

**National Conference on Advanced Research In
Science, Engineering and Management**

NCARSEM-2018

Title of the paper

A study on Equipping banking technology in line with digital economy

Submitted by

Mr. Sathish V

Faculty member

PES Institute of Advanced Management Studies

Shivamogga.

Mail: sathishpalankar@gmail.com

Cell: 9591050111

and

Ms. Swathi J

Faculty member

PES Institute of Advanced Management Studies

Shivamogga

Mail: swathi01401@gmail.com

Cell: 7411611989

A study on Equipping banking technology in line with digital economy

Abstract:

The banking industry is in the midst of an information technology revolution. Banking is an industry that handles cash, credit, and other financial transactions. Banks provide a safe place to store extra cash and credit. Banks have changed in their operations and moved towards universal banking along with the increased usage of technology based services offering alternate channels such as smart cards, ATM, usage of internet, mobile and social banking. Introduction of debit cards, credit cards, NEFT, RTGS, Jan Dhan Yojana, White label ATMs, mobile banking, internet banking and many other major initiatives has led to the technological advancements in the banking sector. This paper analysed the extent of use of different new technologies that have been initiated in the banking sector. This paper highlights the new technological changes in Indian banking sector.

Key words: banking industry, technology, advancements

Introduction:

Banking is a financial institution that accepts deposits from public and creates credit. The Indian banking sector has been evolving since the year 1770, when the bank of Hindustan was established in Calcutta. After merging some of the banks during the year 1806, 1886 Imperial bank of India was established in 1921 which became the SBI in 1955. While most banks are burdened by legacy systems and processes, India has leapfrogged into the era of innovation in banking by adopting the latest in technology. But today's digital age and hyper connected environment requires banks to re imagine their business continuously and Indian banks are leading the pack when it comes to transforming from digital to truly digital.

E-Banking is a major innovation in Banking. E-Banking means provision of banking products and services by banks directly to customers through electronic delivery channels.

Objectives:

- To understand technological equipping in banking.
- To study the impact of technological advancement on banking transaction.

Scope of the study

The scope of the study is to understand the technological advances in banking transactions which influences the banking operation and the impact of advanced technologies.

Research methodology

Study is based on primary and secondary data. The primary data has been collected by interacting with the bankers. Secondary data is collected through books, journals and internet sources.

A study on Equipping banking technology in line with digital economy

Recent technological advances in Banking

The Indian banking business has changed dramatically over the past 25 years, due in large part to technological change. The various factors of innovations in banking and financial market are ECS, RTGS, NEFT, ATM, and Retail Banking and including more product and services.

1. Home banking:

This is an extended and versatile version of telephone banking. The customer is able to access his branch for availing a variety of services through home banking.

2. Plastic money:

With a credit card a customer can borrow a specific amount of money from the bank to purchase any thing and the bank bills them later. In this care, they don't have to go through the harsle of borrowing small money.

3. Internet banking:

Banks worldwide have launches their banking sites on the internet world wide web (WWW). The main attraction of internet is the core effectiveness and IB has no time zone and without restricting it to any geographical boundary.

4. Block chain technology:

It used in banking activities like secure document management, reporting, payments treasury and securities and trade finance. It helps in fraud prevention, increasing the resilience of the banks IT infrastructure and also increases transparency of processes.

5. Mobile and digital banking technology:

Mobile banking technology puts your bank in the palms of your customers hands. Mobile banking is a much later entrant into the digital world of banking.

6. ATM

The automated teller machine or ATM, is such a complicated piece of technology that it does not have a single inventor. Today we use ATM are an amalgam of several different inventions. Automatic Teller

Machine enables the customers to withdraw their money 24 hours a day 7 days a week. ATMs can be used for cash withdrawal, payment of utility bills, funds transfer between accounts, deposit of cheques and cash into accounts, balance enquiry etc.

7. Electronic Payment Services

It is mainly based on the e-governance, e-mail, e-commerce, e-tail etc. EPS Being developed in US for introduction of e-cheque negotiable Instruments Act.

8. Real Time Gross Settlement (RTGS)

Introduced in India Since March 2004

Operated by RBI. Transfer Funds from their account to the account of another bank.Fast Funds transfer (2 hours)

9. NEFT

Nation wide payment system. One to one Fund Transfer

A study on Equipping banking technology in line with digital economy

10. Electronic Funds Transfer

Electronic is a system whereby anyone who wants to make payment to another person/company etc. Details- Receiver's name, bank account number, account type (savings or current account), bank name, city, branch name etc. RBI is the service provider of EFT.

11. Point of Sale Terminal

Linked online to the computerized customer information files in a bank, plastic transaction card customer's account is debited and the retailer's account is credited.

