A CONCEPTUAL STUDY ON BENEFITS OF CLOUD BANKING IN INDIA

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Abstract : With the passage of time the working of banks has been transformed. Now the controlling hand is customer pretty than bank. This new business model eccentricities the traditional business transformation. For this banking needs cloud computing offers a business model that delivers innovative customers experiences, effective collaboration, enhanced the speed to market. It is a platform for improving the banking operations while distributing the innovative services to the customer. Many banks are adopting this technology for the growth. In this paper, we have discussed the benefits of cloud in banking sector over the traditional tedious process of banking. We also discussed the challenges associated with the current banking system and provide cloud as solution with the various benefits of it. We also explore the various applications that can increase the performance of banking industry and gain the agility.

IndexTerms- Traditional Business Transformation**.**

I. INTRODUCTION

Banks are dealing with complex nature of operations; treasurers depend on real time information to take informed decisions. From technical charts to macroeconomic indicators such as the inflation index, CPI and PPI numbers, employment data and intelligence driving technology is the key rely on decision support systems and analytical tools to enable agile decision-making. Technology has proven invaluable for market research and to develop mathematical models. So banking industry needs the changes in their technology as now controlling hand is the customer. Banks need to update its technology with respect to social and household dynamics to increase their business. According to the IBM 2010 study "89% of financial services now focus on getting closer with the clients" In banking sector, clients focused organizations deliver a superior clients experience by engaging clients in insightful conversations. Banks aren't just providing a pleasant banking experience

II PROCESS OF TRADITIONAL BANKING

In traditional banking, the process was very tedious and complicated. All the documents are placed in a record room. After keeping the documents in record room, bankers start the process of computerization .After that, all the documents are scanned through the scanning machine, which is central located or remotely located and converted into one of the format (i.e. Doc, image or spreadsheets).

Documents are stored in local server that can be queried at the time of need and can also be shared using Intranet or VPN to other workstations or offices, e-mailed, faxed or printed, attached/appended to other documents.This Process is also known as Electronic Document Management (EDM). EDM is the method by which a paper document (made electronic by scanning) or an existing computer file is indexed to a computer storage location for easy access by search criteria over the network or the Internet. Once the indexing completes, putting the documents back in record room after doing all the stapling process. The process is shown in figure below.

III CHALLENGES

Lots of challenges are associated with traditional banking. From the above described process, we can easily see how much space we need to keep those records, secondly how risky it is to protect those documents from any type of disasters. Managing the quantity of client and business documents is challenging enough without adding the laborious task of managing the document retention policies specific to each document type. Moreover the cost of traditional banking is very high, so it's not possible for banks to open too many premises frequently. Even for sustaining high performance banks throughout has to do fundamental changes in normal working. Firstly they have to reshape and reinvent their core banking operations to customer centric. Secondly the transformation of their channels, customer service and product offerings to reflect the changing demand of the client and services to meet their individual and social needs. Failure in achieving these targets, lead the banks to loss of relevance customers and, therefore, their eminence in the financial services value chain.

There are various issues associated with the traditional banking illustrated below. • Quality issue: A main issue with the EDM is its quality. Poor scanning of documents can affect the data and its result. As documents and their review cycles become more complex, Banks find that they need more advanced document comparison and collaboration solutions to manage document production. Effective solutions must ensure version control and document accuracy, compare multiple document versions, support multiple document formats, integrate easily with existing software tools, and streamline the process of cleaning hidden metadata. • Access Rights: In Banking, it's not necessary that employees given the same system to work. They can be shifted to any of the system. Particularly in larger banks must access several different systems to do their work. So access right and integrity of the document is a bigger problem in traditional banking.

- ✓ Reliability issues: As different teams handle the same documents. Reliability issues are more.
- ✓ Redundancy: In traditional banking, there are more Chances for duplication of documents.
- ✓ Lost productivity: One of the key issues associated with poor document management and collaborative practices is the lost

IV SOLUTION

Due to the constant decline in the absolute cost of IT equipment, many financial institutions have changed other production factors with IT. It further led to increase in the relative importance of IT, compared to other production factors such as human labor [7]. As a result, IT constitutes a major expense post for most financial institutions today. cloud computing has arrived as a novel IT paradigm that promises to "revolutionize" the way IT services are provisioned and consumed [8]. The essential idea of cloud computing is to deliver IT services – such as compute infrastructure or storage in a utility like manner [6], thus making these services ultimately more flexible and cost-efficient [8]. Given the role of IT in the financial services sector, as an essential production factor, but also a major expense post, cloud computing may seem as a "perfect match" for this industry.

