

# THE IMPACT OF TECHNOLOGY ON BANKING SECTOR

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## ABSTRACT

The present study is based on the Technology impacted on banking sector is impacted according to banks from customers(B2C) During pandemic the situations were very hard to get outside from the home, so the online banking is used for the people to do online transactions. The technology is based on ATM's, Net banking, Debit card and credit card transactions, etc. The study has considered the time series data of the selected five private sector banks digital transactions and constructed the Banking Technology Index in 4G period. The study result reveals with the ordinary least square that the mobile transactions and RTGS are having the positive impact on the performance of the Banking technology index. The BTI impact has been examined on the business per employee of the selected private sector banks and the result stated that the BPE got reduced significantly in 4G period. This paper is useful to the bankers, regulators and various stakeholders of the bankers. The findings suggest that IT has had a positive impact on banking in terms of efficiency, profitability, and customer service. However, the findings also reveal that IT has harmed employment in the banking sector. The banking sector in India is passing through tectonic changes with the onslaught of digital technologies. Traditional banks, which were dependent on human interaction and paperwork, are today struggling to keep pace with the new-age disruptors such as mobile payments, peer-to-peer lending, etc.

**Keywords:** Banking technology, Net banking, networking transactions, Innovations, E-banking.

## I.INTRODUCTION

The banking sector has experienced a tremendous technological revolution that has paved the way for creating newer, better opportunities for its customers. The impact of technology on the banking industry is manifold and can be witnessed with the speed at which banks operate in the country today. Gone are the days of standing in long queues to open an account, receive a physical statement of account or wait days for loan approval. Each of these processes and more have improved with accuracy and precision, thanks to the positive impact of technology



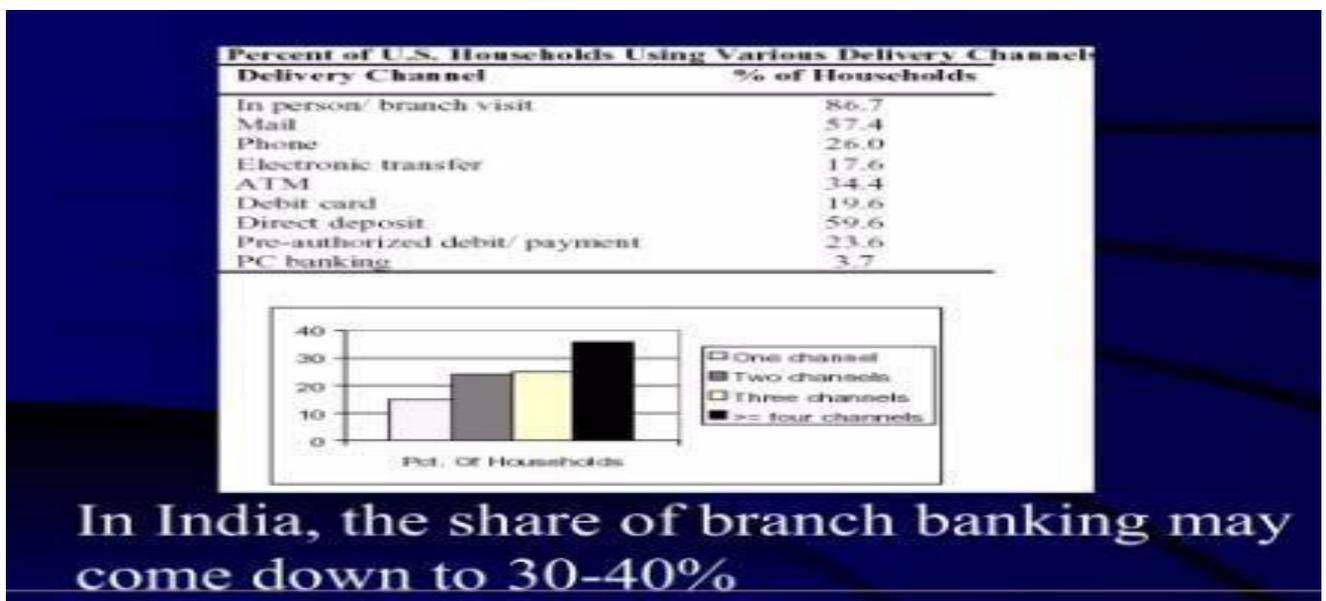
## POSITIVE IMPACT OF TECHNOLOGY ON THE BANKING SECTOR-

