynamic and hence improve customer satisfaction. The analysis of the paper finds out that technology plays an important role in the implementation of a Customer Relationship Management program; especially in the banking industry. This is an important innovation to the banks. It means that if banks want to operate efficiently and effectively in their implementation of a CRM program, it's necessary for them to adopt technology as a supportive dodge

Objectives of the Study

The key objectives of this study are:

1. To determine whether technology assists banks in the delivery of services, products and Customer Relation- ship Management;
2. To evaluate the impact of technology on the banking industry;
3. To determine whether technology improves customer satisfaction.

Research methodology

With the above objectives keep in mind the instructed desk research method was basically adopted. The secondary data is collected from various references books related to banking & finance. For said research study secondary data is also collected from the national & international Research journals which are related to commerce & bank sector. The secondary data is also collected from the various websites.

The Customer Relations Process

Specifically CRM relates to strategy: the management of the dual creation of value, the intelligent use of data and technology, the acquisition of customers knowledge and the diffusion of this knowledge to the appropriate stakeholders. It also includes the development of appropriate relationships, with specific customers and the integration of processes across many areas of the firm and also across the network of firms that collaborates to generate customer value. The, firms with a greater deployment of CRM applications are likely to be more familiar with the data management issues involved in initiating, maintaining and terminating a customer relationship. This familiarity gives a firm a competitive advantage in leveraging their collection of another customer data to customize offerings and to customer needs. CRM applications also enable contact employees to record relevant information about each customer transaction. After this information is captured, it can be processed and converted into customer knowledge based on information-processing rules and organizational policies. Customer knowledge captured across service encounters can then be made available for all future transactions enabling employees to respond to any customer need in a contextual manner. Firms too can use customer knowledge to profile customers and identify their needs based on similarities between their purchase behaviors and those of other customers. Firms can share their accumulated customer knowledge with customers to enable them serve them by defining the service and its delivery to suit their needs. The process of customer self-selection of service feature provides additional opportunities for firms to learn their customers evolving needs and to deepen their customer knowledge. A customer centric organization should consist of structural aspects that ensure that organizational actions are driven by customer needs and not by the internal concerns of functional areas. In addition, employee evaluation schemes and incentives should be designed to encourage behaviors consistent with a customer relationship-oriented culture by augmenting the organizations ability to focus on customer interactions and by ensuring that expertise from different functional areas are deployed to promote quality customer experience. These can be achieved by providing quick and effective responses to customers. The use of relational information is

also likely to enhance customer satisfaction by proving consumption-related fulfillment. Apart from shaping responses from customers, by enabling customers to communicate easily with the organization, relational information process helps register customer's complaints and provide them feedback. In addition, the integration of customer information and the sharing of it with key customer contact employee's enables customers and other stakeholders to communicate with firms more effectively. Further, other proponents state that frequent and open communication between a supplier and a customer improves the customer's efficiency in using the firm's products or services, thereby improving customer satisfaction and loyalty. Relationship information process may also boost customer relationship learning by proving customers with greater understanding of organizations attempts to respond to their demands and enhancing customer satisfaction and loyalty. Still others say that the primary goal for a firm to implementing CRM applications is to track customer behavior, to gain insight into customer tastes and evolving needs. Adrian and Pennies state that CRM should comprise a small set of processes that addresses tasks critical to the achievement of organizations goals, second each process should contribute to the value creation process at the strategic or macro level. Fourth, the process needs to manifest interrelationships. They list five processes of CRM: a) the strategy development process. b) The value creation process. c) The multi-channel integration process. d) The performance assessment process. For value creation, it is necessary to determine how existing and potential customer profitability varies across different customers and customer segments. Secondly, the economics of customer acquisition and customer retention and opportunities for cross-selling up-selling and building customer advocacy must be understood. How these elements contribute to increasing customer lifetime value is integral to value creation. Calculating the customer lifetime value of different segments helps the organization to focus on the most profitable customers segments. The value process is important because it translates business and customer strategies into specific value proposition statements that are delivered to customers and thus, it explains what value is to be received by the organization, including the potential for co-creation

New Innovations in Banking Sector

There has been a wave of innovation in the financial sector. In recent years as banks realize the need of digital Technologies such as mobile, wearable, analytics and Telepresence to meet fast-changing demands from customers.

Following are the some new innovations in banking sector:

1. Biometrics Technology Biometric technologies are any means by which a person can be uniquely identified by evaluating one or more distinguishing biological traits. Biometric

authentication includes fingerprints; DNA, face, hand, retina and ear features. Biometrics systems could end the need of password and PIN code. According to the BBC, Hong Kong and Shanghai Banking Corporation (HSBC) is launching voice and touch recognition security services in the UK. British banking firm Barclays also upped security in 2014 – offering finger vein scanning for authentication of large transactions.

