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A study of technology innovations in banking sectors and its impact on services.

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Abstract: *In Today's world Technology play a very vital role in Banking Sector. Each Bank adopted new Technology for betterment of their Future. The banking sector in India has seen a number of changes. And to meet the challenges of changing needs and perceptions of customers, new regulations over the years and great advances in technologies, most of the banks have begun to take an innovative approach towards banking with the objective of creating more value for customers in the banks. The technology is the key area of banking sector and the private, public and foreign banks focused on simplified technology and adoption of customer strategies to provide essential product and services. Adoption of new technology is compulsion for every bank. In this competitive world bank has to improve their services for their customers unless their sustainability itself will be under question in this back drop the banks adopt various technological transformations that can be adopted by all customers irrespective of their domical that is Urban or Special. This paper is attempt to focus on technology innovations in banking services and their influence on customer and banking employees.*

Keywords*- Technology Innovation, Banking Services, Customer Satisfaction, Employee Satisfaction,*

Introduction

The journey of banking in India has a very interesting track. It has a glorious past of 223 years and still continuing to create history. Despite numerous hurdles and obstacles, the banking in India is flourishing day by day. Nationalisation was a breakthrough in Indian banking wherein private banks were converted to Government banks. Banking in India has witnessed many changes and trends since its inception. With the advent of technology, it has donned new form and it is adopting to new technologies which are coming over time. Technology Advancement has made Indian banking at par with global scenario and is considered as one of the most efficient system in the world.

Banking in India

Traditional Banks were the original banks, the financial depository institution first to offer checkable deposits Traditional Banks are checking account-issuing financial intermediaries that most often come to mind when the term Bank is used Banking in India has been through a long journey. Indian Banking Sector has witnessed a number of changes. In the 1990s, the banking sector in India saw greater emphasis being placed on technology and innovation. The term "Banking Technology "refers to the use of sophisticated information and communication technologies together with computers to enable banks to offer better services to its customers in secure, reliable, affordable manner and sustain competitive advantage over other banks. Banks began to use

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technology to provide better quality of services at greater speed. Internet banking and mobile banking made it convenient for customers to do their banking from geographically diverse places. Now all the banks have started with the concept of multi-channels, like ATMs, credit cards, debit cards, telephone/mobile banking, internet banking, call centres, etc. The role of banking is redefined from a mere financial intermediary to service provider of various financial services under one roof acting like a financial supermarket. Intense competition among the banks has redefined the concept of the entire banking system. The banks are looking for new ways not only to attract but also to retain the customers and gain competitive advantage over their competitors. Technological progress in the banking industry is also important because of the key roles of banks in providing financing, deposit, and payments services to other sectors of the economy.

At the time of first phase the growth of banking sector was very slow. Between 1913 and 1948 there were approximately 1100 small banks in India. To streamline the functioningand activities of commercial banks, the Government of India came up with the BankingCompanies Act, 1949 which was later changed to Banking Regulation Act 1949 as peramending Act of 1965 (Act No.23 of 1965). Reserve Bank of India was vested withextensive powers for the supervision of banking in India as a Central Banking Authority.After independence, Government has taken most important steps in regard of IndianBanking Sector reforms. In 1955, the Imperial Bank of India was nationalized and wasgiven the name "State Bank of India", to act as the principal agent of RBI and to handlebanking transactions all over the country. It was established under State Bank of IndiaAct, 1955. Seven banks forming subsidiary of State Bank of India was nationalized in1960. On 19th July, 1969, major process of nationalization was carried out. At the same time 14 major Indian commercial banks of the country were nationalized. In 1980,another six banks were nationalized, and thus raising the number of nationalized banks to20. Seven more banks were nationalized with deposits over 200 Crores. Till the year1980 approximately 80% of the banking segment in India was under government'sownership. On the suggestions of Narsimhan Committee, the Banking Regulation Actwas amended in 1993 and thus the gates for the new private sector banks were opened.The following are the major steps taken by the Government of India to Regulate Bankinginstitutions in the country:

1949: Enactment of Banking Regulation Act.
1955: Nationalisation of State Bank of India.
1959: Nationalization of SBI subsidiaries.
1961: Insurance cover extended to deposits.
1969: Nationalisation of 14 major Banks.
1971: Creation of credit guarantee corporation.
1975: Creation of regional rural banks.
1980: Nationalisation of seven banks with deposits over 200 Crores

Banking Innovations

The term “Innovation “means to make something new Bank has no longer restricted themselves to traditional Banking activities but explore newer avenues to increase business and capture new market. Today we are having fairly well-developed banking system with different classes of bank some of them have engaged in the areas of consumer credit, cards, merchant banking, internet and phone banking, leasing, mutual funds etc.