12. Tele Banking

Entire non-cash related banking on telephone, automatic Voice Recorder manned phone terminals are used

13. Electronic Data Interchange (EDI)

The electronic exchange of business documents like purchase order, invoices, shipping notices, receiving advices etc. in a standard, computer processed, universally accepted format between trading partners

14. Customer management

Banks need to clearly articulate and measure the expected benefits from the winning strategies which would be dependent on the value various initiatives provide customers. These include: Customer segmentation Co-creation, CRM to customer experience use of alternative channels effective cross and up sell.

11. Risk management and information security

Risk management methods include: Credit systems, Enterprise Risk Management Systems, Liquidity risk systems.

12. Technology in training and e-learning

ERA of liberalization and reforms in the country, Increase in investment on training and development by banks in India.

13. Core Banking - Core banking is a banking service provided by a group of networked.

14. Corporate Banking - Corporate banking, also known as business banking, refers to the aspect of banking that deals with corporate customers **services**

- ☐ Overdraft
- ☐ Domestic & International Payment
- ☐ Funding
- ☐ Channel Financing
- ☐ Letters of Guarantee
- ☐ Working Capital Facilities
- ☐ International Trade

15. Smart Card

Chip Based Card, Pin, Powerful Cards like ATM, Credit Card, Debit Card.

A study on Equipping banking technology in line with digital economy

The technological advancements have led to the tremendous changes in the operations of banks. Now let us have a insight of how technology has changed the banking process from old physical book keeping process to today's advanced computerized systems:

Development of Computerized Banking Software:

With the development of Banking Applications, the banks process becomes faster and more reliable and the record keeping and retrieval becomes much easier.

Development of Core Banking Solution:

However, the Computerized Banking offers great and reliable service but with the expansion of the Internet the concept of core banking comes into picture and whoa! there comes the new Core Banking System. With implementing the CBS, the banks branches are getting interconnected to common centralized database and hence, were able to provide Multi-City Banking.

Development of MICR Cheque Processing:

With the use of Magnetic Ink - the MICR Cheque Processing System has been developed and strategically implemented. This technology revolutionizes the cheque clearing process from over the counter to a more systematic procedure which is fast and efficient.

Development of Credit/Debit Cards (Plastic Money):

The magnetic data recording technology was used with the magnetic strips on the plastic cards and hence, the ATM/Debit/Credit Cards are used along with the ATM Machines which reduces the account holder's requirement to visit the branch within the banking hours to withdraw the money from his/her account.

Development of Internet Banking Solution:

With data being centralized, and increasing internet reach, the Internet Banking Solution was developed and now it is offered by almost every bank. The Internet Banking offers you many transactions and inquires to be performed online without visiting the branch.

Development of Banking Services Automation Solution:

The various banking automation systems also facilitated the users with ease of automated banking services like cash deposit machine, cheque deposit machine, passbook printing machine, automated inquiry machine, etc.

Development of Mobile Banking Solution:

With the introduction of Mobile Internet and Mobile Application Development, the Mobile Banking Applications were developed and it makes your life easy just banking on your mobile which is truly anywhere - anytime.

A study on Equipping banking technology in line with digital economy

Development of Cheque Truncation System (CTS):

With the refinement in imaging and internet technology, the Cheque Truncation System came into existence. The CTS removes the movement of physical instruments (cheques, demand drafts, warrants, etc.) which was required in old MICR Clearing System. With this the clearing process becomes more fast and secure.

Development of Online Loan Processing:

The development of very intelligent system which process the pre-approved online loan applications of the customers and disburses the amount online. A great facility with ease of availing the loan within seconds and that to at any time.

Well, this is the technology which is transforming every thing and there are lot more developments which are going on towards the customer service, process improvement, etc. an in the near future we will see the completely transformed banking.

Conclusion:

As the days are changing and changing days are challenging, It is inevitable for all the business concerns to adopt new changes. Banking industry is no where different from other profit making industries. New technology is sure that the future of banking will introduce more offers and services to the customers with the bust banking product and innovations. Banking sector also increased the accessibility of a common person to bank for his productivity and requirements. As we are seeing huge increase in the volume of banking activities since few years it is the new technological advancements which is helping the bankers in meeting their business requirements.

A study on Equipping banking technology in line with digital economy

Reference

Websites:

Source: <http://www.huffingtonpost.in>

M Joseph, G Stone - International Journal of Retail & ..., 2003 - emeraldinsight.com

<https://www.quora.com>

<https://www.gobankingrates.com>

www.ijsrm.in

Kanthi Leela, A Study of Awareness of E-Banking Services in India, Feb 2013, Social Science Electronic Publishing, Inc