- A. The biggest revolution that comes in banks is Digitization.
- B. Banking process is faster than before and more reliable. Maintenance and retrieval of documents and records have become much faster and easier.
- C. Computerized banking also improves the core banking system. With a core banking system, all branches have access to common centralized data and are interconnected

## NEGATIVE IMPACT OF TECHNOLOGY ON THE BANKING SECTOR-

- (1) The biggest negative impact of technology is the loss of Jobs as automation has replaced a number of jobs in the banking sector.
- (2) Through technology comes to the threat of Cyber Attacks, a loophole in the system, and millions of data can be lost in the blink of an eye.
- (3) These technologies consume less time, but they also sometimes make people careless which causes loss of personal details as happened in 2016, many debit card details of big banks were compromised. indispensable with the introduction of chatbots and chat agents that utilise Natural Language Processing (NLP) to read, process and understand text and speech. Banks have successfully deployed chatbots to answer customer questions, which has helped them reduce the time and effort of human capital and provide quick and consistent service. Using chatbots, banks are expected to save \$7.3 billion in

operational costs.



### Recent IT Trends of Indian Banks

The Banking system is going through a period of rapid change to meet competition, challenges of technology and the demand of end user. Clearly technology is key differentiator in the performance of banks. Banks need to look at innovation not just for product but for process also. Today the technology is not changing the environment but also the relationship with the customers. This has brought customer relationship into greater focus. The RBI has priority to up gradation of technological infrastructure in financial system. IT enables cost of

global fund transfer.

## **Ways in which Technology is making the Banking Industry More Efficient**

### **1. The World at your Fingertips**

A lot of people will be able to relate to this, because in some way or the other, all of us are being effected by technology. From ordering food or shopping for clothes, everything is only a tap away. You also do not have the need to carry cash in hand, you can just make a digital payment from your E-Wallet. Similarly, through net banking, one is allowed to transfer money from one account to another, order for cheque books, check the balance, make payments, create Fixed Deposits, and so on.

### **2. Less Errors and Better Data Protection**

In the olden days when banking was completely dependent on the human accuracy and skill, mistakes and errors were more apparent. As human capabilities have a limit, they are prone to skip certain things or make calculation errors. With the introduction of computers, the frequency of errors has reduced to almost nil. Also, another important perspective to this, is that it can protect the data much more efficiently. Today's technology provides complete security of your transactions and safety of your data that there are very rare occasions on which the data is misused.

### **3. Better Customer Experience**

The ancient system of banking was extremely tiring and lengthy that resulted in poor customer experiences. This was because one had to stand in long queues, file a lot of papers and be physically present. The advent of net banking and mobile banking has reduced the time you spend for banking related tasks and has also ensured hassle-free customer service even from a remote location.

### **4. Business Intelligence to Drive Profitability**

RBI has encouraged all the Indian Banks to adapt Business Intelligence (BI) to increase the overall profitability in the industry. Business intelligence system provides data for historical, current and future trends. This data aids the banks in a way that they are able to take accurate decisions and thereby can bring an overall increase in the productivity, efficiency and profitability.