A few have already set up subsidiaries for merchant banking, leasing and mutual funds and many more are in the process of doing so.

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Over the years, the banking sector in India has seen a number of changes. Most of the banks have begun to take an innovative approach towards banking with the objective of creating more value for customers. Information technology has given rise to new innovations in the product designing and their delivery in the banking and finance industries. Technology offers a chance for banks to build new systems that address a wide range of customer needs including many that may not be imaginable today. Financial innovation associated with technological change totally changed the banking philosophy and that is further tuned by the competition in the banking industry. Challenging business environment within the banking system create more innovation in the fields of product, process and market. Today, we have electronic payment system along with currency notes.

Need of Study

The Banking sector across world is experiencing a day to day change in the technology. Due to rapid changes in the technology in the world even India is experiencing same changes and transformation in the technology. This transformation in the technology has a great impact on the services offered in the industry. As India is moving with the in captivate of Digital India, the banking sector in India is also towards improvisation of high and advance technology offering to their customers. Digitalization of services has kept banks on competitive edge. Internet Banking, ATM's, E-lobby, Mobile Banking, SMS Banking, Debit Cards are the part of the digital banking in India. Very little research in done in this most coveted field and further study is needed to delve into the intricacies of the various paradigms of E-Banking. This research is an attempt to delve into the study of advancement of technology in banking services and its impact on banking services from a layman point of view as still as of date very little population is using these services and a major chunk is still refraining from using these services. Considering the picture researcher has made an attempt to bring to the fore the facts and figures associated with the E-Banking and its impact in banking sector.

Objectives of Study

1. To study the Banking Sector and services in present scenario.
2. To study the technological inclusion into banking sector.
3. To Study technology advancement in banking sector
4. To study change brought by Technology Advancement in Banking Sector.
5. To study selected banking services where technology advancement was paramount.
6. To study the impact of e-Banking Services on customers.

Banking Services: *Bank* is generally understood as an institution which provides fundamental ***banking services*** such as accepting deposits and providing loans. There are several technology innovations in Banking Services those services banks are provided manually all are converted into E-Banking .

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.

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

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 or from the remaining balance on the card.

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Internet Banking: It is a service provided by banks so that people can find out information about their bank account, pay bills etc using the Internet. Internet Banking allows you to conduct bank transactions online, instead of finding a bank and interacting with a teller. In a broad sense, it is the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash.

Automated Teller Machines (ATMs):ATMs are widely used electronic channels in banking. It is operated by plastic card with its special features. It is a computer-controlled device at which the customers can make withdrawals, check balance without involving any individuals. ATM can be interior (i.e., located in the branch premises) or exterior (located anywhere outside the branch premises).

Business Banking - Most banks offer financial services for business owners who need to differentiate professional and personal finances. Different types of business banking services include: Business loansChecking accountsSavings accountsDebit and credit cards Merchant services (credit card processing, reconciliation and reporting, check collection)Treasury services (payroll services, deposit services, etc.)

Digital Banking - The ability to manage your finances online from your computer, tablet, or smartphone is becoming more and more important to consumers. Banks will typically offer digital banking services that include:

Online, mobile, and tablet banking - refers to provision and availment of banking and financial services help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions to administer accounts and access customized information.

Mobile check deposit - Using the camera in a phone to deposit a check in a bank. An app in the phone takes a picture of the front and back of the check and both images, along with dollar value are transmitted to the bank.

Text alerts - Alert messaging (or alert notification) is machine -to-person communication that is important or time sensitive.

eStatements - An estatement is an electronic mail notification send to your email address the day your statement is available to view in UBTgo.The e-statement will replace your current paper statement providing you immediate access to your account information.

Online bill pays- is to secure electronic service that allows customer to pay bill without having to write checks and mail them. Online bill payment usually is tied to checking account from which funds are withdrawn electronically for payment of one time or recurring bills.

