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Effect of Information Technology on Banking Segment in the Indian Financial Growth

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Abstract:

The current banking environment must be extremely competitive. IT refers to the acquisition, distribution, archiving, and dissemination of all kinds of information via computer technology and communication networks. The input is made using these technologies, Information is kept, distributed, and communicated. IT involves supplemental hardware, software and other such tools, services, etc. recent changes in the banking industry in The Internet is in India. Information technology (IT) is fundamental to the banking industry. Sector are fulfilling internal needs, processing data effectively, and expanding customer services, innovative help for the development of new products, and end-user training for nontechnical workers. The following are some new information technology trends in the banking industry: outsourcing, combining, differentiating IT as a Source of Income, Thriving in Down Market. Tests the Indian banking system in India must pass include Meet potential customers on customer retention, the bank's service and capacity, dealing with spreads, and maintaining the operating profit, taking into account the sector's current market share and the accomplishment from another set of players in the banking business reveals the same.

Keywords: Net Banking, Credit Card Online, Phone Banking

1. Introduction

The reality that information for the modern organization is a resource equal in importance to land, labor, and money has been made clear by all the needs of modern life. It is an invaluable resource that is very important. It is no longer news that we are living in the information era, which is characterized by an information technology revolution that is constantly changing and an information superhighway that every business and profession must rely on in order to thrive in the twenty-first century.

The banking industry has been most significantly impacted by information technology advancements. Because its absence could lead to bad decisions and eventual corporate collapse, information technology has turned into a crucial business resource. For the banking sector, technology has opened up new markets, new products, new services, and effective delivery channels. Internet banking, mobile banking, and online electronics banking are a few examples.

Information technology has given the banking sector the tools it needs to meet the difficulties the new economy presents. Recent financial sector changes aiming at accelerating the speed and dependability of financial operations as well as attempts to strengthen the banking industry have been built on information technology. The IT revolution has paved the way for a global rise in financial activity that has never before been seen. The price of international financial transfers has drastically decreased thanks to technological advancement and the growth of global networks.

For banks to be able to fulfil their clients' increasingly high expectations, as well as those who are more tech-savvy than their predecessors, they need the assistance of information technology (IT). They want financial services that are available immediately, at any time, and from any location.

Additionally, research indicates that information technology has provided banks with accounting and back office solutions. A large-scale implementation of these services is currently taking place, though. As a result of IT, a slew of new channels for delivering goods and services have emerged, including ATMs, online banking, mobile banking, and more. With the IT revolution, banks are increasingly connecting their computer systems not only across city branches but also to other geographic locations with high-speed network infrastructure, setting up local area and wide area networks, and connecting them

to the Internet. With IT deployment at such high levels, banks can no longer manage their IT implementations on a standalone basis. As a result, an increasing number of people are increasingly exposed to information systems and networks.

2. Literature Reviews

The Utilization Of Data Interchanges Innovation To Enable Individuals To Go Beyond Country Zones. It Is An Interesting Drive As It's Anything But A Metropolitan Driven Innovation Like Google-Search Or Dial-A-Question. (**Arora, A., & Athreye, S. S. 2002**). Indian Economy Is Agri-Business Based And Utilizes Greatest Work Power. Improvement In Agri-Business Profitability Can Help In Decreasing Provincial Neediness. Appropriation Of Ict In Farming Will Assume An Inexorably Significant Part In Crop Creation And Normal Asset Creation. The Nature Of Rustic Life Can Be Improved By Quality Data Input, Which Gives Better Dynamic Capacities.