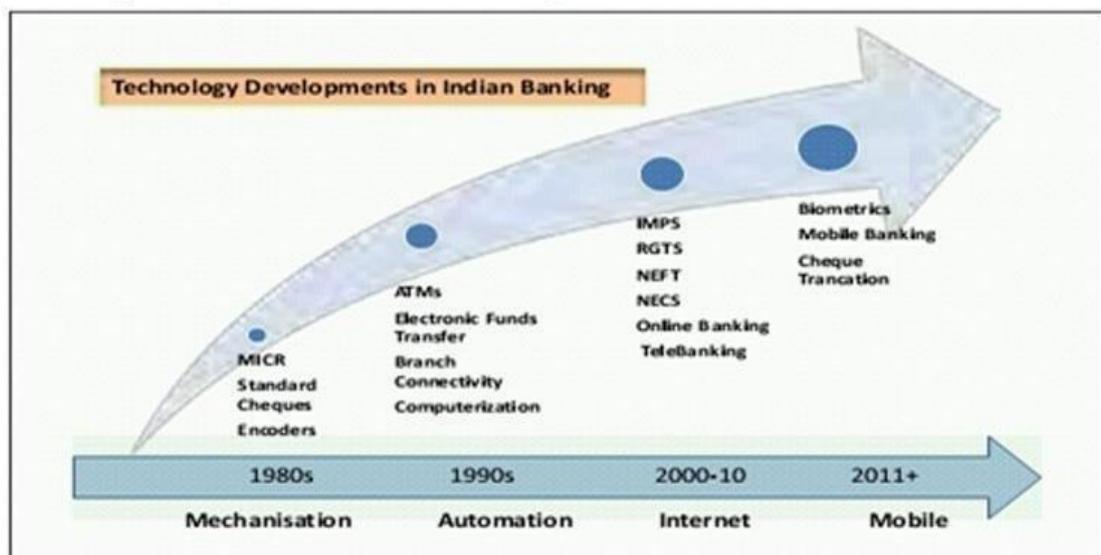
### **Technology influence the economics of delivery**

Technology has a major impact on the way banking and financial services are delivered. A wide range of alternative delivery mechanism becomes available, Internet, ATM... these Reduces the dependence on the branch network as a core delivery mechanism. With the development of technology, the financial systems are substantially over-supplied with delivery system through a duplication of network, bank has to change their delivery strategy, rationalize their branch network strategy, and widen the range of delivery option. Banking

industry has been taking advantage of the following 22 Technology Products: (1). Net Banking; (2). Credit Card Online; (3). One View; (4). Installers; (5). Mobile Banking; (6). Net Safe; (7). e-Monies Electronic Fund Transfer; (8). Online Payment of Excise & Service Tax; (9). Phone Banking; (10). Bill Payment; (11). Shopping; (12). Ticket Booking; (13). Railway Ticket Booking through SMS; (14). Prepaid Mobile Recharge; (15). Smart Money Order; (16). Card to Card Funds Transfer; (17). Funds Transfer (eCheques); (18). Anywhere Banking;(19). Internet Banking; (20). Mobile Banking; (21). Bank Home (i) Express Delivery; (22). Cash on Tap: (ii) Normal Delivery.



Snapshot of Technology Developments in the Indian Banking Sector:



## II. METHODOLOGY

Technology and Digital modernization is paving way to traditional banks to thrive customer satisfaction and loyalty, driving long-term relationships and profitability with the new approach. Technology is one of the factors for long term success of any organization.

Customer satisfaction and expectations are threat in financial services in banking and on contrary customer traffic is increased in developing relationships with multiple digital service providers. Competitors from adjacent financial technology start-ups are now focusing the banking sector with innovative, technology-driven deviations to replace the traditional customary banking methods.

Digital banking channels improve convenience, facilitate access to more services, attract new customer base, provide services offered by competitors and reduce customer database destruction.

Introducing technology and innovative digital banking is most need for banking services in this hour, therefore developing new technology and introducing in the banking sector is very essential to attract the customers is very essential.

Main objective of the research is to study ways to adapt new technologies and develop banking services. The purpose of the study is to analyse the impact of technology on banking services and grounds for opting digital banking, customer satisfaction towards digital banking and find out the problems encountered by the customers because of new technologies. This research problem also focused on analyzing the level of convenience, compliance, affordability, accuracy, consistency and competence in the usage of various technologies in banking services.

## III. CONCLUSION

Data innovation and correspondence is the greatest volumes in the field of innovation, the telephone is for the handling, stockpiling, and scattering of data by electronic methods. It should be noted that innovation is a standout amongst the most significant variable for Banking is developing quickly with the utilization of innovation in the ATM, bank web-based banking, versatile banking and so on. Plastic card is a financial item that accommodates the necessities of the retail fragment and has seen their numbers develop in geometric movement lately. This development has been unequivocally impacted by advancements in innovation. Since the coin has two sides, innovation additionally has different sides in the financial sector- positive and negative. The dangers are high, however, they are generally limited and technology will become the backbone of the banking industry in the near future.

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