Pro's and Con's of Technology Innovation in Baking to Customers

Over the last decade new technology especially the internet and smart phones have changed our personal lives and, in many ways, made them better.

1.Convenience

One of the biggest advantages of online banking technology is that it allows you to handle transactions and monitor your bank statement anytime, anywhere anyplace you can access your account on your computer or smart phone 24\7 when its most convenient for your schedule.

2.Fewer Bank Visits

Another Greater advantage is a new technology known as Remote Deposit Capture. It's an online service that lets you scan and deposit checks from your home, office or other locations without having to go to your bank. It lets you make deposits faster, with less time spent driving to your bank.

3.Money Transfer made easy

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Money transfer through various services like NEFT, RTGS, IMPS has made the transfer of money in a single click. Customers are not supposed to visit bank and deposit cheques to transfer money. Money can be transferred anywhere across world. High amounts can also be transferred.

4.Fast Credit-

Advanced banking technology allows you to arrange for credit faster than in the past. Decades ago, obtaining credit was purely a paper-based process. Today consumers can acquire credit lines instantly. While many people enjoy the convenience of getting a car loan or store credit card within minutes, the temptation can lead them to borrow money they can't afford.

5.Online Payments-

Online banking empowers you to pay bills and transfer money without leaving your living room.

Individual can make payment of bills through online without visiting to the office. No need to stand in long hour in the queue to make payment. it is very flexible, and one gets
instant confirmation of payment.

1.Website Interruption- Many consumers become reliant upon technology to pay bills or conduct other kinds of banking transactions. Ideally, this is a beneficial arrangement. For example, if you forget a credit card payment, you don't need to worry about whether your paper check will get to your credit card company in time. You simply log on and make your payment. If the bank's website suffers an interruption, however, you may be unable to send payments to creditors, incurring late fees or other consequences. Unfortunately, websites experience downtime on occasion. For example, the website for Chase.com went down in September 2010, causing problems for some of their customers.

2. Internet Availability- Internet Availability is needed to avail this service.

3.Consideration- Using a computer for the Internet banking process does increase the possibility of having an account compromised. Hackers can send phishing emails to steal access codes or user-names or set up fake websites where individuals will inadvertently enter information that allows thieves to steal money by using unauthorized wire transfers.

4.Intense Competition -The RBI and Government of India kept banking industry open for the participants of private sector banks and foreign banks. The Indian banking sector was introduced to competition when, in accordance with the suggestions of the first Narasimham Committee, entry was deregulated and both domestic and foreign banks were allowed to expand their branch networks. Due to this lowered entry barriers many new players have entered the market such private banks, foreign banks, non-banking finance companies, etc. The foreign banks and new private sector banks have spearheaded the hi-tech revolution.

5.Privacy and Safety

Among the most important aspects of savings, i.e., safety, liquidity and profitability, safety is at the topmost priority. The areas which might endanger security in e-banking can be:

Credit risk

Liquidity, interest rate risk, market risks

Legal risk

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Global banking

The impact of globalization becomes challenges for the domestic enterprises as they are bound to compete with global players. The numbers of Foreign Banks have become a major challenge for Nationalized and private sector banks.

Conclusion-

The Banking sector in India has become stronger in terms of capital and the number of customers. It has become globally competitive and diverse aiming, at higher productivity and efficiency. Exposure to worldwide competition and deregulation in Indian financial sector has led to the emergence of better-quality products and services. Reforms have changed the face of Indian banking and finance. The banking sector has improved manifolds in terms of Technology, Deregulation, Product & Services, Information Systems, Etc. As customers become increasingly comfortable with technology, they are interacting with banks in multiple ways. Unlike customers in days gone by, these enlightened and empowered consumers will not accept "cookie-cutter" treatment. Rapid growth in technology innovation in banking sector customers gets more satisfied and trusted to the bank.

E-Banking services can be availed easily and it is more convenient and flexible to the customer. It is beneficial to the employees of banks as their workload get reduced. 24*7 call centre available to register complaints from the customer and trained staff is available to answer the queries of customer.

E-lobby is the new facility provided by bank to customer for printing passbook, deposits checks, and for withdrawal of cash through the automated trailer machine.so life gets easier with these services. There is rapid growth in banking sectors.

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