(**Bhatnagar, S. 2000**) The Web Insurgency Has Ended Up Being An Incredible Asset For Great Administration. (**Heeks, R. 1999**). It Can Assume A Significant Part In Working With The Cycle Of Change Of Rural India To Address These Difficulties And Eliminate The Quickly Developing Advanced Gap. The Fast Changes In The Field Of Information Technology Make It Conceivable To Create And Spread Required Electronic Administrations To Country. Ict Can Add To Cultivating, Strengthening, Support And Making Government Measures More Proficient And Straightforward

By Empowering Correspondence Sharing Information Between Individuals And Association And Within Governments. (**Reddy, P., & Ankaiah, R. 2005**) The Headway In It Has Achieved An Ocean Change In The Vital And Combat Zone Climate. The Indian Armed Force Today, On Top Of The Evolving Time, Is Itself Changing Into A Multitude Of The Information Age. The Thing To Address Is To Fabricate And Keep A Military Using It Viably To Get The Power Multiplier Impact. Ict Is An Amazing Switch For Empowering Poor People.

It Motivates Them To Transcend Above Customary Boundaries That Have Remained Between Them And The Unbound Exercise Of Their Privileges And Decisions For

Financial Turn Of Events, And For Assuming A More Significant Part In The Public Eye. **(Srivastava, S. K. (2020))**

It Application In Transaction Automation And Formation Of Information Databanks Will Be Obligatory For All Government Offices, Boards, Companies And Corporations To Accomplish Responsibility, Accountability And Productivity In Organization Administration. This Process Was Completed In 2003. The Arrangement Is Additionally Pointed Towards Making Digitization Of Public Space Data Like Official Gazette Notification, Acts, Rules, Guideline, Brochures, Strategies And Modified Archives. This Cycle Was Finished In 2002. As Per The Data Obtained From The Different Sites Of Government Of India With Respect To Information Technology, A Significant Feature Of The Industrial Policy And Foreign Investment Policy, Fiscal Policy Are As Following:

- There Is No Place For Public Sector's Endeavours In The Electronic And Information Technology Industry And Private Sector Investment Is Welcome Around There.
- Electronics And Information Technology Industry Can Be Set Up Anyplace In The Nation, Subject To Clearance From The Concerned Authorities For Control Of Ecological Contamination And Nearby Drafting And Land Use Guidelines.
- Large Businesses (Where Interest In Plant And Apparatus Is More Than Rs.10 Crores And Excluded From Licensing) Are Simply Needed To Record Data In The Prescribed Industrial Entrepreneurs' Memorandum (Iem) With The Secretariat For Industrial Entrepreneurs' Memorandum (Sia), Department Of Industrial Policy And Promotion, Ministry Of Commerce & Industry, Government Of India And Obtain An Acknowledgement. Following The Initiation Of Business Creation, Part B Of The Iem Must Be Documented. No Further Endorsement Is Required.

3. All in all, this auspicious technology influences the banking industry, mainly in the following 2aspects:

The level of competition in banking is changing as a result of technological advancements.

The bank's supremacy in information has diminished as a result of the advancement of technology. New competitors have developed as the entry barrier has decreased. Customers are eager to unbundle their demand for financial products and services as a result of the increased transparency and commodity status of some financial products and services. In some sub-financial markets, contestability in banking is also increased because of cheaper entrance, existence, and deconstruction costs.

The economy of scale is influenced by technology:

Banks are being forced to reduce their costs by the competition. Instead of aiming to be a large institution, the bank aims to get economies of scale in the banking industry. A key objective of the bank is to achieve both the competitive advantage provided by economies of scale and the ideal corporate structure. Joint ventures and financial confederations are two further ways to achieve economies of scale. To achieve economies of scale, small businesses might also choose to outsource, i.e. to invest in economies of scale.

The banking industry has become more competitive in recent years. Banks are turning to current technology as an "enabling resource" to assist them develop a more flexible structure that can adjust quickly to the changing characteristics of a constantly changing market scenario and so continue and flourish in the fast-moving market milieu. Cost-cutting and effective communication with individuals and institutions in the banking industry are also seen as benefits of using this kind of communication. The development of new distribution channels, such as Automated Teller Machines, Net Banking, Mobile Banking, and the like, is also made possible by IT. Furthermore, with the IT revolution, banks are no longer able to manage their IT implementations on a stand-alone basis. They are increasingly interconnecting their computer systems not only across branches in a city, but also to other geographic locations with high-speed network infrastructure, and setting up local area and wide area networks and connecting them to the Internet. Thus, information systems and networks are subject to a rising range of threats and vulnerabilities.