2. In-car apps Spanish financial institution Caxias Bank has created the first mobile banking app that can be accessed while driving, using voice control functionality. The technology used by Caxias Bank app, called Línea Abierta BASIC. Drivers can make balance enquiries and transfers, as well as locate nearby branches and ATMs, by speaking into their Android device.
3. Facial recognition technology a facial recognition system is a computer application capable of identifying or verifying a person from a digital image or a video frame from a video source. There are many types of authentication for banks and payment firms to consider though, and Chinese e-commerce firm Alibaba believes that payments could be made with a smile. HSBC is the first bank who adopts the facial recognition technology.
4. Smart Watches Now banking transactions can be done on smart watch be it an Apple Watch, Android Wear or Samsung Gear. It's not only global financial institutions and banks like Scotia bank, Barclays, Nationwide, Deutsche Bank, Stanch art and Citigroup that have developed apps for smart watches that run on all major mobile operating systems. But some Indian private sector banks like HDFC, AXIS, ICICI banks have introduced smart watches apps.
5. Google Glass technology Banco Sabadell in Spain became one of the first banks to create retail Google app that allowed users to locate the nearest ATM, check account balances, and use video conferencing for technical support. Spanish financial firm, Caxias Bank has also already developed a Google Glass app. It works by super imposing directions to the nearest branch onto the Glass screen, providing information such distance and phone number of the nearest branch, all of which is accessed through the voice recognition system.
6. Robotics Bank of Tokyo-Mitsubishi UFJ took a first step toward employing nonhuman staff, with the introduction of a customer service humanoid robot at its flagship Tokyo outlet. These robots can answer basic customer service questions in 19 languages, as well as analysing customers' facial expressions and behaviour. In India, country's leading private sector lender ICICI Bank has implemented robotics software . Over 200 software robots are now performing over 10 lakh transactions per day for the bank which comprises 10% of its total transactions

7. **Augmented Reality (AR) apps** Augmented Reality (AR) is a method of enhancing and improving your view of the real world using different technologies. It is the integration of digital information with the user's environment in real time. Australian Bank Westpac announced the release of an augmented reality app for mobile devices. Commonwealth Bank of Australia and St George Bank Australia also adopted this technology.
8. **Beacon technology** Bluetooth Beacons installed at banks to integrate physical and mobile channels, to create a new type of interaction and effective commercial communication and to deliver to the customers a positive and personal experience. Barclays is one of the first bank to use this technology.
9. **Oculus Rift** Rift is advanced display technology combined with its precise, low-latency constellation tracking system enables the sensation of presence. The US bank has been testing the use of Oculus Rift virtual reality headsets at its Digital Labs in San Francisco, offering customers the ability to virtually enter a branch and speak to a teller face to face.
10. **Crypto currencies** a crypto currency is a medium of exchange like normal currencies designed for the purpose of exchanging digital information. A crypto-currency is a digital currency created through encryption techniques. Bit coin is the most famous. South Africa's central bank is open to crypto currencies and block chain, according to new statements from its governor. According to a recent media report, the banks that are opening crypto currencies includes UBS, BNY Mellon, Deutsche Bank and Banco Santander
11. **Artificial intelligence (AI)** Artificial intelligence is an area of computer science that emphasizes the creation of intelligent machines that work and react like humans. Computers can perform activities like speech recognition, Learning, Planning and Problem solving with AI. Swiss banking giant UBS entered into a commercial agreement with software vendor Sqream, which crunches huge volumes of information about a client's behavior to offer them detailed, personalized informant
12. **Cheque Truncation** Cheque truncation is the conversion of a physical cheque into a substitute electronic form for transmission to the paying bank. Cheque truncation reduces the physical movement, time and cost of processing the cheque clearance system. Britain with Barclays and Lloyds trialing the tech, allowing payment information to be deposited digitally using a mobile device.

Conclusion

The, Banks have to understand that survival in the new e-economy depends on delivering all of their banking services on the Internet with help of the latest technology. From the above discussion it is clear that most of the foreign banks adopted the new technology very earlier than Indian banks. Some of the private banks in India like ICICI, AXIS and HDFC bank has taken initiative the field of innovative banking. The technological advancement in banking sector can be made effective only when a simple, flexible and modular approach is considered and implemented in Indian Banks. So to meet the demands of the growing customers public sector banks will need to upgrade their technology and pursue digitization with greater willingness and enthusiasm.

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