Cloud computing is fastest growing technology of this era. Cloud can be a great help for the business application like CRM (customer relationship management) and ERP(enterprise resource planning). A number of infrastructure operations, such as data centre management, data storage and disaster recovery, should also move to a cloud after a thorough evaluation of different vendors offerings and based on the flexibility of cloud vendors in documenting contracts. SaaS as a delivery model has picked up pace in recent years and banks have started to appreciate its benefits. It can help corporate treasuries to efficiently reduce their total cost of ownership and at the same time gain in agility. HDFC Bank is among the country's largest financial institutions who adopted cloud services during disaster.

According to the 2010 IBM CIO study, "60% of CIOs plan to use Cloud—up from thirty-three percent two years ago."[15] .Today, cloud computing is not a tool used by IT but a role model for totally new business model. It offers a new model for effective collaboration and innovation. Because of the capabilities of cloud computing, many big and small Asian banks have adopted this technology. According to the IDC reports "India and China are early adopters of cloud technology, will account for nearly half of the 14 million new jobs that are expected to be created by this new industry worldwide by 2015" [9].Cloud computing offers a number of benefits to the financial institutions. These are following

1. Cost Reduction 2. Business continuity 3. Business Agility and Focus 4. Green IT 5. Scalability 6. Mobility 7. Desktops and Devices 8. Development and Testing 9. Infrastructure Compute 10. Managed Backup

1. Cost Reduction

With the help of Cloud computing, banks can reduce their large upfront cost into smaller operational cost. Since cloud is available on demand, no need for the large investments for hardware and software .With CC, Banks can choose the services on pay as you go model, required by them .Cloud computing also allows new product development to move forward without capital investment. So banks can reduce their CBA cost of computing by 40% even more than that.

2. Business Continuity

Cloud computing gives the assurance of business continuity in case of any disaster. It is the responsibility of the provider for managing the technology. Banks can gain a higher level of data protection, fault tolerance, and disaster recovery. Cloud computing also provides a high level of redundancy and back-up at lower price than traditional managed solutions.

3. Business Agility and Focus

Cloud provides the flexibility of operating models to the Banking sector for the launch of new products. This helps a faster and more efficient response for the customer. With the help of CC, banks does not need to built a new payment system every time, it is ask for while the traditional payment system combines the bundles of technology necessary to offer the payment services. So Cloud computing allows businesses to move non-critical services to the cloud, including software patches, maintenance, and other computing issues. As a result, organizations can focus more on the business of financial services, not on IT.

4. Green IT

As cloud computing is based on virtual environment, organizations can reduce the energy consumption and carbon footprints for setting up of physical infrastructure. It also leads to more efficient utilization of computing power and less idle time.

5. Scalability

Cloud computing helps banks for meeting the customer demands immediately and scalability of computer resources which will save the time of IT specialist and business user from the engineering the system for peak load. Banks can handle the issues associated with security and privacy of data by building a hybrid cloud where important data keeps on private cloud and computing power resides in public cloud.

6. Mobility

While moving, most of the business users want to examine the risks, performance, analytics reports and the summary on their smart phone, tablets and emails on system through internet connections. With the help of cloud computing, banks can help users to access their accounts from any locations, any time. Few banks have taken initiative into this area by developing android based interfaces for iPhone, iPad for their account management and reporting applications.

7. Desktops and Devices

Banks can be benefited by deploying private cloud in the system .Bank's employees can access the data and applications according to there requirement with the centralized management of desktops for greater remote flexibility.

8. Development and Testing

Cloud can help testing and development team of banks to create easy and quick virtual environment, increases the agility of testing and development.

9. **Infrastructure Computes**

Cloud computing is a technology that allows its users to increase and expand the capacity to be allocated. So it gives banks agility and flexibility to improve the traditional network model while resolving the cost and complexity issues.

10. **Managed Backup**

Because of the automatic backup feature of cloud, banks can take a relief from backup of critical data. Cloud ensures the continuity of the system even in the event of disaster.

V CONCLUSION

Cloud computing is a game-changing paradigm of banking sectors that acquire and leverage IT resources. It also provides a high level of redundancy and back-up at lower price than traditional managed solutions. It is the solutions for the demand of technology in term of efficiency, agility and transparency. Various banks are adopting this progressing evolutionary approach of cloud for the cost efficiency and operational flexibility. In this paper we had discussed the benefits of cloud that is not included the cost factor but also increasing the customer relationships and revenue .we also focused on the applications that are best suited for banking sector to achieve their goals.

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