4. OBJECTIVES OF THE STUDY

1. An examination of the Indian banking industry's use of IT.
2. To assess the degree of service consumption in Indian banking, particularly IT-enabled services.
3. To evaluate many areas of Indian bank IT services.
4. To learn about Indian banking's use of information technology

5. IT Sector In India

The rapid advancement of innovation that ushered in the age of data has come to characterize modern societies as places where power is wielded. It is impossible for an advanced economy to thrive without a solid foundation of information technology and broadcast communications technology. In order for the country's economy to improve across the board, including manufacturing, financial services, human resources, agriculture, trade, and other sectors like commerce and trade, access to the Internet is essential. Individuals and countries alike are increasingly dependent on web-based devices, such as smartphones and the internet. As important to society as the personal computer, cell phone, or even the media press, the emergence of the internet has been widely portrayed.

Ranchers and Country-Based Dealers in the Agriculture Sector Benefit from Easier Access and Quicker Access to Modern Market and Price Information. In addition, the Internet may provide better access to information on improved seeds, the availability of composts, climate monitoring, pest control, and other agricultural practises.

Based Products and Solutions. It Is Essential That Our Traditional Farmers and Traders Have Reliable And Reasonable Access To Internet and Technology. When compared to 20 years ago, the pace of technological advancement in Ict has increased dramatically, and the sector now encompasses more diverse groups of players than at any other time in history. Today, the sector includes equipment, programming, hardware, software, the internet, communication, and technology, application, and back-up administration, provided by elements ranging from corporate monsters to small entrepreneurs and open-source organizations. The "Network Impact" and the "Value Proposition" are intertwined

when it comes to important content and applications. The use of critical innovation and cutting-edge technology is a viable option for increasing access and ensuring productivity for a wide range of people.

6. Technology Products used by the banking business include the following

a) Net Banking:

A bank's website or another financial institution's website allows consumers to undertake a variety of financial activities via online banking, which also known as internet is banking. Banks and credit unions make up part of this structure. Operational banking systems are often linked to or part of the bank's core banking system, which was the conventional method for consumers to access financial services.

b) Credit Card Online:

A credit card is a type of plastic issued by a bank or credit union that enables the owner to borrow money. Credit cards are issued with the agreement that the cardholder will pay back the amount borrowed, plus any additional fees agreed upon.

c) One View:

All of the data a company has on its clients may be summarized into one perspective, such as a single page, and it can be seen in an aggregated form. It is advantageous to a corporation to have this unified picture in order to better target and customize client interactions in the future.

d) Insta Alerts

When certain debit and credit transactions occur, you'll be notified through email or text message without having to visit a bank or ATM. InstaAlert allows you to monitor your financial activities from the convenience of your mobile phone or email account.

e) Mobile Banking:

When a bank or other financial institution offers a service called "mobile banking," consumers can use their smartphones or tablets to make financial transactions.... In most cases, mobile banking is available around the clock.

f) **e-Monies Electronic Fund Transfer:**

Using an automated funds transfer system, monies may be transferred from one account to another without the need for paper money. Payroll payments and all other payments are made through electronic funds transfer systems.

g) **Phone Banking:**

When a bank or other financial institution offers telephone banking, consumers can conduct a variety of financial transactions over the phone, without the need to visit a branch or ATM, that do not involve cash or paper documents (such as checks). While wait times for phone banking are often greater than those for in-branch services, some financial institutions provide it around the clock. Although some financial institutions limit account types and quantities that can be transacted via telephone banking, this is not always the case.

h) **Bill Payment**

Customers of financial institutions can transfer funds from their transaction or credit card account to a creditor or vendor such as a public utility, department store, or an individual to be applied to a specific account using an electronic bill payment feature available via online, mobile banking, and telephone banking. This feature is similar in effect to a giro. A national payment system run by banks or the government often executes these payments electronically as a direct deposit.

7. Emerging Trends of Information Technology in Banking Sector

- a) **Outsourcing:** Banking business process outsourcing or banking BPO is a highly specialized sourcing strategy used by banks and lending institutions to support the business acquisition and account servicing activities associated with customer lending lifecycle.
- b) **Integration:** integration is a phenomenon in which financial markets in neighboring, regional and/or global economies are closely linked together. ... Because of financial market imperfections, financial integration in neighboring, regional and/or global economies is therefore imperfect.
- c) **Distinctive Edge:** banking entity, owned by a state or nationally chartered BANK, with an international business scope. Edge Act banks are authorized

to operate interstate branches, accept DEPOSITS from offshore sources, invest in foreign securities and projects, and grant foreign LOANS.

- d) **prospering in Down Market:** to commercial products, services, etc, that are cheap, have little prestige. The market condition in which the values of safeties are falling and extensive gloom causes the undesirable sentiment to be self-sustaining [10].
- e) **Leading to Downsizing:** Downsizing is the eternal decrease of a company's labor power through the removal of unproductive workers or divisions. Downsizing is a mutual administrative exercise, usually connected with economic downturns and fading businesses.
- f) **Getting Competitive Intelligence:** Competitive intelligence is the performance of gathering and examining actionable info about participants and the marketplace to form a business strategy. It is effective when a business has a comprehensive plentiful representation of the marketplace so that it may anticipate and respond to tests and problems before they arise.

8. Benefits of e-Banking:

- **To the Customer:** Anywhere banking no substance where the client is in the world. Set of scales inquiry, request for services, issuing information etc., from wherever in the world is conceivable. Anytime Banking – Managing assets in actual time and most significantly, 24 hours a day, 7days a week according to the convenience of the customers. Several banks have rationalized their facilities with the services of computer and electronic equipment. Brings down the—Cost of Banking to the customer completed a period of time. Cash drawing from any branch / ATM. On-line acquisitions of goods and services together with online payment for the same.

- **To the Bank:** Innovative, scheme, discourses opposition and contemporary the bank as technology determined in the banking sector market. Decreases customer official visit to the branch and thereby human involvement. Inter-branch understanding is instant thereby reducing probabilities of fraud and misappropriation. On-line banking is an effect of medium promotions of a number of schemes in the

bank, a marketing instrument indeed. Combined customer data covers way for personalized and customized services.

9. The virtual financial services can be largely categorized as follows:

A. Automated Teller Machines: • Cash withdrawals • Details of the most recent balance of an account • Mini statement • Statement ordering facility • Deposit facility • Payments to third parties.

B. Remote Banking Services: • Balance inquiry • Statement ordering • Funds transfer

(payment) to third parties • Funds transfer between customer's different accounts • Order traveller's cheques and other financial instruments.

C. Smart Cards: (i) Stored value cards (ii) As a replacement for all types of magnetic stripes cards like ATM Cards, Debit Cards, and Charge Cards etc.

D. NRI Services: With a significant number of Indians who have relatives abroad, have

begun to banks, services, expatriate Indians to send money to relatives India can offer cost-effective to transfer one of the most important improvements of the report.

CONCLUSION

Information Technology offers enormous potential and various opportunities for the Indian banking sector. It provides a cost-effective, rapid and systematic provision of services to the customer. One of the best things about technology is that it is constantly changing. The efficient use of technology has facilitated accurate and timely management of the increased transaction volumes of banks which comes with the larger customer base. Indian banking industry is greatly benefiting from the I.T. revolution all over the world. The positive conclusion can be concluded in the field of Information Technology on banking sector is\ having the level of relationship to develop the business sector.

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